

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.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

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

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2014

AS AMENDED BY THE SENATE

Passed Legislature - 2008 Regular Session

State of Washington 60th Legislature 2008 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, 82.02.020, and 59.18.200; adding a new section
3 to chapter 64.34 RCW; creating a new section; and providing an
4 effective date.

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

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

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

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

17 (ii) Be delivered pursuant to notice requirements set forth in RCW
18 59.12.040; and

1 (iii) Expressly state whether there is a county or city relocation
2 assistance program for tenants or subtenants of conversion condominiums
3 in the jurisdiction in which the property is located. If the county or
4 city does have a relocation assistance program, the following must also
5 be included in the notice:

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

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

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

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

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

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

33 (2) For sixty days after delivery or mailing of the notice
34 described in subsection (1) of this section, the person required to
35 give the notice shall offer to convey each unit or proposed unit
36 occupied for residential use to the tenant who leases that unit. If a
37 tenant fails to purchase the unit during that sixty-day period, the
38 offeror may offer to dispose of an interest in that unit during the

1 following one hundred eighty days at a price or on terms more favorable
2 to the offeree than the price or terms offered to the tenant only if:
3 (a) Such offeror, by written notice mailed to the tenant's last known
4 address, offers to sell an interest in that unit at the more favorable
5 price and terms, and (b) such tenant fails to accept such offer in
6 writing within ten days following the mailing of the offer to the
7 tenant. This subsection does not apply to any unit in a conversion
8 condominium if that unit will be restricted exclusively to
9 nonresidential use or the boundaries of the converted unit do not
10 substantially conform to the dimensions of the residential unit before
11 conversion.

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

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

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

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

27 (a) In addition to the statement required by RCW 64.34.415(1)(a),
28 the public offering statement shall contain a copy of the written
29 inspection report prepared by the appropriate department of such city
30 or county, which report shall list any violations of the housing code
31 or other governmental regulation, which code or regulation is
32 applicable regardless of whether the real property is owned as a
33 condominium or in some other form of ownership; said inspection shall
34 be made within forty-five days of the declarant's written request
35 therefor and said report shall be issued within fourteen days of said
36 inspection being made. Such inspection may not be required with
37 respect to any building for which a final certificate of occupancy has
38 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);

5 (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;

15 (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;

19 (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))

33 (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:

1 (A) Who do not elect ~~((not))~~ to purchase a unit ~~((and))~~;

2 (B) Who are in lawful occupancy for residential purposes of a unit;

3 and

4 (C) Whose ~~((monthly))~~ annual household income from all sources, on
5 the date of the notice described in subsection (1) of this section, was
6 less than an amount equal to eighty percent of ~~((+i+))~~;

7 (I) The ~~((monthly))~~ annual median income for comparably sized
8 households in the standard metropolitan statistical area, as defined
9 and established by the United States department of housing and urban
10 development, in which the condominium is located~~((τ))~~; or ~~((+ii+))~~

11 (II) If the condominium is not within a standard metropolitan
12 statistical area, the ~~((monthly))~~ annual median income for comparably
13 sized households in the state of Washington, as defined and determined
14 by said department.

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

24 (ii) Elderly or special needs tenants who otherwise meet the
25 requirements of (e)(i)(A) of this subsection shall receive relocation
26 assistance, the greater of:

27 (A) The sum described in (e)(i) of this subsection; or

28 (B) The sum of actual relocation expenses of the tenant, up to a
29 maximum of one thousand five hundred dollars in excess of the sum
30 described in (e)(i) of this subsection, which may include costs
31 associated with the physical move, first month's rent, and the security
32 deposit for the dwelling unit to which the tenant is relocating, rent
33 differentials for up to a six-month period, and any other reasonable
34 costs or fees associated with the relocation. Receipts for relocation
35 expenses must be provided to the declarant by eligible tenants, and
36 declarants shall provide the relocation assistance to tenants in a
37 timely manner. The city or county may provide additional guidelines
38 for the relocation assistance;

1 (iii) For the purposes of this subsection (6)(e):

2 (A) "Special needs" means, but is not limited to, a chronic mental
3 illness or physical disability, a developmental disability, or other
4 condition affecting cognition, disease, chemical dependency, or a
5 medical condition that is permanent, not reversible or curable, or is
6 long lasting, and severely limits a person's mental or physical
7 capacity for self-care; and

8 (B) "Elderly" means a person who is at least sixty-five years of
9 age;

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

18 (i) "Construction, remodeling, or repairs" means the work that is
19 done for the purpose of converting the condominium, not work that is
20 done to maintain the building or lot for the residential use of the
21 existing tenants or subtenants;

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

25 (g)(i) If a declarant or dealer has offered existing tenants an
26 option to terminate an existing lease or rental agreement without cause
27 or consequence as authorized under subsection (1)(c) of this section,
28 a declarant and any dealer may begin construction, remodeling, or
29 repairs to interior portions of an occupied building (A) to repair or
30 remodel vacant units to be used as model units, if the repair or
31 remodel is limited to one model for each unit type in the building, (B)
32 to repair or remodel a vacant unit or common area for use as a sales
33 office, or (C) to do both.

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

37 (7) Violations of any city or county ordinance adopted as
38 authorized by subsection (6) of this section shall give rise to such

1 remedies, penalties, and causes of action which may be lawfully imposed
2 by such city or county. Such violations shall not invalidate the
3 creation of the condominium or the conveyance of any interest therein.

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

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

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

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

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

1 (3) Any payment not so expended shall be refunded with interest to
2 be calculated from the original date the deposit was received by the
3 county and at the same rate applied to tax refunds pursuant to RCW
4 84.69.100; however, if the payment is not expended within five years
5 due to delay attributable to the developer, the payment shall be
6 refunded without interest.

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

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

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

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

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

35 Nothing in this section prohibits counties, cities, or towns from
36 imposing transportation impact fees authorized pursuant to chapter
37 39.92 RCW.

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

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

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

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

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

17 (a) The total number of apartment units converted into
18 condominiums;

19 (b) The total number of conversion condominium projects; and

20 (c) The total number of apartment tenants who receive relocation
21 assistance.

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

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

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

35 (b) Any tenant who is a member of the armed forces, including the
36 national guard and armed forces reserves, or that tenant's spouse or

1 dependant, may terminate a rental agreement with less than twenty days'
2 notice if the tenant receives reassignment or deployment orders that do
3 not allow a twenty-day notice.

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

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

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

25 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.