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October 3, 2025

Council File: 23-0840  
Council District(s): Citywide  
Contact Person(s):  
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Honorable Members of the City Council  
City of Los Angeles  
c/o City Clerk, City Hall  
200 N Spring Street  
Los Angeles, CA 90012

**COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT (LAHD) REPORT ON THE CONCENTRATION OF OWNERSHIP AND CORPORATIZATION OF THE CITY'S HOUSING STOCK FROM 2018 TO 2023**

**SUMMARY**

This Los Angeles Housing Department (LAHD) report is in response to the City Council's instruction (Council File 23-0840) to conduct a study on the concentration of ownership and corporatization trends in the City's housing stock over a period of at least five years. The study provides a foundation for understanding the trends towards organizational entity ownership of the City's Rent Stabilization Ordinance (RSO) stock and residential transfer sales between 2018 and 2023, with a particular focus on where most of the ownership concentration is occurring.

The study uses RSO Registration data to look at the owners with the largest inventories of RSO units and the growth of their inventories during the six-year period among the overall stock, and then focuses on 2- to 10-unit multifamily properties, given that such properties are most associated with small landlords. The study also uses residential sales data to identify the number of recurring buyers and sellers that point to larger actors who are acquiring single-family homes and 2- to 10-unit multifamily properties. Throughout this report, LAHD provides examples illustrating points that may have policy implications, including: 1) that large actors can be both organizational entities and natural persons; 2) that the purchasing power of large actors through bulk acquisitions can limit the opportunities for prospective homebuyers and small landlords; 3) that the rapid acquisition of housing units by larger actors can be associated with increased displacement risk; 4) that examining ownership beyond City boundaries can provide more insight into the true size of ownership inventories; and 5) that the business practice of property flipping may contribute to the rapid rise of home prices.

However, before making any policy recommendations based on the case examples and analysis in this report, LAHD would recommend that the City Council direct the Department to undertake further study. For a more complete understanding on the impact on renters, small landlords, and homeowners, LAHD recommends that the City Council direct the Department to conduct additional analysis on the trends and behaviors highlighted in this report and explore other areas of interest. To expand on the foundational analysis completed in this report, LAHD recommends five additional areas of analysis, as set forth below.

## **RECOMMENDATIONS**

That the City Council, subject to the approval of the Mayor:

- I. INSTRUCT the Los Angeles Housing Department (LAHD) to establish an ongoing process to assess and regularly report back to City Council on trends related to size of ownership inventories, ownership organizational entity structures, and owner business models or behaviors that may negatively impact renters, limit small landlord ownership opportunities, and limit first-time homebuyer opportunities. Additionally, instruct LAHD to report to City Council on one or more of the following options to expand the foundational analysis of this report:
  - A. OPTION 1 - Explore the Potential Link between Rapid Ownership Growth, Owner Behavior, and Renter Displacement Risk: Identify the number of owners with rapidly increasing inventories beyond the largest included in this report and analyze the extent to which their administrative records demonstrate an increased risk of renter displacement under their ownership. LAHD data to be examined include, but are not limited to Rent Stabilization Ordinance (RSO) complaints, Tenant Anti-Harassment Ordinance (TAHO) complaints, code complaints, eviction filings, and tenant buy-out agreements.
  - B. OPTION 2 - Property Flipping: Identify the number of actors in the City whose primary business model is property flipping. Examine the most common renovations associated with flipping, how soon after purchase do the new owners typically flip the property, how much the flipped sales price increases over the acquisition price, whether existing tenants are likely to be permanently displaced by renovations, and in which neighborhoods are most impacted by property flipping. Data to be examined include First American sales data and Los Angeles Department of Building and Safety (LADBS) permit data.
  - C. OPTION 3 - Acquisition of Properties from Distressed Small Landlords and Homeowners: Analyze the extent to which distressed small landlords and homeowners who fall behind on their mortgage payments lose their properties to larger actors acquiring via short-sales or foreclosure. Data to be analyzed include but are not limited to the City's Foreclosure Registry Program, and First American sales and foreclosure data.
  - D. OPTION 4 - Use of Organizational Entities by Small Landlords: To better understand the extent to which organizational entity ownership is associated with portfolio size, analyze the extent to which small landlords create organizational entities, such as limited liability companies (LLCs)

and trusts to hold their properties (typically done via Quitclaim Deed transfers). Data to be examined includes First American's non-sale transfer data.

- E. OPTION 5 - Better Distinguish a Small Landlord from a "Large" Landlord: Before determining whether an owner is a "small" owner, expand the assessment of the size of a property owner's inventory to include all of Los Angeles County, not just the City. A countywide understanding of an owner's portfolio size will give the City a better understanding of ownership size and how they are changing. The distribution of housing ownership can then be analyzed to identify the percentages of ownership at different threshold levels, for example, how many landlords own 10 or fewer units, 5 or fewer units, 2 or fewer units. Data to be examined includes Rent Stabilization Ordinance (RSO) and Just Cause Ordinance (JCO) Registration Data, and Los Angeles County Assessor Data.

## **BACKGROUND**

Since the aftermath of the Great Recession in 2008, when large publicly-traded corporate entities engaged in mass acquisitions of single-family homes to convert them into rentals, there has been increasing concern about the role of the "corporate landlord" in the housing market. Concerns have been expressed that the mass acquisition of single-family homes for conversion to rentals has made it more difficult and more expensive for first-time home buyers to become homeowners. Similarly, concerns exist that struggling small landlords get bought out by large corporate landlords, thereby denying other potential small landlords the opportunity to enter the business. Additionally, there are concerns that large corporate landlords may be associated with more evictions, more habitability violations, and overall higher levels of housing insecurity for renters.

Recent legal settlements provide evidence of these concerns. In 2021, Wedgewood Homes, a national real estate investment company whose primary business model is flipping foreclosed single-family homes, agreed to a \$3.5 million settlement with the State of California to resolve allegations of unlawful eviction filings and the use of tactics such as cutting water and power to push existing occupants out.<sup>1</sup> In 2023, K3 Holdings LLC, a family-owned real estate investment group, agreed to pay \$2.2 million to settle a discrimination and harassment lawsuit alleging that K3 displaced long-term Latinx renters from rent-stabilized units in Koreatown and Highland Park.<sup>2</sup> And in 2024, Invitation Homes Inc, a publicly-traded company and one of the nation's largest owners of single-family rentals, reached a \$3.7 million settlement with the State of California over allegations of illegal rent increases in nearly 2,000 homes in violation of the State Tenant Protection Act.<sup>3</sup>

As a result of these and other concerns, the City Council requested that LAHD conduct a study of the concentration of ownership and corporatization trends, focusing on residential property transfers from natural persons to corporate entities in the City's housing stock over a period of at least five years, with follow up reports. LAHD does also include an analysis of the City's detached single-family home stock in this report. While LAHD has not historically monitored the single-family housing stock – primarily offering Low-Income and Moderate-Income Purchase Assistance programs for serving first-time homebuyers – it has become more relevant with the

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<sup>1</sup> [The People of California v Wedgewood LLC](#)

<sup>2</sup> [Southern California Housing Rights Center v. K3 Holdings LLC](#)

<sup>3</sup> [The People of California v Invitation Homes Inc](#)

passage of the Tenant Anti-Harassment Ordinance (TAHO) in 2021 and the Just Cause Ordinance (JCO) in 2023 as larger actors do acquire single-family homes and convert them to rentals.

To the extent this report is trying to focus on bad owner behavior, LAHD first must acknowledge that not all properties owned by a corporate or organizational entity engage in problematic practices. A person can create an organizational entity simply to hold their residential property – typically in the form of a corporation (Corp/Inc), limited partnership (LP), limited liability company (LLC), or a trust. Many owners prefer corporate, LLC, or similar ownership structures not to hide their ownership interest but to limit their personal liability, increase tax deductions, and to separate business and personal expenses.<sup>4</sup> The size of the underlying entities using these organizational structures can range from a national publicly-traded company that owns tens of thousands of units, to a single individual person who owns a single-family home or duplex operating as rental property and who holds it under an LLC.

While some corporate owners are associated with problematic ownership, it is not the corporate or organizational entity ownership structure itself that results in the problematic ownership – problematic corporate ownership depends both on the size of the overarching entity and the way in which that entity operates. There may be large actors who own lots of units but have no history of tenant complaints and would not be considered problematic. On the other hand, a small actor with a history of non-compliance could be problematic. The worst case scenario is when an actor – regardless if they are a “corporate” company, a family-run business, or an individual – owns a large inventory and implements problematic business practices because the scale of their ownership means many more renters are negatively impacted. 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 homebuyers, and renters.

## **STUDY FINDINGS**

This study provides a foundation to understand the trends towards organizational entity ownership in the City's overall Rent Stabilization Ordinance (RSO) housing stock from 2018 to 2023, a focus on 2- to 10-unit multifamily RSO properties, and in single-family homes across the City.

The study has two primary sections of analysis: 1) the use of RSO Registration data to look at the owners with the largest inventories of RSO units and the growth of their inventories during the six-year study period; and 2) the use of sales data to identify the most frequent buyers and sellers of single-family homes and 2- to 10-unit rental properties across the City.

The analysis and key findings set forth in the study LAHD conducted are summarized below, and the study is included in its entirety as Attachment A.

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<sup>4</sup> [LLC for Rental Property](#)

### **Analysis of RSO Registration Data**

In 2023, over 149,000 properties in the City were registered as RSO, amounting to nearly 650,000 registered units (Attachment A - Table 1). LAHD categorized the City's RSO stock by different building sizes<sup>5</sup> to better understand where most RSO units are found. The largest counts of RSO units are found in 2-4 unit buildings (30%), 5-10 unit buildings (19%), and 11-20 unit buildings (13%). As a result, over 60% of the City's RSO units are in 2- to 20-unit buildings (Attachment A - Table 2).

#### *Growing Trend of Organizational Entity Ownership*

To explore the question of whether the City is experiencing an increased trend in natural persons transferring ownership to organizational entities, LAHD looked at the change in annual counts of RSO units owned by organizational entities from 2018 to 2023. The data shows across all property sizes, the share of City's RSO stock owned by organizational entity ownership is increasing, with the largest increase occurring in the City's 2-to-4 unit properties. In 2018, about 51,600 units in 2-to-4 unit buildings were owned by organizational entities. By 2023, that number increased by nearly 15,000 to over 66,600 units – a 29% increase. The next largest increase was in 5- to 10-unit properties. In 2018, nearly 71,000 units in 5- to 10-unit buildings were owned by organizational entities. By 2023, the number increased by over 13,500 units to over 84,000 units – a 19% increase (Attachment A - Table 3).

#### *Largest Inventories of RSO Units*

LAHD looked at the top 25 owners of RSO units in 2023 to provide a baseline understanding of the largest RSO inventories. 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. Since 2018, the top 25 owners of 2023 have increased their combined RSO inventory by over 6,000 units. Among the largest owners, there are significant differences in their growth rates – some are rapidly growing their inventories, some having steady growth, and others simply maintain their existing stock. From 2018 to 2023, among the largest 25 owners of RSO units, 12 owners increased their RSO housing inventory by double-digit percentages with the largest unit increase by one owner being over 1,100 RSO units (Attachment A - Table 4).

#### *Rapid Inventory Growth and Displacement Risk*

Owner #24, who experienced the greatest percentage growth, is K3 Holdings LLC (K3), which has been the subject of housing discrimination investigations alleging illegal displacement. In 2023, K3 settled a discrimination lawsuit with the Southern California Housing Rights Center alleging that after acquiring properties in Koreatown and Highland Park, K3 targeted long-term Latinx residents for displacement. From 2018 to 2023, K3's RSO inventory increased from 471 units to 1,365 units – a growth of nearly 200%.

#### *Bulk Acquisitions*

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<sup>5</sup> Property sizes were categorized into the following: 1 unit; 2-4 units; 5-10 units; 11-20 units; 21-30 units; 31-40 units; 41-50 units; 51-100 units; 101-200 units; 201-300 units; 301-400 units; 401-500 units; 501-1,000 units; over 1,000 units

Owner #8, which experienced the second-largest unit growth, owned 600 RSO units in 2018, and by 2023 increased the amount of units it owned to 2,769 units – a 73% increase. Owner #8's inventory growth has been through bulk acquisitions, where multiple properties were purchased at one time. For example, in 2022, on five separate occasions, this owner acquired multiple properties in single transactions, the largest being the acquisition of six properties amounting to 84 total units.

These case examples highlight the purchasing power of larger actors and their ability to substantially increase their inventories through bulk acquisitions. It is unlikely that smaller owners can compete with the larger actors when attempting to acquire RSO buildings because smaller owners do not have the access to capital necessary to do large acquisitions. When these large actors employ harmful business practices like those alleged against K3, their inventory growth is associated with increased illegal displacement, especially for households with long tenancies in RSO units where households are paying below-market rents.

### *2- to 10-Unit Small RSO Properties*

LAHD conducted a similar analysis on 2- to 10-unit RSO properties. These types of properties are most often associated with small landlords. To understand the complete numbers for these small properties, the study separates out each property type, for example duplexes, triplexes, fourplexes, and up to tenplexes. The most common small multifamily rental properties in the City are duplex properties with over 101,900 units, representing 15% of the total RSO stock. Triplex properties have over 42,000 units, representing 6% of the overall stock, and the City's fourplex properties have over 55,000 rental units, representing 8% of the total RSO stock. Together, 2- to 10-unit small properties account for nearly 30% of the overall RSO stock (Attachment A - Table 5).

### *Growing Trend of Organizational Entity Ownership for 2- to 10-Unit Small RSO Properties*

Applying the same methodology of examining the growth of organizational entity ownership growth just within the pool of 2- to 10-unit RSO properties, significant growth did occur for these small properties. In 2018, nearly 22,000 units of duplex properties were owned by organizational entities. By 2023, that number increased to over 28,000 units – a 30% increase. For triplex properties, an increase occurred from an estimated 10,000 units to over 14,000 units – a 34% increase. Finally, for fourplex properties, organizational entity ownership increased from an estimated 19,000 units in 2018 to over 24,000 by 2023 – a 26% increase (Attachment A - Table 6).

### *Largest Inventories of 2- to 10-Unit RSO Properties*

Similarly, LAHD looked at the top 25 owners of 2- to 10-unit RSO properties in 2023 to provide the baseline understanding of the largest inventories within this stock. Among the top 25 owners of 2- to 10-unit RSO properties, the inventories ranged from 170 to 800 units amounting to a total of over 9,600 RSO units – representing 3% of the 2- to 10-unit RSO stock. Since 2018, the top 25 owners of 2023 increased their combined 2- to 10-unit RSO inventory by 2,000 units. From 2018 to 2023, among the largest 25 owners of RSO units, 11 owners increased their RSO housing inventory by double-digit percentage points with the largest increase at over 300 RSO units acquired. Lastly, 4 of the 11 owners more than doubled (over 100%) their 2- to 10-unit RSO inventory (Attachment - Table 7).

*Acquisition of Small Properties by Larger Actors who can also be Natural Persons*

Owner #20 experienced the largest growth, increasing its inventory by over 600%, from 31 units to 224 RSO units among 2- to 10-unit properties. Owner #20 is an exception in that the overarching owner is not a property management or real estate investment company but rather a natural person - with the business address for the LLCs being a single-family home. Each LLC's Statement of Information filed with the Secretary of State lists the same common person who is listed as the manager of all of the LLCs. Beyond small properties, Owner #20 also has an additional 29 RSO properties that are larger than 10 units, amounting to over 550 units. This owner also owns four non-RSO properties comprising over 80 units. In total, Owner #23 has a City inventory of 864 units in 65 properties.

Owner #14 experienced the second largest inventory growth of nearly 200%, increasing its inventory from 106 units to over 300 units among 2- to 10-unit RSO properties. As with the previous owner, Owner #14's common business mailing address is the on-site office of a large apartment complex where the business address for that building is Owner #14's single-family home. All Statement of Information records for each LLC have the same registered manager who is an overarching natural person. Beyond small properties, Owner #14 also owns 20 RSO properties larger than 10 units, amounting to an additional 400 units, and another 8 non-RSO properties totaling over 130 units. In total, Owner #14's City housing inventory is 841 units in 74 properties.

These case examples demonstrate that while small multifamily properties are most associated with being owned by small landlords, they also are targeted for acquisition by larger actors. The increased competition from larger actors will make it more difficult for prospective small landlords to enter the market for small multifamily properties. Furthermore, while most LLCs are linked to overarching property management and real estate investment companies, large actors can also be specific natural persons who own many LLC entities.

**Analysis of Sales Data**

From 2018 to 2023 in the City of Los Angeles, there were over 169,000 sales of single-unit and multi-unit properties. Over the six-year period, nearly 293,000 housing units were sold, an average of over 52,000 units per year (Attachment A - Graph 1 & Graph 2).

*Single-Family Home Transfer Trends To Organizational Entities*

To assess the extent to which housing unit sales were transferring from natural persons to organizational entities, an ownership transfer type category was created for each sale based on the owner type of the buyer and of the seller. Each sale resulted in one of four types of transfer classifications: "Person-to-Person," "Person-to-Entity," "Entity-to-Entity," or "Entity-to-Person."

From the total housing units sold, it was found that there were over 106,600 single-family home sales. From 2018 to 2023, Person-to-Entity transfers accounted for 11% of all single-family home sales with a total of 11,357 over the six-year period, an average of about 1,900 per year. Entity-to-Entity transfers accounted for 12% of all the sales, with a total of 12,719 over the six-year period, an average of about 2,100 per year. When 'Person-to-Entity'

and 'Entity-to-Entity' transfers are combined, over 24,000 sales or 23%, were made to organizational entities resulting in an average of over 4,000 single-family home transfers per year (Attachment A - Graph 3).

### *Recurring Buyers and Sellers of Single-Family Homes*

The next step in the analysis was the extent to which LAHD could identify actors who are likely acquiring homes not for permanent residency, but as investment strategies to grow their portfolio, to flip homes, or to hold and resell later.

LAHD defined "recurring" buyers and sellers of single-family homes as those who participated in three or more transactions during the six-year period, meaning they bought or sold a home an average of every other year. Using this standard, LAHD identified an estimated 1,300 recurring buyers and an estimated 900 recurring sellers.

Recurring buyers and sellers are found across all ownership transfer types both as organizational entities and natural persons. The largest count of recurring buyers occurred in Person-to-Entity transfers with over 3,800 home sales sold by a person and bought by an entity. The largest count of recurring sellers was from Entity-to-Person transfers with over 5,000 homes sold by an entity and bought by a person. While recurring buyers and sellers are more common among organizational entities, natural persons can also be recurring buyers and sellers found. Over 1,500 homes sold in Person-to-Person transfers were from natural person recurring buyers and sellers.

Overall, recurring buyers and sellers of single-family homes accounted for 15% of all sales during the six-year period with 15,791 transfers, or an average of over 2,600 homes per year. These numbers provide us with a better glimpse of how many single-family homes transactions are likely to be made as investment or flipping strategies (Attachment - Graph 4).

### *Top Recurring Buyers and Sellers of Single-Family Homes*

LAHD then examined who the top 25 recurring buyers were and who the top 25 recurring sellers were between 2018 and 2023. Once the lists were compiled, they were compared to see if any patterns could be observed. What was found is considerable overlap with certain owners appearing on both lists demonstrating evidence of property flipping business models. Among the top 25 buyers and sellers from 2018 to 2023, 14 owners are on both lists (Attachment - Graph 5).

### *Property Flipping*

Owner A, the top recurring buyer and seller, is Wedgewood Homes which acquired almost 300 homes and sold nearly 400 homes during the six-year period. As stated in the background section, Wedgewood is a national real estate investment company whose primary business model is flipping foreclosed single-family homes. Wedgewood recently settled a state lawsuit that alleged it engaged in unlawful evictions and harassment.<sup>6</sup> Between 2018 to 2023, 81% of their purchases were resold in less than a year at an average price increase of 33%,

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<sup>6</sup> [The People of California v Wedgewood LLC](#)

or about \$223,000 over the initial purchase price. On average, Wedgewood purchased at \$667,300 and within a year, sold at \$890,300<sup>7</sup>.

Owner B, the second top recurring buyer and third top recurring seller, in contrast is not a large real estate investment company but a single LLC entity linked to an overarching natural person who acquired 150 homes and sold nearly 200 within the six-year period. Owner B similarly conducted property flipping: of the 150 acquisitions, 90% of the homes were resold in less than a year with an average price increase of 41%. Owner B purchased at an average price of \$441,700 and sold them within one year at an average of \$620,702 – an average increase of \$179,000 in the sale price.

### *2- to 10-Unit Multifamily Transfer Trends to Organizational Entities*

Shifting to small multifamily properties, there were over 19,600 sales of 2- to 10-unit properties, totaling over 66,600 units. The largest share, 37%, amounting to over 24,400 units were 'Entity-to-Entity' sales, an average of over 4,000 per year. Person-to-Entity sales represented 15% of the transaction, with over 9,700 units, or an average of over 1,600 per year. When Entity-to-Entity and Person-to-Entity types are combined, transfers to organizational entities constitute over half (51%) of the units sold, over 34,000 units, or nearly 5,700 units per year (Attachment A - Graph 6).

### *Recurring Buyers and Sellers of 2- to 10-Unit Multifamily Properties*

LAHD identified an estimated 360 recurring buyers and an estimated 530 recurring sellers. Overall, from all the units sold in 2- to 10-unit small properties, recurring buyers and sellers accounted for 28% of the units transferred, nearly 18,400 units, or an average of 3,065 units per year.

These numbers provide us a better glimpse of how many 2- to 10-unit small property transactions are likely to be from non-small landlords who are growing their housing portfolio or who acquire with the intention of not being a permanent landlord but to resell as an investment strategy (Attachment - Graph 7).

### *Top Recurring Buyers and Sellers of 2- to 10-Unit Multifamily Properties*

Similar to the findings in single-family homes, there is an overlap among the top recurring buyers and sellers of 2- to 10-unit small multifamily properties. Among the top 25 recurring buyers and sellers of 2- to 10-unit multifamily properties, 11 owners are on both lists (Attachment - Graph 8).

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<sup>7</sup> LAHD was unable to determine how much was invested into the properties after their acquisitions and therefore unable to identify how much profit is made in the property flipping

### *Property Flipping*

Wedgewood Homes again makes both lists, showing they are active in acquiring both single-family homes and small multifamily properties being ranked #9 in the recurring buyer list acquiring 120 units and ranked #3 in the recurring seller list selling 181 units. Similar to their approach with single-family homes, Wedgewood Homes flips small multifamily properties: 66% of the properties were resold in less than one year, and at an average price increase of 34%. With an average purchase price of \$656,000 and average sales price of \$878,379, Wedgewood sold the properties at an average increase of \$222,379.

Owner B, a large regional real estate investment and property management company, is ranked #2 in the recurring buyer list acquiring 241 units and ranked #1 in the recurring seller list selling 274 units. From their acquired properties, 37% were resold in three years, at a 23% price increase. The average purchase price was \$1,105,800 and the average sales price was \$1,363,923, with an average increase of about \$258,154. LAHD looked at County Assessor records to determine if any of the remaining sold properties<sup>8</sup> were acquired pre-2018 and resold within the first few years of the six-year period. LAHD found the same pattern as 28% of the remaining sold properties were acquired before 2018 and were resold within three years. In 2023, Owner B owned an RSO inventory of 606 units in 65 properties and a non-RSO inventory of 413 units in 20 properties. Beyond the City, Owner B also owned 3,800 multifamily housing units in other areas of Los Angeles County.

These case examples illustrate how the acquisitions of small multifamily properties from large actors can result in practices of property flipping that drive up acquisition costs, and increasing inventories that make it difficult for smaller operators to participate in the market place. To determine the full inventory of these large owners, LAHD would need to look beyond City boundaries to see their entire inventory across the County.

## **CONCLUSION**

The study provides a foundation to understand the trend from 2018 to 2023 towards organizational entity ownership of the City's housing stock. This foundational analysis provides the City with some insight on which direction it can go to more comprehensively explore the business practices of rapid ownership growth, property flipping, acquisitions of distressed or foreclosed properties, and other questions regarding the use of organizational entities by small landlords and generally the estimated count of small landlords across the City. LAHD recommends the City Council direct the Department to conduct further analysis in one or more of the following categories:

**OPTION 1 - Rapid Ownership Growth and Renter Displacement Risk:** Expand the analysis of identifying owners whose inventories are rapidly growing across the City. Then examine the displacement risk for renters by looking for patterns of problematic landlord behavior in LAHD data including but not limited to: RSO complaints, TAHO complaints, code complaints, eviction filings, and buy-out agreements.

**OPTION 2 - Property Flipping:** Expand the analysis on property flipping trends across the City to identify the actors whose primary business model is property flipping, the type of renovations that occur when purchased by

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<sup>8</sup> Excluding the 37% of properties that were acquired and resold within 3 years between 2018 and 2023

a flipper, whether existing tenants are likely to be permanently displaced by renovations, how soon after purchase properties are flipped, how much the sales price increases over the acquisition price, and in which neighborhoods that flipping is mostly likely to occur. Data to be examined include First American sales data and Building & Safety permit data.

OPTION 3 - Acquisition of Properties from Distressed Small Landlords and Homeowners: Analyze the extent to which distressed small landlords and homeowners that fall behind on their mortgage payments lose their properties to larger actors acquiring via short-sales or foreclosure. Data to analyze would include the City's Foreclosure Registry Program and First American sales and foreclosure data.

OPTION 4 - Use of Organizational Entities by Small Landlords: Analyze the extent to which small landlords create organizational entities such as LLCs and Trusts to hold their properties (typically done via 'Quitclaim Deed' transfers). Data to be examined is First American's non-sale transfer data.

OPTION 5 - Distinguishing Smaller Landlords from Larger Landlords: Expand the analysis of property owner inventories to include all of Los Angeles County, not just the City, to better distinguish small from large landlords. The distribution of housing ownership can then be analyzed to identify the percentages of ownership at different threshold levels, for example how many landlords own 10 or less units, 5 or less units, 2 or less units, etc. Data to be examined is Rent Stabilization (RSO) and Just Cause (JCO) Registration Data along with LA County Assessor Data.

## **FISCAL IMPACT**

There is no impact to the General Fund.

Approved By:



TIENA JOHNSON HALL  
General Manager  
Los Angeles Housing Department

ATTACHMENT:

Concentration of Ownership Report Attachment

ATTACHMENT A:

**COMPLETE LOS ANGELES HOUSING DEPARTMENT (LAHD) REPORT ON THE CONCENTRATION OF OWNERSHIP AND CORPORATIZATION OF THE CITY'S HOUSING STOCK FROM 2018 TO 2023**

**BACKGROUND**

Since the aftermath of the Great Recession in 2008, when large publicly-traded corporate entities engaged in mass acquisitions of single-family homes to convert them into rentals, there has been increasing concern about the role of the “corporate landlord” in the housing market. Concerns have been expressed that the mass acquisition of single-family homes for conversion to rentals has made it more difficult and more expensive for first-time home buyers to become homeowners. Similarly, concerns exist that struggling small landlords get bought out by large corporate landlords, thereby denying other potential small landlords the opportunity to enter the business. Additionally, there are concerns that large corporate landlords may be associated with more evictions, more habitability violations, and overall higher levels of housing insecurity for renters.

Recent legal settlements provide evidence of these concerns. In 2021, Wedgewood Homes, a national real estate investment company whose primary business model is flipping foreclosed single-family homes, agreed to a \$3.5 million settlement with the State of California to resolve allegations of unlawful eviction filings and the use of tactics such as cutting water and power to push existing occupants out.<sup>1</sup> In 2023, K3 Holdings LLC, a family-owned real estate investment group, agreed to pay \$2.2 million to settle a discrimination and harassment lawsuit alleging that K3 displaced long-term Latinx renters from rent-stabilized units in Koreatown and Highland Park.<sup>2</sup> And in 2024, Invitation Homes Inc, a publicly-traded company and one of the nation’s largest owners of single-family rentals, reached a \$3.7 million settlement with the State of California over allegations of illegal rent increases in nearly 2,000 homes in violation of the State Tenant Protection Act.<sup>3</sup>

As a result of these and other concerns, the City Council requested that LAHD conduct a study of the concentration of ownership and corporatization trends, focusing on residential property transfers from natural persons to corporate entities in the City's housing stock over a period of at least five years, with follow up reports. LAHD does also include an analysis of the City’s detached single-family home stock in this report. While LAHD has not historically monitored the single-family housing stock, it has become more relevant with the passage of the Tenant Anti-Harassment Ordinance (TAHO) in 2021 and the Just Cause Ordinance (JCO) in 2023 as larger actors do acquire single-family homes and convert them to rentals.

To the extent this report is trying to focus on bad owner behavior, LAHD first must acknowledge that not all properties owned by a corporate or organizational entity engage in problematic practices. A person can create an organizational entity simply to hold their residential property – typically in the form of a corporation (Corp/Inc), limited partnership (LP), limited liability company (LLC), or a trust. Many owners prefer corporate, LLC, or

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<sup>2</sup> [Southern California Housing Rights Center v. K3 Holdings LLC](#)

<sup>3</sup> [The People of California v Invitation Homes Inc](#)

similar ownership structures not to hide their ownership interest but to limit their personal liability, increase tax deductions, and to separate business and personal expenses.<sup>4</sup> The size of the underlying entities using these organizational structures can range from a national publicly-traded company that owns tens of thousands of units, to a single individual person who owns a duplex and holds it under an LLC.

While some corporate owners are associated with problematic ownership, it is not the corporate or organizational entity ownership structure itself that results in the problematic ownership – problematic corporate ownership depends both on the size of the overarching entity and the way in which that entity operates. There may be large actors who own lots of units but have no history of tenant complaints and would not be considered problematic. On the other hand, a small actor with a history of non-compliance could be problematic. The worst case scenario is when an actor – regardless if they are a “corporate” company, a family-run business, or an individual – owns a large inventory and implements problematic business practices because the scale of their ownership means many more renters are negatively impacted. 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 homebuyers, and renters.

## **METHODOLOGY**

The data analyzed for this report come from two primary sources: (1) LAHD's internal Rent Stabilization Ordinance (RSO) Registration data from 2018 through 2023; and (2) First American Data & Analytics' residential property sales data from 2018 through 2023.

### *RSO Registration Data*

All owners of rent stabilized rental units subject to the RSO are required to register their units on an annual basis. LAHD examined the RSO Registration data to analyze the extent to which the RSO stock has been changing hands from natural persons to organizational entities during the six-year period of this report. To analyze the shift in ownership from natural persons to organizational entities, the owner names were categorized into 'Natural Person' or 'Organizational Entity.' Entities with suffix terms such as Inc, Corp, LLC, LP, Trust, and other word variations such as Properties, Partners, Investors, Enterprise, Capital, Holdings, etc were categorized as an 'Organizational Entity.' For simplicity, all of the various forms of organizational entities were placed into the one category of Organizational Entity.

Next, LAHD identified which entities owned multiple properties to quantify the largest inventories of RSO units. This is not always a straightforward task because most corporate entities do not own their properties under one name. Rather, for each property they own, unique LLCs or subsidiary entities are created for each property acquired. To deal with this challenge, LAHD used the registered business mailing addresses to group all properties that use the same registered address. Each business mailing address is typically linked to an overarching property management or real estate investment company.

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<sup>4</sup> [LLC for Rental Property](#)

### *Sales Data*

Because RSO Registration data is only point-in-time annual recordings, LAHD used sales data to analyze all ownership transfers that occurred during the six-year period with a focus on single-family homes and 2- to 10-unit multifamily properties.

The sales data LAHD was able to access only listed the buyer; it did not include the seller name. To identify the seller, the data had to be linked to County Assessor data. Once the buyer and seller were identified, they were categorized as a Natural Person or Organizational Entity with each sale resulting in one of four types of transfer classifications: “Person-to-Person,” “Person-to-Entity,” “Entity-to-Entity,” or “Entity-to-Person.” The annual counts for each transfer type were gathered to analyze the ownership transfer trends during the six-year period. Then, based on the common mailing address method discussed above, LAHD identified the largest number of recurring buyers and sellers of single-family homes and small 2- to 10-unit multifamily properties.

### *Limitations*

The analysis conducted for this report has a number of limitations. The most significant limitation is linking the largest ownership inventories to the specific beneficial owners of organizational entities. Any business entity operating in California as a corporation (Corp/Inc), limited liability company (LLC), or limited partnership (LP), must register with the Secretary of State's office and file Statements of Information generally every two years. The information required to be disclosed is very basic such as the business mailing address, an agent designated for service of process, and any manager or member of the entities. The people listed vary widely, from an actual beneficial owner, to an employee of the entity, a lawyer for the entity, or even another named entity. Unless and until ownership is required to disclose all beneficial owners of a property, it will take considerable investigative work and some degree of speculation to determine the complete ownership of organizational entities. What is evident is that the business mailing addresses for larger entities typically are linked to an overarching company that owns or manages housing units. As a result, the numbers quantified for the largest owners are overarching property management or real estate investment companies and some natural persons.

What is found is there are large property management companies that both own and manage their properties, while others just manage properties for other owners. For the purposes of this report focusing on ownership, the findings for the largest owners of RSO units are only entities.

In terms of the sales data, it was derived from First American Data & Analytics' ownership change data set which is a collection of all parcel ownership changes recorded with the County Assessors office. The data set includes all parcel ownership transfers (housing and non-housing transfers such as commercial parcels). To identify housing transfers, LAHD linked the ownership change data set to County Assessor records to filter for parcels that have residential use codes and include a number of housing units. When APNs could not be matched, usually because of conversions to new APNs such as condominiums, those transfers were left out. In addition, because the ownership transfer data has every type of ownership transfer recorded in the County, including sales and non-

sales ownership transfers,<sup>5</sup> a transfer price minimum threshold was set to \$150,000 as this price was found to be condominium sales began most consistently. were categorized as housing sales. As a result, the sales data does not include every single housing sale that occurred but does capture most of the universe of housing sales.

When analyzing the largest ownerships in the City's housing stock, LAHD quantified only the total units owned within the City's RSO stock. As a result, the number of units owned by the largest ownerships is likely an undercount of their total size of a given housing portfolio, as described in more detail below, because non-RSO units within the City and/or housing units owned in other jurisdictions are not included. For the sales data analysis, only transactions within the City are captured and therefore likely also undercount the total number transactions by the largest recurring buyers and sellers.

Finally, we highlight a few examples of large actor business practices and behaviors, but before any policy recommendations are made, LAHD recommends conducting further study on the degree these practices and behaviors are occurring in the City via the recommended options offered above to better understand the impact on renters, small landlords, and homeowners.

## **RSO STOCK FINDINGS**

### *RSO Registration Overview*

In 2023, over 149,000 properties in the City were registered as RSO, amounting to a total of 649,639 units (see Attachment A - Table 1).

Attachment A - Table 1

<b>City of Los Angeles RSO Stock</b>		
Year: 2023		
Total Properties	Total Units	Total Registered Units
149,289	672,588	649,639

Generally, the RSO applies to rental properties that were first occupied on or before October 1, 1978. Additional units can be subject to the RSO, such as newly constructed units that replace former RSO units demolished via the Ellis Act and offered for rent within five years. RSO rental units range from apartments, duplexes, condominiums, accessory dwelling units, and mobile homes. The number of registered RSO units vary year to year because of annual exemptions such as “owner-occupancy,” “no rent will be collected,” or “units will remain vacant.” The difference between total units and total registered units are these exempted units, totaling about 23,000 in 2023.

LAHD categorized the City's RSO stock by property-size to better understand where most RSO units are found (See Attachment A - Table 2). The single-unit RSO units are primarily condominiums and newly constructed

<sup>5</sup> A non-sales ownership change is when an existing owner makes a change to the deed such as adding a spouse, family member, business partner to the ownership or a shift is made to an organizational entity such as a trust or LLC

Ellis Act replacement units. The largest counts of RSO units are found in 2-4 unit buildings (30%), 5-10 unit buildings (19%), and 11-20 unit buildings (13%). As a result, over 60% of the City's RSO units are in 2-to-20 unit buildings.

Attachment A - Table 2

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 Ownership Trends Towards Organizational Entity Ownership*

To explore the question of whether the City is experiencing an increased trend in natural persons transferring ownership to organizational entities, LAHD looked at the change in annual counts of RSO units owned by organizational entities from 2018 to 2023. Attachment A - Table 3 shows the total units for each property-size category and the following columns show the annual total units registered under an organizational entity ownership. The final two columns show the unit count increase and percentage increase from 2018 to 2023.

The data shows across all categories of housing, the share of City's RSO stock owned by organizational entity ownership is increasing, with the largest increase occurring in the City's 2-to-4 unit properties. In 2018, about 51,600 units in 2-to-4 unit buildings were owned by organizational entities. By 2023, that number increased by nearly 15,000 to over 66,600 units – a 29% increase. The next largest increase was in 5-to-10 unit properties with an increase of over 13,500 units, a 19% increase.

Attachment A - Table 3

RSO Units									
Organizational Entity Ownership per Year by Property Size									
Years: 2018-2023									
Property Size	Total Units <sup>1</sup>	2018 <sup>2</sup>	2019	2020	2021	2022	2023	Unit Increase <sup>3</sup>	Percentage Increase <sup>4</sup>
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%

<sup>1</sup> Total units for each Property Size group  
<sup>2</sup> Total units and percentage owned by Organizational Entities per year  
<sup>3</sup> Unit change from 2018 to 2023  
<sup>4</sup> Percentage change from 2018 to 2023

### Largest Owner Inventories of RSO Units

As stated above, organizational entity owners are not all large, corporate landlords. Many small owners can own their property in the form of an organizational entity as well. Therefore, to better understand the significance of large organizational entity ownership, LAHD focused on the largest and fastest growing owners and a closer look at the business practices that may negatively impact renters and small landlords.

To identify which owners own the most RSO units, we used registered business mailing addresses to link the many distinct organizational owner entities to the overarching entities that own and manage housing units, and then added up their total properties and units.<sup>6</sup> Table 4, below, lists the 25 owners in 2023 with the largest inventory of RSO units and shows how their inventory has changed in terms of the total number of properties, units, and their percentage change since 2018. In addition, we identify the total number of distinct entity names

<sup>6</sup> For the largest owners in the tables below, LAHD confirmed that the business mailing address was common to a specific property management or real estate investment company that owned or operated the properties

affiliated with that owner, to help illustrate how they organize their inventories. For example, some owners create a unique LLC entity for each property acquired. In this way, the LLC may appear to only own one property but the umbrella entity, linked by a shared business address, owns multiple properties. While others may hold multiple properties under each unique LLC entity or just one single entity name. One can see this type of ownership in Attachment A - Table 4 by comparing the owner's total distinct registered names to the total properties held in 2023.

Between 2018 and 2023, some owners have had double-digit percentage growth (highlighted in the table), others are growing slowly, others remaining with the same inventory, and a few having a minor decline in their inventory.

Owner #24, which experienced the greatest growth, is K3 Holdings LLC (K3) which has been the subject of investigations alleging illegal displacement. As described above, K3 recently settled a discrimination lawsuit alleging that after acquiring properties, K3 targeted long-term Latinx residents for displacement.<sup>7</sup> From 2018 to 2023, K3's RSO inventory increased from 471 units to 1,365 units – a growth of nearly 200%. K3's inventory includes a wide spectrum of property sizes: 10% are 11-20 unit properties; 10% are 21-30 unit properties; 31% are 31-40 unit properties; 20% are 41-50 unit properties; and 29% are 51-100 unit properties. The acquisition of their properties is spatially concentrated as 74% of the units are in Koreatown, 13% are in East Hollywood, and the rest are in neighborhoods that include Harvard Heights, Highland Park, and Boyle Heights. K3's business model is to acquire each property under its own unique LLC: K3's thirty-six properties are owned by thirty-two unique LLCs. There is not a one-to-one ratio of property to LLC because two acquisitions included multiple adjacent properties, each with their own APNs but listed under one LLC. A contributing factor to K3's substantial inventory growth has been their ability to conduct bulk acquisitions where multiple properties are purchased at one time. For example, 31% of K3's inventory growth was from one December 2021 transaction when K3 acquired 9 properties with over 300 units from one seller.

Owner #8, which experienced the second-largest growth, owned 600 RSO units in 2018 and by 2023 it increased to 2,769 units, which resulted in a 73% increase. Their inventory includes a wide spectrum of property sizes: 7% are 5-10 unit properties; 22% are 11-20 unit properties; 24% are 21-30 unit properties; 13% are 31-40 unit properties; 13% in 41-50 unit properties; and 21% in 51-100 unit properties. A spatial concentration is seen as well with 73% of the units located in San Fernando Valley, that includes the neighborhoods of Van Nuys, Panorama City, Granada Hills, North Hollywood, Canoga Park, North Hills, and Valley Glen.<sup>8</sup> Additionally, 19% of the units are located in the West LA neighborhoods of Palms, Venice, Mar Vista, and Del Rey. Owner #8's 119 properties are owned under 45 unique owner names with each LLC holding numerous properties. Owner #8's inventory growth has been through bulk acquisitions as well, where multiple properties were purchased at one time. For example, in 2022, on five separate occasions, they acquired multiple properties in single transactions, the largest being the acquisition of six properties amounting to 84 total units. In addition to RSO units, Owner #8 also had 3 non-RSO properties of 191 units registered in LAHD's SCEP inventory in 2023. Lastly, we looked to see if they owned anywhere else within the County and found that Owner #8 also owned over 30 units in the city of Santa Monica.

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<sup>7</sup> [Southern California Housing Rights Center v. K3 Holdings LLC](#)

<sup>8</sup> Neighborhoods were identified using the [LA Times Neighborhood Boundaries](#)

These case examples highlight the purchasing power of larger actors and their ability to substantially increase their inventories through bulk acquisitions. It is unlikely that smaller owners can compete with the larger actors when attempting to acquire RSO buildings because the larger owners have the ability to do bulk acquisitions. When these large actors include harmful behaviors like those alleged against K3, their inventory growth is associated with increased illegal displacement, especially for households with long tenancies in RSO units who are paying below-market rents.

Attachment A - Table 4

<b>Largest Inventories of RSO Units in 2023 and Their Change Since 2018</b>						
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%

### Small RSO Properties

LAHD took a closer look at 2- to 10-unit multifamily properties which would be most associated with small landlords. To understand the complete numbers for these small properties, we separated out each property type, for example duplexes, triplexes, fourplexes, and up to tenplexes. The most common small multifamily rental properties in the City are duplexes with nearly 51,000 properties and over 101,900 units, representing 15% of the total RSO stock. (see Attachment A - Table 5). In total, 2-10 unit buildings represent 49% of the total RSO stock.

Attachment A - Table 5

<b>RSO Stock Distribution of Small Properties</b>			
Year: 2023			
<b>Property Size</b>	<b>Total Properties</b>	<b>Total Units</b>	<b>Share of RSO Units</b>
Duplex	50,967	101,934	15%
Triplex	14,053	42,159	6%
Fourplex	13,927	55,708	8%
Fiveplex	3,829	19,145	3%
Sixplex	4,928	29,568	4%
Sevenplex	1,754	12,278	2%
Eightplex	4,217	33,736	5%
Nineplex	1,560	14,040	2%
Tenplex	1,937	19,370	3%
<b>Total</b>	<b>97,172</b>	<b>327,938</b>	<b>49%</b>

*Small RSO Property Trends Towards Organizational Entity Ownership*

Applying the same methodology as above, LAHD examined the trend towards organizational entity ownership. The largest increases in organization entity ownership were 30% for duplexes (an increase of over 6,400 units, an average of over 1,000 units per year) and 34% for triplexes (an increase of over 3,500 units, an average of almost 600 units per year). See Attachment A - Table 6.

Attachment A - Table 6

RSO Units Percentage of Organizational Entity Ownership per Year for Small Properties Years: 2018-2023									
Property Size	Total Units <sup>1</sup>	2018 <sup>2</sup>	2019	2020	2021	2022	2023	Unit Increase <sup>3</sup>	Percentage Increase <sup>4</sup>
Duplex	101,934	21,750	22,412	22,522	23,168	26,070	28,222	6,472	30%
Triplex	42,159	10,662	11,274	11,589	12,033	13,335	14,250	3,588	34%
Fourplex	55,708	19,280	20,224	20,832	21,152	22,944	24,204	4,924	26%
Fiveplex	19,145	8,435	8,965	9,245	9,655	10,190	10,620	2,185	26%
Sixplex	29,568	15,414	16,206	16,626	17,190	17,928	18,480	3,066	20%
Sevenplex	12,278	6,643	6,986	7,168	7,497	7,847	7,980	1,337	20%
Eightplex	33,736	19,672	20,384	20,864	21,664	22,368	22,960	3,288	17%
Nineplex	14,040	8,451	8,856	9,126	9,441	9,900	10,161	1,710	20%
Tenplex	19,370	12,250	12,700	12,860	13,130	13,790	14,230	1,980	16%

<sup>1</sup> Total units for each Property Size group  
<sup>2</sup> Total units and percentage owned by Organizational Entities per year  
<sup>3</sup> Unit increase from 2018 to 2023  
<sup>4</sup> Percentage change from 2018 to 2023

*Largest Owner Inventories of RSO Units in Small Properties*

An increase in inventories by the largest owners of 2- to 10-unit RSO properties is also apparent. The biggest owners of the City's small RSO properties significantly increased their inventory with 12 owners experiencing a double-digit percentage increase (see Attachment A - Table 7). Since 2018, three owners have more than doubled their total inventory.<sup>9</sup>

Owner #20 experienced the largest growth, increasing its inventory by over 600%, from 31 RSO units to 224 units. Owner #23 holds its 32 separate properties under 30 unique LLCs, with one LLC owning multiple properties acquired in a single transaction. Owner #23 is an exception in that the overarching owner is not a property management or real estate investment company but rather a natural person - with the business address for the LLCs being a single-family home. Each LLC's Statement of Information filed with the Secretary of State lists the same common person who is listed as the manager of all of the LLCs. Owner #23 does focus on specific areas of the City, as 42% of their units are located in South LA neighborhoods such as Adams-Normandie, Jefferson Park, Broadway-Manchester, Leimert Park, and Hyde Park. The other 38% of their units are located in the City's central region including the neighborhoods of Westlake, Pico-Union, East Hollywood, and Mid-City. Beyond small properties, Owner #23 also has an additional 29 RSO properties that are larger than 10 units, amounting to over 550 units. They also own four non-RSO properties comprising over 80 units. In total, Owner #23 has a city inventory of 864 units in 65 properties. Looking beyond the City, Owner #23 owns over 80 units in Inglewood, Gardena, and Burbank.

<sup>9</sup> The business mailing addresses for the largest owners of 2- to 10-unit properties were confirmed to be property management, real estate investment companies, or the single-family homes of natural persons

Owner #14 experienced the second largest inventory growth of nearly 200%, increasing its inventory from 106 units to over 300 units among 2- to 10-unit RSO properties. Owner #14 owns 46 separate properties under 17 unique organization entity names where properties within the same proximity are held under each LLC. All of Owner #14's inventory is concentrated in the San Fernando Valley, in the neighborhoods of North Hollywood, Van Nuys, Valley Glen, and Sun Valley. Beyond small properties, Owner #14 also owns 20 RSO properties larger than 10 units, amounting to an additional 400 units, and another 8 non-RSO properties totaling over 130 units. In total, Owner #14's City housing inventory is 841 units in 74 properties. As with the previous owner, Owner #14's common business mailing address is the on-site office of a large apartment complex where the business address for that building is Owner #14's single-family home. All Statement of Information records for each LLC having the same registered manager who is an overarching natural person

These case examples demonstrate that while small multifamily properties are most associated with being owned by small landlords, they also are targeted for acquisition by larger actors. The increased competition from larger actors will make it more difficult for prospective small landlords to enter the market for small multifamily properties. Furthermore, while most LLCs are linked to overarching property management and real estate investment companies, large actors can also be specific natural persons who own many LLC entities.

Attachment A - Table 7

<b>Largest Inventories of Small RSO Properties in 2023 and their Change Since 2018</b> 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%

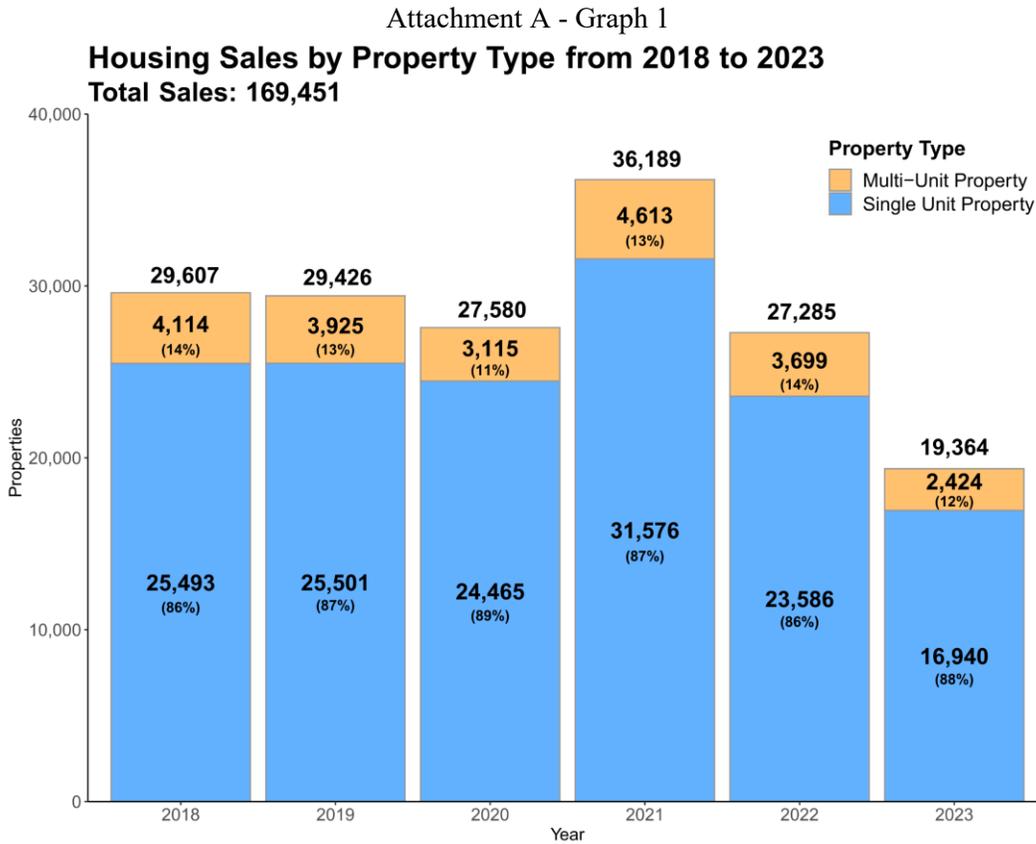
## **SALES DATA FINDINGS**

The RSO registration data is an annual point-in-time recording of ownership that is limited to the City's RSO housing stock. To understand the total number of housing transfers that occurred, LAHD examined sales data for single-family homes and 2- to 10-unit multifamily properties. Then LAHD categorized the data based on the most frequent buyers and sellers to identify the larger actors.

### *City of Los Angeles Sales from 2018 to 2023*

From 2018 to 2023 in the City of Los Angeles, there were over 169,000 sales of single-unit and multi-unit properties, with an average of about 29,000 sales per year. Single-unit properties, which include single-family homes and condominiums, represented 86% of all sales during the six-year period while multi-unit properties

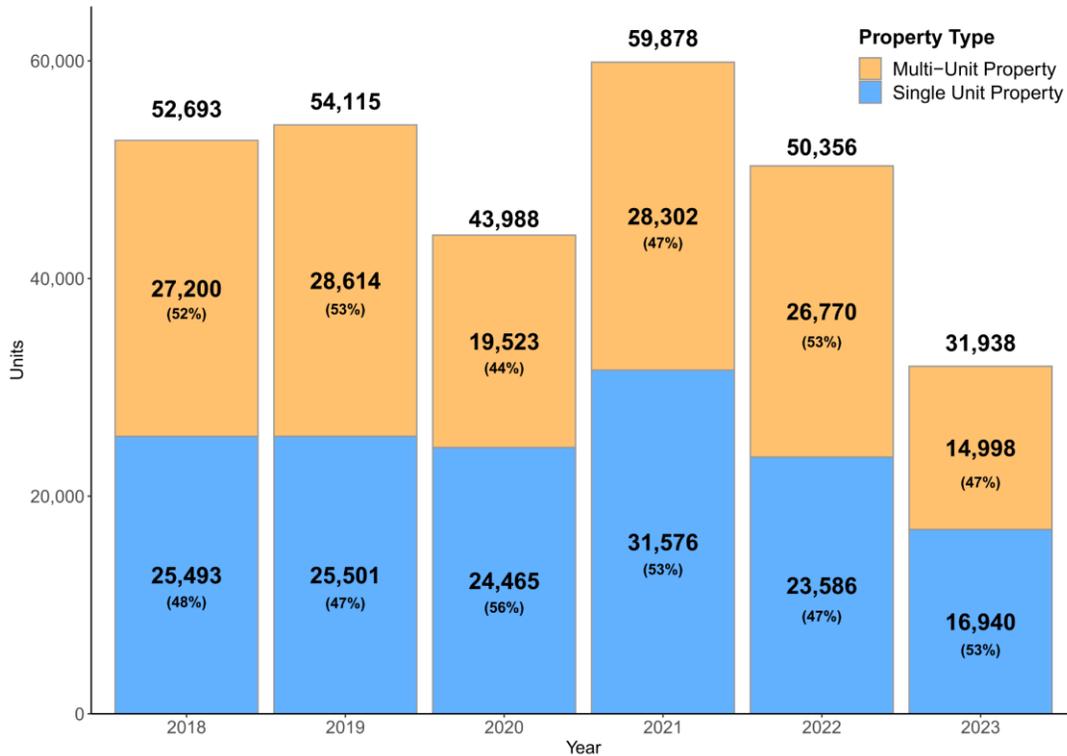
represented 14% of all sales (see Attachment A - Graph 1). Looking at the bar graph, we can see that sales on single-unit and multi-unit properties dropped in 2020, likely related to the start of the COVID-19 pandemic, but then sales spiked to their highest level in 2021 when mortgage interest rates dropped to around 3.15%. In 2023, as mortgage interest rates climbed to 7%, sales of single and multi-unit properties dropped to their six-year low.



While Graph 1 shows the number of *properties* sold, Attachment A - Graph 2 shows the number of *units* sold. Over the six-year period, nearly 293,000 housing units were sold, an average of over 52,000 units per year.

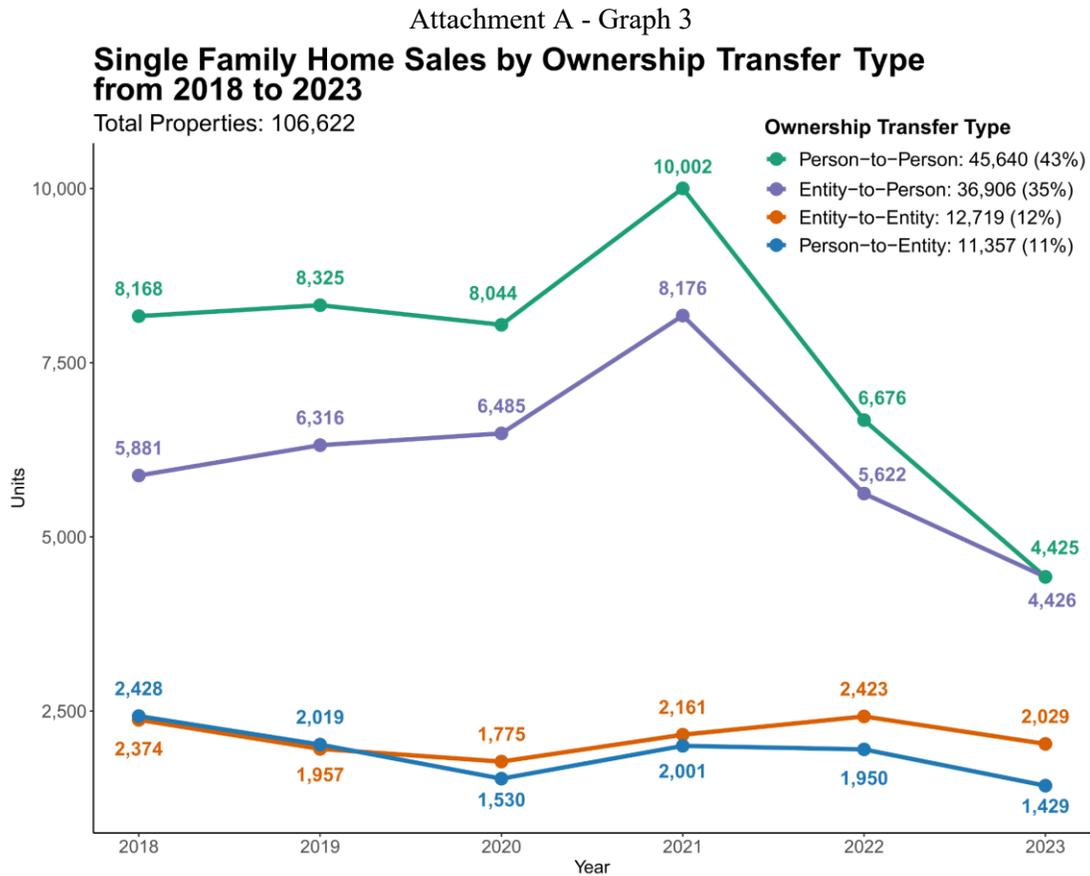
Attachment A - Graph 2

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



*Ownership Transfer Trends for Single Family Home Sales*

To determine which of the 147,561 single-unit sales were single-family homes, LAHD filtered the properties zoned for single-family home residential and determined that there were over 106,600 single-family home sales. To assess the extent to which single-family home transfers were happening from natural persons to organizational entities, an ownership transfer type category was created for each sale based on the owner type of the buyer and of the seller. Each sale resulted in one of four types of transfer classifications: “Person-to-Person,” “Person-to-Entity,” “Entity-to-Entity,” or “Entity-to-Person.” Attachment A - Graph 3 shows the trend in single-family home sales by owner and buyer type.



From 2018 to 2023, Person-to-Entity transfers accounted for 11% of all single-family home sales with a total of 11,357 over the six-year period, an average of about 1,900 per year. Entity-to-Entity transfers accounted for 12% of all the sales, with a total of 12,719 over the six-year period, an average of about 2,100 per year. Both of these transfer types exclude natural persons as purchasers. When combined, a total of 23%, totaling over 24,000 sales, were made to organizational entities. That results in an average of over 4,000 transfers per year made to organizational entities.

#### *Recurring Buyers and Sellers of Single-Family Homes*

The prior section provided a basic overview on the growing trend towards organizational entity ownership of single-family homes, but more important is the extent to which we can observe a growing inventory and identify actors who are likely acquiring homes not for permanent residency, but as investment strategies to grow their portfolio, to flip homes, or to hold and resell later. These business practices drive up sales prices, locking out many first-time homebuyers. LAHD sought to identify this behavior by looking at the owners that appeared most frequently in the sales transactions as both recurring buyers and recurring sellers, regardless if they were an organizational entity or natural person.

We defined “recurring” buyers and sellers of single-family homes as those who participated in three or more transactions during the six-year period, meaning they bought or sold a home an average of every other year. Using this standard, we identified an estimated 1,300 recurring buyers and an estimated 900 recurring sellers. We use

the term “estimated” because the business mailing addresses have substantial typos, extra spaces, and other small variations that make matching a time-intensive process. With the time and resources to conduct additional data cleaning of the business mailing addresses, more addresses could be conclusively linked to an entity.

Attachment A - Graph 4 shows the extent to which recurring buyers and sellers were involved in each ownership transfer type (Person-to-Person, Entity-to-Person, Entity-to-Entity, and Person-to-Entity) with the numbers tallied when the sales were completed by recurring sellers (column two), recurring buyers (column three), or when there were direct transfers from recurring sellers to recurring buyers (column four). The final two columns show the total count of their sales and the percentage they represent for each ownership transfer type.

Recurring buyers and sellers are found across all ownership transfer types both as organizational entities and natural persons. The largest count of recurring buyers occurred in Person-to-Entity transfers with over 3,800 home sales sold by a person and bought by an entity. The largest count of recurring sellers was from Entity-to-Person transfers with over 5,000 homes sold by an entity and bought by a person. While recurring buyers and sellers are more common among organizational entities, natural persons can also be recurring buyers and sellers found. Over 1,500 homes sold in Person-to-Person transfers were from natural person recurring buyers and sellers.

Overall, recurring buyers and sellers of single-family homes accounted for 15% of all sales during the six-year period with 15,791 transfers, or an average of over 2,600 homes per year. These numbers provide us with a better glimpse of how many single-family homes transactions are likely to be made as investment or flipping strategies.

Attachment A - Graph 4

Single Family Home Sales from Recurring Buyers & Sellers by Ownership Transfer Type <sup>1</sup>					
Years: 2018-2023					
Ownership Transfer Type (All Sales)	Individual Recurring Seller Sales <sup>2</sup>	Individual Recurring Buyer Sales <sup>3</sup>	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%
<b>Total (106,622)</b>	<b>7,005</b>	<b>8,281</b>	<b>505</b>	<b>15,791 (15%)</b>	

<sup>1</sup> Recurring buyers and sellers are defined as owners who bought or sold 3 or more single family homes, respectively, between 2018-2023

<sup>2</sup> Estimated recurring sellers: 939

<sup>3</sup> Estimated recurring buyers: 1,334

*Top Buyers and Sellers of Single-Family Homes*

In the top 25 recurring buyers and sellers, there is considerable overlap - over half of recurring buyers are also on the list of recurring sellers (See Attachment A - Graph 5).

Owner A, the top recurring buyer and seller, is Wedgewood Homes who acquired almost 300 homes and sold nearly 400 homes. As stated in the background section, Wedgewood is a national real estate investment company whose primary business model is flipping foreclosed single-family homes. Wedgewood recently settled a state lawsuit that alleged it engaged in unlawful evictions and harassment.<sup>10</sup> Between 2018 to 2023, 81% of their purchases were resold in less than a year at an average price increase of 33%, or about \$223,000 over the purchase price. On average, Wedgewood purchased at \$667,300 and within a year, sold at \$890,300. Wedgewood Homes focused on the San Fernando Valley which accounted for 53% of their flipped homes, including the neighborhoods<sup>11</sup> of Winnetka, Granada Hills, Lake Balboa, Sylmar, West Hills, Northridge, Pacoima, Woodland Hills, Panorama City, and Reseda. And 38% of Wedgewood's flipped homes were in South LA including the neighborhoods of Green Meadows, Gramercy Park, Baldwin Hills/Crenshaw, Leimert Park, Hyde Park, Vermont Knolls, and others. Wedgewood also acquires homes outside of the City, purchasing over 300 units in about 20 other cities within Los Angeles County.

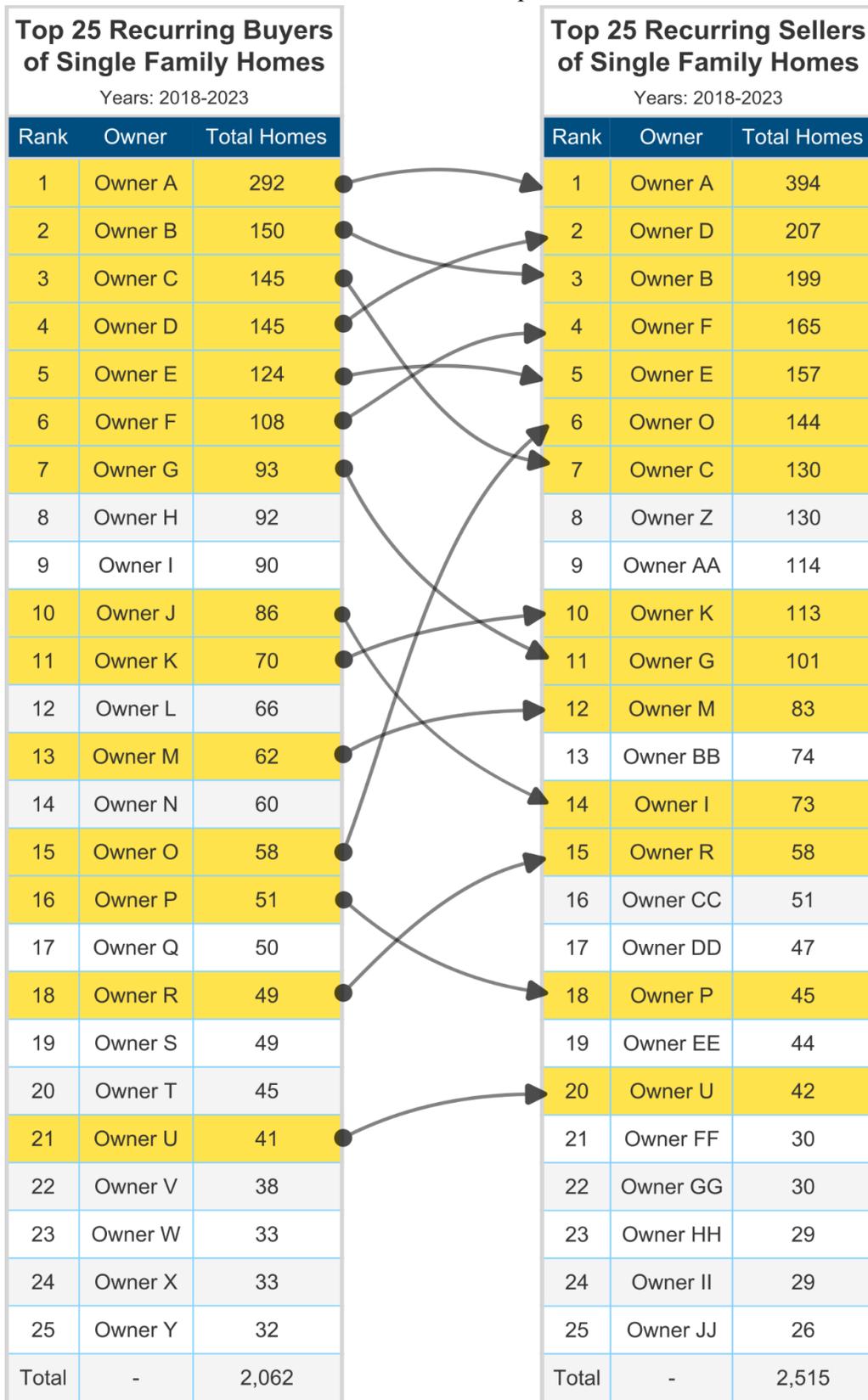
<sup>10</sup> [The People of California v Wedgewood LLC](#)

<sup>11</sup> Neighborhoods were identified using the [LA Times Neighborhood Boundaries](#)

Owner B, in contrast, is not a large real estate investment company but a single LLC entity linked to an overarching natural person who acquired 150 homes and sold nearly 200 within the six-year period. Owner B conducted property flipping: of the 150 acquisitions, 90% of the homes were resold in less than a year with an average price increase of 41%. Owner B purchased at an average price of \$441,700 and sold them within one year at an average of \$620,702 – an average increase of \$179,000 in the sale price. Owner B focused in South LA as 57% of the properties were located in the neighborhoods of Vermont Vista, Green Meadows, Harvard Park, Hyde Park, Gramercy Park, along with others. Additionally, 29% were in the San Fernando Valley neighborhoods of Sun Valley, Sylmar, Pacoima, Arleta and others.

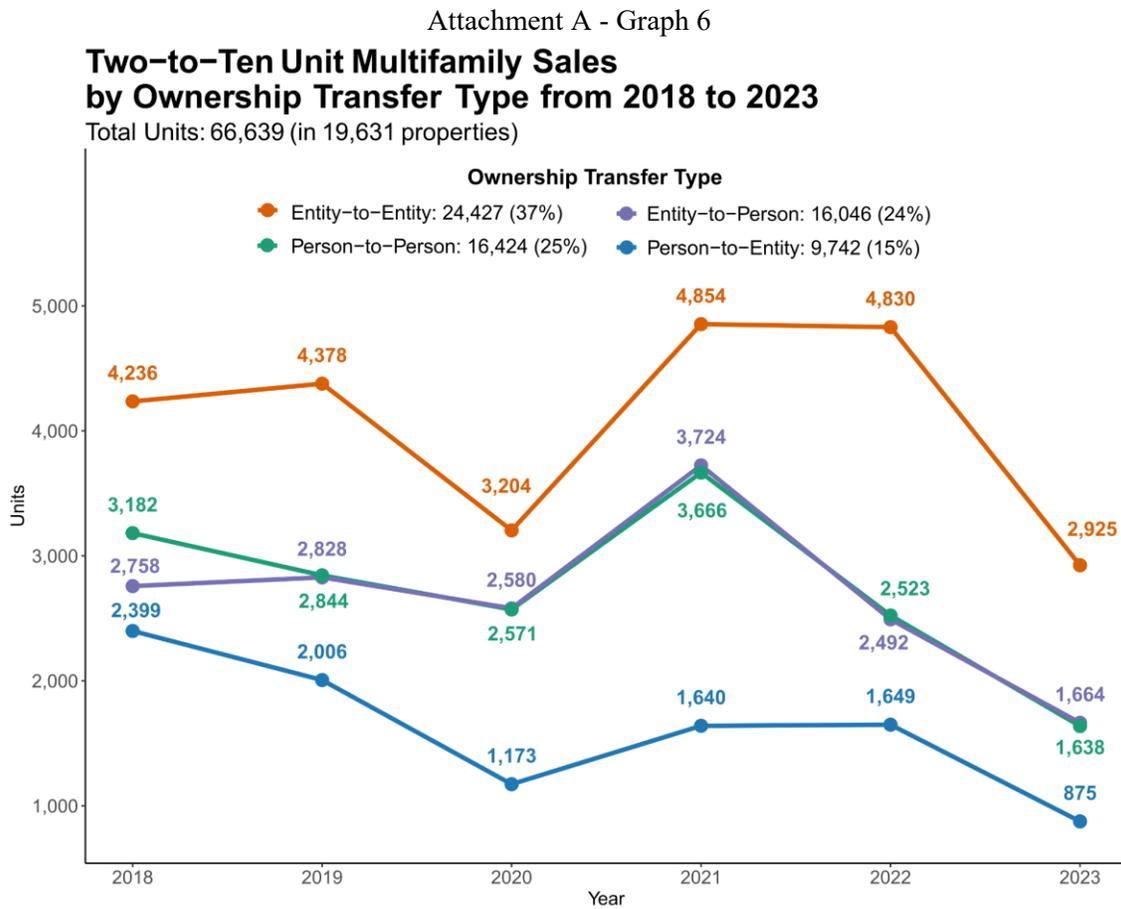
These case examples illustrate the business model of property flipping where an owner buys a home and then sells within a year, profiting from the difference between the purchase and sales price. This likely makes it more difficult for a first-time homebuyer to acquire a home because they are competing against sophisticated and large entities that can pay cash. While some property flippers may add value by improving the property before selling it, the flipping increases the sales price. Both at the front end when it acquires the home, and the back end when it sells the home, the entity makes it more difficult and expensive for an individual person to buy a home.

Attachment A - Graph 5



*Ownership Transfer Trends for 2-10 Unit Small Multifamily Properties*

To focus on the city's smaller multifamily rental stock that may be more likely to be owned by small landlords, LAHD filtered the sales data to include only 2- to 10-unit properties. From 2018 to 2023, there were over 19,600 sales of 2- to 10-unit properties, totaling over 66,600 units. The largest share, 37%, amounting to over 24,400 units were Entity-to-Entity sales, an average of over 4,000 per year (see Attachment A - Graph 6). Person-to-Entity sales represented 15% of the transaction, with over 9,700 units, or an average of over 1,600 per year. When these transfer types are combined, transfers to entities constitute over half (51%) of the units sold, over 34,000 units, or nearly 5,700 units per year.



*Recurring Buyers and Sellers of Two-to-Ten Unit Small Multifamily Properties*

While there is a trend towards organizational entity ownership of 2- to 10-unit small properties, as discussed above, the more harmful impacts on small owners and tenants are when the owners are large owners who are expanding their portfolio or are flipping properties. To identify these actors, LAHD compiled a list of the top recurring buyers and sellers, regardless of whether they are a natural person or organizational entity.

As with single-family home sales, we defined “recurring” buyers and sellers of 2- to 10-unit small properties as those who had three or more transactions during the six-year period. Using this standard, we identified an estimated 360 recurring buyers and an estimated 530 recurring sellers. While most of the recurring buyers & sellers are organizational entities, there were also a number of natural persons. For the recurring buyers and sellers, we used their business mailing addresses to identify the transactions they were involved in and then categorized the transaction by the four ownership transfer types (see Attachment A - Graph 7).

Graph 7 shows the extent to which recurring buyers and sellers were involved in each ownership transfer type by units sold. Similar to single-family homes, recurring buyers and sellers are found across all ownership transfer types both as organizational entities and natural persons. Entity-to-Entity transfers had the largest count of both recurring buyers with over 5,300 units acquired and recurring sellers with over 3,100 units sold. In addition, over 1,700 of the units were direct transfers from recurring sellers to recurring buyers. In total, over 10,000 of the Entity-to-Entity units transferred were from recurring buyers and sellers. Natural person recurring buyers and sellers were involved in over 1,300 units sold for Person-to-Person transfers, over 1,000 units as the buyer in Entity-to-Person transfers, and over 400 units as the seller in Person-to-Entity transfers.

Overall, from all the units sold in 2- to 10-unit small properties, recurring buyers and sellers accounted for 28% of the units transferred, nearly 18,400 units, or an average of 3,065 units per year. These numbers provide us a better glimpse of how many 2- to 10-unit small property transactions are likely to be from non-small landlords who are growing their housing portfolio or who acquire with the intention of not being a permanent landlord but to resell as an investment strategy.

Attachment A - Graph 7

Two-to-Ten Unit Small Property Sales by Recurring Buyers & Sellers by Ownership Transfer Type <sup>1</sup>					
Years: 2018-2023					
Ownership Transfer Type (All Units Sold)	Individual Recurring Seller Units Sold <sup>2</sup>	Individual Recurring Buyer Units Sold <sup>3</sup>	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%
<b>Total (66,639)</b>	<b>6,271</b>	<b>9,787</b>	<b>2,337</b>	<b>18,395 (28%)</b>	

<sup>1</sup> 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  
<sup>2</sup> Estimated recurring sellers: 367  
<sup>3</sup> Estimated recurring buyers: 534

### *Top Buyers and Sellers of 2-10 Unit Small Multifamily Properties*

Similar to the findings in single-family homes, there is an overlap among the top recurring buyers and sellers of 2- to 10-unit small multifamily properties. Among the top 25 recurring buyers and sellers, 11 owners are on both lists (see Attachment A - Graph 8).

Wedgewood Homes (listed as Owner I) again makes both lists, showing they are active in acquiring both single-family homes and small multifamily properties being ranked #9 in the recurring buyer list and ranked #3 in the recurring seller list. Similar to their approach with single-family homes, Wedgewood Homes flips small multifamily properties: 66% of the properties were resold in less than one year, and at an average price increase of 34%. With an average purchase price of \$656,000 and average sales price of \$878,379, Wedgewood sold the properties at an average increase of \$222,379. In small multifamily property transactions, Wedgewood focused in South LA with 47% of their flipping occurring in the neighborhoods of Florence, Vermont Square, Leimert Park, South Park, and others. Another 30% of their transactions were in the Central region of the City including the neighborhoods of Mid-City, Echo Park, Westlake, East Hollywood, and others.

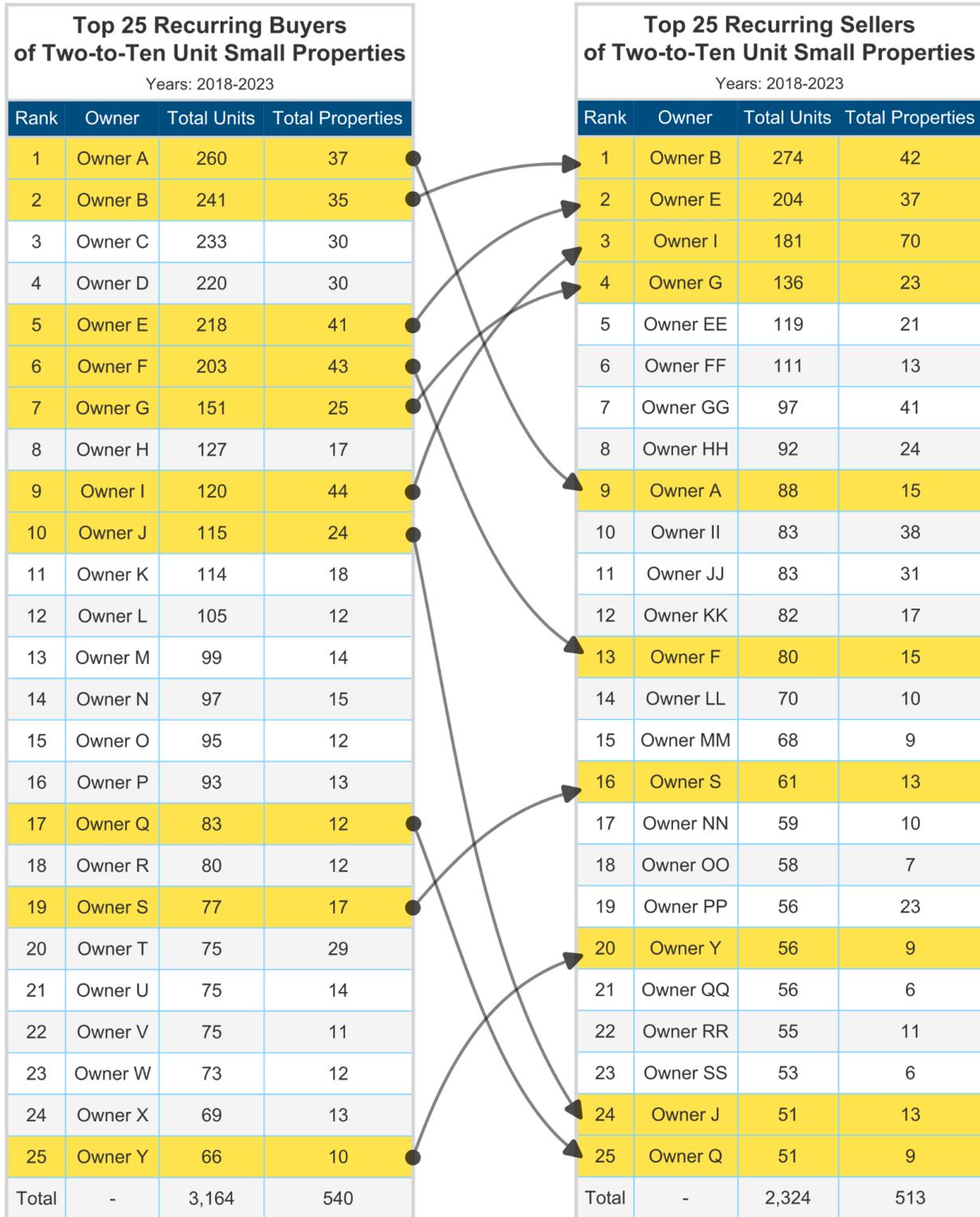
Owner B, a large regional real estate investment and property management company, is ranked #2 in the recurring buyer list and ranked #1 in the recurring seller list. From their acquired properties, 37% were resold in three years, at a 23% price increase. The average purchase price was \$1,105,800 and the average sales price was \$1,363,923, with an average increase of about \$258,154. LAHD looked at County Assessor records to determine if any of the remaining sold properties<sup>12</sup> were acquired pre-2018 and resold within the first few years of the six-year period. LAHD found the same pattern as 28% of the remaining sold properties were acquired before 2018 and were resold within three years. Owner B's purchases occurred throughout the City with 46% of the acquisitions in the East-Northeast region in the neighborhoods of El Sereno, Boyle Heights Highland Park, and Lincoln Heights. 22% were located in the Harbor region of Wilmington, San Pedro, and Harbor Gateway. And 21% were located in the South LA neighborhoods of Watts, Vermont Knolls, and Vermont-Slauson. In 2023, Owner B owned an RSO inventory of 606 units in 65 properties and a non-RSO inventory of 413 units in 20 properties. Beyond the City, they owned 3,800 multifamily housing units in other areas of Los Angeles County.

These case examples illustrate how the acquisitions of small multifamily properties from large actors can result in practices of property flipping that drive up acquisition costs, and increasing inventories that make it difficult for smaller operators to participate in the market place. And to determine the full inventory of these large actors, LAHD would need to look beyond City boundaries to see their entire inventory across the County.

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<sup>12</sup> Excluding the 37% of properties that were acquired and resold within 3 years between 2018 and 2023

Attachment A - Graph 8



## **CONCLUSION**

The study provides a foundation to understand the trend from 2018 to 2023 towards organizational entity ownership of the City's housing stock. This foundational analysis provides the City with some insight on which direction it can go to more comprehensively explore the business practices of rapid ownership growth, property flipping, acquisitions of distressed or foreclosed properties, and other questions regarding the use of organizational entities by small landlords and generally the estimated count of small landlords across the City. LAHD recommends the City Council direct the Department to conduct further analysis in one or more of the following categories:

**OPTION 1 - Rapid Ownership Growth and Renter Displacement Risk:** Expand the analysis of identifying owners whose inventories are rapidly growing across the City. Then examine the displacement risk for renters by looking for patterns of problematic landlord behavior in LAHD data including but not limited to: RSO complaints, TAHO complaints, code complaints, eviction filings, and buy-out agreements.

**OPTION 2 - Property Flipping:** Expand the analysis on property flipping trends across the City to identify the actors whose primary business model is property flipping, the type of renovations that occur when purchased by a flipper, whether existing tenants are likely to be permanently displaced by renovations, how soon after purchase properties are flipped, how much the sales price increases over the acquisition price, and in which neighborhoods that flipping is mostly likely to occur. Data to be examined include First American sales data and Building & Safety permit data.

**OPTION 3 - Acquisition of Properties from Distressed Small Landlords and Homeowners:** Analyze the extent to which distressed small landlords and homeowners that fall behind on their mortgage payments lose their properties to larger actors acquiring via short-sales or foreclosure. Data to analyze would include the City's Foreclosure Registry Program and First American sales and foreclosure data.

**OPTION 4 - Use of Organizational Entities by Small Landlords:** Analyze the extent to which small landlords create organizational entities such as LLCs and Trusts to hold their properties (typically done via 'Quitclaim Deed' transfers). Data to be examined is First American's non-sale transfer data.

**OPTION 5 - Distinguishing Smaller Landlords from Larger Landlords:** Expand the analysis of property owner inventories to include all of Los Angeles County, not just the City, to better distinguish small from large landlords. The distribution of housing ownership can then be analyzed to identify the percentages of ownership at different threshold levels, for example how many landlords own 10 or less units, 5 or less units, 2 or less units, etc. Data to be examined is Rent Stabilization (RSO) and Just Cause (JCO) Registration Data along with LA County Assessor Data.