CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2014

Chapter 113, Laws of 2008

60th Legislature
2008 Regular Session

CONDOMINIUM CONVERSIONS

EFFECTIVE DATE: 08/01/08

Passed by the House March 8, 2008
Yeas 64  Nays 29

FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate March 6, 2008
Yeas 36  Nays 11

BRAD OWEN
President of the Senate

Approved March 21, 2008, 1:57 p.m.

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 2014 as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER
Chief Clerk

FILED
March 24, 2008

CHRISTINE GREGOIRE
Governor of the State of Washington

SECRETARY OF STATE
State of Washington
AN ACT Relating to the regulation of conversion condominiums; amending RCW 64.34.440, 82.02.020, and 59.18.200; adding a new section to chapter 64.34 RCW; creating a new section; and providing an effective date.

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

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

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

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

(ii) Be delivered pursuant to notice requirements set forth in RCW 59.12.040; and
(iii) Expressly state whether there is a county or city relocation assistance program for tenants or subtenants of conversion condominiums in the jurisdiction in which the property is located. If the county or city does have a relocation assistance program, the following must also be included in the notice:

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

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

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

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

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

(e) The city or county in which the property is located may require the declarant to forward a copy of the conversion notice required in (a) of this subsection to the appropriately designated department or agency in the city or county for the purpose of maintaining a list of conversion condominium projects proposed in the jurisdiction.

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

(a) Such offeror, by written notice mailed to the tenant's last known
address, offers to sell an interest in that unit at the more favorable
price and terms, and (b) such tenant fails to accept such offer in
writing within ten days following the mailing of the offer to the
tenant. This subsection does not apply to any unit in a conversion
condominium if that unit will be restricted exclusively to
nonresidential use or the boundaries of the converted unit do not
substantially conform to the dimensions of the residential unit before
conversion.

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

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

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

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

(a) In addition to the statement required by RCW 64.34.415(1)(a),
the public offering statement shall contain a copy of the written
inspection report prepared by the appropriate department of such city
or county, which report shall list any violations of the housing code
or other governmental regulation, which code or regulation is
applicable regardless of whether the real property is owned as a
condominium or in some other form of ownership; said inspection shall
be made within forty-five days of the declarant's written request
therefor and said report shall be issued within fourteen days of said
inspection being made. Such inspection may not be required with
respect to any building for which a final certificate of occupancy has
been issued by the city or county within the preceding twenty-four
1 months; and any fee imposed for the making of such inspection may not 2 exceed the fee that would be imposed for the making of such an 3 inspection for a purpose other than complying with this subsection 4 (6)(a);

(b) Prior to the conveyance of any residential unit within a 6 conversion condominium, other than a conveyance to a declarant or 7 affiliate of a declarant: (i) All violations disclosed in the 8 inspection report provided for in (a) of this subsection, and not 9 otherwise waived by such city or county, shall be repaired, and (ii) a 10 certification shall be obtained from such city or county that such 11 repairs have been made, which certification shall be based on a 12 reinspection to be made within seven days of the declarant's written 13 request therefor and which certification shall be issued within seven 14 days of said reinspection being made;

(c) The repairs required to be made under (b) of this subsection 16 shall be warranted by the declarant against defects due to workmanship 17 or materials for a period of one year following the completion of such 18 repairs;

(d) Prior to the conveyance of any residential unit within a 20 conversion condominium, other than a conveyance to a declarant or 21 affiliate of a declarant: (i) The declarant shall establish and 22 maintain, during the one-year warranty period provided under (c) of 23 this subsection, an account containing a sum equal to ten percent of 24 the actual cost of making the repairs required under (b) of this 25 subsection; (ii) during the one-year warranty period, the funds in such 26 account shall be used exclusively for paying the actual cost of making 27 repairs required, or for otherwise satisfying claims made, under such 28 warranty; (iii) following the expiration of the one-year warranty 29 period, any funds remaining in such account shall be immediately 30 disbursed to the declarant; and (iv) the declarant shall notify in 31 writing the association and such city or county as to the location of 32 such account and any disbursements therefrom; ((and))

(e)(i) A declarant shall pay relocation assistance ((not to exceed 34 five hundred dollars per unit shall be paid)), in an amount to be 35 determined by the city or county, which may not exceed a sum equal to 36 three months of the tenant's or subtenant's rent at the time the 37 conversion notice required under subsection (1) of this section is 38 received, to tenants and subtenants:
(A) Who do not elect ((not)) to purchase a unit ((and));
(B) Who are in lawful occupancy for residential purposes of a unit;
and
(C) Whose ((monthly)) annual household income from all sources, on
the date of the notice described in subsection (1) of this section, was
less than an amount equal to eighty percent of ((((i))));
(I) The ((monthly)) annual median income for comparably sized
households in the standard metropolitan statistical area, as defined
and established by the United States department of housing and urban
development, in which the condominium is located((τ)) or ((((ii))));
(II) If the condominium is not within a standard metropolitan
statistical area, the ((monthly)) annual median income for comparably
sized households in the state of Washington, as defined and determined
by said department.

The household size of a unit shall be based on the number of
persons actually in lawful occupancy of the unit. The tenant or
subtenant actually in lawful occupancy of the unit shall be entitled to
the relocation assistance. Relocation assistance shall be paid on or
before the date the tenant or subtenant vacates and shall be in
addition to any damage deposit or other compensation or refund to which
the tenant is otherwise entitled. Unpaid rent or other amounts owed by
the tenant or subtenant to the landlord may be offset against the
relocation assistance;
(ii) Elderly or special needs tenants who otherwise meet the
requirements of (e)(i)(A) of this subsection shall receive relocation
assistance, the greater of:
(A) The sum described in (e)(i) of this subsection; or
(B) The sum of actual relocation expenses of the tenant, up to a
maximum of one thousand five hundred dollars in excess of the sum
described in (e)(i) of this subsection, which may include costs
associated with the physical move, first month's rent, and the security
deposit for the dwelling unit to which the tenant is relocating, rent
differentials for up to a six-month period, and any other reasonable
costs or fees associated with the relocation. Receipts for relocation
expenses must be provided to the declarant by eligible tenants, and
declarants shall provide the relocation assistance to tenants in a
timely manner. The city or county may provide additional guidelines
for the relocation assistance;
(iii) For the purposes of this subsection (6)(e):
    (A) "Special needs" means, but is not limited to, a chronic mental illness or physical disability, a developmental disability, or other condition affecting cognition, disease, chemical dependency, or a medical condition that is permanent, not reversible or curable, or is long lasting, and severely limits a person's mental or physical capacity for self-care; and
    (B) "Elderly" means a person who is at least sixty-five years of age;

(f) Except as authorized under (g) of this subsection, a declarant and any dealer shall not begin any construction, remodeling, or repairs to any interior portion of an occupied building that is to be converted to a condominium during the one hundred twenty-day notice period provided for in subsection (1) of this section unless all residential tenants and residential subtenants who have elected not to purchase a unit and who are in lawful occupancy in the building have vacated the premises. For the purposes of this subsection:
    (i) "Construction, remodeling, or repairs" means the work that is done for the purpose of converting the condominium, not work that is done to maintain the building or lot for the residential use of the existing tenants or subtenants;
    (ii) "Occupied building" means a stand-alone structure occupied by tenants and does not include other stand-alone buildings located on the property or detached common area facilities; and

(g)(i) If a declarant or dealer has offered existing tenants an option to terminate an existing lease or rental agreement without cause or consequence as authorized under subsection (1)(c) of this section, a declarant and any dealer may begin construction, remodeling, or repairs to interior portions of an occupied building (A) to repair or remodel vacant units to be used as model units, if the repair or remodel is limited to one model for each unit type in the building, (B) to repair or remodel a vacant unit or common area for use as a sales office, or (C) to do both.
    (ii) The work performed under this subsection (6)(g) must not violate the tenant's or subtenant's rights of quiet enjoyment during the one hundred twenty-day notice period.

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

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

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

This section does not prohibit voluntary agreements with counties, cities, towns, or other municipal corporations that allow a payment in lieu of a dedication of land or to mitigate a direct impact that has been identified as a consequence of a proposed development, subdivision, or plat. A local government shall not use such voluntary agreements for local off-site transportation improvements within the geographic boundaries of the area or areas covered by an adopted transportation program authorized by chapter 39.92 RCW. Any such voluntary agreement is subject to the following provisions:

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

(2) The payment shall be expended in all cases within five years of collection; and
Any payment not so expended shall be refunded with interest to be calculated from the original date the deposit was received by the county and at the same rate applied to tax refunds pursuant to RCW 84.69.100; however, if the payment is not expended within five years due to delay attributable to the developer, the payment shall be refunded without interest.

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

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

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

Nothing in this section prohibits counties, cities, or towns from imposing or permits counties, cities, or towns to impose water, sewer, natural gas, drainage utility, and drainage system charges: PROVIDED, That no such charge shall exceed the proportionate share of such utility or system's capital costs which the county, city, or town can demonstrate are attributable to the property being charged: PROVIDED FURTHER, That these provisions shall not be interpreted to expand or contract any existing authority of counties, cities, or towns to impose such charges.

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

Nothing in this section prohibits counties, cities, or towns from imposing transportation impact fees authorized pursuant to chapter 39.92 RCW.
Nothing in this section prohibits counties, cities, or towns from requiring property owners to provide relocation assistance to tenants under RCW 59.18.440 and 59.18.450.

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

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

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

(1) All cities and counties planning under RCW 36.70A.040, which have allowed any conversion condominiums within the jurisdiction within the previous twelve-month period, must report annually to the department of community, trade, and economic development the following information:

(a) The total number of apartment units converted into condominiums;
(b) The total number of conversion condominium projects; and
(c) The total number of apartment tenants who receive relocation assistance.

(2) Upon completion of a conversion condominium project, a city or county may require the declarant to provide the information described in subsection (1) of this section to the appropriately designated department or agency in the city or county for the purpose of complying with subsection (1) of this section.

Sec. 4. RCW 59.18.200 and 2003 c 7 s 1 are each amended to read as follows:

(1)(a) When premises are rented for an indefinite time, with monthly or other periodic rent reserved, such tenancy shall be construed to be a tenancy from month to month, or from period to period on which rent is payable, and shall be terminated by written notice of twenty days or more, preceding the end of any of the months or periods of tenancy, given by either party to the other.

(b) Any tenant who is a member of the armed forces, including the national guard and armed forces reserves, or that tenant's spouse or
dependant, may terminate a rental agreement with less than twenty days' notice if the tenant receives reassignment or deployment orders that do not allow a twenty-day notice.

(2)(a) Whenever a landlord (plans to change any apartment or apartments to a condominium form of ownership or) plans to change to a policy of excluding children, the landlord shall give a written notice to a tenant at least ninety days before termination of the tenancy to effectuate such change in policy. Such ninety-day notice shall be in lieu of the notice required by subsection (1) of this section. However, if after giving the ninety-day notice the change in policy is delayed, the notice requirements of subsection (1) of this section shall apply unless waived by the tenant.

(b) Whenever a landlord plans to change any apartment or apartments to a condominium form of ownership, the landlord shall provide a written notice to a tenant at least one hundred twenty days before termination of the tenancy, in compliance with RCW 64.34.440(1), to effectuate such change. The one hundred twenty-day notice is in lieu of the notice required in subsection (1) of this section. However, if after providing the one hundred twenty-day notice the change to a condominium form of ownership is delayed, the notice requirements in subsection (1) of this section apply unless waived by the tenant.

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

NEW SECTION. Sec. 6. This act takes effect August 1, 2008.
Passed by the House March 8, 2008.
Passed by the Senate March 6, 2008.
Approved by the Governor March 21, 2008.
Filed in Office of Secretary of State March 24, 2008.