

## RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, California has an unprecedented shortage of housing. According to California Housing Partnership Corporation, 1,299,120 low-income renter households in California do not have access to an affordable home; and

WHEREAS, one observer and researcher of the Great Recession found that foreclosed properties in the urban core and inner-ring suburbs of the Los Angeles region were much more likely to be purchased by corporate investors rather than owner-occupants, signaling a longer-term transfer of wealth out of the hands of Black and Latino communities by and into those of real estate investors that were able to sweep up foreclosed properties during the Great Recession; and

WHEREAS, currently, 500,000 properties in California are owned by corporations, and over 250,000 properties are owned by entities that own 10 or more properties; and

WHEREAS, 67% of rental units in Los Angeles are owned by investment vehicles according to a recent report by Strategic Action for a Just Economy (SAJE); and

WHEREAS, growing research suggests that large corporate landlords are more likely to acquire available homes, raise rents, evict tenants, and operate rental units with habitability issues, as compared to smaller mom and pop landlords; and

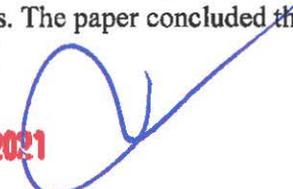
WHEREAS, tenants, tenant advocates, and local officials often report that they do not know who truly owns their home or a particular property in the community, because owners hide behind Limited Liability Corporations and similar legal structures, despite the fact that property records and ownership have been historically transparent in America for the good of the public. The rise of LLCs and other legal entities has made it harder for tenants to know who owns their home and how to address problems, as well as making it harder for law enforcement agencies to investigate and prosecute crimes, such as money laundering; and

WHEREAS, COVID-19 has created physical, emotional and financial distress for millions, with the federal Consumer Financial Protection Bureau finding that 11 million Americans are worried about imminent foreclosure or eviction for failure to make housing payments; and

WHEREAS, nearly one-fifth (17%) of renters in California — over 2 million families — were behind in their rent payments as of the beginning of January 2021; and

WHEREAS, recent analysis by Neighborhood Housing Services of LA County and the UCLA Center for Neighborhood Knowledge found that compared with non-Hispanic Whites, African American households experienced more pandemic job losses resulting in financial difficulties in paying for usual household expenses, are nearly one and a half times as likely to have difficulty paying a mortgage, feel less financially secure about the immediate future and are over twice as likely to have low confidence in meeting next month's mortgage payments. Further, the foreclosure notice rate is over one and a half times as great in Black neighborhoods. The paper concluded that thousands of African Americans will lose their homes if no actions are taken; and

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WHEREAS, currently pending before the California State Assembly is AB 1199 (Gipson) which would require disclosure to the Secretary of State's Office of the beneficial owners of a corporation, Limited Liability Company, Limited Partnership, Trust, or any other similar entity that owns property in California; and

WHEREAS, these disclosures would include the number of units for each qualified property owned by such corporations, Limited Liability Companies, Limited Partnerships, Trusts and similar entities entity in the previous calendar year that were offered for rent or lease; and

WHEREAS, AB 1199 would require the Secretary of State to create a searchable database, updated annually, on the Secretary of State's internet website, with the information provided by such corporations, Limited Liability Companies, Limited Partnerships, Trusts and similar entities; and

WHEREAS, AB 1199 would further create an excise tax on large corporate landlords that own 10 or more single family properties, or 25 or more single and multifamily properties, in this state during the calendar year, in order to discourage the further consolidation and commodification of single family homes, to create opportunities for families to purchase homes and build wealth, and to fund essential services. It is the intent of the Legislature to enact legislation that would increase the tax rate based on the overall number of properties and if the landlords receives a certain number of code violations issued by the building department or health department of a city or county; and

WHEREAS, the revenue generated from this excise tax would be disbursed into The Homes for Families Fund which shall be created in the State Treasury, and where the dedicated and eligible uses of the funds would include: rental assistance and relief for California tenants; support for legal services to prevent evictions, harassment, and violations of law by landlords; providing services and programs for persons experiencing homelessness; supporting the preservation and production of affordable housing, housing counseling services to promote home ownership; job training apprenticeship programs; and support for landlords that own fewer than 10 properties and have lost rental income from tenants due to COVID-19.

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2020-2021 State Legislative Program SUPPORT for AB 1199 (Gipson) which would create transparency relating to property ownership in the state, and impose a tax on larger corporate landlords with revenue generated from the tax going to support critically needed services such as homebuyer education, tenant and mom and pop landlord relief, homeless prevention, and job training apprenticeship programs.

PRESENTED BY:   
MONICA RODRIGUEZ  
Councilwoman, 7th District

SECONDED BY: 