



FILE NO. 140874

ORDINANCE NO.

[Administrative, Subdivision Codes - Tenant Buyout Agreements]

1  
2 Ordinance amending the Administrative Code 1) to require landlords to provide tenants  
3 with a disclosure of the tenants' rights before the landlord commences buyout  
4 negotiations; 2) to require landlords to file a form with the Rent Board indicating the  
5 address of the unit that may become the subject of buyout negotiations; 3) to require  
6 all buyout agreements to be in writing and to include certain statements about the  
7 tenant's rights; 4) to allow tenants to rescind buyout agreements for up to 45 days after  
8 the agreements are fully executed; 5) to require landlords to file a copy of buyout  
9 agreements with the Rent Board and to pay a fee to the Rent Board; 6) to require the  
10 Rent Board to create a publically available, searchable database of buyout agreements;  
11 7) to require the Rent Board to provide an annual report to the Board of Supervisors  
12 regarding tenant buyouts; 8) to authorize tenants to bring civil actions for actual  
13 damages and civil penalties against landlords who fail to provide the required  
14 disclosures about the tenants' rights; and 9) to authorize certain non-profits to bring  
15 civil actions for a landlord's failure to file a buyout agreement with the Rent Board; and  
16 amending the Subdivision Code to prohibit buildings from entering the condominium  
17 conversion lottery if the owners of the building have entered certain tenant buyout  
18 agreements.

19 NOTE: Unchanged Code text and uncodified text are in plain Arial font.  
20 Additions to Codes are in single-underline italics Times New Roman font.  
21 Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.  
22 Board amendment additions are in double-underlined Arial font.  
23 Board amendment deletions are in ~~strikethrough Arial font~~.  
24 Asterisks (\* \* \* \*) indicate the omission of unchanged Code  
25 subsections or parts of tables.

1 Be it ordained by the People of the City and County of San Francisco:

2  
3 Section 1. The Administrative Code is hereby amended by adding Section 37.9E, to  
4 read as follows:

5 **SEC. 37.9E. TENANT BUYOUT AGREEMENTS.**

6 (a) Findings and Purpose. San Francisco is in the midst of a housing crisis. As the disparity  
7 between rent-controlled and market rate rents continues to grow, landlords have greater incentives to  
8 induce tenants in rent-controlled units to move out. Similarly, with the real estate market skyrocketing,  
9 many landlords are selling their property with the knowledge that an unoccupied unit can command a  
10 significantly higher sale price than an occupied one.

11 Instead of evicting tenants, some landlords offer cash buyouts to tenants in exchange for the  
12 tenants vacating rental units. These are sometimes called buyout agreements. Even buyouts worth tens  
13 of thousands of dollars can be recouped by a landlord retaining ownership and re-renting at market  
14 rates or selling the unit. Unlike no-fault evictions, these buyouts are unregulated, and can enable  
15 landlords to circumvent many of the restrictions that apply when a landlord executes a no-fault  
16 eviction. For example, a landlord who executes some types of no-fault evictions must give tenants a  
17 certain amount of time to move out, provide funds to tenants to cover relocation costs, and allow  
18 tenants to move back into the unit under specified circumstances. Two types of these no fault evictions  
19 – the Ellis Act and owner move-in evictions – contain restrictions on how much rent a landlord can  
20 charge if the units are re-rented following eviction. Analogous regulations do not exist for tenant  
21 buyouts.

22 Anecdotal evidence indicates that many buyout negotiations are not conducted at arms-length,  
23 and landlords sometimes employ high-pressure tactics and intimidation to induce tenants to sign the  
24 agreements. Some landlords threaten tenants with eviction if they do not accept the terms of the  
25 buyout. The frequency of these buyout offers increased significantly following passage of a San

1 Francisco law in 1996 which restricted, and in many cases prohibited, condominium conversions  
2 following no fault evictions. By threatening a specific no fault eviction and then convincing a tenant to  
3 vacate rather than receiving the eviction notice, a landlord will avoid restrictions on condominium  
4 conversion as well as restrictions on renovations, mergers, or demolitions.

5 These tactics sometimes result in tenants entering into buyout agreements without a full  
6 understanding of their rights and without consulting a tenants' rights counselor. These buyouts vary  
7 widely in amounts and, in some cases, are even below minimum relocation benefits which are required  
8 to be paid for all no fault evictions. Disabled, senior, and catastrophically ill tenants can be  
9 particularly vulnerable, and can face greater hurdles in securing new housing.

10 The main purpose of this Section 37.9E is to increase the fairness of buyout negotiations and  
11 agreements by requiring landlords to provide tenants with a statement of their rights and allowing  
12 tenants to rescind a buyout agreement for up to 45 days after signing the agreement, thus reducing the  
13 likelihood of landlords pressuring tenants into signing buyout agreements without allowing the tenants  
14 sufficient time to consult with a tenants' rights specialist. Another goal of this ordinance is to help the  
15 City collect data about buyout agreements. The City lacks comprehensive information about the  
16 number, location, and terms of buyout agreements. This dearth of information precludes the City from  
17 understanding the true level of tenant displacement in San Francisco.

18 (b) Applicability of Section. Notwithstanding Section 37.3 or any other provision in City law,  
19 this Section 37.9E shall apply to all landlords and tenants of rental units as defined in Section 37.2(r).

20 (c) Definitions. For purposes of this Section 37.9E, the following definitions shall apply:

21 "Buyout Agreement" means an agreement wherein the landlord pays the tenant money or other  
22 consideration to vacate the rental unit. An agreement to settle a pending unlawful detainer action shall  
23 not be a "Buyout Agreement."

24 "Buyout Negotiations" means any discussion or bargaining, whether oral or written, between a  
25 landlord and tenant regarding the possibility of entering into a Buyout Agreement.

1           (d) Disclosure required prior to Buyout Negotiations. Prior to commencing Buyout  
2 Negotiations for a rental unit, the landlord shall provide each tenant in that rental unit a written  
3 disclosure, on a form developed and authorized by the Rent Board, that shall include the following:

4           (1) A statement that the tenant has a right not to enter into a Buyout Agreement or  
5 Buyout Negotiations;

6           (2) A statement that the tenant may choose to consult with an attorney before entering  
7 into a Buyout Agreement or Buyout Negotiations;

8           (3) A statement that the tenant may rescind the Buyout Agreement for up to 45 days  
9 after the Buyout Agreement is fully executed;

10           (4) A statement that the tenant may visit the Rent Board for information about other  
11 Buyout Agreements in the tenant's neighborhood;

12           (5) A list of tenants' rights organizations and their contact information;

13           (6) A statement that information about tenants' rights is available at the Rent Board's  
14 office, through its counseling telephone number, and on its website;

15           (7) A statement explaining the legal implications under Section 1396(e)(4) of the  
16 Subdivision Code for a landlord who enters into one or more Buyout Agreements;

17           (8) If the landlord is an entity, the names of all people within that entity who will be  
18 conducting the Buyout Negotiations, as well as the names of all people within that entity who will have  
19 decision-making authority over the terms of the Buyout Agreement;

20           (9) Any other information required by the Rent Board consistent with the purposes and  
21 provisions of this Section 37.9E; and

22           (10) A space for each tenant to sign and write the date the landlord provided the tenant  
23 with the disclosure.

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

1 (e) Notification of the Rent Board. Prior to commencing Buyout Negotiations, the landlord  
2 shall provide the following information to the Rent Board, on a form developed and authorized by the  
3 Rent Board:

4 (1) The landlord's name, business address, business email address, and business  
5 telephone number;

6 (2) The name of each tenant with whom the landlord intends to enter into Buyout  
7 Negotiations;

8 (3) The address of the rental unit that may be the subject of Buyout Negotiations; and  
9 (4) A statement signed under penalty of perjury that the landlord provided each tenant  
10 with the disclosure required by subsection (d) prior to commencing Buyout Negotiations.

11 The Rent Board shall make the information included on this form publically available, except  
12 that the Rent Board shall redact all information regarding the identity of the tenants.

13 (f) Requirements for Buyout Agreements. Every Buyout Agreement shall:

14 (1) Be in writing. The landlord shall give each tenant a copy of the Buyout Agreement  
15 at the time the tenant executes the Agreement.

16 (2) Include the following statement in bold letters in a size equal to at least 14-point type  
17 in close proximity to the space reserved for the signature of the tenant(s): "You, the tenant, may cancel  
18 this agreement at any time before the 45th day after all parties have signed this agreement. To cancel  
19 this agreement, mail or deliver a signed and dated notice stating that you, the tenant, are cancelling  
20 this agreement, or words of similar effect. The notice shall be sent to: \_\_\_\_\_ (Name of landlord)  
21 at \_\_\_\_\_ (Address of landlord)." Immediately after this statement, there shall be a line for  
22 each tenant to affix his or her initials.

23 (3) Include the following statements in a size equal to at least 14-point type: "You, the  
24 tenant, have a right not to enter into a buyout agreement"; "You, the tenant, may choose to consult  
25 with an attorney and/or a tenants' rights organization before signing this agreement. You can find a

1 list of tenants' rights organizations on the Rent Board's website – www.sfrb.org”; and “The Rent  
2 Board has created a publically available, searchable database that may include information about  
3 other buyout agreements in your neighborhood. You can search this database at the Rent Board's  
4 office at 25 Van Ness Avenue, Suite 320.” Immediately after each statement, there shall be a line for  
5 each tenant to affix his or her initials.

6 (4) Include the following statements in a size equal to at least 14-point type: “Under  
7 Section 1396(e)(4) of San Francisco's Subdivision Code, a property owner may not convert a building  
8 into a condominium where: (A) a senior, disabled, or catastrophically ill tenant has vacated a unit  
9 under a buyout agreement after October 31, 2014, or (B) two or more tenants who are not senior,  
10 disabled, or catastrophically ill have vacated units under buyout agreements, if the agreements were  
11 entered after October 31, 2014 and within the ten years prior to the condominium conversion  
12 application. A 'senior' is a person who is 60 years or older and has been residing in the unit for ten  
13 years or more at the time of Buyout Agreement; a 'disabled' tenant is a person who is disabled under  
14 the Americans with Disabilities Act (Title 42 United States Code Section 12102) and has been residing  
15 in the unit for ten years or more at the time of Buyout Agreement; and a 'catastrophically ill' tenant is  
16 a person who is disabled under the Americans with Disabilities Act (Title 42 United States Code  
17 Section 12102) and who is suffering from a life threatening illness and has been residing in the unit for  
18 five years or more at the time of Buyout Agreement. Do you believe that you are senior, disabled, or  
19 catastrophically ill as those terms are defined above? Yes No I don't know I  
20 prefer not say .” The question listed in this subsection (f)(4) shall appear in the Buyout  
21 Agreement once for each tenant who is a party to the Buyout Agreement. Next to each question shall  
22 be a line for the tenant to affix his or her initials.

23 A Buyout Agreement that does not satisfy all the requirements of this subsection (f) shall not be  
24 effective and may be rescinded by the tenant at any time. A Buyout Agreement that does not include the  
25 initials of each tenant next to each of the statements described in subsections (f)(2) and (f)(3) shall not

1 be effective and may be rescinded by the tenant at any time. A Buyout Agreement that does not contain  
2 an answer from each tenant to the question listed in subsection (f)(4), as well as the initials of each  
3 tenant next to his or answer to the question listed in subsection (f)(4), shall not be effective and may be  
4 rescinded by the tenant at any time.

5 (g) Rescission of Buyout Agreements. A tenant shall have the right to rescind a Buyout  
6 Agreement for up to and including 45 days after its execution by all parties. In order to rescind a  
7 Buyout Agreement, the tenant must, on or before the 45th day following the execution of the Buyout  
8 Agreement by all parties, hand deliver, email, or place in the mail a statement to the landlord  
9 indicating that the tenant has rescinded the Buyout Agreement.

10 (h) Filing of Buyout Agreements. The landlord shall file a copy of the Buyout Agreement with  
11 the Rent Board no sooner than the 46th day after the Buyout Agreement is executed by all parties, and  
12 no more than 52 days after the agreement is executed by all parties. Buyout agreements rescinded  
13 under subsection (g) need not be filed with the Rent Board. At the time of the filing required by this  
14 subsection (h), the landlord shall pay a filing fee to be set by the Controller's Office that does  
15 not exceed the Rent Board's costs related to the filing of Buyout Agreements and the posting  
16 of Buyout Agreements as described in subsection (i). Any fees collected under this  
17 subsection (h) shall be retained by the Rent Board.

18 (i) Posting of Buyout Agreements. The Rent Board shall create a searchable database with  
19 information received from filings under subsection (h). The database shall be accessible to the public at  
20 the Rent Board's office and shall include a copy of all filings received under subsection (h). Before  
21 posting a copy of any filing received under subsection (h) on its database, the Rent Board shall redact  
22 all information regarding the identity of the tenants.

23 (j) Annual report. The Rent Board shall provide an annual report to the Board of Supervisors  
24 regarding the implementation of this Section 37.9E. The first report shall be completed by January 31,  
25 2016, and subsequent reports shall be completed by January 31 in subsequent years. The report shall

1 include, but not be limited to, a list of all units that have been the subject of Buyout Agreements that  
2 have been reported to the Rent Board under subsection (h). The Rent Board shall post each of these  
3 annual reports on its website.

4 (k) Penalties and Enforcement.

5 (1) A tenant who has vacated a unit based on a Buyout Agreement may bring a civil  
6 action against the landlord in San Francisco Superior Court for failure to comply with the  
7 requirements set forth in subsections (d) and (f). The landlord shall be liable for the tenant's damages.  
8 In addition, the penalty for a violation of subsection (d) shall be up to \$500. The penalty for a violation  
9 of subsection (f) shall be up to 50% of the tenant's damages. The court shall award reasonable  
10 attorneys' fees to any tenant who is the prevailing party in a civil action brought under this subsection  
11 (k)(1).

12 (2) The City Attorney or any organization with tax exempt status under 26 United States  
13 Code Section 501(c)(3) or 501(c)(4) and with a primary mission of protecting the rights of tenants in  
14 San Francisco may bring a civil action against a landlord in San Francisco Superior Court for failure  
15 to comply with subsection (h). A landlord who has violated subsection (h) shall pay to the City an  
16 administrative penalty of up to \$100 per day for each document the landlord failed to file, but in no  
17 event shall the landlord's total administrative penalty in a single civil action exceed \$20,000. Any  
18 administrative penalties collected under this subsection (k)(2) shall be deposited in the General Fund  
19 of the City and County of San Francisco. The court shall award reasonable attorney's fees and costs to  
20 the City Attorney or a nonprofit organization that is the prevailing party in a civil action brought under  
21 this subsection (k)(2).

22 (3) A tenant may not bring a civil action under subsection (k)(1) and the City Attorney  
23 or a nonprofit organization may not bring a civil action under subsection (k)(2) more than four years  
24 after the date of the alleged violation.

1 Section 2. The Subdivision Code is hereby amended by revising Section 1396, to read  
2 as follows:

3 **SEC. 1396. ANNUAL CONVERSION LIMITATION.**

4 (a) This Section governing annual limitation shall apply only to ~~conversion~~ conversion  
5 of residential units. This Section also is subject to the limitations established by Section  
6 1396.5's suspension of the lottery.

7 (b) Applications for conversion of residential units, whether vacant or occupied, shall  
8 not be accepted by the Department of Public Works, except that a maximum of 200 units as  
9 selected yearly by lottery by the Department of Public Works from all eligible applicants, may  
10 be approved for conversion per year for the following categories of buildings:

11 (1) Buildings consisting of four units in which at least three of the units have  
12 been occupied continuously by the applicant owners of record as their ~~principle~~ principal place  
13 of residence for three years prior to the date of registration for the lottery as selected by the  
14 Director;

15 (2) Buildings consisting of three units in which at least two of the units have  
16 been occupied continuously by the applicant owners of record as their ~~principle~~ principal place  
17 of residence for three years prior to the date of registration for the lottery as selected by the  
18 Director;

19 (3) Buildings consisting of two units in which at least one unit has been  
20 occupied continuously by the applicant owner of record as his or her ~~principle~~ principal place  
21 of residence for three years prior to the date of registration for the lottery as selected by the  
22 Director;

23 (4) Buildings consisting of five or six units that were subject to the requirements  
24 of Section 1396.2(f) on or before April 15, 2013 where (A) no further evictions as set forth in  
25 Section 1396.2 have occurred in the building after April 15, 2013, (B) the building and all

1 applicants first satisfied all the requirements for conversion under Section 1396.2(f) after  
2 January 24, 2020 and before resumption of the lottery under ~~in accordance with the terms of~~  
3 Section 1396.5; and (C) 50 percent or more of the units have been occupied continuously by  
4 owners of record as their ~~principle~~ principal place of residence for ten years prior to the date of  
5 registration for the lottery as selected by the Director. Applicants for such buildings must apply  
6 for the lottery within five years of the resumption of the lottery under Section 1396.5(c) and  
7 remain eligible until selected;

8 (5) If the Expedited Conversion program under Section 1396.4 has been  
9 suspended until 2024 as a result of a successful lawsuit against the City and County of San  
10 Francisco challenging Section 1396.4(g) or 1396.5: (A) buildings consisting of five or six units  
11 that participated in but were not selected for the 2012 or 2013 condominium conversion lottery  
12 in which 50 percent or more of the units have been occupied continuously by the applicant  
13 owners of record for no less than six years prior to the date of registration for the lottery as  
14 selected by the Director or (B) buildings consisting of five or six units in which: (i) 50 percent  
15 or more of the units have been occupied continuously by the applicant owners of record for no  
16 less than six years prior to the date of registration for the lottery as selected by the Director  
17 and (ii) the eligible applicant owners of record have a fully executed written agreement as of  
18 April 15, 2013 in which the owners each have an exclusive right of occupancy to individual  
19 units in the building to the exclusion of the owners of the other units. Applicants for buildings  
20 identified in this Subsection must first apply for the lottery within five years of the resumption  
21 of the lottery under Section 1396.5(c) and remain eligible until selected; or

22 (6) Community apartments as defined in Section 1308 of this Code, which, on  
23 or before December 31, 1982; met the criteria for community apartments in Section 1308 of  
24 this Code and which were approved as a subdivision by the Department of Public Works on or  
25 before December 31, 1982, and where 75 percent of the units have been occupied

1 continuously by the applicant owners of record for three years prior to the date of registration  
2 for the lottery as selected by the Director.

3 (c) The conversion of a stock cooperative as defined in Section 1308 of this Code to  
4 condominiums shall be exempt from the annual limitation imposed on the number of  
5 conversions in this Section and from the requirement to be selected by lottery where 75  
6 percent of the units have been occupied for the lottery as selected by the Director.

7 (d) No application for conversion of a residential building submitted by a registrant  
8 shall be approved by the Department of Public Works to fill the unused portion of the 200-unit  
9 annual limitation for the previous year.

10 (e) (1) Any application for a condominium conversion submitted after being  
11 selected in the lottery must meet the following requirements applicable to Subdivision Code  
12 Article 9, Conversions: Sections 1381, 1382, 1383, 1386, 1387, 1388, 1389, 1390, 1391(a)  
13 and (b), 1392, 1393, 1394, and 1395.

14 (2) Any building subject to Section 1396.2 shall have all applicant(s) satisfy all  
15 the requirements for conversion under Section 1396.2(f) in order to be eligible to convert  
16 pursuant to this Section 1396; provided, however, that any building subject to the prohibition  
17 on conversion under Section 1396.2, in particular a property with the eviction(s) set forth in  
18 Section 1396.2(b), is ineligible for conversion.

19 (3) (A) In addition, the applicant(s) shall certify that to the extent any tenant  
20 vacated his or her unit within the seven years prior to the date of registration for the lottery as  
21 selected by the Director and before recordation of the final parcel or subdivision map, such  
22 tenant did so voluntarily or if an eviction or eviction notice occurred it was not pursuant to  
23 Administrative Code Sections 37.9(a)(8)-(14) unless such eviction or eviction notice complied  
24 with the requirements of Subsections (B)-(D) below.

1 (B) If the evicting owner(s) recovered possession of the unit under  
2 Administrative Code Sections 37.9(a)(11) or 37.9(a)(14), then the applicant(s) shall certify that  
3 the original tenant reoccupied or was given an opportunity to reoccupy the unit after the  
4 temporary eviction.

5 (C) If the evicting owner(s) recovered possession of the unit under  
6 Administrative Code Section 37.9(a)(10), then the applicant(s) shall certify that the  
7 Department of Building Inspection required the unit be demolished or permanently removed  
8 from housing use pursuant to a Notice of Violation or Emergency Order or similar notice,  
9 order, or act; all the necessary permits for demolition or removal were obtained; that the  
10 evicting owner(s) complied in full with Administrative Code Section 37.9(a)(10) and (c); and  
11 that an additional unit or replacement unit was not constructed in the building after the  
12 demolition or removal of the unit previously occupied by the evicted tenant.

13 (D) If the evicting owner(s) recovered possession of a unit under  
14 Administrative Code Section 37.9(a)(8), then the applicants shall certify that: (i) only one unit  
15 in the building was the subject of such eviction during the seven year period, (ii) any surviving  
16 owner or relative named as the intended resident of the unit in the Section 37.9(a)(8) eviction  
17 notice also is presently an owner applying for the conversion of the same unit, and (iii) the  
18 subject applicant owner has occupied the unit continuously as his or her ~~principle~~ principal  
19 residence for three years prior to the date of registration for the lottery as selected by the  
20 Director.

21 (4) Notwithstanding any provisions in this Code to the contrary, the Department of  
22 Public Works shall not sell residential condominium conversion lottery tickets to, shall not accept a  
23 residential condominium conversion subdivision application from, and shall deny a tentative or final  
24 subdivision or parcel map for residential condominium conversion submitted by the owner(s) of a  
25 building if, on or after October 31, 2014, (A) a senior, disabled, or catastrophically ill tenant in the

1 building entered into a Buyout Agreement, as defined in Administrative Code Section 37.9E, for any  
2 unit in the building, or (B) two or more tenants entered into Buyout Agreements during the period  
3 beginning ten years prior to the date of the application and ending on the date of the final or parcel  
4 map approval. This Subsection (e)(4) shall apply without regard to whether the current owner(s) was a  
5 party to the Buyout Agreement, provided that the Buyout Agreement was reported to the Rent Board as  
6 provided in Administrative Code Section 37.9E prior to the current owner(s) purchasing the building.  
7 For purposes of this subsection, a "senior" shall be a person who is 60 years or older and has been  
8 residing in the unit for ten years or more at the time of Buyout Agreement; a "disabled" tenant shall be  
9 a person who is disabled within the meaning of Title 42 United States Code Section 12102 and has  
10 been residing in the unit for ten years or more at the time of Buyout Agreement; and a  
11 "catastrophically ill" tenant shall be a person who is disabled within the meaning of Title 42 United  
12 States Code Section 12102 and who is suffering from a life threatening illness as certified by his or her  
13 primary care physician and has been residing in the unit for five years or more at the time of Buyout  
14 Agreement.

15 (f) The Department shall review all available records, including eviction notices and  
16 records maintained by the Rent Board for compliance with Subsection (e). If the Department  
17 finds that a violation of Subsection (e) occurred prior to recordation of the final map or final  
18 parcel map, the Department shall disapprove the application or subject map. If the  
19 Department finds that a violation of Subsection (e) occurred after recordation of the final map  
20 or parcel map, the Department shall take such actions as are available and within its authority  
21 to address the violation.

22  
23 Section 3. Effective and Operative Dates.

24 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs  
25 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not

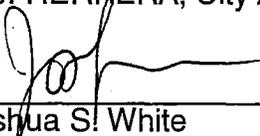
1 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the  
2 Mayor's veto of the ordinance.

3 (b) This ordinance shall become operative ~~90~~ 120 days after enactment.  
4

5 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
6 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
7 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
8 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
9 additions, and Board amendment deletions in accordance with the "Note" that appears under  
10 the official title of the ordinance.  
11

12 APPROVED AS TO FORM:  
13 DENNIS J. HERRERA, City Attorney

14 By:

  
\_\_\_\_\_  
15 Joshua S. White  
16 Deputy City Attorney

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**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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BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

**NOTICE OF PUBLIC HEARING**

**BUDGET AND FINANCE COMMITTEE**

**SAN FRANCISCO BOARD OF SUPERVISORS**

NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

**Date:** Wednesday, October 8, 2014

**Time:** 10:00 a.m.

**Location:** Legislative Chamber, Room 250 located at City Hall,  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

**Subject:** **File No. 140874.** Ordinance amending the Administrative Code, to require landlords to provide tenants with a disclosure of the tenant's 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 tenant's 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.

If the Ordinance passes, landlords would be required to file copies of buyout agreements with the Rent Board and pay a filing fee to be set by the Controller's Office that does not exceed the Rent Board's costs related to the filing and posting of Buyout Agreements. Revenues collected shall be retained by the Rent Board.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made a part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, Room 244, City Hall, 1 Dr. Carlton Goodlett Place, San Francisco, 94102. Information relating to the proposed fee is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, October 3, 2014.

  
Angela Calvillo, Clerk of the Board

DATED: September 24, 2014

PUBLISHED: September 24, 2014, and October 1, 2014

**New Order**



Your Order is sent.

**Customer Information**

<b>Customer Name</b>	S.F. BD OF SUPERVISORS (NON-CONSECUTIVE)	<b>Master Id</b>	52704
<b>Address</b>	1 DR CARLTON B GOODLETT PL #244	<b>Phone</b>	4155547704
<b>City</b>	SAN FRANCISCO	<b>Fax</b>	4155547714
<b>State - Zip</b>	CA - 94102		

**Product Information**

Legal  GOVERNMENT  GOVT-PUBLIC NOTICE

**Order Information**

**Attention Name** Linda Wong

**Billing Reference No.**  Save

**Ad Description** LW - File No. 140874 (Fee Ad)

**Sale/Hrg/Bid Date**

**Special Instructions**

**Orders Created**

Order No.	Newspaper Name	Publishing Dates	Ad	Price Description	Price	Ad Status
2670317	SAN FRANCISCO CHRONICLE-CITY&CO. 10%, CA <b>Billed To:</b> S.F. BD OF SUPERVISORS (OFFICIAL NOTICES) <b>Created For:</b> S.F. BD OF SUPERVISORS (OFFICIAL NOTICES)	09/24/2014, 10/01/2014	<b>Depth:</b> 6.30" <b>Lines:</b> 77	<b>\$ No Pricing Formula for 2175</b>	<b>Pricing will be done by DJC</b>	Sent

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2670317	SAN FRANCISCO CHRONICLE-CITY&CO. 10%	<a href="#">View Ad In PDF</a>

**NOTICE OF PUBLIC HEARING BUDGET AND FINANCE COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS WEDNESDAY, OCTOBER 8, 2014 - 10:00 AM LEGISLATIVE CHAMBER, ROOM 250 LOCATED AT CITY HALL, 1 DR. CARLTON B. GOODLETTPLACE SAN FRANCISCO, CA**

NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 140874. Ordinance amending the Administrative Code, to require landlords to provide tenants with a disclosure of the tenant's 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

tenant's 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. If the Ordinance passes, landlords would be required to file copies of buyout agreements with the Rent Board and pay a filing fee to be set by the Controller's Office that does not exceed the Rent Board's costs related to the filing and posting of Buyout Agreements. Revenues collected shall be retained by the Rent Board. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made a part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, Room 244, City Hall, 1 Dr. Carlton Goodlett Place, San Francisco, 94102. Information relating to the proposed fee is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, October 3, 2014. Angela Calvillo, Clerk of the Board



**SIERRA  
CLUB**  
FOUNDED 1892

San Francisco Group of the San Francisco Bay Chapter  
2120 Clement Street, Apartment 10  
San Francisco, California 94121  
September 11, 2014

**Land Use & Economic Development Committee**

San Francisco City Hall

Room 244

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Dear Chair Wiener:

The Sierra Club supports legislation introduced by Supervisor David Campos in July 2014 to regulate the tenant buy-out process. This legislation (140874) will help people of average- to low- incomes stay in transit-rich, walkable communities with neighborhood serving businesses; frequently near their jobs, by preserving affordable, rent-stabilized housing.

No government agency currently has records of how many tenants have vacated units through buy-out agreements. In addition, units vacated through buy outs are unregulated. They can be re-rented at market-rate prices or even converted into condominiums. Moreover, it is unknown how many tenants have first been threatened with Ellis Act evictions - which involve restrictions on the condominium conversion of the units, dampening their market value - and then offered buy outs as an alternative.

This lack of transparency and the profit motive for buying out tenants is adding to the current crisis in housing for average- to low-income San Franciscans, and the legislation proposes to address both these matters.

The Sierra Club believes the transparency requirements and restrictions on condominium conversion included in the legislation will help combat sprawl, auto dependency, and habitat destruction, as tenants who enter into buy out agreements frequently cannot afford to stay in San Francisco because of the current exorbitant housing prices for average- to low-income San Franciscans. Instead, economic circumstances force these tenants to move to auto-centric suburbs.

Sincerely  
Sue Vaughan  
Chair, Sierra Club San Francisco Group

CC: Supervisor Jane Kim, Supervisor Malia Cohen, Andrea Ausberry

BOARD of SUPERVISORS



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Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Mohammed Nuru, Director, Department of Public Works  
Delene Wolf, Executive Director, Rent Board

FROM: Andrea Ausberry, Assistant Clerk, Land Use and Economic Development  
Committee, Board of Supervisors

DATE: August 18, 2014

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Land Use and Economic Development Committee has received the following proposed legislation, introduced by Supervisor Campos on July 29, 2014:

**File No. 140874**

**Ordinance amending the Administrative Code to require landlords to provide tenants with a disclosure of the tenant's rights at least 45 days before the landlord commences buy-out negotiations; to require landlords to file a summary of the disclosure, as well as buy-out agreements, with the Rent Board; to require the Rent Board to post the summary disclosures and the buy-out agreements on its website; to authorize administrative enforcement proceedings, resulting in a fine for violations; to authorize tenants to bring civil actions for actual damages and a fine against landlords who fail to provide the required disclosure of tenants' rights; to require the Rent Board to provide an annual report to the Board of Supervisors regarding tenant buy-outs; and amending the Subdivision Code to prohibit buildings from entering the condominium conversion lottery if the owners of the building have entered certain tenant buy-out agreements.**

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Frank Lee, Department of Public Works

BOARD of SUPERVISORS



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Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection  
Sonya Harris, Secretary, Building Inspection Commission

FROM: Andrea Ausberry, Assistant Clerk, Land Use and Economic Development  
Committee, Board of Supervisors

DATE: August 15, 2014

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Land Use and Economic Development Committee has received the following legislation, introduced by Supervisor Campos on July 29, 2014:

**File No. 140874**

**Ordinance amending the Administrative Code to require landlords to provide tenants with a disclosure of the tenant's rights at least 45 days before the landlord commences buy-out negotiations; to require landlords to file a summary of the disclosure, as well as buy-out agreements, with the Rent Board; to require the Rent Board to post the summary disclosures and the buy-out agreements on its website; to authorize administrative enforcement proceedings, resulting in a fine for violations; to authorize tenants to bring civil actions for actual damages and a fine against landlords who fail to provide the required disclosure of tenants' rights; to require the Rent Board to provide an annual report to the Board of Supervisors regarding tenant buy-outs; and amending the Subdivision Code to prohibit buildings from entering the condominium conversion lottery if the owners of the building have entered certain tenant buy-out agreements.**

The proposed ordinance is being transmitted pursuant to Charter Section D3.750-5 for public hearing and recommendation. It is pending before the Land Use & Economic Development Committee and will be scheduled for hearing upon receipt of your response.

Please forward me the Commission's recommendation and reports at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection

Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date \_\_\_\_\_

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ 140874 ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission     Youth Commission     Ethics Commission
- Planning Commission     Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

Campos, Avalos, Kim and Mar

**Subject:**

Administrative, Subdivision Codes - Tenant Buyout Agreements

**The text is listed below or attached:**

[ ]

Signature of Sponsoring Supervisor: 

**For Clerk's Use Only:**

President, District 3  
BOARD of SUPERVISORS



BOs-11, Alder, COB, Leg Dep  
LU + BF clerks, Dep City Attny  
City Hall

1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-7450  
Fax No. 554-7454  
TDD/TTY No. 544-5227

DAVID CHIU  
邱信福  
市參事會主席

PRESIDENTIAL ACTION

Date: 9/15/2014  
To: Angela Calvillo, Clerk of the Board of Supervisors

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2014 SEP 15 AM 10:17  
AK

Madam Clerk,  
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. \_\_\_\_\_  
(Primary Sponsor)

Title. \_\_\_\_\_

Transferring (Board Rule No. 3.3)

File No. 140874 Campos  
(Primary Sponsor)

Title. Tenant Buy-Out Agreements

From: Land Use & Economic Development Committee

To: Budget & Finance Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor \_\_\_\_\_

Replacing Supervisor \_\_\_\_\_

For: \_\_\_\_\_ Meeting  
(Date) (Committee)

*David Chiu*  
\_\_\_\_\_  
David Chiu, President  
Board of Supervisors