AN ACT Relating to condominium conversions; adding a new section to chapter 43.180 RCW; and creating new sections.

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

NEW SECTION. Sec. 1. The legislature finds that condominiums can provide an opportunity for affordable first-time homeownership, and that an increased supply of multifamily construction in Washington state and condominium demand creates market conditions for condominium conversions. The legislature also finds that the federal housing administration’s condominium rule adopted in 2019 will improve financing options for first-time homebuyers in the condominium market. The legislature also recognizes that condominium conversions can create economic hardships on tenants in multifamily buildings. It is the intent of the legislature to ensure that tenants of multifamily buildings planned to be converted to condominiums are provided with information and resources relating to homeownership opportunities, and to direct the affordable housing advisory board to review the subject of condominium conversions and provide a report to the legislature on issues relating to both homeownership opportunities and impacts to tenants.
NEW SECTION. Sec. 2. A new section is added to chapter 43.180 RCW to read as follows:

The commission shall implement a condominium conversion tenant-to-homeowner program focused on opportunities for first-time homeownership. The program must be designed to assist tenants in multifamily buildings that are being converted to condominium ownership. Income eligibility and other requirements for the condominium conversion tenant-to-homeowner program must be based on the commission's existing authority and be similar to other homebuyer programs implemented by the commission.

NEW SECTION. Sec. 3. (1) The affordable housing advisory board must review issues associated with the conversion of multifamily buildings to condominium ownership including, but not limited to:

(a) An assessment of the current housing market and affordability of condominium conversions, especially for first-time homebuyers;

(b) Statutory, regulatory, financial, or other barriers to condominium conversions as a viable source of housing supply for first-time homebuyers;

(c) Impacts to tenants caused by the conversion of multifamily buildings to condominium ownership, and the adequacy of programs and resources for tenant rental relocation and other assistance;

(d) Programs in other states using condominium ownership as a first-time homeownership opportunity, including those focused on employer-specific programs for teachers, police officers, firefighters, or other public service occupations in high-cost areas; and

(e) Specific areas in counties subject to the buildable lands review and evaluation program in RCW 36.70A.215 where condominium conversion could provide first-time homebuyer opportunities in proximity to light rail, express bus service, or other forms of mass transit.

(2) The board must provide a report on its review to the appropriate standing committees of the legislature by December 1, 2022. In conducting its review, the board shall seek input from stakeholders with expertise in both the condominium conversion process and in providing tenant relocation programs and assistance.

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