City and County of San Francisco

Residential Rent Stabilization and Arbitration Board

LONDON N. BREED
MAYOR

CHRISTINA A. VARNER
EXECUTIVE DIRECTOR

MEMO

To: Rent Board Commissioners

From: Christina Varner, Executive Director

Date: February 10, 2023

Re: Budget Proposal for Fiscal Year 2023-24 and Fiscal Year 2024-25

The Rent Board's proposed budget for the next two fiscal years is attached. Also attached is the current organizational chart. The report shows expenditures for each category, with accompanying explanations of major changes from this year shown in the explanation column. The proposed budget of $17,399,510 for Fiscal Year 2022-23 is $1,105,227 more than the current year's budget due to costs associated with the Rent Board's move and related new office space tenant improvements, increases for salaries (Account Code 5010), and fringe benefits (Account Code 5130) for existing staff, professional services supporting technology and business workflow modernization, as well as ongoing workorders.

The years 2019, 2020 and 2021 saw major legislative changes impacting the department. One change brought over 50,000 units newly under the Rent Board's jurisdiction. In late 2020, legislation passed directing the department to create and maintain a housing inventory of all residential units in San Francisco ("Rent Board Housing Inventory"), where property owners would be required to report the status of their units on an annual basis, whether the unit is owner-occupied, rented or vacant, and would be issued a license to increase rents upon properly reporting. In 2021, the department became required to assess and collect its sole funding source, the Rent Board fee, which had in prior years been assessed and collected by the Office of the Treasurer and Tax Collector. Extensive Housing Inventory and Fee collection implementation took place in 2022 and continues into 2023. Other changes included the 2021 ADU requirements and subsequent implementation. Much of the Rent Board's core work has gone back to near-pre-pandemic levels, including the volume of eviction notice filings. Coupled with steady, more complex decreased housing service petition filings, increased data and records requests from other departments and the public, and continual, more administratively complicated filings under the Buyout Ordinance, the department has more demands than it has ever had in its history. To support the Housing Inventory and Fee unit and adjusted work, it was determined that the department would need to increase the number of positions. To better serve the public and accommodate the position increases, it was also determined that the increased staff size would necessitate moving into larger office space.

The Rent Board is currently budgeted for 50 full time employees (FTE). The department hired 11 new employees in Calendar Year 2022, including a temporary project coordinator to manage the department move. No new positions have been added to the budget in FY22-23. Currently, the department has 12 vacancies. 9 of these vacancies are in various stages of the hiring and recruitment process. These include one 1824 Principal Administrative Analyst to supervise the Inventory & Fee Unit, two 1823 Senior Administrative Analyst positions, one in the Public Information Unit, and one in the Finance & Operations Unit, two 1822 Administrative Analyst positions in the Public Information Unit, one 1095 IT Operations Support Administrator V, one 8173 Legal Assistant, one 2975 Rent Board Specialist, and the 0952 Deputy Director II. As certain recruitments move into the later hiring stages, a third 1823 Senior Administrative Analyst will be hired into the Inventory & Fee Unit. Hiring across the City has taken a significant amount of time. The post-pandemic landscape has brought high rates of vacancies, large numbers of employees shifting departments, and many employees newly coming from outside the City to take advantage of the numerous opportunities. Given the current hiring timeframes, the department expects that it will not be able to fill all the vacant positions currently in the hiring and recruitment process in FY22-23. Due to the vacancies, the department anticipates going into FY23-24 with salary savings of $2.3M.

In regards to the move and tenant improvements for suites in the 6th and 7th floors of the current building, the department has budgeted $2M for construction costs, after allocating costs for moving, finish work, furniture and network wiring. Additional costs involve a business workflow modernization technology project to provide complete online filing of petitions and forms and a shift to electronic documents and mostly electronic operations. Workorders with 311 and ReproMail will increase to support the increased number of public contacts and mailings brought on by the Housing Inventory and Fee collection changes, while the workorder with the Department of Human Resources will see a reduction due to the major new recruitment and hiring having been completed by mid-FY24. Significantly, as a result of the move, rent paid to the Department of Real Estate will go down by nearly half once the department vacates its existing suites.

FY22-23 has seen increased clarity on the number of dwelling units and SRO guest units subject to the Rent Board fee. In FY22, the department ended the year with a count of 225,623 dwelling units, 15,638 SRO guest units, and 50,565 exempt units. The department projects a FY23 count of 223,369 dwelling units, 15,231 SRO guest units, and 53,039 exempt units. The dwelling unit count includes an added contingency increase of 250 units due to new construction or other reasons.

Line 4600 shows the adjusted projected revenue from the main funding source, the Rent Board fee, at $13,385,552, with a small amount of other revenue for a total projected revenue of $13.4M. This number accounts for a 5% deduction for uncollected fees plus increased revenue with a 250-unit contingency increase. The Controller will determine the actual per-unit fee this spring based on the final budget approved by the Board of Supervisors minus carry forward funds. Given the costs associated with the move and tenant improvements, as well as the modernization project and ongoing wage and fringe and workorder increases, we anticipate that the fee amount will be raised in FY23-24 to $61/unit. The department currently has significant savings of $2.3M due to position vacancies in FY22-23. The available fund balance should allow the department to continue operations without having to make dramatic changes in FY23-24.

I am happy to answer any questions about the proposed budget at the February 14 board meeting.

25 Van Ness Avenue #320
San Francisco, CA 94102-6033
https://sf.gov/rentboard
Phone 415.252.4600
rentboard@sfgov.org

Dept ID Title	RNT Rent Arbitration Board

Account Level 2 Title	Account Lvl 5 Title	Account	Account Title	FY 2022-23 Original	FY23-24			FY24-25		
					Proposed	Change from FY2022-23	Discussion	Proposed	Change from FY2023-24 Proposed	Discussion
Expenditure				**16,294,283**	**17,399,510**	**1,105,227**		**14,442,066**	**(2,957,444)**	
	5010Salary Total			7,500,161	7,747,722	247,561		8,083,036	335,314	
	5130Fringe Total			3,049,162	2,917,576	(131,586)	Fringe decrease post adjustments	2,902,672	(14,904)	Fringe decrease post adjustments
	5200OHAllo Total			27,591	27,591	-		27,591	-	
		520010	Indirect Cost Reimbursement	27,591	27,591	-		27,591	-	
	5210NPSvcs Total			2,109,558	2,037,558	(72,000)	Move costs; business workflow modernization	1,287,558	(750,000)	Business workflow modernization project in maintenance phase
		522000	Training - Budget	15,000	15,000	-		15,000	-	
		524010	Membership Fees	30,000	30,000	-		30,000	-	
		527000	Prof & Specialized Svcs-Bdgt	1,781,000	1,681,000	(100,000)		931,000	(750,000)	
		535000	Other Current Expenses - Bdgt	20,000	20,000	-		20,000	-	
		521030	Air Travel - Employees	310	310	-		310	-	
		521050	Non-Air Travel - Employees	248	248	-		248	-	
		535960	Software Licensing Fees	41,000	126,000	85,000		126,000	-	
		526610	Interpreters	90,000	70,000	(20,000)		70,000	-	
		535510	Copy Machine	20,000	15,000	(5,000)		15,000	-	
		535520	Printing	-	5,000	5,000		5,000	-	
		523050	Employee Recognition	-	3,000	3,000		3,000	-	
		526000	Crt Fees & Other Compensation	12,000	12,000	-		12,000	-	
		535810	Advertising	100,000	60,000	(40,000)		60,000	-	
	5400Mat&Su Total			127,749	40,250	(87,499)		40,250	-	
		540000	Materials & Supplies-Budget	127,499	40,000	(87,499)		40,000	-	
		546990	Food	250	250	-		250	-	
	5810OthDep Total			2,480,062	2,578,813	98,751		2,100,959	(477,854)	
		581360	DT Telecommunications Services	11,538	11,713	175		11,713	-	
		581480	GF-HR-Employee Relations	3,771	3,808	37		3,808	-	
		581820	Is-Purch-Reproduction	286,383	315,022	28,639		315,022	-	
		581015	Human Resources Modernization	3,377	3,457	80		3,457	-	
		581016	Diversity Equity Inclusion	1,263	1,270	7		1,270	-	
		581140	DT Technology Projects	2,500	2,500	-		2,500	-	
		581170	GF-Risk Management Svcs (AAO)	926	994	68		994	-	
		581210	DT Technology Infrastructure	114,885	126,452	11,567		126,452	-	
		581325	DT Enterprise Tech Contracts	6,485	8,984	2,499		8,984	-	
		581430	GF-HR-Equal Emplymnt Opportuni	20,750	20,896	146		20,896	-	
		581890	GF-Rent Paid To Real Estate	1,020,434	1,055,580	35,146		565,699	(489,881)	Department expects to have vacated existing office space
		581980	GF-Tax Collector	120,000	120,000	-		120,000	-	
		581270	GF-City Attorney-Legal Service	125,000	100,000	(25,000)		100,000	-	
		581660	GF-Chf-Youth Works	9,600	9,600	-		9,600	-	
		581160	GF-Adm-General(AAO)	155,000	155,000	-		155,000	-	
		581450	GF-HR-Mgmt Training	2,200	2,200	-		2,200	-	
		581670	GF-Mayor'S - Cdbg	120,000	120,000	-		120,000	-	
		581130	GF-Con-Internal Audits	32,528	28,752	(3,776)		28,752	-	
		581165	GF-311 Customer Service Center	330,000	425,100	95,100	Inventory & Fee customer contacts support	437,127	12,027	
		581470	GF-HR-Client Svc-Recrut-Assess	91,874	45,937	(45,937)	Completion of hiring new positions	45,937	-	
		581600	GF-HR-Tuition Reimbursment Aap	11,948	11,948	-		11,948	-	
		581855	GF-Human Rights Commission Svc	9,600	9,600	-		9,600	-	
	5910OTO Total			1,000,000	2,050,000	1,050,000		-	(2,050,000)	
		591060	OTO To 1G-General Fund	1,000,000	2,050,000	1,050,000		-	(2,050,000)	
Revenue				**16,294,283**	**17,399,510**	**1,105,227**	Move and tenant improvements	**14,442,066**	**(2,957,444)**	Completion of move and tenant improvements
	4600C4Svcs Total			11,994,494	13,389,129	1,394,635		13,389,552	423	
		460171	Rent Arbitration Fees	11,990,917	13,385,552	1,394,635		13,385,552	-	
		460199	Other General Government Chrge	3,577	3,577	-		4,000	423	
	49990BegFB Total			4,299,789	4,010,381	(289,408)		1,052,514	(2,957,867)	
	49990BegFB Total	499999	Beg Fund Balance - Budget Only	4,299,789	4,010,381	(289,408)		1,052,514	(2,957,867)	

SF Rent Board-RNT

San Francisco Rent Stabilization and Arbitration Board

Position Level Chart FY 2023-24