



**MIKE GIPSON**  
 Assemblymember, District 64



**AB 889 –Beneficial Property Owner Transparency**

**PURPOSE**

Assembly Bill 889 seeks to increase transparency by requiring corporate landlords to report the beneficial owners of the corporation or limited liability company that rents out property.

**BACKGROUND**

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 buys by corporations has begun to end that transparency.

Properties all over California are being purchased by anonymous companies using piles of cash that are registered to law offices and post office boxes miles away and even abroad. Corporations now own single-family homes, previously owned for generations by families.

To view where some of the largest corporations have purchases properties in California, use this link: <https://antievictionmap.com/wallstreet/>

Many of these large corporations take it a step further and hide behind a web of Limited Liability Companies (LLC). Large corporate landlords are less likely to upkeep properties sufficiently. The lack of maintenance create poor living conditions for tenants and frequently costs millions of dollars to local jurisdictions across the state for hearings on building code citations and tenant complaints. This targets low-income renters who cannot easily move from apartment to apartment without fully disrupting their lives. The COVID-19 pandemic has only exacerbated this vulnerability.

The 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% of all

rental properties were owned by named individuals. Today, according to the Treasury Department, all-cash transactions account for **25%** of all residential purchases nationwide.

In 2019, New York passed legislation requiring LLCs to reveal who owns the LLC in a mandatory tax form. Similar laws have been passed in Washington D.C. and Philadelphia. Outside the U.S., more than 50 nations require disclosure of beneficial ownership information of shell companies.

Transparency of land ownership has been a cornerstone of America’s legal system since before the nation’s founding. Publication of ownership records prevents and resolves disputes over property rights, facilitates the enforcement of tenant rights, and provides economic certainty to landowners. Anonymity, on the other hand, fosters corruption, abuse and, landlord negligence.

**EXISTING LAW**

Existing law requires the California Secretary of State to perform various duties relating to business entities.

Since 2016, the U.S. Treasury Financial Crimes Enforcement Network has issued geographic targeting orders requiring that the beneficial owners of residential real estate purchased with cash be disclosed.

**SUMMARY**

AB 889 increases the transparency of ownership by requiring all corporate landlords to report on the identity of the beneficial owners of properties held in the name of a corporation or limited liability company that owns real property that is offered for rent or lease, to report to the California Secretary of State.

“beneficial owner” is defined as a person for whom any of the following applies:

(i) The person exercises substantial control over a qualified entity.

(ii) The person owns 25 percent or more of the equity interest of a qualified entity.

(iii) The person receives substantial economic benefits from the assets of a qualified entity.

**SUPPORT**

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Alliance of Californians for Community  
Empowerment (ACCE) (Sponsor)  
California Reinvestment Coalition (Sponsor)  
Housing Rights Committee San Francisco  
(Sponsor)  
Neighborhood Housing Services Los Angeles  
(Sponsor)

**FOR MORE INFORMATION**

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