

# **BUYOUTS!**

## **The truth behind the most common scam in the book**

Landlords have increasingly been using buyout offers, or off the record offers of money, in order to convince tenants to leave their fabulous rent controlled apartments. Because there is no vacancy control in the city, it is in the interest of a landlord to get out a long term tenant and raise their rent to market rate and make lots of extra cash. Some local landlords, the most notorious being CitiApartments, have used a one two punch method of harassing tenants and simultaneously offering them buyout offers to get them out. Now, because of a new law, tenants have more rights to fight these bogus landlord money grabs.

### **Steps to negotiating around a buyout offer:**

#### **1. Just Say No – In Writing**

You have invested in your home with you time, money and love. If your landlord mentions to you in person or over the phone that he wants to offer you money in exchange for you leaving – don't feel insecure - you probably don't have to leave. Just say no – first verbally and then follow up with a letter.

#### **2. If they keep asking - File a Decrease in Services Petition at the Rent Board**

Not only does a written letter formally state your intention to stay in your home, but according to Rent Ordinance §37.10B(a) No landlord... shall ... continue to offer payments to vacate after tenant has notified the landlord in writing that they no longer wish to receive further offers of payments to vacate. That means that if they continue to harass you by offering you buyout offers after you send a letter, you have the right to go the the Rent Board to file a decrease in services petition. Also, if you notice that your landlords buyout offers are happening at the same time as prolonged construction, invasion of privacy or any other new harassment, this is also grounds for a decrease in services petition at the rent board.

#### **3. If you are considering the offer... take the time to do the math**

No matter what your landlord says about justly compensating you – don't forget the most important fact - the landlord has their pocketbook in mind, not yours. When figuring out whether or not to accept a buyout offer try using this helpful equation to see what the buyout is really worth you:

1. Write down on a sheet of paper that amount you currently pay for rent, the size of your current apartment and the neighborhood where you live.
2. Go to a website to look for the average rent of the same size apartment in your neighborhood (a good website to check out is <http://mullinslab2.ucsf.edu/SFrentstats/> Check out the neighborhood data section. You can also go to craigslist.com for a random sampling) Write down this number.
3. Now take the new amount of rent and subtract your current rate to see the new amount you would be paying each month.
4. Now take the amount of the buyout offer and subtract your estimate for moving costs. Take that number and divide by the amount extra you would pay each month (step c)
5. Now you have the amount of months that the buyout will last you until it runs out! After that money runs out you will have to pay hundreds of dollars extra each month that aren't currently in your budget. You may realize that this isn't such a great deal.

## Let's look at a real life example of calculating the actual worth of your buyout offer.

Leslie has been living in her rent controlled apartment for ten years. She currently pays \$900 for a one bedroom in the lower haight. According the recent statistics, a one bedroom in the same neighborhood is now \$1883. She decides to do the math:

Market Rate Rent (\$1883) – Current Rent (\$900) = Additional rent Leslie would have to pay per month (\$983)

This means that Leslie would be paying an additional \$983 per month if she moves into the new apartment.

Leslie's landlord has offered her what seems like a generous \$15,000 buyout offer to move out of her apartment. After she takes out the price of the uhaul and a day off work and other expenses she will have \$14,500.

Buyout offer (\$15,000) – Moving Costs (\$500) = Real extra money (\$14,500)

Although \$14,500 is a lot of money, Leslie decided to divide this amount by the additional \$983 per month she would have to pay per month if she moves.

Real extra money (\$14,500)/Additional rent per month (\$983) = # of months the money will last (14.75)

**She realizes that her buyout will only last her about 15 months –only slightly over one year - and then the money will run out! Furthermore, once the money runs out, Leslie will be paying an additional \$11,796 per year for her new apartment!**

*After these calculations many people will realize that there buyout offer is not worth what they thought it was. Time to go back to Step 1 and Just Say No!*