

ORDINANCE NUMBER \_\_\_\_ (CCS)

(City Council Series)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MONICA AMENDING SANTA MONICA MUNICIPAL CODE SECTIONS 4.36.020, 4.36.030, 4.36.040, 4.36.050, 4.36.060, 4.28.030, 4.56.020, 4.56.040, and 4.56.050, AND ADDING SECTIONS 4.57.010, 4.57.020, 4.57.030 and 4.27.090.

WHEREAS, the City of Santa Monica is committed to protecting housing for all segments of the community, in particular for its most vulnerable residents, as a matter of social justice and human dignity and in order to preserve diversity; and

WHEREAS, a housing crisis exists in the City of Santa Monica due to the lack of affordable housing, the high number of people experiencing homelessness, and the high number of people at risk of homelessness; and

WHEREAS, this crisis was created in part by high rental prices, insufficient production of affordable units, housing discrimination, tenant harassment, the inability of tenants to afford attorneys to represent them in evictions, and a lack of awareness of tenants' rights; and

WHEREAS, the housing affordability crisis has been exacerbated by the COVID-19 pandemic and its economic fallout, followed by high inflation in Santa Monica, in which many tenants have lost income while facing higher expenses to the extent they have difficulty paying all or part of their monthly rent; and

WHEREAS, local, state, federal and court moratoriums on evictions have ended, setting up an unprecedented wave of attempted evictions, and

WHEREAS, approximately 71% of Santa Monica households rent their homes;  
and

WHEREAS, Santa Monica renters will not experience this housing affordability and eviction crisis equally in that poor and working-class tenants, tenants of color, families with children, and persons with disabilities are disproportionately impacted by the pandemic and housing crisis due to inequities and shortcomings in health care, employment, and housing; and

WHEREAS, this housing affordability and eviction crisis destabilizes families and neighborhoods, especially the most vulnerable among us, resulting in homelessness, and harm to social tranquility and the general welfare of Santa Monica; and

WHEREAS, in an attempt to mitigate the eviction crisis that has been exacerbated by the pandemic, the Los Angeles City Council enacted eviction protections in January 2023, including requiring landlords to cover relocation costs for extreme rent increases that cause displacement; and

WHEREAS, the City's Permanent Relocation Ordinance requires landlords of units subject to rent control or local just cause eviction laws to pay permanent relocation costs to tenants evicted from such units for any no-fault reason, such as owner occupancy or the Ellis Act; and

WHEREAS, tenants in units subject to the just cause eviction protections of the Housing Policies Charter Amendment (Article XXIII) often do not have any protection from excessive rent increases and may be subject to constructive eviction through economic displacement if landlords impose high rent increases the tenants cannot afford. In those situations, tenants who are forced to move through no fault of their own should receive

relocation benefits similar to the assistance they would receive for other no-fault evictions such as owner-occupancy; and

WHEREAS, the adoption of a requirement to pay relocation benefits for those tenants who are constructively evicted due to large rent increases would close a loophole that could allow landlords to avoid the just cause eviction protections in unprotected units. Relocation assistance based on economic displacement for tenants in unprotected units would provide tenants the financial means to secure alternative housing if they are forced to move due to large rent increases; and

WHEREAS, tenants should not be displaced involuntarily when an excessive rent increase is imposed in bad faith with the intent to influence the tenant to vacate, in circumvention of a requirement that the landlord have just cause to evict the tenant, as this undermines and interferes with the City's ability to regulate the reasons for evictions; and

WHEREAS, the City's Tenant Harassment Ordinance (Section 4.56 of the Municipal Code) requires a landlord to make certain disclosures to tenants of rent controlled units prior to initiating buyout negotiations and to include certain required language in any buyout agreements, but these protections do not apply to tenants of units not subject to local rent control, many of whom are now protected from no cause evictions under the Santa Monica Housing Policies Charter Amendment and/or the Tenant Protection Act of 2019;

WHEREAS, the City's Tenant Harassment Ordinance further prohibits certain forms of bad faith harassment by landlords which may induce or compel a tenant to move out involuntarily and further contribute to the housing crisis, but certain forms of

harassment are not specifically covered, including bad faith excessive rent increases and retaliation; and

WHEREAS specifically defining tenant harassment to encompass these and other forms of harassment will help to put landlords and tenants on notice of their rights and obligations and to may prevent harassment, including that which escalates to tenants being forced to move; and

WHEREAS the City's Tenant Harassment Ordinance provides for a maximum civil penalty per violation of up to \$10,000, but this amount has not been updated since 2015 and increasing this limit would more effectively deter violations and provide courts the ability to award various amounts of penalties depending on the severity of the violation; and

WHEREAS, the City's Anti-Discrimination Ordinance (Section 4.28 of the Municipal Code) now prohibits bad faith housing discrimination based on source of income, but it does not currently cover discrimination based on "housing status," which is a barrier to voucher holders seeking to rent a unit in Santa Monica; and

WHEREAS, the City has received multiple housing complaints from tenants because landlords frequently reject unhoused or formerly unhoused applicants applying to rent with housing vouchers because they do not have a rental housing history or landlord references, undermining the City's longstanding efforts to prohibit discrimination against voucher tenants and promote affordable housing; and

WHEREAS, another potential loophole exists for landlords to discriminate against Section 8 Housing Choice Voucher participants by refusing to make minimal repairs required by the program, thereby depriving the tenant of the opportunity to live in the

housing of their choosing, and this loophole could be closed by defining source of income discrimination to cover this tactic;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Santa Monica Municipal Code Section 4.27.090 is hereby added to read as follows:

**4.27.090 Substantive eviction defenses for excessive rent increase**

(a) For purposes of this Section, the following terms shall have the following meanings:

(1) "Landlord" means a current or former owner, lessor, sublessor or any other person entitled to receive rent for the use and occupancy of any Rental Unit, or an agent, representative, or successor of any of the foregoing.

(2) "Tenant" means a tenant, subtenant, lessee, sublessee or any other person entitled under the terms of a rental housing agreement to the use or occupancy of any rental unit.

(3) "Rental Housing Agreement" means an agreement, oral, written or implied, between a landlord and tenant for use or occupancy of a Rental Unit and for housing services.

(4) "Rental Unit" means any building, structure, or part thereof, or land appurtenant thereto, or any other rental property rented or offered for rent for living or dwelling house units, together with all housing services connected with use or occupancy of such property such as common areas and recreational facilities held out for use by the tenant.

(4) “Excessive Rent Increase” means an increase raising the rent to an amount that is substantially in excess of market rates for comparable units within the City of Santa Monica.

(b) It shall be an affirmative defense to an unlawful detainer brought on the basis of non-payment of rent which seeks to recover possession of a Rental Unit that is not a Controlled Rental Unit as defined by City Charter Section 1801, that the landlord imposed an excessive rent increase in bad faith with the intent influence the tenant to vacate through fraud, intimidation, or coercion in circumvention of any law requiring the landlord to have just cause to evict a tenant. Evidence of “bad faith” includes, but is not limited to, an excessive rent increase imposed:

(1) within six months of an unsuccessful attempt to evict a tenant for a “just cause.”

(2) within six months of the tenant’s complaints to the landlord or its agents, a government agency, or law enforcement regarding habitability, safety concerns, tenant harassment, discrimination, or neighbor to neighbor harassment.

(3) when price gouging protections, including Penal Code 396 and Section 4.32.160 et seq., bar rent increases in excess of a particular amount during a state of emergency.

SECTION 2. Santa Monica Municipal Code Sections 4.28.030, Housing Anti-Discrimination Code, Prohibited Activities, is hereby amended to read as follows:

#### **4.28.030 Prohibited activities.**

It shall be unlawful for any person offering for rent or lease, renting, leasing, or listing any housing accommodation, or any authorized agent or employee of such person, to do or attempt to do any of the following:

(a) Refuse to rent or lease a housing accommodation, or access to or use of the common areas and facilities of the housing accommodation, serve a notice of termination of tenancy, commence an unlawful detainer action, or otherwise deny to or withhold from any person or persons, a housing accommodation on the basis of disability, age, source of income, housing status, parenthood, pregnancy, or the potential or actual occupancy of a minor child.

(b) Represent to any person, on the basis of disability, age, source of income, housing status, parenthood, pregnancy, or the potential or actual occupancy of the minor child that a housing accommodation is not available for inspection or rental when such housing accommodation is in fact available for inspection or rental.

(c) Make, print, or publish, or cause to be made, printed, or published any notice, statement, sign, advertisement, application, or contract with regard to a housing accommodation offered by that person that indicates any preference, limitation, or discrimination with respect to disability, age, source of income, housing status, parenthood, pregnancy, or the potential or actual occupancy of a minor child.

(d) Include in any rental agreement or lease for a housing accommodation a clause providing that as a condition of continued occupancy, the tenants shall remain childless or

shall not bear children or otherwise not maintain a household with a person or persons of a certain age.

(e) Threaten to commence or commence eviction proceedings against any tenant on the grounds that he or she has breached a rental agreement if the alleged breach arises out of an increase in the number of occupants due to the marriage of the tenant, provided that the occupancy of the spouse and children of the spouse is otherwise lawful.

(f) Threaten to commence or commence eviction proceedings against any tenant head of household on the grounds that he or she has violated the provisions of a rental agreement where the violation consists of an increase in the number of occupants arising out of the birth, adoption, or change of legal custody of a minor child of whom the tenant head of household or his or her spouse is the parent or legal guardian, and provided that the occupancy of said minor child is otherwise lawful.

(g) Refuse to make reasonable accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford a person with a disability equal opportunity to use and enjoy any dwelling.

(h) Refuse to allow a person to make reasonable modifications, alterations or additions to existing premises occupied or to be occupied by a person with a disability that are necessary to make the rental property accessible by persons with disabilities, under the following conditions:

(1) The landlord is not required to pay for the alterations, additions, or restoration unless otherwise required by State or Federal law;



(2) The landlord has the right to demand assurances that all modifications will be performed in a professional manner, and in accordance with applicable building codes, permitting requirements and other applicable laws;

(3) The landlord may, where it is reasonable to do so, condition permission for modification on the tenant's agreement to restore the interior of the premises to its preexisting condition, reasonable wear and tear excepted.

(i) Refuse to accept from a prospective or current tenant rent in the form of rental assistance from any federal, State, local or non-profit-administered benefit or subsidy program including, but not limited to, the Section 8 voucher program. Refusal to accept includes failure or an unreasonable delay in filling out and returning any necessary paperwork, and refusing to make repairs required by the Housing Authority after a Housing Quality Standards inspection unless the landlord demonstrates it would economically infeasible to do so.

(j) For purposes of this part, "disability" includes, but is not limited to, any physical or mental disability as defined in California Government Code Section 12926.

(k) For purposes of this part, "source of income" includes any lawful source of income or rental assistance from any federal, State, local or non-profit-administered benefit or subsidy program including, but not limited to, the Section 8 voucher programs, for an existing tenant or prospective tenant.

(l) For purposes of this part, "housing status" means currently or formerly experiencing homelessness, currently or formerly living in transitional, temporary, or shelter housing, or lacking a residential rental housing history. For the purposes of this

section, if an applicant for housing accommodation lacks a rental history or landlord references, the landlord must offer the option, at the applicant's discretion, of providing lawful verifiable alternative evidence that the applicant will be a reliable tenant, including but not limited to personal references. If the applicant elects to provide such evidence, the landlord shall provide the applicant a reasonable period of time to do so and shall consider the evidence in determining whether to offer the housing accommodation to the applicant.

SECTION 3. Santa Monica Municipal Code Section 4.36.020 is hereby amended to read as follows:

**4.36.020 When permanent relocation fee required.**

(a) A landlord shall pay a relocation fee to a tenant whose tenancy is terminated or caused to be terminated in any of the following circumstances.

(1) The landlord has filed a notice of intent to withdraw the tenant's rental housing unit from the rental housing market pursuant to Government Code Section 7060 et seq.

(2) The landlord has filed a notice of intent to recover possession of the tenant's rental housing unit pursuant to Section 1806(a)(8), 1806(a)(9), 2304(a)(8), or 2304(a)(9) of the City Charter.

(3) The landlord has filed an application for removal permit pursuant to City Charter Section 1803(t) to demolish or otherwise withdraw the tenant's rental housing unit from the rental housing market. For purposes of this subsection, a tenant's rental housing unit does not include a single-family home as defined in City Charter Section 2302 but does include any unit that was illegally converted to residential use.

(4) The tenant elects to relinquish their tenancy within 120 days after service of a notice of rent increase that exceeds the sum of any increase that would have been permitted pursuant to City Charter Section 1805 and any surcharges authorized by the Rent Control Board following the granting to the landlord of an exemption from provisions governing controlled rental units as provided for by Charter Section 1801(c)(4).

(5) The tenant elects to relinquish their tenancy within 120 days after service of a notice of rent increase that exceeds the lesser of (1) the Consumer Price Index – All Urban Consumers, plus five percent, or (2) ten percent. For purposes of this subsection, the proposed rental increase, whether imposed as a single increase or payable periodically over a 12-month period, shall be calculated based on the highest legal monthly rate of rent established as of the date of the notice of rent increase, not any temporary, promotional, or discounted rent.

(6) The tenant elects to relinquish their tenancy following a period of temporary tenant relocation under Section 4.36.100 that has lasted for at least six months, but before the tenant has returned to her or his rental unit.

(7) The Code Enforcement Manager issues an order for permanent relocation based on a determination that the tenant was compelled to vacate as a result of the landlord's violation of Section 4.56.020, Section 4.27.010, or California Civil Code Section 789.3.

(8) The Building Officer issues an order for permanent relocation based on a determination that the rental housing unit is not habitable and cannot be made habitable or

based on the tenant's election to relinquish a tenancy in a rental housing unit that is not permitted for residential use and cannot or will not be permitted for residential use.

(b) A relocation fee required pursuant to subsections 4.36.020(a)(1) through (a)(3) shall be due and payable to a tenant upon service by a landlord upon a tenant of a notice to terminate tenancy for one of the reasons set forth in Section 4.36.020(a)(1) through (a)(3) or within two working days of notice by a tenant upon a landlord of relinquishment of tenancy as set forth in Sections 4.36.020(a)(4) through (a)(6) or within two working days of service of the order on the landlord as set forth in Sections 4.36.020(a)(7) and (a)(8).

(c) A relocation fee required by subsections (a)(1) through (a)(3) shall be due and payable to a tenant whether or not the landlord actually utilizes the rental housing unit for the purposes described in that subsection.

SECTION 4. Santa Monica Municipal Code Section 4.36.030 is hereby amended to read as follows:

**4.36.030 Notice to tenants being displaced.**

(a) Any notice to terminate a tenancy which is served upon tenants for any of the reasons set forth in Section 4.36.020 or shall be accompanied by the following on the form provided by the City:

(1) A written statement of the rights and obligations of tenants and landlords under this Chapter;

(2) A written statement informing the tenants that the required relocation fee has been placed in an escrow account or other account approved by the City;

(3) A written statement that the landlord has complied with Section 4.36.050. If the landlord has complied with Section 4.36.050 by obtaining City approval of a Displacement Plan, a copy of the Displacement Plan shall accompany the written statement.

(b) Any notice of rent increase as described in 4.36.020(a)(4) or 4.36.020(a)(5) shall be accompanied by a written statement of the rights and obligations of tenants and landlords under this chapter on the form provided by the City.

(c) A landlord shall provide the statements required under 4.36.030(a) within two working days of notice by a tenant upon a landlord of relinquishment of a tenancy as set forth in Section 4.36.020(a)(4) through (a)(6).

SECTION 5. Santa Monica Municipal Code Section 4.36.040 is hereby amended to read as follows:

**4.36.040 Amount of relocation fee—Permanent Relocation**

(a) The amount of the permanent relocation fee payable pursuant to the provisions of this Chapter shall be established by City Council resolution.

(b) If a tenant is evicted from more than one rental housing unit on a property, the tenant shall not be entitled to receive separate permanent relocation fees for each rental housing unit. The tenant shall receive a single relocation fee based on the combined total number of bedrooms in the rental housing units from which the tenant is being evicted. If one of the rental housing units is a bachelor or single unit, it shall be counted as a one-bedroom unit for purposes of determining the amount of the relocation fee (e.g., a tenant who is evicted from a bachelor rental housing unit and a one-bedroom rental housing unit would receive relocation benefits for a two-bedroom unit).

(c) Any tenant still in possession of a rental unit after the permanent relocation amounts have been updated pursuant to this Section, shall be entitled to the updated relocation amounts even if the landlord commenced the termination of the tenancy prior to the update. In the event that a landlord has already complied with the provisions of Section 4.36.060 based on the relocation amounts previously in effect, but has not yet received a written request from a tenant for distribution of the fee pursuant to Section 4.36.070, the landlord shall place in escrow the additional amount of relocation fee required by this Section within five working days of the effective date of the updated amount.

SECTION 6. Santa Monica Municipal Code Section 4.36.050 is hereby amended to read as follows:

**4.36.050 Additional fee for required counseling**

(a) For each rental housing unit from which tenants are displaced for any of the reasons set forth in Sections 4.36.020(a), as soon as the relocation fee becomes due and payable pursuant to Section 4.36.020(b), the landlord shall pay a fee to the City in the amount of two hundred fifty dollars to be used by the City to pay for counseling or other assistance required by displaced tenants as a result of displacement.

(1) In lieu of the fee required by subsection (a) of this Section, a landlord may prepare a Displacement Plan which must be approved by the Housing and Human Services Department prior to service of a notice to terminate tenancy. The Displacement Plan shall identify the special needs of the displaced tenants, identify the types of assistance that will be provided and include a commitment to pay for any such assistance. At the time of submitting the Displacement Plan to the City for review and approval, the landlord shall pay

a fee to the City for such review and approval in the amount of one hundred dollars for each rental housing unit.

SECTION 7. Santa Monica Municipal Code Section 4.36.060 is hereby amended to read as follows:

**4.36.060 Deposit of relocation fee into escrow for permanent relocation.**

(a) The permanent relocation fee required by this Chapter shall be placed in an escrow account prior to service by a landlord upon any tenant of a notice to terminate tenancy for one of the reasons set forth in Section 4.36.020(a)(1) through (a)(3) or within two working days of notice by a tenant upon a landlord of relinquishment of tenancy as set forth in Sections 4.36.020(a)(4) through (a)(6) or within two working days of service of the order on the landlord as set forth in Sections 4.36.020(a)(7) and (a)(8). All costs of an escrow opened pursuant to the provisions of this Section shall be borne by the landlord. Escrow instructions shall be approved by the City.

(b) The escrow instructions shall provide that monies deposited in the escrow account shall only be distributed to displaced tenant in accordance with the instructions of the landlord and that no monies deposited in escrow may be returned to the landlord without the written approval of the City.

(c) In lieu of deposit of the permanent relocation fee in an escrow account, a landlord may deposit the fee in another account approved by the City.

SECTION 8. Santa Monica Municipal Code Sections 4.56.020, Tenant Harassment, Prohibition, is hereby amended to read as follows:

#### **4.56.020 Prohibition**

No landlord shall, with respect to property used as a rental housing unit under any rental housing agreement or other tenancy or estate at will, however created, do any of the following in bad faith:

(a) Interrupt, terminate or fail to provide housing services required by contract or by State, County or local housing, health or safety laws, or violate Section 4.27.010(a);

(b) Fail to perform repairs and maintenance required by contract or by State, County or local housing, health or safety laws;

(c) Fail to exercise due diligence in completing repairs and maintenance once undertaken;

(d) Abuse the landlord's right of access into a rental housing unit as that right is specified in California Civil Code Section 1954. This includes entries for "inspections" that are not related to necessary repairs or services; entries excessive in number; entries that improperly target certain tenants or are used to collect evidence against the occupant or otherwise beyond the scope of an otherwise lawful entry;

(e) Abuse the tenant with words which are offensive and inherently likely to provoke an immediate violent reaction;

(f) Influence or attempt to influence a tenant to vacate a rental housing unit through fraud, intimidation or coercion (Examples of such influence or attempts include, but are not limited to, the following: excessive rent increases, baseless threats to evict, threats to report immigration status, terminating a tenancy on a fraudulent basis of owner-occupancy, excessive and baseless entries by landlord or landlord's agents, unreasonably withholding the right to sublease as set forth in City Charter Sections 1806(a)(2) and



2304(a)(2), and making buyout offers within 6 months after a tenant has notified the landlord in writing that the tenant does not wish to enter into a buyout agreement or buyout negotiations);

(g) Threaten the tenant, by word or gesture, with physical harm;

(h) Violate any law which prohibits discrimination based on race, gender, sexual preference, sexual orientation, ethnic background, nationality, religion, age, parenthood, marriage, pregnancy, disability, AIDS or occupancy by a minor child, immigration status, source of income, housing status, gender identity, gender expression, or any other class expressly protected by a local, State, or Federal law.

(i)

(1) Take action to terminate any tenancy including service of any notice to quit or other eviction notice or bring any action to recover possession of a rental housing unit based upon facts which the landlord has no reasonable cause to believe to be true or upon a legal theory which is untenable under the facts known to the landlord. No landlord shall be liable under this subsection for bringing an action to recover possession unless and until the tenant has obtained a favorable termination of that action.

(2) This subsection shall not apply to any attorney who in good faith initiates legal proceedings against a tenant on behalf of a landlord to recover possession of a rental housing unit;

(j) Interfere with a tenant's right to quiet use and enjoyment of a rental housing unit as that right is defined by California law;

(k) Refuse to accept a tenant's lawful rent payment or refuse to acknowledge receipt of a tenant's lawful rent payment. This subsection shall not apply where a landlord refuses

to accept payment tendered after the expiration of a notice issued pursuant to California Code of Civil Procedure Section 1161, and where acceptance of rent would waive the landlord's right to pursue eviction based on the expired notice.

(l) Interfere with a tenant's right to privacy, including, but not limited to, entering or photographing portions of a rental housing unit that are beyond the scope of a lawful entry or inspection.

(m) Impose or attempt to impose an unlawful or excessive rent increase. An unlawful rent increase is a rent increase in excess of the maximum allowable increase or to an amount in excess of the maximum allowable rent permitted by the lease agreement or by a deed, other recorded document, agreement with a government agency, regulatory agreement, settlement agreement, or contract, or in excess of the maximum allowable increase or to an amount in excess of the maximum allowable rent permitted by law, including but not limited to Article XVIII of the Santa Monica City Charter (the Rent Control Charter Amendment), California Civil Code Section 1947.12 (the Tenant Protection Act), Penal Code Section 396 (the state price gouging law), or Section 4.32.160 et seq. of this Code (the city price gouging law). An excessive rent increase is a rent increase to an amount that is substantially in excess of market rates for comparable units. Evidence that an excessive rent increase was in bad faith includes, but is not limited to, imposition or attempted imposition of the excessive rent increase:

(1) within six months of an unsuccessful attempt to evict a tenant for a "just cause."

(2) within six months of the tenant's complaints to the landlord or its agents, a government agency, or law enforcement regarding habitability, safety concerns, tenant harassment, discrimination, or neighbor to neighbor harassment.

(3) when price gouging protections, including Penal Code Section 396 or Section 4.32.160 et seq. of this Code prohibit rent increases in excess of a particular amount during a state of emergency.

(n) retaliate against a tenant for reporting any violation of, or for exercising any right protected by, any federal, state, county, or local housing, health or safety, fair housing, or other tenant protection law.

SECTION 9. Santa Monica Municipal Code Sections 4.56.040, Tenant Harassment, Enforcement and Penalties, is hereby amended to read as follows:

**4.56.040 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) **Injunction.** Any person who commits an act, proposes to commit an act, or engages in any pattern and practice which violates Section 4.56.020 may be enjoined therefore by any court of competent jurisdiction. An action for injunction under this subsection may be brought by any aggrieved person, by the City Attorney, or by any person or entity who will fairly and adequately represent the interest of the protected class.

(d) **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.

(e) **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.

SECTION 10. Santa Monica Municipal Code section 4.56.050, Buyout offers and Agreements, is moved to new Chapter 4.57 and amended to read as follows:

## **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.

#### **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; and

(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.

#### **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.

SECTION 11. Any provision of the Santa Monica Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to effect the provisions of this Ordinance.

SECTION 12. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 13. The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause the same to be published once in the official newspaper within 15 days after its adoption. This Ordinance shall become effective 30 days from its adoption.

APPROVED AS TO FORM:

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Douglas Sloan, City Attorney