

UNIVERSITY OF CALIFORNIA
Los Angeles

TENANTS IN FORECLOSURE

An Analysis of How Renters Experience the
Financialization of Housing in Los Angeles County

A comprehensive project submitted in partial
satisfaction of the requirements for the degree
Master of Urban & Regional Planning

by

Terra Dalton Graziani

Client: The Los Angeles Center for Community Law and Action
Faculty Chair: Ananya Roy

2019

Disclaimer: This report was prepared in partial fulfillment of the requirements for the Master in Urban and Regional Planning degree in the Department of Urban Planning at the University of California, Los Angeles. It was prepared at the direction of the Department and of [insert client name] as a planning client. The views expressed herein are those of the authors and not necessarily those of the Department, the UCLA Luskin School of Public Affairs, UCLA as a whole, or the client.

Executive Summary

Several studies have shown that, since the 2008 housing market crash, real estate investors have been acquiring homes through foreclosure and putting them on the rental market, signaling a significant shift in the landscape of rental housing as part of the larger process of financialization of housing. This report looks at two main ways in which renters, specifically renters in foreclosure, have been impacted by this process since the 2008 crash. First, by highlighting an often-overlooked outcome – that, in many cases, there are renters living in these properties at the time of foreclosure, putting them at risk of displacement. It looks at Wedgewood Inc., a real estate investment firm based in Redondo Beach that acquires and flips 250 homes through foreclosure each month, to show how business practices focused on flipping foreclosed real estate impacts renters and leads to displacement in the absence of meaningful tenant protections. And second, by exploring this dynamic as an outcome of the larger process of financialization of housing that has emerged since the crash. This project is particularly concerned with the significant number of properties in the city of Inglewood, CA and Los Angeles County that, after being freed up for investment through foreclosure, have been acquired by corporate entities, causing a shift in the landscape rental property ownership that concerns renters on multiple levels: (1) because corporate owners are now landlords of a huge swath of single family homes, which in California are barred from being protected by rent control and Just Cause protections for eviction; and (2) for renters in municipalities with no renter protections, like Inglewood, renters of any kind can easily be cleared out and displaced.

I apply these research questions to Inglewood, CA, a small, historically black -- since the late 1960s -- city of roughly 100,000 located just southwest of the City of Los Angeles and a hot spot in Wedgewood's investment portfolio. Inglewood is a city that after years of disinvestment due to legacies of redlining now faces increased investment and gentrification pressures : a new NFL stadium accompanied by thousands of market rate units, a new NBA arena, the new Crenshaw Metro line being built straight through Inglewood's historic black business district, and its close proximity to Silicon Beach, where several tech companies have located, attracting high-income workers to move nearby. In addition to local activist organizations raising the alarm about pending gentrification and displacement, recent media stories have additionally given the impression that major demographic changes are coming, spurred by new development. Inglewood, which has more recently seen an influx of Latinx residents that are disproportionately lower income than black residents (Patraporn et al. 2013), was even given a whole episode on the popular podcast *There Goes the Neighborhood*.

This study involves a mixed methods approach, combining spatial and qualitative analysis. I present my findings here in the form of maps visualizing (1) foreclosure in Inglewood; (2) investor-purchased foreclosures in Inglewood, highlighting real estate investment firm Wedgewood Inc. as a case study; and (3) qualitative analysis of displacement pressures and protections within the history of cycles of disinvestment and investment in Inglewood.

This study analyzes 17 years of foreclosure and property ownership data (2006-2018) in Inglewood, CA and LA County, sourced from Los Angeles County Assessor's and Recorder's office and supplemented by in-person visits to these offices. This study also uses a data set of Wedgwood Inc. single-family and multi-family properties which captures what the company owned at one point in time in November 2018. Foreclosure data is sourced from Property Radar, an online compositor of real estate transaction data. This study also looks at eviction data in Inglewood and LA County, aggregates sourced from LA County court data and address-level eviction data from Los Angeles legal services clinic The Eviction Defense Network's intake data. This project also includes analysis of long-form interviews with community organizers and tenant attorneys that have informed its outcomes and conclusions.

This research project asks, (1) What has been the landscape of foreclosure in Inglewood, CA since the housing market crash?; (2) Who has acquired the properties that foreclosed in Inglewood and LA County since the crash?; and (3) What happens to tenants renting a home at the time of foreclosure? What protections are in place to protect them from displacement?

In Inglewood and LA County-wide, this study finds a new investment strategy emerging: acquiring and flipping multi-unit buildings through foreclosure in areas without renter protections and clearing out renters to deliver the property empty for re-sale. This new focus represents a departure from the company's previous stated focus on flipping single-family homes and leaves even more tenants at a time at risk of displacement. It also finds that approximately 18% of homes that foreclosed in Inglewood between 2006-2018 were acquired by corporate entities, making these risks of displacement all the more urgent. This report provides several policy recommendations for how to best mitigate potentially exploitative real estate practices as they affect renters. They include local protections for renters, and local, state, and federal regulations of the real estate market to prevent the displacement of renters in foreclosure.

Acknowledgements

I would first like to thank the staff and members of the Los Angeles Center for Community Law and Action, my client, for providing guidance and inspiration for this project. And to my faculty advisor, Ananya Roy, for her advice and generous edits through the research process. I would like to give special thanks to Jelani Hendrix and Adriana Swain of Uplift Inglewood, Ridge Gonzalez and Elena Popp of the Eviction Defense Network, Peter Kuhns and Joe Delgado of ACCE, and Rudy Balderama of the Balderama Law Firm for their invaluable input as well. Many thanks also to Maya Abood, Silvia Gonzalez, and Elana Eden for their advice and assistance with research. Finally, thank you to the Institute on Inequality and Democracy and the Lewis Center for Regional Policy Studies for providing grant support for this work.

Table of Contents

Background	7
Literature Review	15
Research Design	19
Findings	21
Recommendations	30
Works Cited	32
Appendices	35

Background

Tenants in Foreclosure

Much has been written about how the predatory schemes of the foreclosure crisis impacted poor and POC homeowners. But foreclosure often doesn't just involve owners. In many cases, the home is occupied by tenants of the former owner, who face increased precarity when the ownership of their home changes hands or is lost to the bank. They face particular risk when the purchaser is a flipper who wants to deliver the property empty upon resale, as this report will show so many purchasers in Los Angeles County since the crash have been. Post foreclosure, the new owner only has to deliver a 3-day "notice to quit" to get the former owner out. However, *renters* post foreclosure in California are protected from this type of immediate displacement in a few ways. Month-to-month tenants get between 30 and 90 days to vacate the unit, and those on a fixed-term lease are allowed to stay the end of their term. Tenants in rent-stabilized units in Los Angeles can *never* be evicted as a result of a foreclosure sale. The new owner inherits the existing tenants and must respect their existing lease. In their op-ed calling attention to this issue, lawyers with the Los Angeles Center for Community Law and Action point out that," since January 2017, about 10,000 rental properties have been sold at foreclosure in California. Based on the state occupancy average of 2.9 occupants per unit, we can estimate that at least 29,000 California tenants have been affected by the threat of post-foreclosure eviction since the start of last year. Many of these tenants are in Los Angeles County, where 2,238 rental properties were sold at foreclosure in the past 21 months alone" (Grynberg 2018).

At the time of the subprime crash, this was an issue of concern to policymakers all the way up to the federal level who realized that there were renters living in many of the properties that foreclosed. In 2009, President Obama signed the Protecting Tenants at Foreclosure Act of 2009, which sought to prevent the mass and immediate displacement of tenants who were about to lose their leases to foreclosure. This law ensured that tenants could stay until the end of their lease, and required that month-to-month tenants receive a 90-day notice for termination of their tenancy. There was also a carve-out for buyers of foreclosed properties that planned to live in the home - these buyers could terminate tenancy in ninety days. Furthermore, it provided that any state law that more generously protected these tenants would not be preempted by federal law. These federal rules came to an end on December 31, 2014, but were recently reinstated through the Economic Growth, Regulatory Relief, and Consumer Protection Act on June 23rd, 2018. Many state and local municipalities have also implemented similar rules, ensuring that if ownership of a home changes hands through foreclosure, if there is a standing lease with tenants, it will have to be honored or sufficient notice will have to be given.

Renter Protections in Inglewood

A review of municipal ordinances in Inglewood suggest that there are very few anti-displacement protections in place for renters of any kind (Gonzalez et al, 2018). Tenants are only protected by state law, outlined above, but in the absence of rent control and Just Cause protections for eviction, tenants have no substantive avenues for recourse.

Uplift Inglewood, a community-based organization of Inglewood residents, names renter protections as one of their main policy priorities and has been campaigning for rent control and Just Cause ordinances for their residents since 2016. Rent control, or rent stabilization, ordinances protect tenants from excessive rent increases, while allowing landlords a reasonable return on their investments. Such ordinances limit rent increase to a certain percentage each year, usually tied to the inflation rate. In California, this rate is tied to the tenant, so when the tenant moves out, the landlord can re-set the rent to market rate, also called “vacancy decontrol.” Just cause eviction protections require the landlord to provide a reason or “just cause” for eviction, like nonpayment of rent or breach of lease. Tenants can only be evicted for one of the municipality’s stated “just causes” for eviction (Gonzalez et al, 2018).

Compared to the City of Los Angeles, where tenants living in buildings built before 1978 are largely protected by the Los Angeles Rent Stabilization Ordinance (LARSO), Inglewood may be attractive to house flippers who can more easily clear out tenants living in the homes they acquire here. In my research, I will explore whether or not the presence of renter protections factor into flippers’ investment strategies in LA County.

A Changing Landscape of Rental Housing Ownership

In the Los Angeles region and nationwide since the crash, we have seen the rise of what many refer to as “Wall Street landlords,” or corporate entities who buy up thousands of homes through foreclosure and put them on the rental market. ACCE’s (Alliance of Californians for Community Empowerment) foundational report entitled *Wall Street Landlords Turn American Dream into a Nightmare* lays out this shift in the landscape of rental housing nationally and, similar to this report, provides insights on how renters have been affected. As this report points out, “The number of single-family rentals has been growing dramatically—from 10.5 million units in 2005 to 17.5 million in 2015, a 67 percent increase” (Abood 2017). In Los Angeles, single-family homes now make up a significant portion of rental housing. One-third of all single-family homes are being rented (Anti-Eviction Mapping Project, Tenants Together, 2018). Importantly, a statewide law passed in 1995 called the Costa-Hawkins Rental Housing Act bans rent control from being applied to single-family homes in California, making them all the more attractive to Wall St. landlords who have acquired them since the crash. My research project adds to the conversation by pointing out that corporate investors are starting to purchase multi-family – not just single-family – rentals, and are doing so in areas without renter protections, putting many more renters at risk of displacement.

Race and Homeownership in Inglewood

The 1960 census counted just 29 black residents among Inglewood's population of 63,390. At this time, real estate agents did not show homes to black residents, and black residents were not allowed to walk the street at night due to a rumored curfew. Incentivized suburbanization and the Watts riots in 1965 meant white residents were moving to suburbs, making space for black residents to move to Inglewood. By 1970, the year Inglewood's schools were desegregated by court order, 10,000 of Inglewood's roughly 90,000 residents were black (Banks, 2005).

In 2013, researchers at UCLA looked at the demographics of homeownership in Inglewood during the "housing boom" (2005-2007) and "post housing boom" (2009-2011). They found that throughout both periods, "homeowners in Inglewood are predominantly black, despite Latinos representing more of the overall population." They also found that between 2005 and 2007, "at least half of home purchasers places zero down payments," concluding that these homeowners in Inglewood had little to no equity when the housing market collapsed, leaving many underwater when the market crashed. They also show that home financing was racialized in Inglewood at the time of the crash. Variable interest loans or "ARMS," the infamous predatory loans of the subprime crash, place homeowners at risk for higher interest rates and mortgage payments, often pushing those whose housing burden is already high to default. They found that during the housing boom years, 78% percent of home purchases in Inglewood were financed through ARMS, compared to only 36% from 1999 to 2004. Black purchasers were slightly more likely to use ARMS (39%) compared to Latino purchasers (31%). The overall rate of subprime lending in Inglewood went from 5% pre-2004 to more than 35% during housing boom years. (Patraporn et al 2013).

Today, Inglewood is 46.4% Black, 46% Latina/o, 4% White. 48.2% of residents speak only Spanish, and 28.5% are foreign born. 60% of residents are renters, with homeowners making up the other 40%. Compared to LA County, Inglewood has a lower median household income, \$44,377, and a higher poverty rate, 18%, than the County, for which these statistics are \$57,952 and 13.9%, respectively (U.S. Census Bureau, 2016).

Inglewood's Current Housing Landscape

Compared to Los Angeles County as a whole, Inglewood's housing stock is both older and less valuable, with 31.9% of units built before 1950 and a median owner-occupied home value of \$355,300 (U.S. Census Bureau, 2016). For LA County these numbers are 25.8% and \$465,000, respectively. This disparity is even more extreme when compared to Culver City, a significantly wealthier area just to Inglewood's northwest. Like the rest of LA County, Inglewood is a long way off from meeting its 2021 housing goal of producing 567 below-market-rate units. The city has not built any affordable housing since 2013 (Jennings, 2019).

But Inglewood's housing values are rapidly increasing. According to the Los Angeles Times, the average selling price for Inglewood apartments, normalized for size, has approximately doubled since 2012 while median rents have increased from \$1,900 to \$2,600 over the same period (Vincent, 2017). Tim Kawahara, Executive Director of the UCLA Ziman Center for Real Estate, concurs, stating that "Inglewood homeowners and commercial real estate landlords are already seeing increased property values, and many speculative investors have placed a sharp focus on the area." He explicitly mentions the "potential for inverse consequences ... namely the effects of gentrification ... and the displacement of residents priced out of the neighborhoods in which they live" (UCLA Newsroom, 2016).

Contributing to these increased property values are new rounds of investment to upgrade the city's amenities -- like its housing and infrastructure. The most high-profile project currently underway is the \$2.66 billion redevelopment of the Hollywood Park Racetrack, a massive 238-acre plot of land on which a new NFL stadium, a luxury hotel, and 3,000 units of market-rate housing are being built (Vincent, 2017; Chiland, 2016). Many investors in this project have explicitly stated that its construction has raised the profile and profit potential of the city (Jordan, 2017). There are several other developments one could point to as adding to this process as well. The Forum, a multi-purpose indoor arena located in the heart of Inglewood's downtown that was home to the Los Angeles Lakers during the 1980s, was also recently renovated with \$100 million from the Madison Square Garden Company, and is increasingly seen as an attractive location for concerts and other cultural events (Jordan, 2017). A few blocks north, on an 18-acre site, another developer is building a gated residential community called Grace Park that will feature 228 detached condos (Chandler, 2017).

Furthermore, the Crenshaw/LAX light-rail line under construction will significantly add to Inglewood's attractiveness by making the city more accessible to both Inglewood and non-Inglewood residents. This project, being built by the Los Angeles County Metropolitan Authority (LA Metro), is set to be completed in 2019 (Chiland, 2017). It makes two stops in Inglewood, and will connect the city with both the beach in Santa Monica and downtown Los Angeles. There is some academic research showing that new transit stations tend to increase land values in the immediately adjacent areas (Pollack et al., 2010).

Gentrification and Displacement

On HOLC's 1935 "redlining" maps, now infamous for discouraging investment in low-income and minority communities across the US, much of Inglewood was marked "Definitely Declining" or "Hazardous" (Nelson et al.). After decades of disinvestment, land in Inglewood has been made relatively cheap, but the city is located in a desirable location. This means there is the potential for investment in the city to improve its amenities to appeal to wealthier residents and real estate investors. There is great concern that this increased investment in Inglewood will contribute to the displacement of current Inglewood residents,

meaning that those who have made the city what it is today won't be able to benefit from any of its improved amenities and will be dislocated from their communities. Jelani Hendrix of Uplift Inglewood shares the coalition's concerns here (Appendix C):

We're [Uplift Inglewood] not against development. I grew up watching football. I think that it's good that the Rams and the Chargers are back in LA; we haven't had a football team in a long time, but at what cost? If I had a choice to have a football team here that causes displacement and high rents or keep the rent at a reasonable rate, I would choose the latter. I definitely prioritize people's needs over corporate need, any day. So, on the surface level, it looks like it's great and good for the city, but people don't know the history of gentrification. They don't know the history of places like South Central Los Angeles and Inglewood. These places, these communities didn't receive any type of development for decades. No one wanted to build anything here; no one wanted to invest a dime in these areas, and it made the property values go down tremendously. And now, since it's dirt cheap – well, maybe not dirt cheap to the average person, but dirt cheap to a corporate entity – and now you want to buy the land, you want to buy the buildings, but you don't want us to reap any of the benefits. So, this is a systemic issue, and you need to look at it from a historical standpoint. And history tells us that, this is a tool that's used to push poor people out, brown and black people out. And it's not just an Inglewood issue – it's an American issue. This has gone on in places like Brooklyn, Atlanta, Oakland, San Francisco, the entire Bay Area, and other cities across the country. And a lot of times when corporations come and they build things – the city works out an agreement to make sure we have affordable housing. For the stadium, they're going to build condos at market rate, and the developer actually offered to have a certain percentage of those condos at an affordable housing rate, and the city didn't accept it. Usually, you have to fight and organize for those things, but our leadership didn't see it as a priority. So, it goes to show where the priorities of the city leaders are at, but priorities can shift if you apply the correct amount of pressure.

And then you have the Metro line as well, which is currently being constructed through the heart of the black community which is Crenshaw Boulevard. It has affected the small businesses, black-owned businesses because no one wants to drive on Crenshaw. The train is at street level, not below-level or high-level like in more affluent areas; there's a lot of fatalities that usually happen when you have a train on street level. So, the city is changing a lot, and it's only going to benefit certain people. It's not going to benefit the folks.

Also, the Olympics is coming in 2028, so there's the Forum that's already constructed. You have the stadium that will be done, and a proposed NBA arena. All of those will be utilized for the Olympics.

I look at it this way – you have the state-of-the-art stadium, the best stadium around, but the average Inglewood family can't afford a ticket. Right? So, what are we really doing?

Limited data on court eviction filings by district in Los Angeles County show us that evictions in Inglewood have remained somewhat constant since 2009, with 2,898 filings in 2009 and 2,728 filings 9 years later in 2018.¹ While these numbers are not insignificant, they do not capture the extent of displacement in Inglewood, but rather only capture those tenants who's eviction makes it to court. Especially in municipalities like Inglewood with no renter protections, tenants are often forced out informally, through harassment, rent hikes, lack of upkeep of their unit, etc before their case would ever be recorded through formal procedures. This extent of the problem is not captured in public data, but is reflected in stories from current residents who have joined organizations like Uplift Inglewood to fight their eviction. When asked what the main issues Inglewood residents faced regarding housing, Jelani shared the following (Appendix C):

The main issues are the rent increases. Inglewood is very unique because Inglewood doesn't have any renter protections. Other cities do, so for instance, in other areas in LA, they're experiencing rent increases, displacement, but not at the same rate because the landlord can only increase their rent by so much. Here in Inglewood, we have cases where Inglewood residents have received 100% increases, 150% increases, and in a lot of cases, they're some of the most vulnerable residents. To give you an example – single mothers, senior citizens that are on fixed incomes that really don't have the means to make up or be able to pay the rent after they increase it, so everyone's not experiencing the 100-150% rent increase, but a 10% rent increase can displace someone. We've seen research that increases as little as 5% can actually evict someone, so that needs to be known.

While not yet reflected in census counts, there is also reason to believe that the city's demographics are changing, with activist organizations and several media stories raising the alarm that wealthier white people are moving into Inglewood and displacing lower-income Black and Latinx residents (Scott, 2017).

Organizing for Renter Protections in Inglewood

In April of 2019, the City of Inglewood passed temporary rent control and Just Cause eviction protections ordinances. For some, this ordinance seemed to come out of nowhere, but Jelani describes how this “step in the right direction” came as a result of years of organizing on the part of Uplift Inglewood in coalition with other groups in Los Angeles and California (Appendix C):

¹ Inglewood only reported eviction filings in years 2009-2012 and 2018, providing no data for years 2013-2017.

It does seem like it came out of nowhere and that it was very sudden, but it wasn't. I think that, over the last two, two-and-a-half years, we've managed to put Inglewood in the center of the gentrification discussion, because we have unique circumstances, because we don't have any forms of renter protections. With that said, people are starting to realize what's going on in the city. People are realizing the impact that the development is having on the city - and I just want to let it be known that Uplift Inglewood is not against development - we're against development that causes displacement. That's been our model from Day One and that's why we formed, that's why we do the work that we do, and we feel that having a comprehensive rent control ordinance would protect long-term residents, would protect the most vulnerable residents in the city. We know that we can't tell a landlord, "You can't raise rents," but it needs to be in increments so folks can prepare themselves and make sure they can cover the new rent that they owe on a monthly basis.

So, we had a field team making phone calls, knocking on doors, going to events, going to grocery stores and the outlets and the different businesses across the city to put our rent control ordinance on the ballot, and what's unique about our rent control ordinance is that it has protections for mom-and-pop landlords, because at the end of the day we realize that a lot of the people in the city that own duplexes and triplexes are just trying to make a living and secure some type of funds for their retirement. So, we make sure that we protected them. The main issue is the corporate entities that are buying the land. We actually obtained the required signatures through organizing, through hard work, and the city deemed about half of our signatures invalid due to various reasons. For instance, let's say you live in Inglewood, you signed our ordinance, and then two to three months later, we turned those petitions in, but you're displaced, you no longer live in Inglewood, so your signature doesn't count. They used other things as well to invalidate a lot of our signatures, so we didn't meet the threshold, but it was a learning experience. We didn't give up. There's a possibility that maybe we try it again in the future, but as of right now, we're continuing to organize more folks and continue to go to the city council meetings and let it be known that we're gonna be here until we find some type of long-term solution.

But, the temporary ordinance didn't come out of nowhere. There was a building in Inglewood that received over 100% rent increase and a brave soul posted their notice online on multiple platforms including the "Eye on Inglewood" page. Our mayor and city councilmembers post a lot on that page, so it caught their eye, their attention. It was proof that what we've been saying all along, that what we said was gonna come in the near future had become reality, and it wasn't just a group of angry residents fussing. This is someone that's actually going on and something that's actually going to impact the community. But, that said, the mayor decided to meet with the owner of that building. He worked out a deal to where they brought the rent

increase down to about 28%, which is still very high – that's still a couple of hundred dollars of an increase. After that ordeal, we went to the city council, we had an action, and we say, "Hey, we need something soon. We already have an ordinance ready to go. You can implement it." They were a little hesitant, so the day after the action, they actually created a survey that was posted on the city's website – you upload your information there, take a picture of your rent increase, upload it, you also took a picture of your original lease agreement, and what they found out was the average rent increase was 48% - that was the average. So, you have the city residents asking the city for rent control, you have Uplift Inglewood, you have the media, and now you have the data that you can't argue. So this proof – I think it kind of pressured the city to implement this temporary ordinance, which is 45 days, but it can go up to a whole year.

The residents can have a lot of influence if we continue to apply pressure and organize. What we want is a long-term solution, and we felt like this was a step in the right direction. What's unique about this temporary ordinance was the fact that it didn't have protections for Just Cause evictions. A lot of people didn't recognize that, but of course, we did, so last week when we went to the city council meeting, we asked the city that they made sure to implement that, and there was a little deliberation, but at the end before they voted on it, they entered the Just Cause protections. That wouldn't have happened without residents coming and advocating, and it just goes to show how powerful residents can be when they are organized and on the same page. So, to me, it was a small victory, but a historic victory, because we haven't had anything like this as far as I know in this city.

Literature Review

The Financialization of Housing

This research contributes to a growing body of literature on the financialization of housing, particularly that literature that demonstrates how financialization operates within and furthers a racialized geography of housing finance and urban development in US cities. This literature documents how, through the financialization of the housing market since the crash, single-family rentals have been established as an asset class in which corporate entities can invest. After the global economy crashed in 2008, private equity firms and a range of institutional investors created new companies to acquire huge swaths of homes at extremely discounted rates and put them on the rental market, called the Real Estate Owned (REO) to Rental business (Newman 2009; Abood 2017). Currently, the three largest corporate landlords own just over 23,000 homes in California alone (Anti-Eviction Mapping Project, 2019). Desiree Fields' work situates this trajectory in an analysis of market formation in the wake of the crash, arguing that this shift in the rental market needs to be understood in terms of "power, politics, and the dynamics of capital accumulation" (Fields 2018). This report seeks to do the same.

Urban Upgrading

A useful, if blunt, way of thinking about the development of previously disinvested urban areas, involves the "rent gap" theory (Smith 1982). This idea posits that gentrification, at least in the United States, is primarily led by profit-seeking private capital taking advantage of low land values in poor, historically disinvested inner-city neighborhoods. Under this theory, real estate investors identify the areas of the city in which the gaps between current and potential returns on land are highest, essentially allowing them to buy low in the present and rent high in the future once the area is redeveloped, or "revitalized," to suit the tastes of wealthier residential and commercial tenants. Though this theory surely does not account for all the factors involved in contemporary gentrification, it is a useful tool for understanding why such processes of urban upgrading and redevelopment may happen. The rent gap provides a decent starting point for thinking about potential sites of gentrification -- land must be cheaper now than it has the potential to be in the future, thus creating the opportunity for large profits. Applying the logic of the rent gap to Inglewood, we can see that it is an area that has the potential to be very attractive to wealthy residents and commercial establishments, and thus command high land values, yet its internal features have not yet been or are in the process of being upgraded. Land can be bought relatively cheaply, redeveloped, and then sold and rented out at a much higher rate as it is transformed to suit the tastes of a wealthier clientele.

REOs

Real Estate Owned (REO) is the name given to a property that a mortgage lender acquired through a foreclosure. As reflected in the data used for this study, there are four mechanisms, or transfer types, involved in an REO property changing ownership after foreclosure: REO Resale, REO Flip, Shortsale Foreclosure, and Trustee's Deed REO. An REO Resale refers to when the lender resells the property after acquiring it through foreclosure. An REO Flip refers to when the lender acquires a property through foreclosure and the property is bought and flipped within six months. A Shortsale Foreclosure happens when an entity buys the property that is about to foreclose before the formal foreclosure goes through; these usually involve a lower-than-market selling price which benefits the seller by avoiding legal foreclosure and the buyer because of the lower price. A Trustee's Deed REO refers to when a non-judicial entity is appointed to handle the foreclosure and sale on behalf of the owner; banks and trust are commonly appointed Trustee for a Trustee's Deed REO (Property Radar).

Studies have established that investors used four main strategies for re-selling foreclosed properties: rehabbing, holding, flipping, and milking. Rehabbers buy the property, fix it up, and sell to either investors or owner-occupants at a profit, usually within a year or two of purchasing. Holders buy the property with the intent to hold and rent it in the long term, typically maintaining the property with livable conditions. Flippers buy properties and quickly resell them in a similar condition, often misleading new buyers or colluding with others. Milkers, in a similar vein, buy properties with the intent to rent "as is," for a few years before selling, without making many repairs or improvements (Molina, 2016; Mallach, 2010).

REOs in Los Angeles

Since the crash, we know that a significant portion of the housing stock that foreclosed nationally has since been bought up by corporate entities, though this landscape is minimally studied in the Los Angeles region. "Real Estate Owned (REO) sales made up 43% of the entire home sales market during 2008 and 2009 in Los Angeles and the Inland Empire (Riverside and San Bernardino counties). The share was higher in Riverside and San Bernardino counties, where REO sales made up 56% and 61% of the home sales market, respectively." About 60% of investor-purchased REOs were purchased by corporate investors, a figure which is much higher than in other areas of the United States. Furthermore, in Los Angeles, Riverside, and San Bernardino counties, 54% of REO investors used cash to purchase these homes between 2008 and 2009 compared to 29% of owner-occupants during this period (Molina, 2016). Cash purchasers have an advantage in the housing market, because they can move on transactions more quickly without having to rely on financing.

In terms of re-selling strategies, studies have established that flipping is very common in the Los Angeles region. Roughly a third of “REOs purchased by investors are flipped” (Molina, 2016). Another survey conducted by a California real estate industry source reported that “more than half of foreclosure investors surveyed planned to hold on to their properties for at least five years, but more than half also said they did not plan on investing their own time or energy to repair, maintain, or improve their properties, and only 30% said they would hire a contractor” (Sichelman, 2011). I will explore these strategies in the Los Angeles region, focusing on Inglewood, looking at how these practices may contribute to housing precarity for the renter.

Role of Investment in Racial Equity

While this new waves of investment in previously disinvested neighborhoods after the foreclosure crash could have been instrumental in ameliorating destructive histories of speculation and disinvestment, most literature has found that investment patterns and practices have actually furthered racial and economic segregation. Molina’s study suggests that corporate investors were also significantly more likely to flip, rather than rehab, REOs in neighborhoods with relatively fewer white residents. “An increase of 10% in the percentage of white residents was associated with about a 10% decrease in the odds of flipping” (Molina, 2016). In the context of the foreclosure crisis wiping out a main source of wealth in communities of color, Immergluck and others point out that while owner-occupant purchases of foreclosed properties are the best case scenario in terms of contributing to neighborhood recovery, investors have made up “a significant portion of foreclosure purchases, and their intentions are often unclear” (Immergluck, 2013).

The geographic distribution of investor-purchased foreclosures may provide some insight to what investors hope to do with purchased foreclosures. Spatially, investor purchases in Los Angeles have been concentrated “in the city of San Bernardino, in and around Moreno Valley, in Lancaster and Palmdale, in parts of the San Fernando Valley, and in neighboring Watts, Willowbrook, and Compton.” Molina found that “investors were nearly 2.5 times more likely to flip REOs in urban tracts relative to exurban tracts, and 75% more likely to flip REOs in inner-ring suburban tracts than in the exurbs” (Molina, 2016). This suggests that flippers may be particularly interested in meeting a demand for rental homes near the urban core, where rents are typically higher. Furthermore, none of these areas have histories of sustained investment, which means investment in these areas without tenant protections could contribute to gentrification and displacement.

Providing Access Through Renting?

A recent body of literature has emerged that suggests that the recent rise in investor-purchased foreclosures being rented has created more access to “high-opportunity areas” for

those who cannot afford to buy (Pfeiffer, 2013). The research on this has not been conclusive in Los Angeles (Pfeiffer, 2013). Of the investor-purchased homes that were flipped in the LA region, “flipped properties were more common in poorer neighborhoods with relatively lower foreclosure rates, more renters, poorer schools, and, most strikingly, much larger nonwhite populations” (Molina, 2016). Counter to this claim that the rise in investor-owned rentals contributing to increased equity in access to housing, Molina concludes, “neighborhoods experiencing high rates of investor purchase of foreclosures are likely experiencing more social and economic disruption at the very least and potentially a worsening of neighborhood quality.”

In sum, we know a significant portion of the Los Angeles regional housing stock that foreclosed in the crash was bought by institutional investors, we know the geographic distribution of this stock, and we know about some of the real estate investment strategies that are used after purchase. But renter experiences in these rental units have largely been left out of the literature analyzing these trends. Molina, who has written most extensively on this subject in the Los Angeles region admits that it is hard to track what investors have done with these homes since buying them. This research project contributes to this conversation by considering a piece of this gap: how renters are experiencing these emerging trends in the housing market. I will do this in two ways: (1) by studying the nuances of what these processes have looked like in Los Angeles; and (2) by studying tenant experiences in this type of rental housing. I will do so in order to see if further financializing the housing market in Los Angeles has created more opportunity for Angelenos who cannot buy, or if it has created further vulnerability and precarity for renters, in addition to furthering racial and economic segregation. I will write this report from the perspective of the renter in order to center the individual and collective experience of renters, who as a social group have less power and access to resources, particularly academic research, to build power and gain more control over their living situations. In my report, I will outline possible organizing opportunities for tenants to build this type of power. I will contribute to a growing body of literature on how low-income renters, community organizers, lawyers, activists, and more can continue to work together to build a strong tenants’ rights movement in California (Anderson et al).

Displacement

This report follows literature on displacement that acknowledges the many, varied forms it can take. Displacement can occur directly, in which current residents are forced to leave as their units are destroyed, or indirectly, in which rising rents gradually make the neighborhood too expensive for the original residents, forcing them to leave. But displacement could also be more subtle, with urban upgrading and rising property values forestalling the possibility of future low-income residents moving into the neighborhood (Newman and Wyly). In this, tenants may or may not be actively forced to leave, but those living elsewhere are effectively shut out.

Research Design

Quantitative Data

This study analyzes eighteen years of foreclosure and property ownership data in Inglewood, CA with limited comparative analysis on foreclosure in Los Angeles County. This study also uses a data set of Wedgewood Inc. properties which captures what they owned at one point in time in November 2018. Property ownership data will come Los Angeles County Assessor data and will be supplemented by in-person visits to the Los Angeles County Assessor's office. Foreclosure data will be sourced from PropertyRadar, an online compositor of real estate transaction data. This study will also look at eviction data in Los Angeles County, taken from Los Angeles County court aggregates. Address-level eviction data involving tenants in Wedgewood Inc. and Wedgewood Inc. affiliated properties will be sourced from clinic data from Eviction Defense Network, an eviction defense legal services clinic in Los Angeles. This study will also use US Census data and American Community Survey 5-year estimates data for demographic analyses.

Qualitative Data

This report includes analysis of long-form interviews with an Uplift Inglewood resident and organizer and with tenant attorneys with The Los Angeles Center for Community Law and Action and the Balderama Law Firm that have informed its outcomes and conclusions.

Methods

This study involves a mixed methods approach, combining various forms of spatial analysis using the above data sets, along with qualitative analysis of long-form interviews. I present my findings in the form of maps visualizing (1) foreclosure in Inglewood and LA County; (2) investor-purchased foreclosures in Los Angeles County, highlighting real estate investment firm Wedgewood Inc. as a case study; and (3) eviction and foreclosure-related evictions in the County.

This research uses a multi-step spatial analysis using 17 years of foreclosure and property ownership data for Inglewood and Los Angeles County, (2006-2019), described below.

First, I created a data set of all foreclosures that have happened in Los Angeles County since 2006. I then mapped this data and performed various pieces of data analysis with this data set. I mapped this data in Inglewood and well. I also parsed out which properties which changed hands by way of foreclosure were bought up by corporate entities. Second, I pulled a data set of every property owned by Wedgewood Inc. and Wedgewood affiliates in Los

Angeles County in November 2018. I chose to focus on this company because my client and other tenants' rights' organizations in the region have witnessed their frequent displacement of tenants in foreclosure. To do this, I conducted extensive research documenting all of the subsidiaries under which the parent company Wedgewood Inc. owns property. To make this list of subsidiaries, I used a combination of online corporate research on databases like Corporation Wiki and Little Sis, visits to the Los Angeles County Recorder's Office, and analysis of Los Angeles County Assessor's data. Third, I created a map of all Wedgewood Inc. properties in Los Angeles County. It showed a geographical concentration in the city of Inglewood, CA, which spurred me to focus my analysis here, where many of the above described dynamics are of particular concern. I hope to highlight processes happening in Inglewood that could be indicative for other historically disinvested communities in the region who are now experiencing gentrification.

I then mapped eviction data from the Eviction Defense Network of cases related to Wedgewood Inc. Here, I also saw a geographical concentration of cases in Inglewood, which reinforced my choice to focus on this municipality.

At this point, I conducted several interviews with tenant attorneys who have been involved in Wedgewood cases. This gave me a sense of the history of their business practices and treatment of tenants. I also reviewed extensive case files, depositions, and California Department of Real Estate documents acquired through public records request on Wedgewood business practices. These interviews and research, elaborated on in more detail later in this report, made clear to me that the presence of renter protections was extremely important for how tenants in Wedgewood properties might fare.

Next, I created a map which differentiated Wedgewood's single-family (barred from being covered by rent control and just cause throughout the state) and multi-family properties and layered these addresses with rent-stabilized areas of Los Angeles County.

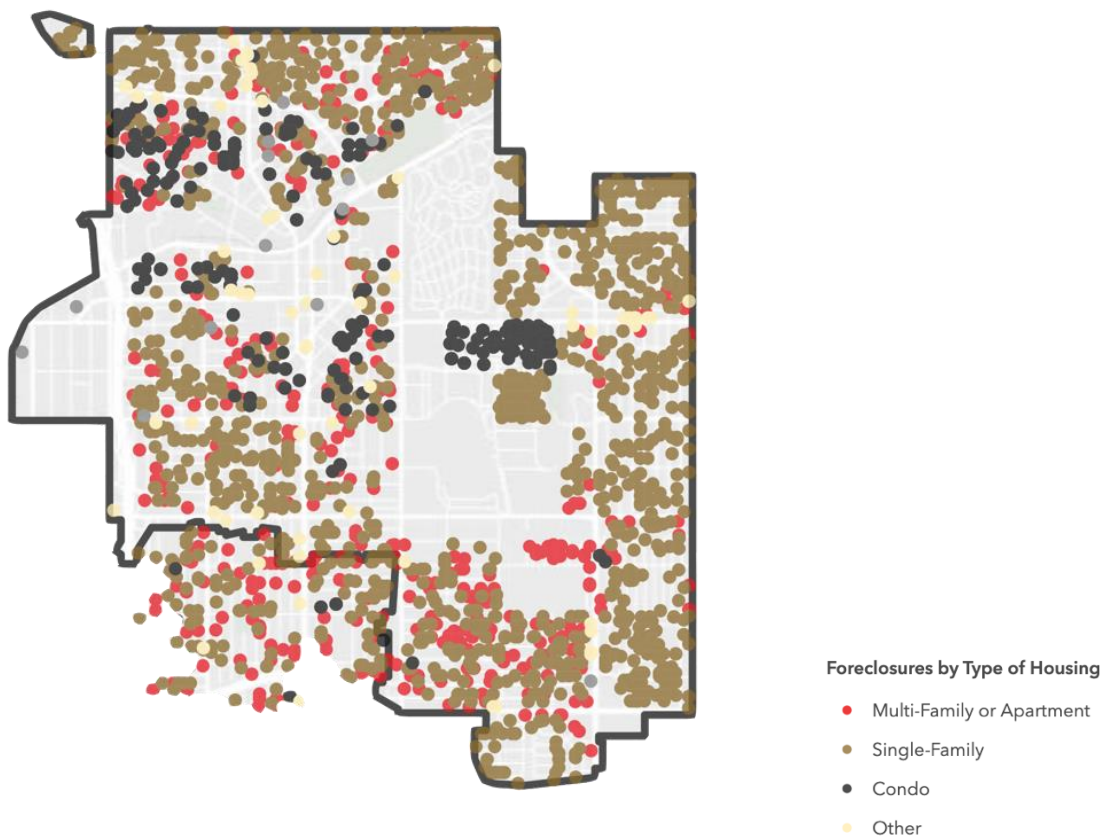
One of the main things this project is interested in is the experiences of renters living in foreclosed properties in Los Angeles County, looking specifically at what legal protections are in place for these renters and how the lack of protections might contribute to the ongoing displacement crisis in the region. To provide this perspective, I interviewed an Inglewood resident and organizer with the Uplift Inglewood Coalition, Jelani Hendrix. Portions of his interview will be included throughout to center the perspectives of the Uplift Inglewood Coalition in this study.

Findings

Foreclosure in Inglewood, CA

Between 2006-2018, there were 2,586 unique foreclosures in Inglewood. The below map shows the geographic distribution of foreclosures in the City of Inglewood, 2006-2019 by housing type: single-family, multi-family or apartment, and condo. Of note is the concentration of single-family homes on the east side of the city, surrounding the NFL stadium, NBA stadium, and Forum developments. These homes represent those that have changed ownership and were made vulnerable to acquisition by corporate entities. Of note is also the block of condos that foreclosed north of Hollywood Park.

Figure 1: Foreclosures in Inglewood, CA 2006-2019

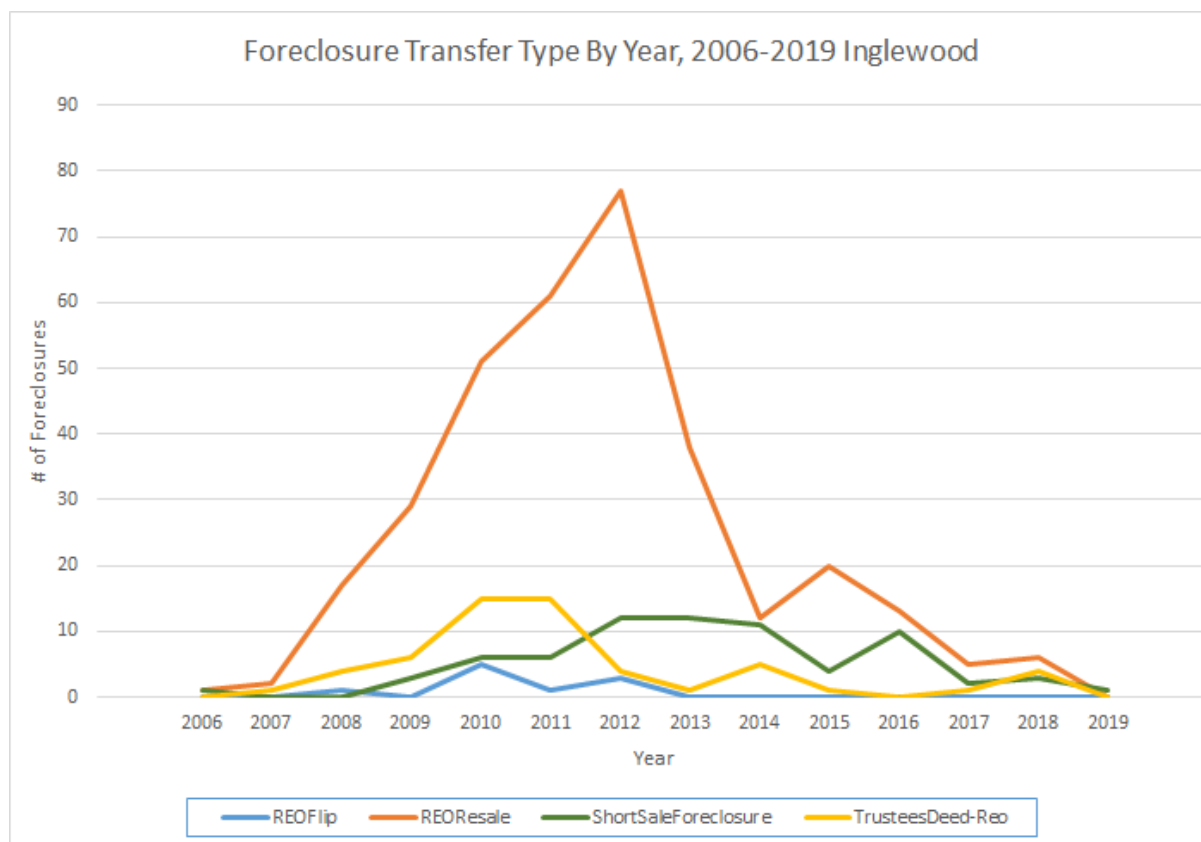


Source: Property Radar Transaction Data, 2006-2019

The below graph shows the number of foreclosures in Inglewood by transfer type, described in earlier sections of this report, between 2006 and 2019. Inglewood saw a huge spike in

REO resales beginning in 2007 and spiking in 2012, tracking the most impacted years of the foreclosure crash.

Figure 2: Foreclosure Transfer Type by Year, 2006-2019 Inglewood



Source: Property Radar Transaction Data, 2006-2019

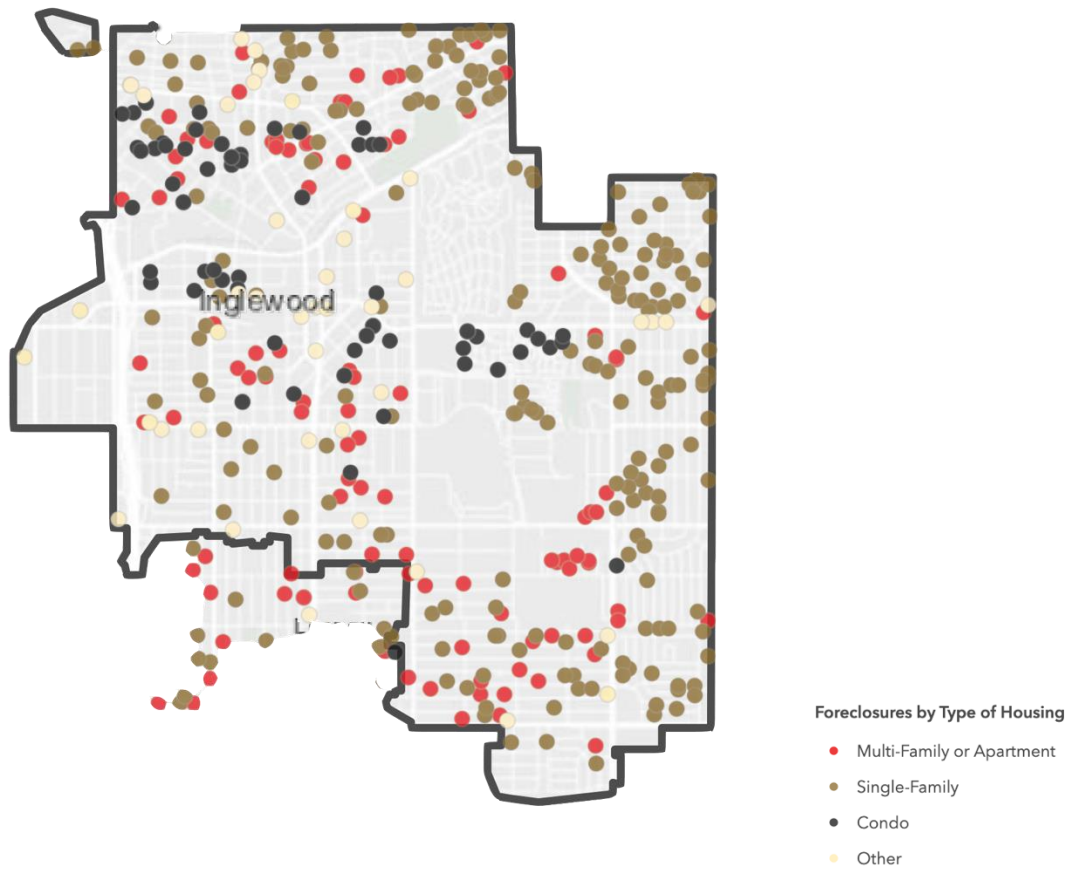
Investor Purchasing of Foreclosure in Inglewood

This report is interested in who has acquired property through foreclosure since the crash. Of the 2,586 unique foreclosures that occurred in Inglewood between 2006 and 2019, 475 or **18% were acquired by investor entities**. Of these 475 properties, 50% were single-family homes, 23% were multi-family or apartment buildings, and 17.5% were condominiums. Fifty-three entities acquired more than one property through foreclosure during these years, listed in Appendix A.

Figure 3 shows the geographic distribution of homes in Inglewood acquired by investor entities through foreclosure by type: single-family, multi-family or apartment, and condo. In Inglewood, 476 properties were acquired by investors during this time, 128 of which were

multi-family units or apartments, 244 of which were single-family homes, and 80 of which were condos.

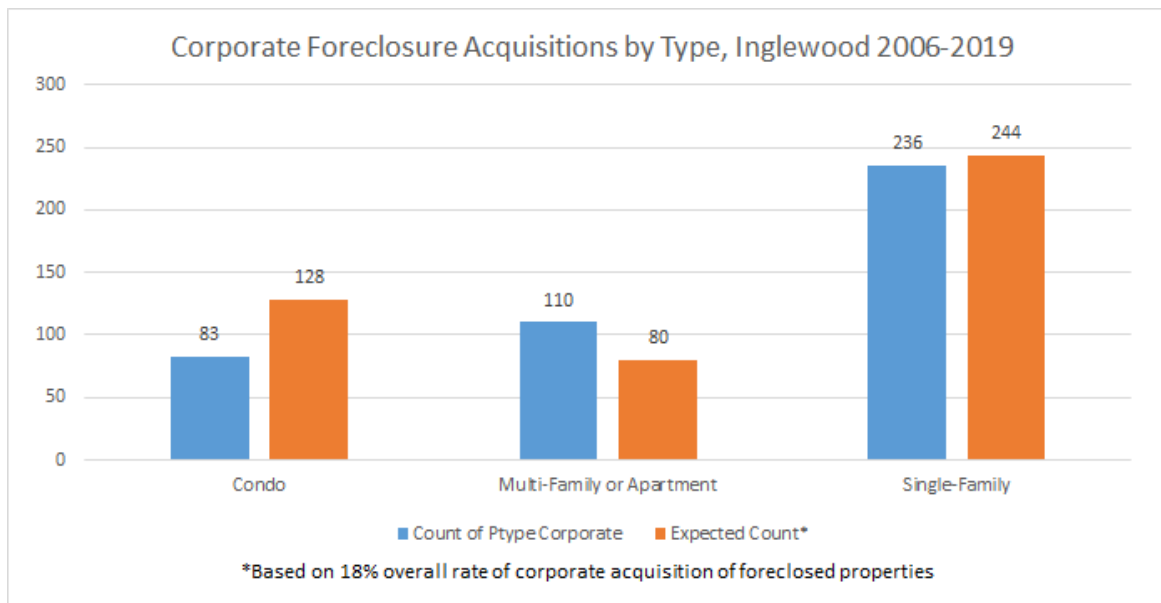
Figure 3: Investor-Purchased Foreclosures in Inglewood, CA 2006-2019



Source: Property Radar Transaction Data, 2006-2019

Taken alongside the overall 18% average rate of corporate acquisition in Inglewood during this time, the below graph and above map show an overrepresentation in investor purchases of multi-family units in Inglewood. This is relevant to analysis later in this report on Wedgewood Inc.'s acquisition strategies.

Figure 5: Corporate Foreclosure Acquisitions by Type, Inglewood 2006-2019



Source: Property Radar Transaction Data, 2006-2019

Corporate Investor Case Study: Wedgewood Inc.

Who is Wedgewood?

Wedgewood is a real estate investment firm based in Redondo Beach, CA. Since CEO Greg Geiser founded the company in 1985, it has grown to a “diversified, vertically integrated company, expanding its business footprint to include residential rehabilitation, non-performing loans, property management, private lending, brokerage, escrow, and more.”² Its website states, “The flip business is the backbone of Wedgewood. Our residential improvement business includes the purchase, rehabilitation and resale of single-family residences throughout the Western U.S. and Florida.” At a real estate conference in September of 2015, Geiser, who graduated from UCLA’s Anderson School of Management, claimed that his company purchased 250 foreclosed or about-to-be foreclosed homes per month. Geiser gushed to the audience about the “hot and sexy,” “new and trendy,” “distressed market.” In the lobby of their corporate headquarters in Redondo Beach, there is a depiction of a Monopoly board on the wall, pictured below. Wedgewood owns at least 122 subsidiaries, listed in Appendix B.

² <https://www.wedgewood-inc.com/about/>



Source: https://www.huffingtonpost.com/peter-dreier/a-working-class-family-co_b_9551862.html

Overview of Business Practices

Homes acquired through foreclosure are often occupied by tenants of the former owner. When property flippers like Wedgewood acquire these properties, they evict these tenants in order to deliver the property empty to the next buyer. In these cases, tenants in LA County have some protections to prevent their displacement. Month-to-month tenants get between 60 and 90 days to vacate, fixed-term lease tenants get to stay to the end of their term, and rent-stabilized tenants can never be evicted because of change of ownership.

Wedgewood has found several illegal ways to bypass these protections, displace tenants, and quickly resell the property. While Wedgewood declined to be interviewed for this research project, I was able to learn about their business practices by reading court filings from cases where their tenants have sued them for various abusive practices.

One such case is that of Maria Mejia Hernandez, a monolingual Spanish-speaking domestic worker who has lived with her five children in the lower unit of a rent-controlled duplex on Treat Avenue in San Francisco since 1988. Green Apple Properties III, LLC (GAP), a subsidiary of Wedgewood Inc. acquired the building through foreclosure on July 20, 2015.

They promptly evicted the former owners, Francisco and Maria Lopez, also monolingual Spanish speakers, from the upper unit through an illegal buyout that did not comply with San Francisco rent control laws, and immediately began construction to remodel the upper unit. GAP delivered a “Notice of Change of Ownership” to the Lopez family in July 2015, but no such notice was delivered to Maria Mejia Hernandez. After hearing about the sale from the Lopezes, Maria contacted Natalia Carney, Wedgewood’s Property Supervisor for her building, with the business card Carney left with the Lopezes. Ms. Carney told her Wedgewood was not interested in continuing to rent to her and immediately offered a buyout, which under the San Francisco Rent Ordinance was at this point illegal as any agent of the owner must first disclose buyout offers with the San Francisco Rent Board before negotiating with the tenant. When Maria refused these offers, Ms. Carney threatened that she would send the San Francisco Sheriff’s Department to her door. On September 3, 2015, GAP sent two identical eviction notices to the property, for the two units, naming only the Lopez family on both, and failed to name Maria or any specific grounds for terminating Maria’s lawful tenancy, though Ms. Carney was aware of Maria’s tenancy. In order to be able to respond to the eviction in court, Maria had to file a Prejudgment Claim Form to assert her claim to the property. Without legal help, she would have had no idea of this requirements and would have lost her case by default, or not responding in court. Meanwhile, Maria had reported several habitability concerns, like lack of heat, which GAP refused to address and actually claimed were her responsibility to fix. In October 2015, Wedgewood counsel told Maria she would find “some reason” to evict her if she did not leave voluntarily, but with no grounds for Maria’s eviction, the judge dismissed the case. GAP continued to remodel the upper unit, but refused to address any of Maria’s habitability concerns. Through Zephyr Realty, they listed the building for sale, indicating that the property was tenant-occupied, but that the bottom unit was “illegal.”

With legal representation, Maria was able to stay in her home, but since winning her case has been served multiple “pay or quit” eviction notices and continues to be harassed by Wedgewood representatives. Her tenancy remains precarious (Maria Mejia Hernandez vs. Wedgewood, 2016). The Balderama Law Firm saw 52 almost identical cases involving Wedgewood in San Francisco in just three years (2013-2016).

This strategy was particularly widespread at the time of the crash, but real estate companies like Wedgewood Inc. continue to take advantage of it to clear out buildings it acquires and flips. Wedgewood has also on many occasions been fined by the California Bureau of Real Estate for not being in compliance with real estate laws and regulations.

Flippers vs. Housing Providers

In the rhetoric around landlordism in California, there is a popular refrain with landlord interest groups like the Apartment Association of Greater Los Angeles (AAGLA) that landlords, mom-n-pop and corporate alike, are “housing providers,” who provide shelter as some sort of service for the residents of the region (AAGLA). They repurpose this term from the Fair Housing Act, which identifies a long list of entities (property owners, property managers, homeowners, condominium associations, lenders, real estate agents, state and local governments, etc.) as such to ensure that all actors who might have any control over someone’s housing must comply with fair housing rules.

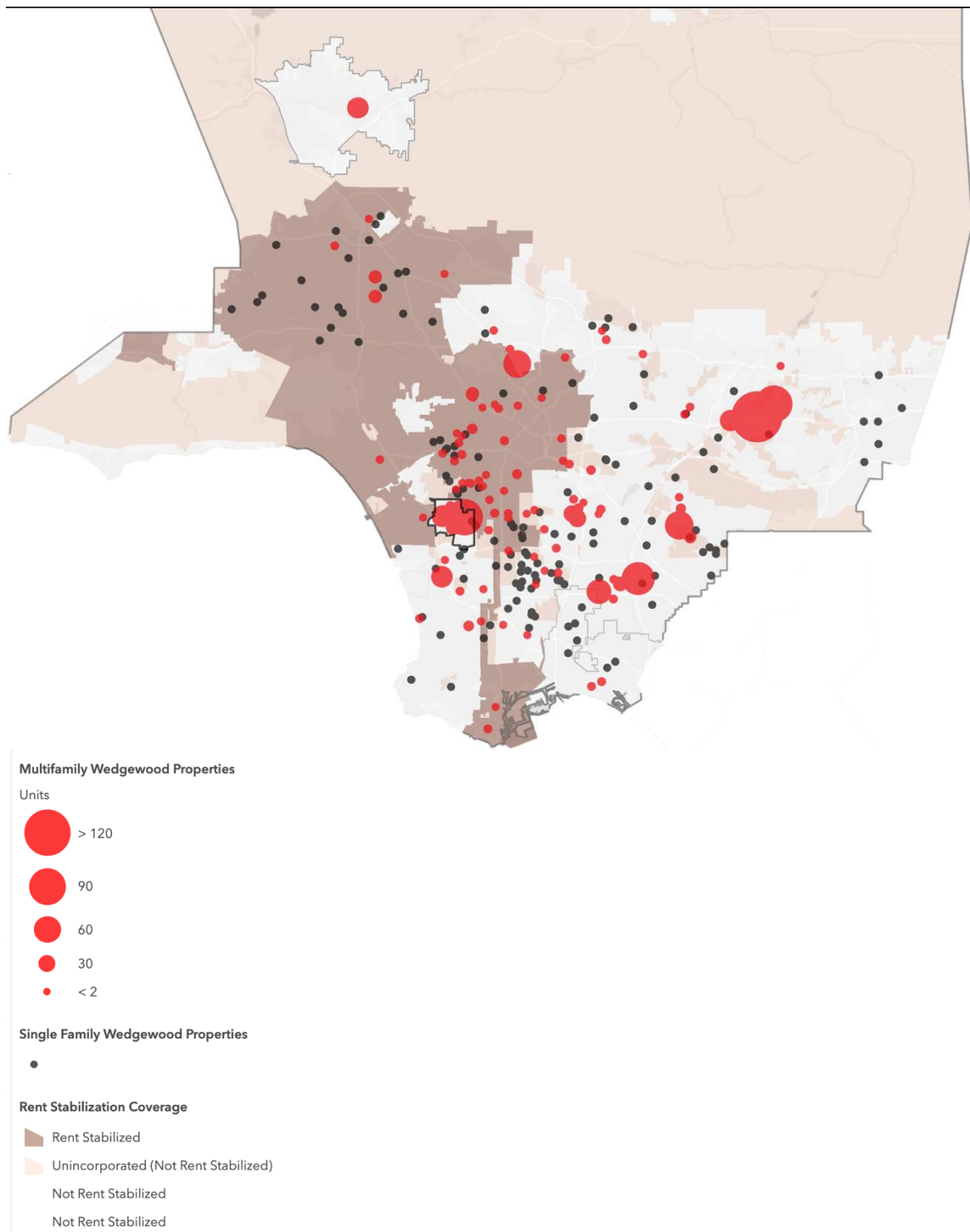
It is important to point out that what distinguishes Wedgewood from other real estate investment companies like Blackstone is that it does not act as a landlord long-term – it only flips properties and resells them. Therefore, it is not “providing housing” or any sort of public service. Rather, the only service Wedgewood provides is displacement, in making sure that the buildings it buys are delivered empty to the next buyer.

Wedgewood in Los Angeles County

The below map shows all properties owned by Wedgewood and its 122 subsidiaries in November of 2018 relative to areas of the County protected by rent control and Just Cause eviction protections. The map shows a concentration of investment in Inglewood, CA (outlined in black) as well as in West Covina and Buena Park areas. It is important to point out that this is only a snapshot of the company’s portfolio at one point in time, as the company flips and resells companies so quickly, making particularly hard to keep tabs on the company’s dealings.

The map also shows a concentration of Wedgewood’s multi-family acquisitions (shown in red circles) in non-rent stabilized municipalities. This represents a departure from Wedgewood’s usual practice of buying exclusively single-family homes through foreclosure, in that it shows that the company has acquired a concentration of multi-family buildings in areas of the county without renter protections. In these areas, it is much easier to force out tenants through eviction.

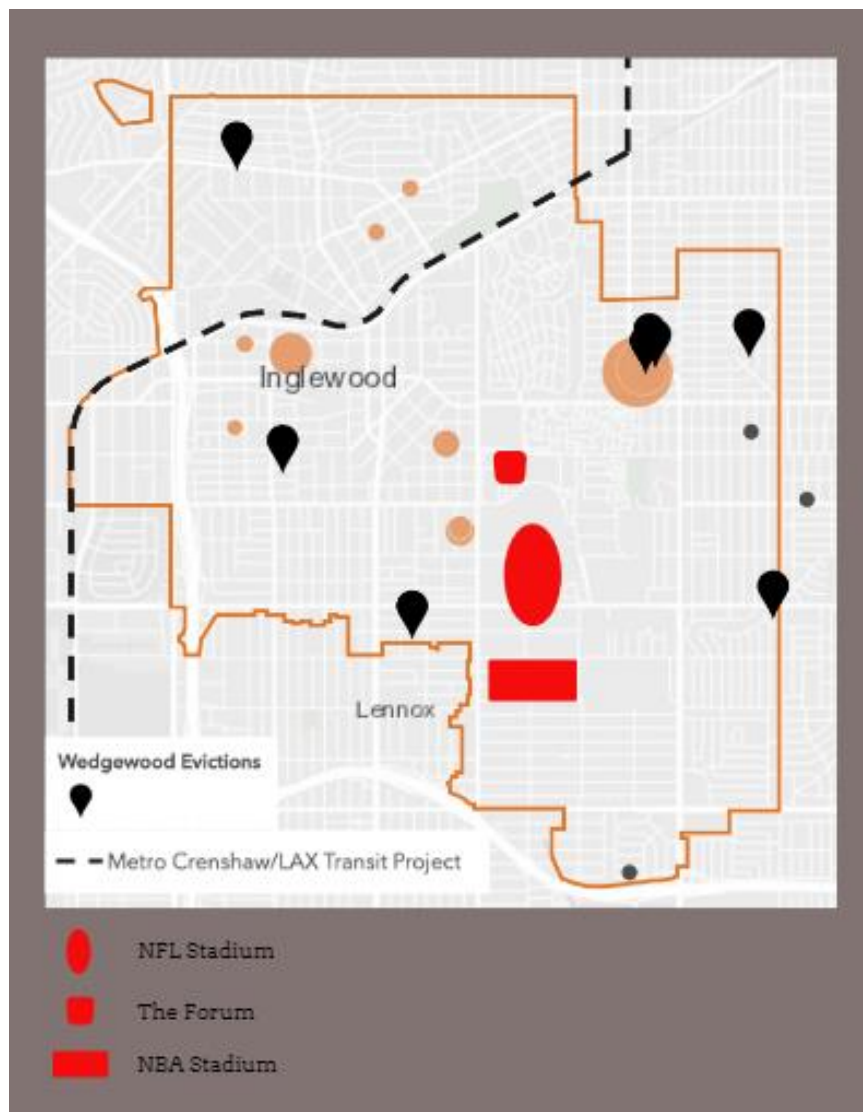
Figure 6: Wedgewood Inc. Properties in LA County Relative to Renter Protections



Wedgewood in Inglewood

The below map zooms into Inglewood and shows the geographical distribution of Wedgewood's single-family and multi-family properties in Inglewood, CA layered with recent Wedgewood-related evictions. The gentrification pressures elaborated on earlier in this report are marked in red for reference.

Figure 7: Wedgewood Properties in Inglewood, Gentrification Pressures, Wedgewood Evictions



Source: Eviction Defense Network clinic data

Recommendations

Looking towards the work of organizations like the Los Angeles Center for Community Law and Action (LACCLA), the client for this report, and Uplift Inglewood, we can see several ways forward.

LACCLA's method combines claim-centered, organizing-centered, and policy-centered work to empower the community to exercise its social, economic, and political power. "Claim-centered work in housing litigation can be defined as legal advocacy with the aim of winning traditional legal objectives for individuals or groups of tenants, such as preventing eviction or obtaining repairs to uninhabitable apartments. Organizing-centered work can be defined as legal work that promotes and defends tenant organizing and the tactical use of direct action to achieve movement objectives, such as preventing landlords from disrupting tenant protests or protecting the confidentiality of organizers and activists. Policy-centered work can be defined as conducting legal analysis, drafting reports and petitions, and pressuring government agencies and elected officials to obtain movement objectives (Anderson et al, 2018). LACCLA is currently engaging in work in all three of these categories to push forward movement goals regarding rent control and just cause eviction protections, and intend to use the research in this report to support movement goals regarding resisting the abusive practices of corporate landlords.

Jelani shares his thoughts on the role of organizing as the backbone of the struggle for housing justice in the city of Inglewood:

We provide a space for residents to join the fight. You know, a lot of people have immediate needs, and we try our best to plug them into different places that can help with their immediate needs. But I think the main thing we do is help people have a voice, help people get on the front line, to advocate and fight for their city, their right to live here, because we believe that the residents that have been here historically deserve to experience the benefits from the development that's coming here, right. And then it's also a space to meet other people that are experiencing the same things that you're experiencing so they don't feel like their struggle is siloed, that other folks are going through the same thing, that you can talk to these people, create relationships with these people and figure out next steps. So, we offer moral support. I've actually been in the court room with some of our residents who have been displaced and I've seen courtrooms packed with people who are experiencing eviction and displacement and it's sad because, on one side, you see the landlord, they have a lawyer, and then you literally see people who are representing themselves, that have no idea what they're doing, who don't know the legal process very well, so it's kind of a David versus Goliath type of situation that I witness in the courtroom with some of our residents.

If you look at any movement throughout history, organizing is – people are organized, whether is the civil rights movement, the feminist movement, the anti-war movement, people are in the streets, they're organizing, and a lot of folks think organizing is just hitting the streets and yelling, being mad, but

there's an educational part to it, an empowerment part to it, and in order to really get things moving and to create a movement, the people who are being impacted need to feel empowered in order to advocate for themselves – they need political education, popular education, mechanisms to articulate their situation and come to a solution. Organizing is about being strategic and critically thinking about tactics that can move our strategy. So, organizing has been the backbone of all social movements – in any movement, organizing plays an integral role. Probably the most important role. Without advocacy, there's no way we can challenge the displacement that's going on in the city. You need to have an organized front in order to fight back.

When I moved to LA – I'm not from here – I used to hear the stories from elders about what LA used to look like, which demographics were here, which demographics are not here anymore, and I would say “well, what are we gonna do about it?” and some people had the attitude that there's nothing they could do about it. My goal is to continue to do the good work, fight the good fight, and I believe that we will get a permanent ordinance in place. And I think that the city of Inglewood could be a model for other cities across the country that are experiencing similar circumstances like displacement, development, and gentrification. That's my goal, for people to be able to point to us and say “look what Inglewood did,” so people don't feel like there's nothing they can do about it.

In tandem with these efforts, and recognizing that organizing efforts are often responsible for spurring policy change, I recommend the following four policy solutions to mitigate the displacement driven by the increasing financialization of housing in Inglewood.

- (1) Make the recent temporary rent control and Just Cause ordinances in Inglewood permanent. Rent control is the most effective way to protect renters in the short term as development in gentrifying areas leaves them at risk of displacement. Tenants in foreclosure in particular stand to gain from renter protections, because they otherwise are caught in the middle of a foreclosure transaction and have no specific protections to prevent their displacement.
- (2) Regulate the real estate industry to stop the increasing consolidation of ownership under corporate entities. Senator Elizabeth Warren recently released her housing plan which includes a bill that require the FHA to sell 75% of properties it acquires through foreclosure to owner occupants. In the same vein, San Francisco has an ordinance that if a company acquires more than ten properties through foreclosure and they do anything illegal with the properties, they are liable for 10 times the amount of money.
- (3) Prioritize and incentivize housing and economic development projects in Inglewood that embody the concept of “development without displacement,” so that existing residents can benefit from increasing investment in the city.
- (4) Punish and strictly regulate companies with extensive history of abusive practices towards tenants.

Works Cited

- AAGLA. "Mission Statement." AAGLA, aagla.org/mission-statement/.
- Abood, Maya (2017). *Wall Street Landlords turn American Dream into a Nightmare*. ACCE.
- Anderson, Tyler et al (2018). *We Shall Not Be Moved: Practitioners' Perspectives on Law and Organizing in Response to California's Housing Crisis*. UCLA Law Review.
- Anti-Eviction Mapping Project. *Wall Street Landlords, California*. 2019, www.antievictionmap.com/wallstreet/.
- Anti-Eviction Mapping Project, and Tenants Together (2018). *Rent Control for All*. antievictionmap.maps.arcgis.com/apps/Cascade/index.html?appid=66be4442010f405a86286bca44cc0a1f.
- Banks, Sandy (2005). *A Painful Lesson in Division*, Los Angeles Times, www.latimes.com/archives/la-xpm-2005-aug-28-me-inglewood28-story.html.
- Chiland, Elijah (2017). *The Crenshaw Line Will Open in 2019-How Are Residents Are Feeling about It?* Curbed LA, la.curbed.com/2017/9/22/16347450/crenshaw-line-lax-leimert-park-metro-development.
- Chiland, Elijah (2016). *Here's the New 'Hood Rising Around the Rams Stadium*. Curbed LA, la.curbed.com/2016/5/18/11697054/inglewood-rams-development-hollywood-park
- Fields, Desiree (2018). Constructing a New Asset Class: Property-led Financial Accumulation after the Crisis, *Economic Geography*, vol. 94, no. 2, pp. 118-140
- Gonzalez, Silvia, Paul Ong, Anastasia Loukaitou Sideris, Justine Pascual, Terra Graziani (2018). *The State of Anti-Displacement Policies in LA County*. Center for Neighborhood Knowledge.
- Grynberg , Noah, and Tyler Anderson . "Flippers Are Using an End-around to Kick Tenants out of Affordable Housing. They Need to Be Stopped." *Los Angeles Times* , 2018, www.latimes.com/opinion/livable-city/la-oe-grynberg-eviction-loophole-california-20181002-story.html.
- Harvey, David (2004). *The 'new' imperialism: accumulation by dispossession*. Socialist Register.
- Immergluck, D. & Law, J. (2013). *Speculating in crisis: The intrametropolitan geography of investing in foreclosed homes in Atlanta*. *Urban Geography*, vol. 35, pp. 1–24.

- Kathe, Newman, and Wyly K Elvin (2006). *The Right to Stay Put, Revisited: Gentrification and Resistance to Displacement in New York City*. Urban Studies, vol. 43, no. 1, pp. 23–57.
- Mallach, A. (2010). *Meeting the challenge of distressed property investors in America's neighborhoods*. New York, NY: Local Initiatives Support.
- Molina, Emily T (2016). *Foreclosures, Investors, and Uneven Development during the Great Recession in the Los Angeles Metropolitan Area*. Journal of Urban Affairs vol. 38, no. 4, pp. 564-580.
- Patraporn, R. Varisa, et al. (2013). *Wealth Roller Coaster: Race, Place, and the Foreclosure Crisis in Los Angeles*. UCLA Asian American Studies Center.
- Pfeiffer, Deirdre Molina, Emily T. (2013). “The Trajectory of REOs in Southern California Latino Neighborhoods: An Uneven Geography of Recovery” Housing Policy Debate vol. 23, no. 1, pp. 81-109.
- Pollack, Stephanie, et al. (2010). *Maintaining Diversity In America's Transit-Rich Neighborhoods*. Dukakis Center for Urban and Regional Policy.
- Nelson, Robert K., LaDale Winling, Richard Marciano, Nathan Connolly, et al., “Mapping Inequality,” *American Panorama*, accessed June 2, 2019, <https://dsl.richmond.edu/panorama/redlining/#loc=13/35.9995/-78.9061&opacity=0.8&city=durham-nc&text=bibliograph>.
- Newman, K. (2009) Post-industrial widgets: capital flows and the production of the urban. *International Journal of Urban and Regional Research* 33.2, 314–31
- Scott, Anna (2017). *'This Is a Black Neighborhood. You Aren't Black.'* KCRW, www.kcrw.com/news-culture/shows/there-goes-the-neighborhood/this-is-a-black-neighborhood-you-arent-black.
- Sichelman, L. (2011). Investors to the rescue of housing market. Los Angeles Times.
- Smith, Neil (1982). *The New Urban Frontier: Gentrification and the Revanchist City*. Routledge.
- UCLA Newsroom (2016). *The Coming Transformation of South L.A. and Inglewood*. UCLA Newsroom, newsroom.ucla.edu/stories/the-coming-transformation-of-south-l-a-and-inglewood.

Vincent, Roger (2017). *Inglewood Real Estate Market Expected to Score as Chargers Join Rams at New Stadium*. Los Angeles Times. www.latimes.com/business/la-fi-chargers-real-estate-20170112-story.html.

Appendices

Appendix A

Investors That Acquired >1 Property 2006-2019
5 MONKEYS LLC
AURORA LN SVCS LLC
BARAK ENTS INC
BRADLEY LIVING TRUST
CALIFORNIA FORECLOSURE PREVENT
CARLTON SQUARE HOA
CASA LOMA ASSN INC
CRAM PROPERTIES LLC
CREST EQUITIES LLC
DYNASTY DYNAMICS INC
ELRE HOLDINGS LLC
FEDERAL HOME LOAN MTG CORP
FEDERAL NATL MTG ASSN FNMA
FJA INVESTMENTS LLC
HOMESTRONG USA LLC
HOROWITZ R W & T J LIVING TRUST
IDD INVESTMENTS GROUP INC
IH2 PROPERTY WEST LP
IH6 PROPERTY WEST LP
INGLEWOOD PROJECTS OF IMPROVEMENT
JACK ROCKMAN LLC
JWR LIVING TRUST
KJ & DEP LLC
LOS ANGELES NEIGHBORHOOD HSNG
M & E LIVING TRUST
MCHUGH FAMILY TRUST
NADINE RAY LLC
NUVIAS PROPERTIES INC
PREFERRED APARTMENTS LLC
PURER INVESTMENTS
QLS SERVICES INC
REAL ESTATERS LLC
REBUILDING TOGETHER LONG BEACH
RH & T LLC
ROOTS DEV INVESTMENT CORP
SANCHEZ MARTHA LIVING TRUST
SECURED REAL ESTATE LLC
SHARK INVESTMENTS LLC
SKYLINE VISTA EQUITIES LLC
SLE ENTS INC
SOCAL BETTER HOMES LLC

SPA SFR LLC
SPIEGEL DEV INC
SW STRATEGY V INVESTMENT INC
THR CALIFORNIA LLC
THREE KINGS OF QUEENS INC
TRIMAR PROPERTIES LLC
UNION CAPITAL INVESTMENT GROUP
URBAN STREET PROPERTIES INC
WEST A & A INVESTMENTS LLC
WESTERN MUTUAL GROUP INC
WOODFORK DEV LLC
YOUNG DARYL TRUST

Source: Property Radar Transaction Data, 2006-2019

Appendix B

Wedgewood Subsidiaries
Wedgewood Inc.
Falcon Ventures, LLC
Nwc Funding Group, Inc.
Hmc Assets, LLC
Wedgewood LLC
Civic Ventures, LLC
Civic Financial Services, LLC
Warmside Rentals, LLC
Axiom Home Warranty
Can Real Estate XIV, LLC
Vr Holdings, LLC
Neighborhood Stabilization, LLC
Maxim Properties
Community Development Fund II Reo, LLC
Cam Real Estate X, LLC
Stratford Rentals, LLC
Tampa Community Development I Reo, LLC
Hawthorne Airport, LLC
Community Development Fund I Reo, LLC
Hollyvale Rental Holdings, LLC
Main Street Management, LLC
Corona Asset Management I, LLC
Wehrly Holdings, LLC
Breckenridge Property Fund 2015, LLC
Champery Property Fund 2015, LLC
Civic Financial Services, Inc.
Corona Asset Management V, LLC

Eagle Vista Equities, LLC
Stella Group, LLC
Cam Real Estate I, LLC
Cam Real Estate IV, LLC
Champery Real Estate 2015, LLC
Niseko Real Estate 2015, LLC
Corona Asset Management IV, LLC
395 Park Place, LLC
Wedgewood Real Estate Management, LLC
Maxim Properties, Inc.
Windsor Rentals, LLC
Pookie & Peanut, Inc.
Vx Holdings, LLC
Silver Hawk Ventures 1, LLC
Corona Asset Management III, LLC
Euclid Street Investors, LLC
Orchid Lane Investors, LLC
Duke Partners II, LLC
Civic Real Estate Holdings III, LLC
Cam Real Estate XVII, LLC
Queen Invstors, LLC
Garfield Investors, LLC
West Ridge Rentals, LLC
Wedgewood Intermediary I, LLC
Pacific Woods Rentals, LLC
Passage Investors, LLC
Flower Street Investors, LLC
Breckenridge Property Fund 2016, LLC
Rose Street Investors, LLC
Cam Real Estate V, LLC
Wedgewood Commercial Holdings, LLC
Cam Real Estate III, LLC
Corona Asset Management XIII, LLC
Wedgewood FI, LLC
Ralph Partners II, LLC
Hazard Office Investors, LLC
Nsp La, LLC
Cam Real Estate XVI, LLC
Cam Real Estate XVIII, LLC
Wedgewood Depositor V, LLC
Caplinked, Inc.
Wedgewood Enterprise Corporation
Bianca Bay, LLC
Hyde Park II Investors, LLC
Buena Capri Investors, LLC

Stone Creek Retail Investors, LLC
Warmside-Forum Park Rentals, LLC
Warmside-Mulberry Rentals, LLC
Osage Investors, LLC
Camray Investors, LLC
Corona Asset Management VI, LLC
Corona Asset Management VII, LLC
Civic Real Estate Holdings I, LLC
Civic Holdings IV, LLC
Civi Holdings V-C, LLC
Community Development Fund II, LLC
Cfs Fund I LLC
Geiser Holdings, LLC
FI-337, LLC
Wedgewood Depositor VI, LLC
Senior Midway Investors, LLC
Buena Vista Investors, LLC
Warmside-Oasis Investors, LLC
Chevy Chase Investors, LLC
Stone Creek Villa Investors, LLC
Lawndale Apartments, LLC
Stratford-Dawes Rentals, LLC
Bendita
Cerise, LLC
Voit IV, LLC
Center Line III, LLC
Meadow Oaks Realty III, LLC
S&Y Partners LLC
Hyde Park Investors, LLC
Woodcrest Rentals, LLC
Stratford-Mulberry Rentals, LLC
David R. Wehrly
Windsor-Chevy Chase Rentals, LLC
Regatta Investors, LLC
Villa Woods Investors, LLC
Garvey Avenue Investors, LLC
Mulberry Investors, LLC
Greg L. Geiser
Mammoth Beach, LLC
Windsor-Sandalwood Rentals, LLC
Paradise Gardens Investors, LLC
Magnolia Gardens Investors, LLC
Magnolia Gardens Inestors, LLC
David R. Wehrly
Maxim Properties

Mammoth Beach LLC
Nwc Funding Group, Inc.
Hyde Park I Investors, LLC
Paradise Gardens Investods
Skyline Vista Equities, LLC

Source: Corporation Wiki & California Secretary of State Business Search

Appendix C

Transcript of Interview with Jelani Hendrix of Uplift Inglewood

Interview by Terra Graziani

12 March 2019

TG: What is your name and how long have you been working with Uplift Inglewood?

JH: My name is Jelani Hendrix. I've been working with Uplift Inglewood since October 2018.

TG: And what do you do with Uplift Inglewood?

JH: So, I'm an organizer, and I'm also – I guess you could call me the coalition manager. I send the emails, make sure that we're having our meetings on schedule, on time. I create the agendas and facilitate. I also facilitate our base meetings – we have base meetings every second and fourth Tuesday of the month, steering committee meetings every first and third Tuesday, so I manage those meetings. I do a lot of our communications work too.

TG: What are the main issues your members are facing in terms of housing in Inglewood?

JH: The main issues are the rent increases. Inglewood is very unique because Inglewood doesn't have any renter protections. Other cities do, so for instance, in other areas in LA, they're experiencing rent increases, displacement, but not at the same rate because the landlord can only increase their rent by so much. Here in Inglewood, we have cases where Inglewood residents have received 100% increases, 150% increases, and in a lot of cases, they're some of the most vulnerable residents. To give you an example – single mothers, senior citizens that are on fixed incomes that really don't have the means to make up or be able to pay the rent after they increase it, so everyone's not experiencing the 100-150% rent increase, but a 10% rent increase can displace someone. We've seen research that increases as little as 5% can actually evict someone, so that needs to be known. We've had to struggle with getting the city to do something proactive about it. I think lately we've been able to work with the city and get the ball moving so we can protect the most vulnerable residents in the city.

TG: What resources to tenants have if they get a rent increase?

JH: We provide clinics. We provide lawyers that they can speak to for free so they'll know their options. We have a list of different service providers they can go to to help them out. Also, we provide a space for residents to join the fight. You know, a lot of people have immediate needs, and we try our best to plug them into different places that can help with

their immediate needs. But I think the main thing we do is help people have a voice, help people get on the front line, to advocate and fight for their city, their right to live here, because we believe that the residents that have been here historically deserve to experience the benefits from the development that's coming here, right. And then it's also a space to meet other people that are experiencing the same things that you're experiencing so they don't feel like their struggle is siloed, that other folks are going through the same thing, that you can talk to these people, create relationships with these people and figure out next steps. So, we offer moral support. I've actually been in the court room with some of our residents who have been displaced and I've seen courtrooms packed with people who are experiencing eviction and displacement and it's sad because, on one side, you see the landlord, they have a lawyer, and then you literally see people who are representing themselves, that have no idea what they're doing, who don't know the legal process very well, so it's kind of a David versus Goliath type of situation that I witness in the courtroom with some of our residents.

TG: What is the importance of organizing in Uplift's work?

JH: If you look at any movement throughout history, organizing is – people are organized, whether is the civil rights movement, the feminist movement, the anti-war movement, people are in the streets, they're organizing, and a lot of folks think organizing is just hitting the streets and yelling, being mad, but there's an educational part to it, an empowerment part to it, and in order to really get things moving and to create a movement, the people who are being impacted need to feel empowered in order to advocate for themselves – they need political education, popular education, mechanisms to articulate their situation and come to a solution. Organizing is about being strategic and critically thinking about tactics that can move our strategy. So, organizing has been the backbone of all social movements – in any movement, organizing plays an integral role. Probably the most important role. Without advocacy, there's no way we can challenge the displacement that's going on in the city. You need to have an organized front in order to fight back.

TG: So back to the policy front. When I heard about the temporary rent control ordinance, it seemed like it came out of nowhere, very suddenly, but what is the back story on this temporary ordinance?

JH: It does seem like it came out of nowhere and that it was very sudden, but it wasn't. I think that, over the last two, two-and-a-half years, we've managed to put Inglewood in the center of the gentrification discussion, because we have unique circumstances, because we don't have any forms of renter protections. With that said, people are starting to realize what's going on in the city. People are realizing the impact that the development is having on the city - and I just want to let it be known that Uplift Inglewood is not against development – we're against development that causes displacement. That's been our model from Day One and that's why we formed, that's why we do the work that we do, and we feel that having a comprehensive rent control ordinance would protect long-term residents, would protect the most vulnerable residents in the city. We know that we can't tell a landlord, "You can't raise rents," but it needs to be in increments so folks can prepare themselves and make sure they can cover the new rent that they owe on a monthly basis.

So, we had a field team making phone calls, knocking on doors, going to events, going to grocery stores and the outlets and the different businesses across the city to put our rent control ordinance on the ballot, and what's unique about our rent control ordinance is that it

has protections for mom-and-pop landlords, because at the end of the day we realize that a lot of the people in the city that own duplexes and triplexes are just trying to make a living and secure some type of funds for their retirement. So, we make sure that we protected them. The main issue is the corporate entities that are buying the land. We actually obtained the required signatures through organizing, through hard work, and the city deemed about half of our signatures invalid due to various reasons. For instance, let's say you live in Inglewood, you signed our ordinance, and then two to three months later, we turned those petitions in, but you're displaced, you no longer live in Inglewood, so your signature doesn't count. They used other things as well to invalidate a lot of our signatures, so we didn't meet the threshold, but it was a learning experience. We didn't give up. There's a possibility that maybe we try it again in the future, but as of right now, we're continuing to organize more folks and continue to go to the city council meetings and let it be known that we're gonna be here until we find some type of long-term solution.

But, the temporary ordinance didn't come out of nowhere. There was a building in Inglewood that received over 100% rent increase and a brave soul posted their notice online on multiple platforms including the "Eye on Inglewood" page. Our mayor and city councilmembers post a lot on that page, so it caught their eye, their attention. It was proof that what we've been saying all along, that what we said was gonna come in the near future had become reality, and it wasn't just a group of angry residents fussing. This is someone that's actually going on and something that's actually going to impact the community. But, that said, the mayor decided to meet with the owner of that building. He worked out a deal to where they brought the rent increase down to about 28%, which is still very high – that's still a couple of hundred dollars of an increase. After that ordeal, we went to the city council, we had an action, and we say, "Hey, we need something soon. We already have an ordinance ready to go. You can implement it." They were a little hesitant, so the day after the action, they actually created a survey that was posted on the city's website – you upload your information there, take a picture of your rent increase, upload it, you also took a picture of your original lease agreement, and what they found out was the average rent increase was 48% - that was the average. So you have the city residents asking the city for rent control, you have Uplift Inglewood, you have the media, and now you have the data that you can't argue. So this proof – I think it kind of pressured the city to implement this temporary ordinance, which is 45 days, but it can go up to a whole year. The residents can have a lot of influence if we continue to apply pressure and organize. What we want is a long-term solution, and we felt like this was a step in the right direction. What's unique about this temporary ordinance was the fact that it didn't have protections for Just Cause evictions. A lot of people didn't recognize that, but of course, we did, so last week when we went to the city council meeting, we asked the city that they made sure to implement that, and there was a little deliberation, but at the end before they voted on it, they entered the Just Cause protections. That wouldn't have happened without residents coming and advocating, and it just goes to show how powerful residents can be when they are organized and on the same page. So to me, it was a small victory, but a historic victory, because we haven't had anything like this as far as I know in this city.

We have some momentum, and we want to make sure we keep this momentum going to assure that we get something long-term for this city.

TG: Let's talk about some of the new and recent developments that have come to Inglewood. What do you think about the new stadiums, the Crenshaw line, etc?

Once again, we're not against development. I grew up watching football. I think that it's good that the Rams and the Chargers are back in LA; we haven't had a football team in a long time, but at what cost? If I had a choice to have a football team here that causes displacement and high rents or keep the rent at a reasonable rate, I would choose the latter. I definitely prioritize people's needs over corporate need, any day. So, on the surface level, it looks like it's great and good for the city, but people don't know the history of gentrification. They don't know the history of places like South Central Los Angeles and Inglewood. These places, these communities didn't receive any type of development for decades. No one wanted to build anything here; no one wanted to invest a dime in these areas, and it made the property values go down tremendously. And now, since it's dirt cheap – well, maybe not dirt cheap to the average person, but dirt cheap to a corporate entity – and now you want to buy the land, you want to buy the buildings, but you don't want us to reap any of the benefits. So, this is a systemic issue, and you need to look at it from a historical standpoint. And history tells us that, this is a tool that's used to push poor people out, brown and black people out. And it's not just an Inglewood issue – it's an American issue. This has gone on in places like Brooklyn, Atlanta, Oakland, San Francisco, the entire Bay Area, and other cities across the country. And a lot of times when corporations come and they build things – the city works out an agreement to make sure we have affordable housing. For the stadium, they're going to build condos at market rate, and the developer actually offered to have a certain percentage of those condos at an affordable housing rate, and the city didn't accept it. Usually, you have to fight and organize for those things, but our leadership didn't see it as a priority. So, it goes to show where the priorities of the city leaders are at, but priorities can shift if you apply the correct amount of pressure.

And then you have the Metro line as well, which is currently being constructed through the heart of the black community which is Crenshaw Boulevard. It has affected the small businesses, black-owned businesses because no one wants to drive on Crenshaw. The train is at street level, not below-level or high-level like in more affluent areas; there's a lot of fatalities that usually happen when you have a train on street level. So, the city is changing a lot, and it's only going to benefit certain people. It's not going to benefit the folks.

I look at it this way – you have the state-of-the-art stadium, the best stadium around, but the average Inglewood family can't afford a ticket. Right? So, what are we really doing? Also, the Olympics is coming in 2028, so there's the Forum that's already constructed. You have the stadium that will be done, and a proposed NBA arena. All of those will be utilized for the Olympics.

When I moved to LA – I'm not from here – I used to hear the stories from elders about what LA used to look like, which demographics were here, which demographics are not here anymore, and I would say "well, what are we gonna do about it?" and some people had the attitude that there's nothing they could do about it. My goal is to continue to do the good work, fight the good fight, and I believe that we will get a permanent ordinance in place. And I think that the city of Inglewood could be a model for other cities across the country that are experiencing similar circumstances like displacement, development, and gentrification.

That's my goal, for people to be able to point to us and say "look what Inglewood did," so people don't feel like there's nothing they can do about it.

APPENDIX D

Court Evictions per year, 2009-2018

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2009	253	255	186	204	239	239	249	278	286	238	191	280	2,898
2010	269	210	216	288	177	323	283	291	234	225	270	292	3,078
2011	199	223	247	201	213	313	252	374	277	250	183	235	2,967
2012	296	248	213	241	242	239	343	327	253	282	220	250	3,154
2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2018	254	211	194	246	242	221	256	253	211	249	192	199	2,728

*n/a indicates months in which Inglewood did not report eviction numbers

APPENDIX E

Excerpt from Complaint of Jason Wolford and Rudy Balderama, Maria Mejia Hernandez vs.
Wedgewood (2016)

1 12. Defendants WEDGEWOOD, EVE, GAP, and DOES 76 through 100 (collectively
2 hereafter "Wedgewood Defendants") are entities and individuals who were jointly associated
3 with each other as part of an integrated enterprise. The Wedgewood Defendants are interrelated
4 real estate speculation companies, whose members, directors, founders, owners, managers, and
5 officers have extensive experience purchasing distressed properties, clearing out tenants and
6 former owners from foreclosed properties, and then improving said properties to sell for profit.
7 Plaintiff is informed and believes, and therefore alleges that, at all times mentioned herein, and
8 continuing to the present, each of the Wedgewood Defendants were the agents, officers,
9 employees, servants, co-partners, joint venturers, and/or co-conspirators of each other
10 Wedgewood Defendants, and in doing, *inter alia*, the acts and omissions alleged herein, acted
11 and continue to act within the purpose and scope, and in furtherance, of said agency,
12 employment, co-partnership, joint venture and/or co-conspiracy, and that such acts were and
13 continue to be consented to and ratified by each of the other Wedgewood Defendants.

14 13. At all relevant times subsequent to the foreclosure of the Treat Building,
15 Defendant WEDGEWOOD managed the property subject to a uniform set of directives and
16 subject to the discretion of a small group of decision-makers. The Wedgewood Defendants
17 became liable as "landlords" within the definition of the San Francisco Rent Ordinance. The
18 terms "landlord" and "tenant" are defined under California common law, under Section 1161, *et*
19 *seq.* of the Code of Civil Procedure, Section 1980, *et. seq.* of the Civil Code, the San Francisco
20 Rent Ordinance and, further, as defined under other California statutory law and common law.

21 14. The Subject Premises is, and at all relevant times was, subject to Chapter 37 of
22 the San Francisco Rent Ordinance, including "just cause" eviction protections summarized in
23 Section 37.9(a) of the San Francisco Rent Ordinance, which sets forth exclusive grounds for
24 recovering possession of covered residential rental units in San Francisco.

25 15. Plaintiff is informed and believes, and thereon alleges, that at all times relevant
26 herein, each agent and employee of the Defendants had advanced knowledge of the unfitness of
27 their employees and agents, and yet employed them with negligent and/or conscious disregard of
28 the harm caused to the Plaintiff and her family by their errors and omissions.

FLIPPING OPERATION ALLEGATIONS

1 16. Over the course of the past three years, Defendant WEDGEWOOD has used
2 Defendant EVE and Defendant GAP and other Wedgewood Defendants as mere corporate
3 instrumentalities to purchase and sell dozens of foreclosed properties within the City and County

1 of San Francisco. Most of these foreclosed residential properties have been occupied and poorly
2 maintained. Defendant WEDGEWOOD has directed its employees and agents to aggressively
3 target and clear out foreclosed homes, while concomitantly directing its employees and agents to
4 refrain from repairing the substandard conditions within these properties until all occupants have
5 vacated and/or been forced to vacate.

6 17. Defendant WEDGEWOOD's residential "flipping" operations include the
7 purchase, rehabilitation and sale of foreclosed properties on an exceedingly short timetable.
8 Defendant WEDGEWOOD boasts of purchasing and/or directing the purchase of approximately
9 200 residential properties per month nationwide as part of its mass flipping operations.
10 Defendant WEDGEWOOD has established an approximate four month turnaround time as being
11 the maximum amount of time for Defendant WEDGEWOOD to make a profit on its high
12 volume "flipping" operations. Defendant WEDGEWOOD is able to yield substantial profits
13 only by rigidly implementing a routinized and uniform protocols and practices subsequent to
14 purchasing of distressed properties.

15 18. Plaintiff is informed and believes and thereon alleges that Defendant
16 WEDGEWOOD modifies its "evict and sell" business practices based on information secured
17 from foreclosing lenders and through on the ground observations of its so-called Property
18 Managers. Plaintiff is informed and believes and thereon alleges that the Defendant
19 WEDGEWOOD's "Property Managers" are tasked with making the initial inspection of the
20 residential foreclosed by properties that are purchased by the Wedgewood Defendants, to make
21 the initial contact with tenants in possession, and to determine which strategy to implement to
22 secure control of the properties. In cases where the properties are known or found to be occupied
23 by tenants, these "Property Managers" are instructed to identify whether the occupants of the
24 homes are tenants or homeowners, to detail the condition of the premises, and to identify the
25 perceived national origin and/or primary language of the occupants.

26 19. Plaintiff is informed and believes and thereon alleges that bilingual "Property
27 Managers" are instructed by Defendant WEDGEWOOD to make affirmative efforts to identify
28 the national origin and/or primary language of the persons occupying any foreclosed properties
as part of its strategy to displace the tenants of any and all foreclosed homes.

20. Plaintiff further alleges upon information and belief that Defendant
WEDGEWOOD secures a competitive advantage by targeting unsophisticated monolingual
immigrant tenants with high pressure intimidation tactics, which include, *inter alia*, directing

1 their bilingual "Property Managers" to immediately commence unsolicited buyout negotiations
2 with Spanish-speaking tenants in their native language without regard to mandatory disclosures
3 and/or advisements regarding their legal right to remain in possession. These "Property
4 Managers" are directed to create an atmosphere of uncertainty and fear surrounding the
5 foreclosure sale by immediately announcing Defendant WEDGEWOOD's intent to unilaterally
6 sever the landlord-tenant relationship. These "Property Managers" are instructed to immediately
7 commence unsolicited "buyout negotiations" without making disclosures required under Section
8 37.9 E of the San Francisco Rent Ordinance

8 21. Plaintiff is informed and believes and thereon alleges that the Defendant
9 WEDGEWOOD gains a strategic competitive advantage by subjecting vulnerable monolingual
10 Latino immigrant tenants with threats of summary displacement through "no cause" evictions.
11 Plaintiff further alleges, upon information and belief, that Defendant WEDGEWOOD's
12 "Property Managers" are encouraged and/or authorized to commence "cash-for-keys"
13 negotiations without complying with the informed written disclosure requirements under the San
14 Francisco Rent Ordinance and without adherence to state and local law post-foreclosure notice
15 requirements. The immediate shock of these high-pressure "cash-for-keys" demands, combined
16 with the threats of arbitrary displacement, places an immense amount of pressure on these
17 unsuspecting tenants.

17 22. Where such pressure tactics are unsuccessful, Defendant WEDGEWOOD's
18 eviction department assigns these tenant-occupied properties to local eviction attorneys who
19 uniformly commence "no cause" post-foreclosure eviction proceedings that illegally circumvent
20 the just cause eviction protections. These frivolous eviction proceedings have the effect of
21 confusing vulnerable monolingual tenants and unsophisticated tenant advocates who are
22 unfamiliar with the post-foreclosure eviction procedures. Plaintiff is informed and believes and
23 thereon alleges that Defendant WEDGEWOOD's Property Managers are also directed to find
24 pretextual grounds for evicting occupants of purchased homes wherever possible.

24 23. Defendant WEDGEWOOD is aware that the foreclosed homes purchased by
25 Defendant WEDGEWOOD and its affiliated corporate entities, such as Defendant EVE and
26 Defendant GAP, are severely distressed and commonly in poor repair, suffering from prolong
27 neglect, and in uninhabitable condition. Defendant WEDGEWOOD and its affiliated entities
28 and agents maintain a regular business practice of uniformly failing and/or refusing to timely and
adequately perform statutorily required repairs in conformance with notices of violations, orders