



LAHD
LOS ANGELES HOUSING DEPARTMENT

Concentration of Ownership Presentation

CF 23-0840



Background - Council Office Concerns

- **(Homeowners)** - Acquisition of single-family homes by corporate entities makes it more difficult and more expensive for first-time home buyers
- **(Small Landlords)** - Struggling or distressed small landlords get bought out by large corporate owners
- **(Renters)** - Corporate landlords may be associated with more evictions, habitability violations, and overall higher housing insecurity for renters.



Background - Examples of these concerns

- **Wedgewood Homes**, a national real estate investment company, whose primary business model is flipping foreclosed single-family homes, agreed to pay \$3.5 million to settle a lawsuit with the state in 2021 related to allegations of unlawful eviction filings and harassment tactics to force occupants out.
- **K3 Holdings**, a family-owned real estate investment group, agreed to pay a \$2.5 million to settle a discrimination and harassment lawsuit with the Housing Rights Center in 2023 for the targeted displacement of long-term Latinx renters in rent-stabilized units in Koreatown & Highland Park



Background - Organizational Entities

- Not all properties owned by an organizational entity (Corp/Inc, LLC, LP, trust) engage in problematic practices or are large corporations
- The size of the underlying entities can range from a publicly-traded company that owns hundreds of units, to a single individual person who owns a small property and held under an LLC
- The worst case scenario is when an actor – regardless if they are corporate, a family-run business, or an individual – owns a large inventory and implements problematic business practices



Background - Focus of the Study

Simply observing the trend of increasing organizational entity ownership or the concentration of large housing inventories without any additional context on their business models or practices only provides a partial picture of what is occurring in the housing market. As a result, **the analysis in this report focuses on the largest and fastest growing owners and some of the business practices that may negatively impact small landlords, potential home buyers, and renters**



RSO Stock (2018-2023)

RSO Stock by Property Size				
Year: 2023				
Property Size	Total Properties	Share of RSO Properties	Total Units	Share of RSO Units
1 unit	41,621	28%	41,621	6%
2 - 4 units	78,947	53%	199,801	30%
5 - 10 units	18,225	12%	128,137	19%
11 - 20 units	5,819	4%	86,566	13%
21 - 30 units	2,088	1%	52,697	8%
31 - 40 units	1,044	0.70%	36,921	5%
41 - 50 units	543	0.40%	24,537	4%
51 - 100 units	708	0.50%	47,686	7%
101 - 200 units	222	0.10%	30,576	5%
201 - 300 units	44	0.03%	10,399	2%
301 - 400 units	9	0.01%	3,168	0.50%
401 - 500 units	12	0.01%	5,355	0.80%
501 - 1,000 units	6	0.00%	3,973	0.60%
more than 1,000 units	1	0.00%	1,151	0.20%
Total	149,289	100%	672,588	100%

RSO Units Organizational Entity Ownership per Year by Property Size									
Years: 2018-2023									
Property Size	Total Units ¹	2018 ²	2019	2020	2021	2022	2023	Unit Increase ³	Percentage Increase ⁴
1 unit	41,621	9,536	9,825	9,915	9,993	10,695	11,259	1,723	18%
2 - 4 units	199,801	51,692	53,910	54,943	56,353	62,349	66,676	14,984	29%
5 - 10 units	128,137	70,865	74,097	75,889	78,577	82,023	84,431	13,566	19%
11 - 20 units	86,566	60,842	62,259	63,293	64,868	66,705	67,642	6,800	11%
21 - 30 units	52,697	41,298	42,564	42,880	43,292	43,976	44,631	3,333	8%
31 - 40 units	36,921	30,616	31,290	31,579	31,830	32,201	32,580	1,964	6%
41 - 50 units	24,537	21,351	21,635	21,672	21,843	22,022	22,112	761	4%
51 - 100 units	47,686	40,042	40,619	40,846	41,150	41,462	41,878	1,836	5%
101 - 200 units	30,576	28,587	28,690	28,492	28,870	28,988	28,988	401	1%
201 - 300 units	10,399	9,111	9,111	9,410	9,410	9,648	9,648	537	6%
301 - 400 units	3,168	2,851	2,851	2,851	2,851	2,851	2,851	0	0%
401 - 500 units	5,355	5,355	5,355	5,355	5,355	5,355	5,355	0	0%
501 - 1,000 units	3,973	3,973	3,973	3,973	3,973	3,973	3,973	0	0%
more than 1,000 units	1,151	1,151	1,151	1,151	1,151	1,151	1,151	0	0%

¹ Total units for each Property Size group

² Total units and percentage owned by Organizational Entities per year

³ Unit change from 2018 to 2023

⁴ Percentage change from 2018 to 2023



Among the top 25 owners, their total RSO inventories ranged from 1,200 to over 4,000 units amounting to a total of over 58,300 RSO units – representing nearly 10% of the RSO stock

Largest Inventories of RSO Units in 2023 and Their Change Since 2018						
Year: 2023						
Owner Rank Number	Distinct Names	2018 RSO Units (Properties)	2023 RSO Units (Properties)	Property Change	Unit Change	Unit Percent Change
Owner #1	1	4,240 (29)	4,240 (29)	+0	+0	+0%
Owner #2	6	4,118 (139)	4,118 (139)	+0	+0	+0%
Owner #3	20	3,088 (110)	3,612 (124)	+14	+524	+17%
Owner #4	36	3,278 (38)	3,278 (38)	+0	+0	+0%
Owner #5	117	3,256 (202)	3,131 (201)	-1	-125	-4%
Owner #6	80	2,716 (83)	2,783 (88)	+5	+67	+2%
Owner #7	25	2,734 (29)	2,773 (26)	-3	+39	+1%
Owner #8	45	1,600 (67)	2,769 (119)	+52	+1,169	+73%
Owner #9	71	2,632 (181)	2,669 (187)	+6	+37	+1%
Owner #10	48	1,969 (79)	2,645 (95)	+16	+676	+34%
Owner #11	135	2,093 (143)	2,603 (167)	+24	+510	+24%
Owner #12	25	2,048 (31)	2,282 (35)	+4	+234	+11%
Owner #13	56	1,618 (56)	2,116 (66)	+10	+498	+31%

Largest Inventories of RSO Units in 2023 and Their Change Since 2018						
Year: 2023						
Owner Rank Number	Distinct Names	2018 RSO Units (Properties)	2023 RSO Units (Properties)	Property Change	Unit Change	Unit Percent Change
Owner #14	109	2,006 (122)	2,100 (129)	+7	+94	+5%
Owner #15	51	1,679 (56)	2,027 (59)	+3	+348	+21%
Owner #16	35	1,825 (44)	1,928 (47)	+3	+103	+6%
Owner #17	2	1,819 (4)	1,817 (3)	-1	-2	+0%
Owner #18	50	1,699 (108)	1,789 (114)	+6	+90	+5%
Owner #19	25	1,459 (37)	1,749 (41)	+4	+290	+20%
Owner #20	81	1,559 (92)	1,583 (94)	+2	+24	+2%
Owner #21	35	1,184 (92)	1,434 (122)	+30	+250	+21%
Owner #22	8	1,389 (8)	1,389 (8)	+0	+0	+0%
Owner #23	67	1,074 (43)	1,384 (83)	+40	+310	+29%
Owner #24	32	471 (12)	1,365 (36)	+24	+894	+190%
Owner #25	70	1,071 (68)	1,200 (82)	+14	+129	+12%



Findings among the overall RSO Stock

- **Rapid Inventory Growth and Displacement Risk**
 - The owner with the greatest percentage growth from 2018 to 2023 was K3 Holdings (#24) who recently settled a lawsuit with HRC
 - From 2018 to 2023, K3 Holdings' RSO inventory increased from 471 to 1,365 units – a growth of nearly 200%
- **Bulk Acquisitions**
 - The second largest percentage growth was Owner #8 from 1,600 to 2,769 units – a growth of 73%
 - Significant growth occurred through bulk acquisitions acquiring multiple properties in single day transactions – the largest being six properties amounting to over 80 units



Among the top 25 owners of 2- to 10-unit RSO properties, their inventories ranged from 170 to 800 units amounting to a total of over 9,600 RSO units – representing 3% of small properties

Largest Inventories of Small RSO Properties in 2023 and their Change Since 2018						
2 - 10 Unit RSO Properties						
Owner Rank Number	Distinct Names	2018 RSO Units (Properties)	2023 RSO Units (Properties)	Property Change	Unit Change	Unit Percent Change
Owner #1	101	431 (85)	803 (137)	+52	+372	+86%
Owner #2	53	512 (111)	785 (144)	+33	+273	+53%
Owner #3	39	736 (106)	771 (111)	+5	+35	+5%
Owner #4	22	605 (105)	606 (108)	+3	+1	+0%
Owner #5	57	415 (63)	538 (76)	+13	+123	+30%
Owner #6	23	236 (39)	512 (81)	+42	+276	+117%
Owner #7	51	504 (74)	502 (73)	-1	-2	+0%
Owner #8	54	295 (56)	460 (86)	+30	+165	+56%
Owner #9	23	291 (70)	418 (97)	+27	+127	+44%
Owner #10	52	394 (58)	387 (56)	-2	-7	-2%
Owner #11	15	351 (67)	365 (70)	+3	+14	+4%
Owner #12	52	350 (68)	331 (65)	-3	-19	-5%
Owner #13	34	344 (54)	314 (52)	-2	-30	-9%

Largest Inventories of Small RSO Properties in 2023 and their Change Since 2018						
2 - 10 Unit RSO Properties						
Owner Rank Number	Distinct Names	2018 RSO Units (Properties)	2023 RSO Units (Properties)	Property Change	Unit Change	Unit Percent Change
Owner #14	17	106 (16)	303 (46)	+30	+197	+186%
Owner #15	34	206 (35)	285 (43)	+8	+79	+38%
Owner #16	38	275 (47)	270 (49)	+2	-5	-2%
Owner #17	37	228 (33)	265 (41)	+8	+37	+16%
Owner #18	34	232 (39)	250 (43)	+4	+18	+8%
Owner #19	3	231 (40)	231 (40)	+0	+0	+0%
Owner #20	30	31 (5)	224 (32)	+27	+193	+623%
Owner #21	27	207 (32)	222 (32)	+0	+15	+7%
Owner #22	32	208 (72)	216 (80)	+8	+8	+4%
Owner #23	23	77 (10)	201 (27)	+17	+124	+161%
Owner #24	6	169 (38)	175 (39)	+1	+6	+4%
Owner #25	4	172 (22)	172 (22)	+0	+0	+0%



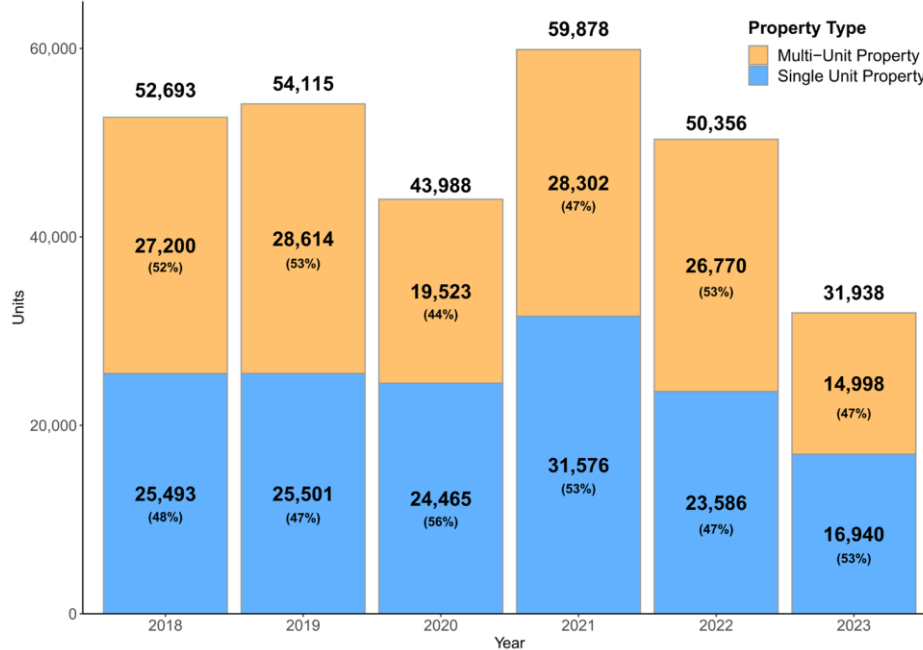
Findings among small 2- to 10-unit RSO properties

- **Acquisition of Small Properties by Larger Actors who are Natural Persons**
 - The owner when the greatest percentage growth was Owner #20, from 31 units to 224 RSO units among 2- to 10-unit properties – and increase of over 600%
 - All LLCs created and owned by a single individual
 - Total City multifamily inventory of over 860 units in 65 properties
 - The second largest percentage growth was Owner #14 from 106 to over 300 units – a growth of nearly 200%
 - All LLCs created and owned by a single individual
 - Total City multifamily inventory of over 840 units in 74 properties



Residential Housing Sales (2018-2023)

Housing Units Sold by Property Type from 2018 to 2023
Total Units Sold: 292,968



Over the six year period, nearly 293,000 housing units were sold –
an average of 52,000 units per year



Recurring Buyers & Sellers of SFHs

A total of over 24,000 sales (23%) were made to org entities for single family homes between 2018 to 2023 – an average of over 4,000 sales transfers per year

Single Family Home Sales from Recurring Buyers & Sellers by Ownership Transfer Type ¹					
Years: 2018-2023					
Ownership Transfer Type (All Sales)	Individual Recurring Seller Sales ²	Individual Recurring Buyer Sales ³	Direct Recurring Seller to Recurring Buyer Sales	Total Recurring Buyer-Seller Sales	Percentage of Ownership Transfer Types
Person-to-Person (45,640)	814	729	25	1,568	3%
Entity-to-Person (36,906)	5,064	706	144	5,914	16%
Entity-to-Entity (12,719)	992	3,021	296	4,309	34%
Person-to-Entity (11,357)	135	3,825	40	4,000	35%
Total (106,622)	7,005	8,281	505	15,791 (15%)	

¹ Recurring buyers and sellers are defined as owners who bought or sold 3 or more single family homes, respectively, between 2018-2023
² Estimated recurring sellers: 939
³ Estimated recurring buyers: 1,334

Recurring buyers (~1,334) and sellers (~939) of single-family homes accounted for 15% of all sales with over 15,700 sales – an average of 2,600 homes per year



Findings among Top Buyers & Sellers of SFHs

Property Flipping

- The top recurring buyer and seller of single-family homes is Wedgewood Homes acquiring almost 300 homes and selling nearly 400 during the six-year period
- 81% of the purchases were resold in less than a year at an average price increase of 33%, or about \$223,000 over the initial price
- The second top recurring buyer and third top recurring seller, Owner B, owned by a single person acquired 150 homes and sold nearly 200
- 90% of the purchases were resold in less than a year with average price increase of 41%

Top 25 Recurring Buyers of Single Family Homes Years: 2018-2023			Top 25 Recurring Sellers of Single Family Homes Years: 2018-2023		
Rank	Owner	Total Homes	Rank	Owner	Total Homes
1	Owner A	292	1	Owner A	394
2	Owner B	150	2	Owner D	207
3	Owner C	145	3	Owner B	199
4	Owner D	145	4	Owner F	165
5	Owner E	124	5	Owner E	157
6	Owner F	108	6	Owner O	144
7	Owner G	93	7	Owner C	130
8	Owner H	92	8	Owner Z	130
9	Owner I	90	9	Owner AA	114
10	Owner J	86	10	Owner K	113
11	Owner K	70	11	Owner G	101
12	Owner L	66	12	Owner M	83
13	Owner M	62	13	Owner BB	74
14	Owner N	60	14	Owner I	73
15	Owner O	58	15	Owner R	58
16	Owner P	51	16	Owner CC	51
17	Owner Q	50	17	Owner DD	47
18	Owner R	49	18	Owner P	45
19	Owner S	49	19	Owner EE	44
20	Owner T	45	20	Owner U	42
21	Owner U	41	21	Owner FF	30
22	Owner V	38	22	Owner GG	30
23	Owner W	33	23	Owner HH	29
24	Owner X	33	24	Owner II	29
25	Owner Y	32	25	Owner JJ	26
Total	-	2,062	Total	-	2,515



Recurring Buyers & Sellers of 2- to 10-unit Properties

A total of over 34,000 sales (52%) were made to org entities for 2- to 10-unit properties between 2018 and 2023 — an average of over 5,700 units per year

Two-to-Ten Unit Small Property Sales by Recurring Buyers & Sellers by Ownership Transfer Type ¹					
Years: 2018-2023					
Ownership Transfer Type (All Units Sold)	Individual Recurring Seller Units Sold ²	Individual Recurring Buyer Units Sold ³	Direct Recurring Seller to Recurring Buyer Units Sold	Total Recurring Buyer-Seller Units Sold	Percentage of Ownership Transfer Types
Entity-to-Entity (24,427)	3,137	5,322	1,733	10,192	42%
Person-to-Person (16,424)	510	787	66	1,363	8%
Entity-to-Person (16,046)	2,210	1,030	333	3,573	22%
Person-to-Entity (9,742)	414	2,648	205	3,267	34%
Total (66,639)	6,271	9,787	2,337	18,395 (28%)	

¹ Recurring buyers and sellers are defined as owners who bought or sold 3 or more two-to-ten unit small properties, respectively, between 2018-2023
² Estimated recurring sellers: 367
³ Estimated recurring buyers: 534

Recurring buyers (~534) and sellers (~367) of small properties accounted for 28% of all sales with over 18,300 units — an average of 3,065 units per year



Findings among Top Buyers & Sellers of Small Properties

● Property Flipping

- Wedgwood Homes, Owner I, also targets small multifamily properties acquiring 120 units and selling 181 units
- 66% of the properties acquired were resold in less than a year

● Inventory Outside City Boundaries

- Owner B, a large regional real estate investment and property management company conducts similar flipping behavior
- Beyond the City, Owner B owned 3,800 multifamily housing units throughout LA County

Rank	Owner	Total Units	Total Properties
1	Owner A	260	37
2	Owner B	241	35
3	Owner C	233	30
4	Owner D	220	30
5	Owner E	218	41
6	Owner F	203	43
7	Owner G	151	25
8	Owner H	127	17
9	Owner I	120	44
10	Owner J	115	24
11	Owner K	114	18
12	Owner L	105	12
13	Owner M	99	14
14	Owner N	97	15
15	Owner O	95	12
16	Owner P	93	13
17	Owner Q	83	12
18	Owner R	80	12
19	Owner S	77	17
20	Owner T	75	29
21	Owner U	75	14
22	Owner V	75	11
23	Owner W	73	12
24	Owner X	69	13
25	Owner Y	66	10
Total	-	3,164	540

Rank	Owner	Total Units	Total Properties
1	Owner B	274	42
2	Owner E	204	37
3	Owner I	181	70
4	Owner G	136	23
5	Owner EE	119	21
6	Owner FF	111	13
7	Owner GG	97	41
8	Owner HH	92	24
9	Owner A	88	15
10	Owner II	83	38
11	Owner JJ	83	31
12	Owner KK	82	17
13	Owner F	80	15
14	Owner LL	70	10
15	Owner MM	68	9
16	Owner S	61	13
17	Owner NN	59	10
18	Owner OO	58	7
19	Owner PP	56	23
20	Owner Y	56	9
21	Owner QQ	56	6
22	Owner RR	55	11
23	Owner SS	53	6
24	Owner J	51	13
25	Owner Q	51	9
Total	-	2,324	513



Summary of Findings & Policy Implications

- Large actors can be both organizational entities and natural persons
- Purchasing power of large actors through bulk acquisitions can limit opportunities for prospective homebuyers and small landlords
- Rapid acquisition of housing units by larger actors can be associated with increased displacement risk
- Examining ownership beyond City boundaries can provide more insight into the true size of ownership inventories
- Property flipping may be contributing to the rapid rise of home prices



Recommendations to study further

- **Option 1:** Explore the Potential Link between Rapid Ownership Growth, Owner Behavior and Renter Displacement Risk
- **Option 2:** Property Flipping
- **Option 3:** Acquisition of Properties from Distressed Small Landlords and Homeowners
- **Option 4:** Use of Organizational Entities by Small Landlords
- **Option 5:** Better Distinguish a Small Landlord from a “Large” Landlord





Thank You
