



July 2, 2021

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

RE: AB 889 (Gipson) – Business Entities: Landlords: Reporting Requirements – SUPPORT

Dear Assemblymember Gipson,

East Bay Housing Organizations (EBHO) is pleased to support AB 889, which promises to curb the negative impacts of corporate speculation by providing essential transparency and ensuring equity in our rental housing market.

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). A recent LA Times op-ed by Reveal from the Center for Investigative Reporting found that nearly 40% of U.S. rental units are owned by these anonymous shell companies.

Our state has been one of the main laboratories for this harmful experiment in the expansion of corporate landlordism, particularly since the foreclosure crisis of 2008-2009, when institutional investors bought up homes in communities of color, converting them into expensive rental

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properties and accelerating displacement and racial wealth transfer out of low-to-moderate-income neighborhoods. Indeed, a Strategic Actions for a Just Economy report found that LLCs, real estate investment trusts (REITs), and other investment vehicles now own 67% of the rental housing in Los Angeles. And a report by Bargaining for the Common Good, the Institute for Policy Studies, and Americans for Financial Reform Education Fund recently found that just 10 corporate landlords in California have amassed \$191 billion as cash-on-hand to purchase even more properties—positioning themselves to profit off of the hardship created by the COVID-19 pandemic.

Ultimately, the lack of transparency created by veiled corporate ownership fosters corruption, abuse, and landlord negligence. News organizations such as *The Guardian*, *The Washington Post*, and *The New York Times* have reported that it makes evictions easier while consolidating property in fewer hands. Tenants who have issues with negligent landlords don't know where to turn. And local officials don't know who to hold accountable for building code violations or neighborhood blight.

These are problems that AB 889 will address by requiring that landlords disclose the actual beneficial owner(s) of rental homes, thus 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 black ink, appearing to read 'Alex Werth', with a long horizontal flourish extending to the right.

Alex Werth
Policy Manager