

CITY OF REDMOND, WASHINGTON

ORDINANCE NO. 858

AN ORDINANCE, relating to housing and regulating the conversion of residential rental units to condominiums or co-operatives; providing protections for tenants and purchasers in converted buildings; adopting measures to mitigate the adverse effects of conversion displacement; and providing penalties for violations.

WHEREAS, the vacancy rate for rental units in the City is between one and two percent and has been steadily declining and projections indicate no increase in the rental vacancy rate in the foreseeable future; and

WHEREAS, an increasing percentage of residential rental units are being converted into condominiums and this conversion process is reducing the number of rental units in the city thereby worsening an already critical rental housing shortage; and

WHEREAS, tenants displaced by condominium conversions, frequently on short notice, have been unable to find comparable housing and are increasingly unable to find any decent, safe, and sanitary rental housing; and

WHEREAS, conversions are imposing severe hardships upon all displaced tenants; and

WHEREAS, prospective purchasers of condominiums are often without knowledge of the unique concepts of ownership involved or of the obligations they incur in purchasing a condominium; and

WHEREAS, condominium sellers frequently do not provide prospective purchasers sufficient information about the nature of condominium ownership generally, or about specific building conditions and operation costs to enable purchasers to make informed decisions; Now, Therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND DO ORDAIN AS FOLLOWS:

Part I

Title; Definitions

Section 1.1 Short Title: This ordinance may be cited as the "Condominium Conversion Ordinance".

Section 1.2 Definitions: The following words and phrases used in this Ordinance shall have the meanings set forth below:

(1) Acceptance of Offer of sale: A written commitment for the purchase of a condominium unit or interest in a cooperative at a specific price and on specific terms.

(2) Agent: Any person, firm, partnership, association, joint venture, corporation or any other entity or combination of entities who represents or acts for or on behalf of a developer in selling or offering to sell any condominium or cooperative unit or interest in a cooperative.

(3) Building: Any existing structure containing one or more dwelling 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 pursuant to the Horizontal Property Regimes Act (RCW Chapter 64.33).

(4) Condominium: Any existing structure containing three or more dwelling units as defined in the Building Code (Chapter 15.04, RMC): a) which is the subject of a declaration filed pursuant to the Horizontal Property Regimes Act (RCW Chapter 64.32); or b) in which there is private ownership of individual units and common ownership of common areas.

(5) Condominium unit: Any dwelling unit in a condominium.

(6) Cooperative: Any existing structure, including surrounding land and improvements, which contains one or more dwelling units and which: a) is owned by an association organized pursuant to the Cooperative Association Act (RCW Chapter 23.86); or b) is owned by an association with resident shareholders who are granted renewable leasehold interests in housing units in the building.

(7) Cooperative Unit: Any dwelling unit in a cooperative.

(8) Conversion of condominiums: The filing of a declaration pursuant to the Horizontal Property Regimes Act or the sale by a developer of condominium units that were previously rental units.

(9) Conversions of cooperatives: The execution of a lease agreement by a member of a cooperative association.

(10) Converted building: Any condominium or cooperative which formerly contained rental dwelling units.

(11) Developer: Any person, firm, partnership association, joint venture or corporation or any other entity or combination of entities or successors thereto who, a) undertake to convert, sell, or offer for sale condominium units; or b) undertake to convert rental units to cooperative units or sell cooperative shares in an existing building which contains housing units or lease units to a cooperative association's shareholders. The term developer shall include the developer's agent and any other person acting on behalf of the developer.

(12) Eviction: Any effort by a developer to remove a tenant from the premises or terminate a tenancy by lawful or unlawful means.

(13) Housing Code: The Redmond Minimum Housing Code as codified in Chapter 15.08, Redmond Municipal Code as amended.

(14) Offer of Sale to Tenant: A written offer to sell a condominium or cooperative unit to the tenant in possession of that unit at a specific price and on specific terms.

(15) Offer For Sale to Public: Any advertisement, inducement, solicitation, or attempt by a developer to encourage any person other than a tenant to purchase a condominium or cooperative unit.

(16) Owners' association: The association formed by owners of units in a condominium or cooperative for the purpose of managing the condominium or cooperative.

(17) Person: Any individual, corporation, partnership, association, trustee or other legal entity.

(18) Rental unit: Any dwelling unit, other than a detached single family residential dwelling, which is occupied pursuant to a lawful rental agreement, oral or written, express

or implied, which was not owned as a condominium unit or cooperative unit on the effective date of this Ordinance. A dwelling unit in a converted building for which there has been no acceptance of sale on the effective date of this Ordinance shall be considered a rental unit.

(19) Subtenant: A person in possession of a rental unit through the tenant with the knowledge and consent of the owner.

(20) Tenant: Any person who occupies or has a leasehold interest in a rental unit under a lawful rental agreement whether oral or written, express or implied.

Part II

Application of Ordinance

Section 2.1 Application to conversion of condominiums and cooperatives: This Ordinance shall apply only to the conversion and sale of rental units that have not yet been converted to condominium or cooperative units, and to those units in converted buildings that are not subject to a binding purchase commitment have not been sold on the effective date of this Ordinance. This Ordinance shall not apply to condominium or cooperative units that are vacant on February 1, 1979 and which have been offered for sale prior to that date; Provided, That any tenant who takes possession of the unit after February 1, 1979 shall be provided the disclosures required by Section 2.2 of this Ordinance and shall be entitled to the benefits of that section if the required disclosures are not given.

Section 2.2 Application to Tenants: This Ordinance shall apply only to those tenants and subtenants who occupy rental units in converted buildings at the time the notices, offers, and disclosures provided by this Ordinance are required to be delivered. This ordinance shall not apply to tenants who take possession of a unit vacated by a tenant who has received the notices and other benefits provided by this Ordinance: Provided, That developers shall disclose in writing to all tenants who take possession after service of the notice required by Section 3.2 of this Ordinance, that the unit has been sold or will be offered for sale as a condominium or cooperative. This disclosure shall be made prior to the execution of any written rental agreement or prior to the tenant's taking possession whichever occurs earlier. A developer's failure to disclose, within the time specified above, that the unit has been sold, or offered for sale shall entitle the tenant to all the protections and benefits of this Ordinance.

Part III

Tenant Protections

Section 3.1 Notice to tenants of filing of conversion declaration: Within seven (7) days of the filing of a condominium conversion declaration as provided by the Horizontal Property Regimes Act, RCW Chapter 64.32, the developer shall:

(1) Sent to each tenant in the converted building, by registered or certified mail, written notice of the filing. A tenant's refusal to accept delivery shall be deemed adequate service.

(2) File notice of the filing of such declaration with the City Clerk, giving the date of filing, file or recording number, office where filed, location and address of the structure and number of dwelling units contained within the structure, and the name, address and phone numbers of the owner(s) managers and persons responsible for the management of the structure.

Section 3.2 Notice to all tenants prior to offering any unit for sale to the public as a condominium or cooperative unit: At least 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 of his intention to sell the unit or units. The notice shall specify the individual units to be sold and the sale price of each unit. This notice shall be in addition to and not in lieu of the notices required for eviction by RCW 59.12 and 59.18, and shall be delivered as provided in Section 4.7. With the notice the developer shall also deliver to the tenant a statement in a format to be provided by the City Building Official of the tenant's rights under this ordinance.

Section 3.3 Purchase rights of tenant in possession: With the notice provided in Section 3.2 above, the developer shall deliver to each tenant whose unit is to be offered for sale, a firm offer of sale of the unit that the tenant occupies. In the event that more than one tenant occupies a single unit, the developer shall deliver the offer to all tenants jointly or separately. For 60 days from the date of delivery of the offer the tenant shall have the exclusive right to purchase his or her unit.

Section 3.4 Purchase rights of tenants whose units are offered for sale prior to effective date of Ordinance: Tenants of rental units which were offered for sale as condominium or cooperative units prior to the effective date of this Ordinance but for which offers there have been no acceptances, shall be entitled to the rights and benefits of this Ordinance except that those rights provided by Section 3.6 of this Ordinance shall terminate 60 days from the offer of sale of the unit to the tenant.

Section 3.5 Sub-tenant's purchase rights: Should a tenant reject an offer of sale, the subtenant in possession at the time the notice provided in Section 3.2 is delivered, shall be offered the unit on the same terms as those offered the tenant. For 30 days following that offer or until the expiration of the tenants' 60 day purchase period as provided in Section 3.3, whichever occurs later, the subtenant shall have the exclusive right to purchase the unit.

Section 3.6 Rights of tenants in converted buildings to purchase other units in the building: Should both the tenant and subtenant reject the offer or sale or fail to notify of acceptance of the offer within the time periods set forth in Sections 3.3 and 3.5 or vacate, the unit shall be made available for purchase to other tenants and sub-tenants in the building. The right to purchase another unit in the building by tenants and sub-tenants shall extend to the end of the 120 day notice period provided the tenant in possession of that unit under Section 3.2. Whenever all tenants and sub-tenants in a building have indicated in writing their intention not to purchase a unit or the 120 day notice period has expired and that unit is or becomes vacant then the developer may offer for sale and sell the unit to the public.

Section 3.7 Evictions only for good cause during notice period: No condominium or cooperative unit shall be sold or offered for public sale if, in the 120 day period immediately preceding the sale or offer for public sale, any tenant has been evicted without good cause. For the purposes of this Ordinance good cause shall mean: 1) failure to pay rent after service of a three day notice to pay rent or vacate as provided in RCW 59.12.030(3); 2) failure to comply with a term of terms of the tenancy after service of a ten day notice to comply or vacate as provided in RCW 59.12.030(4); and 3) the commission or permission of a waste or the maintenance of a nuisance on the premises and failure to vacate after service of a three day notice as provided in RCW 59.12.030(5).

Section 3.8 Tenant's right to vacate: Tenants who receive 120 day notices of sale may terminate their tenancies at any time during such period in the manner provided by RCW 59.18.200 and RCW 59.18.220, but will forfeit all rights to purchase a unit.

Part IV

Consumer Protections

Section 4.1 Mandatory housing code inspection and repair; notice to buyers and tenants: Prior to delivery of the 120 day notice described in paragraph 3.2 above, developers shall, at their expense, request an inspection of the entire building by the City's Building Official for compliance with the Housing Code. The inspection shall be completed within 45 days of a developer's request unless the developer fails to provide or refuses access to Building Official personnel. The developer shall also be required to install an approved fire alarm system in accordance with Section 15.28.080 of the Redmond Municipal Code. The installation of the fire alarm system and all violations of the Housing Code revealed by the inspection must be completed and corrected at least 7 days prior to the closing of the sale of the first unit or by the compliance date on the inspection report, whichever is sooner. A follow-up inspection for compliance shall be completed within 7 days of a developer's request. A copy of the Building Official's inspection report and certification of repairs shall be provided by the developer to each prospective purchaser at least 7 days before the signing of any earnest money agreement or other binding purchase commitment. Copies of the inspection report shall be delivered to tenants in the converted building by the developer with the notice of sale as provided in Section 3.2. An inspection fee of \$65.00 for the first unit and \$11.00 per unit thereafter shall be paid by the developer whenever an inspection is requested as required herein.

Section 4.2 Building Official certification of repairs. For the protection of the general public, the Housing Official shall inspect the repairs of defective conditions identified in the inspection report and certify that the violations have been corrected. The certification shall state that only those defects discovered by the Housing Code inspection and listed on the inspection report have been corrected and that the certification does not guarantee that all Housing Code violations have been corrected. Prior to closing any sale the developer shall deliver a copy of the certificate to the purchaser. No developer, however, shall use the Building Officials certification in any advertising for the purpose of inducing a person to purchase a condominium or cooperative unit.

Section 4.3 Disclosure requirements: In addition to the disclosures required by previous sections of this Ordinance, developer shall make available at a place on the premises convenient to the tenants during normal working hours the following information to prospective purchasers at least 7 days before any purchase commitment is signed, or, in the case of existing tenants, with the 120 day notice provided in paragraph 3.2 above: 1) copies of all documents filed with any governmental agency pursuant to the Horizontal Property Regimes Act, Chapter 64.32 RCW; 2) an itemization of the specific repairs and improvements made to the entire building during the six months immediately preceding the offer for sale; 3) an itemization of the repairs and improvements to be completed before close of sale; 4) a statement of the services and expenses which are being paid for by the developer but which will in the future be terminated, or transferred to the purchaser, or transferred to the owners; association; 5) an accurate estimate of the useful life of the building's major components and mechanical systems (foundation, exterior walls, exterior wall coverings other than paint or similar protective coating, exterior stairs, floors and floor supports, carpeting in common

areas, roof cover, chimneys, plumbing system, heating system, water heating appliances, mechanical ventilation system, and elevator equipment) and an estimate of the cost of repairing any component whose useful life will terminate in less than five years from the date of this disclosure. For each system and component whose expected life cannot be accurately estimated, the developer shall provide a detailed description of its present condition and an explanation of why no estimate is possible. In addition, the developer shall provide an itemized statement in budget form of the monthly costs of owning the unit that the purchaser intends to buy. The itemization shall include but shall not be limited to: a) payments on purchase loan; b) taxes; c) insurance; d) utilities (which shall be listed individually); e) homeowner's assessments; f) the projected monthly assessment needed for replacing building components and systems whose life expectancy is less than five years; and g) a statement of the budget assumptions concerning occupancy and inflation factors.

Section 4.4 Warranty of repairs; set aside for repairs: Each developer shall warrant for one year from the date of completion all improvements and repairs disclosed pursuant to Section 4.3 of this Ordinance.

Section 4.5 Unlawful representations: It shall be unlawful for any developer, agent, or person to make or cause to be made in any disclosure or other document required by this Ordinance any statement or representation that is knowingly false or misleading. It shall also be unlawful for any developer, agent, or other person to make, or cause to be made, to any prospective purchaser, including a tenant, any oral representation which differs from the statements made in the disclosures and other documents required to be provided tenants and purchasers by this Ordinance.

Section 4.6 Purchaser's right to rescind: Any purchaser who does not receive the notices, disclosures, and documents required by this Ordinance may, at any time prior to closing of the sale, rescind, in writing, any binding purchase agreement without any liability on the purchaser's part and the purchaser shall thereupon be entitled to the return of any deposits made on account of the agreement.

Section 4.7 Delivery of notice and other documents: Unless otherwise provided, all notices, contracts, disclosures, documents and other writings required by this Ordinance shall be delivered by registered or certified mail. The refusal of registered or certified mail by the addressee shall be considered adequate delivery. All documents shall be delivered to tenants at the address specified on the lease or rental agreement between the tenant and the developer or landlord. If there is no written lease or rental agreement then documents shall be delivered to the tenants' address at the converted building. In any sublet unit all documents shall be delivered to the tenant at his current address if known, and to the sub-tenant in possession. If the tenant's current address is unknown, then two copies of all documents shall be delivered to the subtenant, one addressed to the tenant and the other addressed to the sub-tenant.

Delivery of the 120 day notice of intention to sell required by Section 3.2 of the Ordinance, the developer's offer to sell, and all disclosure documents shall be delivered to the tenants in a converted building at a meeting between the developer and the tenants. The meeting shall be arranged by the developer at a time and place convenient to the tenants. At the meeting the developer shall discuss with the tenants the effect that the conversion will have upon the tenants. Should any tenant refuse to acknowledge acceptance of the notice, offer and disclosures the developer shall deliver the documents in the manner prescribed in paragraph one of this section.

Section 4.8 Acceptance of offers: Acceptance by tenants or other beneficiaries of offers provided pursuant to this Ordinance, shall be in writing and delivered to the developer by registered or certified mail postmarked on or before the expiration date of the offer.

Part V.

Administration - Penalties - Severability

Section 5.1 Administration: The Building Official is charged with the administration and enforcement of this Ordinance and is authorized and directed to adopt, promulgate, amend and rescind administrative rules consistent with the provisions of this Ordinance and necessary to carry out the duties of the Building Official hereunder.

Section 5.2 Complaints: Any person subjected to any unlawful practice as set forth in this Ordinance may file a complaint in writing with the City's Building Official. The Building Official is hereby authorized and directed to receive complaints and conduct such investigations as are deemed necessary. Whenever it is determined that there has been a violation of this Ordinance the Building Official of Buildings is authorized, at the Official's discretion, to follow one or more of the following procedures:

1) Attempt to conciliate the matter by conference or otherwise and secure a written conciliation agreement.

2) Refer the matter to the City Attorney for appropriate civil remedies or criminal prosecution.

Section 5.3 Hardship relief - Waiver: The City Council is authorized to waive strict compliance with this ordinance in specific individual instances where the developer can show with clear, cogent and convincing evidence that: 1) the financial burden required to comply would greatly outweigh the benefits and would create an unreasonable hardship upon the developer; or 2) the units have been offered for sale as condominium units prior to the effective date of this ordinance and the developer has incurred significant financial obligations with the intention of meeting such obligations with the proceeds of the sale of such units, and the provisions of this ordinance will prevent meeting such obligation.

Section 5.4 Penalties: Any person who violates any provision of this Ordinance, fails to comply with the provisions of this Ordinance or who deliberately attempts to avoid the application of this Ordinance shall, upon conviction thereof, be punished as provided in Section 1.01.110 of the Redmond Municipal Code.

Section 5.5 Severability: If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and an independent provision and such decision shall not affect the validity of the remaining portions thereof.

Section 6.1 Effective Date. This ordinance shall take effect and be in force five (5) days after the date of its publication in the manner provided by law.

PASSED by the Council of the City of Redmond, Washington,
at a regular meeting thereof, and APPROVED by the
Mayor this _____ day of _____, 1979.

CITY OF REDMOND

SELWYN L. YOUNG
MAYOR

ATTEST:

PAUL F. KUSAKABE
CITY CLERK

APPROVED AS TO FORM:

JOHN D. LAWSON
CITY ATTORNEY

Published in the Sammamish Valley News on February 7, 1979

I, PAUL F. KUSAKABE, City Clerk of the City of Redmond, Washington, do hereby certify that attached Ordinance No. 858 was passed by the Redmond City Council at its regular meeting of January 16, 1979. Pursuant to RCW 35A.12.130 and inasmuch as the Mayor has neither approved nor vetoed the attached ordinance, and inasmuch as ten days have passed from the date of Council approval, the ordinance has become valid without his signature. This ordinance will become effective five days following publication.

DATED this 29th day of January, 1979.


PAUL F. KUSAKABE, City Clerk

RECEIVED JAN 16 1979

7:45 PM P.K.

I DO HEREBY REQUEST THAT THE REDMOND CITY COUNCIL INCLUDE IN THE CONDOMINIUM ORDINANCE THE PROVISION FOR A \$350.00 RELOCATION ASSISTANCE AS ORIGINALLY PRESENTED TO THE COUNCIL STUDY GROUP ON JANUARY 9, 1979.

NAME

ADDRESS

SPYAN FUGO	6001 - 212
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Mike Jacobs	6001 427
Patricia L. Morrison	3834 175 th Ave. N.E. Redmond
Sharon L. Churchill	3834 175 th Ave. N.E. Redmond
Juan Freister	6001 - #287
John Stark	6001 140 th
Paul L. Shirley	6001 140 th
Robert Hatt	6001 140
Robert Gallucci	6001
Barbara Bernath Hallucci	"
Lisa S. Verne	6001 140 th Ave NE #639, Redmond
Pat McFarland	6001 148 th 587
Barbara Mancow	6001 - 140 th #392
Antonia Smith	6001 - 140 th #700
Barbara Stewart	6001 - 140 th #710
Donald L. Thompson	" " #359
Ed Gluck	" " 306
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Bob DeChico	6001 140 th NE #282 Redmond
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Barbara Stanley	6001 140 th NE #70 Redmond
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Amy Wink	✓
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A & B Bailey	" " 327
Walter & Monks	" " 536
Shirley Carpenter	6001 - 140 th N.E. 355
Mary Hill	" " " 353