
SUBSTITUTE HOUSE BILL 2014

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Housing (originally sponsored by Representatives Chase, Santos, Kenney, Hasegawa, Miloscia, Simpson and Ormsby)

READ FIRST TIME 02/28/07.

1 AN ACT Relating to the regulation of conversion condominiums;
2 amending RCW 64.34.440 and 82.02.020; adding a new section to chapter
3 64.34 RCW; creating a new section; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 64.34.440 and 1992 c 220 s 25 are each amended to read
6 as follows:

7 (1)(a) A declarant of a conversion condominium, and any dealer who
8 intends to offer units in such a condominium, shall give each of the
9 residential tenants and any residential subtenant in possession of a
10 portion of a conversion condominium notice of the conversion and
11 provide those persons with the public offering statement no later than
12 ((ninety)) one hundred twenty days before the tenants and any subtenant
13 in possession are required to vacate. The notice must:

14 (i) Set forth generally the rights of tenants and subtenants under
15 this section ((and shall));

16 (ii) Be delivered pursuant to notice requirements set forth in RCW
17 59.12.040; and

18 (iii) Expressly state whether there is a county or city relocation
19 assistance program for tenants or subtenants of conversion condominiums

1 in the jurisdiction in which the property is located. If the county or
2 city does have a relocation assistance program, the following must also
3 be included in the notice:

4 (A) A summary of the terms and conditions under which relocation
5 assistance is paid; and

6 (B) Contact information for the city or county relocation
7 assistance program, which must include, at a minimum, a telephone
8 number of the city or county department that administers the relocation
9 assistance program for conversion condominiums.

10 (b) No tenant or subtenant may be required to vacate upon less than
11 ((ninety)) one hundred twenty days' notice, except by reason of
12 nonpayment of rent, waste, conduct that disturbs other tenants'
13 peaceful enjoyment of the premises, or act of unlawful detainer as
14 defined in RCW 59.12.030, and the terms of the tenancy may not be
15 altered during that period except as provided in (c) of this
16 subsection.

17 (c) At the declarant's option, the declarant may provide all
18 tenants in a single building with an option to terminate their lease or
19 rental agreements without cause or consequence after providing the
20 declarant with thirty days' notice. In such case, tenants continue to
21 have access to relocation assistance under subsection (6)(e) of this
22 section.

23 (d) Nothing in this subsection shall be deemed to waive or repeal
24 RCW 59.18.200(2). Failure to give notice as required by this section
25 is a defense to an action for possession.

26 (2) For sixty days after delivery or mailing of the notice
27 described in subsection (1) of this section, the person required to
28 give the notice shall offer to convey each unit or proposed unit
29 occupied for residential use to the tenant who leases that unit. If a
30 tenant fails to purchase the unit during that sixty-day period, the
31 offeror may offer to dispose of an interest in that unit during the
32 following one hundred eighty days at a price or on terms more favorable
33 to the offeree than the price or terms offered to the tenant only if:

34 (a) Such offeror, by written notice mailed to the tenant's last known
35 address, offers to sell an interest in that unit at the more favorable
36 price and terms, and (b) such tenant fails to accept such offer in
37 writing within ten days following the mailing of the offer to the
38 tenant. This subsection does not apply to any unit in a conversion

1 condominium if that unit will be restricted exclusively to
2 nonresidential use or the boundaries of the converted unit do not
3 substantially conform to the dimensions of the residential unit before
4 conversion.

5 (3) If a seller, in violation of subsection (2) of this section,
6 conveys a unit to a purchaser for value who has no knowledge of the
7 violation, recording of the deed conveying the unit extinguishes any
8 right a tenant may have to purchase that unit but does not affect the
9 right of a tenant to recover damages from the seller for a violation of
10 subsection (2) of this section.

11 (4) If a notice of conversion specifies a date by which a unit or
12 proposed unit must be vacated and otherwise complies with the
13 provisions of this chapter and chapter 59.18 RCW, the notice also
14 constitutes a notice to vacate specified by that statute.

15 (5) Nothing in this section permits termination of a lease by a
16 declarant in violation of its terms.

17 (6) Notwithstanding RCW 64.34.050(1), a city or county may by
18 appropriate ordinance require with respect to any conversion
19 condominium within the jurisdiction of such city or county that:

20 (a) In addition to the statement required by RCW 64.34.415(1)(a),
21 the public offering statement shall contain a copy of the written
22 inspection report prepared by the appropriate department of such city
23 or county, which report shall list any violations of the housing code
24 or other governmental regulation, which code or regulation is
25 applicable regardless of whether the real property is owned as a
26 condominium or in some other form of ownership; said inspection shall
27 be made within forty-five days of the declarant's written request
28 therefor and said report shall be issued within fourteen days of said
29 inspection being made. Such inspection may not be required with
30 respect to any building for which a final certificate of occupancy has
31 been issued by the city or county within the preceding twenty-four
32 months; and any fee imposed for the making of such inspection may not
33 exceed the fee that would be imposed for the making of such an
34 inspection for a purpose other than complying with this subsection
35 (6)(a);

36 (b) Prior to the conveyance of any residential unit within a
37 conversion condominium, other than a conveyance to a declarant or
38 affiliate of a declarant: (i) All violations disclosed in the

1 inspection report provided for in (a) of this subsection, and not
2 otherwise waived by such city or county, shall be repaired, and (ii) a
3 certification shall be obtained from such city or county that such
4 repairs have been made, which certification shall be based on a
5 reinspection to be made within seven days of the declarant's written
6 request therefor and which certification shall be issued within seven
7 days of said reinspection being made;

8 (c) The repairs required to be made under (b) of this subsection
9 shall be warranted by the declarant against defects due to workmanship
10 or materials for a period of one year following the completion of such
11 repairs;

12 (d) Prior to the conveyance of any residential unit within a
13 conversion condominium, other than a conveyance to a declarant or
14 affiliate of a declarant: (i) The declarant shall establish and
15 maintain, during the one-year warranty period provided under (c) of
16 this subsection, an account containing a sum equal to ten percent of
17 the actual cost of making the repairs required under (b) of this
18 subsection; (ii) during the one-year warranty period, the funds in such
19 account shall be used exclusively for paying the actual cost of making
20 repairs required, or for otherwise satisfying claims made, under such
21 warranty; (iii) following the expiration of the one-year warranty
22 period, any funds remaining in such account shall be immediately
23 disbursed to the declarant; and (iv) the declarant shall notify in
24 writing the association and such city or county as to the location of
25 such account and any disbursements therefrom; ~~((and))~~

26 (e) A declarant shall pay relocation assistance ~~((not to exceed~~
27 ~~five hundred dollars per unit shall be paid))~~, in an amount to be
28 determined by the city or county, which may not exceed a sum equal to
29 three months of the tenant's or subtenant's rent at the time the
30 conversion notice required under subsection (1) of this section is
31 received, to tenants and subtenants:

32 (i) Who elect not to purchase a unit ~~((and))~~;

33 (ii) Who are in lawful occupancy for residential purposes of a
34 unit; and

35 (iii) Whose monthly household income from all sources, on the date
36 of the notice described in subsection (1) of this section, was less
37 than an amount equal to eighty percent of ~~((+))~~;

1 (A) The monthly median income for comparably sized households in
2 the standard metropolitan statistical area, as defined and established
3 by the United States department of housing and urban development, in
4 which the condominium is located(~~(τ)~~)i or (~~(+ii)~~)

5 (B) If the condominium is not within a standard metropolitan
6 statistical area, the monthly median income for comparably sized
7 households in the state of Washington, as defined and determined by
8 said department.

9 The household size of a unit shall be based on the number of
10 persons actually in lawful occupancy of the unit. The tenant or
11 subtenant actually in lawful occupancy of the unit shall be entitled to
12 the relocation assistance. Relocation assistance shall be paid on or
13 before the date the tenant or subtenant vacates and shall be in
14 addition to any damage deposit or other compensation or refund to which
15 the tenant is otherwise entitled. Unpaid rent or other amounts owed by
16 the tenant or subtenant to the landlord may be offset against the
17 relocation assistance;

18 (f) Except as authorized under (g) of this subsection, a declarant
19 and any dealer shall not begin any construction, remodeling, or repairs
20 to any interior portion of an occupied building that is to be converted
21 to a condominium during the one hundred twenty-day notice period
22 provided for in subsection (1) of this section unless all residential
23 tenants and residential subtenants who have elected not to purchase a
24 unit and who are in lawful occupancy in the building have vacated the
25 premises. For the purposes of this subsection:

26 (i) "Construction, remodeling, or repairs" means the work that is
27 done for the purpose of converting the condominium, not work that is
28 done to maintain the building or lot for the residential use of the
29 existing tenants or subtenants;

30 (ii) "Occupied building" means a stand-alone structure occupied by
31 tenants and does not include other stand-alone buildings located on the
32 property or detached common area facilities; and

33 (g)(i) A declarant and any dealer may begin construction,
34 remodeling, or repairs to interior portions of an occupied building
35 under the following circumstances:

36 (A) To repair or remodel vacant units to be used as model units, if
37 the repair or remodel is limited to one model for each unit type in the
38 building;

1 (B) To repair or remodel a vacant unit or common area for use as a
2 sales office; and

3 (C) The declarant or dealer has offered existing tenants an option
4 to terminate an existing lease or rental agreement without cause or
5 consequence under subsection (1)(c) of this section.

6 (ii) The work performed under this subsection (6)(g) must not
7 violate the tenant's or subtenant's rights of quiet enjoyment during
8 the one hundred twenty-day notice period.

9 (7) Violations of any city or county ordinance adopted as
10 authorized by subsection (6) of this section shall give rise to such
11 remedies, penalties, and causes of action which may be lawfully imposed
12 by such city or county. Such violations shall not invalidate the
13 creation of the condominium or the conveyance of any interest therein.

14 **Sec. 2.** RCW 82.02.020 and 2006 c 149 s 3 are each amended to read
15 as follows:

16 Except only as expressly provided in chapters 67.28 and 82.14 RCW,
17 the state preempts the field of imposing taxes upon retail sales of
18 tangible personal property, the use of tangible personal property,
19 parimutuel wagering authorized pursuant to RCW 67.16.060, conveyances,
20 and cigarettes, and no county, town, or other municipal subdivision
21 shall have the right to impose taxes of that nature. Except as
22 provided in RCW 64.34.440 and 82.02.050 through 82.02.090, no county,
23 city, town, or other municipal corporation shall impose any tax, fee,
24 or charge, either direct or indirect, on the construction or
25 reconstruction of residential buildings, commercial buildings,
26 industrial buildings, or on any other building or building space or
27 appurtenance thereto, or on the development, subdivision,
28 classification, or reclassification of land. However, this section
29 does not preclude dedications of land or easements within the proposed
30 development or plat which the county, city, town, or other municipal
31 corporation can demonstrate are reasonably necessary as a direct result
32 of the proposed development or plat to which the dedication of land or
33 easement is to apply.

34 This section does not prohibit voluntary agreements with counties,
35 cities, towns, or other municipal corporations that allow a payment in
36 lieu of a dedication of land or to mitigate a direct impact that has
37 been identified as a consequence of a proposed development,

1 subdivision, or plat. A local government shall not use such voluntary
2 agreements for local off-site transportation improvements within the
3 geographic boundaries of the area or areas covered by an adopted
4 transportation program authorized by chapter 39.92 RCW. Any such
5 voluntary agreement is subject to the following provisions:

6 (1) The payment shall be held in a reserve account and may only be
7 expended to fund a capital improvement agreed upon by the parties to
8 mitigate the identified, direct impact;

9 (2) The payment shall be expended in all cases within five years of
10 collection; and

11 (3) Any payment not so expended shall be refunded with interest to
12 be calculated from the original date the deposit was received by the
13 county and at the same rate applied to tax refunds pursuant to RCW
14 84.69.100; however, if the payment is not expended within five years
15 due to delay attributable to the developer, the payment shall be
16 refunded without interest.

17 No county, city, town, or other municipal corporation shall require
18 any payment as part of such a voluntary agreement which the county,
19 city, town, or other municipal corporation cannot establish is
20 reasonably necessary as a direct result of the proposed development or
21 plat.

22 Nothing in this section prohibits cities, towns, counties, or other
23 municipal corporations from collecting reasonable fees from an
24 applicant for a permit or other governmental approval to cover the cost
25 to the city, town, county, or other municipal corporation of processing
26 applications, inspecting and reviewing plans, or preparing detailed
27 statements required by chapter 43.21C RCW.

28 This section does not limit the existing authority of any county,
29 city, town, or other municipal corporation to impose special
30 assessments on property specifically benefitted thereby in the manner
31 prescribed by law.

32 Nothing in this section prohibits counties, cities, or towns from
33 imposing or permits counties, cities, or towns to impose water, sewer,
34 natural gas, drainage utility, and drainage system charges: PROVIDED,
35 That no such charge shall exceed the proportionate share of such
36 utility or system's capital costs which the county, city, or town can
37 demonstrate are attributable to the property being charged: PROVIDED

1 FURTHER, That these provisions shall not be interpreted to expand or
2 contract any existing authority of counties, cities, or towns to impose
3 such charges.

4 Nothing in this section prohibits a transportation benefit district
5 from imposing fees or charges authorized in RCW 36.73.120 nor prohibits
6 the legislative authority of a county, city, or town from approving the
7 imposition of such fees within a transportation benefit district.

8 Nothing in this section prohibits counties, cities, or towns from
9 imposing transportation impact fees authorized pursuant to chapter
10 39.92 RCW.

11 Nothing in this section prohibits counties, cities, or towns from
12 requiring property owners to provide relocation assistance to tenants
13 under RCW 59.18.440 and 59.18.450.

14 Nothing in this section limits the authority of counties, cities,
15 or towns to implement programs consistent with RCW 36.70A.540, nor to
16 enforce agreements made pursuant to such programs.

17 This section does not apply to special purpose districts formed and
18 acting pursuant to Titles 54, 57, or 87 RCW, nor is the authority
19 conferred by these titles affected.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 64.34 RCW
21 to read as follows:

22 All cities and counties planning under RCW 36.70A.040, which have
23 allowed any conversion condominiums within the jurisdiction within the
24 previous twelve-month period, must include the following performance
25 measure-related data in an annual report to the department of
26 community, trade, and economic development:

- 27 (1) The total number of apartment units converted into
28 condominiums;
- 29 (2) The total number of conversion condominium projects;
- 30 (3)(a) The difference in the monthly rental housing cost of each
31 former rental unit that is converted and (b) the monthly mortgage cost
32 of the owner occupancy condominium to which it is converted or the
33 expected monthly mortgage cost of the condominium to which it is in the
34 process of being converted;
- 35 (4) The total number of apartment tenants affected by the
36 conversion who elect to purchase a condominium within the development
37 and income information for each of those tenants;

1 (5) The total number of apartment tenants who receive relocation
2 assistance, the total amount of that assistance per tenant, and income
3 information for all tenants who received relocation assistance;

4 (6) Income information for all tenants in units that were converted
5 into condominiums; and

6 (7) The net change in the total number of rental housing units
7 within the jurisdiction and the net change in the number of rental
8 housing units affordable to low and very-low income households.

9 NEW SECTION. **Sec. 4.** This act takes effect August 1, 2007.

10 NEW SECTION. **Sec. 5.** This act does not apply to any conversion
11 condominiums for which a notice required under RCW 64.34.440(1) has
12 been delivered before the effective date of this act.

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