



## East Bay Housing Organizations

---

March 5, 2021

The Honorable Mike Gipson  
California State Assembly  
State Capitol, P.O. Box 942849  
Sacramento, CA 94249-0064

**RE: AB 1199 (Gipson) – Homes for Families and Corporate Monopoly Transparency Excise Tax  
– SUPPORT**

Dear Assemblymember Gipson,

East Bay Housing Organizations (EBHO) is pleased to support AB 1199, which promises to curb the negative impacts of corporate speculation in our rental housing market and create new revenue to fund housing stabilization services for low-income renters and homeowners.

EBHO is a non-profit, member-driven organization with over 300 organizational and individual members. For 35 years, we have worked to preserve, protect, and create affordable housing opportunities for low-income communities in the East Bay by educating, advocating, organizing, and building coalitions. We believe that solutions to California's severe housing crisis must be comprehensive. As such, we support a multi-pronged effort based on the three principles of production of new housing, preservation of existing housing that is affordable, and protection of residents from unaffordable rent increases, eviction, displacement, and homelessness.

In 1991, over 90 percent of rental homes in the United States were owned by identifiable individuals. Since then, large corporations, overseas investors, and financial speculators have bought up an increasing portion of the homes and apartments in low-to-moderate-income neighborhoods. These investors have reduced competition, driven up housing prices, and, in many cases, ignored property maintenance and tenant rights. It is impossible to know the full scope of this problem, and which parties are responsible, because investors hide their real identities behind shell companies such as Limited Liability Corporations (LLCs) and Limited Partnerships (LPs). While this is a national problem, our state has been one of the main laboratories for this harmful experiment in the expansion of corporate landlordism. This has been especially true since the foreclosure crisis of 2008-2009, when institutional investors bought up homes in communities of color, converting them into expensive rental properties and accelerating displacement and racial wealth transfer out of low-to-moderate-income neighborhoods.

The Honorable Mike Gipson

March 5, 2020

Page 2

AB 1199 would disincentivize speculative investment in housing by imposing a graduated excise tax on for-profit corporations that own 10 or more residential properties. (Importantly, this bill exempts non-profit affordable housing providers from taxation.) The money raised would then be available to fund a range of programs needed to promote housing security and racial equity, from first-time homebuyer assistance to deeply affordable rental housing. It would further require that landlords disclose the actual beneficial owner(s) of rental homes, creating much-needed transparency around the identity of the true owners of residential properties owned by LLCs and LPs and the scale of corporate influence in the residential real-estate market.

We thank you for introducing this bill and look forward to working to secure its passage.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey Levin". The signature is fluid and cursive, with the first name being more prominent.

Jeffrey Levin  
Policy Director