

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 5758

67th Legislature
2022 Regular Session

Passed by the Senate February 15,
2022

Yeas 48 Nays 1

President of the Senate

Passed by the House March 4, 2022

Yeas 98 Nays 0

**Speaker of the House of
Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5758** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5758

Passed Legislature - 2022 Regular Session

State of Washington

67th Legislature

2022 Regular Session

By Senate Housing & Local Government (originally sponsored by Senators Gildon and Rivers)

READ FIRST TIME 01/28/22.

1 AN ACT Relating to condominium conversions; amending RCW
2 64.34.440, 64.90.655, and 43.185B.020; adding a new section to
3 chapter 43.180 RCW; adding a new section to chapter 64.34 RCW; adding
4 a new section to chapter 64.90 RCW; and creating new sections.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that condominiums
7 can provide an opportunity for affordable first-time homeownership,
8 and that an increased supply of multifamily construction in
9 Washington state and condominium demand creates market conditions for
10 condominium conversions. The legislature also finds that the federal
11 housing administration's condominium rule adopted in 2019 will
12 improve financing options for first-time homebuyers in the
13 condominium market. The legislature also recognizes that condominium
14 conversions can create economic hardships on tenants in multifamily
15 buildings. In addition to the change in tenancy, there are concerns
16 about how the change of ownership will give power to condominium
17 associations. There are different rules and different risks to be
18 addressed. However, the legislature intends to ease these concerns
19 and ensure that the power differential is addressed so that
20 condominium ownership can build certainty for tenants as well as
21 build wealth. It is the intent of the legislature to ensure that

1 tenants of multifamily buildings planned to be converted to
2 condominiums are provided with information and resources relating to
3 homeownership opportunities, and to direct the affordable housing
4 advisory board to review the subject of condominium conversions and
5 provide a report to the legislature on issues relating to both
6 homeownership opportunities and impacts to tenants.

7 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.180
8 RCW to read as follows:

9 The commission shall implement a condominium conversion tenant-
10 to-homeowner program focused on opportunities for first-time
11 homeownership. The program must assist tenants in multifamily
12 residential buildings that are planned to be converted to condominium
13 ownership by providing information and resources relating to
14 homeownership. The commission must refer such tenants to its home
15 loan and down payment assistance programs as well as any applicable
16 homebuyer education seminars available through local partnerships.
17 The commission may establish income eligibility requirements for
18 tenants and qualifying purchase price thresholds under the program
19 that are consistent with the requirements and thresholds under
20 existing commission programs.

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

23 A declarant of a conversion condominium, and any dealer who
24 intends to offer units in such a condominium, must provide a
25 conversion condominium notice of the conversion to the Washington
26 state housing finance commission no later than 120 days before the
27 residential tenants and any residential subtenant in possession of a
28 portion of a conversion condominium are required to vacate.

29 NEW SECTION. **Sec. 4.** A new section is added to chapter 64.90
30 RCW to read as follows:

31 A declarant or dealer who intends to offer units in a conversion
32 building must provide a conversion building notice of the conversion
33 to the Washington state housing finance commission no later than 120
34 days before the residential tenants and any residential subtenant in
35 possession of a portion of a conversion building are required to
36 vacate.

1 **Sec. 5.** RCW 64.34.440 and 2008 c 113 s 1 are each amended to
2 read as follows:

3 (1)(a) A declarant of a conversion condominium, and any dealer
4 who intends to offer units in such a condominium, shall give each of
5 the residential tenants and any residential subtenant in possession
6 of a portion of a conversion condominium notice of the conversion and
7 provide those persons with the public offering statement no later
8 than (~~one hundred twenty~~) 120 days before the tenants and any
9 subtenant in possession are required to vacate. The notice must:

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

12 (ii) Be delivered pursuant to notice requirements set forth in
13 RCW 59.12.040; (~~and~~)

14 (iii) Inform the residential tenants and subtenants about the
15 resources and information available under the condominium conversion
16 tenant-to-homeowner program created in section 2 of this act; and

17 (iv) Expressly state whether there is a county or city relocation
18 assistance program for tenants or subtenants of conversion
19 condominiums in the jurisdiction in which the property is located. If
20 the county or city does have a relocation assistance program, the
21 following must also be included in the notice:

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

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

28 (b) No tenant or subtenant may be required to vacate upon less
29 than (~~one hundred twenty~~) 120 days' notice, except by reason of
30 nonpayment of rent, waste, conduct that disturbs other tenants'
31 peaceful enjoyment of the premises, or act of unlawful detainer as
32 defined in RCW 59.12.030, and the terms of the tenancy may not be
33 altered during that period except as provided in (c) of this
34 subsection.

35 (c) At the declarant's option, the declarant may provide all
36 tenants in a single building with an option to terminate their lease
37 or rental agreements without cause or consequence after providing the
38 declarant with (~~thirty~~) 30 days' notice. In such case, tenants
39 continue to have access to relocation assistance under subsection
40 (6)(e) of this section.

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

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

10 (2) For (~~sixty~~) 60 days after delivery or mailing of the notice
11 described in subsection (1) of this section, the person required to
12 give the notice shall offer to convey each unit or proposed unit
13 occupied for residential use to the tenant who leases that unit. If a
14 tenant fails to purchase the unit during that (~~sixty-day~~) 60-day
15 period, the offeror may offer to dispose of an interest in that unit
16 during the following (~~one hundred eighty~~) 180 days at a price or on
17 terms more favorable to the offeree than the price or terms offered
18 to the tenant only if: (a) Such offeror, by written notice mailed to
19 the tenant's last known address, offers to sell an interest in that
20 unit at the more favorable price and terms, and (b) such tenant fails
21 to accept such offer in writing within ten days following the mailing
22 of the offer to the tenant. This subsection does not apply to any
23 unit in a conversion condominium if that unit will be restricted
24 exclusively to nonresidential use or the boundaries of the converted
25 unit do not substantially conform to the dimensions of the
26 residential unit before conversion.

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

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

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

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

4 (a) In addition to the statement required by RCW 64.34.415(1) (a),
5 the public offering statement shall contain a copy of the written
6 inspection report prepared by the appropriate department of such city
7 or county, which report shall list any violations of the housing code
8 or other governmental regulation, which code or regulation is
9 applicable regardless of whether the real property is owned as a
10 condominium or in some other form of ownership; said inspection shall
11 be made within (~~forty-five~~) 45 days of the declarant's written
12 request therefor and said report shall be issued within (~~fourteen~~)
13 14 days of said inspection being made. Such inspection may not be
14 required with respect to any building for which a final certificate
15 of occupancy has been issued by the city or county within the
16 preceding (~~twenty-four~~) 24 months; and any fee imposed for the
17 making of such inspection may not exceed the fee that would be
18 imposed for the making of such an inspection for a purpose other than
19 complying with this subsection (6) (a);

20 (b) Prior to the conveyance of any residential unit within a
21 conversion condominium, other than a conveyance to a declarant or
22 affiliate of a declarant: (i) All violations disclosed in the
23 inspection report provided for in (a) of this subsection, and not
24 otherwise waived by such city or county, shall be repaired, and (ii)
25 a certification shall be obtained from such city or county that such
26 repairs have been made, which certification shall be based on a
27 reinspection to be made within seven days of the declarant's written
28 request therefor and which certification shall be issued within seven
29 days of said reinspection being made;

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

34 (d) Prior to the conveyance of any residential unit within a
35 conversion condominium, other than a conveyance to a declarant or
36 affiliate of a declarant: (i) The declarant shall establish and
37 maintain, during the one-year warranty period provided under (c) of
38 this subsection, an account containing a sum equal to (~~ten~~) 10
39 percent of the actual cost of making the repairs required under (b)
40 of this subsection; (ii) during the one-year warranty period, the

1 funds in such account shall be used exclusively for paying the actual
2 cost of making repairs required, or for otherwise satisfying claims
3 made, under such warranty; (iii) following the expiration of the one-
4 year warranty period, any funds remaining in such account shall be
5 immediately disbursed to the declarant; and (iv) the declarant shall
6 notify in writing the association and such city or county as to the
7 location of such account and any disbursements therefrom;

8 (e) (i) A declarant shall pay relocation assistance, in an amount
9 to be determined by the city or county, which may not exceed a sum
10 equal to three months of the tenant's or subtenant's rent at the time
11 the conversion notice required under subsection (1) of this section
12 is received, to tenants and subtenants:

13 (A) Who do not elect to purchase a unit;

14 (B) Who are in lawful occupancy for residential purposes of a
15 unit; and

16 (C) Whose annual household income from all sources, on the date
17 of the notice described in subsection (1) of this section, was less
18 than an amount equal to (~~eighty~~) 80 percent of:

19 (I) The annual median income for comparably sized households in
20 the standard metropolitan statistical area, as defined and
21 established by the United States department of housing and urban
22 development, in which the condominium is located; or

23 (II) If the condominium is not within a standard metropolitan
24 statistical area, the annual median income for comparably sized
25 households in the state of Washington, as defined and determined by
26 said department.

27 The household size of a unit shall be based on the number of
28 persons actually in lawful occupancy of the unit. The tenant or
29 subtenant actually in lawful occupancy of the unit shall be entitled
30 to the relocation assistance. Relocation assistance shall be paid on
31 or before the date the tenant or subtenant vacates and shall be in
32 addition to any damage deposit or other compensation or refund to
33 which the tenant is otherwise entitled. Unpaid rent or other amounts
34 owed by the tenant or subtenant to the landlord may be offset against
35 the relocation assistance;

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

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

1 (B) The sum of actual relocation expenses of the tenant, up to a
2 maximum of (~~one thousand five hundred dollars~~) \$1,500 in excess of
3 the sum described in (e)(i) of this subsection, which may include
4 costs associated with the physical move, first month's rent, and the
5 security deposit for the dwelling unit to which the tenant is
6 relocating, rent differentials for up to a six-month period, and any
7 other reasonable costs or fees associated with the relocation.
8 Receipts for relocation expenses must be provided to the declarant by
9 eligible tenants, and declarants shall provide the relocation
10 assistance to tenants in a timely manner. The city or county may
11 provide additional guidelines for the relocation assistance;

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

13 (A) "Special needs" means, but is not limited to, a chronic
14 mental illness or physical disability, a developmental disability, or
15 other condition affecting cognition, disease, chemical dependency, or
16 a medical condition that is permanent, not reversible or curable, or
17 is long lasting, and severely limits a person's mental or physical
18 capacity for self-care; and

19 (B) "Elderly" means a person who is at least (~~sixty-five~~) 65
20 years of age;

21 (f) Except as authorized under (g) of this subsection, a
22 declarant and any dealer shall not begin any construction,
23 remodeling, or repairs to any interior portion of an occupied
24 building that is to be converted to a condominium during the (~~one~~
25 ~~hundred twenty-day~~) 120-day notice period provided for in subsection
26 (1) of this section unless all residential tenants and residential
27 subtenants who have elected not to purchase a unit and who are in
28 lawful occupancy in the building have vacated the premises. For the
29 purposes of this subsection:

30 (i) "Construction, remodeling, or repairs" means the work that is
31 done for the purpose of converting the condominium, not work that is
32 done to maintain the building or lot for the residential use of the
33 existing tenants or subtenants;

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

37 (g)(i) If a declarant or dealer has offered existing tenants an
38 option to terminate an existing lease or rental agreement without
39 cause or consequence as authorized under subsection (1)(c) of this
40 section, a declarant and any dealer may begin construction,

1 remodeling, or repairs to interior portions of an occupied building
2 (A) to repair or remodel vacant units to be used as model units, if
3 the repair or remodel is limited to one model for each unit type in
4 the building, (B) to repair or remodel a vacant unit or common area
5 for use as a sales office, or (C) to do both.

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~~) 120-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
12 imposed by such city or county. Such violations shall not invalidate
13 the creation of the condominium or the conveyance of any interest
14 therein.

15 **Sec. 6.** RCW 64.90.655 and 2018 c 277 s 412 are each amended to
16 read as follows:

17 (1)(a) A declarant or dealer who intends to offer units in a
18 conversion building must give each of the residential tenants and any
19 residential subtenants in possession of a portion of a conversion
20 building notice of the conversion and provide those persons with the
21 public offering statement no later than (~~one hundred twenty~~) 120
22 days before the tenants and any subtenants in possession are required
23 to vacate. The notice must:

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

26 (ii) Be delivered pursuant to notice requirements set forth in
27 RCW 59.12.040;

28 (iii) Inform the residential tenants and subtenants about the
29 resources and information available under the condominium conversion
30 tenant-to-homeowner program created in section 2 of this act; and

31 (iv) Expressly state whether there is a county or city relocation
32 assistance program for residential tenants or residential subtenants
33 of conversion buildings in the jurisdiction in which the property is
34 located. If the county or city does have a relocation assistance
35 program, the following must also be included in the notice:

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

38 (B) Contact information for the city or county relocation
39 assistance program, which must include, at a minimum, a telephone

1 number of the city or county department that administers the
2 relocation assistance program for conversion buildings.

3 (b) A residential tenant or residential subtenant may not be
4 required to vacate upon less than (~~one hundred twenty~~) 120 days'
5 notice, except by reason of nonpayment of rent, waste, or conduct
6 that disturbs other residential tenants' or residential subtenants'
7 peaceful enjoyment of the premises, or act of unlawful detainer as
8 defined in RCW 59.12.030, and the terms of the tenancy may not be
9 altered during that period except as provided in (c) of this
10 subsection.

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

18 (d)(i) Nothing in this subsection (1) waives or repeals RCW
19 59.18.200(2)(b).

20 (ii) Failure to give notice as required under this section is a
21 defense to an action for possession.

22 (e) The city or county in which the property is located may
23 require the declarant to forward a copy of the conversion notice
24 required in this subsection (1) to the appropriately designated
25 department or agency in the city or county for the purpose of
26 maintaining a list of common interest communities containing
27 conversion buildings in the jurisdiction.

28 (2)(a) For (~~sixty~~) 60 days after delivery or mailing of the
29 notice described in subsection (1) of this section, the person
30 required to give the notice must offer to convey each unit or
31 proposed unit occupied for residential use to the residential tenant
32 or residential subtenant who leases that unit. If a residential
33 tenant or residential subtenant fails to purchase the unit during
34 that (~~sixty-day~~) 60-day period, the offeror may offer to dispose of
35 an interest in that unit during the following (~~one hundred eighty~~)
36 180 days at a price or on terms more favorable to the offeree than
37 the price or terms offered to the residential tenant or residential
38 subtenant only if:

39 (i) Such offeror, by written notice mailed to the residential
40 tenant's or residential subtenant's last known address, offers to

1 sell an interest in that unit at the more favorable price and terms;
2 and

3 (ii) Such residential tenant or residential subtenant fails to
4 accept the offer in writing within (~~ten~~) 10 days following the
5 mailing of the offer to the tenant or subtenant.

6 (b) This subsection (2) does not apply to any unit in a
7 conversion building if that unit will be restricted exclusively to
8 nonresidential use or the boundaries of the converted unit do not
9 substantially conform to the dimensions of the residential unit
10 before conversion.

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

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

24 (5) This section does not permit termination of a lease or
25 sublease by a declarant in violation of its terms.

26 (6) Notwithstanding RCW 64.90.025, a city or county may by
27 appropriate ordinance require with respect to any conversion building
28 within the jurisdiction of the city or county that:

29 (a) In addition to the statement required under RCW
30 64.90.620(1)(a), the public offering statement must contain a copy of
31 a written inspection report of that building prepared by the
32 appropriate department of the city or county listing any violations
33 of the housing code or other governmental regulation that is
34 applicable regardless of whether the real property is owned as a
35 common interest community or in some other form of ownership. The
36 inspection must be made within (~~forty-five~~) 45 days of the
37 declarant's written request, and the report must be issued within
38 (~~fourteen~~) 14 days of the inspection being made. The inspection may
39 not be required with respect to any building for which a final
40 certificate of occupancy has been issued by the city or county within

1 the preceding (~~twenty-four~~) 24 months, and any fee imposed for the
2 making of such inspection may not exceed the fee that would be
3 imposed for the making of such an inspection for a purpose other than
4 complying with this subsection (6)(a).

5 (b) Prior to the conveyance of any residential unit within a
6 conversion building, other than a conveyance to a declarant or
7 dealer, or affiliate of either:

8 (i) All violations disclosed in the inspection report provided
9 for in (a) of this subsection, and not otherwise waived by the city
10 or county, must be repaired; and

11 (ii) A certification must be obtained from the city or county
12 that such repairs have been made. The certification must be based on
13 a reinspection to be made within seven days of the declarant's
14 written request and be issued within seven days of the reinspection
15 being made;

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

20 (d) Prior to the conveyance of any residential unit within a
21 conversion building, other than a conveyance to a declarant or
22 dealer, or affiliate of either:

23 (i) The declarant must establish and maintain, during the one-
24 year warranty period provided under (c) of this subsection, an
25 account containing a sum equal to (~~ten~~) 10 percent of the actual
26 cost of making the repairs required under (b) of this subsection;

27 (ii) During the one-year warranty period, the funds in the
28 account must be used exclusively for paying the actual cost of making
29 repairs required, or for otherwise satisfying claims made, under such
30 warranty;

31 (iii) Following the expiration of the one-year warranty period,
32 any funds remaining in the account must be immediately disbursed to
33 the declarant; and

34 (iv) The declarant must notify in writing the association and the
35 city or county as to the location of the account and any
36 disbursements from the account;

37 (e)(i) A declarant must pay relocation assistance, in an amount
38 to be determined by the city or county, which may not exceed a sum
39 equal to three months of the residential tenant's or residential
40 subtenant's rent at the time the conversion notice required under

1 subsection (1) of this section is received, to residential tenants or
2 residential subtenants:

3 (A) Who do not elect to purchase a unit in the common interest
4 community;

5 (B) Who are in lawful occupancy for residential purposes of a
6 unit in the conversion building; and

7 (C) Whose annual household income from all sources, on the date
8 of the notice described in subsection (1) of this section, was less
9 than an amount equal to (~~eighty~~) 80 percent of:

10 (I) The annual median income for comparably sized households in
11 the standard metropolitan statistical area, as defined and
12 established by the United States department of housing and urban
13 development, in which the conversion building is located; or

14 (II) If the conversion building is not within a standard
15 metropolitan statistical area, the annual median income for
16 comparably sized households in the state of Washington, as defined
17 and determined by said department.

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

28 (ii) Elderly residential tenants or residential subtenants and
29 residential tenants or residential subtenants with special needs who
30 otherwise meet the requirements of (e)(i)(A) of this subsection must
31 receive relocation assistance, the greater of:

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

33 (B) The sum of actual relocation expenses of the residential
34 tenant or residential subtenant, up to a maximum of (~~one thousand~~
35 ~~five hundred dollars~~) \$1,500 in excess of the sum described in
36 (e)(i) of this subsection, which may include costs associated with
37 the physical move, first month's rent, and the security deposit for
38 the dwelling unit to which the residential tenant or residential
39 subtenant is relocating, rent differentials for up to a six-month
40 period, and any other reasonable costs or fees associated with the

1 relocation. Receipts for relocation expenses must be provided to the
2 declarant by eligible residential tenants or residential subtenants,
3 and declarants must provide the relocation assistance to residential
4 tenants or residential subtenants in a timely manner. The city or
5 county may provide additional guidelines for the relocation
6 assistance.

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

8 (A) "Elderly" means a person who is at least (~~sixty-five~~) 65
9 years of age; and

10 (B) "Special needs" means a chronic mental illness or physical
11 disability, a developmental disability, or other condition affecting
12 cognition, disease, chemical dependency, or a medical condition that
13 is permanent, not reversible or curable, or is long lasting, and
14 severely limits a person's mental or physical capacity for self-care;

15 (f) Except as authorized under (g) of this subsection, a
16 declarant and any dealer may not begin any construction, remodeling,
17 or repairs to any interior portion of an occupied building that is to
18 become a conversion building during the (~~one hundred twenty-day~~)
19 120-day notice period provided for in subsection (1) of this section
20 unless all residential tenants and residential subtenants who have
21 elected not to purchase a unit in the common interest community and
22 who are in lawful occupancy in the building have vacated the
23 premises. For the purposes of this subsection:

24 (i) "Construction, remodeling, or repairs" means the work that is
25 done for the purpose of establishing or selling units in a conversion
26 building, and does not mean the work that is done to maintain the
27 building or lot for the residential use of the existing residential
28 tenants or residential subtenants; and

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

33 (g) (i) If a declarant or dealer has offered existing residential
34 tenants or residential subtenants an option to terminate an existing
35 lease or rental agreement without cause or consequence as authorized
36 under subsection (1) (c) of this section, a declarant and any dealer
37 may begin construction, remodeling, or repairs to interior portions
38 of an occupied building (A) to repair or remodel vacant units to be
39 used as model units, if the repair or remodel is limited to one model

1 for each unit type in the building; (B) to repair or remodel a vacant
2 unit or common element for use as a sales office; or (C) to do both.

3 (ii) The work performed under this subsection (6)(g) must not
4 violate the residential tenants' or residential subtenants' rights of
5 quiet enjoyment during the (~~one hundred twenty day~~) 120-day notice
6 period.

7 (7) Violations of any city or county ordinance adopted as
8 authorized under subsection (6) of this section gives rise to such
9 remedies, penalties, and causes of action that may be lawfully
10 imposed by the city or county. Such violations do not invalidate the
11 creation of the common interest community or the conveyance of any
12 interest in the common interest community.

13 NEW SECTION. **Sec. 7.** (1) The affordable housing advisory board
14 must review issues associated with the conversion of multifamily
15 buildings to condominium ownership including, but not limited to:

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

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

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

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

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

33 (f) Concerns regarding condominium associations, particularly,
34 accountability of condominium association boards, collection of fees,
35 effective communication, representation regarding covenants, fairness
36 in liens and foreclosures, and impartiality in insurance claims.

37 (2) The board must provide a report on its review to the
38 appropriate standing committees of the legislature by December 1,
39 2022. In conducting its review, the board shall seek input from

1 stakeholders with expertise in both the condominium conversion
2 process and in providing tenant relocation programs and assistance.

3 **Sec. 8.** RCW 43.185B.020 and 2003 c 40 s 1 are each amended to
4 read as follows:

5 (1) The department shall establish the affordable housing
6 advisory board to consist of (~~(twenty-two)~~) 23 members.

7 (a) The following (~~(nineteen)~~) 20 members shall be appointed by
8 the governor:

9 (i) Two representatives of the residential construction industry;

10 (ii) Two representatives of the home mortgage lending profession;

11 (iii) One representative of the real estate sales profession;

12 (iv) One representative of the apartment management and operation
13 industry;

14 (v) One representative of the for-profit housing development
15 industry;

16 (vi) One representative of for-profit rental housing owners;

17 (vii) One representative of the nonprofit housing development
18 industry;

19 (viii) One representative of homeless shelter operators;

20 (ix) One representative of lower-income persons;

21 (x) One representative of special needs populations;

22 (xi) One representative of public housing authorities as created
23 under chapter 35.82 RCW;

24 (xii) Two representatives of the Washington association of
25 counties, one representative shall be from a county that is located
26 east of the crest of the Cascade mountains;

27 (xiii) Two representatives of the association of Washington
28 cities, one representative shall be from a city that is located east
29 of the crest of the Cascade mountains;

30 (xiv) One representative to serve as chair of the affordable
31 housing advisory board;

32 (xv) One representative at large; and

33 (xvi) One representative from a unit owners' association as
34 defined in RCW 64.34.020 or 64.90.010.

35 (b) The following three members shall serve as ex officio,
36 nonvoting members:

37 (i) The director or the director's designee;

38 (ii) The executive director of the Washington state housing
39 finance commission or the executive director's designee; and

1 (iii) The secretary of social and health services or the
2 secretary's designee.

3 (2) (a) The members of the affordable housing advisory board
4 appointed by the governor shall be appointed for four-year terms,
5 except that the chair shall be appointed to serve a two-year term.
6 The terms of five of the initial appointees shall be for two years
7 from the date of appointment and the terms of six of the initial
8 appointees shall be for three years from the date of appointment. The
9 governor shall designate the appointees who will serve the two-year
10 and three-year terms. The members of the advisory board shall serve
11 without compensation, but shall be reimbursed for travel expenses as
12 provided in RCW 43.03.050 and 43.03.060.

13 (b) The governor, when making appointments to the affordable
14 housing advisory board, shall make appointments that reflect the
15 cultural diversity of the state of Washington.

16 (3) The affordable housing advisory board shall serve as the
17 department's principal advisory body on housing and housing-related
18 issues, and replaces the department's existing boards and task forces
19 on housing and housing-related issues.

20 (4) The affordable housing advisory board shall meet regularly
21 and may appoint technical advisory committees, which may include
22 members of the affordable housing advisory board, as needed to
23 address specific issues and concerns.

24 (5) The department, in conjunction with the Washington state
25 housing finance commission and the department of social and health
26 services, shall supply such information and assistance as are deemed
27 necessary for the advisory board to carry out its duties under this
28 section.

29 (6) The department shall provide administrative and clerical
30 assistance to the affordable housing advisory board.

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