

MOTION BY SUPERVISORS HILDA L. SOLIS
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**Exploring Options to Require the Disclosure of Beneficial Ownership & Mitigating
Predatory Practices by Corporate Landlords**

The COVID-19 pandemic has exposed and deepened social and economic inequalities in Los Angeles County (County) – with the burden of the crisis affecting the most vulnerable low-income communities, especially those of color. County residents are now exposed to high unemployment and economic hardship at a moment in our history when unaffordable rental rates have left many residents rent-burdened. The availability and cost of rental housing is being driven by several factors, including speculative real estate.

Previous moments of crisis, including the Great Recession, have set the stage for the current crisis in relation to the housing market and control of residential property in the County. The Great Recession signaled a transfer of wealth out of low-income communities of color and into the ownership of corporate investors and “company landlords” – landlords listed as Limited Liability Companies (LLC), Corporations (Inc.),

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and Limited Partnerships (LP). A study conducted by the Luskin Institute on Inequality and Democracy found that between 2005 and 2015, the number of LLC residential units acquired increased by 121%- with a concentration of acquisitions of foreclosed homes in high-poverty neighborhoods in the County.¹

Major municipalities in the U.S., including the County, have become venues for “hot” spots of speculative real estate investments where investors purchase properties with the intent of reselling at a higher price shortly thereafter. The infusion of cash by real estate owned (REO) property investors has contributed to the housing affordability crisis in the County, putting single-family homes out of reach for first-time homebuyers and County residents. Wealthy investors have purchased residential properties through the use of LLC’s, Inc.’s, LP’s, and shell companies to remain anonymous, sometimes using multiple layers of legal channels to make them virtually untraceable. Studies have shown that these corporate landlords engage in predatory behaviors- subjecting residents to harassment, displacement, and unsafe living conditions- to extract additional financial profit.²

Currently, the County and the State do not require owners to disclose their real identities when they register an LLC or purchase a property. It is important that the County works with the State to develop strategies that will hold corporate landlords accountable by requiring the disclosure of beneficial ownership and by providing the public transparent data on ownership schemes when properties are sold, transferred or purchased.

¹ Graziani et al., “Who Profits from Crisis? Housing Grabs in Times of Recovery”

² Fields, “Unwilling Subjects of Financialization.”

I, THEREFORE, MOVE that the Board of Supervisors:

1. Direct the Acting County Counsel in consultation and collaboration with the Acting Chief Executive Officer, Registrar-Recorder/County Clerk (RR/CC), the Treasurer and Tax Collector (TTC), the Department of Consumer and Business Affairs (DCBA), and other relevant Departments to report back prior to the January 26th Board of Supervisors meeting with an analysis of current laws and regulations, legislative recommendations, funding, and legal options regarding the following:
 - a. Requiring the disclosure of beneficial ownership (i.e. the natural person who reaps the profit associated with ownership) of Limited Liability Companies (LLC), Corporations (Inc.), and Limited Partnerships (LP) purchasing residential real estate within the unincorporated areas of the County of Los Angeles;
 - b. Potential regulation for "flippers" or speculators who sell a non-owner-occupied residential property shortly after purchase within the unincorporated areas of the County of Los Angeles; and
 - c. Enhancements of the County's ordinances, policies, and procedures to provide additional protections to tenants who are subjected to such predatory practices by corporate landlords.
2. Request the Assessor, in consultation and collaboration with other relevant Departments, to report back within 60 days with a breakdown of the residential units currently owned by Limited Liability Companies (LLC), Corporations

(Inc.), and Limited Partnerships (LP) in the unincorporated areas of Los Angeles County.

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