



April 7, 2022

The Honorable Ash Kalra
California State Assembly
1021 O Street, Suite 5130
Sacramento, CA 95814

RE: AB 2710 (Kalra) – Sale of Rental Properties: Right of First Offer: OPPOSE

Dear Assembly Member Kalra:

On behalf of the California Apartment Association and the listed organizations, we are writing to inform you that the organizations have taken an oppose position on AB 2710, your legislation that would require rental property owners to provide a “qualified entity,” as defined, with an advance notice of their intent to sell residential rental property (including single family rental homes) and would give those qualified entities the first right to purchase the property as well as an excessive amount of time to secure financing. Just like its predecessor AB 1703 (Bloom in 2020), your AB 2710 is an extraordinary and unrealistic proposal to transfer private rental property as well as tenants’ personal information to nonprofit organizations. With its extensive times lines and mandatory transfer of tenant information, AB 2710 does not appear to be a serious proposal to create affordable housing in California. Here’s why we object:

Invasion of Tenants' Privacy – Not only does AB 2710 require a rental property owner to send a notice to each entity listed on the state registration system, but after qualified entities express their interest in the property, that entity – not yet under contract to purchase the property – must provide a notice to each tenant at the property, expressing their interest to purchase the property. The State of California has spent extensive time and energy on creating laws that ensure we maintain the privacy of customers, including tenants. AB 2710 violates this mission.

Mortgage Requirements Run Counter to California's Privacy Protections - The bill would also require a mortgagee, trustee, beneficiary, or authorized agent to send a notice to each tenant of a covered residential property on the filing of a notice of default, even though it is unlikely they would even have knowledge whether a residential 1 to 4 property has been rented or any prior direct contact or information regarding tenants in multi-family residences. Inserting the mortgagee, trustee, beneficiary, or authorized agent into the interaction between the landlord and tenant would only create additional confusion for all parties, and the additional dissemination of tenant personal information necessary to individually contact each tenant as the bill requires would run counter to California's privacy protections. The mortgagee, trustee, etc. do not have the names and contact information of the tenants, so they cannot be required to send the notice of default to the tenants by name via certified mail and by email, if email addresses are available.

Allows Unethical Tenants Organizations to Urge Rent Strikes – Qualified entities, including nonprofit tenant organizations, need not be serious buyers and yet they will be granted access to all tenants at the property. Their ability to communicate with the tenants and persuade them to respond in a way that may be detrimental to the sale of the building is not an unrealistic concern. Today, unethical tenant organizations communicate with tenants through social media in an attempt to convince them to not pay the rent even if the tenant has the ability to do so. AB 2710 will make this unethical practice much easier.

Creates an Unrealistic Offer and Financing Timeline that Holds Private Property Off the Market for Nearly One Year – Today, in most all negotiations for property, buyers come to the table with a pre-approval letter from banks or investors for the purchase of property. AB 2710 creates an excessive time period – nearly one year - for qualified entities to search for financing once they have expressed their interest in the property. This process is not realistic. Thank you for hearing our concerns.

Building Owners and Managers Association, Matthew Hargrove
California Apartment Association, Debra Carlton
California Association of REALTORS®, Karim Drissi
California Bankers Association, Kevin Gould
California Building Industry Association, Chris Ochoa
California Business Properties Association, Matthew Hargrove
California Credit Union League, Robert D. Wilson
California Land Title Association, Anthony Helton
California Mortgage Bankers Association, Pat Zenzola
Commercial Real Estate Development of California, Matthew Hargrove
Institute of Real Estate Management, Matthew Hargrove
Western Manufactured Housing Communities Association, Chris Wysocki