

April 7, 2016



Quality Housing • Ethics • Professionalism



The Honorable Ian Calderon
California State Assembly
State Capitol, Room 2148
Sacramento, CA 95814

RE: AB 2282 (Calderon) – Limits Rental Housing – Oppose

Dear Assembly Member Calderon:

On behalf of the members of the California Apartment Association, I am writing to inform you that the Association has taken an oppose position on AB 2282, your bill that, as proposed to be amended, will place mandates on the ownership of single family home rentals in California.

The mission of the California Apartment Association is to provide information, products and services that contribute to the success and ownership of rental housing in California. *Your bill, despite your intent to limit ownership of rental homes by large-scale buy-to-rent investors, requires that all owners of single family rental homes in California register annually with the Department of Business Oversight.* This is extremely overreaching at a great cost to the State of California with no clear benefits except to collect and make public the data.

A large portion of single family home rentals in California are owned and managed by “mom and pop” minority families who use the rental homes for their family savings and retirements. These families provide some of the most affordable housing in the state.

While the bill mandates data be collected in a “way that protects the privacy of tenants,” it does nothing to protect the privacy of millions of California’s small property owners. The fact that the property address and the number of single family rentals in a designated ZIP code will be listed on a public Web site is - in and of itself - an invasion of the property owner’s and tenant’s privacy. It will certainly discourage small property owners from investing in real estate.

During our recent foreclosure crises in which millions of single family homes throughout the United States were foreclosed upon, some large scale organizations did, in fact, purchase distressed properties in California; they made extensive repairs to them and offered them for rent. If not for the investment of these companies, many of these homes would still remain vacant, boarded up, and deteriorating, exposing them to trespassers, squatters, and graffiti, endangering our neighborhoods. By putting these homes back on the market for rent, these companies have helped to alleviate our lack of available housing in California and have supported the housing recovery in the areas where they have purchased. Rental companies bought these homes because there was a limited ability for individuals and families to buy them given the tightening of credit after the crises.

In a study by members of the Federal Reserve of Governors, they report that, “Despite the large amount of attention that these purchases have attracted, we find that buy-to-rent investors have been a very small share of the aggregate

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market, comprising 1 to 2 percent of all single-family purchases from 2012 to 2014. In contrast, purchases by other investors accounted for 18 to 19 percent of single-family home purchases during the same period.” They further noted that “. . . this activity also increased the supply of high-quality rental housing, which may benefit a different segment of the population by providing households a way to live in single-family housing and neighborhoods, even if they cannot obtain a mortgage.”¹

The California Apartment Association is the largest statewide rental housing trade association in the country, representing owners and managers who are responsible for over two million rental units throughout California. Thank you for your consideration of our concerns.

Sincerely,

CALIFORNIA APARTMENT ASSOCIATION

A handwritten signature in black ink, appearing to read 'D. Carlton', with a long horizontal line extending to the right.

By
Debra L. Carlton
Senior Vice President Public Affairs

cc: Assembly Housing and Community Development Committee

¹ <https://www.federalreserve.gov/econresdata/feds/2015/files/2015084pap.pdf>