

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST
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Policy Analysis Report

To: Supervisor Fewer
From: Budget and Legislative Analyst's Office
Re: Cost Estimates for Developing a
Comprehensive City Rental Housing Inventory
Date: November 18, 2020



Summary of Requested Action

Your office requested that the Budget and Legislative Analyst research the costs for establishing and maintaining a rental housing inventory of all residential rental units in San Francisco covered by the Rent Ordinance, Chapter 37 of the Administrative Code, as proposed in Ordinance File No. 201262

For further information about this report, contact Fred Brousseau, Director of Policy Analysis, at the Budget and Legislative Analyst's Office.

Executive Summary

- The proposed ordinance would amend the Residential Rent Stabilization and Arbitration Ordinance Sections 37.3, 37.15, 37.16, 37A.2, and 37A.4.5 of the City's Administrative Code to require owners of units covered under the provisions of the ordinance to submit certain information to the Rent Board annually starting on July 1, 2022. In turn, the Rent Board will use this information to maintain a rental housing inventory for the purposes of investigating and inspecting the level of housing services provided to tenants, analyzing rents and vacancies, monitoring compliance, and providing assistance to landlords, tenants and other City departments.
- Landlords will be asked to submit information about their units that includes but is not limited to location, property management contact information, square footage and number of bedrooms/baths, occupancy status, and base rent. Landlords that substantially comply with submitting the requested information will be issued a license by the Rent Board that will allow them to impose annual and/or banked rent increases consistent with existing Rent Board procedures. The proposed ordinance calls for the Rent Board to add a surcharge to the existing Rent Stabilization and Arbitration fee to cover the costs of operating the rental housing inventory.
- For this analysis we surveyed nine California cities with rental housing databases to collect information to estimate the costs of maintaining and operating a rental housing inventory along with associated staffing costs. We found wide variance in the costs of system implementation and maintenance and ongoing operations staffing. These variances were due to differences in the technical approach to system implementation, diseconomies of scale for smaller cities, and differences in how the housing data is used.

- Based on cities that provided reliable cost information, we identified the following estimated costs for creating and maintaining a rental housing inventory in San Francisco. As shown in Exhibit A, estimated first year costs, including system implementation and maintenance and operations staffing, range from approximately \$1.4 to \$3.3 million. After the first year, estimated ongoing annual system maintenance and operations staffing costs are reduced to a range of between approximately \$1.2 million at the low end and \$2.8 million at the high end. Costs from the other cities were adjusted for an estimated 233,518 housing units in San Francisco that would be covered by the ordinance and included in the inventory.

EXHIBIT A: Estimated System and Staffing Costs for a Rental Housing Inventory, Year 1 and Ongoing

	<u>Year 1 Costs</u>	<u>Ongoing Annual Costs</u>
INVENTORY SYSTEM IMPLEMENTATION AND MAINTENANCE		
Low	\$165,798	—
High	\$899,044	\$490,388
OPERATIONS STAFFING		
Low	\$1,210,577	\$1,210,577
High	\$2,349,876	\$2,349,876
TOTAL		
Low	\$1,376,375	\$1,210,577
High	\$3,248,920	\$2,840,264

- Ongoing operations staffing cost estimates shown in Exhibit A are based on staffing levels needed to maintain the inventory for the approximately 233,518 rental housing units in San Francisco that would be covered by the proposed ordinance. For the low end staffing cost estimate, 7 full-time equivalent positions (FTEs) are assumed; for the high end, 14 FTEs are assumed. We assumed approximately one third of these positions would be management staff such as Management Analysts and two thirds would be clerical and support staff such as Senior Clerks.
- Under the proposed ordinance, a surcharge to the existing Rent Stabilization and Arbitration fee would be established to support the operations and maintenance of the rental housing inventory. We estimate that the per unit surcharge to cover the one-time implementation costs and ongoing costs would range from approximately \$6 to \$14 in Year 1 and \$5 to \$12 per year for ongoing annual costs.

Project staff: Fred Brousseau and Emily Firgens

Proposed Rental Housing Inventory Ordinance

The proposed ordinance would amend the San Francisco Administrative Code to require owners of residential rental units covered under the provisions of the Residential Rent Stabilization and Arbitration Ordinance to submit select information to the Rent Board regarding the location, occupancy, and base rent of their residential units. In turn, the Rent Board will use this information to maintain a rental housing inventory for the purposes of:

- Inspecting and investigating the level of housing services being provided to tenants;
- Investigating and analyzing rents and vacancies;
- Monitoring compliance with the Rent Ordinance;
- Generating reports and surveys; and,
- Providing assistance to landlords, tenants, and other City departments as needed.

The proposed ordinance states that the Rent Board will not use information collected for the housing inventory to operate a rent registry, as described in California Civil Code Sections 1947.7 – 1947.8, which establish certain conditions on allowable rent increases and collections related to property owner compliance with rental registry requirements. Instead, the proposed ordinance indicates that San Francisco’s own rent stabilization controls and procedures would remain in place and not be superseded by any State law pertaining to rental registries.

Owners who submit the required information will be given a license that allows them to impose rent increases allowed under the terms of the City’s Rent Stabilization and Arbitration ordinance (“Rent Ordinance”). To cover the administrative costs of creating and maintaining the rental housing inventory, there will be an additional surcharge added to the existing Residential Rent Stabilization and Arbitration fee.

Information Collection and License Issuance

Starting July 1, 2022 owners of residential units covered by the Rent Ordinance would be required to submit the following information to the Rent Board under the terms of the proposed ordinance:

- Mailing address for the unit.
- Name and business contact information (address, phone number, email address) of the owner or property manager.
- Business registration number for the unit, if applicable.
- Approximate square footage and number of bedrooms and bathrooms in the unit.
- If the unit is vacant or occupied.

- If the unit is vacant, the last date of occupancy; and, if it is occupied, the date the occupancy commenced.
- The base rent in \$250 increments for tenant-occupied units and whether the base rent includes utilities (i.e., water/sewer, refuse/recycle, natural gas, electricity, etc.).
- If during the previous 12 months an occupied unit became vacant or a vacant unit became occupied, the owner will be asked to include the date(s) the unit became vacant or occupied.
- Any other information that the Rent Board deems appropriate in order to achieve the purposes of the inventory as laid out in Chapter 37.

The proposed ordinance requires that this information be provided initially starting July 1, 2022 and updated annually. Owners must also update the information described above within 30 days of any change in the name or business contact information of the owner or property manager.

Upon substantial compliance with providing the required information, the Rent Board will issue the landlord a license, which permits them to impose rent increases consistent with Rent Board regulations. If a landlord does not comply with submitting this information, they will not receive their annual license, which will prohibit them from imposing annual and/or banked rent increases until they come into compliance. Once substantial compliance with housing inventory requirements is achieved by a landlord, allowable rent increases or rent banking can be imposed by the landlord prospectively. Landlords would still be allowed to file petitions to pass through costs to tenants for costs such as capital improvements, utility cost increases, and other costs allowed to be passed through to tenants by the Rent Stabilization and Arbitration Ordinance. The Rent Board will likely only get involved with suspending an owner's license if a tenant challenges a rent increase and discovers noncompliance with submitting information to the inventory.

Surcharge Collection

To cover the administrative costs of creating and maintaining a housing inventory, the proposed ordinance allows for a surcharge to be added to the existing Residential Rent Stabilization and Arbitration fee. The surcharge will be calculated by dividing total costs by the number of covered rental housing units. The surcharge will be collected similar to how the existing fee is collected, and the landlord may recover 50 percent of the surcharge from tenants occupying a unit as is now allowed for the current fee. The surcharge would cover administrative costs only and would not be intended to generate extra revenue. Any surplus collected in a given year would reduce the surcharge in the following year.

Process for Collecting Information and Developing an Inventory

The proposed ordinance requires owners of residential rental units covered by Chapter 37 to report the requested information as outlined above annually on July 1. The Rent Board will use a form to collect this information. The ordinance gives the Rent Board the latitude

to develop an electronic form or secure internet website for owners to submit the required information electronically rather than a paper form if they choose. Many cities have created similar rental housing databases through a combination of pre-populated, existing data sources and outreach to residential rental property owners to submit and verify or correct existing information.

Exhibit 1 below shows the initial information sources that a subset of cities that we surveyed used to create their rental housing databases. These sources include a combination of existing information on rent stabilized units, Assessor’s office information, and business tax license registration data to create their databases. After compiling an initial list of properties to include in their systems, many of these cities relied on community outreach, landlord engagement, information sessions, and online databases to check if a property was registered and to more fully populate their databases. This information provides an example of how other cities have approached populating their databases and may be useful as San Francisco considers leveraging existing data sources in creating its rental housing inventory.

Exhibit 1. Examples of Data Sources for City Housing Database Development

City ¹	Initial Data Sources
Alameda	<ul style="list-style-type: none"> • Business License Database
Fresno	<ul style="list-style-type: none"> • County Assessor’s Office Data • Deed Review of Property & Owners’ Addressees • Business Tax License (Required for residential lessors of 6+ properties)
Los Angeles	<ul style="list-style-type: none"> • Database of Rent Stabilized Ordinance-Covered Properties
Mountain View	<ul style="list-style-type: none"> • Multifamily Inspection Program • Manual Comparison with County Assessor’s Data

Source: BLA Interviews with representatives of each city

¹ The City of Santa Cruz is not included because they have yet to implement their registry. Berkeley, El Cerrito, Long Beach, and San Jose are not included because we did not receive information on this element.

Estimated Costs of Creating a Housing Inventory in San Francisco

Assuming the Rent Board chooses to create an online, electronic system for developing its rental housing inventory, we have estimated the costs of creating and maintaining the proposed rental housing inventory and estimated the amount of the associated surcharge to the Rent Board fee to cover the costs of establishing and maintaining the inventory.

In a 2019 Policy Analysis Report, the Budget and Legislative Analyst (BLA) researched and estimated the possible costs of creating and maintaining a rental registry in San Francisco, identifying the costs and benefits associated with implementing a tenancy registration.² The 2019 BLA report focused on the costs of creating and operating a registry of all rent stabilized units in the City to enable more active enforcement of the City's Rent Stabilization Ordinance. The 2019 report also includes estimates of the potential costs of staffing a rental registry and enforcing its requirements. Information from the 2019 report helped inform the cost estimates in this analysis. However, as mentioned above, under the proposed ordinance the Rent Board will not use the information collected to create a rental registry as described in California Civil Code Sections 1947.7 – 1947.8, which establish certain provisions governing allowable rent increases and other matters in regulated rental units related to complying with rental registry requirements that may be inconsistent with San Francisco's Rent Stabilization and Arbitration Ordinance.

While the purpose of the proposed ordinance is different than creating a rental registry, the concept of using an online system to have landlords enter information about their rental units is similar to what cities in California have done and are currently doing as part of their rental registries; hence, these cities provide useful examples of costs that San Francisco might incur in establishing a housing inventory. The 2019 BLA Report identified eight cities in California that have rental registries for rent control or stabilization purposes.³

This current report revisited three cities included in the 2019 BLA analysis - Berkeley, Los Angeles and San Jose - while also contacting and reviewing housing registry costs and staffing in six additional cities: Alameda, El Cerrito, Fresno, Long Beach, Mountain View, and Santa Cruz. These cities' registries all contain data on rental housing but reflect a diversity of uses and approaches. All of the cities except for Santa Cruz have implemented their registries. The City of Santa Cruz does have a rental housing inspection registry used for code enforcement purposes but has also explored developing a broader use registry of all rental housing units that would have the capability to be used for data analysis. The City of Fresno's registry is used for rental housing inspection and not for rent stabilization purposes. Information collected from these cities varies in detail and specificity. We chose a subset of the cities contacted to use as the basis for our cost and staffing estimates depending on the reliability and relevance of the information.

² Budget and Legislative Analyst, Creating a Rental Registry in San Francisco Report Prepared for Supervisor Fewer. April 16, 2019. <https://sfbos.org/sites/default/files/BLA.RentalRegistry.041619.pdf>.

³ The cities included were Berkeley, Beverly Hills, East Palo Alto, Los Angeles, Richmond, San Jose, Santa Monica, and West Hollywood.

Cost Estimates to Implement and Maintain a Housing Inventory

Using information from cities in California that have already developed or are interested in development of a system to collect residential unit data, we developed a range of estimates for initial implementation and ongoing maintenance costs for a rental housing inventory in San Francisco. Costs to develop systems in other cities varied widely, resulting in a wide range for our estimates. Further, cost information from a number of cities contacted was not available or reliable.

Implementation costs would cover the creation of the new database including collection and verification of third party data, collection of new source data when needed, and managing rollout of the new system to its users. As compared to ongoing operations staffing costs, ongoing system maintenance costs would cover updating the application with patches or new features after it is operating, checking for data errors and possible intrusions, checking for hardware faults, and correcting any system malfunctions that arise in daily operations.

Estimated Year 1 System Implementation and Ongoing System Maintenance Costs

Exhibit 2 below provides cost estimates for Year 1 system implementation of a housing inventory and ongoing annual system maintenance costs per housing unit for the cities of Los Angeles and Santa Cruz.⁴ We chose to focus on these two cities because: 1) We received reliable cost information from each; 2) Los Angeles's customized system is at a scale that can be better compared to San Francisco; and, 3) Despite not having implemented its registry yet, the City of Santa Cruz provides an example of using a housing database for multiple purposes, including rental housing inspection, analyzing rent information, and generating reports.

The cost for developing and maintaining an online housing database system, not including ongoing operations staffing, ranged from \$0.71 per housing unit in the City of Los Angeles to \$3.85 per housing unit in Santa Cruz for Year 1 implementation. As mentioned above, implementation covers collecting, assembling, and verifying housing unit data from existing databases, data collection efforts for housing units not captured in existing databases, and implementing the new application's functions such as a portal for online information collecting and updating.

Ongoing annual system maintenance costs per housing unit (again, not including operations staffing) are \$2.10 for the City of Santa Cruz estimate.⁵ Applying this amount to the City of San Francisco's rental housing stock, we derive the Year 1 and subsequent

⁴ The cities of Alameda, Berkeley, El Cerrito, Fresno, Long Beach, Mountain View, and San Jose are not included in this cost estimate portion of the analysis. Alameda and Mountain View are smaller cities that both use the same systems as Los Angeles and Santa Cruz (in the planning stage), but their costs were considered dissimilar to San Francisco due to the economies of scale that can be realized in cities the size of Los Angeles or San Francisco. The City of Berkeley was not included because its costs are much higher per unit, as discussed in the 2019 BLA Report. The City of El Cerrito is not included because of its small size and limited registry. The City of Long Beach did not provide information on costs. San Jose was unable to provide cost estimates for the system itself that did not include staffing. For Fresno we were not able to extract system development costs from staffing and the purpose of their registry is for inspection, which meant much higher costs for staffing and equipment to conduct the inspections.

⁵ Ongoing system costs for the City of Los Angeles are unknown

years' costs as long as the system is in use. As mentioned above, maintenance costs would include updating the application with patches or new features and correcting any system malfunctions that arise in daily operations. The City of Los Angeles did not report ongoing system maintenance costs as they could not be separately accounted for by City staff.

Exhibit 2. Rental Housing Database Implementation and Ongoing System Maintenance Costs per Housing Unit in Other Cities

City	Purpose	Number of Rental Housing Units	System Implementation Costs ⁶	Ongoing Annual System Maintenance Costs ⁷	Total Costs Year 1	Cost Per Housing Unit, Year 1	Ongoing System Maintenance Costs Per Unit (Annual)
Los Angeles	Rent Stabilization	600,000	\$427,000 ⁸	N/A	N/A ⁹	\$0.71	N/A
Santa Cruz ¹⁰	Analysis, Rental Inspection	20,000	\$35,000	\$42,000	\$77,000 ¹¹	\$3.85	\$2.10

Source: City Interviews, Online Registry Information, and 2019 BLA Analysis

Note: Both Los Angeles and Santa Cruz systems costs above reflect use of 3Di's system

A number of factors concerning how the system is designed and the functions it includes will influence costs. Using third-party vendors with pre-designed, out of the box software often offers lower start-up and maintenance costs as compared to custom development of a system. 3Di, a vendor based in Southern California, is a commonly used option by other cities and counties and operates as a cloud-based platform. Their estimated entry-level cost for a housing database for San Francisco is on the lower end for implementation and ongoing system maintenance costs compared to what other cities report spending, even though many of those cities used 3Di to develop their systems in prior years (perhaps before the company developed and priced its software package at its now reportedly lower cost). However, customization and add-on features that provide integration with city payment systems or offer case management will increase any lower initial costs by an amount to be determined by the number and extent of functions a city wants to include.

The system implementation and maintenance cost estimates shown above in Exhibit 2 are from cities currently using or, in the case of the City of Santa Cruz, considering using 3Di as their vendor. While we reached out to other cities that pursued non-3Di options we were not able to get reliable cost estimates for developing and maintaining a system

⁶ Based on 3Di system costs

⁷ Based on 3Di annual subscription/ongoing system costs

⁸ Cost from 2019 BLA Analysis

⁹ Ongoing costs included in the \$427,000 implementation costs

¹⁰ City of Santa Cruz estimates are based on a proposal from 3Di and are not final, approved costs

¹¹ In Santa Cruz, Year 1 Costs were reported as the sum of one-time implementation costs (\$35,000) and system maintenance costs (\$42,000)

using internally developed or other third-party tools. This is a limitation of these estimates. However, while the City of Los Angeles uses 3Di, the company created a customized, proprietary system so their cost structure provides a slightly different point of comparison that is more applicable to potential costs for a custom system.

The basic 3Di package reflected in the Santa Cruz estimates includes support for cleaning, preparing, and uploading housing data to a cloud-based database, a portal for property owners to log-in, review, and correct information, data dashboards, and a set of “genie hours”¹² to provide customized support. Other functions such as a payment portal, case management, and others could be added by 3Di if wanted by the City, though we did not obtain cost information for such additions.

We do not endorse nor recommend a 3Di system but rather present this information as a lower-cost option that other cities and counties in California have utilized and that we recommend be considered by the City if it chooses to create a housing inventory using an out of the box software package instead of a custom-designed system. The company’s competitors such as Salesforce, should also be considered if the City chooses to use a software package.

Applying Estimates to a San Francisco Housing Inventory

According to American Community Survey data from the U.S. Census Bureau there were 393,975 housing units in San Francisco County as of 2018 of which 135,275 were owner-occupied, 224,398 renter-occupied, and 34,302 were reported vacant.¹³ We assume the 224,398 rental units are covered by the Rent Ordinance through rent stabilization or just cause eviction provisions and that 9,120 of the 34,302 vacant units would be classified as rental housing since they are classified by the Census Bureau as either For Rent or Rented but not Occupied. We thus estimate that 233,518 units would be covered in the housing inventory.

Exhibit 3 below applies the higher and lower cost per housing unit estimates for Year 1 system implementation and maintenance (not including operations staffing) to an estimated 233,518 units in San Francisco. Using these estimates, the cost of implementing a housing inventory system could range from \$165,798 to \$899,044 and ongoing annual system maintenance costs could be up to \$490,388 each year thereafter. The City of Los Angeles was not able to provide us with their ongoing system maintenance costs. The 2019 BLA analysis estimated the cost of implementing a database of around \$300,000 based on the experiences of the cities of Berkeley and Los Angeles. This estimate falls within the range presented here. Ongoing operations staffing costs are separately presented and discussed in the next section.

¹² “Genie hours” are a set number of hour that a client can use for any 3Di support or special requests. The standard number of such hours included in 10 per year.

¹³ U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates

Exhibit 3. Rental Housing Inventory Year 1 System Implementation & Ongoing System Maintenance Cost Estimates for San Francisco (excludes operations staffing)

	Lower Cost Per Unit	Higher Cost Per Unit	Lower Total Cost	Higher Total Cost
System Implementation & Maintenance (Year 1 Costs)	\$0.71	\$3.85	\$165,798	\$899,044
Ongoing Annual System Maintenance Only	— ¹⁴	\$2.10	— ¹⁵	\$490,388

Source: Surveyed Cities' Registry Cost Information

Note: Assumes 233,518 rental housing units would be subject to the program in San Francisco

Ongoing Operations Staffing Cost Estimates

We focused on estimating staffing costs based on information from cities for which we could identify operations staffing for administering their database only but not program-related costs. Operations costs include activities such as public outreach and collecting and maintaining property owner information but not program-specific staffing (e.g., staff processing rent control complaints). Exhibit 4 below provides an overview of the staffing levels for registries in the cities of Alameda and Los Angeles since both of those cities' staffing is most applicable to San Francisco.

¹⁴ This is based on Los Angeles not having an ongoing cost for its annual system maintenance. Hypothetically, there could be no ongoing system maintenance costs if there is no need to cover the cost of an annual subscription or license to a third-party vendor. All ongoing costs could potentially be for staffing only.

¹⁵ See above

Exhibit 4. Ongoing Operations Staffing Levels for City Housing Databases in Two Comparison Cities

City	Number of FTEs	Number of Rental Units	FTEs Per 10,000 Units
Alameda	1.25 ¹⁶	13,389	0.9
Los Angeles	18	600,000	0.3
<i>Median</i>			0.6

Source: City interviews; online database and staffing information

The cities included in Exhibit 5 reflect the two cities for which we have database maintenance-specific staffing information and that provide an example of staffing at scale for a larger city like Los Angeles.

The median number of FTEs per 10,000 housing units across these two cities is 0.6. When applied to the estimated 233,518 covered units in San Francisco this would equal a staff of approximately 14 FTEs. However, given that the scale of the inventory being considered for San Francisco is significantly larger than that of the City of Alameda, we concluded that San Francisco’s may require fewer staff, so we also used the staffing level of 0.3 FTEs per 10,000 units reported by the City of Los Angeles, which takes into consideration that city’s economies of scale. When the City of Los Angeles staffing ratio is applied to San Francisco this equates to a staffing level of approximately 7 FTEs.

The 2019 BLA Report estimated that staffing would be approximately two-thirds clerical/administrative and one-third analytical and managerial positions based on the cities profiled in the analysis. This roughly applies to the cities discussed here; however, it will be important to also include at least one Information Systems Administrator position who could help develop and maintain the database system used for the inventory if a third-party vendor is used. Or, if an internally developed system is pursued, more technical information system designers and developers may be required, and costs would increase.

Exhibit 5 below shows the estimated annual operational staffing costs for 14 FTEs of \$2,349,876 and for 7 FTEs at an annual cost of \$1,210,577. Appendix I details the cost per position and estimations of positions hired. These staffing estimates provide initial guidance for how large a staff a San Francisco rental housing inventory might require. These estimates assume fixed staffing costs between Year 1 and future years. Staffing may need to be ramped up if more intensive community outreach and assistance is needed, particularly in the first year.

¹⁶ Based on 0.5 FTE Analyst for maintaining the database and 0.75 FTE Program Assistant helping respond to registration related inquiries.

Exhibit 5. Estimated San Francisco Rental Housing Inventory Ongoing Staffing Costs

Model	Ratio per 10,000 Units	Estimated FTEs for SF's 233,518 Units	Staffing Costs
Alameda & Los Angeles Database Maintenance Operations Staffing Only	0.6	14.0	\$2,349,876
Los Angeles Database Maintenance Operations Staffing Only	0.3	7.0	\$1,210,577

Source: Estimates based on city interviews, BLA 2019 Analysis

The staffing estimates do not account for the variety of covered units in the cities interviewed and level of outreach involved in informing owners about the inventory. For example, a city with many smaller property owners that have units in smaller buildings (i.e., single family homes, duplexes, and buildings with fewer than four units) may be more challenging to get information from and submitted into the inventory compared to larger buildings with many units and more formal property management and business structures. This may affect outreach staffing needs and overall costs. In addition, these staffing estimates do not account for potential spillover costs. For example, having owners submit the information to the housing inventory may also lead to increases in owners filing petitions for passthroughs to increase rent or tenants filing petitions, which could increase the Rent Board's workload related to processing these other types of filings.

Total Cost Estimates

Combining system implementation and maintenance costs with operations staffing costs provides a range of estimates for both Year 1 implementation and ongoing costs. Using the lowest and highest cost estimates, Exhibit 6 below shows that Year 1 staffing and system development costs could range from approximately \$1.4 to \$3.3 million and ongoing staffing and system costs could range from \$1.2 to \$2.8 million. This assumes fixed staffing costs for Year 1 and ongoing.

Exhibit 6. Estimated System and Staffing Costs for a Housing Inventory, Year 1 and Ongoing

	<u>Year 1 Costs</u>	<u>Ongoing Annual Costs</u>
INVENTORY SYSTEM IMPLEMENTATION AND MAINTENANCE		
Low	\$165,798	—
High	\$899,044	\$490,388
OPERATIONS STAFFING		
Low	\$1,210,577	\$1,210,577
High	\$2,349,876	\$2,349,876
TOTAL		
Low	\$1,376,375	\$1,210,577
High	\$3,248,920	\$2,840,264

Financing the Housing Inventory

Estimating the Rental Housing Inventory Surcharge

As detailed in the proposed ordinance, there will be a surcharge added to the existing Rent Stabilization and Arbitration fee based on the costs of operating the registry divided by the number of covered units, which we assume to be 233,518. Exhibit 7 below details the range of fees based on total cost estimates for the highest and lowest cost options for a Citywide rental housing inventory in San Francisco and the corresponding surcharge. Based on the costs presented below, the surcharge could range from \$5.89 to \$13.91 per unit for Year 1 with an ongoing annual surcharge ranging \$5.18 to \$12.16.

Exhibit 7. Annual Housing Inventory Surcharge Estimates, Year 1 and Ongoing, assuming 233,518 rental housing units

	Lowest	Highest
Year 1 Total Cost	\$1,376,375	\$3,248,920
Year 1 Fee Per Unit	\$5.89	\$13.91
Ongoing Total Cost	\$1,210,577	\$2,840,264
Ongoing Fee Per Unit	\$5.18	\$12.16

Source: Based on estimates presented in the analysis

Conclusion

The Budget and Legislative Analyst built off its 2019 Policy Analysis report on city rental registries to consider the implementation process and potential costs San Francisco might undertake to create a housing inventory of all residential rental units covered by the Rent Ordinance. By interviewing nine cities that implemented or are considering implementing rental housing databases either for rent stabilization/control, research and planning, or rental housing inspection purposes, we found a wide range of estimates for what a housing database system might cost to implement and for ongoing operations. Year 1 implementation and staffing cost estimates ranged from approximately \$1.4 million at the lower end to \$3.3 million at the higher end. Ongoing system and staffing cost estimates ranged from \$1.2 million at the lower end to \$2.8 million at the higher end. Lower system implementation and maintenance costs (excluding ongoing operations staffing) may be possible if the City chooses to solicit competitive bids for an out-of-the-box software package with limited functionality rather than a custom-designed or high functionality system.

This range of costs makes a number of estimates and assumptions about the simplicity of the system, its functions, and overall staffing needs. Decisions made with regards to these elements will influence overall costs and could result in higher or lower estimates. A surcharge to cover the operations of the housing inventory could be as low as approximately \$5 per unit and as high as approximately \$14 per unit.

Appendix I: San Francisco Staffing Estimate Details

These staffing estimates provide greater detail to the estimates outlined in Exhibit 7. These salary costs are based on Budget Year 2019-20 salaries and benefits.

Classification	Annual Salary and Benefits	14 FTEs	Costs for 14 FTEs	7 FTEs	Costs for 7 FTEs
1024 IS Administrator-Supervisor	\$188,159	1	\$188,159	0.5	\$94,080
1023 IS Administrator III	\$175,976	1	\$175,976	1	\$175,976
1827 Administrative Services Manager	\$171,182	1	\$171,182	0.5	\$85,591
1822 Admin Analyst	\$147,058	1	\$147,058	1	\$147,058
1823 sr. admin analyst	\$169,605	1	\$169,605	0	\$0
Subtotal mgt./analyst staff		5	\$851,979	3	\$502,704
1404 Clerk	\$96,407	3	\$289,220	1	\$96,407
1406 Senior Clerk	\$99,526	2	\$199,053	1	\$99,526
1408 Principal Clerk	\$126,692	2	\$253,384	1	\$126,692
1410 Chief Clerk	\$143,132	2	\$286,264	1	\$143,132
Subtotal admin. staff		9	\$1,027,921	4	\$465,757
Total Salaries and Benefits			\$1,879,901		\$968,461
Estimated Materials and Supplies @25%			\$469,975		\$242,115
Total		14	\$2,349,876	7	\$1,210,577

Source: BPMS FTE Cost Report FY 2019-20