

LEGISLATIVE DIGEST

[Administrative Code - Tenant Buyout Agreements]

Ordinance amending the Administrative Code to classify certain types of unlawful detainer settlement agreements as “Buyout Agreements;” require the Rent Board to provide more information on the disclosure form that landlords must give to tenants before buyout negotiations commence; require landlords to give the disclosure form to tenants a certain number of days before the Buyout Agreement is executed and to verify to the Rent Board that the disclosures were provided; and allow a tenant to invalidate any provision of the Buyout Agreement in which the tenant waived their rights if the landlord did not timely file the Buyout Agreement with the Rent Board.

Existing Law

Administrative Code Section 37.9E (“the Buyout Ordinance”) regulates how landlords and tenants negotiate and enter into tenant buyout agreements. A “Buyout Agreement” is defined to mean an agreement wherein the landlord pays the tenant money or other consideration to vacate the rental unit, but does not include agreements to settle pending unlawful detainer actions.

The Buyout Ordinance includes the following requirements: (1) the landlord must provide the tenant certain written disclosures before commencing buyout negotiations; (2) the landlord must verify to the Rent Board that it has provided the disclosures, and must retain a record of the date it provided the disclosures for five years; (3) the actual buyout agreement must also contain certain disclosures and must be signed by both parties; (4) the tenant has the option to rescind the agreement within 45 days after the date of signing; and (5) starting on the 46th day after the date of signing, the landlord has two weeks (i.e., until the 59th day) to file a copy of the final buyout agreement with the Rent Board.

Amendments to Current Law

The proposed ordinance would modify the Buyout Ordinance in the following ways:

- The term “Buyout Agreement” would be broadened to include agreements to settle unlawful detainer actions filed within 120 days after buyout negotiations started.
- The Rent Board would have to update the tenant disclosure form to include information regarding the impact of a buyout agreement on a tenant’s eligibility for the City’s affordable housing programs.
- The landlord’s verification to the Rent Board would have to show the date the landlord provided the tenant the disclosure form and the method of service used (e.g., hand

delivery, email, regular mail), and the landlord would need to retain a record of this information for five years.

- After starting buyout negotiations, the landlord and tenant would have to allow at least 30 days to elapse before the final agreement could be executed.
- If the landlord does not comply with its obligation to file a copy of the buyout agreement with the Rent Board within 59 days after the agreement was executed, any provision of the agreement in which the tenant waived their rights or released claims would be voidable at the option of the tenant (but the tenant's remedies would not include displacement of a subsequent tenant in the unit).

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