



CITY OF BEVERLY HILLS

455 NORTH REXFORD DRIVE ▪ BEVERLY HILLS, CALIFORNIA 90210

Robert Wunderlich, Mayor

September 13, 2021

The Honorable Mike Gipson
California State Assembly, 64th District
State Capitol, Room 3173
Sacramento, CA 95814

Re: AB 889 (Gipson) Business entities: landlords: reporting requirements
City of Beverly Hills – SUPPORT

Dear Assemblymember Gipson,

On behalf of the City of Beverly Hills, I am pleased to write to you in SUPPORT of your AB 889, which requires landlords who hold rental property in the name of a corporation or limited liability company to report the identity of the beneficial owners of the property to the California Secretary of State.

Historically, in the United States, the true owners of residential real estate properties have been publicly available through county recorders' offices. However, for more than a decade, the increase of all-cash purchases by corporations have begun to end that transparency. Currently, properties all over California are being purchased by anonymous companies. According to the Federal Reserve, institutional investors often offer higher bids for housing than conventional buyers. When coupled with the housing shortage, this competition can make it harder for low- and middle-income people to purchase a home. Additionally, some research shows that institutional investors are more likely to evict tenants than other types of landlords.

Many of these large corporations also hide behind a web of Limited Liability Companies (LLC). This kind of anonymous ownership can make it difficult to trace ownership patterns in the rental market, enabling slumlords to evade responsibility by hiding behind shell companies, and facilitate the use of rental property as a way to launder money obtained illegally. This phenomenon of individuals hiding their identity in property purchases through LLCs is a recent development, but it is increasing rapidly. In 1991, the Census Bureau reported that 92 percent of all rental properties were owned by named individuals. Today, according to the Treasury Department, all-cash transactions account for 25 percent of all residential purchases nationwide.

AB 889 provides much-needed transparency to the rental property industry requiring landlords who hold residential rental property in the name of a corporation or LLC to report the identity of the “beneficial owners” of the corporation or LLC to the California Secretary of State’s Office.

For these reasons, the City of Beverly Hills is pleased to SUPPORT your AB 889. Thank you for authoring this important measure.

Sincerely,

A handwritten signature in cursive script that reads "Robert Wunderlich".

Robert Wunderlich
Mayor, City of Beverly Hills

cc: Members and Consultants, Senate Appropriations Committee
Members and Consultants, Senate Judiciary Committee
The Honorable Ben Allen, 26th Senate District
The Honorable Richard Bloom, 50th Assembly District
Andrew K. Antwih, Shaw Yoder Antwih Schmelzer & Lange