

Residential Vacancies in San Francisco

Policy Analysis Report to Supervisor Dean Preston

Presentation to:

LAND USE & TRANSPORTATION COMMITTEE

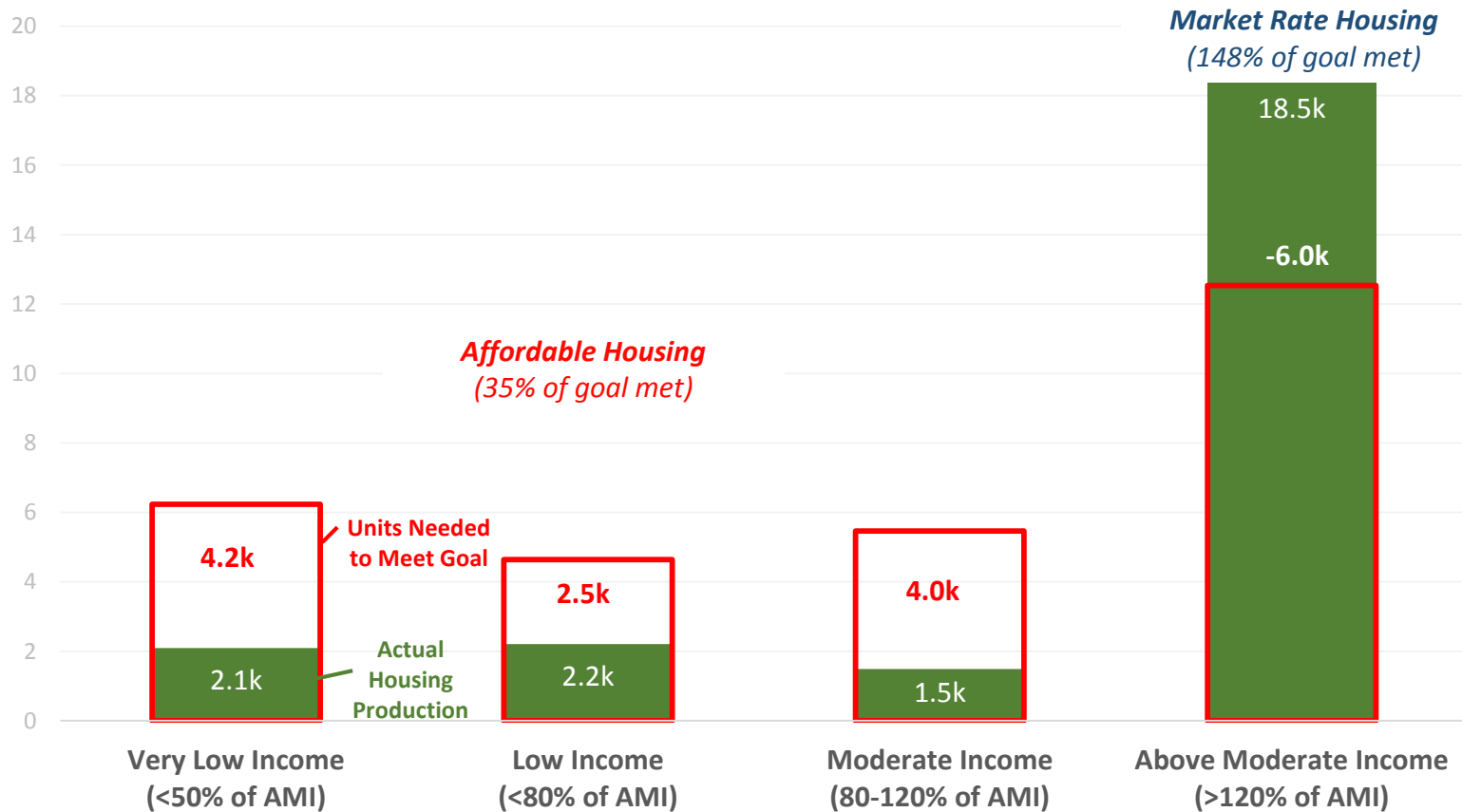
BOARD OF SUPERVISORS

CITY AND COUNTY OF SAN FRANCISCO

January 31, 2022

Housing Production not meeting Regional Housing Needs Allocation 8 Year Goals for Affordable Housing, as of end of 2020

Thousands of Housing Units (000s)



Source: San Francisco Planning, San Francisco Housing Inventory 2020

Vacant Units in San Francisco County by Year, 2010 - 2019



Source: US Census Bureau, American Community Survey (1-year estimates)

Varying reasons for vacant units

- Units **sold but not occupied**: buyer not yet able to move in
- Units sold but not occupied: buyer is **using property for investment purposes**, doesn't intend to live in it
- Owners in **care facilities** for an extended duration
- **Foreclosures**
- **Second or other non-primary homes**, only occupied occasionally
- Vacant for **personal or family reasons**
- Units used intermittently for **corporate housing**
- **Units being repaired** or owner intends to repair it in the future
- **Avoid rent control regulations** - owners wants to sell without tenants
- Being used for **non-residential purposes** (e.g., storing business supplies, equipment)
- Owners **plan to demolish** or units has been condemned

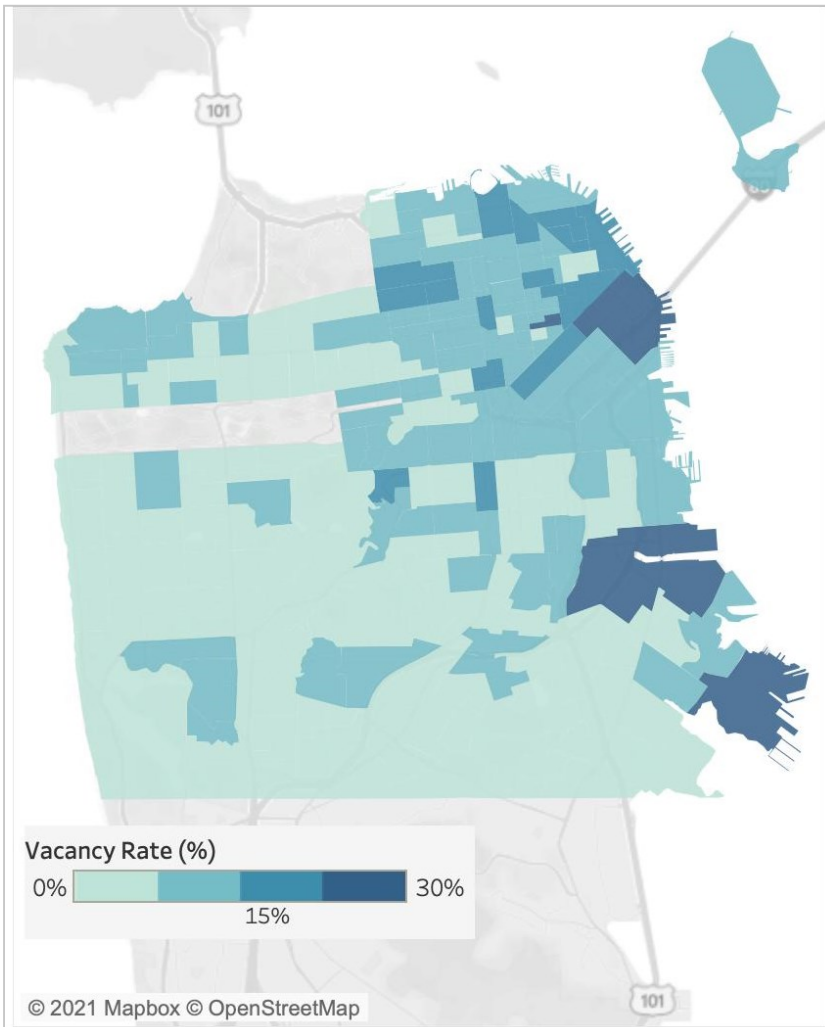
Vacant Units in San Francisco by Reason & Category Definitions

ACS Vacant Unit Category	2019 Estimate		Vacant Unit Definition
	#	%	
For Rent	7,241	18%	Offered for rent and units listed for rent or for sale
Rented, Not Occupied	2,405	6%	Rented (i.e. compensation has been paid or agreed upon) but the renter has not yet moved in.
For Sale Only	1,307	3%	Offered for sale only (i.e. does not include vacant units that are listed for sale or for rent)
Sold, Not Occupied	8,039	20%	Sold but the new owner has not moved in
Seasonal, Recreational, or Occasional Use	8,565	21%	Used or intended for part time or occasional use: used seasonally or recreationally, such as second or non-primary housing units, and timeshares.
Other Vacant	12,991	32%	Can include: held vacant for personal or family reasons, requiring or undergoing repair, corporate housing, held for use by a caretaker or janitor, subject to legal proceedings, being kept vacant for a future sale, etc.
Total	40,458	100%	

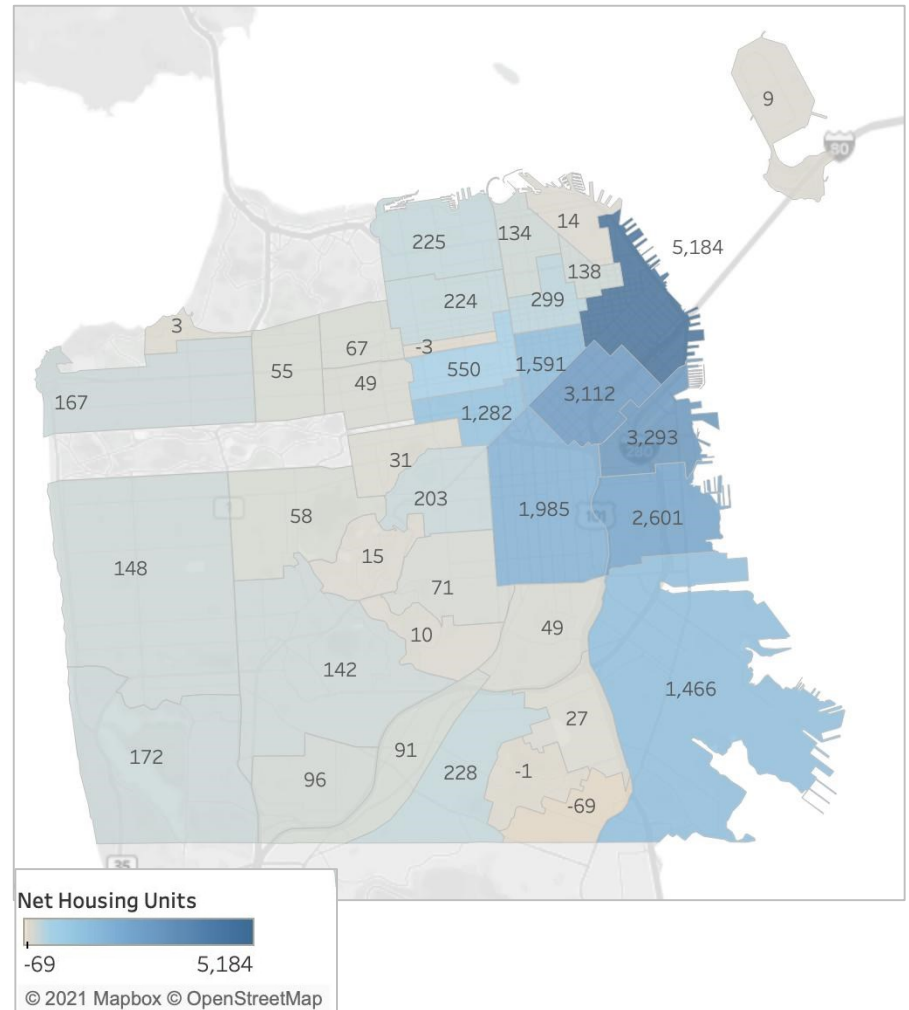
Source: US Census Bureau, American Community Survey 2019 (1-year estimates)

Vacancy Rates vs. New Housing across the City

Residential **Vacancy Rate** by Census Tract, 2019



Net Housing Units Added by Neighborhood, 2015-2020



Source: US Census Bureau, American Community Survey (1-year estimates)

Source: SF Planning, San Francisco Housing Inventory, 2020

Summary of vacancy tax approaches elsewhere & policy options

Policy Option	Description	Examples	Ease of Implementation
Flat Vacancy Tax	Fixed flat fee for vacant units triggered based on specified vacancy criteria	Oakland, CA	Voter approval. Easier to implement.
Variable Vacancy Tax	Varies based on criteria: e.g., property value, property/owner characteristics, local area characteristics	Washington, DC; Vancouver, BC	Voter approval. Moderate to Difficult
Non-Tax Based Option	Temporary expropriation or possession by the City of vacant units that meet certain criteria.	Barcelona, Spain	Difficult to implement
Combined Tax & Incentive Options	Combination of taxes above along with option for City or CBOs to offer to purchase long term vacant properties	NA	Voter approval required for tax. Moderate/ Difficult to implement.

Estimated vacancy tax annual revenues for SF using approaches from other cities

Inputs/ Assumptions	Low Estimate	Mid-Range Estimate	High Estimate
	(Low Vacancy/ Low Tax)	(High Vacancy/ Moderate Tax)	(Low Vacancy/ High Tax)
Tax Structure	\$3,000 per unit	\$6,000 per unit	\$15,000 per unit
Assumed SF vacant unit median value	NA	NA	\$1,500,000
Tax per unit	\$3,000	\$6,000	\$15,000
Assumed # of vacant units in SF	4,600	7,300	4,600
Estimated annual SF revenue	\$13,800,000	\$43,800,000	\$69,000,000
Estimated operating costs (11.3%)	\$1,554,000	\$4,931,000	\$7,768,000
Estimated Net Revenue	\$12,246,000	\$38,869,000	\$61,232,000

Source: BLA calculations based on American Community Survey 2019, City of Oakland, and City of Vancouver's Empty Homes Tax Annual Report (2020).

Policy options

- 1. Improve and incorporate information and data on the number of all vacant units and reasons for vacancy in City's new housing registry.**
- 2. Request advice from the City Attorney on legally permissible options for implementing a Residential Vacancy Tax and other policy options presented in this report.**
- 3. Consider establishing a Residential Vacancy Tax with:**
 - Reasonable exemptions for legitimate vacancies,
 - Plan for how new revenues would be spent to further support housing affordability policy goals or address root causes of housing shortages,
 - City staff to collect and report data on baseline vacancy and reasons/ types.

Questions and comments

Residential Vacancies in San Francisco

Policy Analysis Report to Supervisor Dean Preston

<https://sfbos.org/budget-legislative-analyst-reports>

Presentation to:

LAND USE & TRANSPORTATION COMMITTEE

BOARD OF SUPERVISORS

CITY AND COUNTY OF SAN FRANCISCO

January 31, 2022

Project staff: Cody Xuereb, Cody.L.Xuereb@sfgov.org

Fred Brousseau, Fred.Brousseau@sfgov.org