

LEGISLATIVE DIGEST

(Substituted 9/16/2014)

[Administrative, Subdivision Codes - Tenant Buyout Agreements]

Ordinance amending the Administrative Code to require landlords to provide tenants with a disclosure of the tenants' rights before the landlord commences buyout negotiations; to require landlords to file a form with the Rent Board indicating the address of the unit that may become the subject of buyout negotiations; to require all buyout agreements to be in writing and to include certain statements about the tenant's rights; to allow tenants to rescind buyout agreements for up to 45 days after the agreements are fully executed; to require landlords to file a copy of buyout agreements with the Rent Board and to pay a fee to the Rent Board; to require the Rent Board to create a publicly available, searchable database of buyout agreements; to require the Rent Board to provide an annual report to the Board of Supervisors regarding tenant buyouts; to authorize tenants to bring civil actions for actual damages and civil penalties against landlords who fail to provide the required disclosures about the tenants' rights; and to authorize certain non-profits to bring civil actions for a landlord's failure to file a buyout agreement with the Rent Board; and amending the Subdivision Code to prohibit buildings from entering the condominium conversion lottery if the owners of the building have entered certain tenant buyout agreements.

Existing Law

Administrative Code Chapter 37, known as the "Residential Rent Stabilization and Arbitration Ordinance" or the "Rent Ordinance," applies to most residential rental units with an original certificate of occupancy issued before June 1979. The Rent Ordinance regulates the manner of and basis for evictions from these units, but does not regulate "buyout agreements" between landlords and tenants under which landlords pay tenants to vacate their rental units. Landlords may ask tenants to enter such agreements without providing any advance notice, and landlords are not required to notify the Rent Board when they negotiate or enter into the agreements.

The Subdivision Code regulates the conversion of apartments and tenancy-in-common buildings to condominium subdivisions. In 2013, the Board of Supervisors adopted legislation suspending the existing condominium conversion lottery until at least 2024, and temporarily replacing it with an expedited conversion process. When the lottery resumes, buildings that meet specified qualifications will be eligible to participate. Buildings with certain evictions will not be permitted to participate in the lottery, but buildings whose tenants have vacated their units under buyout agreements will be permitted to participate.

Amendments to Current Law

Notice prior to buyout negotiations: The proposed ordinance would require landlords to provide tenants with written notice of the tenants' rights before commencing buyout negotiations for a rental unit. The proposed ordinance would require landlords to file a form with the Rent Board prior to commencing buyout negotiations, indicating which rental unit may be the subject of the buyout negotiations. The Rent Board would make this information publically available, except for all information regarding the identity of the tenants.

Requirements for buyout agreements: The proposed ordinance would require all buyout agreements to be in writing and to include certain provisions regarding the tenants' rights.

Rescission period for buyout agreements: The proposed ordinance would allow tenants to rescind a buyout agreement for up to 45 days after its execution by all parties.

Filing of buyout agreements: The proposed ordinance would require landlords to file copies of buyout agreements with the Rent Board and pay a filing fee. The Rent Board would create a searchable, publically available database regarding buyout agreements.

Annual reports: The proposed ordinance would require the Rent Board to provide an annual report to the Board of Supervisors regarding tenant buyouts.

Enforcement: The proposed ordinance would allow tenants to bring an action in San Francisco Superior Court seeking monetary damages and civil penalties from landlords who did not provide the pre-negotiation disclosure or include in the buyout agreement the provisions regarding the tenants' rights. The proposed ordinance would authorize nonprofit tenants' rights organizations to bring an action in San Francisco Superior Court against landlords who failed to file buyout agreements with the Rent Board.

Condominium Conversion Lottery: The proposed ordinance would prohibit condominium conversions in buildings where a senior, disabled, or catastrophically ill tenant has vacated a unit under a buyout agreement after October 2014. The proposed ordinance would also prohibit condominium conversions in buildings where two or more tenants who are not senior, disabled, or catastrophically ill have vacated units under buyout agreements, if the agreements were entered after October 2014 and within the ten years prior to the condominium conversion application.

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