

ORDINANCE No. 115105

COUNCIL BILL No. 107976

The City of

AN ORDINANCE relating to the conversion of buildings to cooperative forms of ownership; amending sections 22.902.010 through 22.902.060, sections 22.902.080, 22.902.120, 22.902.130 and 22.902.160 through 22.902.180 of the Seattle Municipal Code, removing references to condominium conversions and changing the Condominium Conversion Ordinance into a Cooperative Conversion Ordinance in conformance with the State Condominium Act.

Honorable President:

Your Committee on _____

to which was referred the within Council report that we have considered the same

COMPTROLLER FILE No. _____

Introduced: <u>5-21-90</u>	By: <u>Weeks</u>
Referred: <u>5-24-90</u>	To: <u>Full Council</u>
Referred:	To:
Referred:	To:
Reported: <u>MAY 2 1 1990</u>	Second Reading: <u>MAY 2 1 1990</u>
Third Reading: <u>MAY 2 1 1990</u>	Signed: <u>MAY 2 1 1990</u>
Presented to Mayor: <u>MAY 3 1 1990</u>	Approved: <u>JUN 1 1990</u>
Returned to City Clerk: <u>JUN 1 1990</u>	Published:
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

Yo

The City of Seattle--Legislative Department

REPORT OF COMMITTEE

Date Reported
and Adopted

President:

Committee on _____

was referred to within Council Bill No. _____

we have considered the same and respectfully recommend that the same:

Vote 8-0

Committee Chair

ORDINANCE 115105

1 AN ORDINANCE relating to the conversion of buildings to
 2 cooperative forms of ownership; amending sections
 3 22.902.010 through 22.902.060, sections 22.902.080,
 4 22.902.120, 22.902.130 and 22.902.160 through 22.902.180
 5 of the Seattle Municipal Code, removing references to
 6 condominium conversions and changing the Condominium
 7 Conversion Ordinance into a Cooperative Conversion
 8 Ordinance in conformance with the State Condominium Act.

9 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

10 Section 1. Section 22.902.010 of the Seattle Municipal
 11 Code is amended to read as follows:

12 22.902.010 Short title.

13 This chapter may be cited as the "Cooperative
 14 (~~Condominium~~) Conversion Ordinance."

15 Section 2. Section 22.902.020 of the Seattle Municipal
 16 Code is amended to read as follows:

17 22.902.020 Definitions

18 The following words and phrases used in this chapter
 19 shall have the meanings set forth in this section:

20 A. "Acceptance of offer of sale" means a written
 21 commitment for the purchase of (~~a condominium unit or~~) an
 22 interest in a cooperative at a specific price and on specific
 23 terms.

24 B. "Agent" means any person, firm, partnership,
 25 association, joint venture, corporation or any other entity
 26 or combination of entities who represents or acts for or on
 27 behalf of a developer in selling or offering to sell any
 28 (~~condominium or~~) cooperative unit or interest in a
 cooperative.

C. "Building" means any existing structure containing
 one (1) or more housing units and any grouping of such
 structures which as rental units were operated under a
 single name (~~and as converted buildings are the subject of~~
~~a single declaration or simultaneous declarations filed~~

1 pursuant-to-the-Horizontal-Property-Regimes-Act-(RCW-Chapter
2 64.32)).

3 ((D)--"Condominium"--means-any-existing-structure
4 containing-one-(1)-or-more-housing-units-as-defined-in-the
5 Seattle-Housing-Code-(Ordinance-106319)+-(1)-which-is-the
6 subject-of-a-declaration-filed-pursuant-to-the-Horizontal
7 Property-Regimes-Act-(RCW-Chapter-64.32)+-or-(2)-in-which
8 there-is-private-ownership-of-individual-units-and-common
9 ownership-of-common-areas.))

10 ((E)--"Condominium-unit"--means-any-housing-unit-in-a
11 condominium.))

12 ((F)--"Conversion-of-condominiums"--means-the-filing-of
13 a-declaration-pursuant-to-the-Horizontal-Property-Regimes
14 Act-or-the-sale-by-a-developer-of-condominium-units-that
15 were-previously-rental-units.))

16 D((G)). "Conversions of cooperatives" means the
17 execution of a lease agreement by a member of cooperative
18 association.

19 ((H))E. "Converted Building" means any ((condominium
20 or)) cooperative which formerly contained rental housing
21 units.

22 ((I))F. "Cooperative" means any existing structure,
23 including surrounding land and improvements, which contains
24 one (1) or more housing units and which: (1) is owned by an
25 association organized pursuant to the Cooperative
26 Association Act (RCW Chapter 23.86); or (2) is owned by an
27 association with resident shareholders who are granted
28 renewable leasehold interests in housing units in the
building.

((J))G. "Cooperative unit" means any housing unit in a
cooperative.

1 ((K))H. "Developer" means any person, firm,
2 partnership, association, joint venture or corporation or
3 any other entity or combination of entities or successors
4 thereto who ~~((7--(1)--undertake-to-convert,--sell,--or-offer-for~~
5 ~~sale-condominium-units,--or--(2))~~) undertake to convert rental
6 units to cooperative units or sell cooperative shares in an
7 existing building which contains housing units or lease
8 units to a cooperative association's shareholders. The term
9 developer shall include the developer's agent and any other
person acting on behalf of the developer.

10 ((B))I. "Eviction" means any effort by a developer to
11 remove a tenant from the premises or terminate a tenancy by
12 lawful or unlawful means.

13 ((M))J. "Housing Code" means the Seattle Housing and
14 Building Maintenance Code as codified in Ordinance No.
15 ~~((106319))~~ 113545 as amended.

16 ((N))K. "Offer for sale to public" means any
17 advertisement, inducement, solicitation, or attempt by a
18 developer to encourage any person other than a tenant to
purchase a ~~((condominium-or))~~ cooperative unit.

19 ((O))L. "Offer of sale to tenant" means a written
20 offer to sell a ~~((condominium-or))~~ cooperative unit to the
21 tenant in possession of that unit at a specific price and on
22 specific terms.

23 ((P))M. "Owners' association" means the association
24 formed by owners of units in a ~~((condominium-or))~~
25 cooperative for the purpose of managing the ~~((condominium~~
~~or))~~ cooperative.

26 ((O))N. "Person" means any individual, corporation,
27 partnership, association, trustee or other legal entity.

28

1 ((R))Q. "Rental unit" means any housing unit, other
2 than a single-family dwelling or units in a single-family
3 dwelling, which is occupied pursuant to a lawful rental
4 agreement, oral or written, express or implied, which was
5 not owned as a ((condominium-unit-er)) cooperative unit on
6 the effective date of the ordinance codified in this
7 chapter. A housing unit in a converted building for which
8 there has been no acceptance of sale on the effective date
9 of the ordinance codified in this chapter shall be
10 considered a rental unit.

11 ((S))P. "Tenant" means any person who occupies or has
12 a leasehold interest in a rental unit under a lawful rental
13 agreement whether oral or written, express or implied.

14 Section 3. Section 22.902.030 of the Seattle Municipal
15 Code is amended to read as follows:

16 22.902.030 Application to conversion of ((condominiums
17 and)) cooperatives.

18 This chapter shall apply only to the conversion and
19 sale of rental units that have not yet been converted to
20 ((condominium)) cooperative units, and to those units in
21 converted buildings that are not subject to a binding
22 purchase commitment or have not been sold on the effective
23 date of the ordinance codified in this chapter. This
24 chapter shall not apply to ((condominium-er)) cooperative
25 units that are vacant on October 2, 1978 and which have been
26 offered for sale prior to that date; provided, that any
27 tenant who takes possession of the unit after October 2,
28 1978 shall be provided the disclosures required by Section
22.902.040 and shall be entitled to the benefits of that
section if the required disclosures are not given.

1 Section 4. Section 22.902.040 of the Seattle Municipal
2 Code is amended to read as follows:

3 22.902.040 Application to tenants.

4 This chapter shall apply only to those tenants and
5 subtenants who occupy rental units in converted buildings at
6 the time the notices, offers, and disclosures provided by
7 this chapter are required to be delivered. This chapter
8 shall not apply to tenants who take possession of a unit
9 vacated by a tenant who has received the notices and other
10 benefits provided by this chapter; provided, that developers
11 shall disclose in writing to all tenants who take possession
12 after service of the notice required by Section 22.902.060.
13 that the unit has been sold or will be offered for sale as a
14 ((condominium-or)) cooperative. This disclosure shall be
15 made prior to the execution of any written rental agreement
16 or prior to the tenant's taking possession whichever occurs
17 earlier. A developer's failure to disclose, within the time
18 specified above, that the unit has been sold, or offered for
19 sale shall entitle the tenant to all the protections and
20 benefits of this chapter.

21 Section 5. Section 22.902.050 of the Seattle Municipal
22 Code is hereby deleted.

23 Section 6. Section 22.902.060 of the Seattle Municipal
24 Code is hereby amended to read as follows:

25 22.902.060 Notice to all tenants prior to offering any unit
26 for sale to the public as a ((condominium-or)) cooperative
27 unit.

28 At least one hundred twenty (120) days prior to
offering any rental unit or units for sale to the public as
a ((condominium-unit-or)) cooperative unit, the developer
shall deliver to each tenant in the building written notice

1 of his or her intention to sell the unit or units. The
2 notice shall specify the individual units to be sold and the
3 sale price of each unit. This notice shall be in addition
4 to and not in lieu of the notices required for eviction by
5 RCW Chapters 59.12 and 59.18, and shall be delivered as
6 provided in Section 22.902.210. With the notice the
7 developer shall also deliver to the tenant a statement, in a
8 format to be provided by the Director of Construction and
9 Land Use, of the tenant's rights.

10 Section 7. Section 22.902.080 of the Seattle Municipal
11 Code is amended to read as follows:

12 22.902.080 Purchase rights of tenants whose units are
13 offered for sale prior to effective date.

14 Tenants of rental units which were offered for sale as
15 ((condominium-or)) cooperative units prior to the effective
16 date of the ordinance codified in this chapter but for which
17 offers there have been no acceptances, shall be entitled to
18 the rights and benefits of this chapter except that those
19 rights provided by section 22.902.100 shall terminate sixty
20 (60) days from the offer of sale of the unit to the tenant.

21 Section 8. Section 22.902.120 of the Seattle Municipal
22 Code is amended to read as follows:

23 22.902.120 Evictions only for good cause during notice
24 period.

25 A developer shall not evict tenants or force tenants to
26 vacate their rental units for purposes of avoiding
27 application of this chapter. No ((condominium-or))
28 cooperative unit shall be sold or offered for sale if, in
the one hundred fifty (150) day period immediately preceding
the sale or offer for sale, any tenant has been evicted
without good cause. For one hundred twenty (120) days prior

1 to offering a rental unit for sale to the public, the tenant
2 of that unit shall be evicted only for good cause. For the
3 purposes of this chapter good cause shall mean: (A) failure
4 to pay rent after service of a three (3) day notice to pay
5 rent or vacate as provided in RCW 59.12.030(3); (B) failure
6 to comply with a term or terms of the tenancy after service
7 of a ten (10) day notice to comply or vacate as provided in
8 RCW 59.12.030(4); and (C) the commission or permission of a
9 waste or the maintenance of a nuisance on the premises and
10 failure to vacate after service of a three (3) day notice as
11 provided in RCW 59.12.030(5).

12 Section 9. Section 22.902.130 of the Seattle Municipal
13 Code is amended to read as follows:

14 22.902.130 Relocation assistance.

15 Relocation assistance of (~~Three Hundred Fifty Dollars~~
16 ~~(\$350.00)~~) Five Hundred Dollars (\$500.00) per unit shall be
17 paid to tenants and subtenants who vacate the building either
18 voluntarily or involuntarily after receiving the notice of
19 intention to sell as provided in Section 22.902.060. In
20 unfurnished sublet units the subtenants shall be entitled to
21 the benefits of this provision. Otherwise, the tenant shall
22 be entitled to the benefit; provided, that the developer shall
23 not be obligated to determine tenant from subtenant and shall
24 have fulfilled his obligation under this section by delivering
25 the relocation benefit to either the tenant or the subtenant.
26 Relocation assistance shall be paid on or before the date the
27 tenant or subtenant vacates and shall be in addition to any
28 damage deposit or other compensation to which the tenant is
otherwise entitled.

Section 10. Section 202.160 of the Seattle Municipal
Code is amended to read as follows:

22.902.160 Department of Construction and Land Use
certification of repairs.

1 For the protection of the general public, the Department
2 of Construction and Land Use shall inspect the repairs of
3 defective conditions identified in the inspection report and
4 certify that the violations have been corrected. The
5 certification shall state that only those defects discovered
6 by the Housing Code inspection and listed on the inspection
7 report have been corrected and that the certification does not
8 guarantee that all Housing Code violations have been
9 corrected. Prior to closing any sale the developer shall
10 deliver a copy of the certificate to the purchaser. No
11 developer, however, shall use the Department of Construction
12 and Land Use's certification in any advertising or indicate
13 to anyone, in any fashion, for the purpose of inducing a
14 person to purchase a ~~((condominium or))~~ cooperative unit, that
15 the City or any of its departments has "approved" the building
16 or any unit for sale because the City has certified the
17 building or any unit to be in any particular condition.

16 Section 11. Section 22.902.170 of the Seattle Municipal
17 Code is amended to read as follows:

18 22.902.170 Disclosure requirements.

19 In addition to the disclosures required by previous
20 sections of this chapter, developers shall make available the
21 following information to prospective purchasers at least seven
22 (7) days before any purchase commitment is signed, or, in the
23 case of existing tenants, with the one hundred twenty (120)
24 day notice provided in Section 22.902.060: (A) ~~((copies of
25 all documents filed with any governmental agency pursuant to
26 the Horizontal Property Regimes Act, RCW Chapter 64.32; (B)))~~
27 an itemization of the specific repairs and improvements made
28 to the entire building during the six (6) months immediately
preceding the offer for sale: (B((E))) an itemization of the
repairs and improvements to be completed before the close of
sale; (C((D))) a statement of the services and expenses which
are being paid for by the developer but which will in the

1 future be terminated, or transferred to the purchaser, or
2 transferred to the owners' association; (D((E))) an accurate
3 estimate of the useful life of the building's major components
4 and mechanical systems (foundation, exterior walls, exterior
5 wall coverings other than paint or similar protective coating,
6 exterior stairs, floors and floor supports, carpeting in
7 common areas, roof cover, chimneys, plumbing system, heating
8 system, water heating appliances, mechanical ventilation
9 system, and elevator equipment) and an estimate of the cost
10 of repairing any component whose useful life will terminate
11 in less than five (5) years from the date of this disclosure.
12 For each system and component whose expected life cannot be
13 accurately estimated, the developer shall provide a detailed
14 description of its present condition and an explanation of why
15 no estimate is possible. In addition, the developer shall
16 provide an itemized statement in budget form of the monthly
17 costs of owning the unit that the purchaser intends to buy.
18 The itemization shall include but shall not be limited to:
19 (1) payments on purchase loan; (2) taxes; (3) insurance; (4)
20 utilities (which shall be listed individually); (5)
21 homeowner's assessments; (6) the projected monthly assessment
22 needed for replacing building components and systems whose
23 life expectancy is less than five (5) years; and (7) a
24 statement of the budget assumptions concerning occupancy and
25 inflation factors.

26 Section 12. Section 22.902.180 of the Seattle Municipal
27 Code is hereby amended to read as follows:

28 22.902.180 Warranty of repairs - Fund set aside for repairs.

Each developer shall warrant for one (1) year from the
date of completion all improvements and repairs disclosed
pursuant to Section 22.902.170. In addition, the developer
shall establish within thirty (30) days after sale of the
first unit, in a bank or other financial institution of his
or her choosing, an escrow fund in an amount equal to tent

1 percent (10%) of the cost of all repairs and improvements
2 warranted. The location of the fund shall be made known to
3 all ((condominium and)) cooperative unit owners and to the
4 owners' association and shall be available for making repairs
5 to warranted improvements and repairs; provided, that no money
6 shall be withdrawn from the fund unless the developer has been
7 advised in writing of the need for the specific repair and has
8 failed to complete the repairs within a reasonable period of
9 time. Depletion of the escrow fund prior to expiration of the
10 warranty period shall not relieve the developer of the
11 obligation of making all repairs warranted. Any money
12 remaining in the fund at the end of the one (1) year period
13 shall be returned to the developer. The owners' association's
14 claim to any money in the escrow fund shall be prior to any
15 creditor of the landlord, including a trustee in bankruptcy
16 or receiver, even if such funds are commingled.

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Section 13. This ordinance shall become effective on
July 1, 1990.

(To be used for all Ordinances except Emergency.)

Section..... This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 29th day of May, 1990
and signed by me in open session in authentication of its passage this 29th day of May, 1990

President.....of the City Council.

Approved by me this 1st day of June, 1990

Filed by me this 1st day of June, 1990

Howard B. Rice
Mayor.

Attest: Norward J. Brooks
City Comptroller and City Clerk.

By Margaret Carter
Deputy Clerk.

(SEAL)

Published.....



M E M O R A N D U M

DATE: May 23, 1990
TO: Councilmembers
FROM: Tom Weeks *MB for TW*
RE: Condominium Conversion Legislation the Council will be considering on May 29th

SUMMARY

The Housing, Human Services and Education Committee considered two Council Bills relating to condominium conversion at its May 22nd meeting. Because of an amendment to the title of one of these bills, the Council must vote on three separate bills relating to condominium conversion. The Committee recommendations are:

CB 107969, in HHSE Committee Report:	DO PASS
CB 107970, in HHSE Committee Report:	DO NOT PASS
CB 107976, in Full Council Report:	DO PASS

CB 107969 relates to condominium conversion, and brings the City's regulations in conformance to a new state law which regulates condominium conversions.

The condominium conversion regulations contained in CB 107969 will do several things:

1. Change the notice to tenants from 120 days to 90 days, as required by state law. Tenants must be given first right of refusal to purchase their current unit.
2. Implement relocation assistance to be paid by the developer of \$500 per unit for tenants at or below 80% of median income.
3. Require that all units being converted to condominiums be brought up to minimum code standards before they are sold.

The Committee recommends DO PASS on CB 107969.

CB 107970 is an amended version of the City's current condominium regulations, changed to delete all references to condominiums (all condominium regulations are now incorporated in CB 107969, as required by state law) and to adjust the references to cooperative conversions. The new state law does not apply to cooperative conversions; thus, the current regulations used by the City can be retained.

The regulations incorporated in CB 107970 include the following:

1. Tenant notice of 120 days prior to conversion to a cooperative, and tenant right of first refusal to purchase their unit.
2. Tenant relocation assistance paid by developer of \$350 to all tenants displaced because of cooperative conversion.
3. Building to be brought to minimum code standards prior to conversion.

The Committee voted to amend the cooperative conversion regulations to provide \$500 rather than \$350 in relocation assistance for tenants displaced because of cooperative conversion. This change was made to provide the same amount of assistance to tenants displaced by cooperative as by condominium conversion. It will provide much-needed tenant assistance to those who are displaced given the increased numbers of condominium and cooperative conversions the city has witnessed over the last year. This change will be particularly important for the elderly, disabled, low or moderate income and others who may have difficulty moving if they are displaced from their unit.

This amendment required a title change to CB 107970; to incorporate the title change and amendment, a new CB 107976 was prepared.

The Committee recommends DO NOT PASS on CB 107970, and DO PASS on CB 107976.

TIME AND DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY
THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

Tom Thib

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO: _____

PRESIDENT'S SIGNATURE

STATE OF WASHINGTON - KING COUNTY

27231
City of Seattle

—ss.

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

Ord 115105

was published on

06/06/90

The amount of the fee charged for the foregoing publication is the sum of \$ _____, which amount has been paid in full.

Subscribed and sworn to before me on
JUN 6 1990

Notary Public for the State of Washington,
residing in Seattle

TIME AND DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY
THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

Tom Threlk

_____	_____
_____	_____
_____	_____
_____	_____

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO: _____

PRESIDENT'S SIGNATURE

tle Notices

Daily Journal

City of Seattle

ORDINANCE 115193

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22.902.030 Application to conversion of ((condominiums and)) cooperatives.

This chapter shall apply only to the conversion and sale of rental units that have not yet been converted to ((condominium)) cooperative units, and to those units in converted buildings that are not subject to a binding purchase commitment or have not been sold on the effective date of the ordinance codified in this chapter. This chapter shall not apply to ((condominium-or)) cooperative units that are vacant on October 3, 1978 and which have been offered for sale prior to that date; provided, that any tenant who takes possession of the unit after October 3, 1978 shall be provided the disclosures required by Section 22.902.040 and shall be entitled to the benefits of that section if the required disclosures are not given.

Section 4. Section 22.902.040