
SUBSTITUTE SENATE BILL 5758

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 43.185B.020; adding a new section to chapter 43.180 RCW; and creating
3 new sections.

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

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

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

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

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

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

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

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

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

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

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

36 (f) Concerns regarding condominium associations, particularly,
37 accountability of condominium association boards, collection of fees,

1 effective communication, representation regarding covenants, fairness
2 in liens and foreclosures, and impartiality in insurance claims.

3 (2) The board must provide a report on its review to the
4 appropriate standing committees of the legislature by December 1,
5 2022. In conducting its review, the board shall seek input from
6 stakeholders with expertise in both the condominium conversion
7 process and in providing tenant relocation programs and assistance.

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

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

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

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

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

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

17 (iv) One representative of the apartment management and operation
18 industry;

19 (v) One representative of the for-profit housing development
20 industry;

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

22 (vii) One representative of the nonprofit housing development
23 industry;

24 (viii) One representative of homeless shelter operators;

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

26 (x) One representative of special needs populations;

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

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

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

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

37 (xv) One representative at large; and

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

1 (b) The following three members shall serve as ex officio,
2 nonvoting members:

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

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

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

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

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

21 (3) The affordable housing advisory board shall serve as the
22 department's principal advisory body on housing and housing-related
23 issues, and replaces the department's existing boards and task forces
24 on housing and housing-related issues.

25 (4) The affordable housing advisory board shall meet regularly
26 and may appoint technical advisory committees, which may include
27 members of the affordable housing advisory board, as needed to
28 address specific issues and concerns.

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

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

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