

# Code Compliance

— guidelines on Seattle regulations governing safety and quality of life

## Condominium Conversion: A Guide for Tenants and Prospective Buyers

Updated June 12, 2017

The conversion of residential buildings to condominiums is governed by Washington State law (the Condominium Act) and Seattle ordinance (Condominium Conversion Ordinance).

State law grants tenants the right to buy their own units and assures that all buyers are informed of the responsibilities and costs they incur when they purchase a condominium. State law also provides that tenants receive a notice of condominium conversion at least 120 days before they can be required to move. A copy of this notice must be provided to the city Seattle Department of Construction and Inspections (SDCI).

Seattle ordinance requires developers to deliver tenant packets to all households occupying units that are being converted to condominiums. The packet informs tenants that the City of Seattle has a relocation requirement and explains how to qualify for relocation assistance. Most units subject to conversion must be inspected for compliance with the Housing and Building Maintenance Code (HBMC) by SDCI. All defects must be repaired before any units are sold.

The property owner or developer responsible for the conversion is responsible for determining tenant eligibility to receive relocation assistance, for deciding the proper amount of relocation to be paid, and for paying relocation assistance directly to eligible tenant households.

The Condominium Conversion Ordinance (Seattle Municipal Code Chapter 22.903) is enforced by the Code Compliance Division of SDCI which is located on the 19th floor of Seattle Municipal Tower at 700 Fifth Avenue. Code Compliance staff provide information about and investigate complaints related to the Ordinance. Staff can be contacted at **(206) 615-0808**.

### TENANT PROTECTION

#### When are tenants notified that their building is being converted to condominiums?

State law requires property owners and developers to notify tenants of a condominium conversion at least 120 days before the tenants can be required to move out. City ordinance requires owners and developers to notify tenants that relocation assistance is available to qualifying households at the same time the 120-day notice is given. The owner or developer must notify tenants which units are for sale and must give them certain financial disclosures specified in state law concerning purchasing and owning a unit.

For more details on tenants' rights under the state Condominium Act, please consult RCW 64.34. at <http://apps.leg.wa.gov/RCW/default.aspx?cite=64.34>

#### How long may tenants occupy their apartments once they have received the notice of conversion?

Tenants subject to month-to-month rental agreements have a right to stay at least 120 days after receiving notice of a condominium conversion. The owner may require tenants to move at the end of the 120-day period or may prefer to continue renting to them until the units have sold.

If the notice of conversion specifies that a unit must be vacated at the end of the 120-day period, a month-to-month tenant must move out by that date. If no specific requirement to move is stated, the tenant does not have to move until the owner issues a written termination of tenancy notice that complies with SMC 22.206.160.C(1)(i)

A tenant with a lease cannot be required to move by a condominium conversion notice before the lease expiration date.

#### Who receives relocation assistance? How much is it?

After receiving the 120-day notice of conversion, all tenant households electing not to purchase their units, which vacate their units, and which earn 80% or less of the area median income must be paid the equivalent of three (3) months' rent.



Elderly or special needs tenants may qualify for additional assistance for reasonable moving expenses. Tenants apply to the developer for relocation assistance. The table below sets forth income limits by family size.

Household Size	Maximum Annual Income
1 person	\$50,400
2 persons	\$57,600
3 persons	\$64,800
4 persons	\$72,000
5 persons	\$77,800
6 persons	\$83,550
7 persons	\$89,300
8 persons	\$95,050

These figures change periodically. To verify current eligibility limits, please contact SDCI Code Compliance at **(206) 615-0808**.

Owners and developers are strongly encouraged to pay relocation assistance as soon as possible after a household establishes eligibility to receive assistance. In any event, relocation assistance equal to three (3) months' rent must be paid by the date on which the household vacates its unit.

If the appropriate amount of additional relocation assistance based on "elderly" or "special needs" status is not determined by the date on which a tenant household vacates its unit, the additional reimbursement, if any, must be paid to the tenant in a timely manner.

The relocation payment is in addition to damage deposits or other refunds to which the tenant is entitled. The developer may, however, deduct unpaid rent or other amounts owed by the tenant from the relocation payment. It is necessary for the developer to document such charges.

### What protection do tenants have from being evicted before and during the conversion process?

Under state law, during the 120-day notice period tenants may be evicted only for the following three (3) reasons:

- Failure to pay rent;
- Conduct that disturbs other tenants' peaceful enjoyment of the premises; and
- Causing waste or damage, or creating a nuisance.

These reasons are more limited than those allowed by Seattle's Just Cause Eviction Ordinance. In addition, during the 120-day notice period, it is unlawful to change the terms of tenancy, including the amount of rent. (See Tip 604, *Seattle Laws on Property Owner and Tenant Rights*

and *Responsibilities* for more information on the Just Cause Eviction Ordinance.)

## BUYER PROTECTION

### What assurance do buyers have that the building is in good condition?

Seattle's Condominium Conversion Ordinance requires that the owner or developer have the property inspected for compliance with the Housing and Building Maintenance Code (HBMC) if a building is more than two (2) years old. This inspection must be done before the owner delivers any public offering statement or condominium conversion notice to tenants. All HBMC violations must be corrected before the first closing of the sale of a unit, or by the compliance date stated in any Notice of Violation issued as a result of the inspection, whichever is sooner. The inspection report must be delivered to all prospective purchasers, including tenants, along with the public offering statement and the condominium conversion notice.

### What guarantees do new owners have that major repairs won't be needed immediately?

For a period of one (1) year, developers must warrant all repairs and improvements made to correct code violations revealed by the HBMC inspection. City ordinance requires that the developer establish an escrow fund for this purpose within thirty (30) days after the first sale of a unit. The amount in this fund must be 10% of the cost of the repairs and improvements that were required to bring the property into compliance with the HBMC. Location of the escrow fund must be made known to all condominium unit owners and to the owners' association. If repairs are needed after a unit is purchased, escrow funds can be used to pay for such repairs only after the developer has been advised in writing of a problem and has failed to complete repairs in a reasonable time. Even if the escrow fund is used entirely, the developer may still be liable for repairs. Any money remaining in the fund after one (1) year is returned to the developer.

## Access to Information

Links to electronic versions of SDCI **Tip** and other helpful publications are available on our website at [www.seattle.gov/dpd/toolsresources/](http://www.seattle.gov/dpd/toolsresources/). Paper copies of these documents are available from our Public Resource Center, located on the 20th floor of Seattle Municipal Tower at 700 Fifth Ave. in downtown Seattle, (206) 684-8467.