MEMORANDUM

CSFRA, Community Development Department

DATE: June 29, 2020

TO: Rental Housing Committee

FROM: Andrea Kennedy, Analyst I
Anky van Deursen, Program Manager

SUBJECT: **Implementation of Database for CSFRA Rental Properties**

RECOMMENDATION

To consider adopting a resolution and regulations for a mandatory database for Community Stabilization and Fair Rent Act-covered rental properties.

BACKGROUND

Due to the scope and breadth of the Community Stabilization and Fair Rent Act (CSFRA), with around 15,000 rental units being covered by the program, implementing the CSFRA in an effective and efficient manner requires a reliable, well-functioning information technology (IT) system that is able to receive, store, and retrieve a potentially significant volume of data to ensure data integrity, improve staff efficiency, and prevent errors caused by missing or misidentified information received from the public.

On August 27, 2018, after having solicited proposals for a database management system through a Request for Proposals, the Rental Housing Committee (RHC) approved a contract with 3Di, Inc., to develop a centralized data management system capable of supporting the different types of information necessary to support the regulations.

In fall 2018, staff from CSFRA and IT started their collaboration with 3Di, Inc., to develop a data management system. On January 8, 2019, Phase I—Online Property Registration was launched, which coincided with the invoice mailing of the Fiscal Year 2018-19 Rental Housing Fees. All CSFRA property owners were informed in an addendum to the invoice of the opportunity to register their rental properties through an online portal. Property

registration allows owners/property managers to support the following types of information online:

- Owner/property management information;

- Rental property information;

- Rental unit information;

- CSFRA exemptions;

- User manual; and

- Management of multiple properties.

On June 24, 2019, the RHC received an update on the development of the database management system when Phase II of the implementation was released. This second launch allows property owners to submit required notices to the City through the online portal. The online CSFRA Required Noticing Submittal module of the database system allows property owners to comply with their obligations to submit copies of certain notices to the RHC. Property owners first register their property online and then have the ability to submit the following documentation:

- Termination notices;
- Banked rent increase notices; and
- Tenant buy-out information.

Staff is currently working with 3Di, Inc., on the implementation of Phase III of the database, including online tenant and property owner petition modules. Tenant Petition A: Unlawful Rent and Tenant Petition B: Failure to Maintain Habitable Premises or Decrease in Housing Services or Maintenance are in the testing phase, while Tenant Petition C: Undue Tenant Hardship is planned to be released for staff testing within the next few weeks. Staff is currently also modifying the noticing submittal module, including the new Chapter 10 regulations requiring property owners to submit tenant move-out information. Once all phases of the database are developed, it will allow tracking and reporting of all major components of the CSFRA and covered rental units.
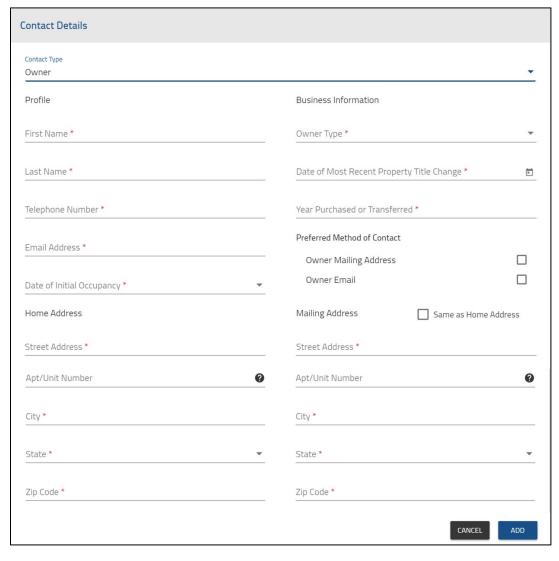
ANALYSIS

Rent Stabilization Program staff has been working with 3Di, Inc., to develop a comprehensive data management system for the effective implementation of the CSFRA.

The CSFRA and its regulations require property owners to submit certain notices and documentation to the RHC to track data and monitor compliance with regard to CSFRA-covered units. Staff implemented the database with the intention and capability for property owners to easily and efficiently manage their property and maintain compliance with the CSFRA while at the same time allowing staff to collect and analyze data regarding Mountain View's rent-stabilized units.

The database management system provides property owners the convenience of using one platform to manage their property information and comply with the RHC's noticing requirements. The current system has the ability to collect and store information to create reports on key data points that are imperative to the processing and analyzing of rental property data of covered CSFRA units.

The property registration portion of the CSFRA database currently includes basic information, such as the property owner's contact information; property manager's contact information, if applicable; and the number and type of units on the property. Once the registration is completed, a property owner has the ability to utilize the database for other purposes, including submitting required documentation as mentioned above.

Figure 1: Rental Property Fields

The database also allows for property owners to submit per-unit information. This type of information would allow for data collection on unit type, occupant type, tenant turnover and vacancy rates, base rent amounts, annual general adjustment (AGA) rates, the amount of AGA applied to rent-stabilized units, and the allowable amount of AGA banked for future use for each unit.

Figure 2: Unit Registration Fields

Part of the Phase II implementation gave staff the ability to design e-mail templates for bulk distribution, specify individual users/groups to receive mailings, and generate ad hoc reports based on specific search criteria. The bulk e-mail feature is currently largely unusable due to the lack of property registration. The ad hoc report feature is currently only used to generate reports on required submitted documentation, such as termination notices and banked rent increase notices. The ad hoc report feature has the potential to search and create reports on any data point entered into the system. A mandatory database would allow staff to run reports on all data points, such as number of partially and fully covered units, AGA increases, vacancy rates, etc.

Other Jurisdictions

All but one of the other rent stabilization jurisdictions in California require mandatory registration. The one city that does not have a mandatory registration is currently looking into creating mandatory online rent registry programs. In jurisdictions with mandatory registration, property owners who fail to register their property are prohibited from issuing rent increases. Likewise, if the RHC adopts mandatory registration, any property owner who does not register would not be considered in compliance with the CSFRA and, therefore, unable to increase rents or file a petition for upward adjustment of rent.

Table 1: Registration in Rent Stabilization Jurisdictions

City	Online Registration	Mandatory Registration	Owner/Manager Info and Unit Summary	Per-Unit Details Required
Berkeley	Yes	Yes	Yes	Yes
Santa Monica	Yes	Yes	Yes	Yes
Los Angeles	Yes	Yes	Yes	Yes
West Hollywood	No	Yes	Yes	Yes
Oakland	No	Yes	Yes (owner/manager info only)	No
San Jose	Yes	Yes	Yes	Yes
San Francisco	No	No	No	No
Beverly Hills	Yes	Yes	Yes	Yes
East Palo Alto	No	Yes	Yes	Yes
Alameda	Yes	Yes	Yes	Yes
Richmond	No	Yes	Yes	Yes

CSFRA Database

While the CSFRA database has the capacity to collect a robust amount of key data related to CSFRA rental units, similar to other rent stabilized jurisdictions as indicated above, it is currently heavily underutilized.

A fully populated database is key to effectively and efficiently run all components of the CSFRA program for the following reasons:

1. <u>Greater Compliance</u>. Requiring property owners to submit rental information serves the purpose of making lawful rent levels transparent to both the tenant and the property owner.

2. <u>Supports the Petition Process</u>. Required registration improves the ease of administering the petition process by providing the hearing officer with clear data on allowable rent levels and other pertinent information.

3. <u>Improves Billing Accuracy</u>. Required registration improves the accuracy of applicable rental unit data as property owners are required to update their exempt status of rental units and update the basic information on an annual basis. This will improve the calculation of rental housing fees and produce accurate invoices.

4. <u>Bolsters Outreach Opportunities</u>. Required registration improves the accuracy of end user contact information and, therefore, improves outreach efforts, creating more awareness of the latest updates on the Rent Stabilization Program.

Currently, only 31 properties of over 650 CSFRA-covered rental properties have registered. With these low levels of registration, the database is not realizing its purpose and full potential. A fully populated database would ensure a full data set as well as the ability for staff to communicate economically and efficiently with property owners and provide online tools and resources for efficient, accurate, and reliable functioning of the CSFRA program. A mandatory database is also necessary for efficient and timely collection and prompt processing and analyzing of rental property data. However, due to the lack of registration of housing providers and lack of pertinent information collected, the database currently has limited use.

In case the RHC would like to consider making the CSFRA database mandatory, please find attached draft regulations (Attachment 1)

FISCAL IMPACT

The adoption of regulations is not anticipated to affect the budget of the RHC.

PUBLIC NOTICING — Agenda posting.

AK-AVD/TG/6/CDD/RHC
812-06-29-20M-1

Attachment: 1.   Draft Resolution to adopt Chapter 11 — Registration
                     Exhibit A: Draft Regulations for Registration