The Impact of the Sprinkler Retrofit Mandate on Renters

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Rev. October 28, 2026

Overview

The current conversation about the Sprinkler Retrofit Mandate has centered on condos, co-ops, and their owners. Little has been said about the effect that the mandate will have on renters. As such, the purpose of this document is to outline issues facing renters.

Why renters need to be addressed

- In San Francisco, 67% of the population rent and 33% are homeowners.
  - About 60% of renters live in rent controlled apartments.
  - 80% of the designated housing was built before 1980 and many of these properties have asbestos and lead paint issues.

- Of the 126 buildings affected by the sprinkler mandate, forty-five buildings or 36% of these buildings are condos and co-ops, and eighty-one of the buildings or 64% of these are rental buildings.

- While these are estimates, 9,800 housing units are included in the buildings that would have retrofits.

  - In District 3 alone there are 7,000 units.

- Additional estimates report that the number of residents range from 10,000 to 15,000.

- While renters will not have spend their own capital to install sprinklers, the owners of the buildings will have to. Without a doubt, these costs will be passed through to current renters to the degree they are allowed.

- If existing renters are priced out of their apartments due to rent increases, the vacant apartments will most likely be offered at highly increased rents thus seriously reducing affordability in the city.

Key issues renters will face with this proposed mandate

- Relocation issues:
  - Finding short term rentals in the midst of a shortage of supply.
  - Packing, storing, and securing personal property at their own expense.
  - Disruption and displacement creating both physical and emotional anxiety, particularly for older renters.
- Lack of say or control over timing of retrofit.
- Disruption and health hazards will be compounded when the whole or part of a building is undergoing demolition at the same time.

Implementation of the mandate will impact the greater SF rental market

- San Francisco is already one of the most expensive rental markets in the US.
  - The high rents in San Francisco have resulted in Mayor Daniel Lurie declaring a rental emergency in September 2026.
    - Median one-bedroom rents surged past $4,400 - driven by an AI-fueled tech boom, low housing supply, and rising evictions.
    - San Francisco's high-income households have increased in number while the city has simultaneously experienced a decrease in low- and moderate-income families.
- With the retrofit, rents will increase even more to cover costs, making San Francisco much more unaffordable.
- Demographics will also be affected among two key groups:
  - Younger residents including families will not be able to afford to live in SF.
    - The median age in the San Francisco market is 38.2 years and the median income is $112,449.

- Older residents including retirees will be forced out of the city.
    - San Francisco already has one of the highest percentages of older adults in the US.
    - The majority live on fixed incomes and any increase in their rents will force them to move out of SF.
    - Significantly, temporary displacement poses substantial health and safety risks.

- These changes in the demographics of the city most likely will impact retail businesses, public schools, services, and more.
    - All this will contribute to slowing the recovery of SF while we are still recovering from the financial impact of Covid.

It is even more complicated…

- While some of the rental buildings are owned by large corporations and investment firms, many are held in family trusts. Obtaining financing for the retrofit will be both difficult and costly for these smaller entities.
    - This may result in the sale and reassignment of a number of buildings adding to the disruption in the rental market.

- In addition to staggering capital improvement costs, landlords will be responsible for paying relocation fees and absorbing lost rent while units are offline.
    - Critics worry that these expenses will ultimately track back to tenants via capital improvement rent pass-throughs allowed under city rules, drastically driving up monthly rent prices.
    - However, with San Francisco median rents hovering near record highs ($4,400 for a 1-bedroom and $6,340 for a 2-bedroom), finding short-term, affordable alternative housing in a tight market poses a severe logistical and financial hurdle for both tenants and building owners.

- According to our property management company (2190 Washington Street) the fire sprinkler mandate qualifies as a capital improvement expense that can be passed through to tenants pursuant to San Francisco's pass-through provisions.

  - Based on their current understanding, up to 100% of the allowable cost may be recoverable through a tenant pass-through. If applicable, the cost would be allocated among tenants in accordance with all applicable San Francisco Rent Ordinance requirements.

  - One estimate for installing sprinklers in a 50 unit building is $11M. Washington Tower, which is a 94 unit building, would cost an estimated $22M in costs for installation. It is owned by a family trust.

In conclusion

There are 126 buildings included in the mandate, or approximately one-quarter of high rises in SF. If this mandate is implemented in full, it will have a detrimental impact on the city not just financially and demographically, but on its character.

Sources:

U.S. Census Bureau

San Francisco Planning’s Housing Needs and Trends Report

Zillow’s San Francisco Rental Market Summary

nosfsprinklermandate.com

San Francisco Rent Ordinance

SFAA

The Dignity Fund data

Justice in Aging