

AMENDED IN SENATE AUGUST 8, 2016

AMENDED IN SENATE JUNE 20, 2016

AMENDED IN ASSEMBLY MAY 31, 2016

AMENDED IN ASSEMBLY APRIL 25, 2016

AMENDED IN ASSEMBLY APRIL 12, 2016

AMENDED IN ASSEMBLY APRIL 4, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## ASSEMBLY BILL

**No. 2282**

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**Introduced by Assembly Member Calderon**

February 18, 2016

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An act to add Section 65009.5 to the Government Code, relating to ~~housing~~, *housing, declaring the urgency thereof, to take effect immediately.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 2282, as amended, Calderon. Rental housing: large-scale buy-to-rent investors: data collection.

Existing law, the Planning and Zoning Law requires cities and counties to prepare and adopt a general plan for their jurisdictions that contains certain mandatory elements, including a housing element. Existing law requires the housing element to include, among other things, an inventory of land suitable for residential development and to make adequate provision for the existing and projected needs of all economic segments of the community. Existing law states legislative findings declaring that the preservation and enhancement of

opportunities for homeownership are beneficial to the well-being and prosperity of the people of the state.

This bill would establish the Task Force on Institutional Investors within the Bureau of Real Estate, under the leadership of the Real Estate Commissioner. The bill would require the task force, on or before July 1, 2018, to submit to the Governor and the Legislature a report that includes information regarding how many large-scale buy-to-rent investors own property in the state for the purpose of renting the property, which regions of the state their investment activity is occurring, the number, density, and percentage of single-family homes each large-scale buy-to-rent investor owns, an analysis of the potential impacts of their investments, as specified, *data on how the structure of the investment instruments in which properties in California are held*, and recommendations on how to increase homeownership among the residents of ~~California~~. *California and the tracking and monitoring of large-scale buy-to-rent investor holdings*. The bill would make various findings and declarations in this regard.

*This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 65009.5 is added to the Government  
2 Code, to read:  
3 65009.5. (a) (1) It is the intent of the Legislature in enacting  
4 this provision to analyze the impacts on the real estate market in  
5 California of the investment activities of large-scale buy-to-rent  
6 investors that, since October 2013, have involved a mortgage-based  
7 security supported by the revenue from single-family rental  
8 properties.  
9 (2) The emergence of this type of security is likely to grow and  
10 scale institutionally owned single-family rental homes to a level  
11 that is, at this time, unknown. However, with home prices currently  
12 approaching record highs, yet with homeownership at historic  
13 lows, it is important to understand the size and scope of investor  
14 activity of single-family homes and the impacts it has on the real  
15 estate market in California.

1 (3) It is in the best interest of the State of California to help  
2 ensure, to the extent feasible, that families and individuals are able  
3 to become homeowners.

4 (4) Large-scale buy-to-rent investors own more single-family  
5 homes than any other population in the United States, a market  
6 once dominated by local, private owners.

7 (5) *It is critical to know to what extent these new investors are*  
8 *crowding out potential owner-occupants or artificially inflating*  
9 *home prices.*

10 (6) *Before any meaningful legislative action takes place, more*  
11 *data needs to be collected and analyzed to ensure the proper*  
12 *oversight over this new investment activity. There is currently*  
13 *insufficient data to properly categorize the problem, and while the*  
14 *impacts are currently unknown, families and other first-time*  
15 *homebuyers are certainly put at a disadvantage when having to*  
16 *compete against a large investment firm. This can exacerbate*  
17 *income inequality issues in the state and must be addressed sooner*  
18 *rather than later to protect the American Dream of buying and*  
19 *owning a home.*

20 (7) *To the extent these investments are geographically clustered,*  
21 *they could have unintended ripple effects across regions throughout*  
22 *California and should be examined more closely. Should the*  
23 *Legislature wait longer to gather and analyze the appropriate*  
24 *data, thousands more homes could be off the market for purchase*  
25 *by families and other first-time homebuyers.*

26 (b) (1) To ensure that the citizens of California preserve the  
27 ability to become homeowners and are not overtly challenged by  
28 institutional investors in the real estate market, the Task Force on  
29 Institutional Investors, hereafter referred to in this section as “the  
30 task force,” is hereby created in the Bureau of Real Estate. Under  
31 the leadership of the Real Estate Commissioner, the task force  
32 shall examine the impacts that large-scale buy-to-rent investors  
33 are having on the real estate market in California.

34 (2) The membership of the task force shall be as follows:

35 (A) The Real Estate Commissioner, or his or her designee, who  
36 shall serve as the chair of the task force.

37 (B) A professor from either the University of California or the  
38 California State University with an extensive background and  
39 knowledge of the real estate market, to be appointed by the  
40 Governor.

1 (C) A local government official with an extensive background  
2 and knowledge of the real estate market, to be appointed by the  
3 Governor.

4 (D) A real estate expert, to be appointed by the ~~President pro~~  
5 ~~Tempore of the Senate~~. *Senate Committee on Rules.*

6 (E) A real estate finance expert, to be appointed by the Speaker  
7 of the Assembly.

8 (F) *A legal services expert with expertise on homeownership*  
9 *from northern California, to be appointed by the Speaker of the*  
10 *Assembly.*

11 (G) *A legal services expert with expertise on homeownership*  
12 *from central California, to be appointed by the Governor.*

13 (H) *A housing counselor certified by the United States*  
14 *Department of Housing and Urban Development from southern*  
15 *California, to be appointed by the Senate Committee on Rules.*

16 (I) *An expert from a county assessor's office, to be appointed*  
17 *by the Governor.*

18 (3) The Bagley-Keene Open Meeting Act (Article 9  
19 (commencing with Section 11120) of Chapter 1 of Part 1 of  
20 Division 3 of Title 2 of the Government Code) shall apply to  
21 meetings of the task force.

22 (c) On or before July 1, 2018, the task force shall submit to the  
23 Governor and the Legislature a report that includes, but is not  
24 limited to, all of the following:

25 (1) Information regarding how many large-scale buy-to-rent  
26 investors own property in the state for the purpose of renting the  
27 property, and which regions of the state their investment activity  
28 is occurring.

29 (2) The number, density, and percentage of single-family homes  
30 each large-scale buy-to-rent investor owns, and an analysis of the  
31 potential impacts their investments are having on the local real  
32 estate market, including the price of homes, the ability of individual  
33 home buyers, specifically those who need financing, to compete  
34 against the large-scale buy-to-rent investors, the length of time  
35 large-scale buy-to-rent investors are holding their property as a  
36 rental, and how many homes they are selling each year.

37 (3) *Data on the structure of the investment instruments in which*  
38 *properties in California are held, including, but not limited to,*  
39 *factors that could affect the timing and quantity of property*  
40 *turnover in California by investors and the potential effects of the*

1 *investment structure on California’s rental and homeownership*  
2 *markets.*

3 ~~(3)~~

4 (4) Recommendations to the Governor and the Legislature on  
5 how to increase homeownership among the residents of California,  
6 *and the tracking and monitoring of large-scale buy-to-rent investor*  
7 *holdings*, including proposed legislative or regulatory actions,  
8 homebuyer assistance programs, and any other recommendations  
9 the task force deems appropriate.

10 (d) As used in this section, “large-scale buy-to-rent investor”  
11 means a publicly traded company devoted to holding and managing  
12 single-family home rental properties, either on behalf of clients or  
13 for itself, and which owns more than 100 single-family homes  
14 during a calendar year.

15 (e) (1) The requirement to submit a report imposed under  
16 subdivision (c) is inoperative on January 1, 2022, pursuant to  
17 Section 10231.5 of the Government Code.

18 (2) A report submitted pursuant to subdivision (c) shall be  
19 submitted in compliance with Section 9795 of the Government  
20 Code.

21 *SEC. 2. This act is an urgency statute necessary for the*  
22 *immediate preservation of the public peace, health, or safety within*  
23 *the meaning of Article IV of the Constitution and shall go into*  
24 *immediate effect. The facts constituting the necessity are:*

25 *In order to provide for the expedient collection of data on*  
26 *large-scale buy-to-rent investors to allow for meaningful legislative*  
27 *action that will help alleviate the pressing concern of rising home*  
28 *prices, it is necessary that this act take effect immediately.*