



Council Agenda Correspondence

DATE: February 24, 2026
TO: Mayor and Council
FROM: Timmi Tway, Community Development Director
Prepared By: David Amini, Senior Planner
VIA: Whitney McDonald, City Manager
SUBJECT: ITEM 4A – RENTAL HOUSING REGISTRY STUDY SESSION

Staff received the following questions regarding a potential Rental Housing Registry. The questions are below with staff's response shown in italics:

- 1) What percentage of SLO residents are renters? How has this percentage changed since 2016?**

According to the [U.S. Census American Community Survey](#), in 2024, 59.7% of households in the City were renters. This is down approximately 4 percent from 2016, when 63.5% of households in the City were renters. The Census data is based on estimates and has a 1-2 percent margin of error.

- 2) What are the dollar amounts of rental rates in the City since 2016? What is the source of this information?**

Below are the median rents in the City from 2016-2024 according to the [U.S. Census American Community Survey](#). These figures are estimates based on self-reported information from Census respondents, not a comprehensive study of all rental units in the City. Additionally, the figures are irrespective of bedroom count or size of units. The Census Bureau claims a 2-3% margin of error for this data.

U.S. Census Median Rents – 2016-2024

*2016: \$1,323/month
2017: \$1,403/month
2018: \$1,461/month
2019: \$1,575/month
2020: \$1,611/month
2021: \$1,718/month
2022: \$1,850/month
2023: \$1,906/month
2024: \$1,965/month*

Staff also has access to real-time rental market data from [Zillow](#), which aggregates comprehensive data from all listings on its site as well as the MLS, public tax records, and other Internet data to establish a real-time average rent. The average rent has gone up since staff initially published the report and currently shows a \$3,748 per month average rent in the City. This discrepancy is likely due to the increase in the amount and potentially a change in the type of units (for example, more large single-family homes with multiple bedrooms would make the number higher than smaller apartment units) listed on the market since staff pulled the number that is included in the staff report. The Zillow average rent is a real-time number that is primarily driven by shifting market conditions and changes frequently over time.

The discrepancies between the Zillow data and Census data highlights the challenge in the City to have a comprehensive understanding of rental rates at any given time. Both sources do not directly collect verifiable information from property owners at regular time intervals.

- 3) Could the existing Business License database and existing enforcement tools be retooled to fix the City’s lack of verifiable information, for instance lack of data about the number of units and property characteristics, condition, ownership contact information, turn over, code violations, city permitting data for each unit, noise violations, eviction rates and/or rental rates and other charges of rental properties?**

The existing business license database can be modified to collect additional information and data points through the current self-reporting process. With that in mind, the business license database cannot be modified to verifiably collect and analyze this information on all rental housing units in the City without additional software, staffing, and regulations to establish an enforcement process. The resources required to complete this effort are equivalent to that of a mandatory rental registry, without the guarantee of cost recovery through fee revenue as well as tangible data insights that a mandatory rental registry could provide.

- 4) On page 12 of the report, it states that rental registry software costs about \$10-50K including start-up costs and yearly subscriptions. This is a big range, but generally, is it true that after set-up, the annual fee is a less than the start-up year (or two...however long “start-up” takes)?**

The range of software costs comes from preliminary conversations with rental registry software providers. All providers charge a fixed annual fee for program operations. Some software providers do charge additional fees during the first year of implementation to cover start-up costs, whereas others do not.

- 5) Page 14 states that we receive about \$3 million annually from business taxes, inclusive of those that are residential rental businesses. It also states that 2619 of the businesses currently registered in this system are residential rental businesses. While I understand that these 2,619 businesses do not necessarily represent 2,619 units, with a total estimated number of 14,970 rental units in the city, it appears we have very few residential rental businesses registered in our current system. This seems to indicate that there is a significant number of rental businesses that are out of compliance with our existing ordinances. Do we have any estimates of the amount of business permit and tax revenue the city could generate from bringing more rental businesses into compliance? Is this one reason for pursuing a rental registry?

It is difficult to estimate the potential for additional business tax revenue from currently non-compliant businesses based on an estimated number of units out of compliance alone. The amount of business tax that the City collects is based on the gross receipts earned by each business. Business tax is calculated at a rate of \$0.50 per thousand dollars of gross receipts, or 0.05%. In order to be able to calculate the tax that the City is not currently collecting, staff would need to have information related to the rents charged for the rentals that are currently out of compliance. Based on gross receipts provided by currently licensed residential rentals, the average gross receipts for residential rental businesses is approximately \$100,000 a year (generating \$50 of business tax).

- 6) On page 18 of the packet, staff lists a number of 2025-27 work plan items that might need to be re-prioritized if the council gave direction in the current financial plan to pursue a rental registry. It also states that many of these items cannot be postponed because they are associated with state-mandated activities. Can you please clarify which items COULD be postponed, because they are NOT associated with state mandates?

Staff listed 10 work plan items that would need to be re-evaluated or postponed. Of the 10 items, 5 are mandated by state law and cannot be postponed. The following 5 work plan items are not associated with state law requirements:

- *1.a. Organize a focus group to explore barriers to residential infill development—including specific discussions about the Downtown Core—and produce a memo to Council to help guide updates to the Zoning Regulations.*
- *2.a. Conduct an educational forum and improve the implementation of Below Market Rate (BMR) best practices to market and streamline the purchase and rental process for BMR units.*
- *3.d. Create a strategic plan for the safe housing program, and conduct outreach and engagement with a focus on both tenants and landlords.*
- *4.b. Conduct a study session with Council on Code Enforcement priorities related to safe/livable neighborhoods and receive feedback on priorities. Discuss potential updates to property maintenance standards.*

- *4.d. Create a project plan and standard operating procedures for Community Development enforcement of zoning code regulations pertaining to Greek houses. Consider potential updates to zoning code to facilitate efficient regulation of Greek houses.*

In addition, it should be noted that the Housing Team (currently two staff members, as the Principal Planner position is unfilled) of the Community Development Department are also responsible for and spend a significant amount of time on processing housing entitlements and building permits, facilitating the Below Market Rate Housing Program, managing the City's Community Development Block Grant (CDBG) and Affordable Housing Fund programs, preparing the General Plan Annual Report, collaborating with the development community on housing project concepts, responding to community inquiries regarding the City's affordable housing programs, working to ensure understanding and ongoing compliance with a continuing large volume of new housing law legislation, and other work efforts which are not directly supporting the City's Major City Goal work programs.

- 7) What number and percentage of code violations in residential zones are currently attributable to rental units? Further, how many of those involve substandard, overcrowded or unsanitary conditions in single family and duplex units in R1 and R2 zones?**

Some of these numbers could be generated with additional time, however, the analysis necessary to answer the specifics of this question cannot be completed in time for this Agenda Correspondence. Our software system does not differentiate between rental and owner-occupied units, and additional analysis with GIS would be necessary to tie code enforcement cases to underlying land use zoning and residential rental business licenses. In general, code enforcement cases opened for rental units are designated as 'Safe Housing' cases. These are not restricted to residentially zoned areas but are related to structures in which a tenant is living, and city staff has inspected for substandard conditions. These locations may be reported by the tenant, a third party or may have been discovered through a larger scale investigation. Since January 2024, 101 Safe Housing cases have been opened. This accounts for approximately 23% of all code enforcement cases (excluding neighborhood wellness violations, e.g., noise, zoning and/or general property maintenance standards violations, not necessarily implicating habitability or safe occupancy concerns) during this time period.

- 8) From our previous study session in October 2025, we learned that about 15,306 units are likely exempt from the statewide TPA law. We don't have good data at the moment about how many of these are rental units, if I recall correctly. However, because of the Costa-Hawkins Act, we can't extend rent stabilization to any units that might be rental units in this pool, correct? We only have legal authority to add eviction protections to rental units within this 15k units?

Under [state law](#) known as the Costa-Hawkins Act, the City cannot expand rent stabilization protections to any units built after 1995, or any single-family units regardless of date of construction. This means that the only rental units that could be subject to a local rent control ordinance are multifamily rental units constructed prior to 1995; these units are already subject to the state TPA. The City does not have the ability to expand rent stabilization to housing types beyond those already subject to the protections of the Tenant Protection Act. As for rent stabilization, the City could impose a more restrictive cap on rent increases (e.g., 4% instead of the maximum allowed under the TPA) but this would only apply to the types of units already protected by the TPA.

- 9) What are the options for determining or estimating the number, location, size/rooms, and rent for all rental units in the City, other than a rental registry? For example, how much data can we get from third parties such as Zillow and how accurate is it?

The data available regarding the City's rental housing stock is limited to U.S. Census data and data from private aggregators such as Zillow and CoStar. The private data does collect information from a variety of public and private sources, but is not verifiable. The private data, particularly the average rent, is influenced by market forces. For example, the average rent according to Zillow at October's study session was \$2,625 per month, whereas at the time of this report, the average rent is \$3,748 per month. This is likely due to the influx of rental listings hitting the market on Zillow for the new year, which is significantly swaying the real-time data. A rental registry would collect the actual monthly rent at a yearly interval based on verifiable information collected from property owners, leading to an accurate average rent statistic when compared to the currently available data.

- 10) Can the City require completion and submission of a rental inventory checklist for tenants and landlords?

Through the creation of an ordinance requiring mandatory submission of information with specific enforcement procedures, completion of a checklist could be required.