

MOTION

Across the nation, more rental units are owned by corporate entities than individuals. In the City of Los Angeles, 43 percent of all rental units are owned by corporate entities. Corporations have been expanding their portfolios to include multifamily housing for decades as a result of the introduction of beneficial tax and regulatory policies. Specifically, Limited Liability Companies (LLCs) are used to provide tax benefits in the context of corporate real property acquisitions, contributing to potential reductions in corporate tax liabilities.

Corporations are driven by financial motives and may prioritize their financial interests over tenant well-being. They often fail to maintain a local presence, making it difficult for renters to interact with their landlords. Rent rates at corporate-owned properties tend to be higher than market average. However, when relatively low rents at these properties do exist, housing quality tends to be poorer, with a lack of maintenance acting as a key driver of profits. Statistically, corporate landlords have had higher tendencies to initiate eviction processes against their tenants.

The COVID-19 pandemic disrupted the economy in profound ways. In particular, it has had a significant impact on our city's renters, by driving increased homelessness and worsening the city's housing crisis. Small "mom and pop" landlords have felt the effects as well. Although the eviction moratorium established during the pandemic served to protect the city's vast pool of renters, some individual owners of small rental properties felt the impact of a lack of income. Some mom and pop landlords might opt, or may have already chosen, to transfer ownership of their properties. Such properties could subsequently come under the ownership of corporate landlords.

Where housing is already unaffordable to a large percentage of the population, the purchase and accrual of multifamily rental properties by wealthy, powerful corporations is a threat to the city. Concentration of rental unit ownership with corporations will continue to drive up the price of rent citywide. As the housing crisis continues, it is essential that the city track these types of property transfers and monitor corporatization trends in the city's housing stock.

I THEREFORE MOVE that the Los Angeles Housing Department, within 90 days, to conduct a study on concentration of ownership and corporatization trends in the City's housing stock over the last five years, with followup reports by the end of each calendar year thereafter, using both internal and external data sets, that focus on the details of residential property transfers from natural persons to corporate entities. This report should include the number of transfers, transferee details, total number of housing units transferred, and other relevant information.

I FURTHER MOVE that the Los Angeles Housing Department, with the assistance of the Office of the Chief Legislative Analyst, report back with recommendations on actions that can be taken or legislation that can be enacted in order to help "mom and pop" landlords retain their properties.

PRESENTED BY: 
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SECONDED BY: 

MHR
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