

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 rental housing 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 before entering into a buyout agreement;
- the right to contact the Rent Control Board for rent-controlled units for information about other buyout agreements in the tenant's neighborhood and other relevant information;
- 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 written disclosure notice must be on a form that has been developed and authorized by the Rent Control Board for controlled units or by the Housing Office for non-controlled units. This 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.
- The buyout agreement must 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- A buyout agreement that does not satisfy all of the requirements is not effective and may be rescinded by the tenant at any time.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.



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 una de nuestras oficinas.

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 City of Santa Monica.** 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. A tenant living in a non-rent-controlled unit may contact the City's Housing and Human Services Department. Contact information is above.
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	2026 Relocation Fee (effective 07/1/2026)	Fee If Household Includes Senior/Disabled/Minor
Single	\$ 20,500	\$ 21,450
One Bedroom	\$ 28,300	\$ 30,200
Two or More Bedrooms	\$ 39,350	\$ 41,900

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.

RENT CONTROL REGULATION 9011 - FOR RENT-CONTROLLED UNITS

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 buy-out 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 this 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 Municipal Code Section 4.57.020(b).
- (b) Under 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.