

Code Compliance

— guidelines on Seattle regulations governing safety and quality of life

Condominium Conversion: A Guide for Owners and Developers

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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 and a tenant roster must be provided to the Code Compliance division of the Seattle Department of Construction and Inspections (SDCI) within thirty (30) days of it being given to the tenants.

If you own property that you are considering converting, you should review the Condominium Act (RCW 64.34) at <http://apps.leg.wa.gov/RCW/default.aspx?cite=64.34> for all state requirements.

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 Seattle DCI. 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**.

CONDOMINIUM CONVERSION PROCEDURES

Developers unfamiliar with Seattle's Condominium Conversion Ordinance should contact Code Compliance staff at **(206) 615-0808** to review City requirements. In addition, developers should review state requirements (RCW 64.34). The following is a brief summary of some of the requirements for converting rental housing units to condominiums:

Housing Code inspection: Before delivering a notice of condominium conversion and before offering any units for sale, the developer must have the entire premises subject to conversion inspected by a City of Seattle housing and zoning inspector. The inspection is scheduled after the developer fills out an inspection request form and pays the required inspection fee. SDCI is required to make the inspection within forty-five (45) days of the request. Forms and fee information are attached to this Tip. Checks should be made payable to the City of Seattle. For more information call Code Compliance at **(206) 615-0808**.

Required repairs: The developer will receive a written inspection report within fourteen (14) days of completion of the inspection. The inspection will cover the major systems and components of the building, including shelter, heating, electrical systems, fire safety, and security. If no violations are discovered, a certificate indicating no repairs are required will be issued. If violations are discovered, the report will list items that must be brought into compliance with the Housing and Building Maintenance Code (HBMC).

All HBMC violations revealed by the inspection must be corrected prior to the closing of the first sale of any unit or by the compliance date in the inspection report, whichever is sooner. Corrections are required even if the developer decides not to complete the conversion process.

www.seattle.gov/sdci



Once all corrections are completed, a Certificate of Repairs will be issued by SDCI.

It is also necessary that all units be established by permit. If the number of units in the building is different from that on approved permits and plans on file with SDCI, the developer will be required to obtain permits for any additional unit(s) created without the benefit of permit.

Certifying required repairs: The developer may close the sale of an individual condominium unit only after all items listed on a Notice of Violation have been certified as corrected and after receipt of the Certificate of Repairs from SDCI.

Warranty of required repairs: Within thirty (30) days after the sale of the first unit, the developer must establish an escrow fund equal to 10% of the cost of all warrantable repairs and improvements to the property. All repairs and improvements required by the inspection must be warranted for one (1) year. Location of the escrow fund must be made known to all condominium unit owners and to the owners' association.

Offering units for sale: The developer may begin offering the units for sale **after** receiving the inspection report. The following is a partial list of disclosures that must be given to tenants and other prospective buyers. Developers planning a conversion should consult the state Condominium Act for complete details about these and other requirements.

- The Notice of Condominium Conversion and public offering statement, and a copy of the written inspection report. Also, a copy of the Certificate of Repairs must be given to the purchaser before the closing of any sale.
- Copies of documents the owner has filed with any governmental agency as required by the state Condominium Act.
- Itemization of repairs and improvements that were made during the six (6) months prior to the offer of sale, and those that will be made prior to the close of sale.
- Statement of services and expenses paid by the building owner that will be terminated or transferred to unit owners.
- Estimates of the useful life of the building's major components and mechanical systems and of the cost to repair any which have a useful life of less than five (5) years.

- Itemization of the monthly costs of owning each unit, including loan payments, taxes, insurance, utility costs, and other relevant expenses.

Filing a declaration:

The developer may initiate the conversion process by filing a declaration to convert pursuant to the state Condominium Act with the King County Records and Elections Office located in the King County Administration Building, 500 Fifth Avenue, in downtown Seattle.

The declaration may be filed either before or after offering units for sale. In some cases, the filing of the declaration may occur months before any units are offered for sale. Regardless of when the declaration is filed, a tenant must receive a written notice of the conversion and the right to buy his or her own unit at least 120 days before he or she can be required to move.

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.

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 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, then a month-to-month tenant must move out by that date. If no specific requirement to move is stated, then 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 eighty percent (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 for relocation assistance to the developer.

The table below sets forth income limits by family size.

Household Size	Maximum Annual Income
1 person	\$48,550
2 persons	\$55,450
3 persons	\$62,400
4 persons	\$69,300
5 persons	\$74,850
6 persons	\$80,400
7 persons	\$85,950
8 persons	\$91,500

These figures change periodically. To verify current eligibility limits, please contact SDCI Code Compliance staff 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.

Developers should make allowance for relocation assistant requirements in their financial planning.

Reporting Requirements

A copy of the notice of condominium conversion, including all information required by RCW 64.34.440

(1) (a), must be sent to SDCI Code Compliance within thirty (30) days after the notice is given to tenants.

The property owner or developer must submit to SDCI (on a form provided by the department), within one hundred and eighty (180) days of the delivery of the notice of condominium conversion, a certified report that contains the following:

- A. The name of the building undergoing conversion to condominiums, its address, the total number of dwelling units, and the number of dwelling units rented at the time the notice of condominium conversion was given.
- B. A list of unit numbers and the date on which the notice of condominium conversion was given to the tenant or subtenant of each unit.
- C. The schedule of incomes by household size used to determine eligibility for relocation assistance.
- D. The total number of tenants found eligible to receive relocation assistance.
- E. For each unit, the reported household size, income eligibility for relocation assistance, and the status as an "elderly" or "special needs" tenant, as applicable.
- F. For each unit whose tenant documented an eligible income for household size, the rent in effect as of the notice of condominium conversion, the total amount of relocation assistance, the amount provided in cash, including the date of payment, and the amount, if any, credited against tenant obligations.
- G. For any unit whose tenant claimed "elderly" or "special needs" status for which the total relocation assistance paid and credited was less than the amount claimed by the tenant, and the reasons for the lower amount.

Changes or additions to this report must be submitted to Code Compliance within thirty (30) days. Records supporting the information provided in the report and any updates must be maintained by the owner or developer for a minimum of two (2) years.

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
- 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.)

OTHER INSPECTIONS AND PERMITS

Renovation of existing buildings often requires permits beyond those issued for individual units. Some of the common permit triggers are listed below.

The information provided here is intended as a guide, and not a substitute for code requirements, which are too extensive to list. The responsibility for researching the relevant codes for specific requirements rests with individuals responsible for the project. A more extensive overview is available at: www.seattle.gov/dpd/permits/.

- **Plumbing Permits:** Any change, including replacement of existing plumbing or gas piping contained within the construction, requires a plumbing permit.

Plumbing & Gas Piping Permits: (206) 296-1175

- **Conveyance Permits:** Any elevator installations or alterations, including interior finish changes to elevator cars, require permits and inspections. Permits are also required for installation of accessibility lifts.

Conveyance & Elevators: (206) 684-8900

- **Heating Ventilation and Air Conditioning (HVAC):** Permits are required whenever new systems are installed or additions or changes are made to existing mechanical systems. These include boilers, fireplaces, heating systems, refrigeration, air conditioning, exhaust fans, dryer venting, and ventilation systems.

Boilers & Pressure Vessels: (206) 684-8900

- **Electrical Permits:** Any alteration, including extending or adding devices (outlets, switches, etc.) to existing circuits or installing new circuits, requires a permit. If additional appliance loads are added to the electrical system, a full electrical plan review of the installation will be required to determine the compatibility of the service. The building service and dwelling unit sub-panels frequently need upgrading when new appliances, such as washers, dryers, microwave ovens, and garbage disposals, are added to the system load. Contact SDCI's Electrical Inspection Program prior to altering any

electrical systems in the building structure to determine the extent of upgrades that will be required.

Tech Support for the Electrical Code: (206) 684-5383

- **Building Permits:** In most cases, if any of the permits noted above are required, a building permit will also be required. For example, alterations to building systems usually require the removal of wall and ceiling finish material, which may be covering framing on fire-resistive assemblies, structural walls including shear walls; these alterations will require a building permit. Also, any changes to building exits or to the weather-resistive exterior wall finish, including changing out windows or other exterior envelope changes, will require a building permit. Major repairs or alterations exceeding \$6,000 in value generally will require a building permit, per Seattle Building Code 106.2.

The need for other types of permits may be indicated, depending on the work being done.

DESIGN PROFESSIONAL REQUIREMENTS

A design professional should be involved early on in any conversion project. Where possible, they should review the plans used for original construction so they know the fire-resistive and structural system requirements in effect when the building was constructed. The same is also true whenever additional loads are to be added to electrical or plumbing systems. Changes to the exterior weather-resistive finish must be designed by an architect per RCW 64.34. Structural alterations, including repair of weather-damaged members or any alteration to the lateral or vertical load-carrying capacity, must be designed by a licensed structural engineer.

INSPECTION FEES

The fee for inspections required by the Condominium Conversion Ordinance is based on the Fee Subtitle. In 2017, the fee for such inspections is \$525 for the first unit and \$157.50 for each additional unit. There is an additional cost for repeat inspections. For updated fees or additional fee information, please see the Fee Subtitle at www.seattle.gov/dpd/codesrules/codes/fees/.

PENALTIES FOR NONCOMPLIANCE

Any person, firm, or corporation that violates any provision of the Seattle Condominium Conversion Ordinance may be subject to a cumulative civil penalty of \$100 per day per unit, from the date set

for compliance in any inspection report or Notice of Violation until the date compliance is achieved. SMC 22.903.090.

GETTING MORE INFORMATION

The Condominium Conversion Ordinance is available from the SDCI Public Resource Center, located on the 20th floor of Seattle Municipal Tower at 700 Fifth Ave., (206) 684-8467. It is also available on SDCI's website at www.seattle.gov/dpd/codesrules/codes/.

If you have questions or need additional information, please contact the SDCI's Code Compliance Division at **(206) 615-0808**, visit them on the 19th floor of Seattle Municipal Tower at 700 Fifth Ave. in downtown Seattle, or visit www.seattle.gov/sdci.

Access to Information

Links to electronic versions of SDCI **Tips** and other helpful publications are available on our website at 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.

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**REQUEST FOR ADVISORY HOUSING CODE INSPECTION FOR
CONDOMINIUM CONVERSION (SMC 22.903) or COOPERATIVE CONVERSION (SMC 22.902)**

INSTRUCTIONS

- 1. Fill in the appropriate information in the blank spaces below.
- 2. Calculate the inspection fee [see reverse].
- 3. Deliver the completed form to:

Seattle Department of Construction and Inspections
Code Compliance Division
700 Fifth Avenue, Suite 1800
P.O. Box 34019
Seattle, WA 98124-4019

OR:

In person, by visiting the Code Compliance Division, located on the 19th floor of the Seattle Municipal Tower at 700 Fifth Ave.

Seattle DCI 's Code Compliance Division will create a case number for you. Once you have your case number, you must take your check or money order, made payable to the City of Seattle, to the cashier on the 20th floor of Seattle Municipal Tower, 700 Fifth Ave. Once you have paid, you may obtain an inspection appointment.

Date: _____

A. I, as the building owner or the owner's agent, am requesting a Housing Code inspection of the entire building(s) identified as

_____ ,
building address(es) project name(s)

which contain(s) the dwelling units to be sold in connection with a condominium/cooperative conversion of the building(s).

B. The total number of buildings is _____. The number of units to be inspected in the building(s) is _____.

C. I understand that Seattle DCI may, as a result of this inspection, require compliance with the provisions of SMC 22.206.130 (Minimum Fire and Safety Standards) if there are portions of the building that may be rented or leased to others; the provisions of SMC 22.206.140 (Minimum Security Standards) for any portion of the building currently occupied by tenants; and any emergency conditions (SMC 22.206.260) identified in the building or premises.

D. For each building to be inspected, an inspection fee for the first unit and each additional unit inspected will be due prior to scheduling an inspection. The initial inspection fee covers the initial inspection and one follow-up inspection. If additional inspections are required, additional fees may be charged.

E. If a decision is made to sell any units, I acknowledge that a copy of the Housing Code Inspection Report and other notices and disclosures, listed in the Condominium Conversion Ordinance or the Cooperative Conversion Ordinance as applicable, must be provided to all tenants and subtenants of the entire project, as well as to prospective public purchasers. I also acknowledge that all noted violations of the Housing Code must be corrected at least seven days prior to the closing of the sale of the first unit in the project or by the compliance date established in the Inspection Report, whichever is earlier.

F. The names and complete addresses of all ownership interests in the project, including corporate officers where the developer is a corporation, are listed below:

G. The Housing Inspector is authorized to gain access to the building(s), including to each housing unit, in order to make his or her inspection by contacting:

(name)

(address)

(convenient time and date)

(telephone/email)

(signature of requestor)

(mailing address if different from contact person above)

(printed or typed name)

(telephone/email)

Relationship to property (owner, agent, manager, etc.):

22.900F.040 Advisory Housing and Building Maintenance Code and condominium conversion inspection.

A. The fee for advisory inspections requested pursuant to the Housing and Building Maintenance Code or inspections required by the Condominium Conversion Ordinance and the Cooperative Conversion Ordinance shall be charged at the rate of 2.5 times the base fee (see SMC 22.900B.010) for inspecting a building and one housing unit plus a charge at the rate of 0.75 times the base fee for inspecting each additional housing unit in the same building. No additional fee shall be charged for one follow-up inspection, if requested.

B. Additional re-inspections requested or required after the first re-inspection shall be charged a fee at the rate of one times the base fee for each building and one housing unit plus 0.25 times the base fee for each additional housing unit in the same building.

For 2017*:

Base fee (\$210) x 2.5 = \$525

Add \$157.50 for each unit beyond the first unit being inspected.

* See SMC 22.900B.010 for current base fee amount.