

# HB 2304 - Condo Insurance Liability Reform

Unlocking Stacked Flat Condos in 2026



HOUSING  
DEVELOPMENT  
consortium

## Why Condominiums?

Condos represent a valuable homeownership option for first-time homeowners, families looking to build intergenerational wealth, and aging adults looking to downsize and stay rooted in their communities as they age.

- **Condos are among the most accessible homeownership options available.** Redfin data from Seattle in 2023 showed that the median sales prices of a condo was \$250k less than a townhome and \$400k less than a single-family home.
- **Growing cities near transit and jobs.** Scaling condos can also help us expand ownership options in denser growth areas near transit and jobs that otherwise might not provide ownership opportunities at scale.

## Well-Documented Insurance Liability Barriers in Washington

Despite the clear benefit of condos as an affordable homeownership option, there are well documented insurance liability barriers in state statute (RCW 64.34 & RCW 64.90) that choke off condo production by introducing unnecessary costs and risks.

Condo production in Washington has been largely abandoned in favor of less risky development types, such as apartments and single-family homes. A [2023 WA State Department of Commerce Report](#) found that "Developers . . . stated that they were not interested in condo development due to increased costs, risks, or previous experience with litigation." Condos represent around 5.3% of the overall housing stock in WA but only 1% or less of new construction since 2011.

## Building on Progress from 2025

Washington state lawmakers made positive progress during the 2025 session by passing two critical bills:

- **HB 1403** - Clarified overly broad & vague "implied warranty" language in state statute & created an insurance alternative to the implied warranty of quality for many, but not all, middle housing & ADU condos. This bill inadvertently excluded stacked flat condos over two residential floors.
- **HB 1516** - Will study ways to lower insurance costs for permanently affordable homeownership models, with a report due December 31, 2026.

These bills are helping us address insurance barriers to specific condo models and housing types in Washington state. However, insurance liability barriers still persist for other condo types and models, like stacked flats.



## Looking Ahead

We support the expansion of condo liability solutions to a complete range of condo types by building directly on our success in 2025. In 2026, our efforts will focus on unlocking the full range of middle housing condo production via **stacked flats**. After 2026, we will focus on an additional concept to enable alternative third-party warranty pathways for condos in denser, transit-oriented areas created by new HB 1491 requirements. We must ultimately create long-term insurance liability solutions to scale condos production in middle housing neighborhoods **and** transit-areas.

## Action in 2026

We need your help to expand condo liability reform solutions to more condo types in 2026. Let's build on our success in 2025 and scale middle housing homeownership options across Washington!

### Unlocking Stacked Flat Condos

HB 1403 offers a helpful third-party warranty alternative to the broad "implied warranty of quality" in state statute. This express 2-10 warranty alternative is only available to small condo projects and inadvertently excludes certain types of middle housing—namely stacked flats.

- Allow four floors in small condo projects. **HB 2304** will expand the definition of small condo projects qualifying for the small condo express alternative warranty in HB 1403 to include stacked flat condos that are **four floors or less and 12-units or less**.
  - Current law limits coverage to two floors or less or three floors or less if one of those floors is parking.
- The 2-10 warranty alternative in HB 1403 is still appropriate for stacked flats. Four story condos use the same wood frame construction techniques as single-family homes which have traditionally used the 2-10 insurance product (workmanship and materials, plumbing and electrical, and structural defects).

This simple definition change will have a massive positive impact on middle housing homeownership options in Washington. Many WA cities already allow stacked flats in recently passed middle housing zoning code updates. Insurance liability should not be a reason that these desirable housing types are unavailable in the future.

Together, we can unlock more homeownership opportunities accessible to: families starting their homeownership journey, aging adults looking to downsize in their communities, and young people being priced out of job- and transportation-rich growth centers.

**Ask your legislators to support stacked flat condo liability reform in Washington State in 2026 and beyond!**

