STATE OF WASHINGTON
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January 12, 2024

Ms. Sarah Bannister, Secretary of the Senate
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PO Box 40482
Olympia, WA 98504-0482

Mr. Bernard Dean, Chief Clerk of the House of Representatives
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Olympia, WA 98504-0600

Subject: Washington State Rental Registry Study

Enclosed is the study on a potential rental registry program in Washington conducted in response to the proviso outlined in the 2023 operating budget.

To complete this study, Commerce contracted HR&A Advisors and Artesia Systems. The work was shaped by stakeholder engagement, including input from local government representatives, housing providers, and members of the public. HR&A Advisors led the analysis, while Artesia Systems provided technical expertise for evaluations of an internally hosted software solution and survey of external software solutions.

This report provides detailed information on potential costs, implementation timelines and scopes of work for a statewide rental registry and one for the six most populous counties only. The report does not advocate for or against creating a rental registry. Its sole purpose is to provide the information requested in the proviso. Commerce does not make any recommendations about a potential state rental registry.

**Key findings:**

- A rental registry as described in the proviso would be first in the nation as it describes collecting unit level and timely data.
- Existing local rental registries focus on specific objectives such as housing quality or business licensure. Only two of the 17 existing registries in Washington collect rent amount data.
- Successful registries have a clear policy purpose, robust administrative support and enforcement mechanisms.

**Cost and timeline estimates and considerations:**

- HR&A Advisors estimate that it would take two years to implement a rental registry program with stabilization of the program reached ten years after initial launch.

- Depending on program design decisions it is estimated that the rental registry program will cost anywhere from $3.9 – $6.4 million annually.
- Statewide implementation would be costlier but provides comprehensive coverage. Limiting implementation to six large counties could reduce costs by 20–25%.
- Cost-reduction strategies, like multi-year registration cycles, could lower expenses but risk reduced data quality and compliance.

Signed,

Tedd Kelleher

Acting Co-Assistant Director
Housing Division

Washington State Department of Commerce

# Washington rental registry study

Per Section 129 of the 2023-25 operating budget

January 2024

Report to the Legislature

**Interim Director Diane Klontz**

**HOUSING POLICY AND STRATEGIC INITIATIVES UNIT**

v3.5.1

# Acknowledgments

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# Executive summary

## Overview

A rental registry is a program that creates an inventory of rental housing. At its most basic, a rental registry collects information about rental housing. This can include information about the number and location of rental homes; market data including housing type and cost; and information about the quality of homes.

Rental registries can produce data to support decisions and programs that help renters. In recent years, rents have been rising across Washington, increasing affordability challenges for many renters. The state has approximately 1,076,000 renter-occupied homes. Across regions, renters' incomes are significantly lower than the median income, and there are significant disparities in rentership by race.

## Statutory authority

In 2023, the Washington State Legislature included a proviso in its operating budget (Section 129 of ESSB 5187) directing the Department of Commerce (Commerce) to develop a report and recommendations to create or procure a registry of rental units. This report satisfies the requirements of the proviso:

> **Proviso - Section 129**: (82) $215,000 of the general fund—state appropriation for fiscal year 2024 and $345,000 of the general fund—state appropriation for fiscal year 2025 are provided solely for the department to produce a report to the legislature detailing the scope of work, cost estimates, and implementation timeline to create or procure an online registry of rental units in Washington state subject to state information system planning and oversight requirements. The online rental unit registry must have the capacity to collect and report out timely information on each rental unit in the state. Information to collect includes, but is not limited to, the rental unit's physical address, identity of the property owner, monthly rent charged, and vacancy status. The scope of work must assume integration with existing rental registries operated by local governments. Cost and timeline estimates must provide two alternatives with one assuming statewide implementation and the other assuming implementation in the six largest counties of the state. The department shall consult with landlord representatives, tenant representatives, local governments operating existing rental registries, and other interested stakeholders as part of the process of developing the scope of work and timeline for the online rental unit registry. The department must submit the report to the legislature by December 1, 2024.

## Key findings

### A registry of all rental units in the state, such as the one described in the proviso would be the first of its kind in the nation

The proviso describes a program that collects and reports timely unit-level data for all rental properties. It does not specify a purpose for the data or for the proposed rental registry. Existing state-wide rental registries are narrow in scope; they apply to a limited number of properties and support a specific objective, such as abatement of lead paint.

### Cost estimates and implementation timelines

Implementing and operating a state rental registry such as the one the proviso describes requires significant staffing, infrastructure, and investment.

- **Timing:** Implementation of the rental registry program will require several years to build staff capacity, program infrastructure, and public awareness. We estimate a two-year pre-launch phase to conduct outreach and build capacity, followed by a two-year launch phase to begin operations and pursue compliance through outreach and enforcement. The program would begin to reach stabilization in costs and in compliance rate five years from initiation,

- **Cost:** To secure high participation, a statewide program would require between about $3.9 and $6.4 million annually. Major categories of program cost include management and oversight of the program; research and information technology (IT) requirements, including data storage, data management and analysis, and reporting; outreach, marketing, and enforcement; and overhead. Program revenues may offset many or all of these costs, but program revenue will be highly dependent on achieving compliance through an extensive marketing, outreach, and enforcement effort. The program's ability to achieve cost self-sufficiency through registration fees depends on the number of registrations and the fee per registration. Financial stabilization is projected within five years of the program's initiation, assuming approximately 75% compliance. At a $15 registration fee, program costs would be fully covered, with the breakeven point potentially occurring earlier, as only 50% compliance is required. In contrast, a $10 registration fee would necessitate 80% compliance for self-sufficiency. If the registry were limited to the six largest counties, the breakeven point would remain comparable.

- **Implementation geography:** Implementation limited to the six largest counties would reduce pre-launch and launch timelines by 3 to 6 months. It would reduce application volume and create efficiencies resulting in a 20% to 25% reduction in cost. The six largest counties together account for approximately 74% of renter-occupied homes in the state. However, this option would exclude many parts of the state, including much of central and western Washington and many rural areas.

- **Cost reduction strategies:** There are a few options the state could pursue to reduce the cost of a rental registry, with tradeoffs for data quality and effectiveness. These include requiring registration on a multi-year cycle instead of annually, which would limit the timeliness of data, or minimizing staffing for data analysis and outreach and enforcement, which would significantly reduce compliance and could reduce the program’s financial sustainability. As another option, the state could minimize costs by pursuing a data collection initiative focused on understanding specific rental market conditions and trends.

## Stakeholder engagement

Engagement with a broad range of stakeholders through listening sessions and interviews provided valuable input for the design of a state rental registry and context about the operations and perceptions of existing local rental registries. Stakeholder input shaped the design recommendations and conclusions of this report.

**Key stakeholder groups:**

- **Tenants and their advocates** find merit in a rental registry if it results in better housing quality or transparency about property ownership and note that some existing registries have limited effectiveness.

- **State and local government staff** see value in producing detailed housing data and improving communication with housing providers. Operators of existing rental registries prefer to retain their programs but are open to sharing data with the state.

- **Housing providers** generally oppose a state rental registry. They see no value in added regulation and view a new program as government overreach.

### Best practices, opportunities and recommendations for a rental registry in Washington

**The most effective city- and county-level rental registries have a clear policy purpose, as well as large administrative structures and enforcement measures.** The rental registries that have the highest compliance rates typically have been in operation for many years, have adequate staffing to support enforcement, and have clear and costly penalties for noncompliance. These programs generally support the enforcement and implementation of other housing policies or programs beyond data collection.

**Compliance mechanisms that include incentives as well as regulatory or financial penalties, coupled with enforcement, will be critical to achieving participation.** The most effective rental registry programs set and enforce clear penalties that make non-compliance expensive and burdensome for property owners and have a regulatory mechanism by which they can compel compliance. For example, in Minneapolis, the city can attach unpaid fees and penalties to the property's tax bill. For properties that continue to be noncompliant, the city in some cases can revoke the owner's rental license for the property. In Washington, the state does not currently have a regulatory relationship with all rental property owners and would have to create one to enable enforcement, which may entail further discussion of policy implications for ongoing implementation and maintenance of a rental registry.

**The design of a rental registry program must also consider how best to meet its purpose while mitigating unintended consequences.** The purpose of a rental registry should inform the design of the program including the types of data collected and the structure and implementation of the registry. The design of the program will drive both the cost to operate it and its effectiveness at achieving the intended purpose. Cost and effectiveness are also directly linked; a registry with low operating costs is likely to have limited enforcement and low compliance. To ensure that the program does not increase affordability challenges for renters or exacerbate existing inequities, minimizing costs to property owners – and by extension renters – should be a design objective. This is particularly true if the rental registry does not support tenant protections.

**Integrating data from existing rental registries will be possible, but incomplete.** There are 17 cities in Washington with existing rental registries, covering approximately 40% of rental homes in the state. These city-level programs focus on ensuring housing quality. Only two collect data on rent, and most collect property-level (rather than unit-level) data. Making changes to existing registries to accommodate unit-level data collection would not be feasible. Most city programs collect data via a digital portal and could likely provide data for integration into a statewide database with some adjustments. **However**, **because most existing registries do not collect rent or other unit-level data, the proposed program would need to impose a second registration on some housing providers or lose a significant amount of data.**

# Introduction

## Rental registries collect information about rental housing

**A rental registry is a program that creates an inventory of rental housing.** At its most basic, a rental registry collects information about rental housing. This can include information about the number and location of rental homes; market data including housing type and cost; and information about the quality of homes. Rental registries usually require property owners or managers to register any properties they operate as rental homes. In many cases, registries charge a fee to offset the cost of operating the registry.

Rental registries are distinct from business licenses; however, some rent registry programs require a business license as part of the registration process. In Washington, some residential rental businesses must obtain a business license from the Department of Revenue, and many cities and counties in Washington require business licenses and permits for all rental properties. Business licenses help state and local governments enforce employment laws and collect taxes, though the state does not collect Business & Occupation (B&O) taxes for residential rental properties. Business license applications collect business data, but do not collect housing data.

## Effective rental registries serve a specific policy purpose

**Rental registries can serve a range of purposes,** including informing policy decisions that relate to housing, enabling engagement with property owners, and supporting regulation in the rental housing market. Though some are focused on facilitating contact with property owners, such as to support first responders, many support a specific goal such as enforcing another housing policy or improving housing quality.

**A registry that collects detailed market data on all rental units in the state would be the first of its kind.** Most existing rental registries operate at the city or county level, though some state-level rental registries exist. Existing state rental registries are often narrow in scope. For example, New York State's rental registry applies to rent-stabilized properties, and is therefore only applicable to some rental properties located in New York City. Maryland's rental registry focuses on lead abatement, so it only applies to older properties. Ohio requires all counties over a certain size to establish rental registries, but it has limited effectiveness and does not collect any data at the state level.

## Local registries in Washington focus on ensuring the quality and safety of rental housing

**Rents have risen in all parts of Washington, and our housing stock is aging. This creates challenges with affordability and housing quality.** The state has approximately 1,076,000 renter-occupied homes. Across the state, householders who identify as Black, Hispanic/Latino, Native Hawaiian and other Pacific Islander, or Some other Race Alone are more likely to be renters than owners, while those who identify as White or Asian are much more likely to be homeowners. Households who identify as American Indian and Alaska Native or as Two or More Races are majority homeowners, but more likely to rent than White and Asian households. Renters' incomes are significantly lower than the median income. Single-family homes make up the largest share of renter-occupied homes in each region, and 58% of renter-occupied homes are in buildings with fewer than 10 units statewide. Renter occupied units also tend to be in buildings built prior to 1979, meaning that many units are more than 40 years old. Average rents have increased by about 45% since 2015. Much of the state's housing stock faces challenges with aging and affordability.

**Existing rental registries in Washington all have similar purpose and structure.** In Washington, 17 cities, including several of the largest cities in the state, already operate rental registries to address some of these challenges. Appendix D provides an overview of existing city-level registries in Washington. The primary stated purpose of these registries is ensuring that rental housing meets basic safety standards. Some programs state secondary purposes such as data collection, support for property owners and tenants, support for first responders, and housing preservation. Of the 17 rental registry programs, 11 require inspections on a recurring schedule, three programs allow property owners to self-certify the condition of the property, and three programs have no inspection requirements at all. Because of the emphasis on inspection compliance and property condition, data collection focuses on property address and owner information. Only two registries – Olympia and Tacoma – collect rent data, and Olympia makes rent data voluntary.

# Potential design and requirements of a state rental registry

## Study background

In 2023, the Washington State Legislature included a proviso in its supplemental operating budget (Section 129 of ESSB 5187) directing the Washington State Department of Commerce (Commerce) to develop a report and recommendations to create or procure an online registry of rental units in Washington. In spring 2024, Commerce released a Request for Proposals (RFP) for consultants interested in supporting this work. Commerce awarded HR&A the contract for a portion of this work, which included four objectives:

- **Objective A.** Draft a comprehensive scope of work for a rental registry in Washington, identifying best practices, opportunities, and recommendations for the rental registry's scope.
- **Objective B.** Develop timelines for two scenarios: 1) a statewide registry rollout and 2) implementation limited to the six largest counties.
- **Objective C.** Estimate costs for statewide and county-level implementation, including both initial implementation costs as well as ongoing expenses.
- **Objective D.** Facilitate stakeholder engagement for the rental registry, including landlord and tenant representatives, local governments with existing rental registries, and other interested stakeholders.

## Artesia Systems' study of technical requirements

Under a separate agreement, Commerce engaged Artesia Systems to deliver several key components for the online rental registry project. Their responsibilities included creating detailed documentation of both functional and non-functional requirements for a Commerce-operated system, covering aspects such as data collection methods, reporting capabilities, user access levels, and security measures. Based on these requirements and Artesia's experience with Commerce, they then developed cost estimates and implementation timelines for the Commerce-operated base rental registry portal. Additionally, they researched external vendors to assess the potential for procuring existing software solutions for the rental registry platform. Their work, included as Appendix H of this document, informed our estimates related to cost estimates and implementation timelines.

## Methods

To inform this report, HR&A employed a multi-faceted approach that included interviews with key stakeholders, data analysis, listening sessions, and extensive research. We developed summaries of these methods and the findings of this analysis in a series of background reports included as appendices to this report.

- Appendix A outlines a detailed synthesis of relevant findings from various background reports and their implications for the design of a rental registry program.
- Appendix B provides a detailed summary of engagement activities and stakeholder input.
- Appendix C provides an overview of the national case study research.
- Appendix D provides an overview of existing city-level rental registries in Washington.

- Appendix E summarizes the methods and findings of this rental market scan.
- Appendix F provides additional detail about implementation timelines.
- Appendix G provides a more detailed explanation of the cost estimates.
- Appendix H is Artesia Systems' study of requirements for a Commerce-operated software platform.

# Rental registry design

## The purpose of a rental registry has critical implications for its design

**Rental registries can serve a number of potential purposes.** This could include increasing transparency and communication with property owners or providing detailed market data and analysis to policymakers at both the state and local levels to inform investment and policy decisions, or to track progress toward housing goals. Most rental registries exist to support another larger housing goal or program, such as ensuring that rental housing meets basic standards of safety and livability or to support tenant protection-focused policy.

**The purpose of a rental registry should inform the design of the program** including the types of data collected and the structure and implementation of the registry. In turn, the design of the program will drive both the cost to operate it and its effectiveness at achieving the intended purpose. Cost and effectiveness are also directly linked: a rental registry with low operating costs is likely to have limited effectiveness due to low enforcement. In this study, we consider the cost to create and operate the registry effectively.

**The design of a rental registry program must consider how best to meet the goal or policy purpose for its creation while mitigating unintended consequences,** such as creating significant costs or regulatory burdens which might impact administrators, property owners, and renters. The proviso describes a program that collects unit-level data for all rental properties. It does not specify a purpose for the data or for the proposed rental registry.

## Program design, cost and effectiveness are closely related

To secure high participation, a statewide program such as the one described in the proviso would require significant cost and complexity. The primary reason to create such a program would be to support the implementation of another regulatory program or policy. If the state creates a rental registry, its design should consider how it might support vulnerable renters' needs and improve equitable outcomes for Washington residents.

### Outreach and enforcement mechanisms will shape participation

Extensive outreach to property owners will be critical to raise awareness of any rental registry put in place and its requirements, and to encourage and reduce barriers to participation. Pre-launch and throughout early operations, the state will need an extensive outreach campaign using direct mail, in-person and virtual information sessions, partnerships with trade associations and other organizations, and marketing. This will require significant investment and will require dedicated staff to provide outreach and respond to inquiries.

However, setting and enforcing clear penalties for non-compliance that make non-compliance expensive and burdensome for property owners is the most impactful way to encourage participation. Though it is important, outreach alone will not produce high participation in a rental registry. In order to secure compliance, the state must create and aggressively enforce financial or regulatory consequences for non-compliance.

The rental registries that have the highest compliance rates typically have been in operation for many years, have adequate staffing to support enforcement, and have clear and costly penalties for noncompliance. For example:

- **Seattle's Rental Registration and Inspection Ordinance (RRIO)** has been in operation since 2014 and has an estimated compliance rate of about 90%. The Program has approximately nine full-time equivalent (FTE) employees. The city contacts property owners of likely rental properties by mail and uses other methods of marketing and outreach to let property owners know about program requirements. People who receive a notice in error (for instance, owners who are not operating their property as a rental property) can contact the city by phone or online to notify the city of the error. Property owners that do not register receive a warning letter followed by a notice of violation letter. Noncompliant properties accrue penalties of $150 per day for the first 10 days and $500 per day after the first 10 days. The city Attorney's office will file lawsuits to compel compliance from noncompliant property owners. The city uses a portion of time for multiple program staff to pursue the enforcement process (this does not include time the city Attorney's office spends pursuing enforcement, or enforcement related to missed inspections or inspection violations). After registrations fell during the COVID-19 pandemic due to a suspension of the program, the city hired temporary research staff to investigate properties with lapsed registrations.

- **Minneapolis's Rental License Program** has been in operation since 1998 and has an estimated compliance rate of 92%. The city requires property owners to obtain a rental license for each rental property they operate and submit to regular inspections. The licensing and inspections program is part of a large city department and includes about 60 inspectors, analysts who work on the licensing program and other initiatives, housing liaisons, and a dedicated enforcement team. In addition to providing incentives for compliance such as reduced fees, the city charges a 25% late fee for rental license renewals that are more than 15 days late. The city issues $500 citations to properties with unpaid license fees in addition to the late fee costs. The city increases unpaid citations to $1,000 and assesses them to property taxes for annual payment. Program staff identifies non-compliant properties through complaints from the 311 system and property sale records. The city sets aside funds to support temporary housing solutions for tenants in properties that fail inspections. Minneapolis also conducts ongoing outreach to inform tenants and housing providers about the license program, including regular engagement on renter's rights, local committees with advocate groups, education classes for new landlords, and door knocking in areas with a high volume of renters.

**The state does not currently have a regulatory relationship with property owners, which will create challenges to effective enforcement.** The most effective rental registry programs, such as those described above, have a particular regulatory mechanism by which they can compel compliance, such as property taxes or business licenses. The state does not currently have a regulatory relationship with all rental property owners. Some property owners require business licenses, but many do not. The state does not directly collect property taxes, and it does not collect Business & Occupation (B&O) tax for residential rental property. To enable effective enforcement, the state will need to pass legislation creating a regulatory mechanism to compel compliance or work closely with county governments to attach penalties to property tax bills. Commerce could also work with the Office of the Attorney General to develop protocols for enforcement.

## Increased program complexity increases the cost and is likely to decrease compliance

The program's complexity (such as the number of and type of data points and other steps required for registration) will have impacts on its costs, administrative and IT requirements, compliance, and effectiveness at meeting its goals. Collecting more data creates more requirements for property owners to accurately track and report data, on administrators to support data gathering as well as reporting, and on the required IT infrastructure to organize, store, and secure data.

Three primary design components each bring a level of complexity and cost to a rental registry program:

1. **Collecting data directly from property owners:** A rental registry requires significant program administrative and IT infrastructure, including an online portal and database, outreach and marketing activities, and staff to oversee these efforts as well as track compliance, respond to requests, and provide other administrative services. There are other, lower-cost ways to gather data on housing markets, but they do not offer a mechanism for direct communication to and from property owners.

2. **Collecting data at the unit level versus the property level:** Collecting unit-level data is more complex than at the property-level data. Unit-level data would require a more complex IT structure (to manage more records and track unit-level changes) and more administrative support to provide technical assistance to property owners, perform data entry, and ensure quality control.

3. **Collecting data annually versus on a multi-year cycle:** There are more than 1 million rental homes in Washington. Instead of requiring annual registration for every unit, a rental registry could, for example, require registration every three years, so that approximately one-third of rental units must register each year. This would significantly reduce the costs of running the program and the impacts on property owners.

Requiring more detailed data makes compliance burdensome and is likely to create inconsistency and inaccuracy in reporting. This further suggests that **a rental registry should only be as complex as is necessary for the purpose it serves.**

## Minimizing costs to property owners – and by extension renters – should be a design objective

Rental registries typically charge a registration fee to cover the costs of program administration. Rental registration fees for existing city-level registries in Washington range from about $10 to $50 per unit per year, excluding the cost of inspections. Housing providers could potentially pass registration fees on to their tenants, either directly as a fee or indirectly as an increase in rent, though some studies suggest this is not a common practice. Increasing costs or regulatory burdens for property owners could also lead to some of them removing housing from the rental market, such as by operating the home as a short-term rental instead of permanent housing. Because of these risks, a program with a high registration fee has the potential to exacerbate affordability challenges for renters. Renters in Washington are disproportionately low-income and people of color. **This means that minimizing registration fees, particularly if the registry is not furthering additional tenant protections, will be a critical component of ensuring that the program does not exacerbate existing inequity.**

In addition, the state would either require property owners that already pay city registration fees to pay a state registration fee as well, or exempt property owners who pay city registration fees, which could create cost imbalances between property owners in different districts.

To address these concerns, the state could minimize the registration fees as much as possible.

## Creating a registry requires design decisions with implications for cost and effectiveness

Below we outline the major design elements that form the scope of work to design a rental registry program, as well as the preliminary approach to meet the proviso requirements and produce relevant and useful market data. Appendix A provides a more detailed summary of the relevant considerations, tradeoffs, and alternative approaches for each design element.

### Table 1: Applicability and scale of the rental registry

| Design element | Preliminary approach |
|---|---|
| **Implementation geography** | Statewide implementation, or implementation limited to the six largest counties by population (Clark, King, Pierce, Snohomish, Spokane, and Thurston) |
| **Rental homes subject to registration** | All types of residential rental housing, regardless of the property type or ownership type, including mobile homes on a leased pad. Limited exceptions, including:<br>- Owner-occupied homes, including owner-occupied single-family homes, owner-occupied units in multifamily rental properties, and room rentals in owner-occupied homes.<br>- Short-term rentals, which the state already requires to obtain a business license through the Department of Revenue.<br><br>The registry should allow fee waivers for some properties, such as nonprofit-owned subsidized housing and government-owned rental properties. |

### Table 2: Data collection

| Design element | Preliminary approach |
|---|---|
| **Property information** | - Physical address<br>- Property type (Single-family, Single-family with ADU, 2- to 4-unit property, 5+ unit property, mobile home) (categories subject to change)<br>- Total number of rental units in the property (excluding owner-occupied units) |
| **Owner identity** | - Property owner name, mailing address, email address, phone number<br>- Property manager name, mailing address, email address, phone number (if different from owner) |
| **Rent and vacancy information** | For each unit:<br>- Number of bedrooms<br>- Occupancy status<br>- Monthly base rent<br>- Utilities included in rent<br>- Additional monthly/annual charges (or, total effective monthly cost)<br><br>**Note:** Collecting detailed data at the unit level will be a major driver of program cost and a potential barrier to compliance, as complex data requirements could deter property owners or cause them to provide estimates or incomplete information. |
| **Inspection requirement** | None |

## Table 3: Program administration

| Design element | Preliminary approach |
|---|---|
| **Program administrator** | Department of Commerce |
| **Fee schedule** | Charge a small per-unit registration fee of approximately \$10 to \$15. Provide a 50% discount for early registration.<br><br>**Note:** Minimizing costs to property owners should be a design objective. |
| **Registration process** | Create a secure online portal that allows easy registration and fee payment. Consider providing alternative registration options (such as a paper form) for property owners with digital access barriers. Online and paper materials should be available in multiple languages. |
| **Re-registration schedule** | Annual registration of properties by a set date (e.g., March 1) without additional updates at the sale of a property or change in tenancy. Consider requiring re-registration on a multi-year registration cycle, such as every three years.<br><br>**Note:** Re-registration schedule will be a driver of program cost. |
| **Compliance mechanisms** | Pursue a multi-pronged approach to compliance, including:<br>○ **Reducing regulatory barriers to registration** as much as possible, through user-friendly registration, extensive outreach and technical assistance, and enabling tenant reporting.<br>○ **Providing financial incentives for compliance**, by waiving fees during the startup period and providing early-bird registration discounts (e.g., 50% discount for registration prior to the due date).<br>○ **Making non-compliance expensive** by setting and enforcing clear financial or regulatory penalties.<br>• **Regulatory penalties:** The state could disqualify non-compliant property owners from receiving state assistance through Landlord Mitigation Programs. However, these programs have limited scale (for instance, the tenancy preservation program is currently on hold due to insufficient funding, and the landlord damage relief program applies only to tenants that receive a rental subsidy) and therefore this type of penalty could have limited impact. The state would need to create a regulatory mechanism to compel registration, for example, by putting liens on properties, preventing property owners from operating their rental properties, or working with Counties to attach fees and penalties to property tax bills.<br>• **Financial penalties:** The state could charge a penalty fee that significantly increases the longer that a property remains out of compliance. To enforce these penalties, the state would need to create a legal framework for enforcement and pursue legal actions (including lawsuits) to compel payment of penalties and registration of noncompliant properties. An alternative approach would be to work with County governments to attach penalty fees to property tax bills to secure payment.<br><br>**Note:** Setting and enforcing clear penalties for non-compliance that make non-compliance expensive and burdensome for property owners is the most impactful way to encourage participation. This will be a primary driver of program cost. |
| **Outreach and education** | Conduct early and ongoing outreach and education from the program's pre-launch through implementation. Include:<br>○ Partnering with rental and tenant associations to increase program awareness<br>○ Reaching housing providers directly through email and mail campaigns<br>○ Advertising the rental registry through online and print media<br>○ Providing in-person, online, and phone assistance to providers who need additional support<br>○ Technical assistance for housing providers to support compliance requirements<br><br>**Note:** Extensive outreach to property owners will be critical to raise awareness of any rental registry put in place and its requirements and to encourage and reduce barriers to participation. This will be a primary driver of program cost. |
| **Metrics for success** | The purpose of the rental registry program should define the metrics for its success. Some metrics are likely to include:<br>○ Program impacts and effectiveness<br>○ Number of properties and rental units registered, total and by submarket (e.g., city, county)<br>○ Estimated compliance rate, total and by submarket (e.g., city, county)<br>○ Annual increases in number of registered properties or rental units<br>○ Number of individuals accessing portal data, reports, or other data sources |

| Design element | Preliminary approach |
| --- | --- |
| | • Improved availability and visibility and of rental market data to stakeholders including local policymakers, renters, and housing providers<br><br>Operational and financial efficiency:<br>• Total Full-Time Equivalent (FTE) staff positions<br>• Number of technical assistance inquiries<br>• Average time to resolve inquiries<br>• Program revenues, total and per unit registered<br>• Operating cost, total and per unit registered |

## Table 4: Database requirements and data availability

| Design element | Preliminary approach |
| --- | --- |
| **Database design and information infrastructure** | Based on the design approach above, the registry will have software requirements including:<br>• The ability to collect, store, and track unit-level and property-level data<br>• A secure online portal capable of handling financial payments<br>• The ability to produce standardized data reports, and to develop new custom reports as needed |
| **Data access and reporting** | Data availability could include:<br>• **Property owners and managers:** Full property information for their property or properties via a secure online portal<br>• **Program administrators:** Full database and data reports<br>• **Other public sector users:** Anonymized data reports or aggregated data reports<br>• **General public:** Online dashboard that allows access to partial rental registration information (e.g., owner name and compliance) and market-level rental trends |

Appendix H includes more detail on database requirements and data availability.

# Integration with existing registries

## Existing rental registries in Washington all have similar purpose and structure

Many of Washington's largest cities already have residential rental registry programs. There are 17 cities in Washington with existing rental registries, covering approximately 436,000 rental homes (about 40% of rental homes in the state). The primary stated purpose of most of these registries is ensuring that rental housing meets basic safety standards. Some programs state secondary purposes such as data collection, support for property owners and tenants, support for first responders, and housing preservation. Cities with rental registries include:

- Aberdeen
- Auburn
- Bellingham
- Bremerton
- Burien
- Kent
- Lacey
- Lakewood
- Mountlake Terrace
- Olympia
- Pasco
- Prosser
- Renton
- Seattle
- Spokane
- Tacoma
- Tukwila

## Integrating data from existing rental registries will be possible, but incomplete

**Excluding rental properties subject to local rental registries from a state rental registry program would result in a significant loss of data.** Existing rental registries cover approximately 40% of rental homes in the state, or 49% of homes in the six largest counties.

**Existing rental registries focus on housing quality and most do not collect unit-level data or track market data such as rent or vacancy rates.** Only two registries – Olympia and Tacoma – collect rent data, and Olympia makes rent data voluntary. Making changes to existing registries to accommodate unit-level data collection and to collect data on rent and unit occupancy would not be feasible, according to interviews with operators of existing registries. This means that if the state were able to access and integrate all existing registry data, it would exclude a significant amount of rent and occupancy data.

**The state could work with local governments to gather and integrate property address and owner information to support outreach.** To use existing registry data, a statewide program will require the capacity to work with differences in data collection and storage. Each city has its own online web portal or other system for recording registry information and accepting fee payments. Cities have various practices regarding the storage of this data, and very little data is available publicly, either at the property level or through reporting. The lack of transparency makes it difficult to understand the compliance rates and scale of existing programs. It could also make it difficult to collect and aggregate data from existing rental registries into a statewide registry. Nonetheless, most city programs collect data via a digital portal and could likely provide data for integration into a statewide database with some adjustments. The state should focus its integration efforts on Seattle, Spokane, and Tacoma to minimize cost and data loss.

Because a state rental registry could impose a second registry on property owners in some cities, it will be important to minimize the cost associated with the state program. Compliance with existing registries can be costly and burdensome, particularly for owners with properties in multiple cities. The state should avoid adding additional barriers for property owners as much as possible.

# Implementation timeline

## Implementation of the rental registry program will require several years to build staff capacity, program infrastructure, and public awareness

Operational and administrative needs for the rental registry will vary across multiple phases of implementation. The estimated timeframe to implement a rental registry will depend on the program's geographic focus. Based on our research, we anticipate that many of the steps needed to implement the program are independent of the registry's geographic focus (statewide implementation versus implementation limited to the six most populous counties).

### Table 5: Primary implementation activities by phase

| Program design (year 0) | Pre-launch (years 1 to 2) | Launch (years 3 to 4) | Stabilization (year 5 and ongoing) |
|---|---|---|---|
| • Finalize program design<br>• Enact legislative measures to create and fund the program<br>• Prepare to hire a program coordinator | • Develop major data and management systems<br>• Integrate data from county assessors and existing registries<br>• Develop informational and marketing materials<br>• Conduct extensive outreach and marketing<br>• Hire staff and prepare for launch | • Continue extensive outreach and marketing<br>• Manage program launch, with technical assistance, data quality assurance, and initial reporting<br>• Begin robust compliance efforts<br>• Grow operational capacity | • Provide ongoing data management, analysis, and reporting<br>• Provide ongoing outreach through direct mail and other avenues<br>• Continue robust compliance activities |

## Implementation limited to the six largest counties provides some timing efficiencies

Most implementation activities are independent of the program's geographic scope, but a smaller geography will reduce the timeline of some of implementation activities. A six-county program will involve a smaller set of stakeholders in a contained number of locations. The state will have to collect and integrate data from six county assessors instead of 39, which will reduce time. A six-county geography will also require less time to conduct outreach. Because a six-county program will require slightly fewer staff, hiring during pre-launch and launch will also take less time than hiring for a statewide implementation. We estimate that a six-county approach will reduce the pre-launch and launch timelines by a total of approximately 3 to 6 months.

Appendix F contains additional details about program implementation timelines.

# Cost estimates

## Operating this program would require significant staffing, infrastructure, and investment

We conducted analysis that offers high-level cost estimates for a statewide rental registry with annual re-registration requirements based on projected staff and material needs of such a program. We divided program implementation into three phases: pre-launch, launch, and post-launch to stabilization. We assumed that this rental registry will reach its maximum compliance rate of 75% after 10 years. Though Seattle's registry achieves over 90% compliance, we chose to assume a lower compliance rate due to the complexities of a statewide registry, the significant increase in the number of units, and the much broader geographic scope. Clear regulatory incentives and extensive outreach and enforcement efforts will be critical to achieve this compliance. We present cost estimates as a range to account for different program design and resource sharing decisions that might impact costs, and we test alternative options, like three-year re-registration cycles and implementation limited to only the six largest counties, to explore strategies to reduce costs. We show all costs in 2024 dollars.

**A statewide program such as the one the proviso describes will require significant cost to implement and operate effectively and with high compliance.** We estimate that the program will cost approximately $2.5 to $4.7 million per year for a four-year pre-launch and launch phase, and $3.9 to $6.4 million per year during post-launch to stabilization. Major categories of program cost include:

- **Management and oversight** of the program
- **Research and information technology (IT)** requirements, including data storage, data management and analysis, data input for paper registry applications, and reporting
- **Outreach, marketing, and compliance** to educate renters and property owners about the program, provide technical support, and pursue enforcement of non-compliant properties
- **Program overhead** or the external costs to Commerce and other state agencies such as human resources, payroll, and administrative costs.

Notably, **these costs exclude potential legal costs** incurred from collaboration with the state Attorney General's office for efforts to pursue enforcement through lawsuits.

**Our cost estimates reflect a range of potential program design decisions, compliance rates, and outreach methods, which will have impacts on program cost.** One of the primary differences between the higher and lower cost estimates is the potential to use existing county and city outreach and data functions to reduce costs to the state. If the state can easily integrate county assessor's data into its database, and partner with cities with existing rental registries both to incorporate data where possible and to use existing city outreach methods, this could reduce staff and marketing costs to the state. The high end of the cost estimates assumes that the state's program uses no city or county resources to operate its registry. Appendix G contains additional detail about program cost projections.

## Self-sufficiency at stabilization depends on fees and compliance

**At stabilization, the rental registry could achieve self-sufficiency if it can achieve sufficient compliance based on the per-unit registration fee.** Compliance drives both program costs and revenues. Higher compliance means more property owners pay registration fees, but it also means that there are more applications that require more staff to review. While higher fees generate more revenue, they also impact costs. Our model assumes a 2.5% payment-processing fee, which means that higher fees incur higher payment processing costs. Because of these variables, there is not a single point for fee or compliance at which this program will become self-sufficient. Instead, different fees require different levels of compliance to achieve self-sufficiency, as shown in the following matrix.

## Table 6: Estimated annual deficit or surplus by unit fee and compliance rate

| Per unit fee | Compliance rate | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100% |
| **$5** | -$4.2M | -$4.0M | -$3.8M | -$3.6M | -$3.4M | -$3.2M | -$3.0M | -$2.7M | -$2.5M | -$2.3M |
| **$10** | -$3.8M | -$3.2M | -$2.6M | -$2.0M | -$1.4M | -$801K | -$201K | $399K | $1.0M | $1.6M |
| **$15** | -$3.4M | -$2.4M | -$1.4M | -$428K | $565K | $1.6M | $2.6M | $3.5M | $4.5M | $5.5M |
| **$20** | -$3.0M | -$1.6M | -$242K | $1.1M | $2.5M | $3.9M | $5.3M | $6.7M | $8.1M | $9.5M |
| **$25** | -$2.6M | -$842K | $938K | $2.7M | $4.5M | $6.3M | $8.1M | $9.8M | $11.6M | $13.4M |
| **$30** | -$2.2M | -$55K | $2.1M | $4.3M | $6.5M | $8.6M | $10.8M | $13.0M | $15.2M | $17.3M |

**This matrix reflects the assumptions below.** Any changes to these assumptions change the breakeven point at which this program becomes self-sufficient.

- This analysis reflects staffing at stabilization (year 6 and ongoing), not during the “launch” or “pre-launch” periods. It excludes one-time software costs and other startup costs.
- The program allows a 50% discount for early registration; we assume that 50% of units qualify for this early registration discount each year.
- The analysis assumes enforcement costs are fixed – i.e., enforcement costs do not increase if compliance is lower than expected.
- The analysis assumes an annual payment-processing fee of 2.5% multiplied by the number of units renewing and the per-unit fee, including discounts.
- The analysis assumes that some other operating costs – such as data analysis – scale with compliance.
- The program is statewide.
- The program requires annual re-registration.

**With these assumptions, the program could produce enough revenue to cover most of its costs with a minimal per-unit registration fee.** With a $10 fee, the registry will be self-sufficient if it achieves 80% compliance. With a $15 fee, the registry will be self-sufficient at 50% compliance. Our cost analysis assumes 75% compliance at stabilization, meaning a $15 fee will make the registry self-sufficient under these assumptions. This fee is greater than the actual stabilized per-unit cost of about $8 at 75% compliance because of the assumptions regarding discounts for early registration, which reduce per-unit revenue to $7.50 for those units that take advantage. If this registry were to apply only to the six largest counties, this breakeven point remains comparable, requiring about 80% compliance with a $10 per-unit fee and 50% compliance with a $15 per-unit fee. This is because the reduction in units associated with the six-county scenario reduces costs and revenue proportionally. The additional efficiencies gained in the six-county scenario that do not scale with compliance are not enough to shift the breakeven point.

Importantly, actual compliance rates and uptake of incentives for early registration make actual program revenue uncertain. The state must develop clear regulatory incentives and pursue extensive outreach and enforcement to achieve the revenues we project, though outreach and enforcement beyond our projections will further increase costs. The state should keep fees consistent most years to ensure predictability and consider increasing costs every few years to account for increased program operating expenses due to enforcement requirements, inflation, or other factors.

## Implementation limited to the six largest counties creates notable efficiencies

**Limiting implementation to the six largest counties creates notable operating efficiencies but will exclude many rural rental homes.** The six largest counties (Clark, King, Pierce, Snohomish, Spokane, and Thurston) together account for approximately 74% of renter-occupied homes in the state. A registry limited to these counties would therefore cover almost three quarters of rental homes, while providing a significant reduction in the geography required for outreach and marketing, and the number of counties the state would need to coordinate with to incorporate assessor data and potentially to pursue enforcement measures. Together, the reduced application volume, geographic focus, and staff efficiencies result in a 20% to 25% reduction in cost. However, this option would exclude many parts of the state, including much of central and western Washington and many rural areas.

### Table 7: Summary of program cost by scenario

| Timeframe | Statewide | Six counties |
|---|---|---|
| **Pre-launch (years 1 to 2)** | $2.5 - $4.4 million | $2.0 - $3.4 million |
| **Launch (years 3 to 4)** | $3.0 - $4.7 million | $2.4 - $3.7 million |
| **Post-launch to stabilization (year 5 and ongoing)** | $3.9 – $6.4 million | $3.1 - $4.8 million |

## To reduce costs, the state could consider several options

In the preceding sections, we outlined a design scope and cost estimates to provide the state with detailed rental information by creating a rental registry program and conducting extensive outreach and enforcement to achieve compliance. The state would require significant cost and effort to create this program and make it effective. This investment will have the greatest value to the state if it advances clear policy goals.

There are a few options to creating a rental registry and gathering data about rental housing that could have moderate to large impacts on costs to the state. These each require tradeoffs in effectiveness and the quality, timeliness, and granularity of data.

### Reduce costs by requiring registration on a multi-year cycle

**The state could require re-registration every three years instead of annually, though this approach reduces the timeliness of data.** Requiring annual re-registration means that, at stabilization, every property owner will need to re-submit unit data each year. This leads to a high volume of applications each year, and will require ongoing data management, quality control, data entry for paper applications, and enforcement actions. By only requiring re-registration every three years the state reduces annual applications to one-third of the volume. This approach requires fewer program staff and results in an approximate 25% reduction in cost. However, with this approach some unit data, such as rents and vacancy, could be one or two years out of date. In addition, a multi-year registration cycle might require higher fees to achieve self-sufficiency.

## Reduce costs by minimizing outreach and enforcement activities

**Reduce outreach and compliance functions.** Depending on phase of implementation, outreach, marketing, and compliance activities account for between 34% and 51% of total program cost. With limited outreach and compliance, Commerce can reduce the rental registry's cost significantly. However, this approach will result in much lower compliance, which will make the rental registry significantly less effective and could reduce the program's financial sustainability.

## Minimize costs by pursuing a data collection initiative

**The state could focus on aggregating and analyzing existing rental market data or could develop a third-party survey of rental housing.** A rental registry might not be the most efficient approach to help the state and local governments to better understand the rental market. Drawing on public and third-party data sources and surveys, the state could produce market reports, dashboards, or other tools to help local governments understand rental housing in their communities.

There is a range of available public and third-party market data, including property records from county assessors throughout the state, data from the U.S. Census Bureau's American Community Survey, databases of subsidized and HUD-insured properties, and property listing services, as well as existing market data and reports from the Washington Center for Real Estate Research (WCRER) that can support this initiative. Data is likely to be statistically significant, particularly for sources like the American Community Survey (which relies on large sample size surveys and statistical methods to produce estimates about income, housing type and cost, and other market factors). Rather than having access to unit- or property-level information, this approach would primarily provide data at the market level (e.g., zip code, census tract, city or county). Using County Assessor data, the state could identify owner information for many rental properties. Some data is available in real-time, while other data is available a year or two after sampling occurs. The state could develop an online data dashboard or other tool for public users and local government partners.

To supplement existing data sources, the state could engage a third party to conduct a survey of rental housing. This survey would likely occur on a multi-year cycle and could integrate existing data sources and supplement them with survey methods. A survey would be a large undertaking but would provide statistically significant sampling data for rental housing throughout the state. It would allow the state to specify particular data for collection and analysis. The New York City Housing and Vacancy Survey, which the city conducts in partnership with the U.S. Census Bureau, is an example of this model.

**The primary reason to pursue a data collection initiative would be to develop specific data analysis and reporting tools for market trends, which might otherwise be difficult to quantify.** Compared to a rental registry, a market study tool or dashboard is more straightforward to administer and is lower cost. It does not require any direct outreach to property owners to collect information or ensure compliance. It would require the state or a third party to develop new market analysis tools or refine existing analysis (such as the WCRER reports) to meet policy needs, but would not require providing outreach, assistance, data hosting, and other services to reach over 1 million rental homes. It would have minimal impact on property owners or renters. Some of the data would be one or two years out of date but compared to a rental registry with low compliance, it could provide a more accurate or complete picture of rental market trends.

# Stakeholder engagement

## Facilitating broad stakeholder engagement was a core objective

Through interviews and listening sessions, we solicited input on the need for and potential design of a rental registry from stakeholders including property owners and apartment industry representatives, tenants and advocates, and local governments. This work included two primary activities:

- **Individual and small group interviews:** We conducted 14 interviews with intermediary organizations, including rental housing associations and other industry representatives (3 interviews), tenant advocacy groups (2 interviews), local government staff (7 interviews), and housing authorities (2 interviews). These interviews served two main purposes: they helped quickly survey stakeholders familiar with a broad cross-section of perspectives on the proposed rental registry and allowed us to reach a broader network of stakeholders.

- **Stakeholder listening sessions:** To reach a broader audience of renters, housing providers, and advocates across the state, we held five virtual listening sessions. Our listening sessions provided a platform for housing providers, tenants, and advocates to learn more about rental registries, provide input about the design and purpose of a statewide rental registry, and share concerns about potential or perceived negative impacts of a rental registry program. In advance of each listening session, we conducted outreach and sent flyers to potential participants through a range of partner organizations, local governments, and other intermediaries. We facilitated two listening sessions with housing providers and industry representatives, with 203 attendees in 21 counties, and three listening sessions with renters and tenant advocates with 26 attendees. In each session, we provided a brief informational presentation, conducted polling both to capture participant information and to gather input, and heard comments from attendees.

Appendix B provides a detailed summary of engagement activities and stakeholder input.

## State and local government staff might be the primary users of a statewide rental registry

**Public entities are interested in up-to-date housing data for policymaking and improved communication with housing providers.** Aside from state-level entities and tenant organizations, the biggest proponents and primary users of a statewide rental registry are likely to be local (city and county) staff without an existing registry. Such interviewees noted that having access to up-to-date information about their local rental housing market would help them to make better-informed policy and investment decisions. Representatives of cities with existing registries noted that the registry has led to better relationships with housing providers, as city staff can contact them directly regarding any housing issues or programs. Interviewees of cities without registries also voiced their interest in a registry as a tool to improve communication with housing providers.

**Local governments with rent registries prefer to retain their existing registries but are open to sharing data with the state.** Most local registries implement policies to improve housing quality of public safety and include requirements for housing inspections. Multiple interviewees said that unless a statewide registry had the same requirements as their existing local ones, they would prefer to continue with their own requirements. Multiple interviewees were reluctant to layer their existing registry with additional statewide requirements and thought it would lead to a regulatory burden for housing providers. City representatives were willing to share their data with the state if it supported a statewide registry.

## Renters' most pressing challenges include rental affordability and housing quality

**A standalone statewide rental registry would not directly support rental affordability, which remains a priority for tenants and tenant advocates.** Rental affordability challenges throughout the state include high and rising rents, low housing quality, and housing instability. Many existing local rental registries in Washington directly address housing quality by mandating a housing inspection. A statewide rental registry could negatively impact existing challenges if property owners pass fees on to their tenants or if owners remove their units from the rental stock to avoid further regulation. It would be difficult for a rental registry to provide continuous tracking and analysis of tenant-level information (such as income and loss of housing). This means that the registry would provide limited visibility into housing affordability at the unit level.

**Tenants and advocates find merit in a rental registry if it results in better housing quality and/or transparency.** Some local rental registries allow property owners to choose their own inspectors, and tenant advocates expressed concern that these programs might not be effective at improving the quality and livability of rental homes. One interviewee also mentioned the need to ensure housing quality statewide, particularly in rural areas where inspections are less common. Some advocates were also hesitant about inspections, stating that renters can be reluctant to allow unknown people into their home. Interviewees and some listening session participants voiced interest in a statewide registry that improved real-time data on rental costs and provided contact information of housing providers. Tenants felt that access to information about the ownership of rental properties would give them more agency when looking for apartments to rent or raising issues about their apartments.

## Property owners and managers oppose a state rental registry

**Housing providers believe that "no program is the best program."** Housing providers feel that their industry is already highly regulated and expressed frustration with existing local registries, many of which require inspections and annual fees. Providers oppose increased regulation and additional fees at the state level. Commenters oppose a new statewide program, which many view as an overreach by the government. Repeatedly in interviews and listening sessions, we heard from housing providers that the state should not create a rental registry and that having one would create added expense or burden on them and tenants without providing a benefit. Multiple providers thought that conducting a housing survey or using existing public and private data would provide information on rents without adding more regulations on their operations.

**Housing providers suggested that a rent registry could increase housing costs and remove units from the market, negatively impacting tenants.** Multiple commenters said that further regulation would cause them or other housing providers, particularly owners-managers with small rental properties, to sell their properties. Providers said that increased regulation would reduce the availability of rental housing as some owners choose to leave the market. Interviewees and listening session participants also said tenants would bear the cost of any fees associated with the registry, leading to higher rental costs.

# Appendix A: Detailed program design considerations

## Purpose of this document

This document summarizes the major considerations that will inform the design of a state rental registry, including design options, tradeoffs, and relevant findings from background research.

## Methodology

We conducted background research to develop an overview of design features of rental registries and considerations for the design of a state rental registry program in Washington. This work included: producing case studies of four existing rental registry programs; creating an overview of existing local rental registry programs in Washington; conducting a scan of rental housing market conditions in Washington; and engaging with stakeholders through interviews and listening sessions.

## Rental registry goals

### Potential policy goals

Rental registries can advance several potential policy goals or purposes. Rental registries collect information about rental housing. This can include information about the number and location of rental homes; market data including housing type and cost; and information about the quality of homes. In addition, a rental registry can support regulation of one or all of these.

**Potential goals for a rental registry include:**

- **Inform policy decisions** for state and local governments by providing up-to-date data on rental housing
- **Help state and local governments monitor compliance with state policies**, such as monitoring progress toward accommodating housing needs for all incomes, or tracking evictions
- **Ensure housing quality and strategic code enforcement** by identifying and addressing health, safety, and other hazards in housing, or by identifying owners of rental properties with persistent code violations, and working with property owners to make needed repairs
- **Reduce or minimize regulatory burdens** for housing providers (property owners and managers) working in multiple cities by streamlining compliance requirements with multiple local registries
- **Improve and enable communication with housing providers** to conduct outreach, provide resources, build trust and improve relationships between the industry and government regulators

Existing state-level rental registries meet a range of goals, from tracking rent-stabilized properties (New York), to addressing environmental hazards in older homes (Maryland), to identifying property owners to support local services such as code compliance and first responders (Ohio). In Washington, local rental registry programs focus on ensuring housing quality.

**The goal or goals for a statewide rental registry in Washington will be critical to informing the program's design.** The proviso does not specify a purpose for the proposed rental registry. Based on conversations with Commerce, we understand that one of the state's goals is to help state lawmakers and local governments understand their rental housing markets to make informed decisions, meet growth and affordability requirements, and track housing affordability.

**Study Question:**
What are the equity concerns for this project? Where is the burden placed and what may be unintended impacts from the implementation of the registry?

## Equity considerations

**The most essential equity consideration for a state rental registry is to ensure the program does not worsen challenges of affordability and stability for renters in Washington.** Renters throughout Washington make less money and face higher housing cost burdens, which means they have fewer resources to withstand unforeseen costs or loss of income. Increasing housing costs will make housing cost burden worse for many renters. Renters are also disproportionately nonwhite, due to historic and ongoing exclusionary policies and practices that limit access to homeownership. Any policy that impacts renters will disproportionately affect low-income residents as well as nonwhite households.

**A rental registry program could place added cost burdens on renters.** Housing providers could pass registration fees on to renters, either directly in the form of fees or indirectly in the form of increased rents, though studies suggest this is not a common practice. Increasing cost or regulatory burden for property owners could also lead to some of them to remove housing from the rental market, such as by operating the home as a Short-Term Rental instead of permanent housing. Because of these risks, it will be essential to minimize registration fees and the costs of compliance with a rental registry.

**The fee structure should not create excessive charges for owners with only a few rental properties.** Small rental properties, such as single-family homes, are more likely than larger properties to have small, private and self-managed property owners. These owners are more likely to rent to lower-income or more vulnerable renters. Some exiting rental registries charge a larger registration fee for the first unit in a rental property, and a smaller per-unit fee for each additional unit. This structure results in a high fee per unit for smaller properties, and therefore creates higher cost impacts to these owners and their renters.

**The rental registry program should accommodate registration through online and paper forms.** A user-friendly online portal that can collect registration information and fees will be critical to minimize compliance costs for many property owners in the state. However, access to reliable high-speed internet varies across the state. To ensure that differences in access do not create barriers to compliance, the state should allow property owners to provide registration forms and payments by mail.

# Applicability

## Subject geography

The design of the program will consider the potential tradeoffs and implications of implementation across two different geographies:

1. Statewide implementation
2. Implementation limited to the six largest counties (Clark, King, Pierce, Snohomish, Spokane, and Thurston), which together account for approximately 74% of renter-occupied homes in Washington

A statewide implementation would give the state the best opportunity for a full understanding of rental housing in different types of markets. However, the six largest counties account for almost three quarters of rental housing in the state. It will be an important cost/benefit decision to consider the benefits of gathering this data compared to additional costs associated with compiling and managing it.

## Rental homes subject to registration

**Study Question:**
Analyze different types/groups of units that could be included and or excluded from the registry and discuss the potential impacts of excluding those groups including data loss that might result from these exclusions.

The inclusion or exclusion of different property types is likely to impact fees collected as well as the complexity of administration, impacts to property owners, and strength of data collection. Most existing rental registries in Washington apply to all residential rental property with limited exceptions.

### Properties by size and type:

- **Renter-occupied single-family homes:** Most city-level rental registries in Washington require all rental homes, including single-family homes, to comply with registry requirements, though a few exempt these properties from inspection requirements. Single-family homes account for over one-third of all rental housing in the state, and they are the largest category of rental housing across each region. Single-family homes are more likely than larger multifamily properties to have small, private owners.

    - Excluding single-family homes from a rental registry would result in a significant loss of data. There is not a compelling reason to exclude or exempt renter-occupied single-family homes from compliance with a rental registry program.

- **Duplexes (or ADUs) in which one unit is owner-occupied:** Most city-level rental registries in Washington, which are focused on maintaining housing quality, require all rental homes, including single-family homes, to comply with registry requirements, though a few exempt these properties from inspection requirements. Owner-occupancy of small properties could indicate that the property has a small, private owner. We do not know how many of these homes exist in Washington. Properties with 2 to 9 units account for the second largest number of rental homes in each region after single-family homes.

    - Excluding duplexes or properties with Accessory Dwelling Units in which one unit is owner-occupied is likely to result in a significant loss of data. If the state is interested in collecting rental market data, there is not a compelling reason to exclude or exempt owner-occupied duplexes from compliance with a rental registry program, though the owner-occupied units in each duplex would not be subject to the registry.

- **Mobile homes (owner-occupied and renter-occupied):** Mobile homes, unlike non-manufactured rental units, have divided ownership. Mobile homeowners pay for their own gas and electricity, while the landowners pay for sewer and refuse collection costs. Mobile home park operating costs could include more infrastructure expenses than apartment buildings, but much fewer maintenance costs. There are approximately 165,000 occupied mobile homes statewide (127,000 owner-occupied and 38,000 renter-occupied). This represents approximately 13.7% of homes that would be subject to a rental registry.

- There is not a compelling reason to exclude or exempt mobile home parks from compliance with a rental registry program. The state could provide exemptions to mobile home occupants who own both the mobile home and the property on which it sits.

- **Subsidized affordable housing:** Many existing rental registries require owners of subsidized affordable housing to register their properties. In Washington, most registries waive inspection requirements for homes with federal subsidies, such as Low-Income Housing Tax Credit (LIHTC)-financed properties, because these properties are already subject to inspection through HUD requirements. Some also provide fee waivers for nonprofit-owned affordable housing to reduce the financial burden.

    - Pending confirmation of the legal restrictions, the state should require registration but waive fees for government-owned and operated rental properties.

- **Institution and commercial properties including group homes, dormitories, and hotels:** Most existing rental registries exempt these non-rental housing property types from rental registry compliance.

    - The state should exempt non-rental housing property types such as institutions and hotels because their operations, furnishings, zoning, and other factors are distinct from permanent rental housing.

## Properties by ownership:

- **Ownership type (e.g., individual, LLC, corporation) or number of units owned:** To protect small, private housing providers ("mom and pops") a rental registry could allow exemptions for owners with fewer than a certain number of rental units or individual owners (as opposed to a corporate owner). This can be complicated for a number of reasons. First, many renters do not consider the legal structure of the property's ownership in selecting a rental home but would receive different types of protection or regulation based on ownership. Second, through establishment of multiple LLCs it is easy for owners to obscure the number of properties they own. Finally, identifying contact information to enable communication with property owners, including small private owners, is likely to be a critical output of any rental registry program.

    - To gather useful data on rental markets and enable communications with property owners, the state should not exempt properties based on ownership.

- **Government-owned properties:** Our research indicates state law exempts government-owned, operated or managed rental properties from paying registration fees. This includes housing authority properties.

    - Pending confirmation of the legal restrictions, the state should require registration but waive fees for government-owned and operated rental properties.

- **Tribal-owned properties:** Some tribal governments own rental properties outside of tribal lands. We are not aware of any legal barriers that would prevent the state from requiring registration of these properties, however the state's attorney general should confirm this.

    - Pending confirmation of the legal restrictions, the state could consider making registration of tribal-owned properties on non-tribal lands voluntary, by waiving any fees or fines associated with compliance.

## Other cases:

- **Vacant properties not available for rent:** Several existing rental registries in Washington allow exceptions for properties that are vacant and not available for rent. The goal of these programs is to ensure that rental housing meets life and safety standards for residents, so homes that are not available for rent and would not have occupants are exempt from compliance. However, capturing information about these properties would be helpful to understand market conditions and housing supply, or to identify property owners of abandoned or chronically vacant properties in support of code enforcement. Vacant properties not available for rent would be unable to provide information on monthly rents.

  - If one of the state's goals is to gather data on rental markets and housing supply, the state should not exempt properties based on vacancy status.

- **Room rentals in owner-occupied homes:** Most existing rental registries in Washington offer exemptions for room rentals, or rentals for which the lease applies only to a portion of an owner-occupied home. It would be difficult to track and enforce compliance of these properties, and it would be difficult to compare monthly rents of these rentals with rents that apply to an entire home.

  - Because of the complexity of enforcement and because rooms are not comparable with units for data gathering purposes, the state should exempt room rentals in owner-occupied homes.

- **Short-term rentals:**

  **Study question:**
  What are the potential impacts, including costs, of including or excluding short term or vacation rentals in the registry?

  At the state level, property owners who rent out homes, rooms, condos, time shares, cabins, camping sites, or RV sites on a short-term basis (less than 30 days in a row) for overnight accommodations need to register with the Department of Revenue and get a business license if they meet certain criteria. Qualifying short-term rental businesses must apply for a business license, pay associated fees, and, depending on the type of ownership entity, sometimes register with the Washington Secretary of State. The Department of Revenue business license application requires information on the owner, business location, estimated income, products or services sold, and number of employees. At the city level, the way cities with registries manage short-term rentals varies significantly—some exempt them from their registries, some include them, and some govern them under a separate ordinance. Including short-term rentals in a registry at the state level would make it easier to understand what portion of rental housing stock is not available to traditional renters to get a more accurate sense of the available rental housing supply. However, since the state already governs short-term rentals via business licenses, requiring registration of short-term rentals could result in overly bureaucratic processes and a lack of clarity about government oversight. In addition, short-term rentals are not part of the supply of permanent rental housing and do not charge monthly rents or calculate vacancy status in the same way that permanent rental homes do.

  - The state could require short-term rental properties to comply with a rental registry, but there are two primary reasons not to: first, because the state already requires owners of these properties to obtain a business license, and therefore already has information about the number and location of these properties; and second, because data about short-term rentals will not be comparable to data about long-term housing.

# Data capture

**Study question**
Conduct an analysis to determine the potential benefits of collecting additional data beyond the requirements stipulated in the proviso. Consider the potential impact of collecting additional data on the overall functionality and effectiveness of the registry. Propose modifications to the data fields that could enhance the utility of the registry and the impacts of each of those specific proposed modifications.

## Types of data

**The proviso specifies the collection of the following data:**

- Physical address
- Property owner identity
- Monthly rent charged
- Vacancy status

**There are fundamental tradeoffs between the level of detail or granularity of data, its value in informing market assessments, the cost and complexity of gathering and storing data, and the likelihood of getting reliable compliance.** The most basic tradeoff is between collecting data at the property level (simple) and at the unit level (complex), however, there are other important nuances.

- **Value of market data:** It can be difficult to get meaningful data on costs to renters without asking for multiple data points. At the most basic, the number of bedrooms in each unit will impact the rent (as will other property-level specifics such as the floorplan, placement in the building, etc.). Asking housing providers to provide monthly rent without also asking for the number of bedrooms in each unit will make it difficult to understand the actual cost and availability of rental housing. Rental units also differ in which utilities or services monthly rent includes, and which the tenant pays directly. This can also make it difficult to understand the true cost of rental housing. Some rental properties offer incentives (e.g., free month of rent) or charge amenity or service fees in addition to monthly rents. To capture useful data to analyze actual cost of housing at the market level, the registry would need to collect data on the number of bedrooms and the total of all monthly charges to the tenant, adjusted for annual incentives or fees, and identify any utilities not included in rent.

- **Program cost and complexity:** Collecting and storing property-level information is less complex than collecting and storing unit-level information. There are two primary components to the added complexity: first, **the database and data security infrastructure** would need to be more complex to store more records (there are approximately 1 million rental homes in Washington in about 450,000 rental properties), to store data at both the unit and the property level, and to maintain security of more sensitive industry data. Artesia can help estimate the increased complexity and cost of this requirement. Second, the state would require added staff time to oversee compliance efforts and assist property owners, enter data from paper registration forms (if applicable), and analyze data.

- **Compliance impacts:** The longer and more complex the registration process, the more likely it is to produce incomplete or inaccurate data. Property owners or managers might not have full and accurate data organized in a way that they can easily reference it, and they could provide guesses rather than confirm details. **A complex registration process could discourage compliance or lead to partial compliance** (property owners provide some but not all of the data requested). About 30% of rental housing in Washington is in single-family homes (more when adjusting to include owner-occupied mobile homes), and for those homes collecting unit-level and property-level data would be the same. However, for a multifamily housing provider with multiple properties, a property level registration process could require only a few entries, whereas unit-level could require them to enter information for hundreds or thousands of rental units.

Of the data points in the proviso, physical address and property owner identity are property-level data points, while vacancy and monthly rent would typically be unit-level. A registry could collect data on vacancy status at either the unit level (for each unit, is it occupied or vacant?), or the property level (what number or what percent of units are vacant?). Collecting full and accurate rent data at the property level would be difficult and costly. As a potential alternative, the registry could ask for the number of units and "typical" monthly costs (inclusive of all fees) by size (e.g., studio, 1 bedroom, 2 bedroom, etc.). This would produce less detailed and complete market data, but it would simplify the registration program.

Below is a broad summary of potential data types a rental registry could collect, and relevant considerations for their inclusion or exclusion:

## Table A1: Data types a rental registry could collect and considerations

| Type of data | Potential data points | Considerations |
|---|---|---|
| **Property information** | • Physical address<br>• Other property identifier (e.g., parcel number)<br>• Property type (e.g., Single-family, ADU, 2-to-4-unit property, 5+ unit property, mobile home)<br>• Total number of rental units in the property (excluding owner-occupied units)<br>• Number or percent of units that are vacant<br>• Assessment data (e.g., year built, total square footage, receipt of homeowner exemption, assessed value) | Physical address is the most universal property identifier and therefore likely to serve as the basis for the inventory of rental properties. Other property identifiers (e.g., parcel numbers) will vary in length by County but might be helpful to track for verification purposes when addresses are similar, or when sharing data with local governments.<br><br>Information about the property type and total number of rental units will provide helpful context and information about the rental market.<br><br>The year built could be a useful data point but not all registrants will have access to that data. The state could potentially work with County assessors to track year built or other assessment data. |
| **Ownership and contact information** | • Property owner name, mailing address, email address, phone number<br>• Property manager name, mailing address, email address, phone number (if different from owner)<br>• Ownership type (e.g., individual or trust, limited partnership, LLC, corporation) or other data (e.g., number of units owned)<br>• Local contact/individual contact | In order to enable full communications with housing providers including property owners and third-party managers, the rental registry should collect names and contact information for property owners and managers.<br><br>If the state is interested in better understanding the nature and type of property owners in Washington, it could also ask for information about the ownership structure or total number of units owned.<br><br>Some code enforcement-focused rental registries require registrants to identify a local contact when the owner does not live locally, or an individual contact for properties with a corporate, LLC, or other legal entity for an owner. |
| **Unit information** | • Lease type (long-term or short-term, i.e., less than 1 month)<br>• Occupancy status (occupied or vacant) | Unit-level data will help give detailed information about the supply of rental housing. |

| Type of data | Potential data points | Considerations |
|---|---|---|
| | • Unit size (number of bedrooms or square footage) or other details such as number of bathrooms<br>• Monthly rent<br>• Utilities included in rent<br>• Additional fees (e.g., Amenity fee, HOA fee for mobile homes) | The more complex the data the state tracks, the more onerous the burden on property owners and the more complex the data management and analysis will need to be. At the most basic, the state could track lease type, vacancy status, number of bedrooms, and monthly rent. The status of utilities and additional fees could help give a more complete view of housing costs. |
| **Unit affordability information** | • Income-restricted status<br>• Subsidy type (LIHTC, Project-Based Vouchers, other)<br>• Affordability level (based on Area Median Income, e.g., 30% AMI, 60% AMI)<br>• Use of Tenant-Based Vouchers | There are several ways to track subsidized affordable homes. At the most basic, the state could track whether each unit receives a subsidy in exchange for income restriction, and the affordability level of the restriction based on Area Median Income (e.g., 30% AMI, 50% AMI, 60% AMI, 80% AMI). A more complex approach would be to also track the type of subsidy (e.g., Low-Income Housing Tax Credits (LIHTC), HUD 202 financing, Project-Based Vouchers, etc.).<br><br>The use of tenant-based vouchers provides another data point related to affordability, though it is subsidy for the tenant rather than the property owner.<br><br>Most federal subsidy programs already require detailed reporting to track compliance of these properties. |
| **Tenant information** | • Tenant data (demographics, income, length of tenure)<br>• Source of Income (e.g., use of tenant-based vouchers) | Tenant data (which could include demographic information such as age, household size, and race or ethnicity as well as income, length of tenure in the home, and source of income such as vouchers) could provide an additional dimension of rental market data. However, collecting this data would significantly increase the complexity of the data collection process, creating a burden for registrants to update data on their tenants' income annually. It could pose a privacy risk for tenants. |
| **Property management policies** | • Tenant screening criteria (e.g., required income, credit score)<br>• Unit eviction history | Data on property management policies and could provide additional information on housing access and displacement rates. However, requesting this data would increase the complexity of the data collection process and housing providers could be unwilling to share the information. |

## Inspection requirement

Most existing local rental registries in Washington require inspections.

**Overseeing an inspection program would be costly and would duplicate local efforts. A state registry should not include an inspection requirement unless improving housing quality is an explicit goal of the program.**

# Program administration

**Study question:**
Should the Rental Registry Program be managed by the Department of Commerce or is it more efficient and effective for another agency to manage the registry based on their existing capabilities?

## Program administrator

A new state rental registry program will require a program administrator to manage operations, including:

- Providing outreach, information, and technical assistance to property owners and other stakeholders about the program, both to increase compliance and to educate the public
- Hosting and managing an online platform to collect, store, and disseminate data and collect fees (either directly or with a third-party vendor)
- Conducting data entry for paper submissions (if applicable)
- Conducting quality control for registration data
- Monitoring and reporting on compliance and other metrics of success
- Analyzing and reporting on rental market data, or responding to requests for data
- Providing other oversight as needed depending on the program's goals

A state agency such as Commerce could serve as the administrator or could hire a third-party contractor to administer the program. Ohio's model requires no state-level administration, and instead puts the administrative burden on participating County Auditors. However, this approach both creates new administrative burdens for County staff and limits the value of the program at the state level.

Commerce works with a range of stakeholders statewide including local governments, businesses, and community organizations. It oversees state-level housing programs including the Housing Trust Fund and provides technical assistance and education.

**Commerce is likely to be a suitable administrator.**

## Fee schedule

**Study question:**
Provide an analysis of the various registration fee structures with detailed projections of how different fee levels would impact the rates of landlord participation. Identify and detail any potential tipping points for dramatically decreased or increased participation.

Most rental registry programs charge a registration fee. The registration fee typically helps offset the costs to administer the program. In some of the cases we reviewed, administrators found that registration fees were not sufficient to cover program operating costs, and either raised registration fees or were considering raising fees.

### Fee structure:

- **Fee by size:** Registration fees often vary according to the size of the property, either as a flat per-unit fee or a tiered fee based on ranges of units. Many existing registries charge a larger amount for the first unit in a property, and a smaller per-unit fee for each additional unit. This structure results in a disproportionately high fee per unit for smaller properties, which are more likely than larger properties to have small, private and self-managed property owners.

    - A flat per-unit fee ensures that the scale of revenue tracks the scale of registrations, without creating disproportionate burdens on small property owners and their tenants.

- **Fees by property condition:** Minneapolis charges rental registration fees based on property size and condition, to incentivize owners and managers to keep their properties in good condition, and to ensure that property owners that create more compliance costs (i.e. require more frequent inspections and take longer to address problems) pay a higher fee to cover those costs.

- Because housing quality and inspections are not a focus of the state program, a fee structure tied to property condition is not advisable.

### Fee levels:

- **Scale to program size:** Ohio's statewide registry, which has no cost to the state, does not include a registration fee at the state or the county level. Los Angeles County charges $90 per unit for properties that are subject to rent stabilization (and require additional oversight) and only $30 per unit for properties that are not rent-stabilized. Minneapolis charges a broad range of fees depending on property size and condition, but even a single-family home in good condition would have registration fees above $100 per year. However, Minneapolis's program has compliance incentives that reduce costs. Rental registration fees for existing city-level registries in Washington typically range from about $10 to $50 per unit per year, excluding the cost of inspections.

- **Financial burden and compliance:** Added cost for property owners, particularly those who already pay local registration fees and inspection fees, could serve as a deterrent to compliance. Minneapolis's program, which has a compliance rate of over 90%, has compliance incentives that reduce costs.

  - The state should explore the possibility of not charging a fee for registration. The state should also explore compliance mechanisms that reduce costs, such as discounts for early registration.

- **Tenant impacts and equity implications:** It is possible that property owners would pass any fees associated with registration on to tenants, either directly as a rent surcharge or indirectly through increased rent or decreased services. Renters in Washington are more likely to have lower incomes and to be non-white than homeowners. High registration fees could have a disproportionate impact on Washington's most vulnerable residents.

  - A state rental registry should minimize registration fees to the extent possible.

- In addition, the state would either require property owners that already pay city registration fees to pay a state registration fee as well, or exempt property owners who pay city registration fees, which could cause imbalances to the impacts of a state program on property owners in different cities.

  - To minimize unintended consequences, maximize compliance, and limit regulatory burdens for property owners, the state should minimize the registration fees as much as possible, such as charging a low, flat per-unit fee of $10 to $30. The state should also explore the possibility of operating a program without a fee. This means that the program might not produce enough revenue to cover its operating costs. The state will need to pay for most or all of the program's administrative costs to avoid passing them on to property owners and, potentially, renters.

### Tipping points

Outreach and enforcement mechanisms will create the primary "tipping points" in participation. If the state creates a voluntary program or a program with no fees and no penalties for non-compliance, compliance will be low. The primary ways to increase participation will be first, to conduct extensive outreach and marketing to property owners, and second, to make non-compliance burdensome and expensive.

## Registration process

The registration process and timing should be as easy as possible to maximize compliance, while allowing flexibility.

- **Online portal for registration:** The best practice for a registration process is to provide a secure online portal where property owners or managers can submit information and pay fees.

- **Paper option:** Property owners in some parts of the state could have barriers to using an online platform, so the state could also consider providing a static form that owners can download or receive by mail, as well as allowing payment of fees by check. Seattle estimates that 30% of its property owners opted to provide a paper form and check instead of using the online system. Providing a mail-in option would add to the administrative cost of the program to provide data entry but could help to increase compliance as well as the accessibility of the program.

## Re-registration schedule

**Study question:**
Determine whether re-registration for every new vacancy is required or if an annual requirement is sufficient to gather impactful state data.

Most existing registries have a set date on which all registrations are due each year. This approach is straightforward and predictable, both for owners and for program administrators. Some registries require registration at other times, such as the sale of the property or a change in tenancy. This approach adds complication and cost to the program but could be valuable for programs such as San Francisco's where the purpose is to track compliance with rent stabilization. Housing providers that operate multiple units would find it burdensome to track turnover of every rental unit each time it occurs.

**Collecting point-in-time data on a predictable schedule provides useful data for analysis and is and more cost effective than requiring updates based on property changes.**

There are over 1 million rental homes in Washington. Instead of requiring annual registration for every unit, a rental registry could, for example, require registration every 3 years, so that approximately one-third of rental units must provide updated registration information each year. There are precedents for this approach in Seattle and in Minneapolis. This would reduce the timeliness of market data. However, using a multi-year cycle for registration would significantly reduce the costs to operate the program as well as the impacts to property owners.

**The state should consider adopting a multi-year registration cycle, such as a 3-year cycle.**

## Compliance mechanisms

**Study question:**
Deliver a comprehensive analysis of the current participation rates in existing registries in jurisdictions in Washington and in other states.

Based on comprehensive literature review and case studies, assess the expected level of landlord participation in the registry over both the short and long term. Provide insights into potential challenges and opportunities for sustaining or increasing participation rates over time.

It is difficult to comprehensively analyze and report on rental registry compliance. This is partly because most rental registries either do not report compliance or lack historical compliance data. Additionally, administrators of these programs do not know the exact number of rental homes subject to registration requirements and can only estimate compliance.

- **New rent registries have low compliance rates.** Based on case study research, Los Angeles County and San Francisco, which both implemented rental registry programs in 2020, have compliance rates below 5%. In Washington, the cities of Kent and Olympia established rental registries in recent years and estimate compliance is currently below 10%. Challenges arising from the COVID-19 pandemic, including limited stakeholder engagement, rent freezes, and other pandemic-era policies could partly explain these low compliance rates.

- **Some longer-operating registries have higher compliance rates.** For example, Minneapolis' long-standing program, now in its 26th year, boasts over 90% compliance. Similarly, Seattle, which established its registry in 2014, estimates a compliance rate of about 90%. Both cities employ outreach and compliance measures similar to newer programs, such as mailers, online applications, late fees, and early registry fee waivers. It is possible that their higher compliance rates are due in part to their longer operations, as well as to other factors such as compliance mechanisms.

The level of compliance and participation in a statewide rental registry will depend on a number of factors including the cost and complexity of the registration process, outreach measures, and incentives and penalties for compliance. It is likely that the program will have low compliance (below 10%) for the first 3 years. This is due to the challenges of rolling out a program in a large geographic area, and challenges in identifying, contacting, and incentivizing property owners. Pairing effective incentives and consequences to increase compliance with extensive ongoing outreach and enforcement campaigns will be critical to improving participation in a statewide rental registry program.

**There are three primary approaches to encourage compliance. Programs with high compliance use all three.**

**Study question:**
Provide a comprehensive overview and analysis of strategies to encourage property registration. Provide recommendations on the most effective approaches for implementing consequences or incentives to increase compliance rates. Special focus should be given to addressing registration challenges among hard-to-reach landlords and unconventional unit types, including owner-occupied multifamily properties, accessory dwelling units, and mobile home rentals.

## Approach 1: Reduce regulatory barriers to compliance:

- **Provide user-friendly registration options.** An easy-to-use secure online portal can make it easy for property owners to register and pay fees. In addition, providing an option for paper submissions is important for property owners who prefer to mail their form and payment. Registration forms should be as straightforward as possible and minimize the time required for data entry.

- **Provide extensive outreach, marketing, and technical assistance.** An effective outreach and educational campaign will be critical in the pre-launch and startup phases to raise awareness among property owners and tenants. After startup, ongoing outreach and marketing are important to continue to encourage registration. To further reduce regulatory barriers, programs can also provide technical assistance for property owners and tenants with questions about the registration process.

- **Engage with tenants as well as property owners.** Some rental registries allow tenants to provide information about their rentals, such as the property location and owner or manager information, to support outreach efforts. Some rental registries that support broader policies such as housing quality also allow tenants to report violations.

## Approach 2: Provide financial incentives for compliance:

- **Waive initial registration fees.** Some newer registry programs, such as Los Angeles County's registry, waive the registration fees for an initial compliance period (e.g., one year) to encourage early participation.

- **Provide annual discounts for early registration.** Minneapolis, which has over 90% compliance, provides a discount of 50% of the registration fee for property owners that submit registrations before the annual deadline. Olympia's rental registry offers tax rebates for early compliance.

- **Provide other mechanisms for owners to reduce fees.** Some registry programs, including Minneapolis, enable property owners to lower their registration fees if they attend "good landlord" workshops or other educational initiatives that advance program goals.

## Approach 3: Make non-compliance expensive

**A rental registry program without financial or regulatory consequences for non-compliance will be voluntary, and compliance will be low.** Setting and enforcing clear penalties for non-compliance will be the most critical way to encourage participation.

- **Create financial penalties for late compliance.** LA County imposes an annual 10% late fee on any unpaid balance for already-registered property owners who fail to pay their units' fees by the annual deadline. Staff noted that the fee was too low to increase compliance significantly. San Francisco charges property owners a monthly 5% late fee, collected through the Bureau of Delinquent Revenue. In Minneapolis, rental license renewals 15 days after the yearly deadline are subject to an annual penalty charge of 25% of the license fee up to $3,000, charged through the annual real estate tax payment.

- **Create financial penalties that dis-incentivize unwanted practices.** Minneapolis' progressive fee structure includes higher fee amounts for properties that have code violations, as well as a progressive supplemental Property Management fee that the city applies if they must conduct multiple property inspections. This fee structure ensures that unresponsive property managers offset the cost of added oversight.

- **Create regulatory penalties for non-compliance.** Registries that support broader housing programs or policies tie non-compliance penalties to these policies. In San Francisco and LA County, non-compliant properties are not eligible to raise rents of rent-stabilized properties. If a non-compliant property owner increases rents without a license in San Francisco, the tenant has the right to file a civil proceeding against the property owner. Tenants and mobile homeowners in LA County can submit an online form if their home unregistered or if their housing provider is raising rents above allowable limits. Minneapolis requires owners to have an up-to-date rental license to rent a unit, enforced by reporting from tenants or their advocates.

- A multi-pronged approach that combines clear incentives and penalties, streamlined registration processes, and robust outreach efforts will improve initial registration and ongoing program compliance.

**Addressing the registration challenges among hard-to-reach landlords and unconventional unit types requires tailored outreach and support programs.** For owner-occupied multifamily properties, accessory dwelling units (ADUs), and mobile home rentals, personalized communication and technical assistance can enhance participation. The City of Burien exempts these property types from certain inspection requirements while offering technical assistance and financial incentives to encourage compliance. Olympia's new rent registry exempts ADUs and duplexes with an owner-occupied unit from inspections. Targeted mail campaigns, online portals, and in-person assistance can also facilitate the registration process. Offering workshops and training sessions, as seen in Minneapolis, can also educate property owners on the benefits and requirements of registration, ensuring higher compliance rates across diverse property types.

## Outreach and education

**Study question:**
Compile an analysis of the most effective strategies observed in various jurisdictions for outreach and educational campaigns aimed at improving participation accompanied by cost estimates for these efforts.

An effective outreach and educational campaign is essential for improving participation in a statewide rental registry program. Our case study review and interviews with program administrators highlight the need for ongoing engagement with housing providers from the initial registry design and rollout through startup and ongoing operations. The state should conduct outreach from pre-launch through startup and continue throughout the program's operation. Implementing statewide engagement approaches like mass mailers and technical assistance will require significant time and funding. Additionally, the state needs to couple outreach with compliance mechanisms over an extended period to increase registration rates.

### Table A2: Engagement approaches and considerations

| Engagement approach | Phase | Advantages | Disadvantages |
|---|---|---|---|
| **Informational sessions**<br>Most registries engaged housing providers and their advocate associations in informational sessions prior to launching the rental registry. The sessions, which can be virtual, in-person, or hybrid, allow housing providers to familiarize themselves with the program, ask questions, and plan for registration. | Pre-launch, startup | Boost initial program awareness<br><br>Virtual sessions are low-cost and can have a wide reach<br><br>The state can record sessions webinars for later viewing | Unlikely to reach disengaged property owners<br><br>Virtual sessions might not be accessible to owners with internet access barriers<br><br>Hosting in-person sessions across the state could be costly<br><br>Housing providers can use sessions to air grievances about the program |
| **Partnerships with associations**<br>Most registries engage rental housing associations and tenant advocacy groups to co-host events and distribute materials, increasing awareness to a large number and variety of housing providers. | Pre-launch, startup, ongoing | Access to associations' extensive network of housing providers<br><br>Low cost if remote | Unlikely to reach disengaged property owners<br><br>High cost if in person |

| Engagement approach | Phase | Advantages | Disadvantages |
|---|---|---|---|
| **Meeting with neighborhood groups**<br>Organizing neighborhood meetings in urban, suburban, and rural areas can reach property owners who might be less likely to respond to mail or online communications. | Pre-launch, startup | Targets hard to reach property owners in specific geographies | High cost if in person<br><br>Challenging to accomplish across the state |
| **Mass paper mailing**<br>Direct mailer campaigns increase awareness of the program before registration begins. Commerce needs to assess how to collect contact information (e.g., address, owner's name) for all residential properties across the state. The state can collaborate with county assessors, utility companies, or local governments to secure these contact details. Outreach materials should include information about the program, as well as contact information for questions and website links for further information.<br><br>As a starting point, mass mailing can cover all residential property or focus on "likely rental properties," multiunit residential properties plus any single-family residential properties for which the tax billing or utility billing address is not the property address. | Pre-launch, startup, ongoing | Boost initial program awareness<br><br>Cover a high number of properties<br><br>More likely to reach small-scale housing providers and other difficult to reach owners | Data collection will be time-consuming and expensive without a central state address repository<br><br>Direct mail costs to reach all property owners or likely rental properties across the state could be very expensive<br><br>Could result in a high number of calls from housing providers and single-family homeowners<br><br>Requires staff capacity to answer phone and email inquiries |
| **Transaction-driven mailing**<br>Coordinate with property registries to receive up-to-date information on new property sales. Send rent registry information to new property owners based on sales transaction records. | Pre-launch, startup, ongoing | Boost program awareness of new property owners<br><br>Engage new property owners | Requires coordination with local and/or state property registries |
| **Mass emailing**<br>Direct email campaigns increase awareness of the program before registration begins. Commerce would need to assess how to collect contact information (e.g., email address, owner's name) for property owners across the state. This would involve working with operators of existing rental registries, local governments, utility companies, and industry associations to support an online outreach campaign and develop a distribution list. The state should include information about the program as well as contact information for questions or links to information sessions on the outreach materials. | Pre-launch, startup, ongoing | Boost initial program awareness<br><br>Cover a high number of properties<br><br>Lower cost than a paper mail campaign<br><br>More likely to reach small-scale housing providers and other difficult to reach owners | Data collection will be time-consuming and expensive<br><br>Could result in a high number of calls from housing providers and single-family homeowners<br><br>Requires staff capacity to answer phone and email inquiries |
| **Advertising and social media**<br>Posts on state social media accounts, paid social media advertisements, and advertisements in local media outlets | Pre-launch, startup, ongoing | Boost initial program awareness<br><br>Cover a high number of properties at a low cost | Could result in a high number of calls from housing providers and single-family owners<br><br>Requires staff capacity to answer phone and email inquiries |
| **Technical assistance**<br>Providing one-on-one technical assistance through a dedicated helpline and online chat support to help property owners with the registration process. | Startup, ongoing | Online and phone system is accessible regardless of users' location | High implementation and operating cost |

| Engagement approach | Phase | Advantages | Disadvantages |
|---|---|---|---|
| | | Small scale owners can receive focused support | |
| **Citizen reporting**<br>Allows renters and their advocates to pro-actively report properties they know or believe to be rental properties. | Startup, ongoing | Low cost<br><br>Engages renters and advocacy groups | Dependent on a user-friendly online website or mobile application, as well as outreach to tenants and tenant advocates<br><br>Process to verify rental unit can be lengthy and high cost |

## Metrics for success

**Study question:**
Develop a comprehensive plan outlining the metrics and data sources to be used for assessing compliance and evaluating the effectiveness of the registry.

The policy goals of a rental registry program should define the metrics for its success. The state can measure success both in terms of the program's outputs (measurements related to the program's operations) and outcomes (measurements in changes to underlying societal or housing market trends).

### Table A4: Evaluation themes, outputs and outcomes

| Evaluation theme | Outputs:<br>Program administrators track directly through program budgets and registry data | Outcomes:<br>Program administrators and policymakers track through outreach with users, analyzing trends in market data, and other sources as needed |
|---|---|---|
| **Program impacts and effectiveness** | • Number of properties and rental units registered, total and by submarket (e.g., city, county)<br>• Estimated compliance rate, total and by submarket (e.g., city, county)<br>• Annual increases in number of registered properties or rental units<br>• Number of individuals accessing portal data, reports, or other data sources<br>• Improved availability and visibility and of rental market data to stakeholders including local policymakers, renters, and housing providers | • Improved investment and policy decision-making by state and local governments to address rental market challenges<br>• Other metrics tied to program policy goals or compliance with a broader state policy (if applicable), such as reduced evictions, increased rental affordability, reduced renter housing cost burden, etc. |
| **Operational and Financial Efficiency** | • Total Full-Time Equivalent (FTE) staff positions<br>• Number of technical assistance inquiries<br>• Average time to resolve inquiries<br>• Program revenues, total and per unit registered<br>• Operating cost, total and per unit registered<br>• Program operating losses (or revenues), total and per unit registered | Increased ability to enforce or track a broader state policy, if applicable |

# Integration with existing registries

**Study question:**
If the statewide, or six largest jurisdictions registry, did not include information for those units already registered in local programs, how much data loss would occur?

In collaboration with Commerce staff and Artesia Systems, evaluate the feasibility of working with local government personnel to incorporate the necessary data elements into their current registries. Determine the potential costs and timeframe required for all jurisdictions with registries to align their data fields with the proposed statewide registry.

Provide an analysis of alternative methods that could be used to gather the required data for units in areas that have current registries and assess how the effectiveness of those alternatives compares to a full integration strategy.

There are 17 cities in Washington with existing rental registries, covering approximately 436,000 rental homes in the state (about 40% of rental homes statewide, and 49% of rental homes in the six largest counties).

**If a statewide registry or one limited to the six largest counties excluded rental properties already subject to city-level registries it would result in a significant loss of data, either 40% or 49% of total rental housing depending on the subject geography.**

Existing city-level rental registry programs in Washington primarily focus on ensuring housing quality; most do not collect unit-level data including rent or vacancy (only Olympia and Tacoma collect data on monthly rents; Seattle collects data on vacancy indirectly by collecting tenant contact information). Most or all existing rental registries in Washington collect and store data at the property level; converting the programs to collect and store data at the unit level would increase program costs substantially and require significant changes to the data infrastructure for each of the 17 existing registries. We do not know in precisely what format cities store registry data at the property level (e.g., property address and owner information) or how easy it would be for the state to access back-end data for integration with a statewide registry database. Most city programs collect data via a digital portal and could provide data for integration into a statewide database with some adjustments.

**It is likely cost prohibitive to convert existing local registries to fully integrate into a state registry that meets the requirements of the proviso. However, the state could work with local governments to gather property address and owner information to support outreach. This would require imposing a second registration on property owners subject to local registries or accepting a loss of data on property rents and vacancy status for rental properties in cities with local registries.**

**There are several basic approaches to gathering the required data for rental units in areas that have existing local rental registries:**

- **Full integration of local registries into a state program:** As stated above, modifying existing local rental registries to collect unit-level data on monthly rents and vacancy would add significant complexity to the cost, compliance and administrative needs, and IT infrastructure required to operate existing local registries.
    - This approach is likely not feasible.

- **Partial integration of local registries into a state program with exemption:** The state could work with operators of local rental registries to integrate property address and owner contact information at the property level into a state program, and exempt property owners in cities with local rental registries from compliance with a state program. This would require the state to forego data on rents and vacancy for the majority of integrated data.
    - This approach would result in a loss of monthly rent and vacancy data for either 40% or 49% of total rental housing depending on the subject geography.
- **Partial integration of local registries into a state program without exemption:** The state could work with operators of local rental registries to integrate property address and owner contact information at the property level into a state program and use that information to support outreach efforts to property owners to comply with a state rental registry.
    - This approach would incur costs to pursue both the integration work and the outreach but could improve initial compliance for property owners in cities with existing rental registries. It would involve requiring a second registration for property owners in cities with rental registries.
- **No integration:** The state could make no effort to integrate existing local registration data. It could ask operators of existing local registries to support outreach efforts to property owners in their cities without providing property information to the state.
    - This approach would be less costly to the state and less costly to local governments than partial integration, though it could result in lower compliance. It would involve requiring a second registration for property owners in cities with rental registries.

For each of these approaches, to minimize costs and potential data loss, the state could focus data collection and integration on three cities: Seattle, Spokane, and Tacoma, which together account for approximately 70% of homes currently subject to rental registries.

# Data security, availability, and IT requirements

## Database Design and Information Infrastructure

The complexity of data collection and reporting requirements will impact the design of the database. Primary drivers of database design, online portal, and IT infrastructure are likely to include:

- The level at which the database collects and stores data: E.g., by property, by unit, or both.
- The complexity of the online portal, including whether it needs to collect registration fees (and the scale of these fees), and the number and type of users (e.g., creating a separate portal for tenants to access or report data on their homes would add substantial complexity).
- The process for exporting data from the database: E.g., developing a list of pre-formatted data reports
- As the state evaluates a custom platform and third-party vendors to host the rental registry, it should consider the cost and complexity of the database and its reporting features alongside program goals, data capture, and other design choices.

As part of the design of the database and online portal for the rental registry, Commerce and its partners will also need to take steps to ensure the security of the database and online portal against cyberattacks.

## Data access and reporting

**Study question:**
In collaboration with Commerce Staff and Artesia Systems, provide an analysis of how to address data privacy concerns, especially regarding sensitive information such as property owner identity and monthly rent charged. Based on these concerns, offer recommendations on which stakeholders should have access to the data collected through the registry and to what extent of detail the data should be available.

To provide useful rental market information to a range of users including local governments, it will be critical to ensure a level of data transparency while also safeguarding sensitive information, such as property owner identity and monthly rents. To achieve this balance, the program should make different levels of data available to different potential users or audiences.

- **Property owners and managers:** Property owners and managers should have access to information related to their property or properties via the online portal but should not be able to view information related to other properties.

- **Tenants:** Some rental registries include tenant portals, where tenants can access information related to their rental homes or file complaints about violations related to policies (such as housing quality) the rental registry supports. A tenant portal would add complexity to the IT requirements of the program. The baseline rental registry design does not require a tenant portal.

- **Program administrators:** Program administrators are likely to need access to the full database as well as any data reports in order to track compliance and analyze market data. Commerce has systems to regulate access to secure databases.

- **Other public sector users:** If one of the state's goals is to support state and local governments by providing rental market data, it could provide this data in the form of full property data records, specific data reports (which could remove identifying fields such as owner name and street address), or aggregated data (such as a summary of rental units by zip code or another market area). The state would need to balance the utility of various data formats against privacy concerns.

    - Due to privacy concerns it is not advisable to share full property records with other public sector users. Anonymized data reports or aggregated data could be valuable tools for state and local governments.

- **General public:** Some rental registries, such as Minneapolis, have open data portals that allow public users to view, and download select data related to all properties. Some, like San Francisco, provide some data to the public but require users to look up specific properties individually. The state could publish some rental data on an online data portal for the public. It could also publish aggregated data and market analysis, in the form of a public dashboard or market report, for public users to view market trends.

- An online dashboard of registration trends and market-level rental trends, which can update automatically as new data becomes available, is likely to provide the most value to the public for the lowest cost.

# Appendix B: Stakeholder engagement summary

## Summary of relevant takeaways

HR&A conducted fourteen interviews with intermediary organizations, including rental housing associations and other industry representatives, tenant advocacy groups, local government staff, and housing authorities, as well as five listening sessions with tenants, housing providers (property owners and property managers), and their advocates. Several themes emerged from the interviews and listening sessions which can directly inform the design of a rental registry.

### State and local government staff might be the primary users of a statewide rental registry:

- **Public entities are interested in up-to-date housing data for policymaking and improved communication with housing providers.** Aside from state-level entities and tenant organizations, the biggest proponents and primary users of a statewide rental registry are likely to be local (city and county) staff without an existing registry. Such interviewees noted that having access to up-to-date information about their local rental housing market would help them to make better-informed policy and investment decisions. Representatives of cities with existing registries noted that the registry has led to better relationships with housing providers, as city staff can contact them directly regarding any housing issues or programs. Interviewees of cities without registries also voiced their interest in a registry as a tool to improve communication with housing providers.

- **Local governments with rent registries prefer to retain their existing registries but are open to sharing data with the state.** Most local registries implement policies to improve housing quality of public safety and include requirements for housing inspections. Multiple interviewees said that unless a statewide registry had the same requirements as their existing local ones, they would prefer to continue with their own requirements. Multiple interviewees were reluctant to layer their existing registry with additional statewide requirements and thought it would lead to a regulatory burden for housing providers. City representatives were willing to share their data with the state if it supported a statewide registry.

### A state rental registry might not directly address renters' most pressing challenges:

- **As described in the proviso, a statewide rental registry would not directly support rental affordability, which remains a priority for tenants and tenant advocates.** Rental affordability challenges throughout the state include high and rising rents, low housing quality, and housing instability. Many existing local rental registries in Washington directly address housing quality by mandating a housing inspection. A statewide rental registry could negatively impact existing challenges if property owners pass fees on to their tenants or if owners remove their units from the rental stock to avoid further regulation. It would be difficult for a rental registry to provide continuous tracking and analysis of tenant-level information (such as income and loss of housing). This means that the registry would provide limited visibility into housing affordability at the unit level.

- **Tenants and advocates find merit in a rental registry if it results in better housing quality or transparency.** Some local rental registries allow property owners to choose their own inspectors, and tenant advocates expressed concern that these programs might not be effective at improving the quality and livability of rental homes. One interviewee also mentioned the need to ensure housing quality statewide, particularly in rural areas where inspections are less common. Some advocates were also hesitant about inspections, stating that renters can be reluctant to allow unknown people into their home. Interviewees and some listening session participants voiced interest in a statewide registry that improved real-time data on rental costs and provided contact information of housing providers. Tenants felt that access to information about the ownership of rental properties would give them more agency when looking for apartments to rent or raising issues about their apartments.

## Property owners and managers oppose a state rental registry:

- **Housing providers believe that "no program is the best program."** Housing providers feel that their industry is already highly regulated and expressed frustration with existing local registries, many of which require inspections and annual fees. Providers oppose increased regulation and additional fees at the state level. Commenters oppose a new statewide program, which many view as an overreach by the government. Repeatedly in interviews and listening sessions, we heard from housing providers that the state should not create a rental registry, and that having one would create added expense or burden on them and tenants without providing a benefit. Multiple providers thought that conducting a housing survey or using existing public and private data would provide information on rents without adding more regulations on their operations.

- **Housing providers stated that a rent registry could increase housing costs and remove units from the market, negatively impacting tenants.** Multiple commenters said that further regulation would cause them or other housing providers, particularly owners-managers with small rental properties, to sell their properties. Providers stated that increased regulation would reduce the availability of rental housing as some owners choose to leave the market. Interviewees and listening session participants also said tenants would bear the cost of any fees associated with the registry, leading to higher rental costs.

## A limited-scope program is likely to have broader support than a larger and more complex program:

- **Despite housing quality concerns, requiring inspections could pose challenges for a statewide program.** Many existing local registry programs in Washington require property inspections. Property owners reported that inspection procedures and findings can vary even within a particular city. Owners of deed-restricted affordable rentals expressed concern about the costs and paperwork associated with an additional inspection, as those units are already highly regulated by local and federal subsidy providers. Requiring inspections for a statewide registry would be duplicative of or add complexity to existing local registry requirements.

- **Some housing providers note that a statewide registry could be useful and more cost-effective if it replaced local registries.** There is a growing patchwork of local registries throughout Washington, many of which are understaffed or under-resourced. Compliance with these registries adds cost and complication to owners and managers, who must keep track of varying regulations, fees, and inspection processes. Housing providers were amenable to a statewide program that could somehow replace local registries, particularly those with properties across the state.

# Introduction

HR&A Advisors, working in partnership with the Washington State Department of Commerce (Commerce), is leading efforts to study and design a proposed rental registry program for the Washington. One objective of this project is to facilitate engagement to collect input from a range of stakeholders. The purpose of this stakeholder engagement is to:

- Understand how a rental registry might impact various stakeholders, including property owners, property managers, tenants, and local governments
- Understand the interests, concerns, and needs of these potentially impacted stakeholders
- Assess perceptions of the proposed rental registry
- Solicit input on the potential design of a rental registry program

Recognizing that a rental registry would impact stakeholders across the housing ecosystem, we conducted strategic engagement with a variety of groups, including:

- **Housing providers** (property owners and property managers) own and manage buildings and will be directly impacted by a rental registry program as they would need to provide information for the registry and be responsible for any fees and additional registry requirements.

- **Apartment associations** and other industry organizations represent property owners and property managers and lobby for policies that benefit housing providers. These associations are important intermediaries to understand housing providers' concerns.

- **Renters and tenant advocates** can help to inform a rental registry's design by providing insight into the rental market challenges that tenants face and providing alternate perspectives to housing providers.

- **Local government staff** understand local rental market trends and can provide input on the program design and its potential impacts on local government capacity.

- **Housing authorities** frequently have broad networks of property owners they work with through voucher programs and can provide helpful context about the pressures facing both property owners and low-income renters.

# Summary of engagement activities and participants

## Key informant interviews

We conducted 14 interviews with intermediary organizations, including:

- Local governments (7)
- Local housing authorities (2)
- Tenant advocates (2)
- Housing provider industry associations (3)

These interviews served two main purposes: they helped quickly survey stakeholders familiar with a broad cross-section of perspectives on the proposed rental registry and allowed us to reach a broader network of stakeholders. We designed interview questions to further understand the Washington rental housing landscape, identify challenges of existing rental registry programs and gather feedback on potential registry components.

## Stakeholder listening sessions

We conducted listening sessions to gather input from a broader audience of property owners, property managers, and tenants, as well as their advocates. We reached out to potential attendees through intermediary organizations and local government staff. Three listening sessions focused on gathering input from tenants and tenant advocates, and two focused on gathering input from property owners and managers. Each session lasted for 60-minutes; however, we remained after each session to hear all comments. In each session, we provided a brief informational presentation, conducted polling both to capture participant information and to gather input, and heard comments from attendees.

### Renter and tenant advocate listening sessions

We convened three listening sessions for renters and advocates: one on June 18, 2024, one on August 6, 2024, and the third on August 9, 2024. In total, 80 renters and tenant advocates registered to attend the sessions, but only 26 participants attended. Despite low attendance, we had participants including renters and advocates with experience in urban, rural, and suburban markets, a variety of housing types, and a range of familiarity with rental registries. We did not reach renters from the eastern part of the state, although we did have input from advocates that work statewide.

**Question: What best describes you?**

- Renter: 1
- Tenant Advocate: 6
- Both: 7
- No Response: 12

**Question: Where do you live or provide advocacy?**

- Whatcom County: 2
- Pierce County: 1
- Snohomish County: 2
- King County: 5
- Spokane County: 1
- Statewide advocacy: 1
- No response: 15

**Question: What type of building do you live in?**

- Single-family: 6
- 2-4 units/building: 1
- 5-19 units/building: 1
- 20-99 units/building: 2
- 100+ units/building: 4
- Mobile home: 2
- No response: 9

**Question: What type of market do you live in or provide advocacy in?**

- Urban: 12
- Suburban: 5
- Rural: 2

- No response: 8

**Question: On a scale of 1-5 (least to most), how familiar are you with rental registries?**

- 1: 8
- 2: 0
- 3: 3
- 4: 5
- 5: 3
- No response: 7

## Housing provider listening sessions

We convened two listening sessions for housing providers: one on June 18, 2024, and one on June 21, 2024. We had a total of 203 participants across these two sessions. Overall, we heard from property owners in western and eastern parts of the state. The geographic distribution of participants matched the distribution of rental housing throughout the state, though participation from housing providers with property in Spokane is high compared to the percentage of rental housing in that county. The largest group of participants identified themselves as owners of single-family rental homes, consistent with statewide trends.

**Question: What best describes you?**

- Property owner: 86
- Property manager: 52
- Trade association representative: 7
- No response: 86

### Table B1: Question: What counties do you own or manage property in?

| Response | Participant count | Percent of responses | Percent of Renter-Occupied Homes (2022 ACS data) |
|---|---|---|---|
| **King** | 64 | 32% | 37% |
| **Pierce** | 24 | 12% | 11% |
| **Snohomish** | 24 | 12% | 9% |
| **Spokane** | 42 | 21% | 7% |
| **Clark** | 5 | 3% | 6% |
| **Thurston** | 17 | 9% | 4% |
| **Whatcom** | 0 | 0% | 3% |
| **Yakima** | 2 | 1% | 3% |
| **Kitsap** | 10 | 5% | 3% |
| **Benton** | 0 | 0% | 2% |
| **Skagit** | 0 | 0% | 1% |
| **Cowlitz** | 0 | 0% | 1% |
| **Grant** | 1 | 1% | 1% |
| **Chelan** | 0 | 0% | 1% |
| **Kittitas** | 4 | 2% | Less than 1% |
| **Jefferson** | 2 | 1% | Less than 1% |
| **Grays Harbor** | 1 | 1% | Less than 1% |

| Response | Participant count | Percent of responses | Percent of Renter-Occupied Homes (2022 ACS data) |
|---|---|---|---|
| Island | 1 | 1% | Less than 1% |
| Mason | 1 | 1% | Less than 1% |
| Pend Oreille | 1 | 1% | Less than 1% |
| Whitman | 1 | 1% | Less than 1% |
| No response | 82 | N/A | N/A |

Note: The table above excludes counties for which we had no poll respondents that also have less than 1% of the statewide renter-occupied homes.

**Question: What residential property types do you own/manage?**

- Single-family: 69
- 2-4 units/building: 53
- 5-19 units/building: 31
- 20-99 units/building: 25
- 100+ units/building: 16
- Mobile homes: 8
- No response: 90

**Question: How many residential units do you own or manage across Washington state?**

- 1-25: 65
- 25-50: 8
- 50-100: 7
- 100-200: 9
- 200-500: 7
- 500-1,000: 6
- 1,000-5,000: 3
- 5,000-10,000: 2
- 10,000+: 6
- No response: 94

**Question: On a scale of 1-5 (least to most), how familiar are you with rental registries?**

- 1 - Not at all familiar: 30
- 2 - Slightly familiar: 8
- 3 - Somewhat familiar: 19
- 4 - Moderately familiar: 14
- 5 - Extremely familiar: 34
- No response: 98

## Stakeholder Input

Below is a full summary of stakeholder input by stakeholder group.

### Tenants and tenant advocates:

- **Renters and advocates had concerns about the effectiveness of existing rental registry programs.** Some existing local registries allow housing providers to choose their own inspectors, which raised questions about the integrity of housing standards. One commenter who lives in Bellingham felt that the city made too many concessions to property owners in the design of its program, including allowing independent contractors. They hoped that a statewide program could add accountability.

- **Renters and advocates want a housing registry that increases transparency and applies to all rental units across the state to ensure equal protection for all tenants.** Stakeholders voiced interest in a transparent registry that captures and openly displays housing information and stressed the importance of tracking changes in affordability year to year. Representatives of tenant organizations mentioned that an open-source registry could support tenant organization efforts, assess renters' rental burdens, and even drive voter engagement. Tenants and advocates think that a registry will increase transparency by allowing tenants to know who owns and manages their property or properties they are interested in moving into. A few mentioned an interest in avoiding large corporate owners with whom they had already had negative tenant experiences. A registry that displays housing providers' contact information will also let tenants contact their providers directly - one commenter who lives in Spokane expressed how difficult it is for tenant protections to be effective when it is unclear on how to reach your landlord directly - a registry could make this process easier and more transparent.

- **Renters and advocates voiced concerns that a state rental registry might have limited effectiveness or create new costs for tenants.** Listening session participants mentioned concerns that compliance and enforcement of a rental registry program would be low, that fees would be too high for smaller property owners, or that owners would evade payment. Advocates also acknowledged concerns that housing providers would pass registry on to renters, exacerbating affordability challenges. One stakeholder recommended that registry fees (and whether the property owner passed fees directly to the tenant) should be transparent.

- **Commenters and interviewees preferred a statewide registry over a six-county strategy.** Advocates noted that housing quality challenges are more prevalent in rural areas which do not have housing inspection policies. Advocates also said that surging rental prices are a concern across the state, not only in more populous counties.

- **Renters and advocates are concerned about a statewide registry's data privacy.** Tenants and advocates raised data privacy concerns in every listening session. Tenants questioned whether a registry should capture inhabitants' names or other personal information, and expressed concern that the state could protect their privacy from data breaches. Listening session attendees were also concerned about retribution from housing providers if tenants reported unregistered units.

- **Rising rents and housing quality are major concerns for renters and tenant advocacy groups across the state.** Other challenges included housing insecurity and difficulty finding or affording suitable rental housing. Costs for utilities, garbage removal, and other monthly bills contribute to affordability challenges even when rents appear low. Advocates indicated that homes in coastal areas often have moisture and mold, while those in eastern areas are older and less likely to be subject to inspections.

- **Renters report difficult relationships with property owners.** There is a lack of trust between tenants and property owners. Multiple commenters mentioned rent gouging and concerns that housing providers engage in predatory practices or allow unsafe property conditions. This concern also extends to operators of mobile home parks. Several commenters expressed concern about tenant selection practices including required income, credit score, and tenant rules. Renters and advocates stressed the need for transparency and accountability in the rental housing market.

## Property owners and managers:

- **Most housing providers we spoke with believe that "no registry is the best registry."** Approximately 160 housing providers and advocates attended HR&A's listening sessions held on June 2024. Out of 91 commenters in the listening sessions, 88, or 96%, voiced skepticism, expressed doubt, or otherwise opposed a statewide registry. 77% clearly stated that the state should not create a rental registry. About 48% of commenters expressed concern about the additional costs and administrative burden associated with a rental registry and believed it would "only drive up rental rates." Most housing providers strongly oppose any effort to further regulate their industry – at least 39% of commenters saw a statewide registry as a form of government overreach and interference in the private sector. About 33% of respondents commented that the proposed regulations do not provide any clear benefits to housing providers or tenants. They view a registry as unnecessary and ineffective. One commenter stated, "Still unclear about what problem we are trying to solve. Why would we pay the state to gather our data?" Multiple interviewees and commenters at the listening sessions stated that housing providers will pass fees associated with a registry to tenants, which would drive up rental costs and contribute to the state's affordability crisis.

- **Housing providers have had negative experiences with existing registries.** When asked about their experience with existing registries, 47% of respondents expressed concerns about the additional costs associated with existing registries. Others mentioned inspection and accountability issues. One commenter stated, "Their inspector fails to submit his report and I have to hassle and have it done all over again and they want to charge fees for their mistake." Housing providers and industry representatives that work across the state noted the challenge of complying with different regulations across multiple localities. Several listening session participants noted that they were considering or would consider selling property due to regulatory requirements.

- **Housing providers feel that their industry is already highly regulated and oppose additional regulation.** About 44% of commenters mentioned feeling overwhelmed by the existing regulations and dreading the addition of more rules. One commenter stated, "Everything seems set up to discourage and complicate the ability to provide housing, not to help." Owners and managers of deed-restricted affordable units oppose a housing inspection requirement, because they are already subject to inspections through federal and state subsidy providers. Smaller property owners feel that added regulations will disproportionately affect them and could force them out of the market. One commenter stated that, "the cost associated with fees just to be a landlord is pushing the mom & pop landlords out of the market." They fear that a more complex regulatory environment might force them to hire a property manager or sell their rental units, which they noted would impact tenants, either by driving up rental prices or eliminating units from the market. Some stakeholders worried that a rental registry would be a precursor to additional state regulations.

- **Skepticism about registries extends to data collection and sharing.** Housing providers argue that market data is available elsewhere, and that availability of registration data would be of little use to them or to tenants. Multiple commenters viewed a statewide registry as a step towards surveillance and control by the state, and about 14% of commenters expressed concerns about data security, one stating the registry has "potential for a massive security breach, increased spam and potential scams." Several stakeholders suggested that the program should ensure anonymity or be voluntary to address privacy concerns.

- **If the state pursues a rental registry, providers believe it should be as simple as possible and should create tangible value for property owners.** Housing providers stated that a statewide registry would only be valuable if it replaced the patchwork of existing local registries with one, streamlined, application. The worst outcome, according to housing providers, would be for Commerce to add further regulations to local registries, leading to complex and costly regulations. Industry representatives suggest that incentives, such as a low cost registration fee, risk mitigation fund waivers for smaller buildings, or waivers for affordable housing providers could increase the likelihood of a registry's success.

- **A few providers indicated that a registry could be useful if it connected housing providers, particularly small housing providers, with resources to reduce costs.** Technical assistance and support in compliance with regulations, particularly for small housing providers, would help reduce costs. Financial resources such as rental assistance or risk reduction could also be valuable to housing providers.

## Local government and public entities:

- **Interviewed municipalities with existing registries saw limited value in a new statewide initiative.** Local government staff we interviewed questioned the purpose of a statewide registry and its benefits over existing local initiatives. Municipalities that require building inspections with their registry were reluctant to replace it with a statewide option that did not have an inspection component. They were also hesitant of increased fees and regulations on housing providers already paying local registration fees. Staff reiterated that housing providers tend to pass fees down to tenants and that these new requirements could also cause further tension between municipalities, housing providers, and tenants. Interviewed municipalities were open to sharing their existing registry data with the state to support a statewide data-gathering effort but noted that they do not capture unit-specific rental information.

- **Interviewees acknowledged challenges with local registries and suggested improvements for a statewide registry.** Existing city-level registries do not track market data, and many undercount units due to low compliance. Municipalities with local registries often do not share data with other public entities, limiting their value for local and state policymaking and research. Staff in cities and counties without registries expressed interest in a statewide program if they could access data. Interviewees recommended making the registration free or adding clear programmatic incentives to garner more support from housing providers and prevent costs from trickling down to renters.

- **Local governments would benefit from a statewide rental registry that captures real-time data but expressed uncertainty about the policy goals behind a statewide solution.** Current data from the Census and local collections have delays and gaps, making it difficult to compare trends across municipalities or counties. Some local governments and housing authorities would welcome a registry that provides data on unit sizes, rent variations, and long-term trends. Two interviewees noted that the registry could support county housing needs assessments and comprehensive plan updates. Others are skeptical that the state can capture useful market data through a rental registry. Interviewed staff from two municipalities noted that housing providers already track their portfolios and provide this data to third-party real estate information companies such as CoStar. They doubted that a statewide registry would capture better information. They proposed that a statewide housing survey could provide information about the rental market without adding more paperwork and fees for housing providers.

- **Interviewees think that rental registries can improve communication between municipalities and housing providers.** Interviewed staff from cities with registries highlighted that communication with providers has improved because of the registry. They mentioned that collecting providers’ contact information and regularly interacting with them has led to more open communication, leading providers to reach out directly for housing concerns or programs. Interviewees from cities without a registry also mentioned that a registry would help improve their communication with providers.

# Attachment: listening session presentation

Listening session presentation available on Box (PDF)

# Appendix C: Rental registry case studies

## Summary of relevant takeaways

It is likely that a statewide rental registry in Washington would not exactly follow any of the models in the four cases we studied. However, each offers lessons on the design of a suitable program.

**On the whole, the case studies point to two potential models for a statewide rental registry in Washington:**

1. **Registry as a policy enforcement tool:** Three of the four cases we studied (Los Angeles County, Minneapolis, and San Francisco) are relatively large, complex registry programs. This is because their primary purpose is to support compliance for other housing programs. In the case of Minneapolis, the rental registry supports an inspection program to ensure that rental housing meets habitability standards. In Los Angeles County and San Francisco, the rental registries are designed to track compliance with rent stabilization programs.

2. **Registry as data gathering tool:** Ohio's property registry has data gathering as a primary goal. In particular, the goal is for county governments to be able to identify property owners in the case of property damage, emergency, or code violations. The state does not incur any costs to oversee this program because the administration occurs at the County level. However, the program does not generate funding to pay for County administrative costs, and the state does not aggregate or report any data. If Washington wants to pursue a data gathering registry it should design a program that has the minimum costs and administrative needs to produce useful data.

**Clear compliance mechanisms are important to program design, but it is also likely that rental registry compliance will be low in the first few years:**

- **Minneapolis has clear mechanisms to incentivize compliance.** These include opportunities both to reduce fees by registering early or participating in a good landlord program, and penalties for noncompliance (25% penalty). Minneapolis has over 90% compliance with its rental registry. By contrast, Los Angeles County and San Francisco charge only a 5% to 10% penalty, and do not offer incentives for compliance. Those rental registries also prevent non-compliant property owners from raising rents on rent-stabilized properties.

- **Los Angeles and San Francisco have seen low compliance in their first years of operations.** Both programs started in the last few years and have had low (around 5%) compliance to date. This may be due in part to ongoing complications from the COVID-19 pandemic and related impacts to the housing market (such as temporary rent freezes). Los Angeles County waived rental fees for its first year as a way to incentivize early compliance.

## Summary by case study

**Ohio's Residential Rental Property Registry program provides helpful insight for Washington both into how a state can design a limited rental registry and the challenges to doing so effectively.** Due to the difficulties that Ohio's approach creates for Counties and the challenges to aggregate data for a disaggregated program, this model is not likely to be successful for Washington.

**LA County's Rent Registry program showcases the initial challenges of implementing a registry,** creating specific requirements for mobile homeowners, and the merits of an online portal for tenants and housing providers. The program includes specific regulations and fees for mobile homes. The primary goal of the Rent

Registry is to support the implementation and monitoring of the County's rent stabilization and just cause eviction ordinances for rental units and mobile homes. Because of this focus, LA County's model may be less relevant to Washington.

**The Minneapolis Rental License Program demonstrates how incentives and technical assistance can improve compliance and help meet program goals.** The city's open data portal promotes transparency, while its inspection requirements ensure safety and quality. The program has had consistently high compliance. The primary goal of the Minneapolis Rental License Program is to ensure that the city's rental housing stock is code compliant and livable. A statewide rental registry in Washington is unlikely to include an inspection requirement, so those aspects of Minneapolis's program are not relevant. However, Minneapolis structures its fees to encourage property maintenance and the prompt resolution of any issues and provides opportunities for owners to reduce their fees through early compliance, demonstrating how fees and compliance mechanisms can produce high compliance. In addition, Minneapolis shows how a rental registry can promote transparency through an open data portal.

**San Francisco's Housing Inventory has had low compliance in its first years of operations, highlighting the importance of adequate outreach and compliance strategies.** The goal of the program is to enhance the Rent Board's ability to oversee the city's rent stabilization policy. Because of this focus, and because the primary compliance mechanism relates to allowable rental increases, San Francisco's model is less relevant to Washington. However, Washington should consider using a range of outreach approaches to encourage early compliance.

# Introduction

We developed case studies of four rental registry programs to understand a range of policy goals and designs for rental registry programs, as well as potential mechanisms for compliance and lessons for Washington as it considers creating a statewide rental registry. We chose these case studies for their ability to illustrate a range of purposes, structures, and geographies, with a focus on West Coast models:

- Ohio Residential Rental Property Registry, State of Ohio
- Los Angeles County Rent Registry, Los Angeles County, CA
- Minneapolis Rental License Program, City of Minneapolis, MN
- San Francisco Rent Board Housing Inventory, City of San Francisco, CA

The original intention was to develop case studies for four state-level rental registries. However, we determined that of the limited number of existing state rental registries, only Ohio offered relevant insight for Washington. There are a few other state-level rental registries, including in New York, Maryland, and Rhode Island, but these rental registries apply to only specific properties and have a narrow focus (tracking rent stabilization or environmental hazards in older housing) that were not relevant for Washington.

## Case study | Ohio's Residential Rental Property Registry

State of Ohio

**Ohio's Residential Rental Property Registry program provides helpful insight for Washington both into how a state can design a limited rental registry and the challenges to doing so effectively.**
In 2006, the State of Ohio passed legislation establishing a residential rental property registration for counties with populations over 200,000 residents. The stated goal of the program was to support first responders in identifying the ownership of properties when they are damaged, such as in the case of natural disaster or fire, however Counties mostly use registry data for code enforcement (Interview with Program Staff). Property owners must register rental properties with their county auditor, but the registries typically collect minimal data (Ohio Department of Taxation). While the law only requires counties with more than 200,000 residents to establish a registry, other cities or counties can establish a rental registry. The state does not administer the program; County Auditors within each county oversee administration. The program carries no cost for the state but also produces no state-level data. Counties have limited enforcement mechanisms and no revenue to support administration, which creates challenges to effective implementation (Greater Ohio Policy Center).

### Key facts

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|---|---|
| **Year created** | 2006 |
| **Coverage** | All residential rental property owners in counties with more than 200,000 residents per the most recent decennial census (Currently 15 counties: Franklin, Cuyahoga, Hamilton, Summit, Montgomery, Lucas, Butler, Stark, Lorain, Warren, Lake, Delaware, Mahoning, Clermont, Trumbull). The program treats mobile homes as residential rental property. (Approximately 1,120,000 units) |
| **Re-registration** | Local determination (state requires registration within sixty days of a change in the ownership information) |
| **Fee** | None |
| **Data captured** | • Property Owner Name, Address and Phone Number<br>• Property Street Address and Permanent Parcel Number<br>• Other data (local determination)<br>• Rent data is not required by the state. No counties collect rent data. |
| **Property inspection** | Local determination |
| **Online portal and data availability** | Varies by county. Some counties do not publish data. Others provide a comprehensive list of registered properties. Montgomery County organizes data by tax district. |
| **Compliance** | Varies by county, generally unknown. State does not collect data or track compliance. |
| **Short-term rental considerations** | Yes, the program treats STRs as rental properties (Ohio Department of Commerce) |

### Background

#### History and context

Ohio created the Residential Rental Property Registry in 2006 to help first responders identify the true ownership of residential properties in case of damage. The state initially required every county to develop a rental registry. However, after pushback from smaller counties, the state amended the law in 2007 to apply only to counties with populations over 200,000 residents (Greater Ohio Policy Center).

**Legal authority**
H.B. 294 of the 126th General Assembly created the Residential Rental Registry. H.B. 294 required all counties to create a registry. As a result of backlash, H.B. 119 of the 127th General Assembly amended the law to only require counties with over 200,000 residents to create a registry.

**Initial implementation**
There is limited documentation about what if any stakeholder engagement occurred prior to approval of H.B. 294.

Because of the decentralized nature of the program, outreach practices to property owners vary by county according to local priorities and capacity. Some counties send notifications via mail to alert property owners that they are not listed in the rental registry. Others might conduct minimal to no outreach depending on the priorities of elected officials (Interview with Program Staff).

Startup costs also varied by County, but the state incurred minimal costs for the initial implementation.

**Program operations, administration and costs**
Program administration occurs exclusively at the local level. The state does not provide oversight into the program beyond ensuring that counties that meet the population threshold have a rental property registry. There are no reporting requirements from the counties to the state, and the state does not publish a record of existing registries or registration data (Greater Ohio Policy Center). The costs to the state are therefore minimal.

Counties have broad ability to set local program requirements, such as whether to administer the non-compliance fee, requirements regarding inspections, and additional information to collect (Interview with Program Staff). Program costs therefore vary by county. The state does not provide any funding to the counties to administer the program. State law authorizes a non-compliance penalty fee which could help fund program administration at the county level, but most counties do not enforce this fee, so funding often originates from each county's general fund. According to program staff, one county, which is currently focused on maintaining the minimum requirements, has four staff members in the department overseeing the program, among other responsibilities in the county. We were not able to identify a specify number of full-time employees (FTE) necessary to administer the program. However, the cited county has a population of over 500,000.

## Program features
The program establishes the minimum standard of information for county auditors to collect, and the penalty for non-compliance (Ohio Department of Taxation). County governments make their own determinations about program administration and specific features.

**Compliance mechanisms**
Non-compliant property owners can be subject to a $50 to $150 fine per property and a minor misdemeanor charge. County Auditors decide whether to enforce compliance, but according to program staff, many do not. Only Franklin County appears to assess fines. Program staff for a different county recalled sending mail notifications of the registration requirement to property owners, but that did not result in assessing fines. Rather, the county decided to discontinue mail notifications due to backlash.

**Data availability**
The state does not maintain an online portal as all registration occurs through local governments and county auditors. Several localities use an online portal to facilitate the registration process. Counties differ in how they provide data on registered properties, ranging from a comprehensive database of all registered properties to listings of all filed registrations.

## Impacts and lessons learned

**Program impacts and effectiveness**
Program effectiveness is limited due to the lack of enforcement mechanisms available to the counties, and the decision of many counties not to impose fines or misdemeanor charges on noncompliant property owners. One county program staff member estimated that their registry included 20%-25% of all properties in the county.

Currently, while first responders still use the registries, the program is often more targeted towards identifying absentee landlords. Several counties use registries as part of their code enforcement strategies, however the lack of statewide data collection or sharing makes it difficult to track "bad actors" with rental properties in multiple counties (rental property owners with persistent code violations or blighted or unsafe conditions).

**Implementation and participation challenges**
The state law created an unfunded mandate for the counties to create and administer rental registry programs (Greater Ohio Policy Center). It appears that the primary ways in which most counties have addressed this challenge is by creating rental registries with limited scope and enforcement. Counties experience challenges in administering the program, both from a design standpoint and an enforcement perspective. The state does not provide any assistance when a new county needs to set up its registry. Further, the state has not specified counties' enforcement rights. As one county official stated, "we are not the police."

Counties are often working to engage local property owners to increase participation, to varying degrees of success. State law requires county auditors to include a statement on property tax bills about the registration requirement, and to provide notice at the sale of a residential rental property. Counties identify non-compliant property owners through approaches including complaints from tenants, by notifying new property owners of the registry program, and by researching whether registered property owners own other properties in the County. However, because many county auditors do not enforce compliance, outreach does not often lead to new registrations. It is unclear if registrations have increased or decreased over time.

**Equity Considerations**
The state law does not provide any direction to the counties on how to incorporate racial equity considerations. Stakeholders indicated that counties focus on increasing overall compliance to the extent they are able, and do not pursue more equity-oriented efforts.

**Lessons Learned**
Ohio's Residential Rental Property Registry program provides helpful insight for Washington both into how a state can design a limited rental registry and the challenges to doing so effectively.

- State law can establish registries at the local government levels but should consider the administrative impacts to local governments. All the largest counties in Ohio manage rental registries. The program also set a precedent for other localities to develop their own registries. However, the program creates an administrative burden for Counties without providing revenue to pay for administrative costs, leading to high variability in enforcement and impacts.

- Program design should reflect program goals and provide the necessary structures to produce impacts. Ohio's program lacks a clear purpose. In addition, the state does not provide oversight or data gathering, which limits the program's effectiveness at both the County and state level. Without developing the infrastructure for a state-level registry, it can be challenging to aggregate the county-level data into a comprehensive database. The state could theoretically collect the minimum required data from each county related to property location and ownership, but there is variation between counties not just in the type of information collected but also in the way that counties collect and store information. Any effort by the state to consolidate information would require lengthy efforts by staff to re-organize county data into a statewide database, and data availability would be inconsistent.

Due to the difficulties that Ohio's approach creates for counties and the challenges to aggregate data for a disaggregated program, this model is not likely to be successful for Washington.

## Case study | Los Angeles County rent registry

Los Angeles County, CA

**LA County's Rent Registry program showcases the initial challenges of implementing a registry, the importance of adequate outreach and the need to provide incentives for registration.**
Los Angeles County established the Rent Registry program in 2020 to track rental rates in unincorporated areas of LA County. The program was created to assist the implementation and monitoring of the County's rent stabilization and just cause eviction policies. LA County's Registry has a simple, flat-fee structure, which includes a set fee for mobile homes. The online portal allows property owners to submit necessary rental housing information to comply with the County's rent stabilization ordinances. This includes details on tenancy changes, rental rates, and amenities, as well as the payment of annual registration fees for program administration and enforcement. Tenants can also log into the online portal to review information about their rental unit or dispute a rent increase.

### Key facts

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| **Year created** | 2020 |
| **Coverage** | All rental homes in unincorporated areas of the County (Approximately 107,500 units) |
| **Re-registration** | Annual |
| **Fee** | Annual fee based on unit type (rent stabilized and/or just cause eviction) |
| **Data captured** | • Owner information<br>• Property manager information<br>• Unit number<br>• Number of bedrooms<br>• Occupant name<br>• Occupant type (tenant, family member, other)<br>• Occupant characteristics (senior, children, disability, low-income)<br>• Amenities in unit<br>• Rent amount<br>• Date of occupancy<br>• Date of last rent increase |
| **Property inspection** | No |
| **Online portal and data availability** | Yes, open to property owners and tenants. Unit-level data available. |

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| **Compliance** | Low (4%). Low compliance during initial years of implementation could be due in part to roll-out complications and rent freezes during the COVID-19 pandemic. |
| **Short-term rental considerations** | No |

## Background

**History and context**
The County launched the online Rent Registry in late 2021 to supporting implementation and monitoring of their rent stabilization program. The Registry provides the County with a tool to regulate rent increases and safeguard tenants and mobile homeowners from excessive rents and evictions

In 2018, the County implemented an interim Rent Stabilization Ordinance in unincorporated areas to stem rent hikes and mitigate evictions, which were rising in the area. From 2018 to 2020, when the interim ordinance was in place, property owners sought an average rent increase of 28%, or $313 per month per unit (LA County Rent Stabilization Ordinance, 2021). Renters, attorneys and activists urged the County Board to extend the ordinance, saying it would help keep residents in their homes. This successful tenant advocacy prompted the County to pass new, permanent ordinances. Landlord groups opposed the rent stabilization ordinance, saying it would force them to raise rents where they otherwise wouldn't. They also argued that the measure would disproportionately impact small apartment owners who may be unable to cover building and operating expenses if they're unable to adequately raise rents.

In parallel, the County also enacted a mobile home rent stabilization ordinance. The ordinance was spurred by the number of mobile homes in the county and their owners' demographics. There are approximately 6,000 mobile homeowners in the unincorporated County. About 79% of mobile homeowners are over 45 years old, more likely to rely on public subsidies, and often have disabilities (LA County Mobile Home Rent Stabilization Ordinance, 2021). These vulnerabilities leave mobile homeowners with little leverage in negotiating space rents with park owners. High moving costs, potential damage, installation requirements, lack of alternative spaces, and significant investments in their homes further disadvantage them. By enacting a rent stabilization ordinance focused on mobile homes and supporting it with a rent registry, the County aims to keep this vulnerable population housed.

**Legal authority**
The County created the Registry through two rent stabilization ordinances: the Rent Stabilization and Tenant Protections Ordinance (RSTPO) and the Mobilehome Rent Stabilization and Mobilehome Owners Protections Ordinance (MRSMOPO).

**Initial implementation**
According to an interview with Los Angeles County Department of Consumer and Business Affairs staff, COVID-19 pandemic delayed the program's rollout, which started soon after the ordinances' approval in early 2020. Limits to in-person meetings and pauses in the County services limited stakeholder engagement prior to program launch. The County engaged property owners and advocacy groups through social media and mailing lists. To support property owners who missed tenant payments during the pandemic, the County waived fees for the first year of operations. The County sends annual mailers to all property owners in unincorporated areas to remind them to register their property.

**Program operations, administration and costs**
The Department of Consumer and Business Affairs (DCBA) hosts the County's Rent Registry program. The DCBA received $1.79 million from Consumer Protection Settlement funds to create the Rent Stabilization Unit, which included the cost of 12 full-time staff as well as services and supplies. At implementation, DCBA estimated an annual budget of $5.6 million to implement the program, accounting for 29 full-time staff, operation expenses, and relocation support. The County expects these costs to be covered by registration and application fees as the program matures. 3Di Systems, a third-party vendor, supplies the software for the online registry portal.

## Table C1: LA County's Registry fee schedule

| Property type | Fee/unit | Description |
|---|---|---|
| **Fully covered rental units** | $90 | Multifamily properties built before 1995 which are subject to rent stabilization as well as "Just Cause" eviction protections |
| **Partially covered units** | $30 | Rental properties that are not subject to rent stabilization, but are subject to "Just Cause" eviction protections (single-family rentals and |
| **Mobile homes** | $90 | Mobile home parks and "pad" rentals |

Source: LA County's Rent Registry

**Compliance mechanisms**
The County imposes a 10% late fee on already-registered property owners who fail to pay their units' fees by the annual deadline. The County has no way of tracking unregistered property owners, and therefore cannot impose late fees on them. Property owners who do not register their units face restrictions on increasing their tenants' rents. Tenants and mobile homeowners can submit an online form to the County if their home is unregistered or if their housing provider is raising rents higher than what is allowed by law.

**Online portal**
LA County launched the online portal in 2021. The portal allows property owners to register their rental units online and pay registration fees. Tenants can also use the portal to look up reported rents for their unit.

## Impacts and lessons learned

**Program impacts and effectiveness**
The County estimates that 4% of all rental units have been registered since registration became mandatory and the portal began operating in 2020.

**Implementation and participation challenges**
To date, the program has had limited success with rental registrations. The County estimates that 4% of all rental units are registered in the three years of the Registry's operations. Restrictions to in-person meetings and pauses in the County services limited stakeholder engagement prior to program launch, which likely deterred initial program participation. To improve program success, the County conducts annual outreach through mailers to property owners. The County is also exploring further compliance mechanisms because the 10% late fee has not been effective at improving registration rates.

The program's revenues do not currently cover its operating costs. The County is currently reviewing a new fee structure which would increase fees to help pay for the program's costs and add nuance of fee amounts based on housing and owner type. The County is also pursuing other strategies to improve its operations by expanding its contract with 3Di Systems to subcontract parts of the program's operations, including monitoring compliance and supporting online portal users. The Department of Consumer and Business Affairs' staff would oversee designing further program upgrades.

**Equity considerations**

The County is reviewing an alternative fee structure for small property owners who could be unable to pay registry fees and increasing support for those who face challenges with online applications. The County is separately working to address rental unit livability and property improvements through the Rental Housing Habitability Ordinance and the Rent Escrow Account Program (REAP).

**Lessons learned**

LA County's Rent Registry program showcases the initial challenges of implementing a registry, the importance of adequate outreach and the need to provide incentives for registration.

- **Successfully registering rental units takes time and continuous effort.** The County chose to waive registration fees the first year of operations to encourage housing providers to register. Despite this initial effort and continuous outreach to property owners through physical flyers. To date, only 4% of eligible units are registered, although registration rates have increased with each annual cycle.

- **The fee structure is affordable to housing providers and has specific fees for mobile homes but fails to finance the registry's annual costs.** Unlike other registries, LA County charges a flat fee to housing providers based on the unit's rent stabilization provisions and whether the unit is a rental apartment or a mobile home. However, the fee is too low to cover all program costs and fails to make special considerations for small housing providers.

An online rent registry portal can be used by housing providers and tenants. The online portal allows both housing providers and tenants to review information about their rental unit. Tenants can also use the online portal to report their unit's registered status and any unauthorized rent increases.

## Case study | Minneapolis Rental License Program

Minneapolis, MN

**The Minneapolis Rental License Program demonstrates how incentives and technical assistance can improve compliance and help meet program goals.**

The Minneapolis Rental License Program supports the city's goal of promoting health and safety of homes for renters. The program combines a registry with a property inspection program and has a fee structure based on property condition that incentivizes proper repair and upkeep. The city provides workshops to help property owners and managers meet regulatory requirements, address code violations, and lower fees. In addition, the program has open data dashboards that allow users to track active rental licenses, housing violations, and property conditions, with fees assigned based on property quality. The city takes a renter-centered approach by pairing its Rental License Program with a Renters Rights Office, which provides support to tenants living in unfit rental homes. The city's open data portal promotes transparency, while its inspection requirements ensure safety and quality. Minneapolis has had consistently high compliance rates.

## Key facts

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|---|---|
| **Year created** | 1998 |
| **Coverage** | All rental homes (Approximately 112,000 units in 25,000 properties) |
| **Re-registration** | Annual |
| **Fee** | Annual fee based on property condition tier and building size |
| **Data captured** | - Rental property address<br>- Property owner information<br>- Building location<br>- Total building units and total rental units<br>- Number of bedrooms per unit<br>- The program does not collect data on monthly rents |
| **Property inspection** | Yes, frequency varies |
| **Online portal and data availability** | Yes, open source data portal allows visitors to view or download all data at the unit level as well as summary data. |
| **Compliance** | High (92%). Historical trends not available. |
| **Short-term rental considerations** | Yes, additional requirements |

## Background

### History and context

The city established its Rental License Program in 1998 to support tenant health and safety through standardized monitoring and quality improvement. Most Minneapolis residents rent their homes and lack the authority to undertake repairs. The majority of rental homes in Minneapolis were built prior to 1970. Older housing is more likely to need maintenance and repairs. The program aims to address these issues by enforcing housing standards and ensuring property owners maintain their properties.

### Legal authority

Minneapolis has a home rule charter which gives it broad authority. The Minneapolis Code of Ordinances, Title 12. Chapter 244. Article XVI. Rental Dwelling Licenses codifies the program. The article includes applicability and exceptions of the ordinance, the application process, additional requirements for short-term rental dwellings, minimum inspection standards, license fees, and procedures for property owners and tenants.

### Initial implementation

Due to the age of the program, current city staff lack insight into the program's initial implementation and stakeholder engagement.

### Program operations, administration and costs

The city's Regulatory Services Department oversees the Rental License Program. The Department has over 120 Full-Time Equivalent (FTE) staff and includes program administrators, clerks, and inspectors who work on the housing inspections and registry program in addition to other related tasks. The 2024 budget for housing inspections was just under $7.0 million.

Property owners can apply for a rental license, pay annual license bills, and provide unit updates online through the Minneapolis' Rental Licenses website. Property owners can book appointments online or visit a Service

Center to receive additional assistance submitting or updating a rental license. Property owners and tenants can also call the city's 311 number to receive assistance on specific questions regarding a unit's rental license and inspections.

The Rental License Program has four main components: the registry, an inspection program, training for property owners, and an online portal. Each of these works to advance the city's goal of ensuring that rental homes meet health and safety standards.

**Registry fees**
The registry fee is comprised of two separate components: a license fee and a supplemental fee. The license fee includes a base building fee and an additional per-unit fee. The city uses a tiered fee structure under which the fee increases based on the number of rental units and the property conditions tier, based on two years of data on property conditions including inspections and violations.

## Table C3: Minneapolis rental license fee, based on property condition tier

| Property condition tier | Building fee, 1-3 unit buildings | Fee per unit, 1-3 unit buildings | Building fee, 4+ unit buildings | Fee per unit, 4+ unit buildings |
|---|---|---|---|---|
| **Tier 1 (default tier)** | $85 | $35 | $145 | $10 |
| **Tier 2** | $90 | $65 | $170 | $25 |
| **Tier 3** | $105 | $165 | $200 | $85 |

Source: City of Minneapolis

The supplemental fee is based on a combination of the property conditions tier and the property management score. The Property Management Score reflects how long it takes a property owner to comply with rental licensing standards. This allows the city to focus inspections on the buildings that need them most. Property Management Score elements include the number of re-inspections conducted to address property condition violations, the number of administrative citations to gain compliance, late payment on rental licenses, any special assessments incurred for grass or trash removal, and actions taken to revoke a rental license.

If the Fee Level is higher than the Property Conditions Tier, it means that the city spent additional resources making sure that the issues found during inspection were addressed and fixed.

## Table C4: Property Conditions Tiers, Minneapolis Rental License Program

| Property conditions tier | Inspection frequency | Description |
|---|---|---|
| **Tier 1 (default tier)** | 8 years | Property is well-maintained and meets minimum housing code. |
| **Tier 2** | 5 years | Property is well-maintained but has a few violations that could have an urgent impact on renter safety and habitability. |
| **Tier 3** | 1 year | Property is poorly maintained. There are several violations, and it is likely that more than one has an urgent impact on renter health and safety. |

Source: City of Minneapolis

**Rental property owner workshops**
The city hosts workshops (also available online as "on-demand" trainings) for rental property owners and managers. The training covers an overview of the rental license program, fees, and renewal requirements; the inspection process; common code violations; and property owner responsibilities to renters.

**Compliance mechanisms**
In addition to using a fee structure that incentivizes keeping properties in good conditions, the city uses a combination of incentives and penalties to encourage property owners to comply with registration. City staff interviewed noted that compliance is primarily driven by calls to 311 from tenants or advocacy groups reporting unregistered units.

**Incentives:**
- The city reduces the annual license fee by 50% for applications submitted between September 1 and the end of February each year (license fees are due March 1).
- Owners and managers of single-family homes who attend a city-hosted workshop receive a $250 discount on their annual fees for a period of five years.

**Penalties:**
- Rental license renewals received 15 days after the annual deadline are subject to a penalty charge of 25% of the license fee up to $3,000.
- Property owners can't rent a unit unless they have an up-to-date license for the building.

**Online portal**
The City of Minneapolis has several open data tools available on their website for the Rental License Program. The dashboards are publicly available, and the public has free access to view and download data. Users, including housing providers, renters, advocacy groups and policymakers can check information about a specific unit or building, as well as identify city-wide trends. Available dashboards include:

- Regulatory Services Violations Dashboard: An interactive, citywide list of locations of Housing Maintenance Code and Fire Code violations.
- Active Rental Licenses Dashboard: A list of all rental licenses in the city, which includes the rental property address, the property's tier score, and contact information for each property.
- Rental Tiering Dashboard: A report on property condition scores, tier assignments, and fee levels.

**Treatment of Short-Term Rental Properties (STR)**
The city licenses STRs under a separate program. STR licenses follow the same fee structure and inspection cycle as regular rental licenses. STRs have additional requirements including insurance requirements, neighbor notification, and ownership limits.

## Impacts and lessons learned

**Program impacts and effectiveness**
The Rental License Program currently has over 92% of rental units registered and in compliance. Of the 112,150 units in the rental registry, over 103,000 (92%) are Property Condition Tier 1, and only about 3,300 (3%) are Property Condition Tier 3. Compliance and property condition data from previous years is unavailable.

**Implementation and participation challenges**
The Program was initially implemented in 1998, more than 25 years ago. City staff who presently work on the program are unfamiliar with initial implementation challenges.

**Equity considerations**
The city takes a person-centered and renter-first approach to code enforcement and inspection to reduce the impacts of housing instability on Minneapolis's most vulnerable residents. Renters are a majority of the city's residents and also disproportionately residents of color. The Inspection Services Division pays particular attention to the impacts of its programs in BIPOC communities.

**Lessons learned**
Minneapolis's approach to its rental registry promotes transparency, safety and quality in rental housing and centers the needs of tenants while providing guidance for housing providers to reduce the costs of compliance. A statewide rental registry in Washington is unlikely to focus primarily on housing quality and inspections as Minneapolis's program does. However, Minneapolis's emphasis on data collection and strategic enforcement, strong incentive and penalty structures, and adequate implementation for capacity can be applicable to Washington.

- Incentives, fee structures, strategic enforcement, and technical assistance can increase compliance. The program has achieved a high compliance rate. Approximately 92% of rental units have a license and are compliant with inspection requirements. This achievement is partly due to the program's tenure (over 25 years) and the city's capacity for implementation. City staff have also stressed the importance of prioritizing data collection and management in order to be strategic in their interventions and to monitor progress toward compliance. Incentives for compliance with quality standards, such as reduced inspection frequency and reduced fees, have also contributed to the program's success.

Adequate fees can support program operations. The city's comprehensive fee structure rewards housing providers that responsibly manage and maintain their units. However, fees escalate for owners of properties with multiple, recurring violations. These fees help support the program's costs.

## Case study | San Francisco's Rent Board Housing Inventory

San Francisco, CA

**San Francisco's Housing Inventory has had implementation challenges in its first years of operations, highlighting the importance of adequate outreach and compliance strategies.**
In 2020, the San Francisco Board of Supervisors amended the City's Rent Ordinance to establish a Housing Inventory. The purpose of this inventory was to enhance the Rent Board's ability to oversee the city's rent stabilization policy by maintaining an accurate inventory of the city's residential rental housing. Through the program, property owners pay an annual fee and maintain accurate information on their properties (updated annually) to qualify for the annual allowable rent increases (Rent Board). The program is still new, and compliance rates are low to date. The Housing Inventory demonstrates how a rental registry can operate alongside a rent stabilization program to track detailed property information.

### Key facts

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|---|---|
| **Year created** | 2020 |
| **Coverage** | All property owners are required to report certain information about their residential properties. Approximately 406,000 units. |
| **Re-registration** | Annual |
| **Fee** | $59 per dwelling unit, $29.50 per guest room (e.g., SROs). 50% of the fee can be passed on to the tenant under the city's rent stabilization policy. |
| **Data captured** | Owner-occupied units:<br>- Name<br>- Confirmation that unit is owner-occupied.<br>-<br>Non-owner-occupied units<br>- Name and business contact information of property owner or property manager |

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|---|---|
| | ○ Business registration number<br>○ Square footage of unit (in 250 square foot increments)<br>○ Number of bedrooms<br>○ Number of bathrooms<br>○ Date current occupancy began<br>○ Rent paid by tenant (in $250 increments)<br>○ Utilities included in rent<br><br>Vacant units:<br>○ Name and business contact information of property owner or property manager<br>○ Business registration number<br>○ Square footage of unit (in 250 square foot increments)<br>○ Number of bedrooms<br>○ Number of bathrooms<br>○ Date current vacancy began<br>○ Start and end dates of any other vacancies or occupancies that have occurred during the past 12 months |
| **Property inspection** | No |
| **Online portal and data availability** | Yes. Public users can search properties by address or parcel number to view the registration fee amount, how much has been paid, which units have been registered, and which units received a rent increase license. The portal only provides data on the searched property. Users can not view or export the full database in a single query. Tenants and Property owners can submit information through the online portal. |
| **Compliance** | Low (5%). The city's primary compliance mechanism is withholding rent increase licenses for non-compliant property owners. COVID-era rent freezes and other pandemic-era complications could have limited early compliance. |
| **Short-term rental considerations** | No |

## Background

### History and context

San Francisco passed a Rent Ordinance in 1979 to limit rent increases on units built before June 13, 1979. The Ordinance established the San Francisco Rent Board to administer the Ordinance. For many decades, the city managed tenant-landlord relationships without a formal inventory for tracking units governed by the Rent Ordinance.

In 2020, the city passed an amendment to the Rent Ordinance that established the Housing Inventory. The Inventory requires all properties subject to the Rent Ordinance to be registered with the San Francisco Rent Board. Additionally, the amendment requires property owners to obtain a license to increase rents, including increases within the allowable range under the Rent Ordinance. These changes went into effect Jan. 18, 2021.

According to a report from the Budget and Legislative Analyst's Office, the purpose of the program was to provide information for the Rent Board in order to investigate housing services provided to tenants, analyze rents and vacancies, monitor compliance with the rent ordinance, generate reports, and provide assistance to landlords, tenants, and other city departments.

### Legal authority

The San Francisco Board of Supervisors passed Residential Rent Stabilization and Arbitration Ordinance (Chapter 37 of the San Francisco Administrative Code) in 1979. In 2020, the Board of Supervisors passed Ordinance 265-20, an amendment to the Rent Ordinance which created the Housing Inventory.

**Initial implementation**
It is unknown how the city conducted stakeholder engagement in advance of creating the Housing Inventory. The city created the Housing Inventory during the height of the COVID-19 pandemic which might have complicated engagement. The city held a public hearing to approve the Ordinance.

The Housing Inventory is new, and implementation is underway. The rent board already had a history of oversight of residential rental properties in San Francisco. During the initial rollout, the Rent Board sent two notifications via mail and one press release reminding all residential property owners of the registration requirement. Property owners of owner-occupied units only have to report their mailing address and that the unit is owner-occupied.

**Program operations, administration and costs**
A 2020 report from the city's Budget and Legislative Analyst's Office estimated year one costs for the program of between $1.3 and $3.3 million and ongoing annual costs between $1.2 and $2.8 million to maintain the inventory. The primary cost is for staffing of between seven and 14 Full-Time Equivalent (FTE) staff positions. It is not likely that the program revenues are currently sufficient to cover its costs, due to low compliance.

The Rent Board administers the Housing Inventory. The city established a special revenue fund to fund the Rent Board. Charges for services, including registration fees, provide the Board's operating funds. The city does not seem to have a targeted outreach strategy to identify and incentivize non-compliant property owners

In addition to maintaining the Housing Inventory, the Rent Board conducts hearings and mediations of rent disputes, investigates wrongful conviction claims, provides counseling on the Rent Board, and provide Alternative Dispute Resolution (ADR) meditation to tenants, roommates, landlords, and property owners. San Francisco's 311 Customer Service team also supports operation of the Housing Inventory, helping users navigate challenges with the online portal.

## Program features
The design of the Housing Inventory supports the operations of the city's rent stabilization program.

**Registry fees**
The city uses a flat per-unit annual registration fee (Rent Board). The registration cost differs for dwelling units and guest units (e.g., SROs or residential hotel rooms). The property owner can pass through up to 50% of the registry fee to tenants.

### Table C5: San Francisco's Rent Board Housing Inventory registration fees

| Property type | Total fee/unit |
|---|---|
| **Dwelling unit** | $59 |
| **Guest unit (single-room occupancy or residential hotel room)** | $29.50 |

Prior to the creation of the Housing Inventory, property owners paid a fee through their property tax bill. Now, property owners pay the same fee (plus a surcharge which covers the cost of operating the Housing Inventory) directly to the Rent Board through the online portal.

**Compliance mechanisms**
Property owners that fail to pay the registry fee are subject to a 5% late fee for every month beyond March 1st. Any unpaid fees on or after June 1st incur penalties through the Bureau of Delinquent Revenue. Non-compliant properties cannot receive a rent increase license under the city's rent stabilization law. If a non-compliant

property owner increases rents without a license, the tenant has the right to file a civil proceeding against the property owner. It is not clear if the Rent Board has assessed penalties at this point.

While the city provided a funding mechanism to administer the inventory, there remain few actions the Rent Board can proactively take to ensure compliance. Compliance depends on tenants and non-profits filing civil proceedings against non-compliant landlords. Meanwhile, the Rent Board continues annually notifying property owners of the registration requirement.

**Online portal**
The city maintains a registry for property owners and for tenants. The property owner portal allows owners to submit their registration, file for a rent increase license, pay the registry fee, and upkeep information on their business and properties. The tenant portal enables tenants to provide their information and to identify whether a property has received a rent increase license.

## Impacts and lessons learned

**Program impacts and effectiveness**
The registration requirement officially launched on January 18, 2021. As of February 2023, the Rent Board reported 12,000 registered properties, less than 5% the overall inventory of rental units subject to the Rental Ordinance.

The Rent Board also measures the program's effectiveness in terms of compliance with rent stabilization requirements. However, data is not available about the impact of the housing inventory on rent stabilization compliance.

**Implementation and participation challenges**
San Francisco's Rent Board Housing Inventory benefited from existing organizational capacity designed to support rent stabilization efforts. The Rent Board has been in existence for over four decades, which provided a natural governance structure to implement the Housing Inventory.

The city began its rollout of the program by mailing notices to all property owners of the registry program. Additionally, the city used press releases to increase awareness of the requirement.

So far, the city has experienced limited success with rental registrations in the first few years of operations. COVID-era rent freezes might have contributed to low registration compliance. To improve registration compliance, the Rent Board sends mail notifications to all residential property owners, regardless of registration status or tenure. However, written notifications alone might not sufficiently increase registrations, and the city does not currently have a more focused compliance strategy.

**Equity considerations**
The Rent Board offers exemptions for units regulated by a government agency, such as Housing Choice Vouchers, units that are an accommodation in a hospital, monastery, extended care facility, licensed home for the elderly, or dormitories, and units manage by nonprofit cooperative.

The city has also taken intentional steps to avoid burdening mission-driven property managers and subsidized properties. The city allows exemptions for non-profit organizations, subsidized units, and homes for the elderly to avoid negatively impacting properties with lower profit margins.

**Lessons learned**

The San Francisco Rent Board's Housing Inventory demonstrates how a rental registry can work alongside a rent stabilization program to track detailed property information:

- Limited data transparency is possible. The city tracks detailed unit-level data including changes in rents and has a secure online portal where anyone view limited unit-level data such as registration fees and status of the rent increase license. Public users cannot access information on unit rent or size.
- Early compliance is challenging, and mailed notices have not had high success rates. The city has relied primarily on written notices to property owners to encourage compliance. The Housing Inventory has only been in operation a few years, and compliance is still low. The city's primary compliance mechanism is withholding rent increase licenses, but this has not been effective at incentivizing registration.

Washington does not have rent stabilization laws, so a statewide rental registry would not use rent increases to encourage compliance. Washington should use multiple means of outreach and explore relevant compliance mechanisms. Washington can consider how best to balance

# Appendix D: Overview of existing rental registries

## Summary of relevant takeaways

We found several trends in existing rental registries that are likely to make integration with a proposed statewide rental registry difficult:

- **Excluding rental properties subject to local rental registries from a state rental registry program would result in a significant loss of data.** Existing rental registries already cover approximately 40% of rental homes in the state, or 49% of homes in the six largest counties.

- **If the state were able to access and integrate all existing registry data, it would be missing rent and occupancy data.** Most existing rental registry programs focus on ensuring that rental housing meets basic safety, habitability, and other quality standards. Very few collect information about rent or occupancy. This will pose a challenge to integrating existing rental registry data into a state registry.

- **Existing rental registry data could be valuable as a starting point for outreach for a state registry.** Most existing rental registry programs in Washington collect owner contact information. The state could use this data to conduct focused outreach to those property owners to encourage compliance with a state program.

- **To leverage existing registry data, a statewide program will require the capacity to work with data that is collected and stored differently.** Each city has its own online web portal or other system for recording registry information and accepting fee payments. Cities have various practices regarding the storage of this data, and very little data is available publicly, either at the property level or through reporting. The lack of transparency makes it difficult to understand the compliance rates and scale of existing programs. It could also make it difficult to collect and aggregate data from existing rental registries into a statewide registry.

- **A state program should not increase registration fees and regulatory requirements more than is necessary to meet its goals.** Compliance with existing registries can be costly and burdensome, particularly for owners with properties in multiple cities. Most existing rental registry programs require inspections, with slightly different requirements for business licenses, subject and exempt rental properties, qualified inspectors, and inspection criteria. Property owners in most locations must pay a registration fee as well as a fee for inspection. Some must also pay a business license fee. For housing providers that own or manage properties in multiple cities with registries, varying standards, processes, and portals could make compliance difficult. The state should avoid adding additional barriers for property owners as much as possible.

## Introduction

### Purpose

Many of Washington's largest cities already have residential rental registry programs. We compiled a summary of these programs in order to understand how these local registries might interact with or inform the design of a statewide rental registry program. Our review includes a summary of major program elements, fees, and data collection practices.

## Existing rental registries in Washington

We identified 17 cities in Washington with existing rental registries. We did not identify any county-level rental registries in Washington.

### Table D1: Rental registry programs in Washington

| City | County | Program name | Year begun | Total population | Renter-occupied homes |
|---|---|---|---|---|---|
| **Aberdeen** | Grays Harbor | Rental Registration and Inspection Program | 2019 | 17,013 | 2,860 |
| **Auburn** | King | Rental Housing License Program | 2019 | 87,256 | 12,381 |
| **Bellingham** | Whatcom | Rental Registration and Safety Inspection Program (RR&SIP) | 2015 | 91,482 | 23,131 |
| **Bremerton** | Kitsap | Landlord License Program, Landlord Notification Program | 2014 | 43,505 | 9,480 |
| **Burien** | King | Rental Housing Inspection Program | 2021 | 52,066 | 8,623 |
| **Kent** | King | Rental Housing Inspection Program | 2021 | 136,588 | 20,433 |
| **Lacey** | Thurston | Residential Rental Registration Program | 1999 | 53,526 | 9,375 |
| **Lakewood** | Pierce | Rental Housing Safety Program | 2015 | 63,612 | 14,878 |
| **Mountlake Terrace** | Snohomish | Rental Housing License & Safety Inspection Program | 2012 | 21,286 | 3,735 |
| **Olympia** | Thurston | Rental Registry and Inspection Program | 2024 | 55,605 | 12,709 |
| **Pasco** | Franklin | Rental License Program | 1997 | 77,108 | 7,277 |
| **Prosser** | Benton | Crime Free Rental Housing & Inspection Program (CFRHIP) | 2012 | 6,062 | 1,008 |
| **Renton** | King | Rental Registration Program | 2019 | 106,785 | 18,022 |
| **Seattle** | King | Rental Registration and Inspection Ordinance (RRIO) | 2014 | 737,015 | 206,391 |
| **Spokane** | Spokane | Long-Term Rental Registry | 2023 | 228,989 | 40,699 |
| **Tacoma** | Pierce | Rental Business License | 2019 | 219,346 | 40,263 |
| **Tukwila** | King | Rental Housing Program | 2011 | 21,798 | 4,663 |

Source: 2022 ACS 5-Year Estimates

## Purpose and structure of existing registries

Existing rental registries in Washington all have similar purpose and structure. The primary stated purpose of all of these registries is ensuring that rental housing meets basic safety standards. Some programs state secondary purposes such as data collection, support for property owners and tenants, support for first responders, and housing preservation.

## Inspections

Inspections are a central part of most of the existing rental registries in Washington. Of the 17 rental registry programs, 11 require inspections on a recurring schedule (typically every 3 to 5 years), 3 programs allow property owners to self-certify the condition of the property without an inspection, and 3 programs have no inspection requirements at all. Some cities provide inspections at no cost to the property owner. Others allow property owners to hire either a city inspector or a qualified or pre-approved private inspector.

### Table D2: Inspection requirements for rental registry programs

| City | Policy focus | Inspection requirement |
|---|---|---|
| **Aberdeen** | Housing quality | Yes |
| **Auburn** | Housing quality | No |
| **Bellingham** | Housing quality | Yes |
| **Bremerton** | Housing quality | Self-certification |
| **Burien** | Housing quality | Yes |
| **Kent** | Housing quality | Yes |
| **Lacey** | Public safety | No |
| **Lakewood** | Housing quality | Yes |
| **Mountlake Terrace** | Housing quality | Yes |
| **Olympia** | Housing quality | Yes |
| **Pasco** | Housing quality | Yes |
| **Prosser** | Public safety | Yes |
| **Renton** | Housing quality | Self-certification |
| **Seattle** | Housing quality | Yes |
| **Spokane** | Housing quality | No |
| **Tacoma** | Housing quality | Self-certification |
| **Tukwila** | Housing quality | Yes |

## Exemptions

Most registries cover all rental properties, including single-family homes, accessory dwelling units (ADUs), and smaller rental properties. Some programs offer exceptions from inspection requirements for ADUs or duplexes where one unit is owner-occupied, though these typically still have to register. Other exceptions include government-owned property or subsidized properties that have federal inspection requirements. Registries vary in their treatment of Short-Term Rentals. Some are subject to the same inspection and registration requirements as longer-term rentals. Some have additional compliance standards, while some are exempt from registration. In several cities STRs are governed under different legislation, as described in the Existing Rental Registries – Additional Details table.

## Fees

We found that fees and fee structures vary, though most rental registries charge either a simple per-unit registration fee or a fee for the first unit plus a smaller per-unit fee for each additional unit. Some programs also require owners to pay a business license fee, and to pay for inspections either to the city, a private inspector, or both. On average, most programs charge annual fees between about $10 and $50 per unit. Programs with different approaches include:

- Seattle, which charges a base registration fee of $115.50, plus $21 per unit for each additional unit. This does not include fees for city inspections. It also requires re-registration every two years instead of annual re-registration which is more common.
- Renton, which does not charge a fee for registration.
- Prosser, which charges a $10 fee for initial registration and a $5 annual renewal.
- Tacoma, which bases fees on estimated rental revenue.

Fees are intended to offset or cover the costs of program administration; however, we do not have access to detailed information about program costs and revenues. We did find that Seattle increased its registration fees slightly in recent years because the program revenue was not sufficient to cover the program costs.

## Data collected

We found that most rental registries have an online portal for property owners to submit required information and documents to comply with the rental registry. Because of the emphasis on inspection compliance and property condition, data collection focuses on property address and owner information. Most registries also record the number of units in the building because this typically determines the registration fees. Some registries request property manager contact information or a local agent. Only two registries collect information on monthly rents or vacancy status, as required in the state's proviso: Tacoma and Olympia. These cities take two different approaches:

- Olympia requires property owners to submit their complete rent roll, with fields for property address, unit number, unit floor area, number of bedrooms, number of bathrooms, and rent for each individual unit. The rent field is not required, however.

- Tacoma requires property owners to provide information on rents at the property level. For single units, Tacoma requires monthly rent for the unit. For multi-unit properties, Tacoma requires property owners to quantify the number of units by type (i.e., studio, 1-bedroom, and 2-bedroom) and rent range (i.e., $1,501-$1,750; $1,751-$2,000). Tacoma's fees are based on gross rental income.

A few also collect information about utilities, tenancy, and other data points, including accessibility features and use of Housing Choice Vouchers.

### Table D3: Rental registry data collection

| City | Property address | Number of units | Owner info | Manager info | Rent and utilities | Unit size | Tenant info | Other |
|---|---|---|---|---|---|---|---|---|
| **Aberdeen** | Yes | Yes | Yes | No | No | Yes | No | No |
| **Auburn** | Yes | Yes | Yes | Yes | No | No | No | No |
| **Bellingham** | Yes | Yes | Yes | No | No | No | No | No |

| City | Property address | Number of units | Owner info | Manager info | Rent and utilities | Unit size | Tenant info | Other |
|---|---|---|---|---|---|---|---|---|
| Bremerton | Yes | Yes | Yes | No | No | No | No | No |
| Burien | Yes | Yes | Yes | No | No | No | No | No |
| Kent | Yes | Yes | Yes | No | No | No | No | No |
| Lacey | Yes | Yes | Yes | Yes | No | Yes | No | Yes |
| Lakewood | Yes | Yes | Yes | Yes | No | No | No | No |
| Mountlake Terrace | Yes | Yes | Yes | Yes | No | No | No | No |
| Olympia | Yes | Yes | Yes | No | Yes | No | Yes | Yes |
| Pasco | Yes | Yes | Yes | Yes | No | No | No | No |
| Prosser | Yes | Yes | Yes | No | No | No | No | No |
| Renton | Yes | Yes | Yes | Yes | No | No | No | No |
| Seattle | Yes | Yes | Yes | Yes | No | No | Yes | No |
| Spokane | Yes | Yes | Yes | Yes | No | No | No | No |
| Tacoma | Yes | Yes | Yes | Yes | Yes | No | No | No |
| Tukwila | Yes | Yes | Yes | No | No | No | No | No |

# Compliance rates

## Compliance rates of existing registries

We were unable to get reliable data on compliance rates of existing rental registries. Most cities do not report compliance rates or other registration figures publicly. Almost no data is available through open data portals or other public reporting systems. We found limited registration data for a few existing registries, including Seattle and Bellingham. Estimating compliance is also difficult for program administrators because it is difficult to determine the exact number of rental properties or units subject to registration requirements. In some cities, incomplete data could leave some properties in partial compliance.

# Scale of existing registries and integration of data

## Scale of existing registries

The best estimate we have of the scale of homes subject to existing rental registries is through the U.S. Census Bureau's American Community Survey, which reports the number of renter-occupied homes. This does not include vacant rental homes. Based on available estimates, approximately 40% of rental homes statewide may be currently subject to rental registries at the city level. Together, Seattle, Spokane, and Tacoma make up 70% of the rental units currently subject to local registries.

### Table D4: Estimated scale of existing rental registries, six largest counties

| County | Cities in county with existing rental registries | Renter-occupied homes in cities with rental registries | Total renter-occupied homes | Approximate % subject to rental registry |
|---|---|---|---|---|
| **Clark** | None identified | 0 | 62,839 | 0.0% |
| **King** | Auburn, Burien, Kent, Renton, Seattle, Tukwila | 270,513 | 401,313 | 67.4% |
| **Pierce** | Lakewood, Tacoma | 55,141 | 121,139 | 45.5% |
| **Snohomish** | Mountlake Terrace | 3,735 | 96,712 | 3.9% |
| **Spokane** | Spokane | 40,699 | 77,399 | 52.6% |
| **Thurston** | Lacey, Olympia | 22,084 | 37,865 | 58.3% |
| **All other counties** | Aberdeen, Bellingham, Bremerton, Pasco, Prosser | 43,756 | 281,753 | 15.5% |
| **Statewide total** | | **435,928** | **1,079,020** | **40.4%** |

Source: 2022 ACS 5-Year Estimates

## Data storage and format

Most existing rental registries use an online portal for property owners or managers to pay fees, submit inspections, and update registration information. Some also allow tenants to access data related to their homes through these portals. However, each city has its own online portal system, which is sometimes tied to other city functions. We are conducting additional outreach to operators of larger registries to understand in what format registry data is stored and how easy it would be for the state to access back-end data for integration with a statewide registry database.

## Estimated data loss

If the state were able to access and integrate registry data for all existing registries (so as to not require duplicate registration by owners in those cities), it would have some ownership and property information, but it would only have monthly rent data for homes in Olympia and Tacoma. We do not know current compliance rates for these existing registries. If the state were not able to access and integrate registry data for any existing registries, it would result in a loss of data for up to 436,000 homes or 40% of the total for statewide implementation, or 392,000 homes or 49% of the total for implementation limited to the six largest counties.

To minimize potential data loss, the state could focus data collection and integration on three cities: Seattle, Spokane, and Tacoma, which together account for approximately 67% of homes currently subject to rental registries statewide and 73% of homes currently subject to rent registries in the six largest counties. Seattle and Spokane do not collect rent data, so this strategy would only capture Tacoma's rent data.

### Table D5: Existing rental registries – program overview

| City | Program name | Year begun | Policy focus | Overview |
|---|---|---|---|---|
| **Aberdeen** | Residential Rental Registration and Inspection Program | 2019 | Housing quality | The City of Aberdeen's rental registration and inspection program requires registration and inspection to protect tenants from living in poorly maintained homes. The program covers all rental homes, with exceptions only for housing owned by government entities and for commercial lodging. |

| City | Program name | Year begun | Policy focus | Overview |
|---|---|---|---|---|
| | | | | Registrations must be renewed annually. In addition to registration the property owner must obtain a business license and have an inspection every 3 years. The city's inspection fee is $75 and covers one follow-up inspection. The city estimates that 1,000 units are registered through the program. |
| **Auburn** | Rental Housing License Program | 2019 | Housing quality | Auburn requires a city rental license for all rental homes to ensure proper management and maintenance of rental properties and to keep up to date contact information for property owners and managers to respond to complaints. Nonprofit-owned properties do not pay a fee for registration. Most homes do not require an inspection. |
| **Bellingham** | Rental Registration and Safety Inspection Program (RR&SIP) | 2015 | Housing quality | The purpose of the City of Bellingham's RR&SIP is to ensure that rental housing meets basic safety standards. The program covers all residential rental properties. The city publishes a list of registered properties, which includes approximately 20,600 rental units in 5,300 properties. Properties that must register but are exempt from inspection requirements include owner-occupied properties with two units and government-owned properties or subsidized properties subject to inspection under HUD requirements. |
| **Bremerton** | Landlord License Program, Landlord Notification Program | 2014 | Housing quality | Bremerton requires property owners to obtain a landlord business license and to provide the city's police department with a listing of all rental properties inside city limits. Property owners must sign a declaration of compliance related to adherence to certain building codes and can receive property inspection checklists to do a self-inspection. |
| **Burien** | Rental Housing Inspection Program | 2021 | Housing quality | Burien's program aims to protect tenants' health and safety and encourage proper maintenance of rental housing. The city requires an annual housing business license for each residential property and a health and safety inspection every three years for rental properties with two or more units. Single-family homes, mobile homes, ADUs, condominiums, and properties that received a certificate of occupancy within the past 4 years are exempt. Government owned properties are also exempt. |
| **Kent** | Rental Housing Inspection Program | 2021 | Housing quality | Kent's program arose from tenant concerns about health and safety and requires inspection of rental properties with two or more units. Single-family homes, owner-occupied mobile homes, government-owned rental properties, and properties that received a certificate of occupancy within the last 4 years are exempt. Notably, Kent allows tenants to register their apartment building to help build the city's database of rental housing and to support outreach to property owners. The city has cited low (less than 10%) registration rate and delays due to COVID. |
| **Lacey** | Residential Rental Registration Program | 1999 | Public safety | Lacey's residential rental registration program requires rental properties with 5 or more units to register annually with the city. The city does not require inspections and charges a minimal fee of $5 per unit per year for registration. The program appears to be tied to public safety and crime prevention, as a portion of registration fees go to crime prevention programs and registration forms ask for security officer contact information. Registration fees are waived for property owners who participate in a crime free housing program. |
| **Lakewood** | Rental Housing Safety Program | 2015 | Housing quality | Lakewood's rental housing safety program focuses on ensuring that rental housing meets specific life and fire safety standards through annual registration and inspections every 5 years. It allows exemptions for owner-occupied units, government-owned and subsidized homes, units in condominiums, mobile homes, and homes that are less than 10 years old. |
| **Mountlake Terrace** | Rental Housing License & Safety Inspection Program | 2012 | Housing quality | Mountlake Terrace's program requires property owners to obtain a business license which they must renew annually. The program requires inspections for all residential rental properties to ensure that housing meets safety |

| City | Program name | Year begun | Policy focus | Overview |
|---|---|---|---|---|
| | | | | standards. City and county inspectors conduct inspections at no cost to the owner. |
| **Olympia** | Rental Registry and Inspection Program | 2024 | Housing quality | Olympia is in the process of implementing a rental housing registration program similar to those in other cities. The goals of the program include ensuring health and safety for tenants, housing preservation, data collection, and support for housing providers. Property owners are required to register annually, obtain a business license from the state, and undergo inspection every 5 years. ADUs and duplexes in which one unit is owner-occupied must comply with the registry but are exempt from inspections. The same is true for homes that are less than 10 years old and affordable housing that is subject to inspections under HUD requirements. Olympia's ordinance prohibits passing registration fees, inspection fees, or other compliance costs on to tenants. Notably, Olympia's program is tied to funding for housing providers with low-income tenants that allows them to make repairs in order to ensure that the program does not contribute to displacement. Registration began on March 1, 2024. |
| **Pasco** | Rental License Program | 1997 | Housing quality | The City of Pasco established the first rental registry program in Washington, with the stated goals of assisting first responders and ensuring that rental housing meets minimum code standards. The program is operated by the Sheriff's office and code enforcement department. Property owners must obtain a business license and submit a certificate of inspection every 2 years. |
| **Prosser** | Crime Free Rental Housing & Inspection Program (CFRHIP) | 2012 | Public safety | The stated purpose of Prosser's CFRHIP is to create better, safer, crime-free rental housing. The city describes a two-sided approach involving both the police department and the building department, focused on information, training, assistance, and inspections to improve rental property conditions. All rental property owners must obtain a rental license and an inspection. Participation in the Crime Free Rental program is voluntary unless a property has two or more violations. |
| **Renton** | Rental Registration Program | 2019 | Housing quality | Renton's rental registration program is a limited-scope program focused on ensuring housing quality. Renton requires registration for all rental properties, though only owners of apartment complexes with 5 or more units require a business license. The program has exemptions for room rentals in owner-occupied housing, short-term rentals, state-licensed facilities, and government-owned housing. Registration must be renewed annually, and housing providers must self-certify the condition of the property annually through a declaration of compliance with various codes and housing safety requirements. |
| **Seattle** | Rental Registration and Inspection Ordinance (RRIO) | 2014 | Housing quality | Seattle's program is designed to ensure that rental housing meets basic maintenance and safety requirements, and to educate property owners, managers, and renters. Registration is required every 2 years for all rental housing. The city suspended inspection operations during the COVID-19 pandemic and registrations fell during this time, though it is unknown if this is due to lower compliance or loss of housing. At the end of 2022, the city had approximately 26,500 registered properties representing 161,000 rental units. About 7.3% of properties completed and passed inspections, somewhat short of the city's 10% target. The city estimates that approximately 90% of rental properties are registered. Registration and inspection fees provide the bulk of operating revenue for the program, however in 2022 that revenue was only about $1.8 million compared to total program operating costs of $2.3 million. Outreach activities include the city's website, direct mail to likely rental property owners, brochures, and partnerships with property owner associations. |
| **Spokane** | Long-Term Rental Registry | 2023 | Housing quality | Spokane's registry program is focused on maintaining safe living conditions, preserving housing stock, and tracking rental units. Property owners must |

| City | Program name | Year begun | Policy focus | Overview |
|---|---|---|---|---|
| | | | | obtain business licenses. Tenants can submit complaints via the city's 311 system. |
| **Tacoma** | Rental Business License | 2019 | Housing quality | Tacoma requires a business license for all rental housing to support first responders and address blighted property conditions. Property owners must self-certify that properties meet basic habitability and code standards. |
| **Tukwila** | Rental Housing Program | 2011 | Housing quality | Tukwila requires a license and inspection for all rental units to ensure that rental homes are safe and suitable for occupancy. The requirement applies to short-term rental properties, though the city does not allow short-term rentals in multi-family dwellings or Accessory Dwelling Units. Owners must renew their licenses annually. The city maintains a user-friendly website and holds virtual office hours for anyone to meet with staff. |

## Table D6: Existing rental registries – additional details

| City | Registry information | Fees | Inspections | Business license | Short-term rentals | Enforcement | Online portal | Public data |
|---|---|---|---|---|---|---|---|---|
| **Aberdeen** | Property address, owner information, number of units, number of bedrooms, square footage | $50 plus $2 per additional unit | Yes, required every 3 years. Property owners can use a city inspector or a qualified private inspector. | Yes | Unclear, likely required | Late fee | Yes (SmartGov) | No |
| **Auburn** | Property address, owner information, number of units, manager information, local contact. Additional information required for single-family residences. | $30 to $500 per year (nonprofit owners pay no fee. $30 per unit for single-family; $75 per building per year for 2-4 units, $150 per year for 5 to 24 units, $500 per year for 25 or more units) | No | Yes | Unclear, likely required | Unknown | No (PDF application ) | No |
| **Bellingham** | Property address, owner information, number of units | $8 to $10 per unit per year (properties with up to 20 units on a single parcel pay the higher rate per unit) | Yes, required every 3 to 3.5 years. Property owners can use a city inspector or a private inspector (use of a private inspector requires an additional $45 fee to the city) | No | Governed by separate requirements | Financial penalties based on length of non-compliance | Yes (eTRAKit) | Property list (PDF) |
| **Bremerton** | Property address, owner or manager | $75 per year business license fee | Self-certification | Yes | Unknown | Civil penalty, revocation of | No | No |

| City | Registry information | Fees | Inspections | Business license | Short-term rentals | Enforcement | Online portal | Public data |
|---|---|---|---|---|---|---|---|---|
| | contact information, number of units | | | | | business license | | |
| **Burien** | Unknown (assume minimum property address, owner information, number of units) | $303.75 to $911.24 per year per property based on number of units ($303.75 for properties with up to 10 units. $759.36 for properties with 11 to 50 units. $911.24 for properties with 51 or more units) | Yes, required every 3 years (at least 20% of total units in the property). Property owner must hire a private inspector from a pre-approved list. | Yes | Unknown | Late fee incurred every day the unit operates without a certificate of inspection. Property will be deemed uninhabitable after 30 days of noncomplian ce. | No | No |
| **Kent** | Property address, number of units, owner name and information | No fee for registration, $15 for submission of inspection report | Yes, required every 3 years for 20% of the total units in the property. Property owners must hire a qualified private inspector. | Yes | Unknown | Inability to renew multifamily business license | No | No |
| **Lacey** | Property address, owner information, number of units with gross floor area, number and size of bedrooms; use of tenant-screening agency, manager and security contact information | $5 per unit per year with a maximum fee of $500 per complex. | No | No | Unknown | Registration fee is waived for owners who voluntary participate in a crime free housing program. | No | No |
| **Lakewood** | Property information, owner information, manager information | $12 per unit per year (additional fee for re-inspection of failed unit) | Yes, required every 5 years. Property owners can use a city inspector or a qualified private inspector. | No | Unknown | Penalties of $150 per day, $500 per day after first ten days | Yes (Tolemi) | No |
| **Mountlake Terrace** | Property Address, owner information, property manager | $40 plus $1.50 per additional unit | Yes, required every 3 years. City or county inspectors conduct inspections. | Yes | Unknown | Unknown | No (PDF application ) | No |

| City | Registry information | Fees | Inspections | Business license | Short-term rentals | Enforcement | Online portal | Public data |
|---|---|---|---|---|---|---|---|---|
| | information, number of units | | | | | | | |
| **Olympia** | Property address, business license number, property owner name and contact information, property name, rental property type, total number of rental units and buildings, presence of fee waivers or tenants with Housing Choice Vouchers and other tenancy and accessibility information, rent per unit, inclusion of utilities in rent, local contact | $35 per unit per year (plus business license fees and third-party inspection fees) | Yes, required every 5 years. Property owners select a private inspector from a pre-approved list. | Yes | Exempt (permit required) | The city is working toward voluntary compliance through education and outreach. Penalties may include denial or suspension of business licenses, penalty fees, or the loss of occupancy certificate. If the rental unit does not pass inspection, the property owner is prohibited from raising rents. | Yes (SmartGov) | No |
| **Pasco** | Property address, number of units, owner's name and contact information, ownership type, manager's name and contact information | $50 plus $10 per additional unit (one-time cost) | Yes, required every 2 years. City inspectors conduct inspections at no cost to owner, or owner may choose a qualified private inspector. | Yes | Prohibited | Unknown | Yes (Citizen Connect) | No |
| **Prosser** | Property address, owner information, number of units | $10 per unit to register, $5 per unit annual renewal | Yes, required every 5 years. Property owners select a qualified private inspector. | Yes | Unknown | Unknown | No (PDF application ) | No |
| **Renton** | Property address, owner contact information, manager contact info, number of units | No fee | Self-certification. Inspection not required except in cases of violations. | No | Exempt | Misdemeanor | No | No |

| City | Registry information | Fees | Inspections | Business license | Short-term rentals | Enforcement | Online portal | Public data |
|---|---|---|---|---|---|---|---|---|
| **Seattle** | Property address, owner contact information, tenant contact information, manager contact information, number of units and type | $115.50 base fee + $21 per additional unit (re-registration every 2 years) | Yes, required every 5 to 10 years. Property owners can use a city inspector or a qualified private inspector. | No | Some are subject to RRIO | Late registration fee of $31.50 | Yes (Accela) | Annual report |
| **Spokane** | Property address, ownership and management information, business license number | $127 annual business license fee plus $15 per unit | Inspections for code compliance only if there is cause. No fee for inspections unless there are repeat offences. | Yes | Governed by separate requirements | Unknown | Yes (Accela) | No |
| **Tacoma** | Property address, dwelling type, owner information, property management information, ownership type, monthly rent, number of units | $37 to $2,000 based on anticipated gross income | Self-certification | Yes | Unknown | Unknown | Yes (FileLocal) | No |
| **Tukwila** | Unknown (assume minimum property address, owner information, number of units) | $84-$340 based on number of units ($84 for properties with up to 4 units, $218 for properties with 5 to 20 units, $273 for properties with 21 to 50 units, $340 for properties with 51 or more units) | Yes, required before renting and then every 4 years. Property owners can use a city inspector or choose a qualified private inspector. | Yes | Included, limitations on STR allowance | Late fees of $10 per month | Yes | No |

# Appendix E: Rental housing market scan

## Summary of relevant takeaways

The housing scan reveals several important considerations which might guide the design of the proposed rental registry program.

**There are tradeoffs between implementation cost, administrative burden, and coverage associated with both a statewide rental registry and a registry with implementation limited to the six largest counties.** The state has approximately 1,076,000 renter-occupied homes, and the six largest counties together have approximately 797,000. Because the six largest counties account for 74% of total renter-occupied homes in the state, there might not be an order-of-magnitude difference in the marginal costs to implement the more geographically focused implementation, and the difference in data collection will be proportional to the difference in the amount of rental housing. That said, the administrative burden associated with coordinating 40 counties versus 6 counties could result in significant cost and time differences. The other potential downside to a more focused approach is the exclusion of more rural counties that may benefit most from certain aspects of a rent registry, like housing quality standards.

**Cost of housing appears to be the primary difference in the housing market between regions.** Though there are many differences between the regions in the state, trends in housing type and age are similar across the state. Smaller rental buildings and homes built in the 1970s through 1990s are the most common in each region. The greatest difference between regions is in the distribution of rents. Western regions have higher rents on average, while there are more homes with lower rents in Eastern regions. While each region has also seen a loss of affordable housing, the Central Puget Sound region has experienced the most substantial losses in both percent decline and number of affordable housing units lost. The design of the registry should consider what market data and trends the state is most interested in understanding, both within and across each region or county.

**Residents of color are disproportionately likely to be renters.** Renters also generally have lower incomes. This means that rising rents, loss of naturally occurring affordable housing, and programs that impact the supply, quality and cost of rental housing have a disproportionate impact on low-income residents and BIPOC residents. While renters in the state tend to be younger, there is also a significant population of renters over 65. The design of the registry should consider how it might support vulnerable renters' needs and improve equitable outcomes for Washington's residents.

## Purpose

The following overview describes HR&A's analysis of trends in both the supply of rental housing and the demographics of renters throughout Washington. This analysis provides important context for the design and development of a rental registry. With a better understanding of the amount, type and location of rental housing, and the characteristics of renters, the state can ensure that the rental registry addresses the specific challenges associated with rental properties in Washington. In addition, the housing market scan will help to inform cost estimates and planning for implementation under either a statewide program or a program limited to the six largest counties.

## Methodology

To conduct this analysis, we first categorized counties into regions based on important distinctions across the state, particularly distinctions that exist between the western, central, and eastern parts of the state. We aggregated county-level data to show trends across regions. The analysis relies on data from 2017-2022 American Community Survey 5-Year Estimates (from the U.S. Census Bureau), American Community Survey Public Use Microdata Sample (PUMS), and Zillow Observed Rent Index.[1]

- **US Census 2017-2022 American Community Survey 5 Year Estimates:** The American Community Survey (ACS) produces a wide range of demographic, socioeconomic, and housing data at many geographic levels. This analysis uses county level data aggregated by region. This analysis uses the 2022 5-Year ACS data (the most current reporting year), which represents the average of data collected between 2017 and 2022. With more years of data, the 5-year estimates provide a more detailed and reliable picture at more geographic levels than ACS 1-year estimates. This analysis primarily uses data on race, income, and renter-occupied units. Data is not available for room rentals, partial unit rentals, or vacation rentals.

- **US Census American Community Survey Public Use Microdata Sample:** The ACS Public Use Microdata Sample (PUMS) is a set of individual records with detailed information about the characteristics of a subset of individual people and housing units reached in the survey. This data does not include personalized information and is aggregated to an area of at least 100,000 people. This data allows for more complex research techniques and is reported in 1- and 5-year estimates like other ACS data.

- **Zillow Observed Rent Index:** The Zillow Observed Rent Index (ZORI) measures the typical observed market rate rent across a given region. ZORI is a repeat-rent index that is weighted to the rental housing stock to ensure it is representative across the entire market, not just those homes currently listed for-rent. The index calculates the mean of listed rents that fall into the 35th to 65th percentile range for all homes and apartments in a given region, which is weighted to reflect the total rental housing stock.

## Definitions

This analysis primarily pertains to Washington's rental housing stock and the renters who live in it. ACS data uses the term "Renter-Occupied Units" to denote housing units where renters (i.e., not owners) currently reside (i.e., units are not vacant). Renter-Occupied Homes do not include mobile homes, which are treated differently. Owner-Occupied Units, Vacant Units, and Mobile Home Units are other classifications for unit occupancy. This analysis refers to renter-occupied units, rental homes, and rental homes interchangeably.

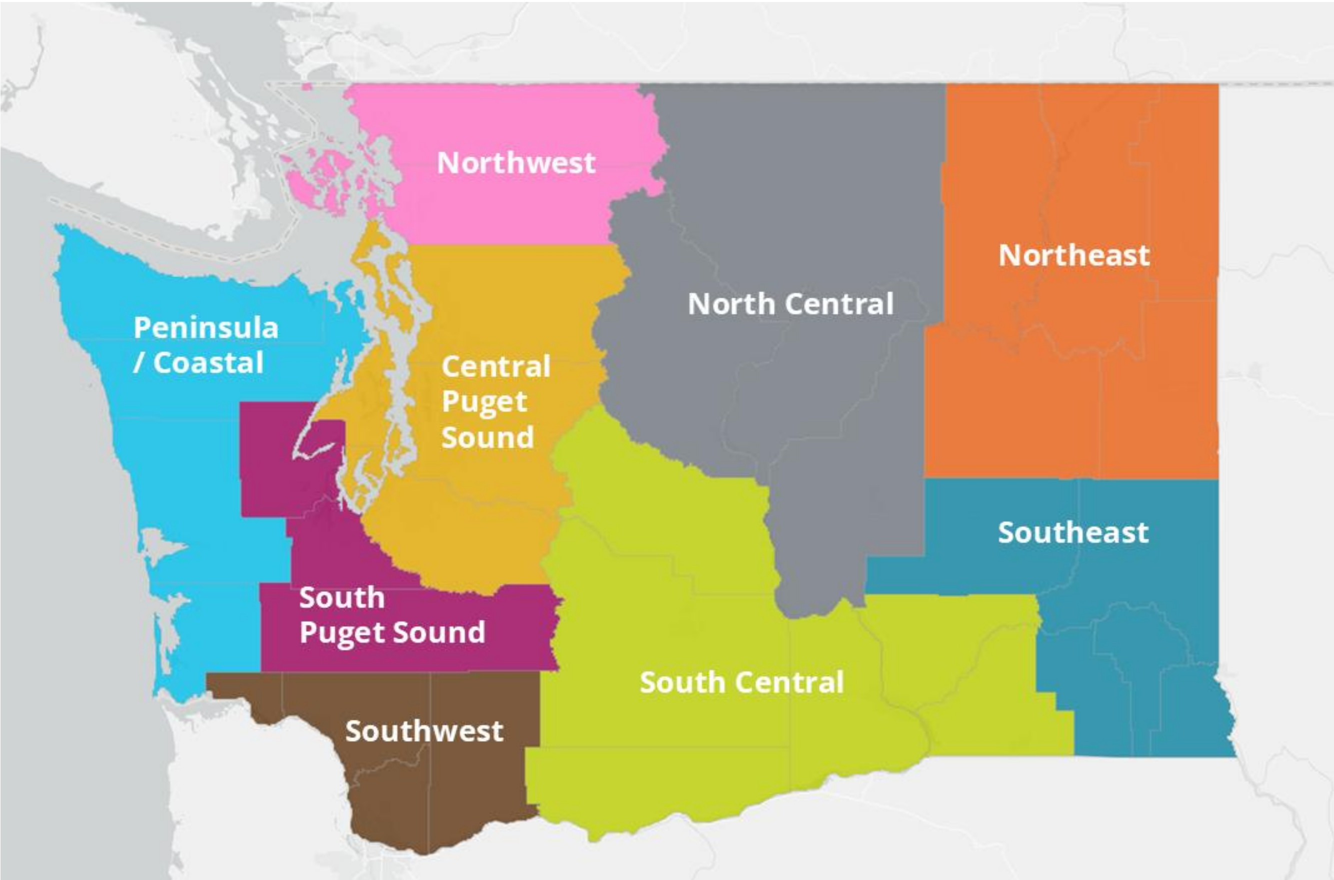
### Table E1: Definition of regions

| Region | County |
|---|---|
| **Peninsula/Coastal** | Clallam, Grays Harbor, Jefferson, Pacific |
| **Northwest** | San Juan, Skagit, Whatcom |
| **Central Puget Sound** | King, Snohomish, Island, Kitsap, Pierce |
| **South Puget Sound** | Lewis, Mason, Thurston |
| **Southwest** | Clark, Cowlitz, Skamania, Wahkiakum |
| **North Central** | Chelan, Douglas, Grant, Okanogan |
| **South Central** | Benton, Franklin, Kittitas, Klickitat, Walla Walla, Yakima |

[1] The housing scan does not include data from CoStar commercial listing service, because this data typically does not capture single-family homes or smaller rental properties, which make up a significant amount of the rental housing in the state.

| Region | County |
|---|---|
| **Northeast** | Ferry, Lincoln, Pend Oreille, Spokane, Stevens |
| **Southeast** | Adams, Asotin, Columbia, Garfield, Whitman |

### Figure E1: Map of regions




# Housing supply trends

The number, distribution, type, and other characteristics of renter-occupied housing in Washington will impact the costs of the program and might provide additional context to guide design. As of 2022, there were over 1.08 million renter-occupied homes in Washington (ACS 2022 5 Year Estimates). Renter-occupied homes account for approximately 36% of homes statewide.

## Geographic distribution

Determining where renter-occupied homes are located will help inform the design and implementation of the rental registry program. Renter-occupied homes are highly concentrated in the Central Puget Sound region, which accounts for 61% of all rental homes in the state. Central and Eastern regions have just 214,000 renter-occupied homes, or about 20% of the statewide total. The six largest counties by population (King, Pierce, Snohomish, Spokane, Clark, and Thurston) have a total of approximately 797,000 renter-occupied homes, or 74% of the statewide total. This indicates that the difference in data collected between a statewide program and one with implementation limited to only the six largest counties would only be approximately 26% of the statewide total.

### Table E2: 2022 Renter-occupied homes by region

| Region | Number of renter-occupied homes | Percent of total |
|---|---|---|
| Peninsula/Coastal | 22,580 | 2% |
| Northwest | 50,540 | 5% |
| Central Puget Sound | 659,270 | 61% |
| South Puget Sound | 51,410 | 5% |
| Southwest | 78,070 | 7% |
| North Central | 32,590 | 3% |
| South Central | 82,040 | 8% |
| Northeast | 83,940 | 8% |
| Southeast | 15,270 | 1% |
| **Total** | **1,075,710** | **100%** |

Source: 2022 ACS 5-Year Estimates

### Table E3: Renter-occupied homes in the six largest counties, 2022

| Region | Number of renter-occupied homes | Percent of total |
|---|---|---|
| King County | 401,313 | 37% |
| Pierce County | 121,139 | 11% |
| Snohomish County | 96,712 | 9% |
| Spokane County | 77,399 | 7% |
| Clark County | 62,839 | 6% |
| Thurston County | 37,865 | 4% |
| All other counties | 281,753 | 26% |
| **Total** | **1,075,710** | **100%** |

Source: 2022 ACS 5-Year Estimates

## Renter-occupied homes by type and age

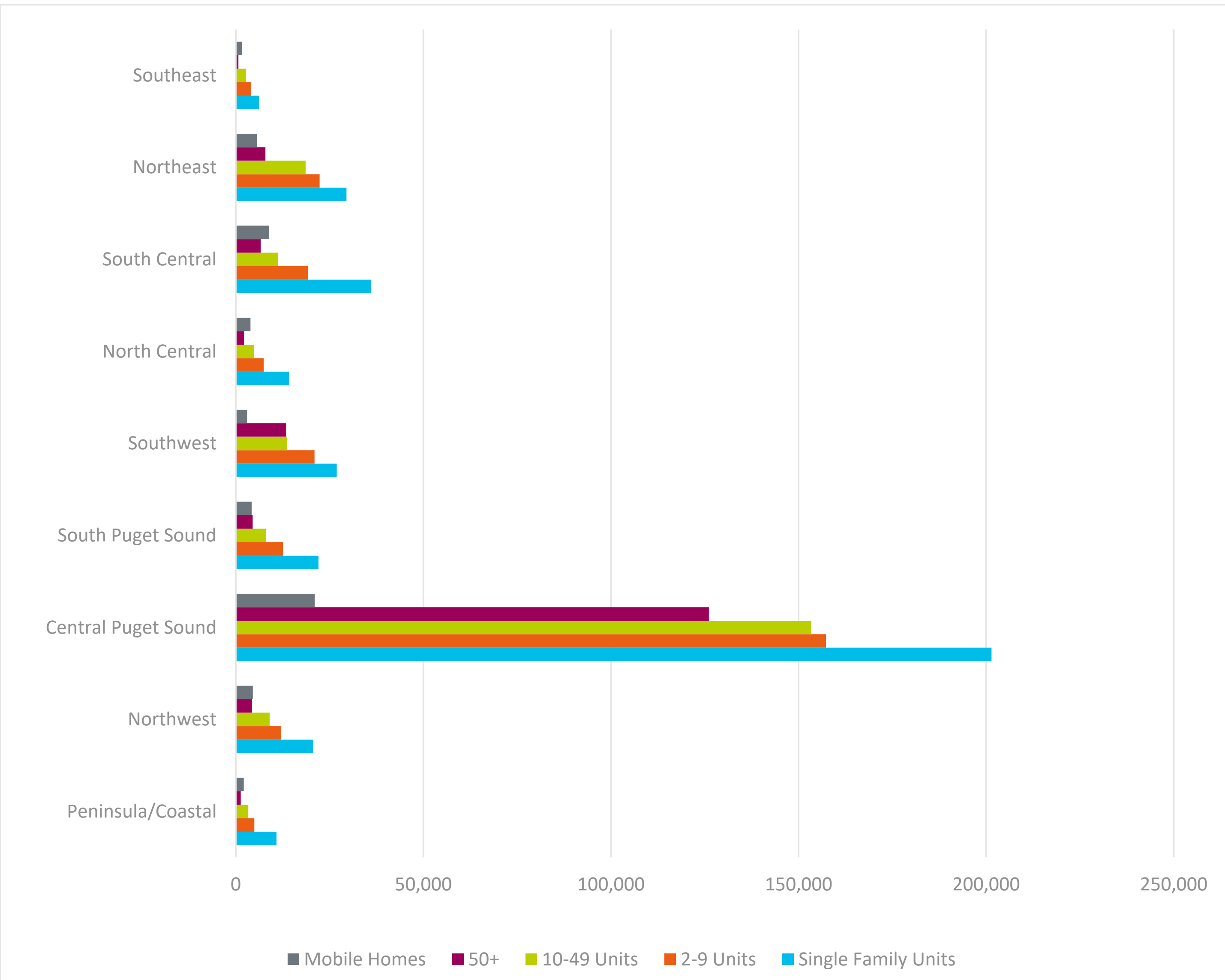
The types of renter-occupied homes that exist in Washington can impact rental registry administration. Single-family homes make up the largest share of renter-occupied homes within each region. Fifty-eight percent of renter-occupied homes are in buildings with fewer than 10 units statewide, with single-family homes accounting for 34% and units in buildings with 2-9 units accounting for 24%. There are approximately 184,700 mobile homes in Washington (including both renter- and owner-occupied homes). About 55,000 of these have renter occupants. Owner-occupied mobile homes share some qualities with rentals, because the owners often rent the land on which the mobile home is located. According to the Urban Institute article "Owners and Renters of 6.2 Million Units in Small Buildings Are Particularly Vulnerable during the Pandemic," smaller properties are more likely to have small, private property owners, so this may indicate a high percentage of these “mom and pop” housing providers across the state. This suggests that small scale, mom and pop property owners may be most burdened by the costs and hurdles associated with a rental registry.

## Table E4: Renter-occupied homes by building type, 2022

| Building typology | Number of renter-occupied homes | Percent of total |
|---|---|---|
| **Single-family homes** | 367,750 | 34% |
| **2-9 Units** | 260,930 | 24% |
| **10-49 Units** | 224,890 | 21% |
| **50+ Units** | 167,130 | 16% |
| **Mobile homes** | 55,010 | 5% |

Source: 2022 ACS 5-Year Estimates

## Figure E2. Renter-occupied homes by building type, 2022




Source: 2022 ACS 5-Year Estimates

If a rental registry program includes inspecting and enforcing housing quality standards, housing quality may improve but older housing stock that has not been well maintained may be costly to bring into compliance. Across regions, housing built in the 1970s is most common, and the distribution of homes by age is similar across regions. Statewide, the median year built of renter-occupied homes is 1984, the same as owner-occupied homes. By comparison, the national median year built for renter-occupied homes is 1978. Central Puget Sound housing trends slightly newer than other regions, with more proportionally more homes built during the 1980s and later.

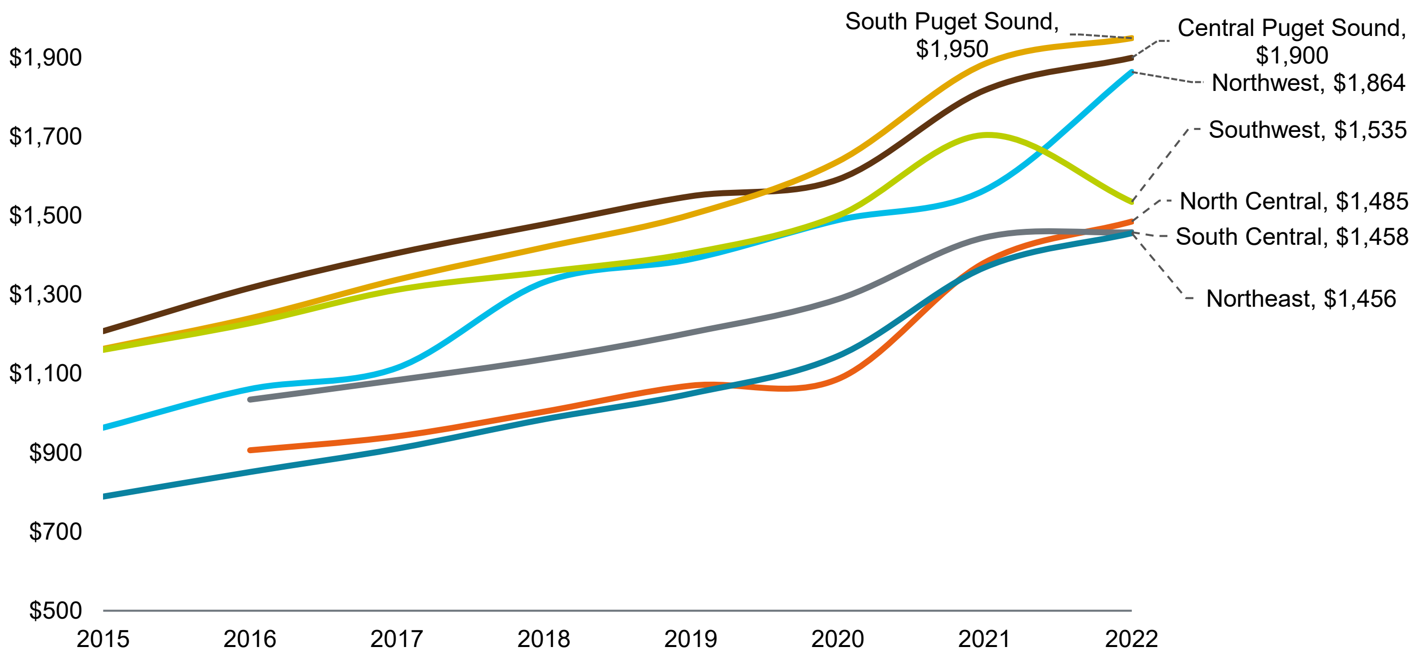
## Rental cost trends

Though each region has rental homes with a range of rents, rents are higher on average in Western regions. Statewide, average rents range from about $1,450 to about $2,100, which means they are affordable to households with incomes up to about $60,000 to $85,000 (assuming households pay no more than 30% of their income on rent). Rents in Western Washington submarkets are most commonly between $1,500 and $3,000, whereas Central and Eastern submarket rents are most commonly between $800 and $1,250. Rents are highest in the Central Puget Sound region and lowest in the Southeast region.

Both income and rent determine affordability. Renter incomes tend to be lower in regions with lower rents, and higher in regions with higher rents. This means that even though rents are lower in Central and Eastern regions, rental homes may not actually be more affordable to the people that live there than in other regions.

Rising rents are one of the primary challenges to housing affordability and stability for renters. In recent years, rents have increased across the state—by 45% since 2015, from an average of $1,124 to an average of $1,634 per home in 2022 (a compound annual growth rate of 5.5%). This trend holds across all regions with data, though at different scales. Rents in the Northwest have increased most, rising 93% since 2015. The Northeast follows closely, where rents have increased 85% since 2015. Rents in the Southwest have increased least in that time at 32%. Rents in other regions have increased between 41% and 68% since 2015.

### Figure E3: Change in rent from 2015 to 2022




Source: Zillow ZORI; Note labels show 2022 values by region

The number of affordable units with rent less than $1,000, whether subsidized or not, has decreased significantly across all regions since 2016. These units may be more affordable due to their age, size, location, or, commonly, public subsidy. The National Housing Preservation Database lists 134,480 units in properties with active public subsidies statewide compared to 198,040 total units with rent less than $1,000. It should be noted that not all units that receive public subsidy have rents below $1,000, meaning some of these units are affordable without public subsidy.

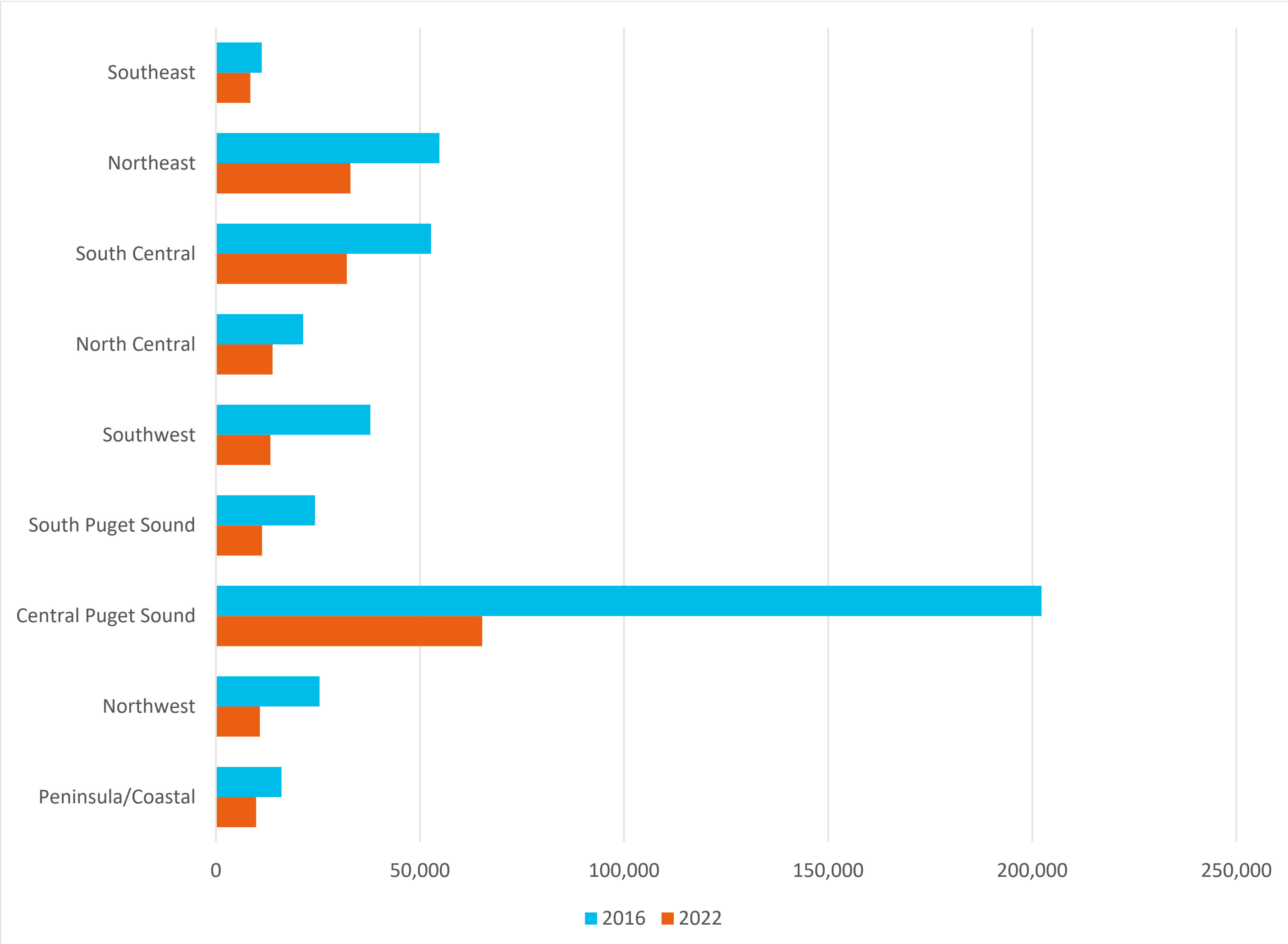
Table E5 shows the prevalence and change of these rental homes by region. There are 56% fewer rental homes with rents less than $1,000 now than in 2016. The number of these units has decreased in every region, decreasing most in the Central Puget Sound region (by 68% since 2016) and least in the Southeast region (by 25% since 2016). While the Central Puget Sound region has the most units with rents below $1,000, its units with rents below $1,000 make up the smallest proportion of total renter-occupied homes in any region. These units make up the highest proportion of rental homes in the Southeast, Peninsula/Coastal, and North Central regions. The Southeast and the Peninsula/Coastal regions have the lowest renter median incomes, meaning that these affordable rental homes are especially critical in these regions.

## Table E5: Rental homes with rent less than $1,000 by region, 2022

| Region | Number of rental homes with rent less than $1,000 (2022) | Percent of total renter-occupied homes | Change in number of rental homes with rent less than $1,000 from 2016 to 2022 |
|---|---|---|---|
| **Peninsula/Coastal** | 9,860 | 44% | -39% |
| **Northwest** | 10,790 | 21% | -58% |
| **Central Puget Sound** | 65,270 | 10% | -68% |
| **South Puget Sound** | 11,320 | 22% | -53% |
| **Southwest** | 13,370 | 17% | -65% |
| **North Central** | 13,900 | 43% | -35% |
| **South Central** | 32,090 | 39% | -39% |
| **Northeast** | 32,980 | 39% | -40% |
| **Southeast** | 8,460 | 55% | -25% |

Source: 2022 ACS 5-Year Estimates, PUMS Data

## Figure E4: Rental homes with rent less than $1,000




Source: 2022 ACS 5-Year Estimates, 2016 ACS 5-Year Estimates, PUMS Data

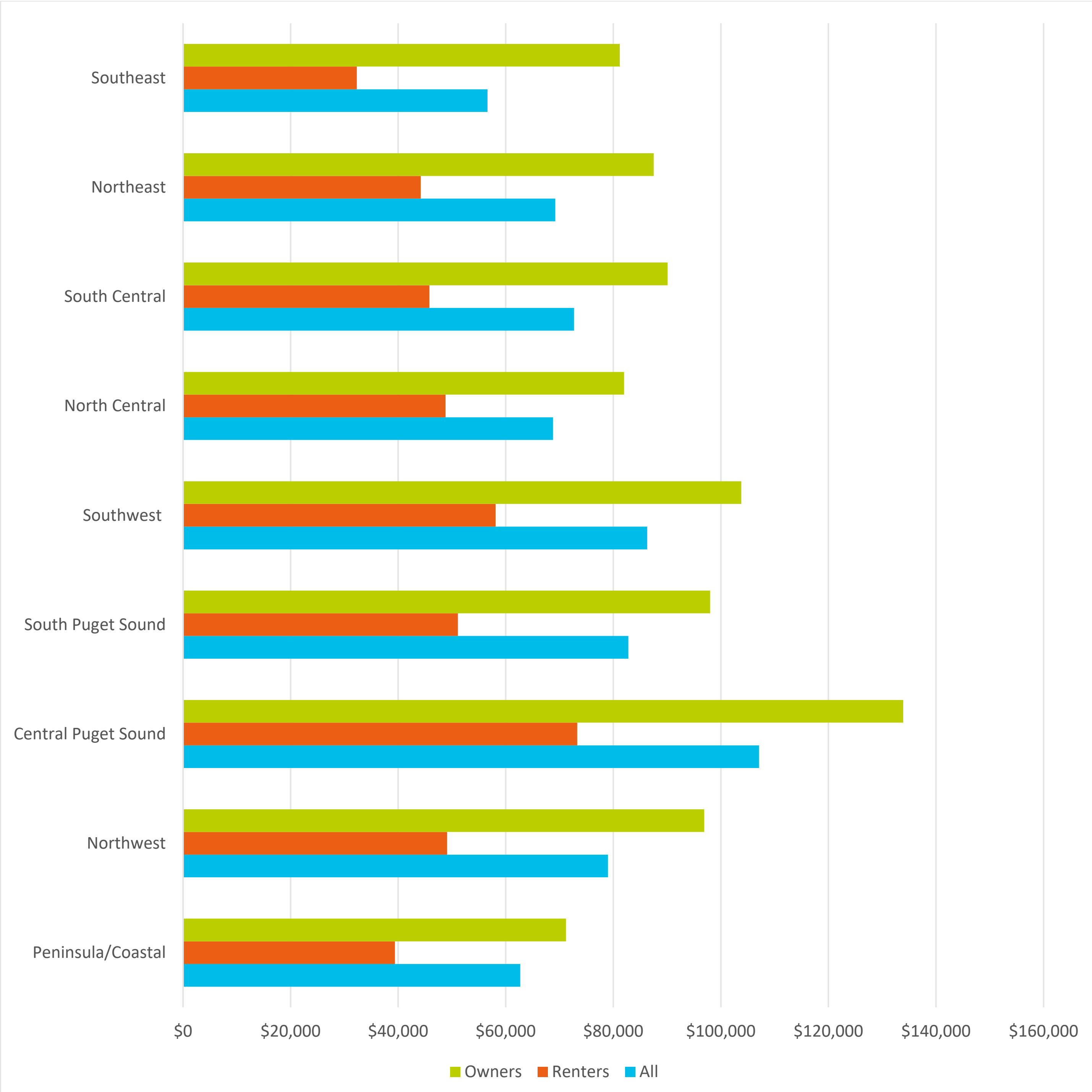
# Renter demographic trends

## Rentership rates and renter profile

There are significant disparities in rentership by race and income, underscoring the extent to which programs for renters are critical to addressing racial equity in housing. Across all regions, Washington residents are more likely to own their homes than to rent. However, the majority of Black and Hispanic or Latino residents are renters, and across the state BIPOC households are more likely to be renters than white households. Asian households are about as likely to rent their homes as white households except in the Southeast, where they are twice as likely to rent their homes.

Across regions, renters' incomes are significantly lower than the median. Renter median household incomes range from 57% of the overall median household income in the Southeast region to 71% of overall median household income in the North Central region. Except for the Peninsula/Coastal region, renter incomes tend to be lower in the Central and Eastern regions. This trend mirrors trends in rent, which suggests that lower incomes combined with lower rents could result in similar levels of affordability.

## Figure E5: Median household income by region



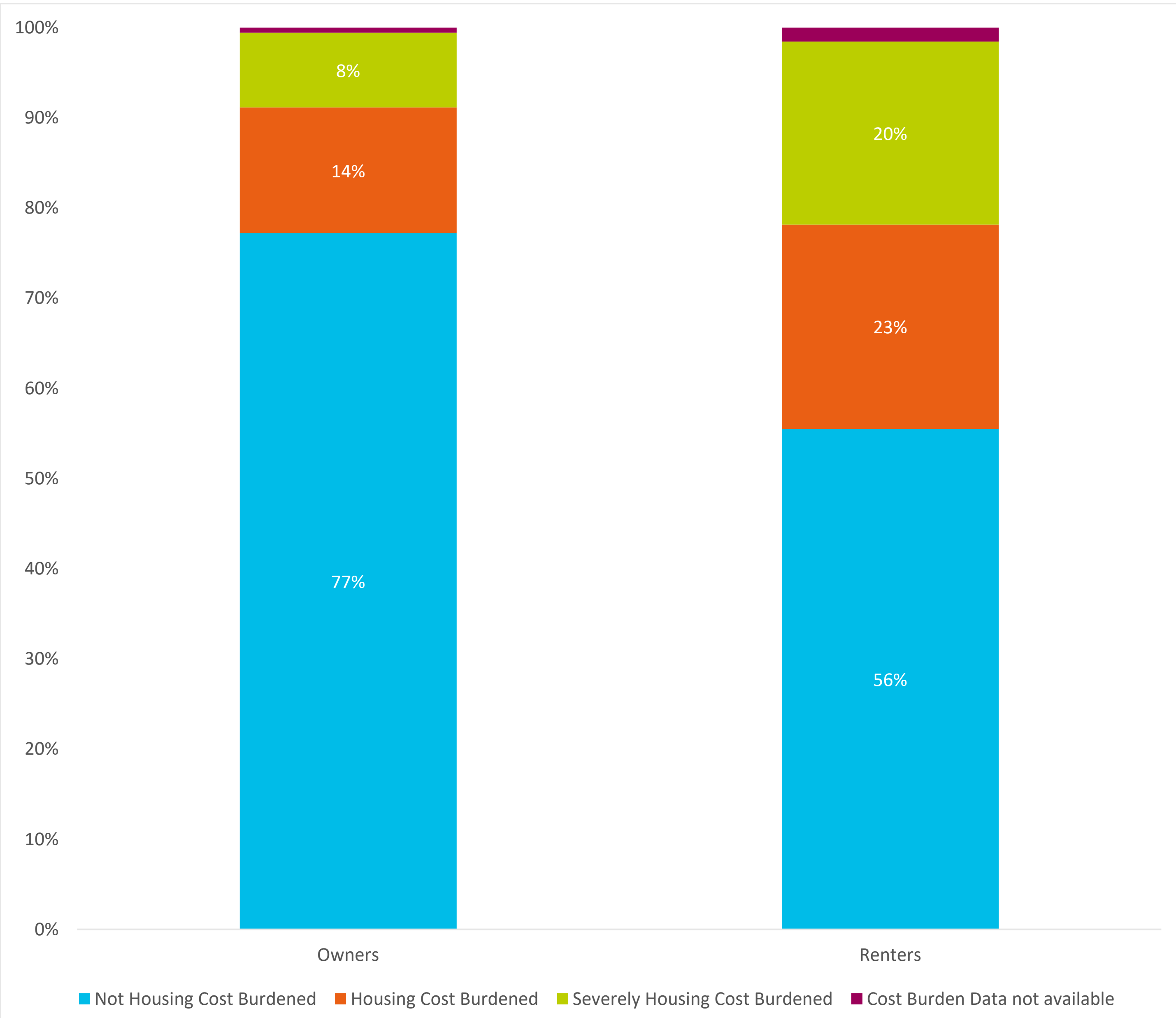

Source: 2022 ACS 5-Year Estimates

Renter households tend to be younger than owner households. Statewide, 60% of renter householders are under 45 years old and 40% are under 35 years old. In every region except for the Peninsula/Coastal region, over 50% of renter householders are under 45. Renters in the Southeast region trend youngest, with 70% of renter householders under 45 years old and 56% under 35. That said, there is a significant population of senior renter householders over 65 years old—over 162,000 statewide, accounting for 15% of renter homes. The Peninsula/Coastal region has the highest proportion of renter householders over 65 years old (24%).

## Renter housing cost burden

Renters are more likely than homeowners to pay more than 30% of their income for housing, which undermines their housing stability. A household that pays over 30% of income toward housing costs is housing cost burdened according to the U.S. Department of Housing and Urban Development (HUD). HUD classifies a household that pays over 50% of its income toward housing costs as severely housing cost burdened. When households pay too much income on rent, they have fewer resources to pay for other necessary costs. This means they are more likely to struggle if they face loss of employment or unanticipated expenses. Housing cost burden can therefore put renters at risk of housing instability and loss of housing. In Washington, 43% of renters are housing cost burdened, and renters are more than twice as likely as homeowners to be severely housing cost burdened.

### Figure E3: Statewide cost burden




Source: 2020 HUD CHAS Data

# Appendix F: Program implementation timeline

## Summary of relevant findings

Operational and administrative needs for the rental registry will vary across multiple phases of implementation. While the estimated timeframe to implement a rent will depend on the program's geographic focus, we do not anticipate major timeline differences between a statewide implementation and implementation limited to the six most populous counties.

### Table F1: Primary implementation activities by phase

| Program design (Year 0) | Pre-launch (Years 1 to 2) | Launch (Years 3 to 4) | Stabilization (Year 5 and ongoing) |
| --- | --- | --- | --- |
| • Finalize program design<br>• Take legislative measures to create and fund the program<br>• Prepare to hire a program coordinator | • Develop major data and management systems<br>• Integrate county assessor data and existing registries<br>• Develop informational and marketing materials<br>• Conduct extensive outreach and marketing<br>• Hire staff and prepare for launch | • Continue extensive outreach and marketing<br>• Manage program launch, with technical assistance, data quality assurance, and initial reporting<br>• Begin robust compliance efforts<br>• Grow operational capacity | • Provide ongoing data management, analysis, and reporting<br>• Provide ongoing outreach through direct mail and other avenues<br>• Continue robust compliance activities |

## Introduction

### Purpose

We are working with the Washington State Department of Commerce (Commerce) to study and design a proposed rental registry program for the Washington. This memorandum outlines the anticipated costs to launch and operate a state rental registry as well as the potential for registration fees to offset the cost of the program.

## Implementation timing estimates

The estimated timeframe to implement a rental registry will depend on the program's geographic focus. Based on our research, we anticipate that many of the steps needed to implement the program are independent of the registry's geographic focus (six-county versus statewide). Pre-launch tasks such as identifying and rolling out software and creating an outreach plan will take the same amount of time regardless of the program's geographic focus, while others like hiring staff, working with county Assessors to integrate local data and conducting outreach will take longer if the state chooses a statewide program. HR&A estimates that a six-county program will lower the pre-launch and launch timelines by 3 to 6 months.

### Program design (Year 0)

The state needs to take several pre-implementation steps:

1. Refine and finalize key elements of the program design and budget
2. Take legislative action to establish the registry and allocate funding

3. Create software or select an existing software product that meets the requirements for the registry
4. Create a job description, launch a search, hire and onboard a program coordinator to lead implementation

- **Key actors:** Commerce, state Legislature
- **Timing:** Within one year, subject to the requirements and timing of the legislative process

## Pre-launch (Years 1 to 2)

### Table F2: Management and oversight

| Implementation step | Key actors | Timing | Geographic considerations |
|---|---|---|---|
| **Hire and onboard staff for program implementation and ongoing operations. Staff includes two FTEs for program management, coordination and oversight, 6 to 18 FTEs for marketing, outreach and technical assistance, and 3 to 16 FTEs for IT and research management, depending on implementation geography, phase, and county coordination.** | Program Coordinator, Commerce | Months 0 to 6 and ongoing | Time may be reduced by 3 months for a six-county program |
| **Oversee pre-launch process, ensuring that implementation meets project milestones.** | Program Coordinator | Months 0 to 24 | The overall length of the pre-launch process will be based on its geographic focus |
| **Plan for uses of rental registry data.** | Program Coordinator, users of data e.g. local government partners | Months 7 to 12 | |
| **Work with Commerce to grow capacity external to the program as needed.** | Program Coordinator, Commerce | Months 13 to 24 | |

### Table F3: Outreach, marketing and compliance

| Implementation step | Key actors | Timing | Geographic considerations |
|---|---|---|---|
| **Develop informational materials for direct mailing, online advertising, listening sessions, and other engagement methods.** | Engagement coordinator and support staff | Months 3 to 12 | |
| **Build relationships with partner organizations including tenant advocacy organizations, housing industry associations, local government partners. A six-county approach is likely to require a two-thirds to half the time for engagement than a statewide program.** | Engagement coordinator and support staff | Months 3 to 12 | Time may be reduced by 3 to 5 months for a six-county program |
| **Finalize outreach and marketing approach.** | Engagement coordinator, support staff, partner organizations | Months 6 to 9 | |
| **Begin marketing campaign, circulating informational materials through online and print media, partner organizations. A six-county approach is likely to require two-thirds to half the time for** | Engagement coordinator, support | Months 9 to 24 | Time may be reduced by 8 to 4 months for a six-county program |

| Implementation step | Key actors | Timing | Geographic considerations |
|---|---|---|---|
| **engagement than a statewide program due to the smaller geography covered.** | staff, partner organizations | | |
| **Host virtual and in-person informational sessions around the state. Information sessions for a statewide program will require more time due to the larger geography.** | Engagement coordinator and support staff | Months 13 to 24 | Time may be reduced by 6 to 4 months for a six-county program |
| **Begin direct mailing to likely rental property owners. The length of time for this step may be dependent on the program's geographic focus and local mailing times.** | Engagement coordinator and support staff | Months 18 to 24 | |

### Table F6: Research and information technology

| Implementation Step | Key actors | Timing | Geographic considerations |
|---|---|---|---|
| **Roll out software, data hosting, and other IT requirements.** | Database and portal specialist, data analyst | Months 3 to 12 | |
| **Work with county assessors to integrate assessor data into database. Time considerations for this step will vary based on the program's geographic focus. Data sharing and integration for a six-county approach will likely take two-thirds to half the time of a statewide effort.** | Database and portal specialist, data analyst | Months 6 to 24 | Time may be reduced by 3 to 6 months for a six-county program |
| **Work with cities with existing registries and/or rental business licenses to integrate data into database. Time considerations for this step will vary based on the program's geographic focus. Data sharing and integration for a six-county approach will likely take two-thirds to half the time of a statewide effort.** | Database and portal specialist, data analyst | Months 6 to 24 | Time may be reduced by 3 to 6 months for a six-county program |
| **Test and refine reporting and data management functions.** | Database and portal specialist, data analyst | Months 13 to 24 | |

## Launch (Years 3 to 4)

### Table F7: Management and oversight

| Implementation step | Key actors | Timing |
|---|---|---|
| **Track early program impacts and effectiveness, adjust approaches as needed.** | Program coordinator and support staff | Years 3 to 4 and ongoing |
| **Develop reporting processes and begin reporting.** | Program coordinator and support staff | Years 3 to 4 and ongoing |
| **Review and approve public materials.** | Program coordinator | Years 3 to 4 and ongoing |

## Table F8: Outreach, marketing and compliance

| Implementation step | Key actors | Timing |
|---|---|---|
| **Conduct large outreach campaigns to inform housing providers about the rental registry program.** | Engagement coordinator and support staff | Years 1 to 4 |
| **Conduct direct mailing and online advertising to likely rental property owners.** | Engagement coordinator and support staff | Year 1 and ongoing |
| **Provide technical assistance by phone and email to help housing providers register, allow tenants to report rental properties, and respond to other inquiries.** | Engagement coordinator and technical assistance staff | Year 3 to 4 and ongoing |
| **Work with data analysts to continuously update outreach list with noncompliant properties. Continue regular outreach efforts to those properties.** | Engagement coordinator and support staff | Year 3 to 4 and ongoing |
| **Pursue thorough compliance efforts in markets throughout the state, including identifying likely noncompliant property owners, incurring and collecting penalties, and pursuing legal action as necessary.** | Engagement coordinator and technical assistance staff | Year 4 and ongoing |

## Table F9: Research and information technology

| Implementation step | Key actors | Timing |
|---|---|---|
| **Manage the program's database, conduct regular data analysis and reporting as required, regularly check for quality control.** | Database and portal specialist, data analyst | Year 3 to 4 and ongoing |
| **Work with county assessors to integrate assessor data annually or according to assessment schedules. The length of time required to obtain, clean, and upload data will vary based on the geographic focus of program.** | Database and portal specialist, data analyst, County partners | Years 3 to 4 and ongoing |
| **Analyze and review data regularly to identify unregistered units, incomplete registrations, or unpaid fees and flag for review by permit specialists.** | Database and portal specialist, data analyst, permit specialist | Year 3 to 4 and ongoing |
| **Review flagged permit applications to determine information required to reach compliance.** | Permit Specialist | Year 3 to 4 and ongoing |
| **Produce data reports** | Data analyst | Year 4 and ongoing |

# Stabilization (Year 5 and ongoing)

Ongoing operations at stabilization will continue similar to operations during the launch period, with more emphasis on ongoing quality control and data management. Outreach and enforcement activities will continue, with a focus on identifying major gaps in compliance and conducting outreach and enforcement as needed to fill those gaps. Research and IT efforts will also continue throughout the program's operations, with more time dedicated to application and renewal review.

# Appendix G. Rental registry financial requirements

## Summary of relevant takeaways

This analysis offers high-level cost estimates for a statewide rental registry with annual re-registration requirements based on projected staff and material needs of such a program. We divided program implementation into three phases: pre-launch, launch, and post-launch to stabilization. We assume that this rental registry will reach its maximum compliance rate of 75% after 10 years. Though Seattle's registry achieves over 90% compliance, we chose to assume a lower compliance rate due to the complexities of a statewide registry, the significant increase in the number of units, and the much broader geographic scope. Clear regulatory incentives and extensive outreach and enforcement efforts will be critical to achieve this compliance. We present cost estimates as a range to account for different program design and resource sharing decisions which might impact costs, and we test alternative options, like three-year re-registration cycles and implementation limited to only the six largest counties, to explore strategies to reduce costs. We show all costs in 2024 dollars.

**A statewide program such as the one the proviso describes will require significant cost to implement and operate effectively and with high compliance.** We estimate that the program will cost approximately $2.5 to $4.7 million per year for a four-year pre-launch and launch phase, and $3.9 to $6.4 million per year during post-launch to stabilization. Major categories of program cost include:

- **Management and oversight of the program**
- **Research and information technology (IT) requirements**, including data storage, data management and analysis, data input for paper registry applications, and reporting
- **Outreach, marketing, and compliance** to educate renters and property owners about the program, provide technical support, and pursue enforcement of non-compliant properties
- **Program overhead**, or the external costs to Commerce and other state agencies such as human resources, payroll, and administrative costs.

Notably, **these costs exclude potential legal costs** incurred from collaboration with the state Attorney General's office for efforts to pursue enforcement through lawsuits.

**Assuming the high cost range, the rental registry could achieve self-sufficiency at stabilization if it can achieve sufficient compliance based on the per-unit registration fee.** Compliance drives both program costs and revenues. Higher compliance means more property owners pay registration fees, but it also means that there are more applications that require more staff to review. While higher fees generate more revenue, they also impact costs. Our model assumes a 2.5% payment processing fee, which means that higher fees incur higher payment processing costs. Because of these variables, there is not a single point for fee or compliance at which this program will become self-sufficient. Instead, different fees require different levels of compliance to achieve self-sufficiency, as shown in the following matrix.

## Table G1: Estimated annual deficit or surplus

| Per unit fee | Compliance rate | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100% |
| $5 | -$4.2M | -$4.0M | -$3.8M | -$3.6M | -$3.4M | -$3.2M | -$3.0M | -$2.7M | -$2.5M | -$2.3M |
| $10 | -$3.8M | -$3.2M | -$2.6M | -$2.0M | -$1.4M | -$801K | -$201K | $399K | $1.0M | $1.6M |
| $15 | -$3.4M | -$2.4M | -$1.4M | -$428K | $565K | $1.6M | $2.6M | $3.5M | $4.5M | $5.5M |
| $20 | -$3.0M | -$1.6M | -$242K | $1.1M | $2.5M | $3.9M | $5.3M | $6.7M | $8.1M | $9.5M |
| $25 | -$2.6M | -$842K | $938K | $2.7M | $4.5M | $6.3M | $8.1M | $9.8M | $11.6M | $13.4M |
| $30 | -$2.2M | -$55K | $2.1M | $4.3M | $6.5M | $8.6M | $10.8M | $13.0M | $15.2M | $17.3M |

**This matrix reflects the assumptions below.** Any changes to these assumptions change the breakeven point at which this program becomes self-sufficient.

**Assumptions:**

- This analysis reflects staffing at stabilization, not during the "launch" or "pre-launch" periods. It excludes one-time software costs and other startup costs.
- The program allows a 50% discount for early registration; we assume that 50% of units qualify for this early registration discount each year.
- The analysis assumes enforcement costs are fixed – i.e. enforcement costs do not increase if compliance is lower than expected.
- The analysis assumes annual payment processing fee of 2.5% multiplied by the number of units renewing and the per unit fee, including discounts.
- The analysis assumes that some other operating costs – such as data analysis – scale with compliance.
- The program is statewide.
- The program requires annual reregistration and uses high cost estimates.

**With these assumptions, the program could produce enough revenue to cover most of its costs with a minimal per-unit registration fee.** With a $10 fee, the registry will be self-sufficient if it achieves 80% compliance. With a $15 fee, the registry will be self-sufficient at 50% compliance. Our cost analysis assumes 75% compliance at stabilization, meaning a $15 fee will make the registry self-sufficient under these assumptions. This fee is greater than the actual stabilized per-unit cost of about $8 at 75% compliance because of the assumptions regarding discounts for early registration, which reduce per-unit revenue to $7.50 for those units that take advantage. If this registry were to apply only to the six largest counties, this breakeven point remains comparable, requiring about 80% compliance with a $10 per unit fee and 50% compliance with a $15 per unit fee. This is because the reduction in units associated with the six county scenario reduces costs and revenue proportionally. The additional efficiencies gained in the six county scenario that do not scale with compliance are not enough to shift the breakeven point.

Importantly, actual compliance rates and uptake of incentives for early registration make actual program revenue uncertain. The state must develop clear regulatory incentives and pursue extensive outreach and enforcement to achieve the revenues we project, though outreach and enforcement beyond our projections will further increase costs. The state should keep fees consistent most years to ensure predictability, but can increase costs every few years to account for increased program operating expenses due to enforcement requirement, inflation, or other factors

**Limiting implementation to the six largest counties creates notable operating efficiencies but will exclude many rural rental homes.** The six largest counties (Clark, King, Pierce, Snohomish, Spokane, and Thurston) together account for approximately 74% of renter-occupied homes in the state. A registry limited to these counties would therefore cover almost three quarters of rental homes, while providing a significant reduction in the geography required for outreach and marketing, and the number of counties the state would need to coordinate with to incorporate assessor data and potentially to pursue enforcement measures. Together, the reduced application volume, geographic focus, and bureaucratic efficiencies result in a 20% to 25% reduction in cost. However, this option would exclude many parts of the state, including much of central and western Washington and many rural areas.

### Table G2: Summary of program cost by scenario

| Annual cost range | Annual re-registration cycle |
|---|---|
| **Pre-launch (Years 1 to 2)** | **Statewide:** \$2.5 - \$4.4 million; **Six counties:** \$2.0 - \$3.4 million |
| **Launch (Years 3 to 4)** | **Statewide:** \$3.0 - \$4.7 million; **Six counties:** \$2.4 - \$3.7 million |
| **Post-launch to stabilization (Year 5 and ongoing)** | **Statewide:** \$3.9 - \$6.4 million; **Six counties:** \$3.1 - \$4.8 million |

Other design changes could reduce program costs but would reduce the amount or timeliness of data available through the rental registry. To reduce costs, the state could require re-registration every three years instead of annually. This would reduce the annual volume of applications and require fewer staff to oversee the program, but rental market data would be less timely. The state could also reduce the outreach and compliance functions of the program to limit costs, but this would likely result in much lower compliance rates which will make the program less effective and could reduce the program's financial sustainability.

Our cost estimates reflect a range of potential program design decisions, compliance rates, and outreach methods which will have impacts on program cost. One of the primary differences between the higher and lower cost estimates is the potential to use existing county and city outreach and data functions to reduce costs to the state. If the state can easily integrate county assessor's data into its database, and partner with cities with existing rental registries both to incorporate data where possible and to use existing city outreach methods, this could reduce staff and marketing costs to the state. The high end of the cost estimates assumes that the state's program uses no city or county resources to operate its registry.

# Introduction

## Purpose

The following outlines the anticipated costs to launch and operate a state rental registry as well as the potential for registration fees to offset the cost of the program.

## Methods

Existing programs are much smaller than a state program would be, so none are exactly comparable in scale to the proposed statewide program. Scaling the cost per unit of these programs to the state level does not account for possible operating efficiencies of a larger program. Based on cost data from city-level rental registries in Washington per-unit costs are between $16 and $25 for localities with fewer than 200,000 rental units. Applying these per unit costs to all renter occupied units in the state leads to annual costs between $17 and $27 million, however we estimate that a statewide program would have some operating efficiencies that would keep costs lower. We used our understanding of the operating functions of other registries to outline the types of roles required to implement this registry and to estimate how certain roles do or do not scale to impact staffing levels, using staffing benchmarks from existing rental registry programs. We detail assumptions on operating functions, staff positions, and their scaling in the Operating Functions, Key Staff, and Staff Scaling table. We used salaries from comparable positions in the Department of Commerce to calculate staff costs, adding allowances for benefits and overhead.

For non-staff costs, we priced the costs of printing and mailing materials using the retail costs of stamps, envelopes, and printed pages. We used estimates from Artesia Systems for the cost of establishing a database and online portal, licensing software, hosting data, and processing payments.

We show all costs in 2024 dollars.

### Table G3: Operating functions, key staff and staff scaling

| Function | Position | Scaling |
|---|---|---|
| **Management and oversight** | Program Coordinator | Fixed |
| | Program Coordinator Support | Fixed |
| **Outreach, marketing and compliance** | Engagement Coordinator | Fixed |
| | Engagement Support | Scales by number of counties subject to rental registry |
| | Public Technical Assistance | Scales by phase of implementation |
| **Research and information technologies (IT)** | Permit Specialist | Scales by number of applications |
| | Database and Portal Specialist | Fixed |
| | Data Analyst | Scales by phase of implementation and number of counties subject to rental registry |
| **Overhead related to staffing** | HR and Payroll | Scales by staffing costs |
| | Legal | Scales by staffing costs |
| | Other Interagency Support | Scales by staffing costs |

# Cost estimates

## Phases of implementation

Operational and administrative needs for the rental registry, and the respective costs, will vary across various phases of the program rollout.

### Table G4: Implementation activities by phase

| | Pre-launch (Years 1 to 2) | Launch (Years 3 to 4) | Post-launch to stabilization (Year 5 and ongoing) |
|---|---|---|---|
| **Primary activities** | ○ Develop major data and management systems<br>○ Develop informational and marketing materials<br>○ Conduct extensive outreach and marketing<br>○ Hire staff and prepare for launch | ○ Continue extensive outreach and marketing<br>○ Manage program launch, with technical assistance, data quality assurance, and initial reporting<br>○ Begin robust compliance efforts<br>○ Grow operational capacity | ○ Provide ongoing data management, analysis, and reporting<br>○ Provide ongoing outreach through direct mail and other avenues<br>○ Continue robust compliance activities |
| **Estimated annual cost** | **$2.5 to $4.4 million** | **$3.0 to $4.7 million** | **$3.9 to $6.4 million** |

# Operational needs and associated costs

There are four primary categories of cost associated with the operations of the rental registry program.

## Management and oversight

The program will require management and oversight functions, including management of personnel, monitoring all activities, and reporting on compliance and other metrics of success:

**Personnel requirements:** Two full-time equivalent (FTE) positions during pre-launch, launch, and post-launch to stabilization, including a program coordinator and a program coordinator support staff person.

**Estimated cost:** About $309,000 per year during pre-launch, launch, and post-launch to stabilization.

## Outreach, marketing and compliance

The rental registry will not achieve compliance without significant investment in outreach, marketing, and compliance efforts. Primary activities will include:

- **Conducting a large, outreach campaign** in markets throughout the state, with informational materials, meetings, direct mailings, and marketing (such as online advertising) to inform housing providers about the rental registry program during pre-launch and launch
- **Conducting ongoing outreach and marketing annually to likely rental property owners**, including direct mailing and online advertising,
- **Providing technical assistance by phone and email** to help housing providers register, allow tenants to report rental properties, and respond to other inquiries
- **Pursuing thorough compliance efforts** in markets throughout the state, including identifying likely noncompliant property owners, incurring and collecting penalties, and pursuing legal action as necessary

**Personnel requirements:** 6 to 18 full-time equivalent (FTE) positions during pre-launch and launch and 6 to 16 FTE positions during post-launch to stabilization, including engagement and enforcement coordinators, engagement and enforcement support staff, and public facing technical assistance staff. The low end of this range reflects the possibility that this registry can leverage existing engagement infrastructure in cities with existing rent registries, and that if not it will require a significant investment in outreach staff to achieve meaningful compliance.

**Estimated cost:** $1.3 million to $2.3 million per year during pre-launch and launch; $1.1 million to $2.1 million per year during post-launch to stabilization

## Research and Information Technology (IT)

Operating the rental registry program will require a number of activities related to data, research, and IT to create and host a database and ensure its accuracy. Primary activities will include:

- Creating or purchasing software to perform major online portal and database functions
- Data hosting
- Database management, data analysis, reporting, and quality control
- Data integration (e.g. regular integration of county assessors' property records) and data entry (for paper registration forms)
- Data review and flagging incomplete registrations for review by a permit specialist
- Review of flagged permit applications to determine compliance

**Personnel requirements:** 3 to 8 full-time equivalent (FTE) positions during pre-launch and launch and 14 to 16 during post-launch to stabilization, including database and online portal specialists, data analysts, and permit specialists. The number of employees required changes by phase and compliance – for instance, the number of data analysts required increases as they receive, process, and integrate assessor data from counties, enter data from mail-in registrations, and flag incomplete data for permit specialists. The number of permit specialists increases as compliance increases because more applications and renewals require review.

The low end of this range represents lower workloads during pre-launch and launch, as well as potential collaboration with county assessors if they can prepare data for integration with the state's system instead of the state taking on that function. The state could also choose to outsource many of these responsibilities, which would reduce the FTE requirements associated with the Research and Information Technology (IT) function of a rental registry even further but would require a vendor purchase at a similar price scale.

**Estimated cost:** $419,000 to $1.1 million per year during pre-launch and launch; $1.4 million to $2.1 million per year during post-launch to stabilization.

## Overhead

Operating a rental registry program will create overhead expenses. Commerce will incur costs related to hiring and management, office space, supplies, and technology for new staff, and added demands for other services such as legal services, reporting, payroll, etc.

**Estimated cost:** $428,000 to $1.1 million per year during pre-launch and launch; $1.1 million to $1.9 million per year during post-launch to stabilization

## Table G5: Program operating costs, statewide implementation

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Est. compliance rate** | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| **Management and oversight** | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| **Outreach, marketing and compliance** | $1.3 - $2.2M | $1.3 - $2.2M | $1.5 - $2.3M | $1.4 - $2.2M | $1.1 - $1.9M | $1.3 - $2.1M | $1.3 - $2.1M | $1.3 - $2.1M | $1.3 - $2.1M | $1.3 - $2.1M |
| **Research and IT** | $885,489 - $1.1M | $419,255 - $666,035 | $612,641 - $859,421 | $822,631 - $1.1M | $1.4 - $1.7M | $1.4 - $1.8M | $1.5 - $1.9M | $1.6 - $1.9M | $1.6- $2.0M | $1.7 - $2.1M |
| **Overhead** | $428,220 - $780,480 | $428,220 - $780,480 | $590,801 - $943,061 | $781,815 - $1.1M | $1.1 - $1.5M | $1.2 - $1.6M | $1.3 - $1.7M | $1.3 - $1.7M | $1.4 - $1.8M | $1.5 - $1.9M |
| **Total costs** | **$3.0 - $4.4M** | **$2.5 - $3.9M** | **$3.0 - $4.4M** | **$3.3 - $4.7M** | **$3.9 - $5.5M** | **$4.3 - $5.8M** | **$4.4 - $6.0M** | **$4.5 - $6.1M** | **$4.7 - $6.2M** | **$4.8 - $6.4M** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

## Table G6: Program operating costs, six largest counties implementation

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Est. compliance rate** | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| **Management and oversight** | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| **Outreach, marketing and compliance** | $987,815 - $1.6M | $987,815 - $1.6M | $1.1 - $1.8M | $1.1 - $1.7M | $846,719 - $1.5M | $964,299 - $1.6M | $964,299 - $1.6M | $964,299 - $1.6M | $964,299 - $1.6M | $964,299 - $1.6M |
| **Research and IT** | $762,099- $885,489 | $295,865- $419,255 | $471,133- $594,523 | $626,768 - $750,158 | $1.1 - $1.2M | $1.1 - $1.2M | $1.2 - $1.3M | $1.2 - $1.3M | $1.3 - $1.4M | $1.3 - $1.4M |
| **Overhead** | $360,090 - $617,220 | $360,090 - $617,220 | $506,190 - $763,320 | $647,761 - $904,891 | $914,252 - $1.2M | $961,443 - $1.2M | $1.0 - $1.3M | $1.1 - $1.3M | $1.1 - $1.4M | $1.2 - $1.4M |
| **Total costs** | **$2.4 - $3.4M** | **$2.0 - $3.0M** | **$2.4 - $3.5M** | **$2.7 - $3.7M** | **$3.1 - $4.2M** | **$3.3 - $4.4M** | **$3.4 - $4.5M** | **$3.5 - $4.6M** | **$3.6 - $4.7M** | **$3.7 - $4.8M** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

## Approaches to cost reduction

**There are three main approaches that Washington can pursue to reduce the costs of a rental registry:**

1. **Limiting implementation to the six largest counties creates notable operating efficiencies but will exclude many rural rental homes.** The six largest counties (Clark, King, Pierce, Snohomish, Spokane, and Thurston) together account for approximately 74% of renter-occupied homes in the state. A registry limited to these counties would therefore cover almost three quarters of rental homes, while providing a significant reduction in the geography required for outreach and marketing, and the number of counties the state would need to coordinate with to incorporate assessor data and potentially to pursue enforcement measures. Together, the reduced application volume, geographic focus, and bureaucratic efficiencies result in an approximate 20% to 25% reduction in cost. However, this option would exclude many parts of the state, including much of central and western Washington and many rural areas, and would overlap significantly with existing registries, which cover 49% of units in the six largest counties.

2. **To reduce program costs, the state could require re-registration every three years instead of annually, though this approach reduces the timeliness of data.** Requiring annual re-registration means that at stabilization, every property owner will need to re-submit unit data each year. This leads to a high volume of applications each year, and will require ongoing data management, quality control, data entry for paper applications, and enforcement actions. By only requiring re-registration every three years the state reduces annual applications to one-third of the volume. This approach requires fewer program staff and results in an approximate 25% reduction in cost. However, with this approach some unit data, such as rents and vacancy, could be one or two years out of date. In addition, this approach could reduce revenue if its fees do not reflect a three-year renewal period. A registry taking this approach would need to adjust its fee structure to ensure the same revenues in order to achieve cost savings.

3. **Reduce outreach and compliance functions.** Depending on the implementation phase, outreach, marketing, and compliance activities account for between 34% and 51% of total program cost. With limited outreach and compliance, Commerce can significantly reduce the cost of rental registries. However, this approach will result in much lower compliance, which will make the rental registry significantly less effective and could reduce the program's financial sustainability.

## Program revenue potential

Most rental registries charge a registration fee. To limit the potential for unintended consequences and burdens to both property owners and renters, the state should minimize fees. At stabilization, the rental registry could achieve self-sufficiency if it can achieve sufficient compliance based on the per-unit registration fee. Compliance drives both program costs and revenues. Higher compliance means more property owners pay registration fees, but it also means that there are more applications that require more staff to review. While higher fees generate more revenue, they also impact costs. Our model assumes a 2.5% payment processing fee, which means that higher fees incur higher payment processing costs. Because of these variables, there is not a single point for fee or compliance at which this program will become self-sufficient. Instead, different fees require different levels of compliance to achieve self-sufficiency, as shown in the following matrix.

## Table G7: Estimated annual deficit or surplus of statewide program

| Per unit fee | Compliance rate | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100% |
| $5 | -$4.2M | -$4.0M | -$3.8M | -$3.6M | -$3.4M | -$3.2M | -$3.0M | -$2.7M | -$2.5M | -$2.3M |
| $10 | -$3.8M | -$3.2M | -$2.6M | -$2.0M | -$1.4M | -$801K | -$201K | $399K | $1.0M | $1.6M |
| $15 | -$3.4M | -$2.4M | -$1.4M | -$428K | $565K | $1.6M | $2.6M | $3.5M | $4.5M | $5.5M |
| $20 | -$3.0M | -$1.6M | -$242K | $1.1M | $2.5M | $3.9M | $5.3M | $6.7M | $8.1M | $9.5M |
| $25 | -$2.6M | -$842K | $938K | $2.7M | $4.5M | $6.3M | $8.1M | $9.8M | $11.6M | $13.4M |
| $30 | -$2.2M | -$55K | $2.1M | $4.3M | $6.5M | $8.6M | $10.8M | $13.0M | $15.2M | $17.3M |

**This matrix reflects the assumptions below.** Any changes to these assumptions change the breakeven point at which this program becomes self-sufficient.

**Assumptions**

- This analysis reflects staffing at stabilization, not during the "launch" or "pre-launch" periods. It excludes one-time software costs and other startup costs.
- The program allows a 50% discount for early registration; we assume that 50% of units qualify for this early registration discount each year.
- The analysis assumes enforcement costs are fixed – i.e. enforcement costs do not increase if compliance is lower than expected.
- The analysis assumes annual payment processing fee of 2.5% multiplied by the number of units renewing and the per unit fee, including discounts.
- The analysis assumes that some other operating costs – such as data analysis – scale with compliance.
- The program is statewide.
- The program requires annual reregistration.

**With these assumptions, the program could produce enough revenue to cover most of its costs with a minimal per-unit registration fee.** With a $10 fee, the registry will be self-sufficient if it achieves 80% compliance. With a $15 fee, the registry will be self-sufficient at 50% compliance. Our cost analysis assumes 75% compliance at stabilization, meaning a $15 fee will make the registry self-sufficient under these assumptions. This fee is greater than the actual stabilized per-unit cost of about $8 at 75% compliance because of the assumptions regarding discounts for early registration, which reduce per-unit revenue to $7.50 for those units that take advantage. If this registry were to apply only to the six largest counties, this breakeven point remains comparable, requiring about 80% compliance with a $10 per unit fee and 50% compliance with a $15 per unit fee. This is because the reduction in units associated with the six county scenario reduces costs and revenue proportionally. The additional efficiencies gained in the six county scenario that do not scale with compliance are not enough to shift the breakeven point.

Importantly, actual compliance rates and uptake of incentives for early registration make actual program revenue uncertain. The state must develop clear regulatory incentives and pursue extensive outreach and enforcement to achieve the revenues we project, though outreach and enforcement beyond our projections will further increase costs. The state should keep fees consistent most years to ensure predictability and can increase costs every few years to account for increased program operating expenses due to enforcement requirement, inflation, or other factors.

# Detailed assumptions

We used the staffing assumptions shown in the following tables to determine staffing costs. The range of FTE represents decisions the state could make to reduce staffing needs, namely using existing county and city outreach and data functions to reduce the need for more staff at the state. We assume benefits increase staff costs by 35% of salary, and that the state incurs an additional cost of 45% of salary costs related to overhead, like payroll and HR, legal, building rent, and other overhead expenses. We show salaries and all other costs in 2024 dollars.

### Table G8: Staffing assumptions - statewide implementation

| Staff positions | Salary | Pre-launch FTE six largest counties | Launch FTE | Post-launch to stabilization FTE |
|---|---|---|---|---|
| **Program Coordinator** | $128,200 | 1 | 1 | 1 |
| **Program Coordinator Support** | $100,800 | 1 | 1 | 1 |
| **Permit Specialist** | $96,400 | 0 | 0.00001/Unit | 0.00001/Unit |
| **Database and Portal Specialist** | $111,800 | 1 | 1 | 1 |
| **Data Analyst** | $91,400 | 2 - 4 | 3 - 5 | 4 - 7 |
| **Engagement Coordinator** | $89,800 | 2 | 2 | 2 |
| **Engagement Support** | $60,000 | 2 - 12 | 2 - 12 | 2 - 12 |
| **Public Technical Assistance** | $64,200 | 2 | 4 | 2 |

### Table G9: Staffing assumptions - statewide implementation

| Staff positions | Salary | Pre-launch FTE six largest counties | Launch FTE | Post-launch to stabilization FTE |
|---|---|---|---|---|
| **Program Coordinator** | $128,200 | 1 | 1 | 1 |
| **Program Coordinator Support** | $100,800 | 1 | 1 | 1 |
| **Permit Specialist** | $96,400 | 0 | 0.00001/Unit | 0.00001/Unit |
| **Database and Portal Specialist** | $111,800 | 1 | 1 | 1 |
| **Data Analyst** | $91,400 | 1 - 2 | 2 - 3 | 3 - 4 |
| **Engagement Coordinator** | $89,800 | 2 | 2 | 2 |
| **Engagement Support** | $60,000 | 1 - 9 | 1 - 9 | 1 - 9 |
| **Public Technical Assistance** | $64,200 | 2 | 4 | 2 |

We base non-staff costs on retail costs of basic materials for physical outreach mailers (i.e., the cost of stamps, envelopes, and printed pages) and estimates from Commerce on the costs of building a database, licensing software, and storing data. We list these assumptions in the following tables. We also assume a payment processing fee of 1.5%.

## Table G10: Non-staff outreach and data costs

| Outreach material expenses | Cost |
|---|---|
| **Cost per stamp** | $0.73 |
| **Cost per envelope** | $0.02 |
| **Cost per page printed** | $0.05 |
| **Average mailers per property per year** | 2 |

| Database expenses | Cost |
|---|---|
| **One-time database and portal costs** | $466,234 |
| **Annual licensing** | $1,545 |
| **Data storage** | $20,000 |

# Detailed budgets

## High cost estimates

### Table G11: Statewide implementation with annual reregistration

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| Est. compliance rate | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| Management and oversight | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| Outreach, marketing and compliance | $2,153,521 | $2,153,521 | $2,290,188 | $2,216,731 | $1,933,036 | $2,115,723 | $2,115,611 | $2,115,498 | $2,115,386 | $2,115,273 |
| Research and IT | $1,132,269 | $666,035 | $859,421 | $1,069,411 | $1,736,169 | $1,806,166 | $1,876,162 | $1,946,159 | $2,016,155 | $2,086,152 |
| Overhead | $780,480 | $780,480 | $943,061 | $1,134,075 | $1,540,583 | $1,604,254 | $1,667,925 | $1,731,597 | $1,795,268 | $1,858,939 |
| **Total costs** | **$4,375,420** | **$3,909,186** | **$4,401,821** | **$4,729,367** | **$5,518,938** | **$5,835,293** | **$5,968,849** | **$6,102,404** | **$6,235,959** | **$6,369,514** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

### Table G12: Six largest counties implementation with annual reregistration

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| Est. compliance rate | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| Management and oversight | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| Outreach, marketing and compliance | $1,635,815 | $1,635,815 | $1,785,639 | $1,738,607 | $1,494,719 | $1,612,299 | $1,612,299 | $1,612,299 | $1,612,299 | $1,612,299 |
| Research and IT | $885,489 | $419,255 | $594,523 | $750,158 | $1,184,817 | $1,236,695 | $1,288,573 | $1,340,451 | $1,392,329 | $1,444,207 |
| Overhead | $617,220 | $617,220 | $763,320 | $904,891 | $1,171,382 | $1,218,573 | $1,265,763 | $1,312,953 | $1,360,143 | $1,407,334 |
| **Total costs** | **$3,447,674** | **$2,981,440** | **$3,452,632** | **$3,702,806** | **$4,160,068** | **$4,376,716** | **$4,475,785** | **$4,574,853** | **$4,673,922** | **$4,772,990** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

## Table G13: Statewide implementation with three-year reregistration

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Est. compliance rate** | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| **Management and oversight** | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| **Outreach, marketing and compliance** | $2,153,521 | $2,153,521 | $2,290,188 | $2,180,171 | $1,786,796 | $1,786,684 | $1,823,131 | $1,896,139 | $1,713,226 | $1,749,674 |
| **Research and IT** | $1,132,269 | $666,035 | $859,421 | $999,414 | $1,456,184 | $1,176,198 | $1,316,191 | $1,526,180 | $1,246,194 | $1,386,187 |
| **Overhead** | $780,480 | $780,480 | $943,061 | $1,070,404 | $1,285,898 | $1,031,213 | $1,158,555 | $1,349,569 | $1,094,884 | $1,222,226 |
| **Total costs** | **$4,375,420** | **$3,909,186** | **$4,401,821** | **$4,559,139** | **$4,838,028** | **$4,303,244** | **$4,607,027** | **$5,081,038** | **$4,363,455** | **$4,667,237** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

## Table G14: Six largest counties implementation with three-year reregistration

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Est. compliance rate** | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| **Management and oversight** | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| **Outreach, marketing and compliance** | $1,635,815 | $1,635,815 | $1,785,639 | $1,715,091 | $1,400,655 | $1,400,655 | $1,424,171 | $1,471,203 | $1,353,623 | $1,377,139 |
| **Research and IT** | $885,489 | $419,255 | $594,523 | $698,279 | $977,304 | $769,791 | $873,548 | $1,029,182 | $821,669 | $925,426 |
| **Overhead** | $617,220 | $617,220 | $763,320 | $857,701 | $982,621 | $793,860 | $888,241 | $1,029,812 | $841,051 | $935,431 |
| **Total costs** | **$3,447,674** | **$2,981,440** | **$3,452,632** | **$3,580,221** | **$3,669,730** | **$3,273,456** | **$3,495,109** | **$3,839,347** | **$3,325,493** | **$3,547,146** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

## Low cost estimates

### Table G15: Statewide implementation with annual reregistration

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| Est. compliance rate | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| Management and oversight | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| Outreach, marketing and compliance | $1,343,521 | $1,343,521 | $1,480,188 | $1,406,731 | $1,123,036 | $1,305,723 | $1,305,611 | $1,305,498 | $1,305,386 | $1,305,273 |
| Research and IT | $885,489 | $419,255 | $612,641 | $822,631 | $1,365,999 | $1,435,996 | $1,505,992 | $1,575,989 | $1,645,985 | $1,715,982 |
| Overhead | $428,220 | $428,220 | $590,801 | $781,815 | $1,147,193 | $1,210,864 | $1,274,535 | $1,338,207 | $1,401,878 | $1,465,549 |
| **Total costs** | **$2,966,380** | **$2,500,146** | **$2,992,781** | **$3,320,327** | **$3,945,378** | **$4,261,733** | **$4,395,289** | **$4,528,844** | **$4,662,399** | **$4,795,954** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

### Table G16: Six largest counties implementation with annual reregistration

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| Est. compliance rate | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| Management and oversight | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| Outreach, marketing and compliance | $987,815 | $987,815 | $1,137,639 | $1,090,607 | $846,719 | $964,299 | $964,299 | $964,299 | $964,299 | $964,299 |
| Research and IT | $762,099 | $295,865 | $471,133 | $626,768 | $1,061,427 | $1,113,305 | $1,165,183 | $1,217,061 | $1,268,939 | $1,320,817 |
| Overhead | $360,090 | $360,090 | $506,190 | $647,761 | $914,252 | $961,443 | $1,008,633 | $1,055,823 | $1,103,013 | $1,150,204 |
| **Total costs** | **$2,419,154** | **$1,952,920** | **$2,424,112** | **$2,674,286** | **$3,131,548** | **$3,348,196** | **$3,447,265** | **$3,546,333** | **$3,645,402** | **$3,744,470** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

## Table G17: Statewide implementation with three-year reregistration

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Est. compliance rate** | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| **Management and oversight** | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| **Outreach, marketing and compliance** | $1,343,521 | $1,343,521 | $1,480,188 | $1,370,171 | $976,796 | $976,684 | $1,013,131 | $1,086,139 | $903,226 | $939,674 |
| **Research and IT** | $885,489 | $419,255 | $612,641 | $752,634 | $1,086,014 | $806,028 | $946,021 | $1,156,010 | $876,024 | $1,016,017 |
| **Overhead** | $428,220 | $428,220 | $590,801 | $718,144 | $892,508 | $637,823 | $765,165 | $956,179 | $701,494 | $828,836 |
| **Total costs** | **$2,966,380** | **$2,500,146** | **$2,992,781** | **$3,150,099** | **$3,264,468** | **$2,729,684** | **$3,033,467** | **$3,507,478** | **$2,789,895** | **$3,093,677** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

## Table G18: Six largest counties implementation with three-year reregistration

| | Year 1 (pre-launch) | Year 2 (pre-launch) | Year 3 (launch) | Year 4 (launch) | Year 5* | Year 6* | Year 7* | Year 8* | Year 9* | Year 10* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Est. compliance rate** | 0% | 0% | 5% | 20% | 50% | 55% | 60% | 65% | 70% | 75% |
| **Management and oversight** | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 | $309,150 |
| **Outreach, marketing and compliance** | $987,815 | $987,815 | $1,137,639 | $1,067,091 | $752,655 | $752,655 | $776,171 | $823,203 | $705,623 | $729,139 |
| **Research and IT** | $762,099 | $295,865 | $471,133 | $574,889 | $853,914 | $646,401 | $750,158 | $905,792 | $698,279 | $802,036 |
| **Overhead** | $360,090 | $360,090 | $506,190 | $600,571 | $725,491 | $536,730 | $631,111 | $772,682 | $583,921 | $678,301 |
| **Total costs** | **$2,419,154** | **$1,952,920** | **$2,424,112** | **$2,551,701** | **$2,641,210** | **$2,244,936** | **$2,466,589** | **$2,810,827** | **$2,296,973** | **$2,518,626** |

*Year six to ten are in the post launch phase. The program is estimated to reach stabilization at year ten.

# Appendix H: Artesia report on technical requirements and considerations

## Executive summary

### Overview

Commerce partnered with Artesia Systems to assess the technical requirements for developing a statewide rental registry portal that complies with legislative mandates. Artesia's analysis focused on key functional elements, including system design, and implementation. The technical evaluation detailed in this appendix laid the groundwork for understanding the system's complexity, which in turn informed the financial requirements detailed in Appendix G: Rental Registry Financial Requirements. This appendix outlines the methodology used to generate accurate cost estimates for both building the portal in-house and procuring an external vendor solution. It also provides a timeline for the portal's technical deployment. The timeline estimates helped determine the length of the pre-launch phase.

**Please note: The costs of an internal system and the ongoing operation costs identified in this appendix have been incorporated into the financial requirements detailed in Appendix G: Rental registry financial requirements of this report, ensuring a comprehensive understanding of the financial costs required to support the program.**

### Key findings

#### Internal build cost analysis and comparison with external solutions

The estimated cost for developing the rental registry system internally is approximately $466,234, which includes a 20% contingency for unforeseen challenges and $100,800 for integrating assessor data. An internal build offers Commerce full control over system design, customization, and updates, ensuring the platform aligns with Washington's specific needs and regulatory requirements. Ongoing operational costs for the internal system are projected at $184,545 per year, with only marginal increases tied to general factors such as cost-of-living adjustments, rather than the number of registered units.

A key advantage of an internal build is its flexibility for customization. As requirements evolve, the internal system can be easily updated to accommodate new features without relying on an external vendor. This ability to adapt ensures Commerce can meet future program needs efficiently, without the delays or extra fees associated with vendor modifications.

In contrast, external vendor solutions offer lower upfront costs, ranging from $20,000 to $75,000, depending on the number of registered units. However, ongoing costs for vendor-managed systems increase as the registry grows, since vendors typically charge based on the number of registrations. This can lead to significant long-term expenses, especially for large-scale systems. Over time, the internal system becomes more cost-effective, with the breakeven point occurring between years 10 and 18, depending on the growth trajectory of the registry.

Additionally, because external vendors charge for system modifications, any customization needs would likely move the breakeven point even earlier than the initial estimate. Vendor systems lack the inherent flexibility of internal builds, as future customizations would require additional time and fees, further driving up costs.

Ultimately, an internal build offers long-term financial stability, greater flexibility, and the ability to efficiently adapt to changing needs, making it the more sustainable and economical choice for a large-scale, statewide rental registry, both cost-efficiency and the ability to meet Washington's evolving needs.

### Implementation timeline

The timeline for developing the rental registry portal, whether through internal development or vendor solutions, is estimated to take approximately nine months. While external vendors estimate a shorter deployment time of three to six months, neither vendor includes the collection or processing of assessor data, a task that is expected to take around nine months. As a result, both vendor solutions and the internal build will ultimately follow a similar overall timeline, making any potential time savings negligible when comparing these options.

### Integration with existing local registries

Integrating data from local rental registries presents challenges due to differences in data types and system architectures. Rather than attempting full integration, it is more practical for local registries to upload their data via a standardized Excel template, reducing complexity and costs while ensuring the state system can incorporate essential data from multiple sources.

### Statewide implementation versus six largest counties

From a technical perspective, the costs to develop a system to support rental registry for all counties in the state versus the six largest counties is relatively similar. Whether creating a system for one county or 39 counties, the system itself would be the same. The cost for the data storage would also be relatively similar. The difference would be in the time and cost to incorporate assessor data from the additional 33 counties.

## Introduction

During the 2023 legislative session, the Washington State Legislature included a proviso in the operating budget to allocate resources for the Department of Commerce (Commerce) to develop a comprehensive report on the creation or procurement of an online registry for rental units in Washington.

To meet the legislative mandate, Commerce engaged Artesia Systems, a firm with extensive experience in similar projects, including the development of the Clean Buildings Registry Program and a current project on tracking and registering supportive housing units funded by Commerce. Artesia Systems was tasked with detailing the scope of work, producing detailed cost estimates and outlining an implementation timeline for a portal that would be built and operated by Commerce. Additionally, Artesia Systems completed an analysis of existing systems available for adoption, comparing the efficiency of building the portal internally versus purchasing and adopting an external vendor-operated system.

**This report is structured to address two portions of the proviso requirements:**

1. A detailed definition of the scope of work required to create or procure the online rental registry
2. An in-depth analysis of the costs associated with both internal development and external procurement, including potential timelines for each option

## Defining a rental registry technical scope of work

To establish the scope of work for the online rental unit registry, we began by analyzing the details specified in the proviso. The proviso mandates that "the online rental unit registry must have the capacity to collect and report out timely information on each rental unit in the state." Additionally, "the scope of work must assume integration with existing rental registries operated by local governments."

## Assumptions for initial rental registry portal design

To effectively scope the project and provide accurate cost estimates and timelines, the following assumptions were established as a starting point, drawing on expected requirements and experiences from previous registries:

- **Exclusion of tenant portal:** The initial implementation will not include a tenant portal.
- **Fee collection:** A fee structure will be implemented as part of the system.
- **Batch data upload:** The system will allow landlords to upload data for multiple units simultaneously.
- **Exemption identification:** Functionality will be included to identify and manage units that are exempt from registration or payment requirements.
- **Integration with local registries:** The system will support the upload and integration of data from existing local government rental registries.
- **Property manager/owner access:** Property managers and owners will be able to login, register their properties, and view property status, including the date of the last update.
- **Change history tracking:** The system will maintain a detailed history of key changes, such as rent adjustments, transitions to owner-occupied status, or property sales.
- **Vacancy updates:** The system will collect data regarding vacant units.
- **Data security via SecureAccess Washington (SAW):** The system will utilize SecureAccess Washington to ensure the security and confidentiality of the data
- **Comprehensive reporting capabilities:** The system will feature a dedicated reporting portal, allowing authorized users to generate reports on all data elements collected within the registry. This portal will provide flexible access to data, enabling users to pull customized reports as needed. Permissions and access levels will be carefully defined and configured to ensure that users can only access the information relevant to their roles, maintaining data security and integrity throughout the reporting process.

These assumptions were necessary to define the boundaries of the work, ensuring that the system's functionality remains focused on meeting the proviso's requirements while providing a clear framework for the initial implementation. These design features were included in the cost estimates for the base system. More analysis will be needed to identify the features required in the final system design.

## Data element requirements

To identify best practices for rental registries, we conducted a thorough review of existing rental registry portals, including both portals operated my municipalities and those available for purchase registries. This review allowed us to outline the system's requirements, focusing on the data to be collected and the scope of the initial system. While specific data elements were explicitly identified in the proviso, additional data points were recommended to better align the system with the objectives of the proviso. The system's design and associated costs were based on these foundational elements. Additional components, such as tenant access, could be incorporated as needed, but these are not included in the current timeline or cost estimates. Further decisions would be required depending on the broader purposes and goals of the registry, which are not fully defined within the legislative intent of the proviso.

## Core data elements

The initial step in determining the scope of work, cost and implementation timeline for the rental registry system involved identifying the specific information that must be collected from property owners. Based on the proviso language, the following core data elements were identified as essential to achieving the program's objectives:

- Physical address of rental unit
- Identity information of the property owner
- Monthly rent charged
- Vacancy status

## Additional data elements

In addition to the core elements, the following supplementary data elements were identified as essential to support and enhance the core data. These elements were determined through a comprehensive review of existing systems and collaborative discussions with stakeholders within the Commerce. By integrating these additional data points, the system will be more robust and better positioned to achieve its goals, delivering a more comprehensive and effective rental registry portal:

- Property details:
  - Name of housing complex (if applicable)
  - Type of Rental (ADU, Duplex, Multi-Family)
  - Parcel #/Property ID Number
- Unit details:
  - Unit size (number of bedrooms)
  - If it is owner occupied
  - Utilities and fees included in rent
  - Vacancy date
  - Date originally rented by the current tenant
  - Date of last rent adjustment
- Property owner:
  - Physical address
  - Mailing address
  - Phone number
  - Business name and Unified Business Identifier (if applicable)
  - Type of ownership (partnership, LLC, corporation)
  - Unified Business Identifier (optional)

- Local contact or property manager

## Building an initial dataset from assessor data

A key component of the scope of work for developing the rental registry portal will be the collection and analysis of assessor data. Using parcel information from assessor data for potential rental properties offers two significant benefits. First, it enables targeted outreach to property owners identified as likely rentals, informing them about the program and their obligation to participate. Second, it aids in compliance—once the program is established, we can identify parcels that appear to be rentals and notify owners who have not complied.

Without this base of assessor data, targeted outreach for the rental registry would be difficult, and participation rates would likely be low. Incorporating assessor data from the start is essential to ensuring the program's effectiveness and compliance.

### Process to collect assessor data

Per WAC 458-53-030, counties in Washington are required to identify land use through a standardized two-digit land use code. The most relevant codes for our purposes are the residential ones:

- 11: Household, single-family units
- 12: Household, 2-4 units
- 13: Household, multi-family units (5 or more)
- 14: Residential condominiums
- 15: Mobile home parks or courts

For single-family units, rental properties can potentially be identified by comparing the taxpayer's address to the parcel address—if they differ, it may indicate a rental. However, this method isn't foolproof, as it could also capture cases where a tax preparer handles the taxes for the owner.

Using assessor data provides a starting point of parcels that may be rental units. While this data does not offer 100% certainty, it will give us a solid foundation for further analysis. The assessor data includes parcel and land use information, but landlords will need to provide detailed unit-level data, such as the number of units, type, rent, etc.

In order to estimate the time duration for this work we interviewed members of the Commerce Clean Buildings project team. Their project required them to use assessor data from all 39 counties in Washington. The gathering and processing for their project took approximately 18 months. The team faced delays as they encountered challenges in identifying unique buildings across parcels. This would not be a challenge for collecting data for the rental registry project. As such, we anticipate a shorter duration if this work were done in support of the rental registry. Based on conversations with this team and knowledge of existing systems, we estimate that this work would take approximately nine months

## Data security considerations

When defining a scope of work for a new system, a critical consideration is the type and classification of data that will be stored. In Washington, data is classified in the Data Classification Standard managed by WaTech. Proper data classification is crucial to applying the correct cybersecurity and privacy protocols. Category 2 – Sensitive Information is intended for official use only and is not legally protected from disclosure, though it is generally not released to the public unless requested. Category 3 – Confidential Information, on the other hand, is legally protected from both release and disclosure.

For a rental registry, most data—such as landlord names, addresses, phone numbers, emails and rental history—will likely fall under Category 2 – Sensitive Information. However, debit/credit card data used to pay rental registry fees would be classified as Category 3 – Confidential Information, as it requires a higher level of protection. This payment information will not be stored within Commerce systems but will be managed through a third-party payment processor.

Commerce staff will have access to the rental registry system, but the specific data view will depend on the user's access role, which will be customized within the reporting portal. This role-based access ensures that staff members can only view data relevant to their responsibilities, providing flexibility and enhanced security.

Commerce will have full access to reporting from the rental registry system, and any disclosed data will be anonymized or aggregated to ensure privacy. Additionally, all data entered into the system will remain the property of Commerce.

## Integrating data from existing registries

Incorporating data from existing rental registries is a component in defining the scope of work for the Rental Registry project. At present, no existing registries collect all of the data mandated by the legislative proviso, nor do they adhere to the proposed timelines for the Statewide Rental Registry. Only Tacoma and Olympia actively collect monthly rent amounts as part of their rental information. Other cities in Washington primarily focus on property inspections and housing quality rather than comprehensive rental data collection.

**Full integration of data from all existing registries is not feasible due to several challenges:**

- **Data inconsistency:** Each city collects different types of data, often focused on specific aspects like property inspections or housing quality, rather than rental-specific information such as rent amounts. These data sets are not standardized, making it difficult to merge them into a system without extensive reformatting and customization.

- **Diverse system architectures:** The technological infrastructure supporting each city's registry system varies significantly. Developing custom integration solutions for each system would require specialized work for every city, greatly increasing the complexity, time, and cost of the project.

- **Varied data collection timelines:** Existing registries operate on different timelines for collecting and updating data, which further complicates integration. For the Statewide Rental Registry to maintain up-to-date information, constant synchronization would be necessary, and this would be difficult with registries that are not designed to update data on a common schedule.

Given these challenges, the more feasible and efficient approach is to have existing registries download their data into a standardized Commerce Excel template and upload it to the rental registry. Commerce will provide an Excel template for existing registries to submit the data for the Statewide Rental Registry. Staff from these registries will download their currently collected data and upload it to our system using this template. For data they do not currently collect, registries can either update their own systems to capture the missing information and then upload it to ours, or housing providers can manually enter the required details directly into the rental registry.

This method allows for a practical transfer process and has been incorporated into our cost estimates. Initial data from these registries will provide a valuable foundation for outreach and the analysis of compliance rates across the state. This approach will enable the Statewide Rental Registry to identify gaps in data collection and help inform future enhancements to the system.

This approach has been successfully used in several existing Commerce applications, proving it to be a reliable solution. While it facilitates the transfer of essential base information, fully integrating all systems would require extensive custom development, significant costs, and extended timelines, making it an impractical solution.

## Statewide implementation versus six largest counties

From a technical perspective, the cost to develop a system that supports a rental registry for all counties in the state versus just the six largest counties is largely the same. Building the portal itself incurs similar expenses whether it's designed to collect data from one county or all 39 counties. The same data fields will be collected on the portal screens, the reporting system will display the same types of information, and data storage costs will increase only marginally as additional counties are included. Moreover, data storage represents a small portion of the overall ongoing costs of maintaining the system.

The primary differences in cost and time arise from incorporating assessor data from the additional 33 counties and the program support required for a statewide rollout. As more than 70% of rental units are estimated to be in the six most populous counties, we do not anticipate a large increase in cost for this work. With more counties included, the system will also need to process a higher volume of payments, which would add some additional ongoing costs. However, ongoing data maintenance costs will remain marginal.

## Process flow of a potential online rental unit registry

Based on the data requirements, our analysis and discussions we developed prototypes of the potential online rental unit registry. Following are details of the proposed process flow.

### Setting up and accessing via SecureAccess Washington

The Landlord will access the rental registry through the existing SecureAccess Washington (SAW) system, which restricts access to each housing provider's specific property data. This SAW integration will be completed in partnership with state IT staff, utilizing a process Commerce has successfully implemented in previous projects. As a known and reliable process, the SAW integration and its associated costs are already factored into the project's cost estimates.

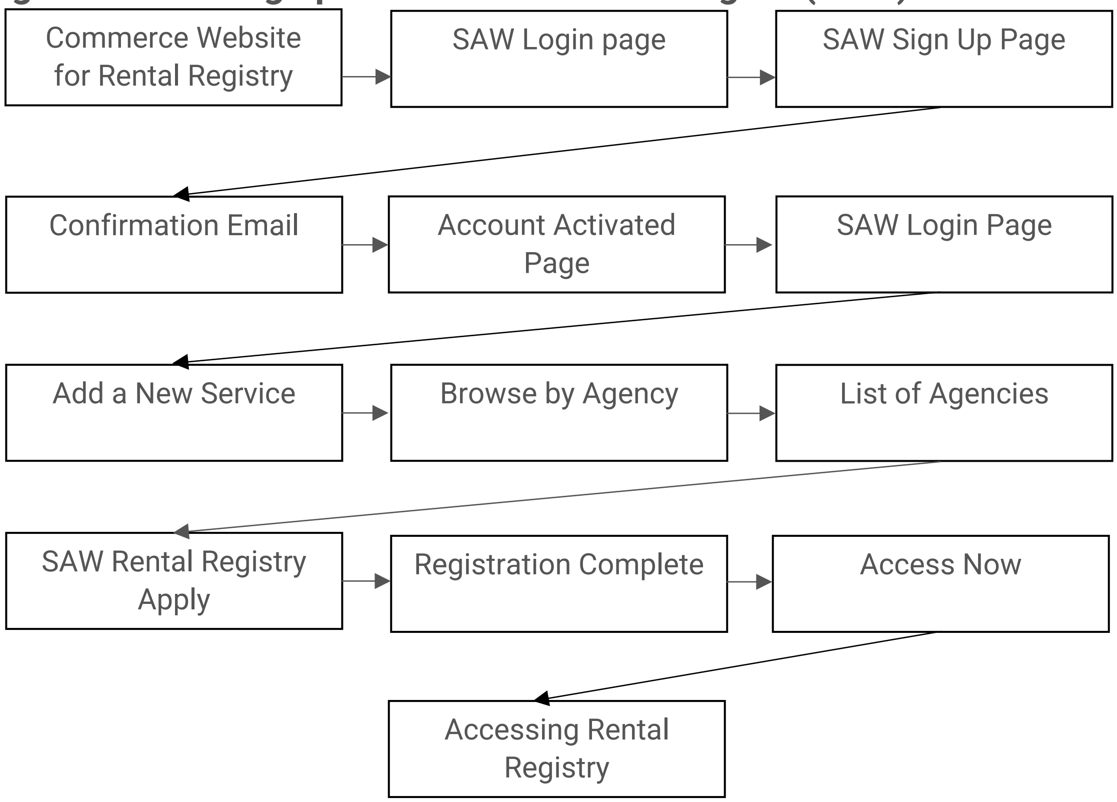
SecureAccess Washington (SAW) is Washington's method of keeping access and data secure. SAW is used by Washington residents and businesses to apply for a range of services from state agencies, update and report information, and complete secure transactions. For the Rental Registry landlords and property managers will need to create a SAW username and password (if they don't already have one) to have secure access to the Rental Registry portal.

The Commerce website will be updated to have a page explaining the Washington State Rental Registry and will include instructions on signing up for a SAW account, and a link to the SAW Login page. Following are the steps to set up a SAW account:

1) From the SAW Login page, you will select to go to the Sign Up page if you do not already have an account. Once you fill in the required information, a confirmation email will be sent to the email address entered.
2) Click on the link in the email to activate the account. You will receive a message on this page that the Account has been activated.
3) Click on the button to Login. You will be asked to login using the username and password you created.
4) Once logged in, the screen displays 'Good Morning! What can we help you access today?' Click on the button to Add a New Service.

5) Select to Browse by Agency. You will be presented a list of Agencies. Click on Department of Commerce.
6) The next page will display the list of applications for the Department of Commerce. Find Rental Registry SAW and click on the Apply button.
7) You will see the Registration Complete page. Click on the OK button.
8) The next page will show the new service on your page. Click Access Now.
9) Your display will show Now Accessing with a message. Click Continue to go to the Rental Registry Landlord Home Page.

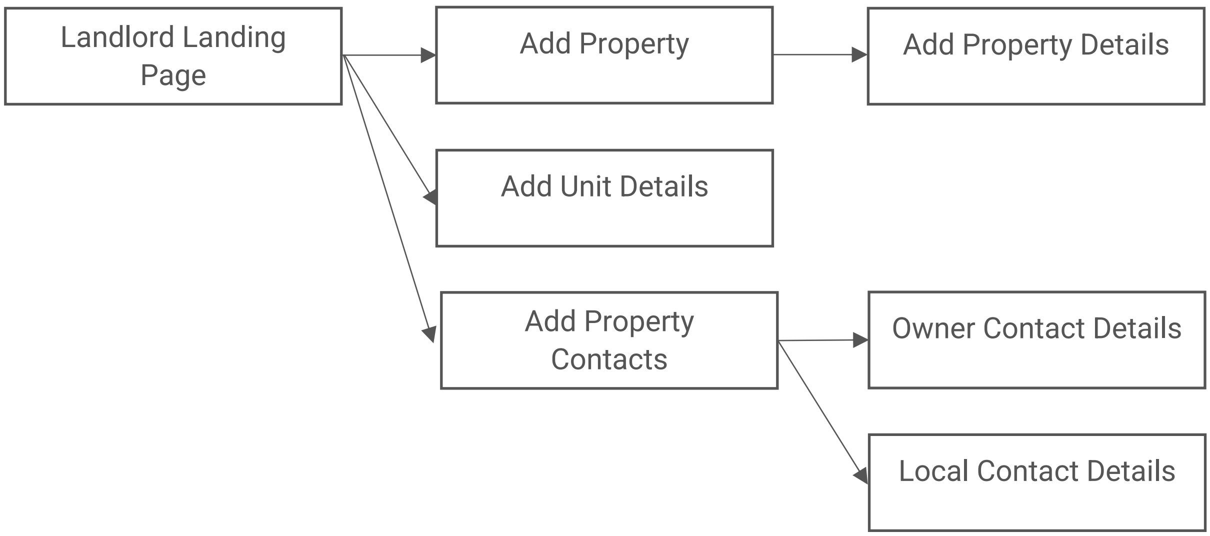
## Figure H1: Setting up SecureAccess Washington (SAW) access



## Landlord landing page and property update

Once the landlord has successfully logged in via SecureAccess Washington (SAW), they will be taken to the Landlord Landing Page. Figure 2 shows the process flow from that point. The Landlord Landing Page will display any rental property that they have previously added to their account and will allow the landlord to add a property and add unit details and contact information for a specific property.

### Figure H2 - Rental registry landlord process flow

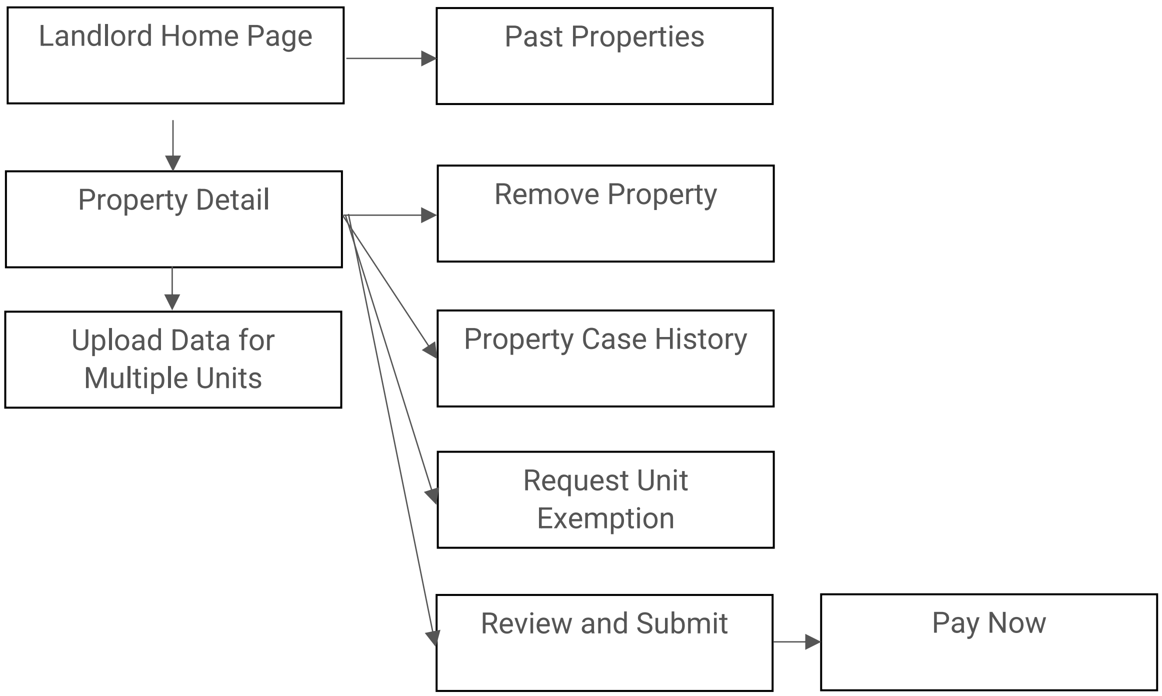



## Additional landlord functions

**The following functions will be available to landlords in this system as identified in Figure H3:**

- **Remove a property from their portal:** The landlord will be asked why the property is being removed (associated in error or sold for example) and the date the property was removed.
- **View past properties:** This function displays those properties for the landlord that have been removed.
- **Request a unit exemption:** This function allows the landlord to identify a unit exemption - for example, a unit is owner-occupied.
- **Property history:** This function displays the activities that have occurred related to a property such as the date the registration was submitted.
- **Upload data for multiple units:** This function allows a landlord to use a template to upload multiple units' data rather than keying each unit individually.
- **Property geo view:** This function shows a map view of the property location.
- **Review, submit and pay:** This function allows the landlord to review the information they entered regarding a property and unit, to submit their registration, and to pay the fees associated with the property.

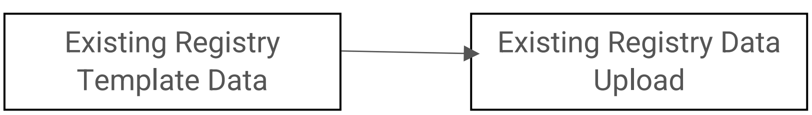
### Figure H3: Additional landlord functions




## Upload from existing registry

There are municipalities in Washington that have their own version of a rental registry. Our goal is to be able to incorporate their data into the statewide rental registry. This custom system will have a template that can be downloaded by the municipalities. They would update with their data and upload to the statewide rental registry.

### Figure H4: Upload from existing registry

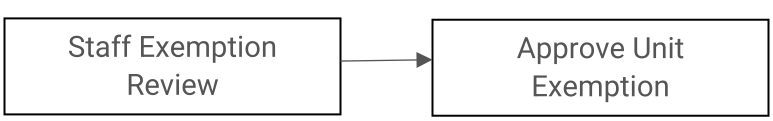



## Commerce staff exemption review

Commerce staff managing the rental registry will have a function to review and approve unit exemptions. Housing providers will submit information regarding units they believe should be exempt from fees (for example, an owner-occupied unit). Commerce will have the ability to approve or reject these exemptions.

Standard security user roles will be used to limit access to the portal and for data security purposes.

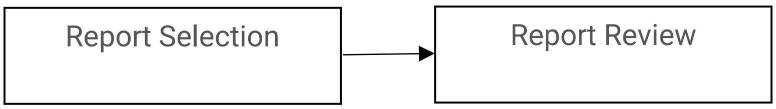
### Figure H5: Commerce staff exemption review



## Commerce staff report portal

Commerce staff managing the rental registry will have a report portal focused on the rental registry data. The report portal will have the ability to create pre-defined reports, as well as ad hoc reports selecting which data fields would display on the report and what selection criteria will be used. This type of report portal has been successfully developed and implemented for several Commerce systems.

### Figure H6: Commerce report portal




# Rental registry internal build cost estimates

This following section describes the estimated costs for implementation and ongoing support of the rental registry from a technical perspective. Additional detail which incorporates these costs please review the methodology for producing system cost estimates.

**Please note: These ongoing costs have been incorporated into the financial requirements detailed in** Appendix G: Rental registry financial requirements **of this report, ensuring a comprehensive understanding of the financial costs required to support the program.**

## Rental registry internal design and build

One approach to implementing the Rental Registry portal is to design and develop the portal internally. To assess the costs involved in this effort, the project team conducted a thorough analysis of the application requirements, drawing from the specific details provided in the proviso. These requirements are further detailed in the scope of work section of this report.

As part of the planning process, we developed mockups of the key screens and pages that will be required to capture and manage data within the portal. These mockups served as a blueprint for understanding the user interface and user experience design, as well as the technical functionalities that the portal must support, this is shown in Table H1.

### Table H1: Custom system functions and components

| Function | Components |
|---|---|
| **Housing provider entry and update of property** | 18 screens |
| **Existing registry data upload** | One screen/one upload template |
| **Staff review and approval of exemptions** | Two screens/one notification |
| **Reporting portal** | One screen for launchpad/10 reports/extracts |
| **Administration and security** | Eight screens |

Using these mockups, and the corresponding analysis, the team developed a comprehensive estimate of the time and costs required to build the portal internally. This estimate offers a detailed breakdown of the resources needed to complete each development phase, ensuring that all critical tasks are accounted for.

The cost estimate for developing the custom system is based on an internal Commerce IT rate of $70 per hour for development resources. This rate reflects the standard cost used for estimating software development projects within the organization. As with any project estimate, there is inherent uncertainty regarding the precise scope and details of all tasks included. To address this, we applied a 20% contingency to account for potential inaccuracies due to uncertainties in the project definition. This approach aligns with best practices based on our experience with projects that require further detailed scoping.

The estimate also includes an allowance for integrating assessor data. This figure is informed by discussions with other programs and their experiences incorporating similar data. Adjustments were made to account for the reduced complexity of handling assessor data for this specific project.

The methodology for developing the custom system estimate section at the end of this report provides a breakdown of the estimated hours and associated costs for each task included in Table H2.

### Table H2: Estimate for building and deploying an online registry portal

| Task | Hours | Cost |
|---|---|---|
| **Initial analysis and planning** | 160 | $11,200 |
| **Analysis and specification** | 261 | $18,256 |
| **Coding and implementation** | 3,168 | $221,760 |
| **Portal testing** | 522 | $36,512 |
| **Gathering and processing assessor data** | 1,440 | $100,800 |
| **Total without contingency** | **5,550** | **$388,528** |
| **Contingency (20%)** | 1,110 | $77,706 |
| **Total with contingency** | **6,660** | **$466,234** |

## Commerce registry ongoing technical costs

In addition to the initial implementation costs, there will be ongoing expenses associated with maintaining the Rental Registry. These ongoing costs fall into two categories: variable costs that change based on the number of registrations, and fixed costs that remain constant regardless of registration volume. The following tables outlines the types of costs required to support the Rental Registry portal on an ongoing basis.

**Please note: The costs of an internal system and the ongoing operation costs identified in this appendix have been incorporated into the financial requirements detailed in Appendix G: Rental registry financial requirements of this report, ensuring a comprehensive understanding of the financial costs required to support the program.**

Table H3 shows costs that remain unaffected by the number of registrations. The estimated cost for Enterprise Data Storage is $20,000 annually. Technical licensing for system components is estimated at $1,545 per year, based on the assumption of three developers maintaining the system. The final three lines of the table reflect technical support costs.

To accurately estimate ongoing support needs, we consulted with Commerce Information Services, which provided estimates for the required support based on different skillsets. The following are the estimated portions of Full-Time Employees (FTE) and the associated costs for each required skill:

- **Ongoing application support and maintenance:**
  - 0.3 FTE Developer (Journey level) – $34,000 per year
  - 0.2 FTE Business Analyst (Journey level) – $23,000 per year
  - 0.2 FTE Data Management Analyst – $23,000 per year
- **Geographic Information System (GIS) support:**
  - 0.2 FTE Business Analyst/GIS Specialist (Journey level) – $23,000 per year
- **System administration (managing servers, users, security, etc.):**
  - 0.5 FTE System Administrator (Journey level) – $60,000 per year

## Table H3: Estimated ongoing costs for operational support not affected by number of registrations

| Type of cost | Annual cost |
|---|---|
| Enterprise data storage | $20,000 |
| Technical licensing for components | $1,545 |
| Business analysis/Geographic Information System support | $23,000 |
| Ongoing system administration support | $60,000 |
| Ongoing application support and maintenance | $80,000 |
| **Total** | **$184,545** |

Payment processing costs will vary by the number of registrations. Following are estimates based on number of registrations and the fee charged per unit. There are 2 lines for Payment Processing Transactions. One line assumes that Commerce will charge $10 per unit, and the other assumes $30 per unit. Both assume a 2.5% transaction fee, the current rate that Commerce is charged.

## Table H4: Estimated ongoing costs for operational support impacted by number of registrations

| Payment Processing Transactions cost assumptions | 10,000 registrations | 50,000 registrations | 100,000 registrations | 200,000 registrations | 500,000 registrations |
|---|---|---|---|---|---|
| $10 per unit | $2,500 | $12,500 | $25,000 | $50,000 | $125,000 |
| $30 per unit | $7,500 | $37,500 | $75,000 | $150,000 | $375,000 |

# Rental registry implementation timeline

The rental registry portal costs section of this report outlines the estimated hours required to build and deploy the online registry portal. With a team of three developers, the projected timeline is nine months. As illustrated in Figure H7, some development phases can overlap; however, based on our experience with similar projects, adding more staff would result in diminishing returns and would not significantly accelerate the timeline.

Initial analysis and planning will take place during the first month. Portal analysis and specification development will be conducted in months 2 and 3. Coding and implementation will span months 3 through 8, while portal testing will be carried out over three months, beginning in month 7 and continuing through the end of month 9. Throughout the project timeline, a data analyst will manage the processing of assessor data in parallel with other activities, which will require the full nine months to complete.

Whether the system is designed for the entire state of Washington or just the six most populous counties, the overall development timeline remains the same at nine months. While collecting data from fewer counties would reduce the workload, this task is not the primary factor influencing the project's timeline.

### Figure H7: Timeline to build and deploy an online registry portal


# Existing software procurement analysis

We employed a two-pronged approach to system evaluation: first, by creating mockups of a potential internal system based on these requirements and developing detailed cost estimates based on these designs, and second, by assessing existing rental registry software options for adoption section also discusses the benefits and challenges of building an internal system, along with the methodology used to evaluate the existing rental registry software solutions.

## Internal registry management versus using existing software provider

When evaluating the best approach for implementing a Rental Registry software portal, it is essential to consider the benefits and challenges of two main options: building a custom internal system or utilizing an existing software provider. Each option has its own advantages and potential obstacles, which are outlined below.

## Developing a custom internal commerce system

Building an internal Rental Registry system offers several compelling benefits that align with program needs and long-term goals. However, there are also challenges to consider.

**Key benefits:**

- **Enhanced customization:** Developing the system internally allows for complete control over its design and functionality. This means the application can be tailored to the Rental Registry program's unique requirements, regulatory compliance, and data management practices. This is especially important if regulations and purpose of the rental registry were to change over time.

- **Greater control over features and updates:** With an internally developed system, Commerce has the flexibility to determine the timing and scope of updates, new features, and enhancements. This eliminates reliance on an external vendor's schedule.

- **Alignment with internal standards:** An in-house solution will be built by internal staff who are well versed in Washington and Commerce policies. This ensures compatibility with existing systems, compliance with security protocols, and Commerce policies.

- **Integration with existing systems:** Utilizing core framework components from within the agency facilitates easy integration with other internal systems and databases. This approach streamlines maintenance efforts and promotes efficient data sharing across common enterprise resources, such as user authentication, role management, and access to agency data.

**Key challenges:**

- **Higher initial development costs:** One of the primary challenges of an internal solution is the higher initial cost of development. This includes expenses related to specialized development, design, testing, and quality assurance, which can be substantial compared to purchasing an off-the-shelf solution.

- **Demand for skilled staff:** Successfully building and maintaining a custom in-house system requires access to a team of skilled developers, designers, and IT professionals.

## Procuring an existing software solution

Alternatively, leveraging an existing software provider offers a different set of benefits challenges to be considered.

**Key benefits:**

- **Lower initial investment and upfront costs:** The external software providers identified often involves a subscription-based model, which requires a lower initial investment compared to building a custom system.

- **Outsourced maintenance and updates:** With a vendor-provided solution, the software provider is responsible for ongoing updates and system maintenance. This reduces the internal IT team's workload.

**Key challenges:**

- **Limited ability to customize:** As one of many users on a software platform, there may be limits on customizing the software to fully align with its specific program. This could impact the effectiveness of the Rental Registry in meeting all needs.

- **Dependency on vendor for support and updates:** When using an external provider, the organization relies on them to deliver support and updates promptly. Even though vendors are carefully selected, there is always a chance they might not meet expectations or might delay essential updates. Such issues could negatively affect interactions with the public.

- **Data security:** The external vendor needs to update their system to work with Secure Access Washington (SAW). This means we depend on the vendor to complete this integration correctly and ensure it meets our security requirements. If there are problems with this process, it could compromise data security and compliance, and it might also lead to delays in deployment and higher costs.

- **Higher total cost of ownership over time:** While the initial cost of using an external provider may be lower, the total cost of ownership over time, including recurring subscription fees, customization expenses, and potential increases in service charges, is generally higher. This can result in a more expensive solution over time.

## External existing software evaluation process

We reviewed numerous existing rental registry software systems and selected four that most closely align with our identified requirements. The rental registry market is niche, with a limited number of specialized vendors. Many municipalities have developed their own rental registry systems, and some software solutions are geared more towards permitting and inspections, which are outside the scope of our current project.

Issuing a formal Request for Information was considered, however these requests often yield responses from vendors whose solutions not directly relevant to our needs and can skew estimates. We focused on four vendors whose software closely matches our requirements and reached out to them directly; three of the four vendors responded to our initial inquiry.

To gain a clearer understanding of their companies and software applications, we provided each vendor with a comprehensive questionnaire. This questionnaire was designed to gather detailed information on several key areas, including the vendor's background, experience in developing rental registry systems, and their software's specific features, functionality, and scalability. We also shared a list of our specific requirements, allowing the vendors to understand how their software could meet our needs. The questions covered topics such as system architecture, data security, integration capabilities, support and maintenance plans, and the flexibility to customize the software for future needs.

Vendors were asked to provide information on their pricing models, licensing terms, and any additional costs associated with implementation, support, and updates. The questionnaire also sought to understand the vendors' experience working with other municipalities or government agencies and to assess their ability to comply with local, state, and federal regulations.

## Existing software cost and timeline estimates

Two vendors provided a full response to our request for information. We made it clear from the outset that the information provided would not be used to award any contract; instead, it would inform a report for the Washington State Legislature.

### Vendor A estimate

Vendor A provided estimates for the initial implementation of their system based on differing numbers of registrations. The implementation costs range from $20,000 at a level of 10,000 registrations to $50,000 at a level of 500,000 registrations. They have two different pricing scenarios for ongoing use of their application. One is an annual flat rate, and the other is an annual rate per registration. Both of these increase in cost as the number of registrations increase. See the following table with the details.

#### Table H5: Vendor A implementation and annual costs

| Registrations | Implementation | Annual flat rate | Annual price per registration rate | Annual price per registration |
|---|---|---|---|---|
| **10,000** | $20,000 | $50,000 | $6.00 | $60,000.00 |
| **50,000** | $30,000 | $75,000 | $1.80 | $90,000.00 |
| **100,000** | $50,000 | $100,000 | $1.20 | $120,000.00 |
| **200,000** | $50,000 | $200,000 | $1.20 | $240,000.00 |
| **500,000** | $50,000 | $250,000 | $0.60 | $300,000.00 |

Vendor A listed a number of factors and functionality that may impact the price. The one item that was listed in our requirements, that is in Vendor A's list that may impact the price is a process for bulk uploads for large landlords. We have also identified that users would need to sign on through SecureAccess Washington (SAW).

**Timeline:** Vendor A has estimated six months for projects similar to ours. As the assessor data work would need to be done by Commerce, which is estimated to take approximately nine months itself, this project would take at least the same amount of time as an internal system.

### Vendor B estimate

The one-time cost of implementing a rental registry for Vendor B typically ranges from $35,000 to $75,000. This is not based on number of registrations and includes configuration of their rent registry solution to meet customer requirements, including branding, reports, notice templates, workflows, intake forms, etc. This also includes standard integrations (if required). Their estimate assumes that Commerce will provide a base inventory of property and property owners from property tax data.

Vendor B also has an annual rate based on number of registrations ranging from $36,000 for 10,000 registrations to $325,000 for 500,000 registrations. See the following table for more details.

### Table H6: Vendor B annual costs

| Registrations | Annual rate |
|---|---|
| **10,000** | $36,000 |
| **50,000** | $60,000 |
| **100,000** | $85,000 |
| **200,000** | $150,000 |
| **500,000** | $325,000 |

**Timeline:** Per Vendor B, if we are primarily interested in implementing just the Rent Registry, without additional features such as eviction tracking, they can complete the implementation within three to six months. As the assessor data would work would need to be done by Commerce, which is estimated to take approximately nine months itself, this project would take at least the same amount of time as an internal system.

## Comparison of options

The initial implementation costs for a custom-built Commerce Rental Registry system versus using an existing Rental Registry system vary widely. For a custom-built system, the bulk of the costs are front-loaded. A Commerce custom system is estimated at $466,234, which includes $100,800 for assessor data processing and analysis, plus 20% contingency. The Vendor A and Vendor B systems will still require obtaining assessor data. That has not been included in their cost in the table below, but it is included in the cumulative costs in the next section. The Vendor A cost ranges from $20,000 to $50,000 depending on how many registrations are expected. The initial costs for these systems are low – the companies have already built their software and as long as Commerce uses the software as designed, without changes, the initial implementation will remain low.

### Table H7: Implementation costs – Commerce vs vendors

| Provider | Implementation costs |
|---|---|
| **Commerce** | $466,234 |
| **Vendor A** | $20,000-50,000* |
| **Vendor B** | $35,000-75,000 |

* Dependent on number of registrations

The ongoing costs of a vendor-based system vary depending on the number of registrations. Vendor A offers either a flat rate or an annual price per registration, while Vendor B operates solely on an annual price per registration. In contrast, for an internally built system by Commerce, the ongoing cost remains constant, regardless of the number of registrations. The table below illustrates how annual costs increase rapidly as the number of registrations grows.

Although the initial cost of a custom-built system is higher than that of vendor systems, the ongoing expenses become lower as the number of registrations increases. The table outlines the cumulative costs for each scenario (Commerce vs. vendors), starting with the implementation cost and extending through the first seven years. To ensure a fair comparison, $100,800 has been added to the vendor implementation costs to account for the assessor data processing.

We assumed that registrations would increase over the first five years and then stabilize. Since one vendor's estimate caps out at 500,000 registrations, we used that as the maximum number to evaluate break-even points. Commerce's ongoing costs are projected to rise by 3% annually, and we assume vendors will follow a similar pattern starting in year 6, with a 3% annual increase in their costs.

With these assumptions in mind, the custom-built system is expected to break even with Vendor B between years nine and ten and will remain the cheaper option thereafter. For Vendor A, the custom system is projected to break even between years seventeen and eighteen.

## Table H8: Ongoing costs – commerce vs vendors

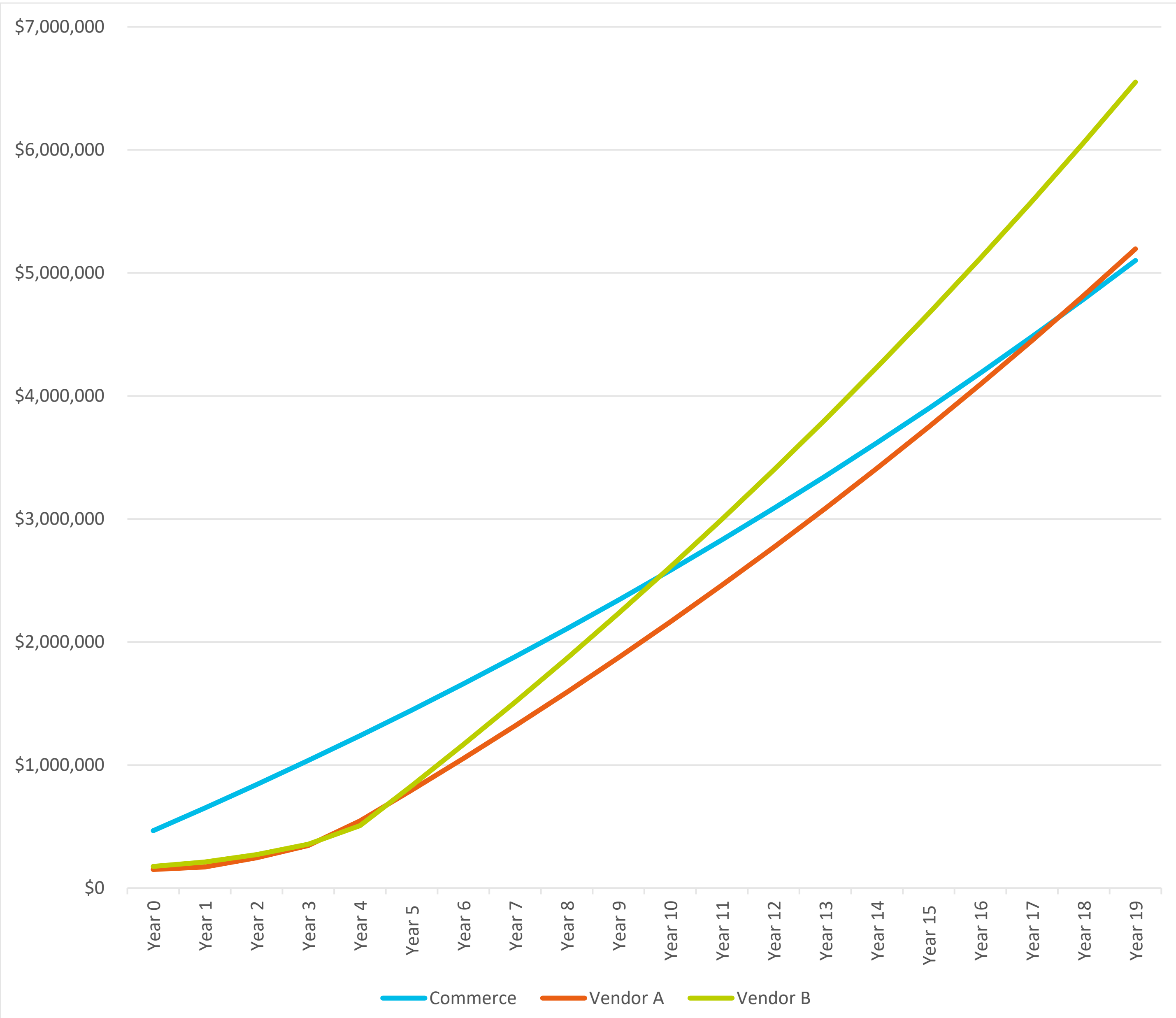
| Registrations | Vendor A: annual flat rate | Vendor A: annual price per registration rate | Vendor A: price per registration | Vendor B: annual rate | Commerce: annual expenses |
|---|---|---|---|---|---|
| **10,000** | $50,000 | $6.00 | $60,000 | $36,000 | $184,545 |
| **50,000** | $75,000 | $1.80 | $90,000 | $60,000 | $184,545 |
| **100,000** | $100,000 | $1.20 | $120,000 | $85,000 | $184,545 |
| **200,000** | $200,000 | $1.20 | $240,000 | $150,000 | $184,545 |
| **500,000** | $250,000 | $0.60 | $300,000 | $325,000 | $184,545 |

## Table H10: Cumulative Costs – commerce vs vendors as registrations increase

| Year | Commerce | Commerce cumulative cost | Vendor A | Vendor A cumulative cost | Vendor B | Vendor B cumulative cost |
|---|---|---|---|---|---|---|
| **Year 0** | $466,234.00 | $466,234.00 | $120,800.00 | $150,800.00 | $175,800.00 | $175,800.00 |
| **year 1 -10,000** | $184,545.00 | $650,779.00 | $50,000.00 | $170,800.00 | $36,000.00 | $211,800.00 |
| **year 2 -50,000** | $190,081.00 | $840,860.00 | $75,000.00 | $245,800.00 | $60,000.00 | $271,800.00 |
| **year 3 -100,000** | $195,784.00 | $1,036,644.00 | $100,000.00 | $345,800.00 | $85,000.00 | $356,800.00 |
| **year 4 -200,000** | $201,657.00 | $1,238,301.00 | $200,000.00 | $545,800.00 | $150,000.00 | $506,800.00 |
| **year 5 -500,000** | $207,707.00 | $1,446,008.00 | $250,000.00 | $795,800.00 | $325,000.00 | $831,800.00 |
| **year 6 -500,000** | $213,938.00 | $1,659,947.00 | $257,500.00 | $1,053,300.00 | $334,750.00 | $1,166,550.00 |
| **year 7 -500,000** | $220,356.00 | $1,880,303.00 | $265,225.00 | $1,318,525.00 | $344,793.00 | $1,511,343.00 |
| **year 8 -500,000** | $226,967.00 | $2,107,270.00 | $273,182.00 | $1,591,707.00 | $355,136.00 | $1,866,479.00 |
| **year 9 -500,000** | $233,776.00 | $2,341,046.00 | $281,377.00 | $1,873,084.00 | $365,790.00 | $2,232,269.00 |
| **year 10 -500,000** | $240,789.00 | $2,581,836.00 | $289,819.00 | $2,162,902.00 | $376,764.00 | $2,609,033.00 |
| **year 11 -500,000** | $248,013.00 | $2,829,849.00 | $298,513.00 | $2,461,416.00 | $388,067.00 | $2,997,100.00 |
| **year 12 -500,000** | $255,453.00 | $3,085,302.00 | $307,468.00 | $2,768,884.00 | $399,709.00 | $3,396,809.00 |
| **year 13 -500,000** | $263,117.00 | $3,348,419.00 | $316,693.00 | $3,085,577.00 | $411,700.00 | $3,808,509.00 |
| **year 14 -500,000** | $271,011.00 | $3,619,430.00 | $326,193.00 | $3,411,770.00 | $424,051.00 | $4,232,561.00 |

| Year | Commerce | Commerce cumulative cost | Vendor A | Vendor A cumulative cost | Vendor B | Vendor B cumulative cost |
|---|---|---|---|---|---|---|
| year 15 -500,000 | $279,141.00 | $3,898,571.00 | $335,979.00 | $3,747,749.00 | $436,773.00 | $4,669,334.00 |
| year 16 -500,000 | $287,515.00 | $4,186,086.00 | $346,058.00 | $4,093,807.00 | $449,876.00 | $5,119,210.00 |
| year 17 -500,000 | $296,141.00 | $4,482,226.00 | $356,440.00 | $4,450,248.00 | $463,372.00 | $5,582,582.00 |
| year 18 -500,000 | $305,025.00 | $4,787,251.00 | $367,133.00 | $4,817,381.00 | $477,273.00 | $6,059,855.00 |
| year 19 -500,000 | $314,176.00 | $5,101,426.00 | $378,147.00 | $5,195,528.00 | $491,592.00 | $6,551,447.00 |

### Figure H7: Cumulative costs – commerce vs vendors as registrations increase



# Methodology for developing detailed custom system estimate

To estimate the costs for a system built internally by Commerce, the project was divided into five major types of hours: Initial project startup, Analysis and specifications, Coding and implementation, and gathering and processing assessor's data. Each task for this project was broken down into its subcomponents where necessary, these components and subcomponents were assigned a complexity factor and an estimated number of hours for completion. These estimates were based on defined requirements and detailed mockup screens. A 20% contingency was also added to the total estimate to account for unforeseen challenges, as our experience shows that unexpected issues often arise during projects. Including this contingency ensures the budget can accommodate any additional work that may be needed.

## Table H11: Initial project analysis estimate

| Task | Component name | Hours |
|---|---|---|
| **Initial project analysis** | Project planning and startup | 160 |
| | **Total hours** | **160** |
| | **Total cost** | **$11,600** |

## Table H12: Estimates for components of portal build by type of hour

| Task | Group | Component name | Complexity factor | Analysis and specification hours | Coding and implementation hours | Portal testing hours |
|---|---|---|---|---|---|---|
| **Screen development** | Property | Landlord home page | 20 | 9.2 | 92 | 18.4 |
| | | Past properties | 10 | 5.2 | 52 | 10.4 |
| | | Property detail | 10 | 5.2 | 52 | 10.4 |
| | | Remove property | 10 | 5.2 | 52 | 10.4 |
| | | Add property | 10 | 5.2 | 52 | 10.4 |
| | | Add property details | 10 | 5.2 | 52 | 10.4 |
| | | Add unit details | 10 | 5.2 | 52 | 10.4 |
| | | Case history | 10 | 5.2 | 52 | 10.4 |
| | | Apply for unit exemption | 20 | 9.2 | 92 | 18.4 |
| | | Contacts | 10 | 5.2 | 52 | 10.4 |
| | | Owner contact details | 10 | 5.2 | 52 | 10.4 |
| | | Local contact details | 10 | 5.2 | 52 | 10.4 |
| | | Upload multiple units | 50 | 21.2 | 212 | 42.4 |
| | | Unit upload template | 20 | 9.2 | 92 | 18.4 |

| Task | Group | Component name | Complexity factor | Analysis and specification hours | Coding and implementation hours | Portal testing hours |
|---|---|---|---|---|---|---|
| | | Geo view | 10 | 5.2 | 52 | 10.4 |
| | | Review and submit | 10 | 5.6 | 56 | 11.2 |
| | | Pay now | 10 | 5.2 | 52 | 10.4 |
| | | Payment data | 30 | 13.2 | 132 | 26.4 |
| | Existing registry data | Upload data from existing registry | 100 | 41.2 | 412 | 82.4 |
| | | Existing registry template | 50 | 21.2 | 212 | 42.4 |
| | Staff review/approval | Staff exemption review | 10 | 5.2 | 52 | 10.4 |
| | | Approve unit exemption | 10 | 5.2 | 52 | 10.4 |
| | | Notify landlord regarding exemption | 10 | 5.2 | 52 | 10.4 |
| | Reporting | Reporting LaunchPad | 20 | 8.8 | 88 | 17.6 |
| | Administration | Admin - user search | 10 | 5.2 | 52 | 10.4 |
| | | Admin - user details | 10 | 5.2 | 52 | 10.4 |
| | | Admin - security role | 10 | 5.2 | 52 | 10.4 |
| | | Admin - security role/component access | 10 | 5.2 | 52 | 10.4 |
| | | Admin - user/role assignment | 10 | 5.2 | 52 | 10.4 |
| | | SAW authentication | 10 | 4 | 40 | 8 |
| | | SAW/WaTech audit | 20 | 8 | 80 | 16 |
| | | Workflow emails/database mail | 15 | 6 | 60 | 12 |
| **Reporting** | Extracts | Extract report 2 | 1 | | 8 | |
| | | Extract report 2 | 1 | | 8 | |
| | | Extract report 3 | 1 | | 8 | |
| | | Extract report 4 | 1 | | 8 | |
| | | Extract report 5 | 1 | | 8 | |
| | Formatted reports | Formatted report 1 | 5 | | 24 | |

| Task | Group | Component name | Complexity factor | Analysis and specification hours | Coding and implementation hours | Portal testing hours |
|---|---|---|---|---|---|---|
| | | Formatted report 2 | 5 | | 24 | |
| | | Formatted report 3 | 5 | | 24 | |
| | | Formatted report 4 | 5 | | 24 | |
| | | Formatted report 5 | 5 | | 24 | |
| **DataBase** | SQL server | Create SQL Objects | 50 | | 200 | |
| | | Data auditing/retention | 25 | | 100 | |
| | | Data warehouse provisioning | 25 | | 100 | |
| **Total hours** | | | | 261 | 1440 | 522 |
| **Task cost** | | | | **$18,256** | **$100,800** | **$36,512** |

## Table H11: Estimates for incorporating in assessor data

| Task | Group/view | Component name | Complexity factor | Gathering and Processing assessor data hours |
|---|---|---|---|---|
| **Assessor data** | Assessor data | Build a base for a rental registry using assessor data | 50 | 1440 |
| **Total hours** | | | | 1440 |
| **Total cost** | | | | **$100,800** |

# Questionnaire for software vendors:

1) Company name, address, contact name, phone and email address.
2) Provide a brief history of the company including number of years in business and experience in the industry.
3) What is the name of the Rental Registry software?
4) Approximately how many customer implementations of this Rental Registry software solution has your company conducted over the past 3 years?
5) How many customers currently use this software?
6) What percentage of current customers are government agencies?
7) Please provide one or more government clients that we could talk to regarding the Rental Registry
8) Functional and Technical Requirements – identify whether each requirement is covered or not by your software product. Software business features:
    a) Capacity to collect information on each rental unit in the state
    b) Data to collect:
        i) Rental unit details:
            (1) Address, Unit, City, State, Zip, Name of complex (if applicable)
            (2) Unit size (2 BR, 1 BR, Studio, etc.)

(3) Owner occupied property?
(4) Type of rental – ADU, Detached ADU, Duplex, Multi-Family 5+ units
(5) Parcel #/Property ID Number
(6) GIS – captured from address, not from data entry
(7) Verify that address is in USPS format

ii) Identity of the property owner:
(1) Owner Name(s)
(2) Physical Address
(3) Mailing Address (if different from Physical Address)
(4) Phone
(5) Business Name (if available)
(6) Type of Ownership (Corp, LLC, Partnership, etc.)
(7) Business license/UBI (not required)

iii) Local Contact/Property Manager info

iv) Monthly rent charged (by unit). Are utilities and all fees included? Identify what is included:
(1) Electricity
(2) Water
(3) Sewer garbage
(4) Parking

v) Vacancy Status – system will be updated any time there is a vacancy

vi) When was unit originally rented by the current tenant and when did the rent last change?

vii) Is this property part of an existing rental registry? If so, which one(s)?

viii) History of changes – particularly rent changes, when a unit goes off market (convert to just owner occupied, sold into home ownership). Need way to deregister a unit and track what happened.

c) Technical Requirements:
i) Need the ability to collect the fee as part of the portal
ii) Allow upload from existing rental registries
iii) Manager or owner can log in and register. View their own property status. Capture the date last updated.

9) Technical questions:
a) Is your solution a Software as a Service (SaaS) solution?
b) Is your solution web-based or web-enabled?
c) Is your solution responsive in design? Adaptable to various devices including mobile devices?
d) Does the system allow for single sign-on for internal Commerce users?
e) Describe the technologies/platforms used to build your solution.
f) Which database management systems can your solution be hosted on? Which are preferred?
g) Does your product use/require SQL Server authentication, Windows authentication or both?
h) What kind(s) of database-level customization does your product allow?
i) Does each client have a separate version of the software, or do they all share one version? How is that managed?

10) Data retention, security, access requirements:
a) At what geographic location is your data physically stored?
b) Do you use multi-factor authentication? And if so, what kind do you use?
c) Washington users would need to sign on through SecureAccess Washington (SAW). Is that feasible with your product?
d) Do you have a data privacy agreement or policy?
e) Do you follow a specific security standard (Examples: NIST, ISO 27001, FIPS).

f) System must meet or exceed the Web Accessibility Policy set forth by the WA ST Office of the Chief Information Officer (OCIO). These standards are consistent with the digital access sections of Web Content Accessibility Guidelines (WCAG) 2.0 and Section 508.

11) Reporting requirements – Provide reporting functions for Commerce to answer questions regarding rentals in the state:
    a) Does your software have a function for creating ad hoc reports?
12) Additional features:
    a) What additional rental registry features are part of your solution?
        i) Inspection tracking
        ii) Business license tracking
13) Which companies/solutions are your biggest competitors in this market? Why is your product superior?
14) Pricing and cost structure:
15) What is your pricing model for the rental registry?
16) What are your standard fees and costs associated with implementation, training and ongoing support?
17) Implementation and support:
    a) What is your implementation timeline for projects similar to ours?
    b) What kind of training and support do you provide during and after implementation?
    c) What is your customer support process for resolving issues and addressing concerns?
    d) What is your SLA (Service Level Agreement) for response times and resolution of critical issues?