

AMENDED IN SENATE AUGUST 15, 2016

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, 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~~ *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~~ *home ownership* 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, *in* 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~~ *home ownership* among the residents of 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:  $\frac{2}{3}$ . 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~~ *home*  
13 *ownership* at historic lows, it is important to understand the size  
14 and scope of investor activity of single-family homes and the  
15 impacts it has on the real 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.~~ *the impact these new investors are having on*  
10 *California's housing market.*

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

21 (7) To the extent *that* these investments are geographically  
22 clustered, ~~they could have unintended ripple~~ *the task force shall*  
23 *examine the effects across regions throughout California and*  
24 *California, which should be examined more closely.* Should the  
25 Legislature ~~wait longer to gather and analyze~~ *delay in gathering*  
26 *and analyzing* the appropriate data, thousands more homes could  
27 be off the market for ~~purchase by~~ families and other first-time  
28 ~~homebuyers.~~ *home buyers to purchase.*

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

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

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

1 (B) A professor from either the University of California or the  
2 California State University with an extensive background and  
3 knowledge of the real estate market, to be appointed by the  
4 Governor.

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

8 (D) A real estate ~~expert~~, *expert with background in the*  
9 *buy-to-rent industry*, to be appointed by the Senate Committee on  
10 Rules.

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

13 (F) A legal services expert with expertise on ~~homeownership~~  
14 *home ownership* from northern California, to be appointed by the  
15 Speaker of the Assembly.

16 (G) A legal services expert with expertise on ~~homeownership~~  
17 *home ownership* from central California, to be appointed by the  
18 Governor.

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

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

24 (3) The Bagley-Keene Open Meeting Act (Article 9  
25 (commencing with Section 11120) of Chapter 1 of Part 1 of  
26 Division 3 of Title ~~2 of the Government Code~~) 2) shall apply to  
27 meetings of the task force.

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

31 (1) Information regarding how many large-scale buy-to-rent  
32 investors own property in the state for the purpose of renting the  
33 property, and *in* which regions of the state their investment activity  
34 is occurring.

35 (2) The number, density, and percentage of single-family homes  
36 each large-scale buy-to-rent investor owns, and an analysis of the  
37 potential impacts their investments are having on the local real  
38 estate market, including the price of homes, the ability of individual  
39 home buyers, specifically those who need financing, to compete  
40 against the large-scale buy-to-rent investors, the length of time

1 large-scale buy-to-rent investors are holding their property as a  
2 rental, and how many homes they are selling each year.

3 (3) Data on the structure of the investment instruments in which  
4 properties in California are held, including, but not limited to,  
5 factors that could affect the timing and quantity of property  
6 turnover in California by investors and the potential effects of the  
7 investment structure on California's rental and ~~homeownership~~  
8 *home ownership* markets.

9 (4) Recommendations to the Governor and the Legislature on  
10 how to increase ~~homeownership~~ *home ownership* among the  
11 residents of California, and the tracking and monitoring of  
12 large-scale buy-to-rent investor holdings, including proposed  
13 legislative or regulatory actions, ~~homebuyer~~ *home buyer* assistance  
14 programs, and any other recommendations the task force deems  
15 appropriate.

16 (d) *The task force shall be funded by an appropriation from the*  
17 *General Fund. No funds appropriated to the Bureau of Real Estate*  
18 *for purposes other than the task force shall be used to fund the*  
19 *activities of the task force. Members of the task force shall not be*  
20 *paid a salary, but may receive a per diem reimbursing them for*  
21 *expenses associated with the activities of the task force.*

22 ~~(d)~~

23 (e) As used in this section, "large-scale buy-to-rent investor"  
24 means a publicly traded company devoted to holding and managing  
25 single-family home rental properties, either on behalf of clients or  
26 for itself, and which owns more than 100 single-family homes  
27 during a calendar year.

28 ~~(e)~~

29 (f) (1) The requirement to submit a report imposed under  
30 subdivision (c) is inoperative on January 1, 2022, pursuant to  
31 Section 10231.5 of the Government Code.

32 (2) A report submitted pursuant to subdivision (c) shall be  
33 submitted in compliance with Section 9795 of the Government  
34 Code.

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

39 In order to provide for the expedient collection of data on  
40 large-scale buy-to-rent investors to allow for meaningful legislative

- 1 action that will help alleviate the pressing concern of rising home
- 2 prices, it is necessary that this act take effect immediately.

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