



CITY OF MOUNTAIN VIEW

MEMORANDUM

Community Development Department

DATE: September 11, 2017

TO: Rental Housing Committee

FROM: Anky van Deursen, Associate Planner
Wayne Chen, Acting Assistant Director of Community Development
Roger Jensen, CIO/Information Technology Director

SUBJECT: Proposed Information Technology System including Database/Registry

RECOMMENDATION

That the Rental Housing Committee (RHC) approve the development of the proposed information technology system to implement the Community Stabilization and Fair Rent Act (CSFRA) effectively and efficiently.

BACKGROUND

On November 8, 2016, Measure V, otherwise known as the Community Stabilization and Fair Rent Act ("CSFRA" or "Act"), was passed by the voters. The stated purposes of the CSFRA are "to promote neighborhood and community stability, healthy housing, and affordability for renters in the City of Mountain View by controlling excessive rent increases and arbitrary evictions to the greatest extent allowable under California law, while ensuring Landlords a fair and reasonable return on their investment and guaranteeing fair protections for renters, homeowners, and businesses" (Section 1700).

In order to achieve these purposes, the CSFRA provides for Annual General Adjustments (AGA) of rent, allows tenants and landlords to file petitions seeking individual rent adjustments, requires landlords to submit certain information to the RHC, such as copies of Just Cause termination notices (Section 1705(g)), and requires landlords to pay annual Rental Housing fees to ensure full funding of reasonable and necessary expenses to implement the CSFRA (Section 1709(j)(1)). Additionally, the RHC makes certain policy and programmatic decisions to implement the CSFRA.

In addition to the scope of the CSFRA, over 15,000 units are fully covered by the program, and additional units are covered solely under the CSFRA's Just Cause provisions. Due to the scope and breadth of the CSFRA, implementing the CSFRA in an

effective and efficient manner will require a reliable, well-functioning information technology (“IT”) system that is able to receive, store, and retrieve a potentially significant volume of data. Ideally, the system should be able to run key reports, look up pertinent information related to CSFRA units, and facilitate compliance with the CSFRA. Additionally, a system that can communicate with other City programs and systems, such as the multi-family inspection program or the fee billing process, can greatly streamline key parts of CSFRA administration. All cities in California with a rent stabilization program use an IT system to help administer their programs.

An IT system will require up front capital and ongoing operating costs. To the extent that a system is not implemented or is not sufficiently robust, it is likely that greater staffing resources will be needed to handle the various tasks related to administering the CSFRA. If there is a high volume of tenant and/or landlord activity, the lack of an appropriate IT system may require even higher levels of staffing, especially if the activity includes more resource-intensive tasks such as researching records, ensuring compliance of units, or administering the petition process. To the extent that a greater volume of activity translates into greater volumes of data and history that must be stored, the presence of an effective IT system would provide essential administrative capabilities.

In February 2017, the City Council appropriated \$75,000 during the Midyear Budget process for an IT system to facilitate administration of the CSFRA. In June 2017, the City Council appropriated an additional \$50,000 for an IT system, bringing the total to \$125,000 in funds appropriated by the City Council. The City will be seeking reimbursement of this appropriated amount during the RHC budget process. Over the past several months, staff has researched IT systems used in other rent-stabilization cities, as well as potential vendors and the identification of the needs of an IT system for the requirements of the CSFRA.

The next section of this memo summarizes staff’s research and the key areas of consideration for a CSFRA IT system. The options for Internet-based software allow varying degrees of rental property data collection and ability to reliably track CSFRA compliance with regard to covered rental units.

ANALYSIS

As mentioned above, a sufficiently robust IT system can greatly facilitate the effective and efficient implementation of the CSFRA. The IT system can include different parts, including “core functionality,” composed of software and hardware to run a database and registry that stores key data and records on rental units covered by the CSFRA. Examples of such data include, but are not limited to: certain rental property

information such as property and unit addresses, owner/manager contact information, number of units, tenant turnover and vacancy rates, AGA rates, the amount of AGA applied to rent-stabilized units and the amount of AGA banked for future use for each unit, compliance with the CSFRA, payment of annual fees, termination notices filed, and tracking of tenant and landlord petitions.

Additionally, on July 24, 2017, the RHC voted on a policy that may require additional data to be gathered and recorded in order to effectively implement the policy. The RHC elected to adopt a maintenance of net operating income (MNOI) fair return standard based on the Consumer Price Index (CPI) rental housing index, a subcomponent of the comprehensive CPI-U index that measures the rate of rent increases, instead of the CPI-U itself, which is the basis of the AGA. Having two separate CPI standards is not typical for a rent-stabilization program and may result in additional data tracking needs. With approximately 15,000 CSFRA units, the ability for landlords to easily input and update rent data for all of their units, and the availability of a database to record the data, becomes vitally important.

In addition to the core functionalities, the IT system could also include an online presence for stakeholders that would provide tools and resources for landlords and tenants under the CSFRA in order to facilitate compliance with and education about the CSFRA. These online capabilities could include, for example, the ability of landlords to input information on their properties and units, provide information on rents, update their contact information, pay the annual CSFRA fees, file copies of termination notices, or file a petition. The ability for landlords to be able to manage their property online can automate certain essential data-gathering and processing tasks related to the CSFRA; reduce the amount and cost of mailings between landlords, tenants, and the City; and mitigate the amount of paperwork that staff would need to manually intake and process.

As shown in Table 1 below, all rent-stabilization jurisdictions have some type of IT system set up with different levels of robustness. Staff has contacted each of the cities to conduct initial research on the different types of systems and processes that may exist. Unfortunately, staff found there are no off-the-shelf rent control software systems that allow landlords and tenants to administer their information via an online web portal. These agencies are either using paper forms with costly, labor-intensive processing in-house with a lightweight data management system (e.g., MS Access or Excel) or use custom software systems designed and developed for them at significant cost. Staff is currently evaluating traditional “Land Management” software systems for this program. Although Land Management systems are not designed specifically for rent control programs, we are evaluating them to see if they can be configured to support

this function more cost effectively than either the labor intensive manual data management systems or the custom-developed proprietary systems.

Table 1 – IT Systems Rent Control Jurisdictions

Jurisdiction	Core Functionalities	Online Tools and Resources for Landlords and Tenants		
		Online Registration	Online Fee Payment	Online Forms
Berkeley	Proprietary	Yes	Yes	Yes
Santa Monica	Proprietary	Yes	Yes	Yes
Los Angeles	Proprietary	Yes	Yes	Yes
West Hollywood	Proprietary	No	Yes	Printable PDF
Oakland	Proprietary	Yes	Yes	Yes
San Jose	Salesforce/CivicPlus Proprietary	Yes	No	Yes
San Francisco	Proprietary	No	Property Tax Collector	Fillable PDF
Beverly Hills	Proprietary	Yes	No	No
East Palo Alto	Proprietary	Fillable PDF	No	Fillable PDF
Alameda		No	No	Printable PDF
Richmond	CivicPlus/Proprietary	Yes	Partial	Yes

Based on staff's analyses, below are the components of an IT system that will help to facilitate effective administration of the CSFRA. Under each core component, key functionalities are identified, but the list is not meant to be exhaustive. It is important to note that there may not be either an off-the-shelf solution or a from-scratch solution that can provide all of the features that may be needed or desired or at least one that can be created within a feasible budget. Given this limitation, is it likely that the most effective approach will be to identify an off-the-shelf product that has some ability to be customized to the requirements and needs of the CSFRA. However, it is recommended that the RHC start with providing input on the desired functionalities. Based on that input, staff will assess the feasibility of developing a system with those functionalities and the estimated cost. Staff will present its findings and recommendations about next steps at a later RHC meeting.

Core Functionality

- Collect and Process Property Data
- Collect and Process Petition Form Data
- Collect and Process Termination Notice Data
- Track Progress of Petitions
- Create Custom Reports to Review Implementation of and Compliance with CSFRA

Online Tools and Resources

- Submittal of Property Information
- Management of Property Information through Secure Login
- Submittal of Petition Forms and Copies of Termination Notices
- Receive Up-To-Date Information on the Program

Ability to Link to Other Systems

- Linkage to the City's Multi-Family Housing Inspection Program Database in Order to Facilitate Cross-Reference of CSFRA Units that May Have Code Violations and/or Service Reduction Issues
- Linkage to the City's Geographic Information Systems in Order to Map the Location of the Units
- Linkage to the City of Mountain View's Billing System for Collection of Annual Fees

CONSIDERATIONS

Robust core functionalities in an IT system are necessary for efficient and timely collection and prompt processing and analyzing of rental property data. Having an IT system that also provides online tools and resources for end users is optimum for efficient, accurate, and reliable functioning of the CSFRA program. A system with searchable, comprehensive data on Mountain View CSFRA properties is crucial to provide seamless services, quick submittal of information, and updates. A robust IT system gives that capability. Alternatively, an option including submittal and collection of all information in paper form and manually process in house may be considered. This option may require considerably more staff time in manually inputting and processing information and creating periodic reports. This extra staff time is currently not included in the Proposed Staffing Memo. Question is how much online automation

of the data inputting and processing tasks is desired. A robust IT system will require more up front work to put in place but eventually will be more efficient and effective in facilitating compliance with the CSFRA.

QUESTIONS

- Does the RHC seek development of an IT system that includes both core functionalities as well as the proposed online presence?
- Are there any functionalities that an IT system should prioritize or that staff should assess that are not listed in this staff report?

FISCAL IMPACT

Staff will include the costs of an IT system as decided upon by the RHC in a budget proposal to be brought back to the RHC in a future meeting. Staff will also bring back to the RHC proposed product options, costs, and implementation time.

PUBLIC NOTICING – Agenda posting.

AvD-RJ-WC/AK/7/CDD
895-09-11-17M-E