San Francisco Renters

The Impact of the Sprinkler Mandate

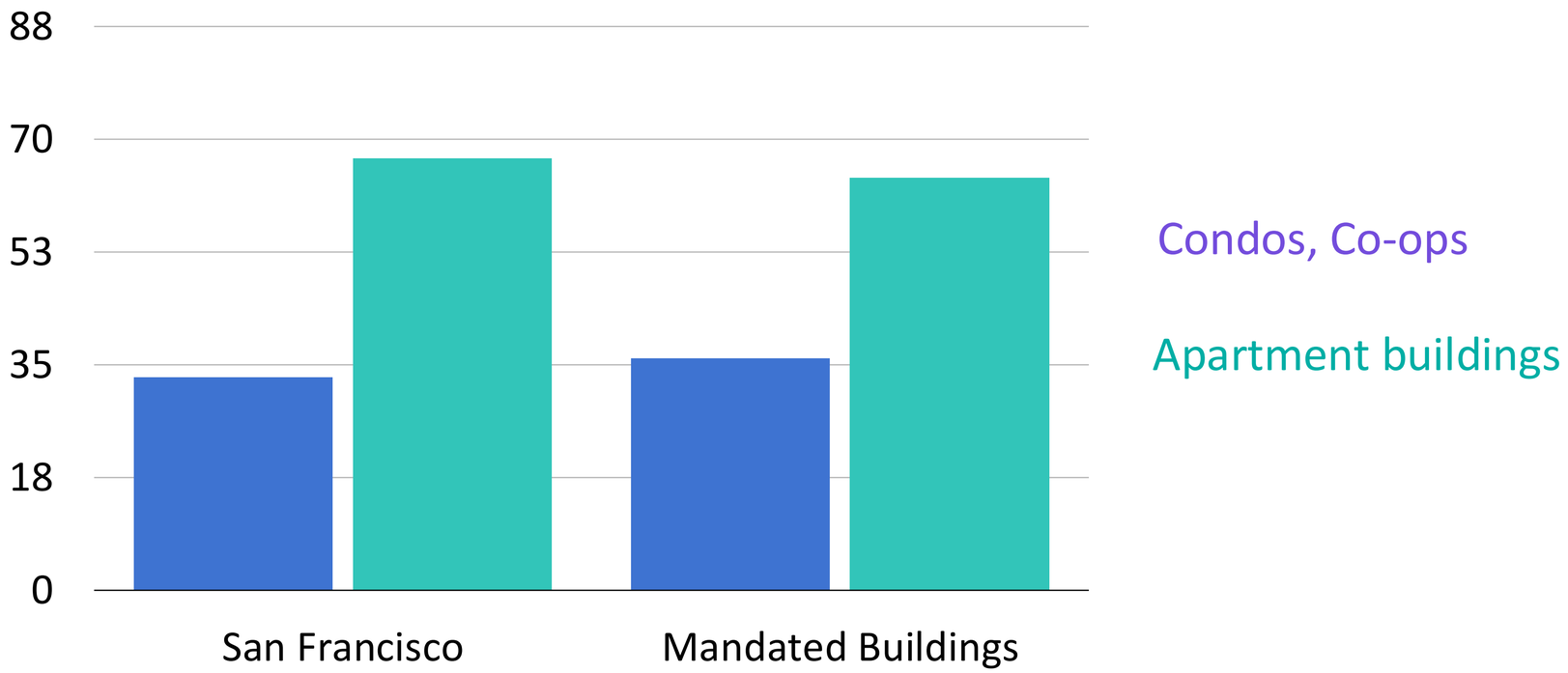
October 30, 2026



Renters need to be addressed

The majority of the mandated buildings are rentals

- In San Francisco 67% of the population rent, 33% are homeowners.
- Of the 126 designated buildings, 45 (36%) are condos and co-ops and 81 (64%) are rentals.



Let’s talk numbers

Units and people

- About 9,800 housing units are included in the mandate
  - With over 6,ooo rental units
- Additional estimates report that the number of affected residents range from 10,000 to 15,000
  - Meaning 6,400-9,600 renters are at risk



How are renters affected financially?

Currently and long term

- Renters will not have to pay capital costs as do condo and co-op owners.
- However, the capital costs of installing sprinklers in apartment buildings will be passed through to tenants.
  - Even in rent-controlled buildings, up to 100% of the costs.
- If existing renters are priced out of their apartments due to increases, vacant apartments will be offered at highly
  - Another factor seriously reducing the affordability in SF.



In addition …

Key factors that impact renters

- About 60% of renters live in rent-controlled buildings and are not protected from pass-through costs of capital improvements.
- Many of these older apartment buildings have asbestos and lead paint issues, making construction and the addition of sprinklers detrimental to residents' health and well being.
    - At the same, construction will be more complicated and a lengthier process.
    - Renters may not have a say in the appearance sprinklers installed.



Difficulties renters will face

Current renters (also applies to owners)

- Relocation issues
  - Finding short term rentals in the midst of a shortage of supply
  - In a market where rents are higher than ever
  - Packing, storing and securing personal property at own expense
  - Disruption and displacement creating physical and anxiety especially among older renters
- Lack of say or control over timing
- Disruption and health hazards as multiple units face construction at the same time.



Impact on the greater SF rental market

- San Francisco is already one of the most expensive rental markets.
- High income HHs have increased in number while there has been a decrease in low- and moderate-income households.
- So much so, Mayor Lurie declared a rental emergency in September.
- With the retrofit, rents will increase even more, making SF more unaffordable.



Impact on demographics

- Two demographics groups in particular will be adversely affected:

  - Younger residents including families won’t be able to afford to live in SF.

  - Older residents, including retirees will be forced out of the city.



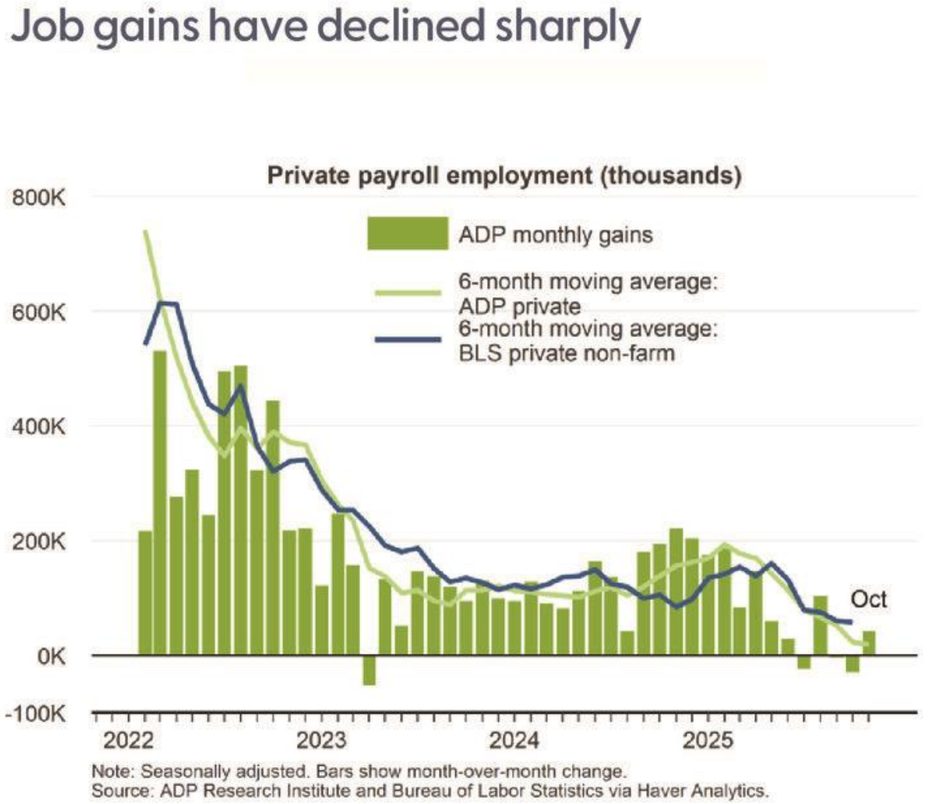
Effect on Older Adults

- San Francisco already has one of the highest percentages of older adults in the US.
  - 19% is 65 and older
  - The majority of older residents live on fixed incomes and will not be able to handle
- Temporary displacement poses substantial health and safety risks.



Wider impact on San Francisco

- Changes in demographics will most likely impact retail businesses, public schools, city services, and much more.
- All this will slow the recovery of SF while we are still recovering from the financial impact of Covid.



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It is even more complicated

Building owners have significant hurdles

- Some rental buildings are owned by large corporations and investment firms, and many are held in family trusts.
  - Obtaining financing for the retrofit will be both difficult and costly especially for smaller landlords.
  - This may result in the sale and reassignment of a number of buildings resulting in more disruption of the rental market.
- Landlords will be responsible for paying relocation fees and absorbing lost rent.
  - These expenses will track back to tenants via capital improvement pass-throughs, again driving up monthly rents.

In conclusion

- There are 126 buildings in the mandate, approximately quarter of all high rises in San Francisco.
  - Many of these buildings are landmark buildings with architectural beauty and detail - both inside and out.
  - And to drive home a statistic, there have been deaths and a handful of injuries in these buildings.



In conclusion (cont.)

- If the mandate is implemented in full, it will negatively affect:
  - The already expensive housing market
  - Making the city even more unaffordable
  - Resulting in a realignment in the demographic makeup of SF
  - And change the very character of the city makes it so desirable.

- And one last point …

