



Buyout Notice and Information

In February 2024, the City Council adopted Municipal Code Chapter 4.57, which regulates situations where a tenant agrees to vacate a rent-controlled unit in exchange for a sum of money, otherwise known as a buyout.

Among other things, Chapter 4.57 requires that before making a buyout offer, a landlord must give a tenant a written notice of the tenant's rights pertaining to buyout agreements. Those rights include:

- the right not to enter into a buyout agreement;
- the right to consult with an attorney and/or the Rent Control Board before signing the agreement;
- the right to cancel the agreement at any time up to 30 days after all parties have signed it; and
- the right to an amount that is at least the minimum buyout amount.

The disclosure notice prepared by the Rent Control Board that is required to be served on tenants is a two-page document identified as "Notice of a Tenant's Rights with Respect to Buyout Offers and Agreements," a copy of which is attached.

In addition to requiring that owners give tenants the written disclosure notice, Section 4.57.020(b) of the Municipal Code includes provisions regarding what must be included in the buyout agreement. Included among the requirements:

- The buyout agreement must be in writing.
- Include the following statements in at least fourteen-point type in close proximity to the space reserved for the tenant's signature:
 - (A) "You may cancel this agreement in writing at any time before the thirtieth day after all parties have signed this agreement."
 - (B) "You have a right not to enter into a buyout agreement."
 - (C) "You may choose to consult with an attorney or the Rent Control Board for rent controlled units before signing this agreement. The Rent Control Board may have information about other buyout agreements in your neighborhood."
- A buyout agreement that does not satisfy all of the requirements is not effective and may be rescinded by the tenant at any time.

The landlord is required to give the tenant a copy of the buyout agreement at the time the tenant signs it. The landlord must also file any completed, signed buyout agreements with the City Clerk no sooner than the thirty-first day after the buyout agreement is signed by all parties, and no later than sixty days thereafter. Tenants and other members of the public can contact the Rent Control Board to obtain general information about buyout agreements on file for controlled units.

Copies of the following are attached:

Notice of a Tenant's Rights with Respect to Buyout Offers and Agreements
Municipal Code Chapter 4.57
Rent Control Regulation 9011

NOTICE OF A TENANT'S RIGHTS WITH RESPECT TO BUYOUT OFFERS AND AGREEMENTS

Hemos preparado también una copia de este documento en español. Para obtener esta versión traducida, llame a nuestra oficina al (310) 458-8751.

Under Santa Monica Municipal Code (SMCC) Chapter 4.57, a tenant has the following rights when considering whether to accept a landlord's buyout offer:

1. **The right to refuse.** The tenant may refuse any buyout offer, and the landlord may not retaliate against a tenant for refusing the offer.
2. **The right to consult a lawyer.** The tenant has the right to consult with a lawyer of his or her choosing before deciding whether to accept a buyout offer.
3. **A 30-day right to rescind.** The tenant may rescind his or her acceptance of the landlord's buyout offer at any time during the thirty days after the agreement has been signed by both parties. The landlord may not negate this right by requiring the tenant, as a condition of any buyout, to give the landlord written notice of their intent to vacate the unit. Any such notice given by the tenant in connection with a buyout is a violation of Section 9011(a) of the Rent Control Regulations and is therefore void.
4. **The right to contact the Rent Control Board.** The tenant may contact the Rent Control Board for information about other buyout agreements in rent-controlled rental units in the tenant's neighborhood and their rights under the Rent Control Law.
5. **Bad faith harassment.** Offering payments to a tenant to vacate within six months after the tenant has notified the landlord in writing that the tenant does not wish to enter into a buyout agreement or buyout negotiations may constitute bad faith harassment under Section 4.56.020(f) of the SMMC.
6. **Minimum buyout amount.** The tenant is entitled to a minimum buyout amount no less than the permanent relocation fee set forth in SMMC Section 4.36.040 and included with this notice.

Note: Low-income tenants who are displaced due to withdrawal of the property under the Ellis Act or eviction for owner-occupancy may be given priority in obtaining affordable housing from Community Corporation of Santa Monica and/or housing vouchers (Section 8) from the Santa Monica Housing Authority. This benefit is NOT AVAILABLE to tenants who voluntarily leave a unit after agreeing to a buyout offer.

Under Santa Monica Municipal Code Chapter 4.36, tenants who are involuntarily displaced from their units due to an Ellis Act withdrawal or an eviction so that the landlord can occupy their unit are entitled to relocation assistance, regardless of their income. The fee that would be required to be paid as relocation assistance is indicated in the chart below. A buyout agreement is valid only if the buyout amount is no less than the relocation fee amount set forth here:

Housing Unit Type	2023 Relocation Fee (effective 07/1/2023)	Fee If Household Includes Senior/Disabled/Minor
Single	\$ 18,250	\$ 19,050
One Bedroom	\$ 25,150	\$ 26,850
Two or More Bedrooms	\$ 34,950	\$ 37,250

NOTE: Tenants should be aware that a buy-out payment may be taxable as income, and they should seek advice from someone qualified to answer questions about possible tax implications.

DECLARATION OF LANDLORD

I verify that I have given a copy of this notice of a tenant’s rights with respect to a buyout offer to the tenant(s).

Signature of Landlord

Date signed

ACKNOWLEDGEMENT OF TENANT(S)

I verify that I have received a copy of the notice of a tenant’s rights with respect to a buyout offer.

Signature of Tenant

Date this notice was received

Signature of Tenant

Date this notice was received

Signature of Tenant

Date this notice was received

*Landlord must keep a copy of this notice for at least five (5) years after it has been signed by all parties.

CHAPTER 4.57
BUYOUT OFFERS AND AGREEMENTS

§ 4.57.010. Definitions.

- (a) **Buyout Agreement.** An agreement where a landlord pays a tenant money or other consideration to vacate a rental housing unit. An agreement to settle a pending unlawful detainer action shall not be a "buyout agreement."
- (b) **Buyout Offer.** An offer by a landlord to pay a tenant money or other consideration to vacate a rental housing unit. An offer to settle a pending unlawful detainer action shall not be a "buyout offer."
- (c) **Minimum Buyout Amount.** An amount not less than the permanent relocation fee required by Section 4.36.040.

(Added by Ord. No. 2478CCS § 4, adopted 1/13/15 ; amended by Ord. No. 2776CCS, 2/13/24)

§ 4.57.020. Requirements for buyout offers and agreements.

- (a) **Applicability of Section.** This Section shall apply to every rental housing unit in the City that is a controlled rental unit pursuant to City Charter Section 1800 et seq. (including a room in a single-family home, hotel or motel, rooming house or apartment, single-family home, mobile home or mobile home space, trailer or trailer space), and to every rental housing unit in the City that is a non-rent-controlled rental unit pursuant to City Charter Section 2300 et seq.
- (b) **Disclosure Prior to Buyout Offers.** Prior to making a buyout offer, the landlord shall provide each tenant in that rental unit a written disclosure, on a form developed and authorized by the Rent Board for controlled rental units and by the Housing Office for non-rent-controlled rental units, that shall include the following:
 - (1) A statement that the tenant has a right not to enter into a buyout agreement;
 - (2) A statement that the tenant may choose to consult with an attorney before entering into a buyout agreement;
 - (3) A statement that the tenant may rescind the buyout agreement for up to thirty days after it is fully executed;
 - (4) A statement that the tenant may visit the Rent Board for rent controlled rental units for information about other buyout agreements in the tenant's neighborhood and other relevant information;
 - (5) Any other information required by the Rent Board for rent controlled rental units or the Housing Office for non-rent-controlled rental units consistent with the purposes and provisions of this Section;
 - (6) A space for each tenant to sign and write the date the landlord provided the tenant with the disclosure;

- (7) A statement that offering payments to a tenant to vacate within six months after the tenant has notified the landlord in writing that the tenant does not wish to enter into a buyout agreement or buyout negotiations may constitute bad faith harassment of the tenant under Section 4.56.020(f) of this Code;
- (8) A statement that the tenant is entitled to at least the minimum buyout amount and how much the minimum buyout amount is.

The landlord shall retain a copy of each signed disclosure form for five years, along with a record of the date the landlord provided the disclosure to each tenant.

- (c) **Requirements for Buyout Agreements.** Every buyout agreement shall:
- (1) **Be in Writing.** The landlord shall give each tenant a copy of the buyout agreement at the time the tenant executes it.
 - (2) Include the following statements in bold letters in at least fourteen-point type in close proximity to the space reserved for the signature of the tenant(s):
 - (A) "You may cancel this agreement in writing at any time before the thirtieth day after all parties have signed this agreement."
 - (B) "You have a right not to enter into a buyout agreement."
 - (C) "You may choose to consult with an attorney or the Rent Control Board for rent controlled units before signing this agreement. The Rent Control Board may have information about other buyout agreements in your neighborhood."
 - (3) Be for at least the minimum buyout amount.

A buyout agreement that does not satisfy all the requirements of this subsection shall not be effective and may be rescinded by the tenant at any time.

- (d) **Rescission of Buyout Agreements.** A tenant shall have the right to rescind a buyout agreement for up to thirty days after its execution by all parties. In order to rescind a buyout agreement, the tenant must hand-deliver, email, or place in the U.S. mail a statement to the landlord indicating that the tenant has rescinded the buyout agreement.
- (e) **Filing of Buyout Agreements.** The landlord shall file a copy of the buyout agreement no sooner than the thirty-first day after the buyout agreement is executed by all parties, and no later than sixty days after the agreement is executed by all parties. Buyout agreements for rent controlled units shall be filed with the Rent Control Board unless the Board opts not to adopt regulations implementing this Section, in which case buyout agreements shall be filed with the City Clerk. Buyout agreements for non-rent-controlled units shall be filed with the City Clerk. This filing requirement does not apply to buyout agreements rescinded under subsection (d). Failure to comply with the requirement of this subsection may be asserted as an affirmative defense in an action brought by the landlord to recover possession of

the unit.

(Added by Ord. No. 2478CCS, § 4, adopted 1/13/15 ; amended by Ord. No. 2776CCS, 2/13/24)

§ 4.57.030. Enforcement and penalties.

- (a) **Criminal Penalty.** Any person who is convicted of violating this Chapter shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not greater than one thousand dollars or by imprisonment in the County Jail for not more than six months, or by both such fine and imprisonment.
- (b) **Civil Action.** Any person, including the City, may enforce the provisions of this Chapter by means of a civil action. The burden of proof in such cases shall be preponderance of the evidence. A violation of this Chapter may be asserted as an affirmative defense in an unlawful detainer action.
- (c) **Penalties and Other Monetary Awards.** Any person who violates or aids or incites another person to violate the provisions of this Chapter is liable for each and every such offense for the actual damages suffered by an aggrieved party or for statutory damages in the sum of between one thousand dollars and twenty thousand dollars, whichever is greater, and shall be liable for such attorneys' fees and costs as may be determined by the court in addition thereto. Any violator shall be liable for an additional civil penalty of up to five thousand dollars for each offense committed against a person who is disabled or aged sixty-five or over. The court may also award punitive damages to any plaintiff, including the City, in a proper case as defined by Civil Code Section 3294. The burden of proof for purposes of punitive damages shall be clear and convincing evidence.
- (d) **Nonexclusive Remedies and Penalties.** The remedies provided in this Chapter are not exclusive, and nothing in this Chapter shall preclude any person from seeking any other remedies, penalties or procedures provided by law.

(Added by Ord. No. 2776CCS, 2/13/24)

9011. Buyout Offers; Disclosure of Tenant Rights

- (a) ***Written notice required before offer is made.*** Under Santa Monica Municipal Code Section 4.57.020(b), a landlord must inform a tenant of certain rights before offering any form of compensation in exchange for a tenant's agreement to voluntarily vacate a controlled rental unit (a "buyout offer"). The information must be given in writing to each tenant in a unit with respect to which a buyout offer is made, on a form approved by the Administrator or his or her designee. The landlord must retain a copy of the form, along with a record of when it was given to the tenant, for at least five years after it is signed as provided for by paragraph (6), below. The disclosures set forth in the form must include:
- (1) *The right to refuse.* The form must state that the tenant may refuse any buyout offer, and may not be retaliated against for refusing it;
 - (2) *The right to consult a lawyer.* The form must state that the tenant may consult with a lawyer of his or her choosing before deciding whether to accept a buyout offer;
 - (3) *A 30-day right to rescind.* The form must state that the tenant may rescind his or her acceptance of the landlord's buyout offer at any time during the thirty days after the tenant's acceptance. The landlord may not negate this right by requiring the tenant, as a condition of any buyout, to give the landlord written notice of intent to vacate. Any such notice given by the tenant in connection with a buyout is void as a violation of this regulation;
 - (4) *Offer within 6 months of buyout refusal.* The form must state that offering payments to a tenant to vacate within six months after the tenant has notified the landlord in writing that the tenant does not wish to enter into a buyout agreement or buyout negotiations may constitute bad faith harassment of the tenant under Section 4.56.020(f) of the Santa Monica Municipal Code;
 - (5) *Compare to other offers.* The form must contain a statement that the tenant may visit the Rent Board for information about other buyout agreements in rent controlled rental units in the tenant's neighborhood and other relevant information;
 - (6) *Landlord and tenant signatures.* The form must include a place for the landlord to sign, together with the date of the landlord's signature, verifying that he or she gave the tenant the required notice; and a place for the tenant to sign, together with the date of the tenant's signature, verifying that he or she received the notice;
 - (7) *Relocation fees.* The form must include the amount of relocation fees required under Santa Monica Municipal Code Section 4.36.040;
 - (8) *Minimum Amount.* The form must state the minimum buyout amount and that the tenant is entitled to at least that amount;
 - (9) Any other information deemed necessary by the Administrator or his or her designee to effectuate the purpose of Santa Monica Municipal Code Section 4.57.020(b).
- (b) Under Santa Monica Municipal Code Section 4.57.020, subdivision (e), a landlord must file with the City Clerk a copy of any buyout agreement no sooner than thirty-one days, and no later than 60 days, after the agreement has been signed by all parties. The Board will accept these filed agreements from the City Clerk, subject to the following restrictions:
- (1) The agreements must be maintained by the Board's legal staff in a file that is separate from any other file.

- (2) All information included in the agreements by which an individual might reasonably be identified (“personally-identifying information”), including without limitation an individual’s name, unit number, or specific street address, must be maintained as confidential.
 - (3) The Board shall collect data from the filed agreements—including without limitation the compensation paid as consideration for the agreement and the neighborhood of the affected unit—and shall make that data public; but only to the extent that no personally-identifying information is revealed.
- (c) **Enforcement.** This section’s purpose is merely to facilitate landlords’ compliance with existing city law with respect to the disclosure of tenant rights and filing of buyout agreements. The Board and its staff will not enforce those substantive requirements, but will refer violations to the City Attorney.