
HOUSE BILL 2395

State of Washington

64th Legislature

2016 Regular Session

By Representatives McBride, Robinson, Kuderer, Clibborn, Senn, Orwall, Stanford, Gregerson, Walkinshaw, Tarleton, Farrell, Peterson, Moscoso, Pollet, and Goodman

Read first time 01/13/16. Referred to Committee on Community Development, Housing & Tribal Affairs.

1 AN ACT Relating to supporting affordable housing with a local
2 government fee on condominium conversions; amending RCW 64.34.050 and
3 82.02.020; adding a new chapter to Title 35 RCW; and providing an
4 effective date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the conversion
7 of existing apartment units into condominiums in Washington's cities
8 has led to a decrease in the availability of affordable housing. The
9 legislature further finds that the limited availability of affordable
10 housing has increased costs to cities and towns of providing needed
11 services to vulnerable citizens. It is the intent of the legislature
12 to give cities and towns authorization to impose a fee on condominium
13 conversions that will serve to offset in part the costs to cities and
14 towns arising from the reduction of affordable housing.

15 NEW SECTION. **Sec. 2.** The definitions in this section apply
16 throughout this chapter unless the context clearly requires
17 otherwise.

18 (1) "Affordable housing development" means the acquisition,
19 construction, or rehabilitation of residential housing for purposes
20 of providing affordable housing, as defined in RCW 43.63A.510.

1 (2) "City" means any city or town.

2 (3) "Conversion condominium," "declarant," and "declaration" have
3 the same meaning as in RCW 64.34.020.

4 (4) "Multifamily residential dwelling" means a structure housing
5 two or more residential units.

6 NEW SECTION. **Sec. 3.** (1) The governing body of a city may, by
7 resolution or ordinance, fix and impose a conversion fee for the
8 recording of a declaration of a conversion condominium, as defined in
9 RCW 64.34.020 and 64.34.200, in accordance with the terms of this
10 chapter.

11 (2) The conversion fee may be applied as follows:

12 (a) For a multifamily residential dwelling containing two
13 dwelling units, a rate of not more than ninety-five cents per square
14 foot multiplied by the aggregate gross floor area, as defined by the
15 city, of all the residential units in the structure;

16 (b) For a multifamily residential dwelling containing three
17 dwelling units, a rate of not more than one dollar and forty-two
18 cents per square foot multiplied by the aggregate gross floor area,
19 as defined by the city, of all the residential units in the
20 structure;

21 (c) For a multifamily residential dwelling containing four
22 dwelling units, a rate of not more than one dollar and ninety cents
23 per square foot multiplied by the aggregate gross floor area, as
24 defined by the city, of all the residential units in the structure;

25 (d) For a multifamily residential dwelling containing five
26 dwelling units, a rate of not more than two dollars and thirty-eight
27 cents multiplied by the aggregate gross floor area, as defined by the
28 city, of all the residential units in the structure;

29 (e) For a multifamily residential dwelling containing six
30 dwelling units, a rate of not more than two dollars and eighty-five
31 cents multiplied by the aggregate gross floor area, as defined by the
32 city, of all the residential units in the structure;

33 (f) For a multifamily residential dwelling containing seven
34 dwelling units, a rate of not more than three dollars and thirty-
35 three cents multiplied by the aggregate gross floor area, as defined
36 by the city, of all the residential units in the structure;

37 (g) For a multifamily residential dwelling containing eight
38 dwelling units, a rate of not more than three dollars and eighty

1 cents multiplied by the aggregate gross floor area, as defined by the
2 city, of all the residential units in the structure;

3 (h) For a multifamily residential dwelling containing nine
4 dwelling units, a rate of not more than four dollars and twenty-eight
5 cents multiplied by the aggregate gross floor area, as defined by the
6 city, of all the residential units in the structure; and

7 (i) For a multifamily residential dwelling containing ten or more
8 dwelling units, a rate of not more than four dollars and seventy-five
9 cents multiplied by the aggregate gross floor area, as defined by the
10 city, of all the residential units in the structure.

11 (3) The moneys collected under this section must be deposited in
12 an affordable housing fund established by the city and used for
13 affordable housing development.

14 (4) Any city that imposes a condominium conversion fee authorized
15 under this section must apply the fee to the conversion of any
16 residential dwelling owned by the city, unless the city has adopted
17 an affordable housing development plan on the same property, or at a
18 suitable alternative location, to replace the converted residential
19 dwelling. No conversion fee may apply to a local housing authority,
20 nonprofit community or neighborhood-based organization, or regional
21 or statewide nonprofit housing assistance organization, engaged in
22 affordable housing development.

23 (5) The declarant must remit the fee at the same time the
24 declarant forwards a copy of the conversion notice to the city as
25 provided in RCW 64.34.440(1)(e).

26 (6) Moneys collected under this section may not be used to
27 supplant existing federal, state, or local funds.

28 NEW SECTION. **Sec. 4.** This chapter is not subject to the
29 limitations of RCW 82.02.020.

30 **Sec. 5.** RCW 64.34.050 and 1989 c 43 s 1-106 are each amended to
31 read as follows:

32 (1) Except as provided in section 3 of this act, a zoning,
33 subdivision, building code, or other real property law, ordinance, or
34 regulation may not prohibit the condominium form of ownership or
35 impose any requirement upon a condominium which it would not impose
36 upon a physically identical development under a different form of
37 ownership. Otherwise, no provision of this chapter invalidates or

1 modifies any provision of any zoning, subdivision, building code, or
2 other real property use law, ordinance, or regulation.

3 (2) This section (~~shall~~) does not prohibit a county legislative
4 authority from requiring the review and approval of declarations and
5 amendments thereto and termination agreements executed pursuant to
6 RCW 64.34.268(2) by the county assessor solely for the purpose of
7 allocating the assessed value and property taxes. The review by the
8 assessor (~~shall~~) must be done in a reasonable and timely manner.

9 **Sec. 6.** RCW 82.02.020 and 2013 c 243 s 4 are each amended to
10 read as follows:

11 (1) Except only as expressly provided in chapters 67.28, 81.104,
12 and 82.14 RCW, the state preempts the field of imposing retail sales
13 and use taxes and taxes upon parimutuel wagering authorized pursuant
14 to RCW 67.16.060, conveyances, and cigarettes, and no county, town,
15 or other municipal subdivision (~~shall have~~) has the right to impose
16 taxes of that nature. Except as provided in RCW 64.34.440 and
17 82.02.050 through 82.02.090 and section 3 of this act, no county,
18 city, town, or other municipal corporation (~~shall~~) may impose any
19 tax, fee, or charge, either direct or indirect, on the construction
20 or reconstruction of residential buildings, commercial buildings,
21 industrial buildings, or on any other building or building space or
22 appurtenance thereto, or on the development, subdivision,
23 classification, or reclassification of land. However, this section
24 does not preclude dedications of land or easements within the
25 proposed development or plat which the county, city, town, or other
26 municipal corporation can demonstrate are reasonably necessary as a
27 direct result of the proposed development or plat to which the
28 dedication of land or easement is to apply.

29 (2) This section does not prohibit voluntary agreements with
30 counties, cities, towns, or other municipal corporations that allow a
31 payment in lieu of a dedication of land or to mitigate a direct
32 impact that has been identified as a consequence of a proposed
33 development, subdivision, or plat. A local government (~~shall~~) may
34 not use such voluntary agreements for local off-site transportation
35 improvements within the geographic boundaries of the area or areas
36 covered by an adopted transportation program authorized by chapter
37 39.92 RCW. Any such voluntary agreement is subject to the following
38 provisions:

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

4 ~~((2))~~ (b) The payment ~~((shall))~~ must be expended in all cases
5 within five years of collection; and

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

12 (3) No county, city, town, or other municipal corporation
13 ~~((shall))~~ may require any payment as part of such a voluntary
14 agreement which the county, city, town, or other municipal
15 corporation cannot establish is reasonably necessary as a direct
16 result of the proposed development or plat.

17 (4) Nothing in this section prohibits cities, towns, counties, or
18 other municipal corporations from collecting reasonable fees from an
19 applicant for a permit or other governmental approval to cover the
20 cost to the city, town, county, or other municipal corporation of
21 processing applications, inspecting and reviewing plans, or preparing
22 detailed statements required by chapter 43.21C RCW, including
23 reasonable fees that are consistent with RCW 43.21C.420(6),
24 43.21C.428, and beginning July 1, 2014, RCW 35.91.020.

25 (5) This section does not limit the existing authority of any
26 county, city, town, or other municipal corporation to impose special
27 assessments on property specifically benefited thereby in the manner
28 prescribed by law.

29 (6) Nothing in this section prohibits counties, cities, or towns
30 from imposing or permits counties, cities, or towns to impose water,
31 sewer, natural gas, drainage utility, and drainage system charges.
32 However, no such charge ~~((shall))~~ may exceed the proportionate share
33 of such utility or system's capital costs which the county, city, or
34 town can demonstrate are attributable to the property being charged.
35 Furthermore, these provisions may not be interpreted to expand or
36 contract any existing authority of counties, cities, or towns to
37 impose such charges.

38 (7) Nothing in this section prohibits a transportation benefit
39 district from imposing fees or charges authorized in RCW 36.73.120
40 nor prohibits the legislative authority of a county, city, or town

1 from approving the imposition of such fees within a transportation
2 benefit district.

3 (8) Nothing in this section prohibits counties, cities, or towns
4 from imposing transportation impact fees authorized pursuant to
5 chapter 39.92 RCW.

6 (9) Nothing in this section prohibits counties, cities, or towns
7 from requiring property owners to provide relocation assistance to
8 tenants under RCW 59.18.440 and 59.18.450.

9 (10) Nothing in this section limits the authority of cities to
10 implement the conversion fee described in section 3 of this act.

11 (11) Nothing in this section limits the authority of counties,
12 cities, or towns to implement programs consistent with RCW
13 36.70A.540, nor to enforce agreements made pursuant to such programs.

14 (12) This section does not apply to special purpose districts
15 formed and acting pursuant to Title 54, 57, or 87 RCW, nor is the
16 authority conferred by these titles affected.

17 NEW SECTION. **Sec. 7.** Sections 1 through 4 and 8 of this act
18 constitute a new chapter in Title 35 RCW.

19 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2016.

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