

SENATE BILL REPORT

SHB 2014

As Reported By Senate Committee On:
Consumer Protection & Housing, February 26, 2008

Title: An act relating to the regulation of conversion condominiums.

Brief Description: Addressing the regulation of conversion condominiums.

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

Brief History: Passed House: 1/18/08, 94-3.

Committee Activity: Consumer Protection & Housing: 2/5/08, 2/26/08 [DPA].

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Majority Report: Do pass as amended.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Haugen, Jacobsen, Kilmer, McCaslin and Tom.

Staff: Alison Mendiola (786-7483)

Background: When apartments are converted into condominiums, the condominium developer must give each tenant notice of the conversion 90 days before they are required to vacate. No tenant may be required to vacate on less than 90 days notice except for tenant violations of the Landlord-Tenant Act.

A city or county may establish a variety of requirements in regards to condominium conversions including that relocation assistance be paid to tenants who do not purchase a unit. Relocation assistance may not exceed \$500 per unit.

Local regulations may not prohibit the condominium form of ownership nor impose requirements on condominiums which it would not impose on a similar development.

Summary of Bill (Recommended Amendments): Notice of Condominium Conversion: A condominium declarant must give existing apartment tenants 120-days notice of the conversion of the apartment into a condominium and may not require that the tenant vacate the apartment before that 120-day period has expired. The notice must include information about any city or county relocation assistance program.

Relocation and Construction Activities: A city or county may require that:

- 1) The declarant pay relocation assistance of an amount to be determined by the city or county, but not to exceed three months of a tenant's rent, to tenants who:

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- elect not to purchase a unit;
 - are in lawful occupancy of a unit; and
 - whose household income is below 80 percent of the median income.
- 2) Interior construction for the purpose of converting buildings into condominiums may not commence during the 120-day notice period unless:
- all residential tenants who have not elected to purchase a unit and who are in lawful occupancy in the building have vacated;
 - the purpose of the construction is to prepare vacant units to be used as model units or for a sales office; and
 - the declarant has offered existing tenants the opportunity to terminate their existing lease or rental agreement without cause or consequence.

Regardless of the circumstance, construction must not violate a tenant's right of quiet enjoyment during the 120-day notice period.

The act does not apply to any conversion condominiums for which a legal notice of conversion has been delivered to tenants before the effective date of the act.

Cities and counties planning under the Growth Management Act (GMA) are required to report annually to the Department of Community, Trade and Economic Development (DCTED) on condominium conversions occurring within their jurisdictions. Information must include:

- the total number of apartment units converted into condominiums;
- the number of condominium conversion projects; and
- the number of tenants who receive relocation assistance and what amount they receive.

EFFECT OF CHANGES MADE BY CONSUMER PROTECTION & HOUSING COMMITTEE (Recommended Amendments): The effective date is changed from 2007 to 2008. The Residential Landlord-Tenant Act is amended where it references condominium conversions, to comply with the increased notice (from 90 days to 120 days). The reporting requirements are narrowed so language regarding a tenant's income and a converted unit's mortgage payment is eliminated.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on August 1, 2008.

Staff Summary of Public Testimony on Substitute Bill: PRO: When we talk about condominium conversions, we're talking about ourselves and our neighbors. Conversions result in loss of rental units and affordable housing, given that those most adversely impacted are the poor. The current tenant protections are not enough, which is why this bill is needed. We should also have an amendment to provide additional assistance to displaced persons with disabilities and allow cities to limit the number of conversions.

CON: There has been a gain in rental housing units; market forces will work things out. There is a misconception that the rental stock is decreasing. A 120-days notice period is fine, as is lifting the cap on \$500 of relocation assistance.

OTHER: Supportive of House version (HB 2014) with two amendments, allowing tenants to break their lease when they get notice of a conversion and providing additional assistance to tenants with disabilities who are displaced.

Persons Testifying: PRO: Representative Chase, prime sponsor; Senator Kohl-Welles; Tom Rasmussen, City of Seattle Councilmember; John Fox, Will Parry, Randi Hansen, Helen Murname, Seattle Displacement Coalition; Alice Woldt, Religious Coalition for the Common Good; Bill Kirlin Hackett, Interfaith Task Force on Homelessness; Greg Provenzano, Columbia Legal Services.

CON: Bob Mitchell, Washington Association of Realtors and Commercial Brokers Association; Chaun Mackey, MCM Group; Joe McCarthy, Kantor, Taylor, and McCarthy.

OTHER: Ezra Eickmeyer, Pioneer Property Group.