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The Corporate and Geographical Organization of the Los Angeles Rent Plantation

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by

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ABSTRACT OF THE THESIS

The Corporate and Geographical Organization of the Los Angeles Rent Plantation

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Master of Urban and Regional Planning

University of California, Los Angeles, 2022

Professor Ananya Roy, Chair

This thesis intends to investigate the organization of the housing and land market in Los Angeles into an engine of racial capitalist value extraction. The primary research question I seek to answer is: what geographical form does the extraction of wealth from renter households and communities take, and how is this form established, by what structures and actors? Drawing property and census records, I visualize relationships of value flow between places and the relationships that they represent and construct through geographical and statistical approaches. The project blends empirical methodologies associated with sectoral analysis with value theoretical approaches, and seeks to offer a speculative sketch of the theoretical and empirical terrain as a base for further work. I am additionally inspired by the extension to critical mapping endeavors associated with Taylor Shelton's "situated mapping," which is relevant to the visualization of inequality I attempt (Shelton, 2021). I theorize the existence of a 'rent plantation,' a relational system of immiseration and valorization through which racialized and class differentiated geographically uneven development is enacted. I operationalize this concept analytically, and provide findings which point towards the usefulness and solidity of the theory, finding significantly differentiated relations of rent exploitation, rent share of income, and the translocal appropriation of housing values within LA county. I conclude with a discussion which addresses the case of South Central Los Angeles, a key site of extraction identified in these relations in detail.

The thesis of Alexander Spirangelos Ferrer is approved

Kelly Anne Kay

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Introduction and Theoretical Model

Grounding

Los Angeles is a deeply unequal city, and the relationship of individuals and communities to the ownership of land and real property is a key determination of their position within the hierarchy of wealth and income. This project will investigate the role the property market plays in constituting inequality on the local scale, by determining the relationship between neighborhoods which comprise rentier and renter territories respectively. Tenant associations and advocacy organizations are often interested in the question of who benefits from the rent paid by their members, and where those owners are located. Answering this question is useful both for agitational purposes, and to deepen analyses of the relations of inequality which bind neighborhoods together.

A growing body of studies have detailed the racialized and territorialized extraction of wealth through the housing sector in recent years. These studies, however, primarily center homeownership and the market for owner occupied units in their analysis (Taylor, 2019). Similarly, there is a robust body of literature about the financial organization of the housing market, but these papers, until recently, have not centered race (Fields & Raymond, 2021). Finally, research on the role of landlord activity in the formation of housing markets has not been well connected to these theoretical concerns (Desmond, 2016). This presents a fortunate combination of a rich literature on which to draw, but limited theoretical connection between streams which may benefit from being in conversation.

Propositions and Scope

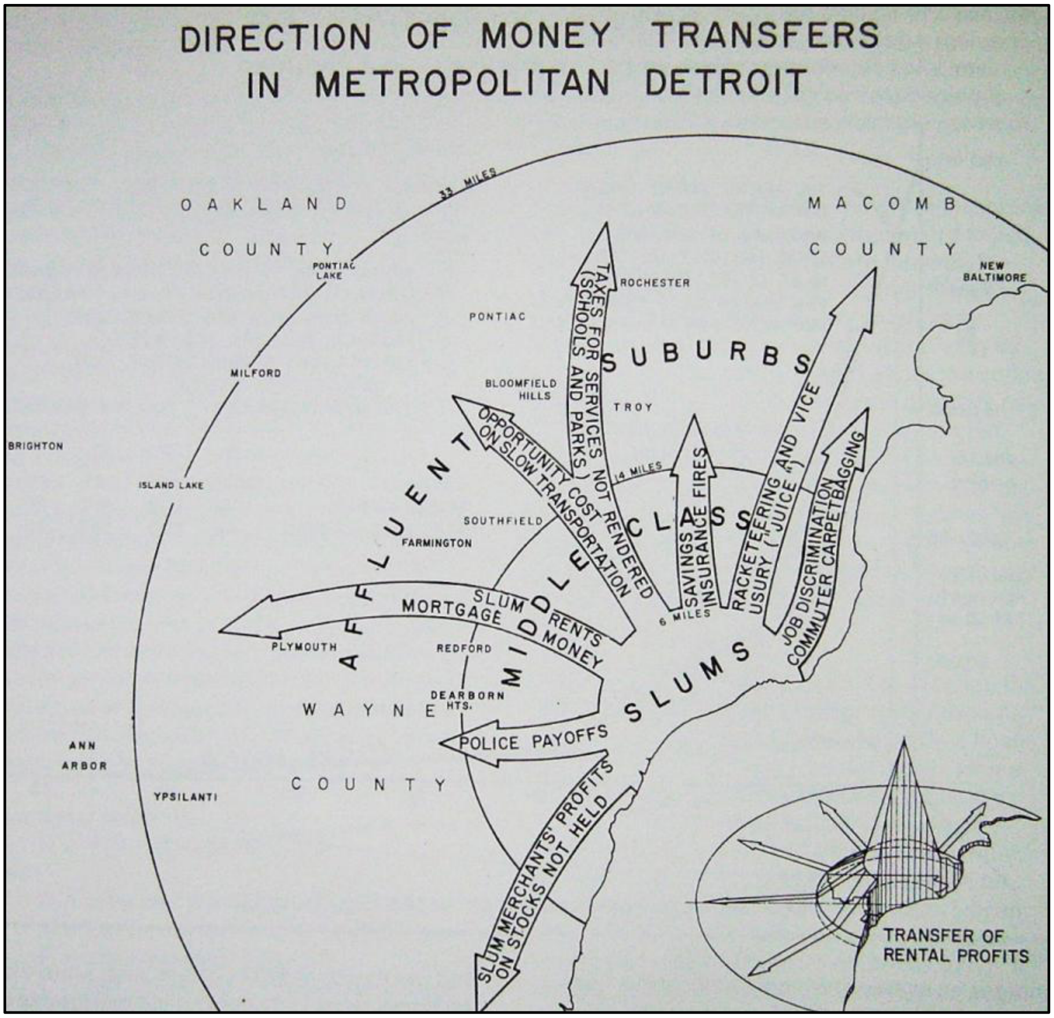
This paper seeks to mobilize an alternative framework, “the rent plantation,” for the analysis of the political economic condition of housing systems writ large. In contrast to the hegemonic framing of contemporary neoclassical economic thought, which considers landlording as an ordinary terrain of commodity production in which the proprietor sells “housing services” to the tenant, I intend to mobilize a marxist framework inspired by value theoretical reconstructions of the landlord tenant relationship which became popular in the 1970s and 1980s and have recently seen a resurgence of interest. Following David Harvey and Partha Chatterjee, I understand rent in the housing context as essentially a “transfer payment between individuals or classes that does not represent any value production” (Harvey & Chatterjee, 1974). This turns attention away from the “thin abstractions” (Marx, 1993) that arise from analysis of rental housing provision as a form of commodity exchange, and towards the relationship between landlord and tenant, mediated by power and property. Instead, in focusing on the *techniques of extracting rent* as the landlord’s product, we are able to better conceptualize the real service they provide: the valorization of landed capital via the property relation.

Secondarily, a relational focus which centers the monopolistic power of landlords as a class allows a refocusing of attention away from the way landlords respond as rational economic actors to current market conditions via contrast to some idealized competitive market, and towards the way in which the actually existing anti-competitive conditions of housing provision are produced through the activity of landlords. While the assumption of the self regulating market has long been problematized in critical approaches to social science, the majority of the critical literature on landlord strategy emerges from a liberal orientation and explores the ways in which prevailing anti-competive conditions in housing markets affect landlord strategies (Desmond & Wilmers, 2019; Gilderbloom & Appelbaum, 1987; Gomory, 2021), and how differentiated market conditions make predatory strategies in the particular submarkets in which working class and Black tenants in particular find themselves (Immergluck, 2013; Mallach, 2014). Recently, however, scholars have begun to interrogate the ways in which landlord strategy itself is implicated in the racist and classist construction of the housing system at various scales (Akers & Seymour, 2019; Fields & Raymond, 2021). I follow these scholars in emphasizing both the structurally exploitative nature of rental markets under racial capitalism and the significance of particular actors in constructing them.

Finally, rent is a form of social relation founded on property, which means it is also necessarily a *geographical* relation (Blomley, 2011). While rent has long been understood as an impoverishing transfer of wealth from low to high wealth social classes (Andreucci et al., 2017; Harvey, 1974), relatively fewer attempts have been made to conceptualize how urban rents also represent transfers of wealth between places. Geographical theory, however, reaching back towards the turn to “relational” approaches to the composition of place initiated in large part by Doreen Massey, has developed a set of conceptual approaches which allows for the renewed interrogation of such a phenomenon (Massey, 2005). Other disciplines have also made substantial contributions. Drawing on the example of municipal formation, sociologists Danielle Purifoy and Lousie Seamster term the construction of racially differentiated and geographically uneven relations a process of “creative extraction” through which Black places in white space are subject to relations of appropriation which produce immiseration on one end and enrichment on the other (Purifoy & Seamster, 2021). Property remains central to the formation of these relations. As Blomley (2011) demonstrates, property itself is a geographical, as well as relational object, and is a crucial site through which we can understand how space is made.

This paper attempts to sketch out these spatial relations both theoretically and empirically. The work of Taylor Shelton in particular is instructive in bringing together theorizations of geographical relationality, with new critical GIS techniques that allow their visualization (Shelton, 2018, 2021). Shelton's analysis of the relations between "racially/ethnically concentrated areas of affluence" (RECAA) and "racially/ethnically concentrated areas of poverty" (RECAP) which are constructed by property ownership is groundbreaking in this regard. Shelton's maps are reminiscent of another much earlier visualization by radical geographer Bill Bunge, who speculatively traced the flow of money out of Detroit's slums in his 1971 book *Fitzgerald: Geography of a Revolution* (Bunge, 2011). Bunge's relentlessly political and polemical scholarship provides considerable inspiration to this work.

Fig. 1. Bunge's spatial illustration of exploitation within Detroit



Source: https://detroitography.com/2013/08/07/map-of-money-transfers-in-metro-detroit/

Introducing the Rent Plantation

In contrast to the predominant conceptualization of landlording activity as a system of production for housing services which are exchanged in competitive markets, I intend primarily to mobilize the conceptual model of the "rent plantation," suggested but not elaborated in detail on by Mike Davis. In his incisive "political autopsy" of the 1992 Los Angeles uprising, Mike Davis describes the deplorable habitability conditions and exploitative rental arrangements endemic to the city’s tenement housing districts as a “rent plantation” (Davis, 1993). In a striking passage, Davis writes:

> The Mid-city is also a huge ‘rent plantation’—the largest tenement district west of the Mississippi. In the Westlake/Rampart area, in particular, population densities (nearly 100,000 people within a mile radius of MacArthur Park) exceed New York City, and 95 per cent of the housing stock is owned by absentee landlords. A detailed analysis of the rental economy of a representative neighbourhood has shown that slum property, dense-packed with Latino immigrants in tiny, poorly maintained units, is highly profitable. For example, one sixty-unit structure, which so closely resembles a classical Eastern tenement that it is frequently used by Hollywood as an exterior for ‘South Bronx’ scenes, amortizes its assessed value every ten months. Although Korean landlords have been villainized in popular stereotypes, the study reveals that a majority of landlords are wealthy Anglos. The thousands of Latina maids and house-cleaners, in other words, who ride the bus every day from their Mid-city tenements to Beverly Hills or Hancock Park may well be cleaning mansions financed by their own rack rent. (op cit. p.40)

In this short passage, Davis calls our attention to the poor conditions of housing on offer, the profitability of these conditions to ‘absentee’ landlords, and the way in which the plantation economy establishes perverse relations of extraction and domination between places within the city. The purpose of this paper is to explore the constitution of these issues through the political economy of housing rentiership in Los Angeles, recasting the geography of housing ownership as a circuit through which extracted value flows.

Primarily, the concept of the rent plantation builds upon marxist analyses of the role of rent in sociospatial organization, in conversation with sociological approaches and racial capitalist critique. The rent plantation is not a contiguous territory, but an analytic which captures the ongoing "plantation logics" of racial capitalism, which have structured possible urban futures (McKittrick, 2011). I argue the rent plantation has five defining characteristics. The rent plantation is characterized by (1) a land based mode of appropriation oriented around the extraction of rents. Like the historical ghetto (Du Bois, 2010; Wacquant, 2013) the rent plantation is characterized by (2) the predominance of outsider ownership of property, though the rent plantation and ghetto are not necessarily coextensive, and (3) is a system through which racial concentration, segregation, and property based immiseration are enacted. This is (4) a mode of organization that is necessarily disposessive and extractive, a terrain of "accumulation by dispossession," and (5) relies on the production of both displaceability and immobility to allow for the creation of monopolistic rents. As relations between places are ultimately relations between people, it is important to continuously re-root the analysis of these relations in a concern for social practices.

Structure of the Paper

The rest of the paper will proceed as follows. First, I provide a brief description of the various datasets, methodological approaches, measurement choices, and calculations which are implicated in the empirical sections. This section is not comprehensive, and the empirical sections, particularly Chapters 5, 6, 7, and 8, also contain methodological notes which enumerate the choices made and further specify the design.

The first two substantive chapters further develop the theoretical approach of the rent plantation in conversation with various critical literatures. Chapter 1 reflects on contemporary understandings of rent as a social relation and a force for spatial organization within both mainstream and heterodox economic traditions, particularly marxism. The second chapter engages directly with critique of the marxist tradition from a perspective which centers racial capitalism. I address and accept the corrections offered to marxist theories of the urban process, and attempt to reground the new approach in value theory and focus on landlord practice. I then provide a historical sketch to corroborate this approach.

The third and fourth chapters consider existing scholarly and activist literatures on landlord organization, behaviors, and business strategies, in order to advance an alternative framework for rental market function which is rooted in an understanding of landlord practices. In Chapter 3 I discuss how landlord organizational practices have changed in recent decades, and how landlord organizational form is associated with practices in the literature. In Chapter 4, I challenge the notion of the housing market as a fundamentally competitive system of commodity production and suggest that landlord practices shape the housing market in distinct and variable ways.

Following this theoretical discussion, I engage these literatures with a brief empirical comparative study. Chapter 5 takes the case of two landlords, Equity Residential, a large REIT, and PAMA management, a well known local slumlord, which superficially appear to have similar scopes and structures and analyzes the differences in their business practices and investment geographies.

The sixth chapter offers a point of transition, regrounding the narrative in the theoretical framework and attempting to bridge the organizational and geographical concerns. It opens with a restatement of the theory and a cursory engagement with literature on corporate ownership before developing the concept of brokerage to express how landlords' organizational and geographical practices obscure beneficial ownership. Separating properties among those owned directly and those which are subject to brokerage, I then map and discuss the divergent geographies of these actors.

The seventh and eighth chapters turn to the task of operationalizing the concept of the rent plantation and exploring its conditions statistically and geographically. In chapter seven, I develop three metrics which statistically represent the social condition of the rent plantation in their convergence. I interpret their relationship to a set of common socio-economic variables used in housing research, and discuss their interrelationship. In Chapter 8, I apply this operationalization to identify South Central as a particularly relevant territory in which the rent plantation is enacted. I both analyze statistically and visualize the flows of value out of South Central which result from the structure of property ownership in the region.

Finally, I conclude with some reflections and directions for further research.

Project Design

Data

There are two primary data sources for this thesis. First, I employ a purchased copy of the Los Angeles County Assessor's Secured Basic File Abstract (property rolls) which details the composition, ownership, and other qualities of each parcel in the County of Los Angeles. I further identify those properties which are residential from their use codes, and use this extract as my primary dataset at this scale, identifying the location of parcels, their characteristics, the owner of the parcel, and their location from this dataset, which constitute the major aspects of the investigation. This leaves me with a dataset of 2,021,003 unique residential and mixed use parcels which contain residential units.

I also make use of the US Census Bureau's American Communities Survey, in particular the 2015-2019 five year estimates. I assembled a variety of socioeconomic and demographic indicators from the census survey. In particular I consider Zip Code Tabulation Area (ZCTA) average rents, data concerning the race and ethnicity of residents, income data, and a variety of constructed metrics. These constructed metrics include; a measure of "rent exploitation" or the ratio between median gross rents and median owner monthly tax payments, as established by Crowell 2022; a measure of the share of aggregate household income in a geography which is spent on rental payments which compares census calculated aggregate rents to aggregate incomes.

Methods and Measurements

I use a variety of descriptive statistical and computational methods to interpret the data. I employ an algorithmic classification analysis of the recorded owner names of parcel holders in order to identify common ownership entity types. For this, and the remainder of programming, I employ python and SQL in a jupyter notebook environment. The classifier operates by determining whether or not owner name columns contain sequences of characters indicative of the corporate structure of the landlord (eg. LLC, LP, LLP, GP, TR) or are organized to identify a natural person (lastname, firstname). These notebooks are reproducible upon request. QGIS was also useful in some visualization operations, and employed data exported directly from the notebooks.

In order to identify absentee ownership, I compare the mailing and site addresses of the property, particularly the postal codes. For those sites which do not match, I identify the properties as owned by an extralocal landlord. For those properties which have a registered extra-local landlord within the City of Los Angeles, I aggregate via mailing address to determine the number of units in the city owned by actors in each postal geography. For owners outside Los Angeles, I aggregate by the city. Each of these aggregate nodes of landlord activity is then geocoded for visualization and analysis purposes. I also identify owner occupied properties in the dataset, by the presence of a homeowners exemption, which are removed for the consideration of ownership clusters. All maps employ a basemap provided by Strava through their API.

I further identify whether the registered owners can be considered beneficial owners. Natural persons holding property registered to real addresses, not using obfuscating investment vehicles or PO Box registration, are considered to be beneficial owners and therefore the recipients of “unbrokered” rent transactions. Owners who do not meet these qualifications are considered to be vehicles of “brokered rent transactions.” I then perform a spatial join to associate each property with the economic and demographic profile of the neighborhood in which it is situated using census data at the Zip Code Tabulation Area (ZCTA) level. I acquire census data from the Census Bureau’s through the IPUMS National Historic Geographic Information System maintained through the work of scholars located at the University of Minnesota (Manson et al, 2021). All census records are from the 2015-2019 edition of the American Communities Survey. For mailing addresses, which include many PO boxes and single commercial offices, I instead used a commercially available enterprise dataset of ZIP code coordinates which include those sites purchased from the United States Postal Service, and employed a spatial join to associate neighborhood data from the ZCTA dataset.

Inter ZCTA Rent Flows Calculations

In order to calculate the scale of landlords in terms of units, properties, and rents, I aggregate parcel data by shared mailing address to identify ownership clusters using a methodology explained in my earlier work (Ferrer, 2021). From the aggregated data, I calculate the estimated total housing value circulating in each neighborhood in the City, including ownership properties. I do this by applying a measure of the average rent associated with each ZCTA, and weighting this monthly value by the number of residential units present on each parcel. Owner occupancy was estimated via the proxy of homeownership exemption uptake, which tends to slightly overestimate the proportion of rentals due to the prevalence of second homes, non-usage of the exemption, and other factors. I assume that the average rent is an appropriate proxy for the imputed rents which accrue to homeowners. This is a necessary fiction which allows for the analysis and visualization of intra-neighborhood flows. From the 2,021,003 parcels I identified 108,204 unique inter-zipcode flows of housing value, of which 106,577 were successfully matched to ZIP code centerpoints for both the origin and destination points. I then calculate the magnitude and proportion of this rent which leaves each zip code area using basic matrix algebra. I then explore the relationship between the proportion of housing value retained or exported in each neighborhood and various demographic factors statistically, constructing a series of metrics which interrogate the significance and intensity of inter-neighborhood flows. I calculate the imputed flows, the exported and imported values, and these factors in different combinations. Finally, I calculate the total proportion of income within each neighborhood that flows through the property market. I interrogate the difference between these neighborhoods qualitatively and interpret the divergent conditions through the theoretical apparatus mobilized in the literature review in order to reflect on the racial-capitalist constitution of divergent developmental trajectories and prospects determined by housing ownership. Unless explicitly otherwise noted, all dollar amounts reflect monthly values.

Chapter 1. Rent and the Urban Process

The Nature of Rent

Rent has recently reemerged as a central analytic in critical scholarship as the financialization of land and nature has intensified (Kay & Kenney-Lazar, 2017; Ward & Aalbers, 2016). Rent in the housing context, of course, colloquially refers to payments tenants make to landlords in return for the use of land and its improvements. Rent in the political economic sense, however, has quite a different meaning. More precisely, however, the entirety of such a payment does not constitute rent in the classical sense only the payment that is made for the use of the land itself which is termed “ground rent.” Smith, for example, differentiates between building rent and ground rent, a distinction which is preserved even in the critique of political economy advanced by Marx, where building rent is considered to be more or less a typical (though of course not unproblematic) commodity purchase for use in (re)production, a flow of value in the consumption fund (Haila, 2015; Harvey, 1982b; Marx, 1993; Smith, 1987).

The neoclassical school has diverged from the classical school, in that the issue of land rent central to Ricardo whose formulations underpin both sets of traditions. Part of the divergence originates in the realm of value theory, and the inclusion or non-inclusion respectively of landlord activities within the “production boundary.” It is typical for economists and planners to represent landlording as a relation of commodity production, in which capital renders “housing services” available for tenants to consume. The sentiment is hegemonic within the field, but is well encapsulated in this fragment from Thomas Piketty who writes “capital produces ‘housing services,’ whose value is measured by the equivalent rental value of dwellings, defined as the increment of well-being due to sleeping and living under a roof rather than outside” (Piketty, 2014). I argue, however, this construction of the issue obscures more than it reveals about landlord activity.

What appears here to be a dispassionate conclusion, however, is laden with ideological assumptions about the nature of landlording itself, which appears as an activity productive of value. As Mariana Mazzucato notes, rentier activities, including so-called “provision of housing services,” are not viewed in this (as productive of value) manner in classical political economy (Mazzucato, 2020). She argues the construction of landlord activity as productive is part of a longstanding political project waged by capital, primarily through the medium of neoclassical economic thought, which has sought to expand what she terms the “production boundary”– the moral philosophical horizon of what constitutes legitimate forms of economic activity rather than mere speculation or extraction– to an ever increasing range of activities formerly considered usurious or parasitical (ibid). In contemporary heterodox thought offshoots, rentiership is typically excluded from the universe of productive activities, and considered parasitical in their relation to production and consumption (Sayer, 2014). For neoclassical economics, in which the subjective/marginal theory of value predominates, the production boundary has been progressively expanded to include the productivity of capital itself, including land and housing.

As David Harvey writes, the neoclassical argument contends “rent is a kind of rationing device through which a scarce factor of production--land and its associated resources--is rationally and efficiently allocated to meet the productive needs of society” (Harvey, 1974; 204). Interestingly, as Brett Christophers convincingly argues, Marx also dispenses with any particular problematization of rent from a moral economic perspective, instead considering it merely one distributional channel through which surplus value is allocated and arguing that all forms of surplus value appropriation including the industrial profits considered virtuous in the classical tradition are rooted in exploitation (Christophers, 2019).

Another part of this is the sublimation of land (and labor) into capital which occurs in the neoclassical tradition, whereas heterodox approaches tend to maintain the focus of the classical political economists on the special characteristics of land (Ryan-Collins et al., 2017). This has had a dual impact on mainstream considerations of rent. First, it has diverted attention away from the economic particularities of land and space. Second, it has prompted the reconfiguration and expansion of Ricardo's conceptualization of differential rent into the more general category of "economic rent" applicable to all factors of production, which are held to be interchangeable and substitutable. As Dobb describes, tracing the development of the marginalist "Jevonian Revolution," the definition of rent shifts from the proportion of the surplus which the landowner appropriates permanently through their property right, into any surplus profit which the owners of an input capture due to the transitory scarcity of their possession (Dobb, 1975). As Harvey and Chatterjee note, all rent is essentially a "transfer payment between individuals or classes that does not represent any value production." Through an engagement with Harvey's work, Andreucci et al note that the appropriation of rent itself is a form of "value grabbing," in which "property rights are mobilized to extract value" ((Andreucci et al., 2017). For Andreucci et al, reecasting rentiership in this light emphasizes the (re)distiributional rather than production based nature of struggles over rent appropriation and the processes of enclosure that constitute the establishment of rent relations (ibid.).

In both the neoclassical and many heterodox formulations, rent is seen as an engine of homogenizing differences in the productivity of space towards the equalization of the rate of profit, particularly insofar as the Ricardian conceptualization of “differential rent” is the origin point for the analysis of land values. Harvey argues, particularly in *Limits* and related work, that rent is central to the organization of space under capitalism (Harvey, 1974, 1982a, 1982b). In this telling, rent provides a co-ordinative role in capitalist accumulation, constituting (along with finance capital) the command and control function which governs the flow of investment in space. The same logic holds in the context of housing and the domestic consumption of housing services by households. The Marxian tradition, uniquely among surviving heterodox formulations rooted in classical political economy, contains an analysis of absolute rent as well as differential rent.

While differential rent represents a force which drives the space economy towards equilibrium. Absolute rent represents an engine of differentiation. Harvey, for one, describes rent as a force which produces the differentiation of neighborhoods according to class, which will be discussed in detail to follow (Harvey, 1974). Absolute rent originates in the barriers to the flow of capital which are erected via not only the monopolistic nature of property, and the state structuring of absolute space, but also the practices of landed capital which maintain these conditions. Harvey and Chatterjee explicitly identify absolute rents with the formation of distinct submarkets in the context of urban housing, a process which is not only determined by the activities of the state but also financial actors and in the case of rental markets landlords’ practices (1974). Ward and Aalbers (2016) give the example of landlords choosing to withhold properties (warehousing) until a certain level of rent is reached as paradigmatic, though there is no reason that the analytic should be limited to the mobilization of monopoly in this form. Nonetheless, what

Harvey and Chaterjee call the “class-monopoly” over land ownership held by capital is the basis on which all rents are constructed. Ben Teresa provides a concise definition of class-monopoly rent stating: “class-monopoly rent is the portion of rent that owners secure through establishing and maintaining barriers to access to property” (Teresa, 2022; 36). While some authors consider class-monopoly rent a form of what Harvey (1982) terms “monopoly rent,” I argue following Revington among others that they are better understood as a subset of absolute rents (Revington, 2021). As I discuss in the following sections, landlord practices are deeply implicated in the construction of segmented housing markets and the production of the absolute spaces in which such rents can be realized.

While this paper is empirically concerned with “rent” in the colloquial sense (for one, it is exceedingly difficult to calculate the proportion of rent which represents ground rents, let alone absolute or class-monopoly rents as discussed to follow) it is nonetheless necessary to understand the dynamics of rent proper as well. In any case, as Post-Keynesian economist JW Mason argues, “rents in the everyday sense are often also economic rents," pointing to the non-transitory barriers to capital mobility and competition in the housing sector (Mason, 2019). Following in the marxian tradition we could add that rents in the everyday sense are mostly ground rents, and as David Harvey (1982) notes, it is ground rent which is the object of landlord’s speculation. Returning to Marx’s analysis, of absolute rent we can see how “economic rents” which accrue to landlords under conditions of scarcity can exist not only at the scale of the neighborhood, but the housing market as a whole. It is the conditions which permit the realization and extraction of absolute rents through the class monopolistic power of landed and finance capital which I argue constitute the rent plantation.

Chapter 2. The Rent Plantation and Housing as a 'Trap Economy'

The Colorblindness of Rent Theory and the Trap Economics of Housing

Prentiss Dantlzer's recent challenge to the radical urban political economy tradition, long dominated by what he calls "colorblind" approaches which privilege abstract economic relations, is a critical provocation and deserves attention (Dantzler, 2021). The city plays a particular and indispensable role in the absorption of capital, as David Harvey argues in his foundational essay "The Urban Process Under Capitalism," the title of which Dantlzer remixes in his article (Harvey, 1978). Dantzler's article develops a framework rooted in the Black Radical Tradition's critique of racial capitalism to "center the racial character of the urban process" both analytically and politically within critical urban studies (113).

The recently increasing prominence of such analyses applied across critical social science has not gone without challenge, however. As Julian Go notes in a critique of the literature on racial capitalism, within the Marxist tradition there is both a *theory of capital*, and a *theory of capitalism*, and there is political and analytical significance in differentiating among these (Go, 2021). In Marx at least, Go argues, the attention to issues of slavery, race, and colonialism which are evident in his political writings and pertinent to his theory of capitalism do not "disturb" his theory of capital which operates at a much higher level of abstraction. Go criticizes the literature on racial capitalism, however, for failing to demonstrate that racism is a necessary rather than contingent feature of capitalism, and the inability of scholars writing in that tradition to develop a *theory of (racial) capital*, which proceeds from logic rather than empirics.

In response to Go's criticism, this chapter builds on Dantlzer's interrogation of the limitations of Harvey's work and project of correcting political and ideological deficiencies in critical scholarship rooted in the colorblind nature of the Marxist theory of capital*.* Following Dantzler (2021), I address the role of race and racism as a precondition of capitalist accumulation. While his analysis is far reaching, I focus in particular on one issue pertinent to the urban process and conduct a reexamination of rent under actually existing racial capitalism in Los Angeles. A focus on rent as a value-theoretical relation has the distinct advantage of allowing for an analysis which operates across all three "levels" of the "urban process under racial capitalism." Rent is also a key site in that it allows for an interrogation of the specific practices of one fraction of racial capitalists: landlords, who in both the mainstream and Marxist traditions occupy a key role in the production of space.

Go (2021) argues perspectives such as Dantzler's which argue for the necessity of racism to capitalism based on the accumulation's precondition of expropriation/dispossession fail to demonstrate the logical rather than contingent necessity of *specifically racial* difference to capitalism. My goal, however, is not to solve the theoretical issue of whether capitalism is necessarily racist, but trouble political formulations rooted only in an abstract *theory of capital* to aid in the project of demonstrating the deficiencies of both a colorblind anti-capitalist project and the presumption that actually existing capitalism can dispense with racism.

Rent can therefore be seen as central to both "forms" of the urban process under racial capitalism that Dantzler identifies. As noted above, dispossession forms the originary moment which provides capital with the possibility of rent extraction, while displacement is a direct manifestation of rentier practices and processes of rent extraction. While both Harvey's and Smith's analyses of rent extraction, dispossession, and displacement are somewhat attuned to the racially disparate impacts of these processes, they do not adequately grapple with the inherently racialized nature of them. Therefore I take the approach of considering race as integral to the function of rents. While there are two significant categories of ground rent in the classical theory, the "absolute rents" which accrue to landowners due to barriers to capital mobility, and "differential rents" which accrue to the owners of relatively desirable pieces of land due to their location or particular characteristics, this paper focuses on absolute rent in particular.

The relevance of rent is evident in Dantlzer's formulation of the base of racial capitalist urbanization which manifests in the twin themes of dispossession and displacement. As Andreucci et al (2017) note, dispossession is intrinsic to the formation of conditions permissive of rent extraction, and characteristic of the rental relationship itself. Harvey's adaptation of "accumulation by dispossession," a term coined to describe the continuity of so-called primitive forms of accumulation into the present (Harvey, 2003). In the final analysis, Harvey agues that rent is merely the form in which landed property is valorized. The "original" historical dispossession of enclosure makes all subsequent rents possible (Harvey, 1982a). Accumulation by dispossession through the rental relation is an ongoing process, however. As Harvey argues elsewhere, rent represents a transfer between classes predicated on the extraction rather than production of value (Harvey, 1974). The integral role of racial differentiation, discrimination, in the systems of disposession which prefigure rent capture, and the racist systems of explanation which codify and justify this form of extraction demonstrate the centrality of race in actually existing capitalism. The review of the literature which follows demonstrates the racialized nature of conditions productive of absolute rents in housing markets.

Race and the Production of Rents by Racial Capitalists

If Marx's primitive accumulation is the historical movement through which the permanent class of tenants which enables the cultivation of absolute rent originates, the enclosure of contemporary tenant communities into what Clyde Woods terms the “trap economy” represents a continuity of this movement (Banks et al., 2012; Woods, 2009). For Woods, the trap is a bounded territorial order in which the process of enclosure is carried out and maintained through a “system of militarized regulation, physical boundaries, and social, political, and economic traps” which serve to contain populations through the reorganization of property relations. The purpose of the trap economy is to permit the extraction of wealth from these enclosures through the process of “asset stripping,” which can be conceptualized as a form of accumulation by dispossession. Woods identifies asset stripping as key to the production of poverty through the “emiseration” of those caught in the trap economy. Work on the “predatory inclusion” and ultimate dispossession of Black communities into the system of homeownership in the United States illustrates the significance of the trap economy clearly. While Woods, for example, identifies redlining as one example of practices which originate in the financial sector and drive the production of trap economies in housing, he also notes that predatory lending can serve as a form of asset stripping. As Keeanga-Yamahtta Taylor demonstrates in the path-breaking book *Race for Profit,* the extension of mortgage lending to previously redlined neighborhoods and Black households previously subject to discriminatory exclusion from the financial system did nor provide an exit from the trap economy, but merely a novel form of asset stripping (Taylor, 2019). Ultimately, despite the extension of mortgage capital and nominally race-neutral financing policies, the predatory terms of mortgages, justified by discourses of risk, generated significant rents for lenders, and represented a significant transfer of income from communities to banks, often concluding with foreclosure (ibid).

Historical dispossessions like that described by Taylor have manifested in the creation of a permanent class of tenants. The enclosure of these tenants into the trap economy enables the realization of monopolistic profits by landlords. The conditions of the trap give rise to the possibility of absolute rent, the amount of value which landlords are able to extract from tenants even for the worst properties in the least desirable submarkets via their class-monopolistic ownership of the housing stock (Harvey & Chatterjee, 1974). In the case of housing as Harvey and Chatterjee describe in detail, this situation arises from the geographical and economic differentiation of the housing market into submarkets, between which renters and finance can not move freely, and which variably condition the amount of finance capital available to purchase properties in these markets (ibid.). Dantlzer describes a series of “modalities” through which racial capitalism operates which represent systems of immobilization and encirclement, functioning to place Black populations into economic and residential traps within the urban system. Segregation through direct spatial discrimination and restrictive covenants, of course, is the historical example par excellence.

The rent plantation refers to the territorialized conditions of rent extraction extant in segments of the housing market which are characterized by trap economics. While the trap economy is certainly constituted by structural characteristics of the housing sector and enacted through financial circuits, as discussed above, landlords also have a role in the generation of conditions which enable their realization of monopolistic rents. Woods argues that a fundamental aspect of the trap economy is its construction of relations between those who inhabit the trap economy and those who exploit it (Woods, 2009). Dantlzer characterizes this relationship as “level 2” concerning the interaction between racial capitalists and material laborers.

Landlord Behavior and the Organization of Housing Markets

The behavior of landlords' affect on structuring local housing markets has been subject to considerable scholarly attention since at least the 1970s. Early research was particularly focused on factors considered determinants of market structure, and interrogated how anti-competitive conditions prevailed within the housing market (Gilderbloom, 1985). Recent research, however, has been interested in how the differentiated investment strategies of landlords are determinant of local housing conditions, with the proliferation of "distressed" housing conditions after 2008 from an issue of urban core tenements only into a wider range of markets and property types, particularly single family homes (Mallach, 2014). In the aftermath of the 2008 mortgage crisis, research on foreclosures in Atlanta, one of the centers of foreclosure activity in the nation, found that investor ownership explained over 75% of the total inter-neighborhood difference in foreclosure rates (Gilderbloom et al., 2012). The authors additionally noted that investors tended to be whites living in other neighborhoods, who allowed properties owned in majority Black neighborhoods to fall into disrepair and default, negatively impacting tenants (ibid).

Research from Detroit, focuses on the role distressed property investors play in the construction of an "eviction economy" in that city (Seymour & Akers, 2021). Seymour and Akers identify the key role which a small group of investors who serve as bulk buyers of foreclosed properties play in creating a large class of previously evicted potential tenants, as they move previous tenants and contract buyers out of acquired properties through eviction courts. In another Detroit based analysis of the same phenomenon, Akers and Seymour highlight the outsized role of several particular actors which they term "eviction machines" in shaping the eviction economy through their business strategies (Akers & Seymour, 2019). Research on these eviction machines, as well as serial filers demonstrates the dramatic effects creating a large pool of tenants with prior eviction history can have on the submarkets these actors operate in (Garboden & Rosen, 2019; Immergluck et al., 2020; Leung et al., 2020). Rutan and Desmond in particular find that individual landlords who operate eviction machines can have a disproportionate impact in the creation of these eviction economies (Rutan & Desmond, 2021). In a survey of three cities, the authors found that the five highest evicting buildings alone were responsible for between 3.4 and 12.3% of all evictions during the period of 2004-2012, and that a handful of “stable evictors” accounted for a plurality of eviction activity across all three cities (ibid). A host of empirical research by Desmond and others including those cited above has described how evictions are endemic in Black communities and race is a determinate not merely associated factor in the eviction risk faced by a household. Eviction is therefore directly a landlord practice which both sustains the trap economy, placing racialized limits on residential mobility (a system of immobilization) and a means of racist dispossession which removes undesirable tenants from units so that those units can be re-lett more profitably.

Finally, a growing literature points to the manner in which landlords’ tenant selection strategies shape housing markets. Recent statistical and survey research suggests that landlord practices in terms of tenant selection are highly dependent on their profitability strategy and the market they invest in, and that different landlords have different appetite for “risky” previously evicted tenants (Decker, 2021; Decker et al., 2020). As Matthew Desmond notes, this results in extremely limited choices for tenants who have eviction records (or other disqualifying backgrounds also shaped by deeply racist structures like felony records), who are forced to rent from the few landlords willing to rent to them (Desmond, 2012). The perception and empirical underpinnings of landlord risk calculation are deeply situated within racist practices and beliefs (Benjamin, 2019). These landlords are therefore in a position to realize the forms of monopolistic rents described by Harvey and Chaterjee, and the tenants forced to endure substandard conditions and predatory contracts.

The effects of these practices in the generation of conditions of monopolistic rent are clear. Desmond in another co-authored paper finds that these rents are highest in the most impoverished submarkets (Desmond & Wilmers, 2019), as Harvey and Chatterjee predict. Amber Crowell demonstrates that “rent exploitation,” an emerging terminology in sociology (cf. Desmond & Wilmers 2019) which describes the additional costs of renting relative to ownership which renters incur and is related to the notion of economic rents, is higher in majority Black neighborhoods(Crowell, 2022). Crowell further identifies a link between rent exploitation and the relational production of poverty, and finds evidence that segregation is partially explanatory of differentiated rates of rent exploitation. In this way, racialized rent extraction becomes a terrain for the differentiation of neighborhoods. Teresa and Howell connect the practices of eviction to market segmentation and absolute rent (cf. class-monopoly rent) formation explicitly (Teresa & Howell, 2021).

Ironically, these practices carry over into policies which are intended to increase the residential mobility of disadvantaged renter households, like the Housing Choice Voucher (HCV) program. Eva Rosen finds that landlords who rent in markets where HCV recipients are concentrated, landlords are adept at gaming the program in order to preferentially select the lowest income and therefore lowest mobility voucher recipients, who are disproportionately Black, for the hardest to fill properties with the worst conditions, and then engage in all manners of duplicitous and predatory practices to constrain that tenants ability to leave the property for better conditions (Rosen, 2014). Not only do landlords profit from reducing turnover and neglectful maintenance practices which keep costs down, the vouchers may provide a better rent than they would be able to get from an unsubsidized tenant in the same sub-market. In effect, these landlords engage in the creation of a hyperlocal trap economy on the scale of the unit, even within already dispossessive submarkets by limiting tenant mobility, and engage in a practice of asset stripping by mining federal rent subsidies in their worst quality units. To conclude, as Rosen writes, “landlord tactics serve as a powerful mechanism in the concentration of poverty” and therefore, we might add, the organization of rental markets in which they can realize monopolistic profits (Rosen, 2014).

A Historical View

Despite the end to legalized segregation and the creation of mandates for federal programming to “affirmatively advance fair housing,” Taylor (2019) describes how federal housing intervention produced a reinscription of segregation through reliance on the best practices and direct involvement of a private real estate sector which had come to rely on segregation to underpin the profitability of the whole system. While as Dantzler notes, exclusionary zoning among other techniques represent innovations in the system of preserving residential segregation, he also describes how homeownership and lending itself became a tool which fixed households in place and made them vulnerable to financial depredation, and ultimately or alternatively dispossession.

The continued constriction of Black housing choices to a vanishingly small set of neighborhoods helped produce the conditions which would enable real estate speculators to profit rapaciously from the exploitation of Black housing demand, and simultaneously to revalorize the dead capital of dilapidated homes abandoned by the subsidized flight of working class white residents to the suburbs (41). Taylor describes in great detail the exploitation of what Harvey and Chaterjee elsewhere term absolute rents (1974). These profits accrued to land speculators in dramatic fashion, with Taylor describing the sale of homes to Black families receiving subsidized mortgages at huge markups, despite their in many cases irreparable defects (2019; 144-148).

Wood’s analysis of the trap economy allows us to understand how and why the complex regime of anti-disrimination and fair housing laws, whose dramatic failure to be actualized is detailed extensively by Talor, typified the insufficiency of racial liberalism in the face of the forces of reaction and the imperatives of racialized capital accumulation. Woods argues that reactionary blocs target racialized groups with policies designed for the specific socio-spatial, institutional, and economic contexts in which racialized groups are concentrated. These specific policies constitute what Taylor terms the “predatory inclusion” of Black households.

As Taylor demonstrates, the reinscription of segregation was enacted through HUD-FHA practices despite formal commitments to equality and anti-discrimination because of the relaince of programming on a real estate industry which depended upon segregation for profit to administer and realize the programs. In analyzing the persistence of a segregated housing market despite the extension of financing opportunities to Black homebuyers, Taylor illustrates how the persistent immobilization of Black families through the violent curtailment of the housing choices produced the conditions under which Black buyers came to “pay top dollar for substandard housing” (52).

The conditions afforded to mortgage lenders (Taylor 2019; 84, 147, 154) and appraisers (153) within the Section 235 system, for example, exemplify the “state-subsidized monopoly” Woods considers characteristic of the plantation, an “asset stripping enclosure institution without peer” (2013; 776). These conditions of de-risked, state-subsidized monopoly were considered necessary to “bribe businesses into the slums,” as one contemporary figure put it (65), and enabled the realization of profit through asset stripping practices. Interestingly, Woods, characterizes the predatory lending practices of the subprime mortgage era in the same way (ibid), permitting a clear parallel to what Taylor describes as the calculated targeting of households likely to suffer foreclosure, an essential feature of the political economy of the FHA’s programming (182), which allowed lenders like Dun & Bradstreet to exploit the overinflated valuation of properties to originate large loans (198) which lead to the purchase of properties in such deficient physical condition they were either rapidly foreclosed upon in the face of escalating costs (175), or were unable to survive for the duration of the mortgage (141).

For Woods, the representational grid, or system of explanation, crafted by the dominant groups to legitimize the continued existence of trap economies is crucial to understanding their formation and stabilization. A core part of this story is the role of racist social scientific practice. As noted earlier, racist ideologies were deeply constitutive of the best practices of real estate science, in which race, risk, and value were intertwined (Taylor 2019; 147-149). Dantlzer (2021) explicitly considers this within his analysis, placing them within “level 3” of the urban process under racial capitalism, the superstructural domain of ideology.

Ultimately, the hegemonic racist system of explanation of culturalist social science provided for the extrication of the government from its role of intervening in housing markets at all, as HUD faced mounting criticism and legal challenges from Black homeowners defrauded by their activities (Taylor 2019; 205-209, ch 6.). Like Woods describes, the narrative which has forever “haunt(ed) American notions of equality, governance, knowledge, morality, and progress” and that justified federal abandonment of intervention into urban housing issues was one that portrayed Black urban residents themselves as “deviant and pathological” (Woods 2013; 771), “undeserving” of assistance (Taylor 2019; 228-229) and ultimately responsible through ignorance and malice for the horrifying conditions of urban housing acquired through HUD subsidy (Taylor 2019; 191,194).

Chapter 3. The Corporate Organization of Extraction

The Changing Organization of Landlords

As I earlier argue, it is typical for economists to present tenants as the consumer of housing services which landlord capital renders, but this construction of the issue obscures more than it reveals about landlord activity. Instead, in focusing on the contract (rental agreement) as the landlord’s product, we are able to better conceptualize the real service they provide: the valorization of landed capital via the property relation. As legal scholar Katharina Pistor notes, “law is the cloth from which capital is cut.” Focusing on the contract allows us to refocus our attention to the strategies of landlords with regard to the formation of capital, always facilitated by state power (Pistor, 2019). This capital forming service is not provided to tenants, who are nonetheless key agents in a valorization process which depends on their income generation and social nature, but to the owners of investment capital, either as invested in landlord enterprises as shareholders or directly as proprietors. In short, the landlord offers an investment product consisting of a physical asset (land and dwellings) and a legal arrangement for its valorization (the contract, including lessors). The landlord’s activity is to turn themselves into an interest bearing asset (Fields, 2018). Landlords structure rental contracts in particular ways to maximize the extraction of revenue from tenants, and therefore offer the most desirable investment product to their backers. Landlords as business entities themselves are similarly structured in ways which maximize the potential extraction of rents.

While most of the research in the contemporary robust contemporary literature on financialization has focused on the real ownership and financing of the rental housing (see discussion in (Anderson, 2014) on the changing scale of rent research), researchers have increasingly begun to turn to an investigation of the “legal fictions” of the corporate form itself (Pistor, 2019). Focusing on the contract allows a refocus of attention to the strategies of landlords with regard to the formation of capital, always facilitated by state power (ibid). Responding to Pistor’s provocation, Kelly Kay and Renee Tapp explore the explanatory limits of “financialization” by probing the manner in which the “enabling and disabling” affects of legislation direct not only geographies of finance and investment but the structure of landowing entities . Their analysis of the residential rental market focuses on the use of novel and longstanding forms of corporate organization as a means of syndicating investments in response to regulatory limits (Kay & Tapp, 2022). In this work, and in others (Kay & Tapp, 2022; Tapp, 2020; Tapp & Kay, 2019), the authors make the argument that scholars should refocus their attention on the way the extraction of rent through the property relation is dependent upon and mediated by state power, foregrounding the role of the state. Similarly, in another Detroit centered analysis, Akers and Seymour contest a totalizing theorization of the transformation of rental markets through increasing financialization, illuminating the “bifurcated” effects of particular local and global actors in constructing exploitative conditions, mediated through novel financial and organizational strategies employed at the level of the contract (Akers & Seymour, 2019). One further landmark paper by Ashwood et al is particularly valuable in detailing the manner in which the corporate organizational structures of landholing entities (in their case for farmland) are absolutely critical to the realization of value through financialization (Ashwood et al., 2022). The authors engage in an analysis of ownership focused on how the intermediation of financing and proprietorship created by the multilayer subsidiary form enables the centralization of ownership control while disseminating risk, and permits economies which drive the consolidation of ownership in the farming sector (ibid). My attention therefore turns on the landlord entity itself, and the role of that fiction in assembling, producing, and distributing rents. Landlords themselves essentially serve as an intermediary actor, a broker between the physical asset they control, investors who would capitalize on that asset, the financiers who fund the original acquisition of the asset, and the tenants who are necessary to valorize it.

How Landlord Organization Shapes Landlord Practice

In exploring the state-mediated construction of mechanisms of extraction at the scale of the landlord, the role of the corporate form and new forms of incorporation, particularly the LLC, in distributing and mitigating risk has become a particular focus. Therefore my own empirical section focuses on the landlord's corporate form. Research from Milwaukee has suggested that the sequestration of properties into various limited liability entities creates a moral hazard for landlords, incentivizing neglectful management strategies (Travis, 2019). Landlords using LLCs were found to be more likely to harmfully defer building maintenance, and the transition of a property from sole proprietorship to LLC ownership was found to be associated with escalating disrepair and more citations for habitability violations (ibid.). Matthew Desmond's landmark work Evicted: Poverty and Profit in the American City, also focused on Milwaukee, discusses how predatory landlords employ distinct LLC vehicles to facilitate milking strategies, in which properties are neglected into a state of physical and economic distress, ultimately to be foreclosed upon or tax defaulted to the detriment of tenants, only for the landlord to simply repeat the process with a different entity and a different property, escaping accountability (Desmond, 2016). In the extreme case, the sequestration of risk and responsibility creates such severe conditions that tenants have died due to the neglectful management strategies landlords have adopted as in the notorious case of one Southern California landlord (PAMA management), profiled in Aaron Mendelson's investigative reporting (Mendelson, 2020b). Mendelson notes that this actor employed a complex structure of limited liability vehicles whose affordances for anonymizing and shielding beneficial owners from regulatory and legal liability created significant incentive for misbehavior. Ultimately, when the neglectful practices of the landlord culminated in the death of an infant tenant in a fire, the owner was able to evade criminal liability, as the courts were stymied in their efforts to properly assign blame (ibid).

Other research has focused on the role of the organizational form of landlords in determining their eviction practices. Of particular interest is the growing body of work on the operationalization of “eviction machines,” and the activities of “serial fillers” and their adoption of the LLC form to facilitate this strategy. While not directly addressed to the role of the organizational form in determining predatory behavior, the Akers and Seymour (2019) profile the “eviction machine” activities of a variety of investors employing LLC vehicles in a Detroit focused paper. Research from Los Angeles on the operation of one such “eviction machine” details the manner in which the adoption of a multilayer subsidiary structure of scores of independent LLC entities enabled the landlord to engage in a multi decade campaign of using spurious, and even unlawful eviction notices, in addition to properly served evictions to remove tenants at a dramatic clip (Montano, 2020). In addition to serial filings, and over 1,000 ‘legitimate’ evictions, the landlord unlawfully terminated the leases of Section-8 voucher holders across a number of properties. The author also noted that the LLC form was used to absorb the liability of lawsuits launched against the landlord, including for breaching rental agreements through neglectful management practices or services reduction, imposition of unlawful fee schedules, and other legally dubious strategies including systematic violation of rent stabilization, enabling this behavior to be repeated across properties without consequence to the owner (ibid). Additional research has corroborated these findings, suggesting that business actors are more likely to employ the strategy of “serial eviction filing,” finding that the proportion of landlords that were business entities was positively associated with eviction filing rates (Leung et al., 2020). Furthermore, definitive research on serial eviction filing clusters in Atlanta found that large owners, more likely to be organized through LLC vehicles, were much more likely to engage in serial filing practices (Immergluck et al., 2020). Additionally, a robust literature on the role of the size of landlords in affecting their business practices along similar lines exists. These two literatures are surprisingly limited in their connection, with considerable ellison occurring between concerns about landlord scope and organization form, often subsumed under the general heading of “corporate landlords” or “institutional investors” (Abood, 2017; Fields, 2014), though some recent empirical work has attempted to consider the role of both the scale, and organization of landlords in determining their practices (Gomory, 2021; Leung et al., 2020).

Chapter 4: The Divergent Investment Patterns of Landlords

Housing, as I argue, is not best conceptualized through the lens of production, but through the dynamics of rentiership. As Brett Christophers argues, “the specific problem of rent, to sum up, is not that it is unearned. The problem is that the rentier is not subject to competitive forces,” (2019; 323). Intra-sectoral competition is less relevant for landlords than for other capitalists, and research extending back several decades has discussed the seemingly paradoxical nature of landlords’ non-competitive behavior (Gilderbloom, 1985; Gilderbloom & Applebaum, 1987). Primarily, it is clear that housing markets themselves are not competitive in practice even in orthodox terms, and therefore competition between landlords themselves is limited in its necessity. The anti-competitive nature of housing markets is evident across several different factors which must be presupposed to assume proper market function, detailed in the figure below (Figure 2). First, the assumption that there are numerically sufficient buyers and sellers does not hold. As Gilderbloom and Applebaum (1987) note, research at the neighborhood scale has found that certain submarkets are excessively concentrated. Segmentation of the market into relatively discontinuous submarkets bound by differences in geography, prospective tenant pools, price, and the physical characteristics of dwellings magnify the probability that any particular submarket will become monopolistic (Cronin, 1983). A second failing involves collusion. Collusion between landlords is endemic to housing markets, and coordinated formally through common ownership, investor relationships, and landlord associations, which pressure individual landlords to maximize annual rent increases to maintain yields. Gilderbloom and Applebaum (1987) provides several examples of trade associations calling for a particular increase in rents annually. The use of management companies to hold properties of several different landlords, still an extremely common practice, also dilutes the pressure for competition by establishing coordinating structures between local actors. Management companies may also specialize in particular geographies and submarkets, as do landlords, therefore magnifying this effect.

The following assumption of free entry and exit from the market is also not met. Segregation, racial discrimination, lack of creditworthiness, low incomes, and other factors conspire to concentrate tenants in submarkets and restrict their movement between them, which I earlier discuss at length in the expositions on “absolute rents,” and the market shaping behavior of landlords. Perfect information on the part of all market participants is also an extremely dubious assumption in the context of housing markets. Exploiting advanced knowledge about market conditions and trends gives better capitalized and more sophisticated landlords a huge advantage relative to would-be owner-occupiers and other smaller landlords. Similarly, tenants have very little information about market conditions and the leasing history of their units, or the behavioral patterns of their prospective landlords, making their decision to rent from any particular actor difficult to construe as informed. Similarly, while the origins of supply constraint are contested, even the most ardent supporters of competitive market function in the rental sector would admit that supply constrained conditions have prevailed for decades (Glaeser &

Gyourko, 2018). In fact, Gilderbloom and Applebaum (1987) criticize the over emphasis of this factor, which leads to unreasonably optimistic assessments of the transitory nature of anti-competitive conditions, noting that the other features which constrain competition are far less transitory and endemic to a segmented housing market. Finally, the idea that housing is a homogenous market is particularly contestable, given the relative importance of immutable locational characteristics, massive variations in housing quality, and the unique characteristics of any given unit.

Fig. 2. Prerequisites for competitive market function in housing

(1) both buyers and sellers of housing services are numerous;
(2) the sales or purchases of individual units are small in relation to the aggregate volume of transactions, and so do not by themselves significantly affect total supply;
(3) neither buyers nor sellers collude;
(4) entry into and exit from the market is free for both producers and consumers;
(5) both producers and consumers possess perfect knowledge about the prevailing price and current bids, and take advantage of every opportunity to increase profits and utility respectively;
(6) no artificial restrictions are placed on demand for, supplies of, and prices of the "bundle" of housing services, or the resources used to provide such services;
(7) housing service is a homogeneous commodity.

Source: E. Olsen 1973; in Gilderbloom, J. I., & Appelbaum, R. P. (1987). Toward a Sociology of Rent: Are Rental Housing Markets Competitive? Social Problems, 34(3), 261–276. https://doi.org/10.2307/800766

Non-competition between landlords is not only a transitory feature of housing markets with certain characteristics, however, but is structurally enabled by the inherently monopolistic nature of landed property. The existence of a permanent class of landless persons to serve as tenants enables the realization of profits.[1] This condition gives rise to the possibility of "absolute rent,"

[1] The "Primitive Accumulation" discussed by Marx, in the first volume of capital (Marx, 1992), details the original moment of the creation of this class and its development. In the third volume of Capital. Marx later

the amount of value which landlords are able to extract from tenants even for the worst properties in the least desirable submarkets via their class-monopolistic ownership of the housing stock. Absolute rent is a notion derived from Marx's study of capitalist agriculture which describes how the condition of landed property creates a systematic barrier to the free flow of capital (Harvey, 1982). In the case of housing as Harvey and Chatterjee (1974) describe in detail, this situation arises from the geographical and economic differentiation of the housing market into submarkets, between which renters and finance can not move freely, and which variably condition the amount of finance capital available to purchase properties in these markets. In extreme conditions, submarkets exist in which there is little to no finance capital willing to invest in the acquisition of properties within the market, and even fewer tenants who would be considered creditworthy enough to qualify for a loan to become owner occupiers. In these markets, landlords are able to buy "distressed" properties with or without the assistance leveredge from mortgage lenders, and capitalize on those properties as their prospective tenants are not able to obtain financing to achieve owner occupancy, nor afford the rents in other markets. As low income tenants have no other option to keep a roof over their head, they are essential confined to these submarkets, forced to pay burdensome rents, and subject to the predatory business practices which proliferate under these conditions as landlords seek to capitalize their investment through fees, frequent eviction, and other "milking" strategies.

These monopoly conditions are not exclusive to these particular submarkets, but merely the sharpest example of their structural operation. Throughout the market the landlord class essentially profits from their monopsonistic power in relation to financing for the acquisition of housing, in which they compete against potential tenants as would be homeowners. In any case, monopolistic conditions prevail across many markets, because of the structural barriers

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describes how the existence of landed property is a precondition of capitalist production, and the origin of rent in that formative dispossession. (1993)

land-ownership erects to the movement of capital, coupled with the existence of a perpetually landless class.

Fig. 3. Profitability strategies of distressed property investors according to Mallach

CATEGORY	STRATEGY	INVESTMENT GOAL	TIME HORIZON
Milker	Buy properties in poor condition for very low prices and rent them out in as-is or similar condition with minimal maintenance, often to problem tenants.	Cash flow generated through disparity between low acquisition and maintenance costs and relatively high market rents. No expectation of property appreciation.	Short to medium (usually 1 to 3 years)
Holder	Buy properties and rent them out in fair to good condition, usually following responsible maintenance and tenant selection practices.	Sum of cash flow during holding period from rental income combined with long-term property appreciation.	Medium to long (usually 5 to 8 years)

Source: Mallach, A. (2018). Meeting The Challenge Of Distressed Property Investors In America's Neighborhoods. Local Initiatives Support Corporation.

Insofar as landlords directly compete with each other, therefore, the competition is not primarily for the attraction of tenants as discussed above– though in some cases that may be the case, particularly in those desirable neighborhoods where tenants have considerable choice between landlords and where those tenants have sufficient means to have the choice to become owners (Cronin, 1983; Gilderbloom, 1985), but rather for the attention of investors and financiers, especially with regard to securitized or publicly traded ventures. Landlords compete with each other to deliver the highest possible capitalization rate across their portfolios, which enables them to pay more generous dividends relative to other landlords and stronger returns than other non-residential investment opportunities in general, with which they are also in competition. This form of competition need not be antagonistic, however, as there are many avenues of offering a competitive investment. For example, some actors focus on designing portfolios that benefit especially from the evasion of regulations or the reduction of tax liability through various mechanisms. Competition is therefore organized around the realization of higher rates of rent, and of higher property values on already owned properties. There are a variety of divergent strategies landlords might employ to achieve profitability in these differentiated submarkets to wring competitive returns from their investment, which do not necessarily place them into competition for tenants, and which ultimately result in similar yields, and therefore a similar investment product. Furthermore, the investor beneficiaries may be the same people in certain cases, as private equity may choose to invest in several different REITs simultaneously, for example. This provides another potential avenue for collusion across entities.

The primary difference, which can be seen in the figure above, is between investors who seek to maintain properties, and benefit from long term cash flow and appreciation (holders), a lower yield, higher capitalization strategy, and those that seek to merely wring as much short term profit out of a building as can be managed, a higher yield and lower capitalization strategy. Contrasting the examples of Equity Residential (EQR), a “holder” and PAMA management, a “milker,” as I attempt in the next section makes this evident.

Finally, it should be noted that not all landlords run their enterprises with the intention of profit maximization or producing competitive returns. There are circumstances in which landlords are only landlords incidentally, such as the case of lessors of accessory dwelling units or non-absentee landlords who own small rental buildings they also occupy, or those who accumulate property circumstantially without the intention of profiting from being a landlord (Shiffer–Sebba, 2020). Other landlords may be driven by alternative logics somewhat antithetical to profit maximization, coming to have an irrational stake in the perceived moral improvement of their tenants via disciplinary practices for example (Rosen, 2014; Rosen & Garboden, 2020). In these and other cases, the social logic of landlording is not suited to competitive business practices.

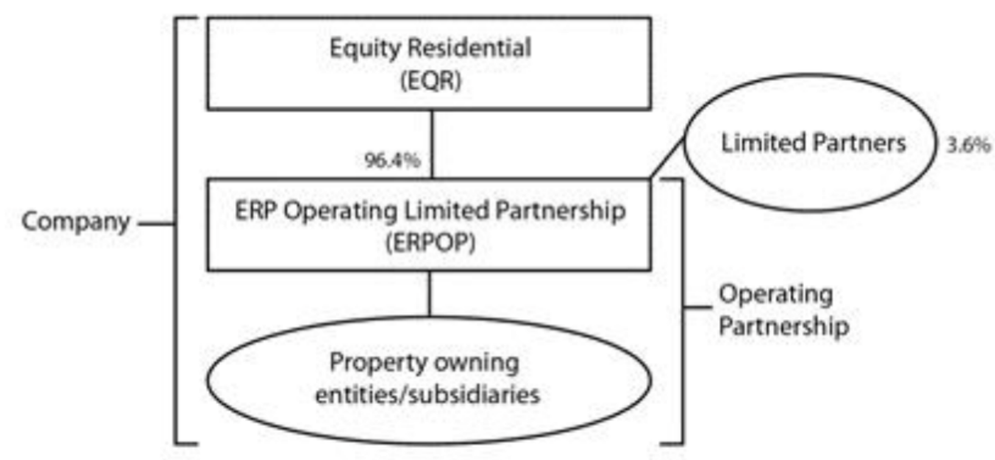
Chapter 5: A Brief Comparative Study in Divergent Investment Patterns

Equity Residential: The "Holder"

Equity Residential (NYSE:EQR) is a publicly traded equity REIT. While registered in Maryland, the company conducts its business wholly through a limited partnership in which it owns a 96.4% equity stake (also called Equity Residential), which is based in Illinois. This business, the operating partnership, substantively is EQR, and directly controls the subsidiary vehicles EQR uses to own properties (the Multilayer Subsidiary Form: MLSF). This business, the operating partnership, substantively is EQR, and directly controls the subsidiary vehicles EQR uses to own properties. The business is structured as an UPREIT, and the operating partnership's general partner is EQR.

The second largest publicly traded residential landlord in the United States, EQR targets urban and suburban "prime markets" in large, expensive metro areas like Los Angeles. According to their website, the company currently owns over 78,000 units split between 303 properties across the US, consistent with their SEC filings. Over 13,000 of these units are located within Los Angeles county, the majority being in relatively new condominiums. The acquisition of condominium units is a strategic move which ensures that local rent regulations and tenancy protections do not apply to many of the units EQR rents. EQR owns properties concentrated in the most expensive submarkets in the county, clustered in West Los Angeles, Sherman Oaks, Santa Monica, Santa Clarita, Glendale, and Burbank.

Fig. 4. Multilayer subsidiary form of Equity Residential



Source: Equity Residential. (2021). SEC Form 10K for Fiscal Year Ended December 31, 2020

EQR employs a unique subsidiary vehicle for nearly every property which the company owns, typically in the form of a limited partnership or limited liability company. The operating partnership holds a controlling stake in each of these subentities, though the company also does invest in some cases in partnerships or limited liability companies controlled by other enterprises as a minority shareholder. According to the appendix of the company's 10k filing for the 2020 fiscal year, EQR has 929 subsidiaries, though not all of these hold properties as some are dedicated to providing the company with property management or other services.

Fig. 5. Illustrative sample of 30 subsidiaries used by EQR in Los Angeles County

30 Selected LA County MLSF Subsidiary Entities, Equity Residential		
EQR 680 BERENDO LP AND	EQR EMERALD PLACE FINANCING LIMITED PARTNERSHIP	EQR PACIFIC PLACE LP

EQR 688 BERENDO LP	EQR ENCORE LIMITED PARTNERSHIP	EQR PEGASUS APARTMENTS LP
EQR ACADEMY VILLAGE LLC	EQR ESSEX PLACE FINANCING LIMITED PARTNERSHIP	EQR THE HESBY LP
EQR ACAPPELLA PASADENA LIMITED PARTNERSHIP	EQR FIELDERS CROSSING LIMITED PARTNERSHIP	EQR THE OAKS LLC
EQR ARTISAN ON SECOND LIMITED PARTNERSHIP	EQR FRESCA 2009 LP	EQR VALENCIA LLC
EQR BAY HILL LLC	EQR GALLERY APARTMENTS LIMITED PARTNERSHIP	EQR VICTOR LP
EQR BELLA VISTA CALIFORNIA LP	EQR GLO APARTMENTS LIMITED PARTNERSHIP	EQR-BELLA VISTA CALIFORNIA LP
EQR BELLE FONTAINE LIMITED PARTNERSHIP	EQR HAMPSHIRE PLACE LLC	EQR-ELEVE LP
EQR BETHANY VILLAGE VISTAS INC	EQR HHC 1 AND 2 LP	EQR-STOA LP
EQR C ON PICO LP	EQR LINDLEY LIMITED PARTNERSHIP	EQR-VANTAGE LP

Source: Tabulated from Los Angeles County Assessor Property Rolls, 2021

Equity Residential owned 304 properties at the end of 2020 according to corporate filings, accounting for 77,889 units. Los Angeles is the largest single market for EQR properties and California makes up nearly 50% of the total income the company realizes from the rental business. The average rental rates are high across all regions, indicating the company has a strategy of investing in higher rent markets, consistent with the findings regarding their investment geography within the county, which are mapped and discussed in the following section.

Fig. 6. EQR reported real assets regionally, 2020

Real Property Holdings of EQR by Region

Markets/Metro Areas	Properties	Apartment Units	% of Stabilized Budgeted NOI	Average Rental Rate
Los Angeles	***72***	***16,603***	***21.5***	***2,458***
Orange County	13	4,028	5.4	2,222
San Diego	11	2,706	3.8	2,373
Subtotal – Southern California	*96*	*23,337*	*30.7*	*2,407*
San Francisco	48	12,707	18.3	3,053
Washington D.C.	47	14,731	17.2	2,387
Seattle	46	9,454	11.4	2,349
New York	37	9,606	11.3	3,617
Boston	25	6,430	9.4	2,958
Denver	5	1,624	1.7	2,003
Total	**304**	**77,889**	**100**	**2,680**

Source: Equity Residential. (2021). SEC Form 10K for Fiscal Year Ended December 31, 2020

It is further useful to understand EQR through its own presentation of the REIT's investment Strategy:[2]

> *The Company's long-term strategy is to invest in apartment communities located in strategically targeted markets with the goal of maximizing our risk-adjusted total returns by balancing current cash flow generation with long-term capital appreciation. We seek to meet this goal by investing in markets that are characterized by conditions favorable to multifamily property operations over the long-term… We believe our strategy*

[2] The following is copied and abridged from the company's 2020 SEC 10k filing

capitalizes on the preference of renters of all ages to live in the locations where we operate that typically are near to transportation (both public transit and convenient highway access), entertainment and cultural amenities…Overall, our high-quality resident tends to work in the highest earning sectors of the economy and is not rent burdened, creating the ability to raise rents more readily in good economic times and reducing risk during downturns. Many of these workers are employed in the fields of Science, Technology, Engineering and Mathematics, or STEM jobs... Over the last decade, the Company has done an extensive repositioning of its portfolio into urban and highly walkable, close-in suburban assets. While we continue to look for opportunities to expand our portfolio in these locations, it is our intention over time to further diversify our portfolio into select new markets that share the same characteristics as our current markets and to optimize the mix of our properties located in urban vs. dense suburban submarkets within our existing markets.

PAMA Management: The "milker"

PAMA management is the commonly used name for an interconnected web of property owning entities associated with Mike Nijjar, who owns 60% of the enterprise, and the rest of the Nijjar family, which owns the remainder.[3] Over 170 different entities are associated with the Nijjar family empire, including properties held directly under the names of Mike Nijjar and other members. This includes a mix of several trusts, and over 100 distinct Limited Partnerships and LLCs. Some of these entities are represented in the table below. Like EQR, PAMA employs a multilayer subsidiary form (MLSF) to structure its business.

[3] Owner identified in property records, corroborating award winning investigative reporting of Aaron Mendelson of LAist, see Mendelson, A. (2020, February 12). "Decades of Neglect." *LAist.Com*. https://laist.com/projects/2020/pama/takeaways/

PAMA is a notorious “milker” of properties predominantly located in low-rent submarkets, including mobile home parks, and owns mostly small to medium sized multifamily buildings located in small Los Angeles County cities and unincorporated Los Angeles County. [4]

Fig. 7: Vehicles used to own Los Angeles County rental properties by Nijjar Family

Selected Ownership Vehicles Used by the Nijjar Family[5]					
Entity	Units	Entity	Units	Entity	Units
PAMA V PROPERTIES LP	6161	GROUP IV POMONA PROPERTIES LP	123	STARLIGHT MGMT 17 L P	37
GROUP IX BP PROPERTIES LP	2231	GOLDEN OPPORTUNITY NO 28 LP	112	STARLIGHT MGMT 17 LIMITED PTNSHP	32
GROUP X ROSEMEAD PROPERTIES LP	2086	GROUP XI PICO RIVERA PROPERTIES LP	110	MALLORCA APARTMENTS LTD	28
PAMA IV PROPERTIES LP	1020	MOBILE HOME GROUP II LP	106	GOLDEN OPPORTUNITY I HOLDINGS LP	27
0312 RAMONA APTS LP	875	GROUP XIII PROPERTIES LP	104	GROUP I EL MONTE PROP LTD LP	24
GROUP XII PROPERTIES LP	853	GROUP I EL MONTE PROPERTIES LP	100	GROUP I EL MONTE PROPERTIES LTD LP	24
COVINA 023 WOODS 206 LP	800	COBRA 28 NO 8 LP	98	SPSSM INVESTMENTS VI LP	24
GROUP I EL MONTE PROPERTIES LTD	644	COBRA 28 LIMITED PARTNERSHIP	94	SPSSM INVESTMENTS VII LP	22
STARLIGHT MGMT 17 LP	581	GROUP IV POMONA PROPERTIES LTD	88	STARLITE MGMT VIII LP	22
PAMA IV PROPERTIES IV LP	576	COBRA 28 LP	86	NIJJAR,SWARANJIT S CO TR NIJJAR FAMILY TRUST	21
GROUP V SAN BERNARDINO LP	416	GROUP VIII COVINA PROPERTIES LP	77	NIJJAR,SANJEET	20
MOBILE HOME GROUP I LP	343	GOLDEN OPPORTUNITY III HOLDINGS LP	73	COBRA 28 NUMBER 8 LP	18
PAMA IV PROPERTIES LP AND	318	COBRA 28 NO 7 LP	66	SPSSM INVESTMENTS VIII LP	15
GOLDEN OPPORTUNITY INVESTMENTS LP	306	GOLDEN OPPORTUNITY NO 17 LP	56	STARLITE MGMT IX LP	15

[4] ‘Milking’ is a predatory investment strategy in which investors buy cheap properties and defer maintenance while continuing to collect rents. See: Mallach, A. (2014). Lessons From Las Vegas: Housing Markets, Neighborhoods, and Distressed Single-Family Property Investors. *Housing Policy Debate*, *24*(4), 769–801. https://doi.org/10.1080/10511482.2013.872160, Mallach, A. (2018). Meeting The Challenge Of Distressed Property Investors In America’s Neighborhoods (p. 92). Local Initiatives Support Corporation.

[5] Identified through property records from Los Angeles County Assessor

SPSSM INVESTMENTS IV LP	262	STARLITE MGMT IV LP	50	NIJJAR,SWARANJIT S AND PATRICIA D	13
GOLDEN OPPORTUNITY NO 14 LP	208	MPN 14 LIMITED PARTNERSHIP	48	COBRA 28 NO 6 LP	12
SPARTAN VILLAGE APTS 0340 LP	182	KAA PROPERTIES LP	42	STARLIGHT MGMT 17	12
GROUP X I I I PROPERTIES LP	154	COBRA 28 NO 5 LP	39	NIJJAR,MICHAEL P	4
GROUP III SGV PROPERTIES LTD	130	MPSN PROPERTIES II LP	38	NIJJAR,SANJEET S	4

Source: Los Angeles County Assessor Records, tabulated by author

The ‘milking’ strategy PAMA employs is well documented. PAMA was the subject of recent investigative journalism by Aaron Mendelson of LAist, which found a pattern of abusive and neglectful behavior by the landlord across its properties, culminating in the death of an infant tenant in a mobile home park fire, as well as exceptionally unhealthy and dangerous living conditions in many multifamily buildings (Mendelson, 2020b). Of all entities in Los Angeles County, PAMA and its associated entities have the greatest number of code enforcement issues over the period of Sept 2017 - March 2020, with over 1,200 violations.[6] Between 2010 and 2018, Nijjar related companies conducted over 4,300 evictions which on the record, likely a small fraction of their total eviction activity (Mendelson, 2020).

PAMA’s managerial neglect has crossed over into territory which has incited criminal investigation and the filing of charges at least once in the past, as Mendelson reports. The complicated legal structure of the company’s holdings, however, and the secrecy afforded by the LLC structure in particular has proven a strategic tool for the beneficial owners to escape responsibility, with charges being dismissed in one case because determining the proper assessment of liability to a particular entity was impossible (Mendelson, 2020a). The

[6] Analysis by author, appears in California Reinvestment Coalition & The Greenlining Institute. (2021, July 27). Federal Reserve Bank of San Francisco: Supplemental comments from the Greenlining Institute and the California Reinvestment Coalition in continuing opposition to the application by Banc of California, Inc. To acquire Pacific Mercantile Bancorp [Public Comment], reproduced with permissions.

complicated structure also impinges on the ability of researchers and regulators to understand the business. Nijjar has reported that the businesses have no employees, but county regulations on the management of certain larger properties, and interviews with former PAMA employees conducted by LAist belie this claim (Mendelson, 2020a).

A Comparative Analysis of Investment Geographies: EQR and PAMA

Equity Residential and PAMA management represent two of the largest landlording enterprises in Los Angeles County. EQR and PAMA offer investors investment products not only differentiated by the private equity approach of PAMA, and the publicly traded product of EQR, but also by the manner in which they operationalize their funding. EQR uses its capital to acquire and maintain a large portfolio of properties in desirable neighborhoods which deliver consistent rents and see considerable gains from appreciation, as demonstrated in the following chapter. PAMA, by contrast, buys far less expensive properties, including mobile home parks, and does not focus on preserving their asset value. Instead of offering an investment product which depends on capital gains and consistent yields, PAMA's investment product depends on the revenue maximization strategy of neglecting maintenance, even at the expense of potential capital gains. The business strategy of landlords can affect their choice of business structure, but the most effective forms of business organization tend to be copied across actors. For example Matthew Desmond's seminal work *Evicted: Poverty and Profit in the American City,* focused on Milwaukee, discusses how predatory landlords employ distinct LLC and LP vehicles to facilitate milking strategies, in which properties are neglected into a state of physical and economic distress, ultimately to be foreclosed upon or tax defaulted to the detriment of tenants, only for the landlord to simply repeat the process with a different entity and a different property, escaping accountability. This format also provides liability, financing, and de-risking benefits that benefit more mainstream actors, however, and is commonly employed by REITs as well.

In order to analyze the divergent behaviors of EQR and PAMA, I constructed a socio-economic profile of their investment geographies. I mapped the properties within the county for both EQR and PAMA, and joined their locations to census data on demographic and housing market indicators for underlying Zip Code Tabulation Areas (ZTCA)s. I then aggregated this information up to the portfolio level, using a weighted average based on the number of units on each property site in order to construct a relatively accurate total profile of the terrain in which these landlords invest. I also mapped their holdings over two key variables: race and income.

Though EQR and PAMA are actors of comparable size, and employ relatively homologous business structures (both using MLSF), they have highly differentiated investment geographies, which reflect their different market niches and investment approaches.

Fig. 8. The Differentiated Investment Conditions of EQR and PAMA

Comparative Table of Landlord Investment Patterns, PAMA and EQR								
Landlord	Sampled Units[7]	Avg Prop Size (Units)	Avg Median Rent	Avg Median Income	Avg Part White	Avg Home-ownership Rate	Avg Vacancy Rate	Avg Rent Burden Rate
PAMA	7,306	9.4	$1,353	$58,583	12.6%	48.4%	5.3%	57.1%
EQR	10,528	15.8	$1,873	$83,520	46.8%	39.9%	7.7%	51.6%

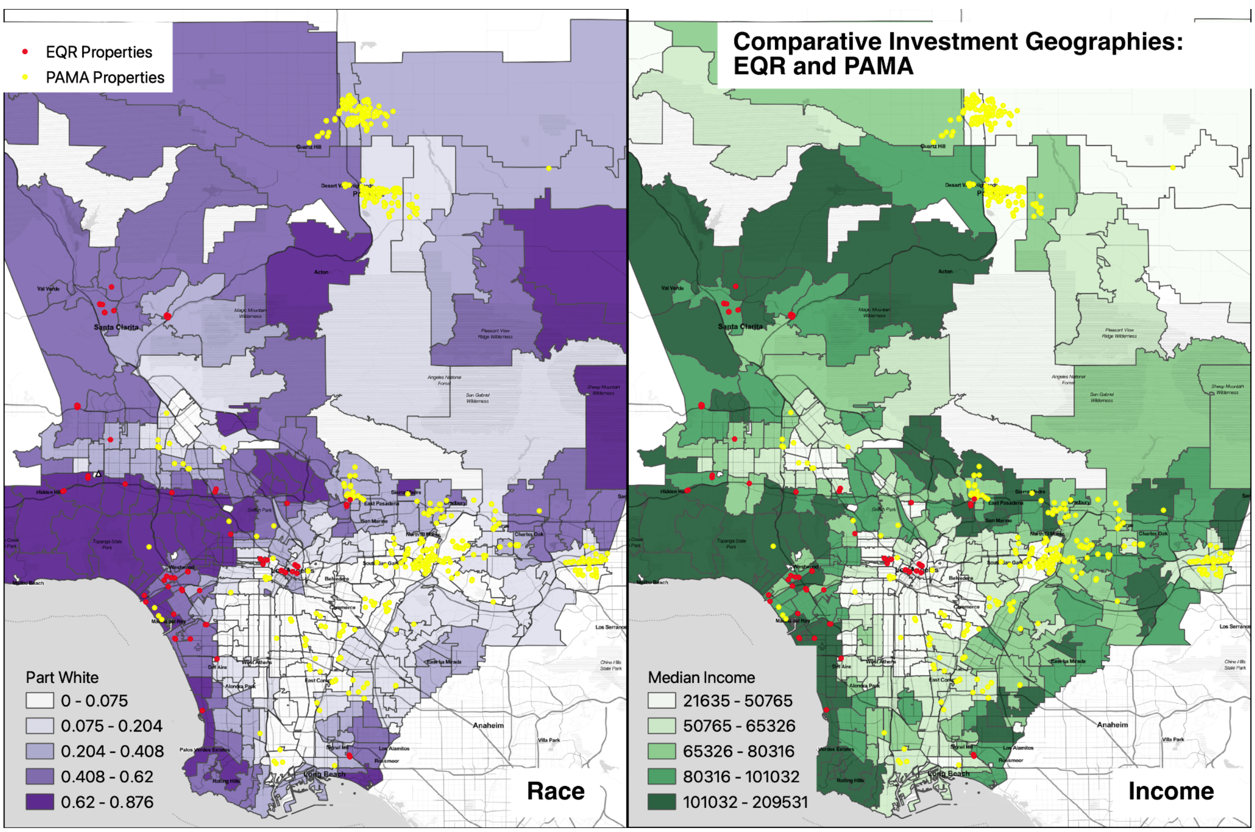
Source: Los Angeles County Assessor Records, tabulated by author

As is evident from the table, EQR tends to own in much wealthier, whiter regions than PAMA. This is consistent with their expressed strategy in SEC filings, which suggest that tenant selection (and therefore geography) is a critical part of their profit making strategy. The low

[7] All units owned in county that could be joined to ZCTA based demographic data

homeownership rates of these areas is interesting given their relative wealth and whiteness, but also consistent with their strategy of seeking particular rental markets. In contrast PAMA owns in places that are much less white and much lower in income. PAMA's strategy of pursuing higher capitalization rates through milking behaviors means they can profit comparably to EQR from much lower rent levels. Their strategy of ownership also reproduces the conditions of distressed rental markets and may suppress local rents. The strategies of each investor are tied to the submarkets in which they specialize, which explains the divergent conditions of the places their properties are in. The exposure of low income communities of color to this strategy is a particular issue of sociospatial justice which demands redress.

Fig. 9. The Differentiated Investment Geographies of EQR and PAMA



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

As the maps demonstrate, the divergent conditions are accompanied by divergent geographical patterns. PAMA and EQR own properties in areas that for the most part do not overlap geographically at all. Income and race based housing market segmentation is also geographical, particularly as Los Angeles is highly segregated along class and race lines. The confluence of the divergent geographical and social conditions of the landlords investments can only lead to the conclusion that when it comes to profit making strategies, or “housing service production” the two actors are not in competition in any real sense at all. Though the actors are both similarly structured and sized, their business strategies could not be more polarized. These results suggest that landlord strategy and investment geography mediates the relationship between landlord practice and organizational forms.

Chapter 6: The Geography of Landlords: Nodes of Brokerage and Extraction

A Theoretical Reintroduction

Writing in the 1990s, Mike Davis described regions of Los Angeles dominated by absentee ownership structures as a vast, impoverishing “rent plantation” from which extra-local actors extract value (Davis, 1993). While it has been perennially evident and remarked upon that rent represents a transfer of wealth from the poor to the rich, Davis was beginning to describe how the rental property market was the site of not only a relationship of extraction between people, but also between places. As the interest of planners and urban scholars turns increasingly to the *relational* nature of wealth and poverty (Shelton, 2018), this argument is worth another look in the contemporary context.

Forms of absentee ownership like those described by Davis have long been relevant in the US rental market, the contemporary “rise of the corporate landlord” has deepened the complexity of and distance at which the tenant landlord relationship is intermediated. Researchers and activists have been calling attention to the dramatic entry of Wall Street and other institutional financial actors into the rental housing market for well over a decade, particularly since the wave of consolidations and purchases in the wake of the 2008 financial crisis. Advocates have called attention to how the size and distance of corporate landlords pose problems for tenants (Call, 2014), how the complexity of the corporate form redistributes risk and obligations to tenants and dissipates claims making potential (Abood, 2017), and other rapidly proliferating concerns (Ferrer, 2021).

Nonetheless, the ownership of rental housing remains fragmented across a multitude of differently organized actors despite the increasing tendency towards consolidation in recent decades. The persistence of small and medium sized landlords, even in those housing markets most affected by consolidation is a testament to this reality. While these small landlords, the propertied doctors, lawyers, and petty speculators Davis describes may have at the time been likely to hold properties in their own name, today they are more likely to employ ownership vehicles like LLCs, and Trusts. The rise of the corporate landlord, therefore, is a twofold phenomenon. It is driven both by the entry of the “Wall Street Landlords” of activist concern, and also the increasing adoption of sophisticated corporate organizational and business techniques by incumbent and entrant smaller actors.

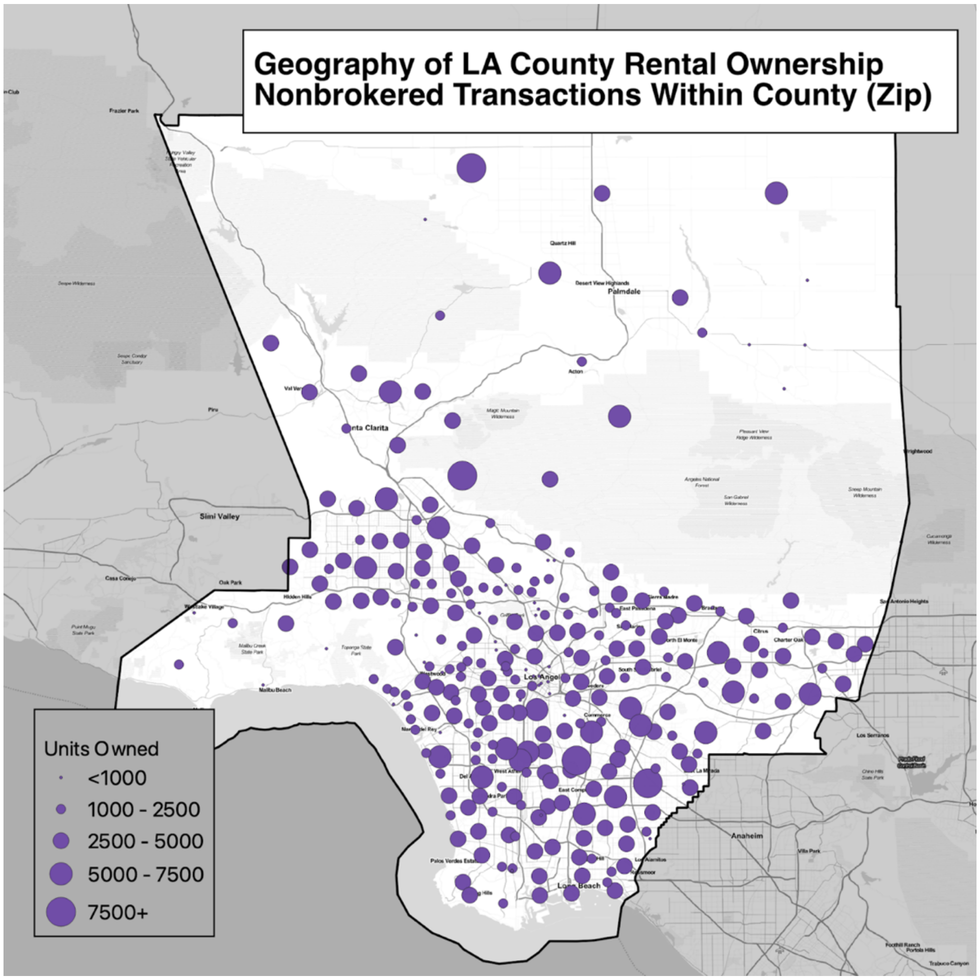
With the concurrent rise of the institutional property investor, as well as the corporate form and other technologies of intermediation and obfuscation, an increasing complex geography of property ownership has developed. This chapter explores the organization and location of landlords owning property within The County of Los Angeles, or at the very least the registered location of their business operations. Using an exploratory method of aggregating rental unit counts to the locations which their owners are registered to according to Los Angeles County Assessor's property records at the zip code (for within LA County), and the city scale (for outside the county), I analyze which locations constitute major sites of rentier activity across the country.

This analysis makes visible the increasingly differentiated location of landlords and extra local ownership across geographies. The most dramatic pattern which is observable is the difference in the location of landlords which "broker" their ownership of rental properties through the use of corporate entities or other investment vehicles, and those landlords which maintain properties under their own name without any obfuscating intermediation. This chapter turns our attention to the organizational and geographical nature of the landlord itself, to develop an understanding of how these new forms of intermediation play out spatially. To do so, I develop a definition of "brokered" ownership relations, which encompasses those landlords who use intermediating investment vehicles to hold their properties and obscure beneficial ownership. By contrasting the locations and portfolio sizes of the landlords who use these techniques with those landlords who do not, I establish the significance of the distinction. As policymakers across the United States slowly begin to take on the urgent issue of beneficial ownership disclosure for real estate investments (Baranetsky, 2021), this and similar analysis can help us understand the nature of those actors yet to be unmasked.

Brokerage nodes in Los Angeles County

Many landlords are translocal actors, particularly those which use investment vehicles to intermediate their ownership of properties. In this section, I look at the geographical distribution of nonbrokered and brokered transactions and compare the latter to the places of registration of corporate landlords. It is possible to identify the probable location of certain landlords who are the beneficiaries of their business activities personally, by charting the location of natural persons who are sole proprietors of rental portfolios and do not use any obfuscating techniques such as PO Box registration, or investment vehicle pass through entities. The first map below demonstrates the distribution of these actors across Los Angeles County, aggregated to the zip code scale by the size of their portfolios. These actors represent approximately 30% of rental housing ownership in the county. It is clear from the map that the distribution of these actors is relatively uniform across the county, with some concentration in the regions of South and East Los Angeles, as well as the Northern parts of the county including Antelope Valley. These regions have lower rent than the county as a whole, and demonstrate heightened levels of local rentiership by small actors in particular.

Fig. 10. Location of individually held sole proprietor portfolios in Los Angeles County



Source: Los Angeles County Assessor Records 2021, calculations by Author

The majority of properties in the county however, including those owned by nominally local actors, are held through investment vehicles or routed through obfuscating PO Box addresses in order to provide an intermediating shield for the owners of the portfolio. As the chart below demonstrates, over 65% of all rental units in the county are owned in arrangements intermediated in this manner, which I term “brokered transactions.”

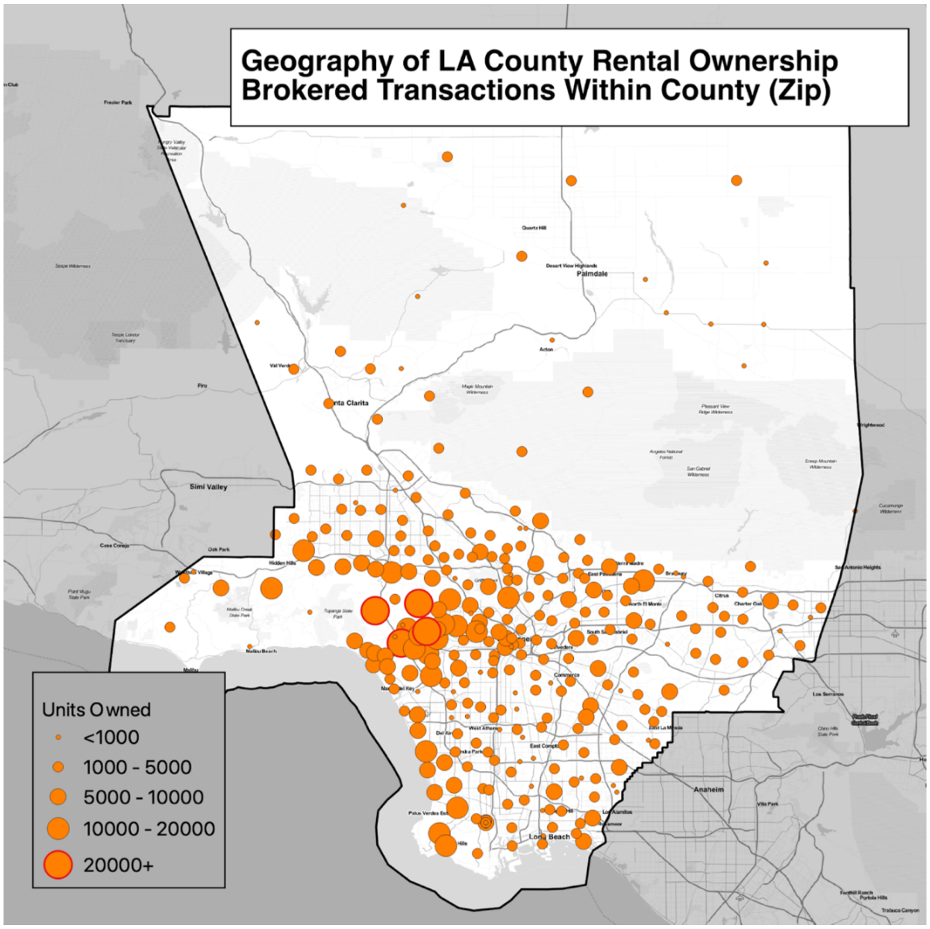
Fig. 11. Units by brokerage status and geographic classification

	Local: LA County		**Nonlocal: CA**		**Outside California**	
Brokered	*Yes*	*No*	*Yes*	*No*	*Yes*	*No*
Units	1,198,780	787,054	208,732	38,645	98,634	13,207

Source: Los Angeles County Assessor. Tabulated by Author.

Therefore, it is perhaps more informative to interrogate the geography of these brokered landlords, which differs greatly from those of the nonbrokered portfolios. In contrast to the diffuse and somewhat localized geography of nonbrokered landlords, investment vehicles demonstrate a much higher degree of clustering. Even within Los Angeles County, we are able to observe patterns of brokerage. The Los Angeles Westside, as well as Beverly Hills and West Hollywood, which demonstrated relatively low concentrations unbroken renteir activity, are major brokerage centers in the region. In the zip codes comprising Beverly Hills alone 6,502 unique landlords control 74,380 LA County rental units, of which 69,800 are brokered making the city a major node of brokerage. While Beverly Hills contains approximately 0.4% of the county's rental units (and many of those are not owned by landlords registered to the city) Beverly Hills based landlords control approximately 3% of the total rental stock of the county.

Fig. 12. Location of investment vehicle portfolios in Los Angeles County



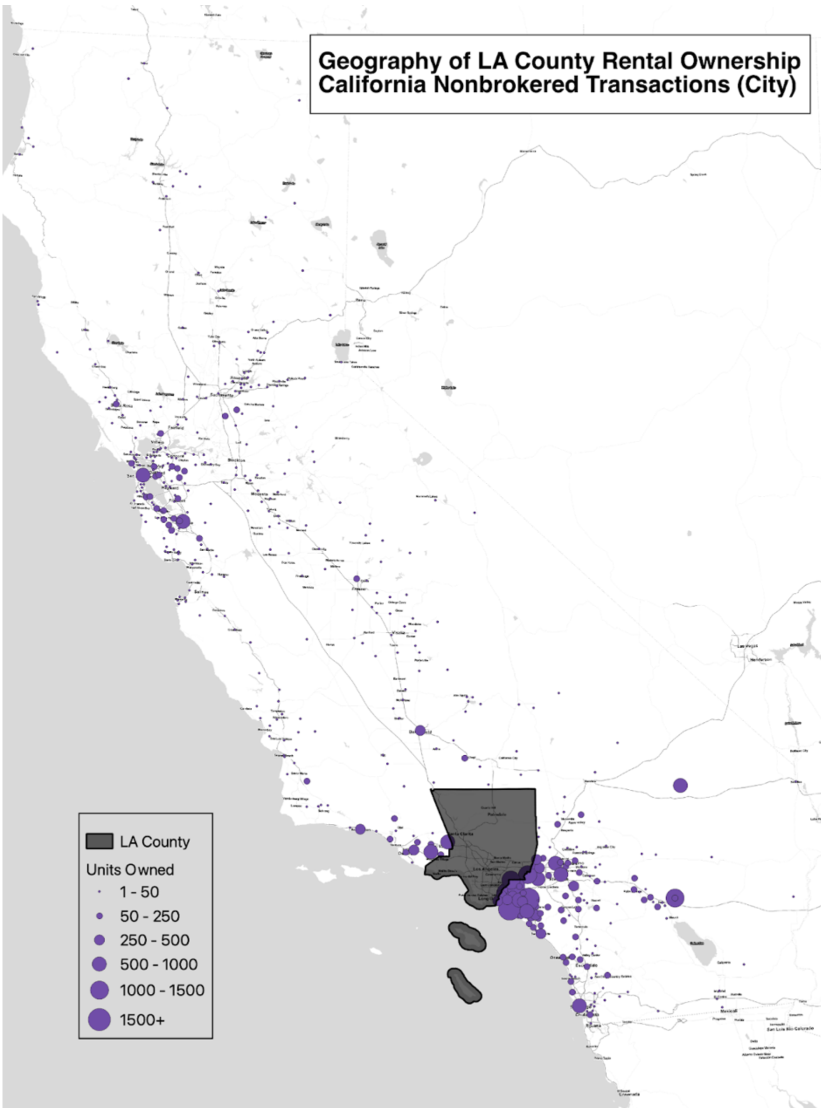
Source: Los Angeles County Assessor Records 2021, calculations by Author, Basemap is "Toner Light" by Strava

Brokerage nodes in California

In expanding the analysis to California, a different pattern emerges. Within the context of nonbrokered transactions, there is a good deal of clustering in areas proximate to Los Angeles County, Orange County being a particular center of reniter activity of this kind. There are also some farther flung nodes in the Bay Area, particularly San Francisco, and in the Inland Empire.

These landlords account for relatively few units within Los Angeles county, however, comprising a total stock of less than 40,000. This represents only about 15% of the total units owned by California landlords not in the county. In contrast, nonbrokered transactions constitute over 40% of all units held by landlords registered within Los Angeles County.

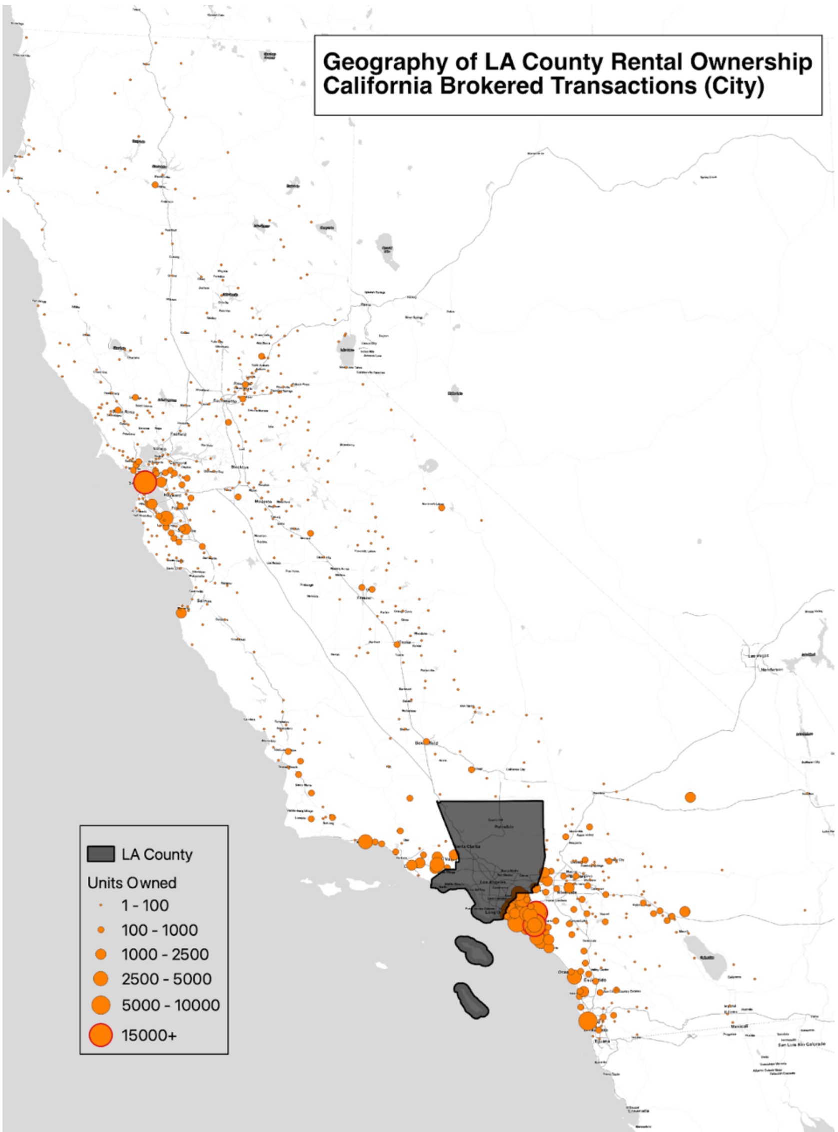
Fig. 13. Location of individually held LA County sole proprietor portfolios in California



Source: Los Angeles County Assessor Records 2021, calculations by Author

Brokered transactions have a similar geography to nonbrokered transactions for the non-LA County California landlords, in contrast to the divergent picture that arises within the county. For brokered transactions the same clusters are prominent, though the Bay Area is somewhat more important, particularly San Francisco, where landlords control over 15,000 Los Angeles County units. Interestingly, this cluster is seemingly comprised by a diverse set of actors, as not a single San Francisco based landlord owns more than 1,000 units in Los Angeles County alone. The Southern California cluster remains prominent as well, once again especially concentrated in Orange County. Within this cluster, however, large actors are much more dominant. There are at least 9 landlords in Orange County alone owning more than 1,000 Los Angeles County rental units, and at least an additional 6 owning more than 1,000 units in wider Southern California not including Los Angeles County itself. These landlords appear to be somewhat more local in scope than the constituent entities of the largest national clusters discussed in the next section, which include the large REITs we profile throughout this report. In fact, at least five of the fifteen 1,000 plus unit landlords in the Southern California region appear to be sole proprietor type enterprises structured around family trusts and a mix of other entities.

Fig. 14. Location of investment vehicles with LA County portfolios in California



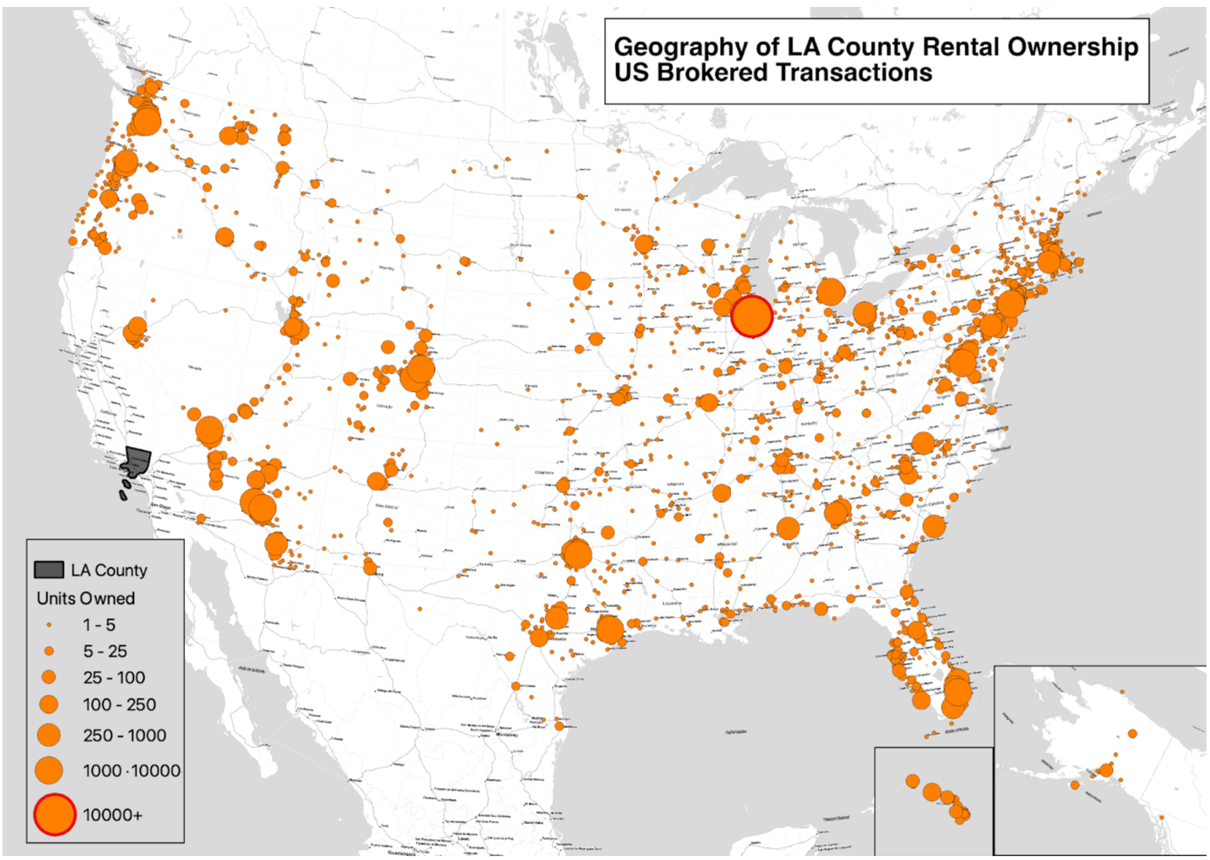
Source: American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

Brokerage nodes nationwide

Again, it is evident from the difference between the figures for brokered and nonbrokered ownership relations that the use of intermediating structures like PO Box registration, or the adoption of an investment vehicle to hold properties is much more common than unmediated ownership as the figures are orders of magnitude higher. Unlike the more local contexts, however, the overall spatial patterns of ownership are very similar at the national level. Major metropolitan centers, especially the Northeastern conurbation between Boston and Washington DC dominate, though the pattern is somewhat more dispersed to secondary and tertiary urban regions, as well as exurban locations. Unlike the California context, there are no particular regions that dominate when it comes to nonbrokered transactions.

The following map, which demonstrates the major brokerage nodes for out-of-state investment in Los Angeles County rental units is quite interesting nonetheless. Again, it is clear that the vast majority of Los Angeles County rentals owned by these actors are held by entities operating out of the United States' major cities, despite registrations which might suggest otherwise. Unlike the nonbrokered transactions, however, there are some clear centers of rentier activity evident from the map, which are organized around the portfolios of some of the largest landlords in both Los Angeles and the US as a whole. The Chicago area, in particular, stands out and illustrates this phenomenon. Equity Residential (EQR) is headquartered in the city, and despite a paper existence in Delaware as is common among major corporations seeking to take advantage of the state's pro-corporate judicial system, it unsurprisingly conducts its business there contributing to Chicago's status as a major brokerage node. Essex Property Trust (ESS), despite being headquartered in San Mateo, California and maintaining the legal fiction of a Maryland residence, also does business out of Chicagoland, registering properties to PO Boxes in Oak Park and Schaumburg, Illinois. The presence of other large landlords can also be seen in the map, with the Arlington Virginia headquarters of AvalonBay (AVB) contributing to that region's share, and Invitation Homes' (INV) Dallas based operation also being eminently visible. In contrast, Denver, Detroit, New York, Seattle and Boston are all home to no individual landlord entities owning more than 1,000 properties within the county, despite being prominent on the map. These cities owe their status as key brokerage nodes to an array of smaller actors (at least in the context of their operations in Los Angeles County).

Fig. 15. Location of investment vehicles with LA County portfolios outside California



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

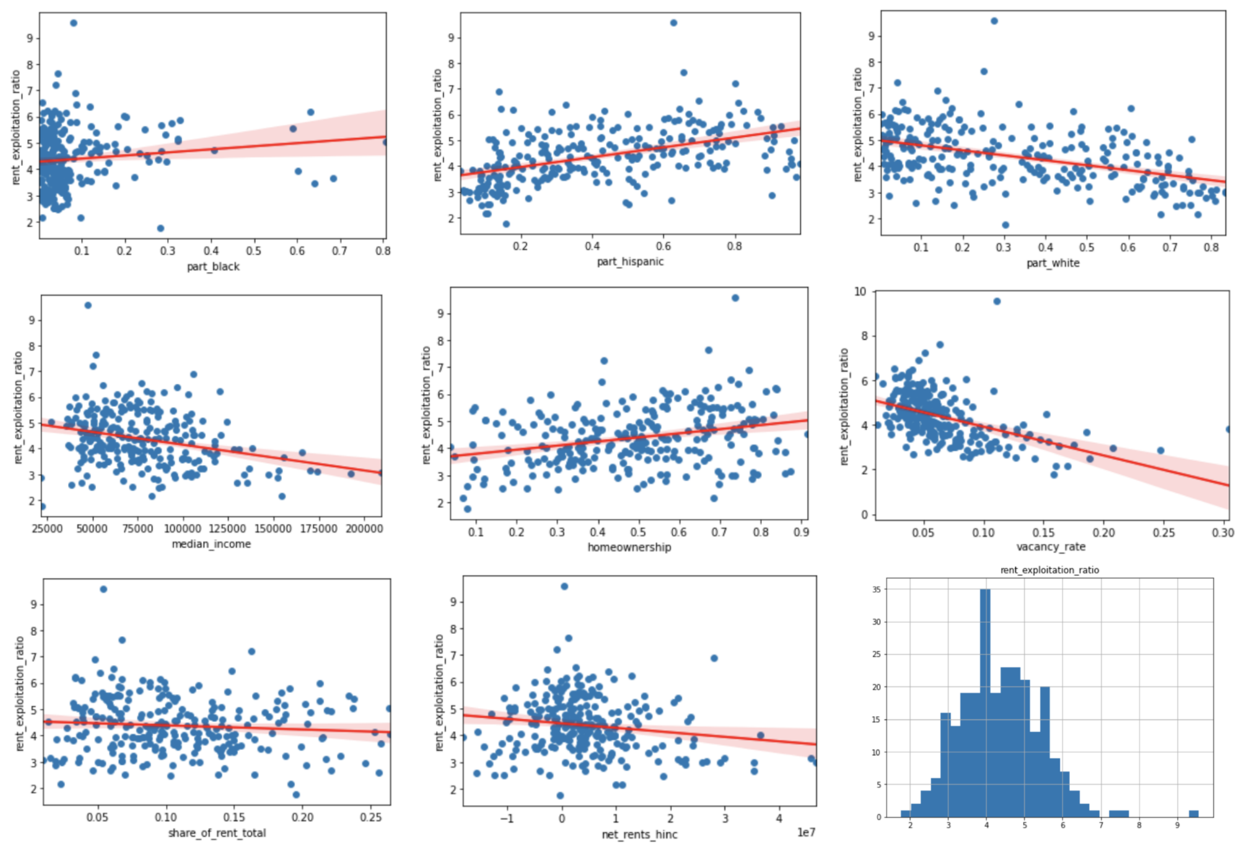
Chapter 7: The Statistical and Geographical Existence of the Rent Plantation

In chapter 2, I argue the rent plantation is characterized by a set of interlocking features including; (1) land based appropriation of value (2) predominantly by extralocal white actors, which is (3) productive of racialized immiseration, (4) reliant on both displaceability and spatial confinement, and (5) creatively extractive. While many of these concepts are best explored through more inductive and qualitative means, I develop a set of operational variables and their confluence and contingency which I feel are well suited to approximate certain aspects of the condition. Three variables in particular were chosen, which are discussed in the following sections of this chapter.

Rent Exploitation and Selected Socioeconomic Conditions

The first metric I employ to operationalize the rent plantation is a measure of rent exploitation, the ratio of median gross rent to median homeowner tax payments within a ZCTA, following Crowell (2022), who draws on earlier work by Desmond and Wilmers (2019). This captures the relative burden imposed on renters for their inability to own property in an area when compared to owners in the same area. It does not necessarily mean the profitability of ownership is excessive in those regions, it can be quite the opposite in certain ZCTAs, only that the relative costs to renters are severe. The contrary is true, because the owner occupied properties in highly rent exploitative neighborhoods may provide little opportunity for accumulation, seeing little value uplift and therefore possessing the low valuations which lead to high rent to tax ratios.

Fig. 16. Statistical Exploration of Rent Exploitation: Scatter and Regression of Socioeconomic Factors



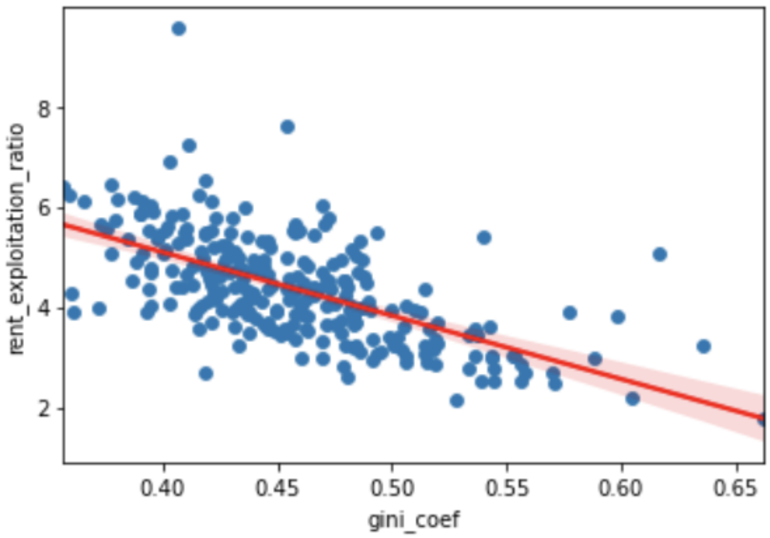
Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

Race, predictably, and consistent with earlier research, is a key determinant of housing exploitation. All racial categories tested demonstrated relatively strong correlations to rent exploitation, with the strongest association being with the proportion of Latinx residents. This is interesting considering earlier research found the proportion of Black residents in particular to be a key factor. One explanation for this phenomenon may simply be that Latinx residents are the largest demographic group in the county, and make up a far larger absolute share of the low income residents of the county. It is also possible that Latinx communities have a greater intergan homogeneity when it comes to class composition within ZTCAs. Income alone has a very loose explanatory connection to rent exploitation rate in exploratory statistics, which lends additional credence to the primary significance of race as identified in previous research. The racialized nature of property valuation, which suppresses the value of properties held by nonwhite owners, as discussed in chapter 2, is one possible explanation. Vacancy also varied somewhat predictably, with lower vacancy rates (and therefore tighter rental markets) being associated with higher rates of rent exploitation.

Homeownership is positively associated with rent exploitation, a somewhat surprising finding, and one which runs counter to its covariant factors like whiteness and income, though for that reason the variation in homeownership explains very little of the total variation of rent exploitation (r2: 0.083). One would expect that as the level of rent in the cheapest neighborhoods (a category with significant overlap but not perfectly co-extensive) is not generally orders of magnitude lower than in typical neighborhoods (see eg. Desmond, 2016), the relative gap between the cheap rents and cheap values is less than in less absolutely disadvantaged places.

In specific cases, extremely low income ZCTAs may have a vastly different housing composition than the county. A careful look at the map shows that parts of Downtown Los Angeles, particularly in the Skid Row area, which contain a large amount of both extremely low rent units, particularly in residential hotels, and also extremely expensive condominiums, are likely demonstrating this phenomenon. In other cases, owner occupancy related gentrification of otherwise very low income tracts might be a confounding factor. The high significance of the local GINI coefficient in determining rent exploitation ratios (r2: 0.386, among the highest of tested factors), lends credence to this interpretation. It also suggests that inequality is being reflected in differences in incomes between tenure categories.

Fig. 17. Statistical Exploration of Rent Exploitation: Scatter and Regression of GINI Coefficient



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

Nonetheless, this finding is consistent with the findings of Crowell (2022), and suggests that in order to understand conditions of absolute deprivation additional operational variables are needed, which I provide to follow. It also increases the importance of thinking relationally, as the metric only considers the penalty of renting relative to properties within the same area. As is evident from the map of rent exploitation to anyone with a basic knowledge of Los Angeles' social geography, rich, overwhelmingly owner occupied neighborhoods also have the lowest rates of rent exploitation.

Fig. 18. Table: Differentiation According to Rent Exploitation Quintiles

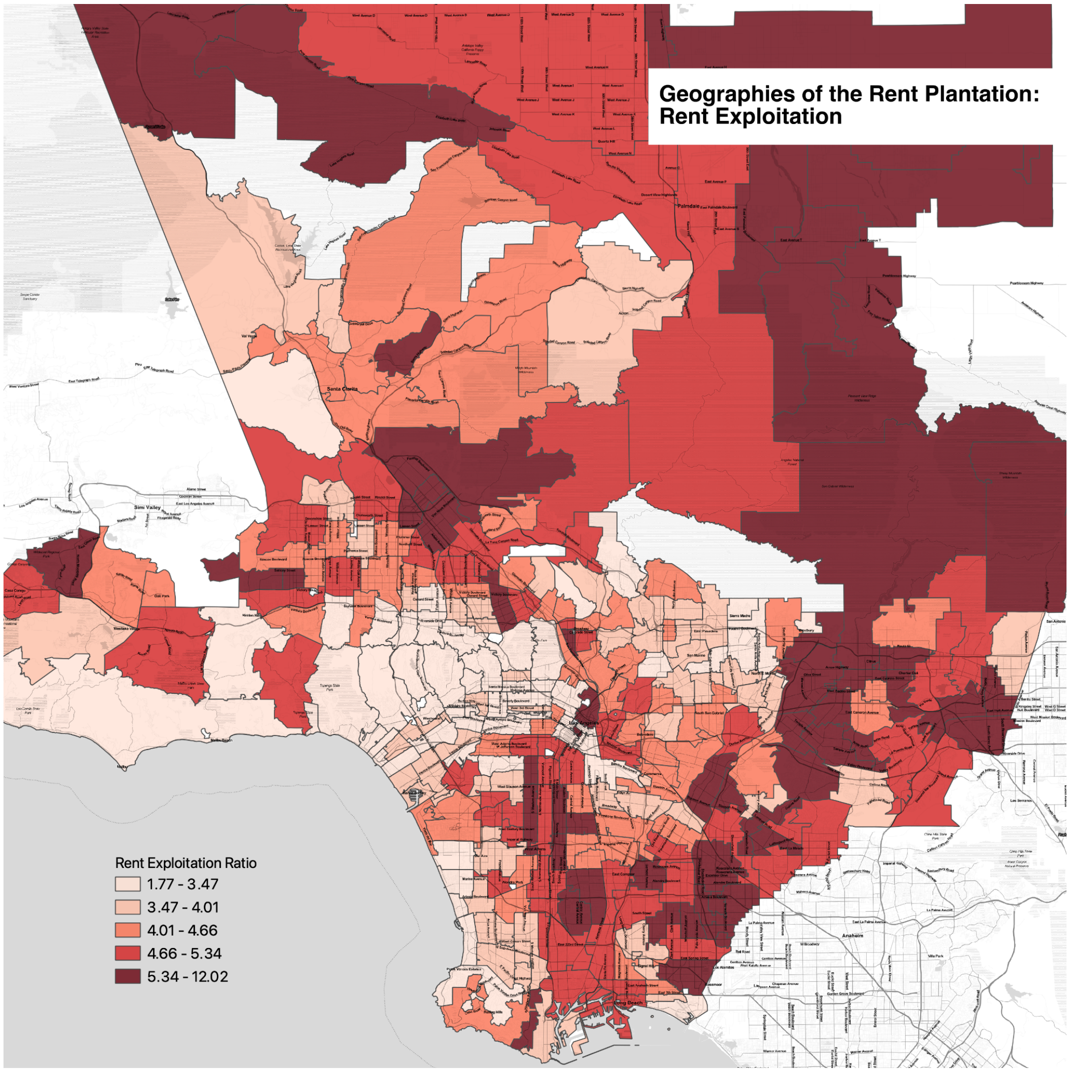
Comparison of Socio-Economic and Housing Conditions: Quintile Rates of Rent Exploitation									
Region	Part Black Alone	Part Latinx	Part White Alone	Avg Median Income [8]	Home Ownership	Avg Vacancy Rate	Avg ZIP Rent Exploitation Ratio	Avg Net ZIP Housing Flows	Avg ZIP Rent Share of Income
20% Most Rent Exploited	9.3%	61.0%	16.1%	$68,997	58.1%	4.7%	6.25	$2,828,140	9.3%
20% Least Rent Exploited	5.7%	23.1%	50.6%	$94,838	48.3%	10.18%	2.96	$8,592,040	10.8%

Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

The tabulated data provides a comparative perspective, focusing on the bottom and top quintile of ZCTA's rent exploitation values. It is clear that regions with higher rates of rent exploitation are much less white and less wealthy than regions with low rates of rent exploitation. Again, somewhat paradoxically, homeownership is inversely related to the expectation. Nonetheless, high rent exploitation ZCTAs benefit far less from intra and inter ZCTA flows of housing value. The somewhat paradoxical nature of this data is an artifact of the idiosyncratic conditions of small areas. As Crowell (2022) acknowledges in discussing the limitations of the rent exploitation measure as a predictor of extractive housing conditions, the metric necessitates supplementation with other factors in order to put forward a more clear geographical picture of such conditions. For this reason, I introduce two complementary metrics in the following sections which seek to develop a more robust picture.

[8] Average of Annual Median Incomes

Fig. 19. Geographical Distribution of Rent Exploitation Conditions

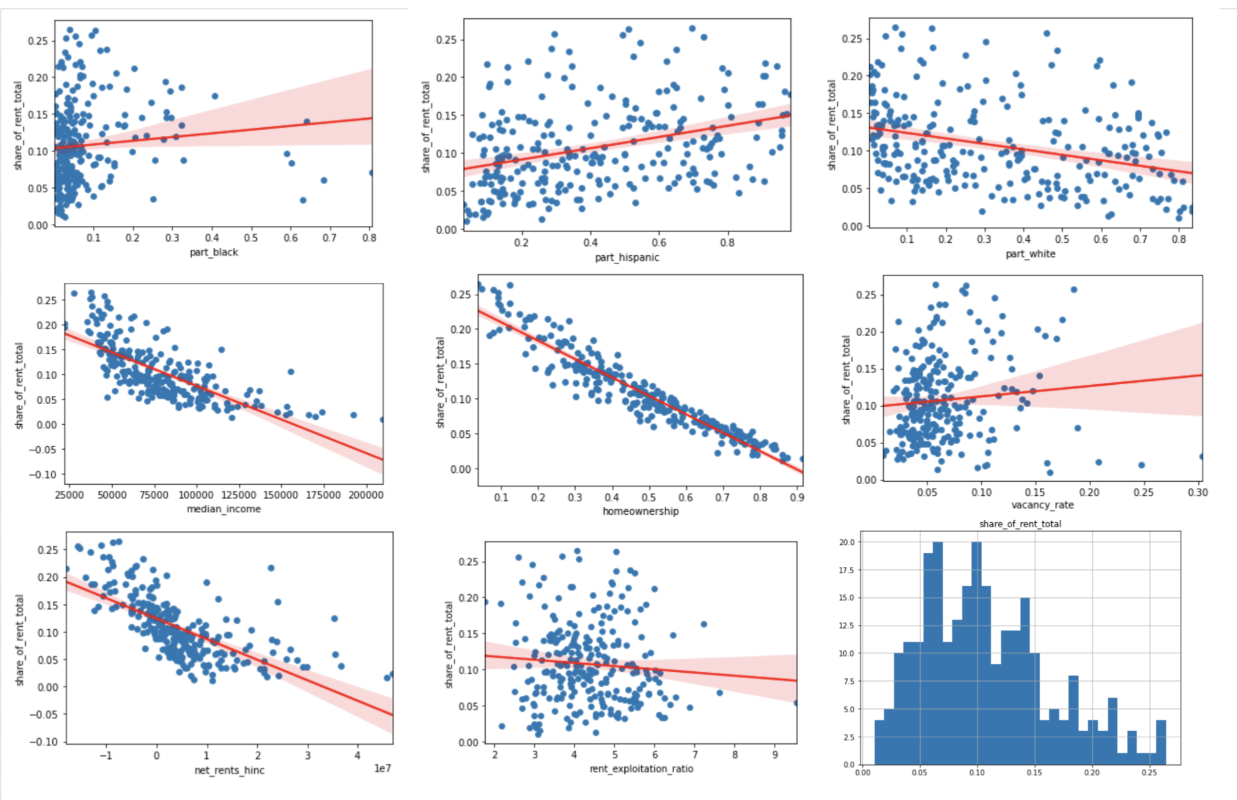


Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

Rent Share of Income and Selected Socioeconomic Conditions

I also developed a measure of the proportion of aggregate household income in a neighborhood which is paid in rents, by creating a simple ratio of aggregate gross rent payments to aggregate household incomes within each ZCTA. This measure is intended to capture the relative share of the neighborhood's total output that is captured by landlords, both inside and outside the neighborhood. This value is therefore not available for consumption by residents, unless they are themselves landlords. This is in principle similar to a rent to income ratio used in the evaluation of rent burden on the individual scale: higher values indicate that less of the ZCTA's income is available for spending on things other than rent, which can have a negative impact on the area's developmental prospects. This metric, like the others, is a relational approach to the housing question, which implicates the takings of landlords in the production of territories of extraction.

Fig. 20. Statistical Exploration of Rent Share of Income: Scatter and Regression of Socioeconomic Factors



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

Of the three metrics, the share of income paid to rent was the factor least dependent on race, and the most narrowly economic factor. Unsurprisingly in this metric, homeownership plays a key role. This is a mechanistic statistical artifact to some degree, as homeownership directly affects the proportion of rent payers, and therefore the relative level of rents to incomes. The addition of income, however, ensures that this metric does not merely reproduce geographically and statistically the pattern of homeownership– high income but largely renter places like ZCTAs in Westwood/West LA, Culver City, and Park La Brea still stand out as paying very high proportions of their aggregate income to landlords. The purpose of this metric was to express the way that income and tenure are co-determinant in the context of housing, thereby providing a hybrid measure on which more expansively captured class dynamics relevant to rent extraction. The negative relationship between this metric and rent exploitation is beneficial in that it helps the combination of factors identify areas where property relations impinge on development potential that are not apparent from rent exploitation alone. The Skid Row area and surrounds, for example, now see a reversal of the pattern despite the intense in situ social inequality.

Fig. 21. Table: Differentiation According to Rent Share of Income Quintiles

Comparison of Socio-Economic and Housing Conditions: Quintile Rent Shares of Aggregate Income

Region	Part Black Alone	Part Latinx	Part White Alone	Avg Median Income [9]	Home Ownership	Avg Vacancy Rate	Avg ZIP Rent Exploitation Ratio	Avg Net ZIP Housing Flows	Avg ZIP Rent Share of Income
20% Largest Rent Share	10.0%	60.2%	16.9%	$49,621	19.6%	7.5%	4.38	-$4,307,000	20.4%
20% Least Rent Share	5.1%	25.9%	44.7%	$112,587	76.4%	6.2%	4.66	$12,766,700	3.7%

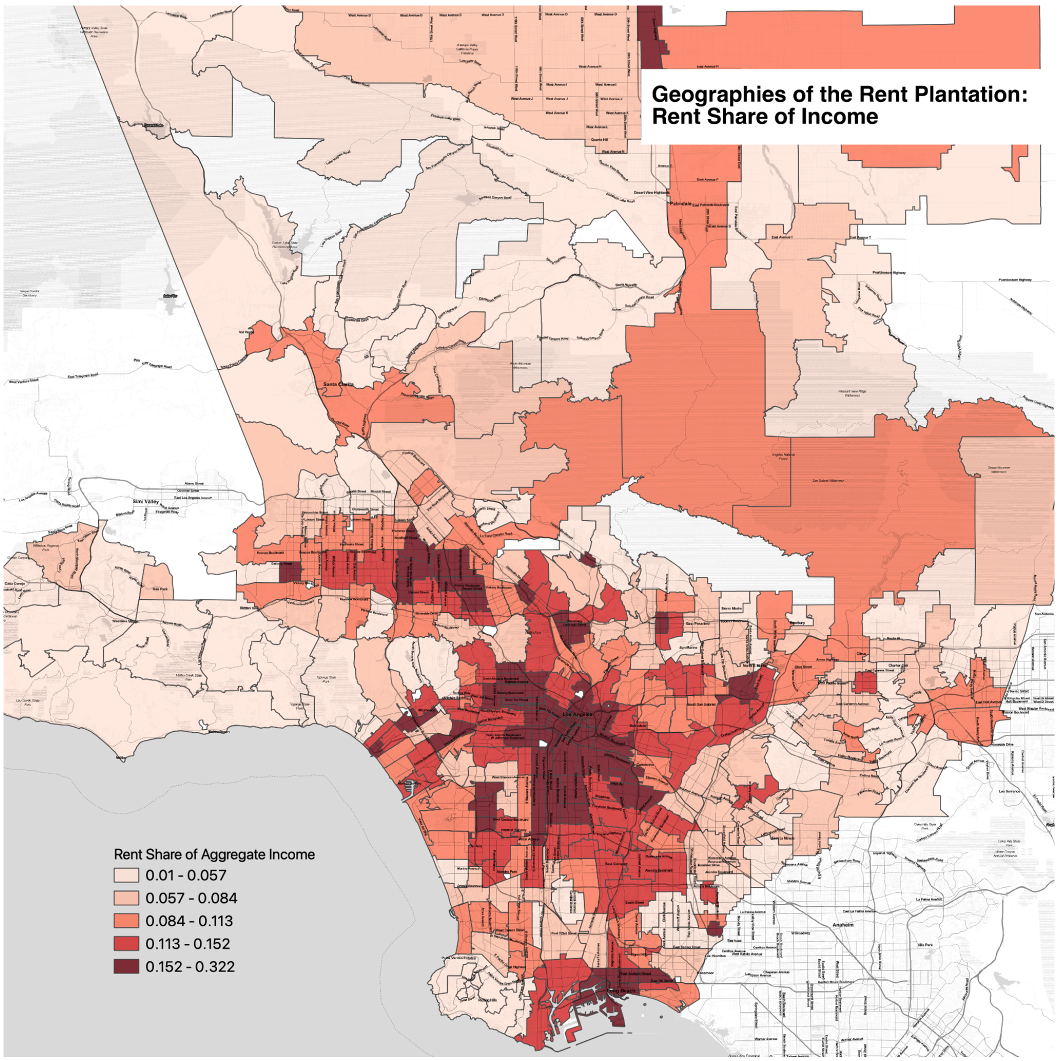
Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

While the scatterplots and linear regressions are not very compelling, as is evident from the comparative table, the relevant factors of analysis appear to be quite differentiated when looking at the places that are most and least impacted by this metric. The places that send most of their rent to landlords are unsurprisingly places that also tend to be exporters of housing value in general, as many landlords are absentee actors. The weak relationship with rent exploitation appears to be driven by the effects of homeownership, which should help this combination of metrics to redress some of the issues raised with rent exploitation as a standalone measure. The differentiation according to income and homeownership is expected, as those relations are mechanistic as previously mentioned. Race, however, is more interesting. According to the plotted data, race was not a significantly predictive factor for this metric. The fact that the fates of these quintiles are so divergent, however, suggests that rent is a class-differentiating factor across racially similar contexts. Again, the example of mostly white, fairly wealthy places like beachfront Santa Monica or other Westside ZCTAs seems relevant, or does the opposite case of mostly homeowner but largely Black areas like Baldwin Hills. The inverse also appears to be

[9] Average of Annual Median Incomes

true though given the descriptive statistics– high rent shares of income seems to be an issue that disproportionately affects nonwhite majority ZTCAs, while whiter places are less burdened.

Fig. 22. Geographical Distribution of Rent Share of Income Conditions

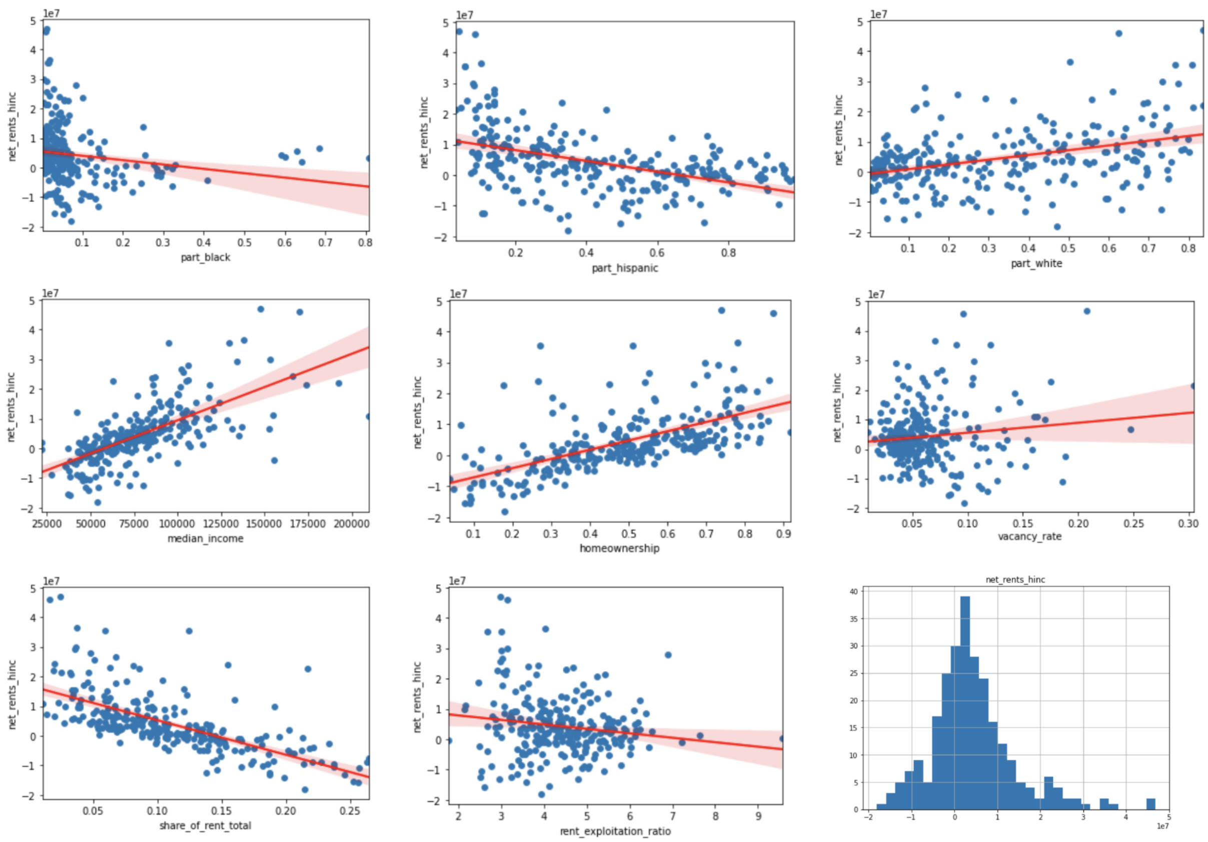


Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

Net Housing Value Flows and Selected Socioeconomic Conditions

For my final metric, I calculated the total volume of housing value flowing through a neighborhood, and evaluate the net of that flow. The estimated monthly flow of value is based on the ZCTA average rent (calculated manually from aggregate rents and unit counts) multiplied by the number of units on the property, including the imputed rents of owner occupants, which are assumed to have equivalent value. The flows are constructed on the basis of each parcel in the county's site and ownership zip codes. In order to do so I combine the neighborhoods imputed rents from homeownership with imported rents from other neighborhoods in order to calculate the total value captured in that neighborhood. I then subtract the rents which are exported from the neighborhood to other neighborhoods to attain the net figure. The directionality of the flow indicates whether the integration of the neighborhood into the housing system represents a process of immiseration, or of enrichment. The magnitude of the flow indicates the severity of this relationship. The benefit of calculating rents instead of simply using total units as the representation of inter neighborhood flows is that it captures the fact that certain ownership relations are more valuable than others. The purpose of this metric is to capture the role played by the housing circuit in the production of geographically (and racially) uneven development across places.

Fig. 23. Statistical Exploration of Net Housing Value Flows: Scatter and Regression of Socioeconomic Factors



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

Fundamentally, this metric is based on a set of related underlying factors: the rate of homeownership, the rate of landlord absenteeism, the rate of rent, and the prevalence of rentiership within a given area. For that reason, homeownership remains a closely associated factor, as it does for the rent share of total income. As homeownership is a significant engine for class based differentiation and the organization of geographically uneven development prospects, particularly in liberal proprietarian contexts like the United States, I find this overlap acceptable in operationalizing the rent plantation. This is particularly true given the previously discussed relationship between rent exploitation and homeownership, as well as these other metrics. In any case while the association is relatively strong among these factors it is far from determinant. The net housing value flow nonetheless varies much more substantially than rent share of income does with racial differences, particularly with the proportion of Latinx residents in a ZCTA.

Fig. 24. Table: Differentiation According to Net Housing Value Flow Quintiles

Comparison of Socio-Economic and Housing Conditions: Rent Exporters and Importers									
Region	Part Black Alone	Part Latinx	Part White Alone	Avg Median Income [10]	Home Ownership	Avg Vacancy Rate	Avg ZIP Rent Exploitation Ratio	Avg Net ZIP Housing Flows	Avg ZIP Rent Share of Income
20% Lowest Net Housing Flow	11.02%	55.4%	20.6%	$54,589	25.6%	7.45%	4.25	-$7,180,730	17.9%
20% Highest Net Housing Flow	4.0%	20.9%	46.2%	$110,304	63.2%	7.1%	3.93	$19,018,800	6.5%

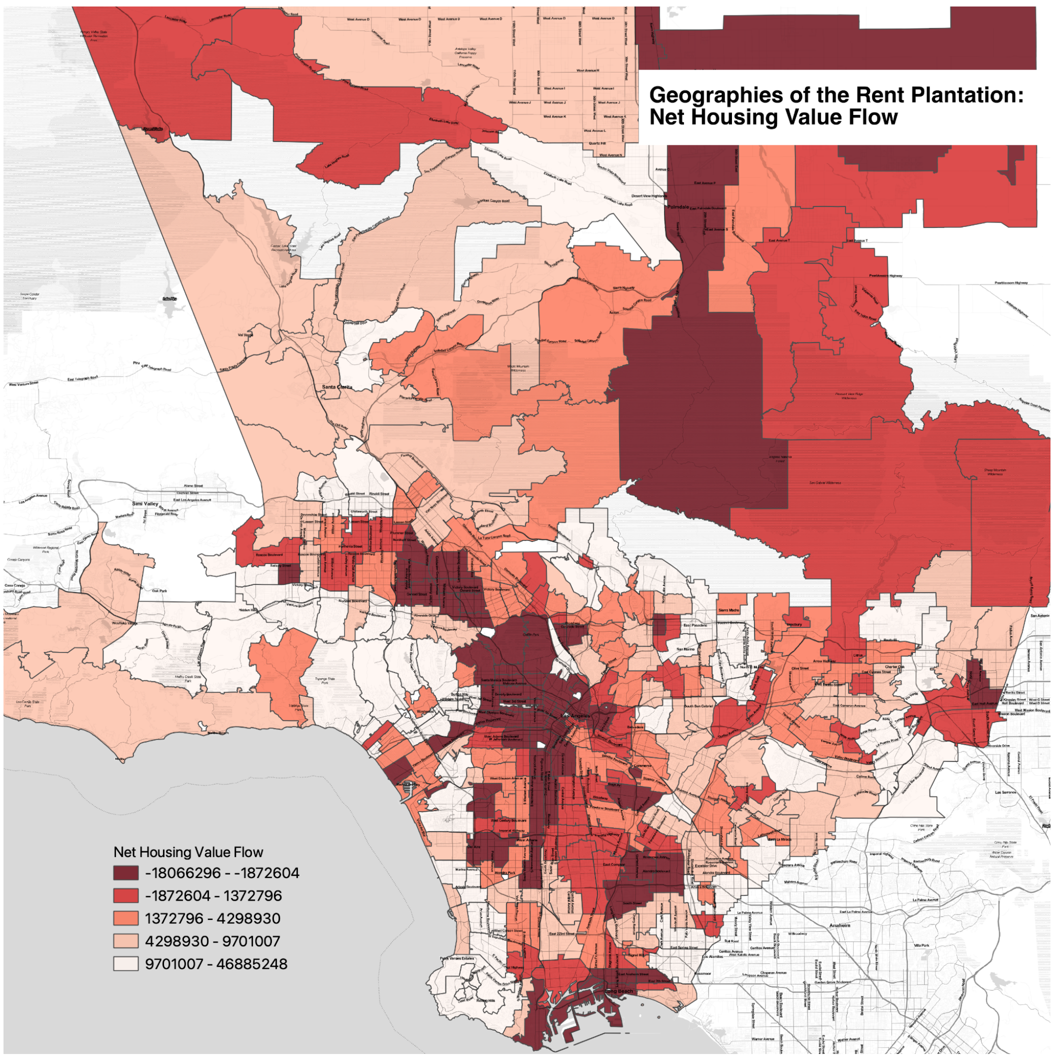
Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

The comparative table of top and bottom quintile values is particularly interesting for this variable, as these categories are in large part mutually constituted through the flow of value from the bottom quintile to the top. As the case of South Central will illustrate in the next chapter, the orientation of the particular flows between particular areas largely conforms to this pattern empirically. The places which are implicated in these directional flows, are strongly differentiated along lines of race and class, similarly to the degree of differentiation found

[10] Average of Annual Median Incomes

between the top and bottom quintiles of ZCTAs according to their rates of rent exploitation. The areas with the lowest net flows are less than half as white as those with the highest flows, more than two times as Latinx and nearly three times as Black. This suggests that inter ZCTA flows of rents are more likely to be immiserating for Black and Latinx communities, and enriching for white communities.

Fig. 25. Geographical Distribution ofNet Housing Flow Conditions



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

Relations of Chosen Factors

The combination of these three metrics constructs a profile of the kind of housing environment present in each ZCTA. These metrics are statistically independent, and do not have co-extensive geographies, as the preceding images demonstrate. They also have somewhat different socio-economic makeups which co-vary in different ways for each metric. Being satisfied with the performance, independence, and meaningfulness of the metrics, when a place performs "poorly" on each of these three metrics simultaneously, I argue that it is a good site through which to investigate the concept of the rent plantation. This reflects an integration into the housing system where what Clyde Woods terms "trap economics" comes into play, an "asset stripping" and disposessive relation to housing value. On the other hand, where ZCTA's perform well on all three metrics, the housing system is one which is wealth building, and accumulation is generally possible through both owner occupancy and through landlording. These conditions are inherently connected socially and geographically, a relationality that is structured through the property system.

Fig. 26. Table: Differentiation According to Race and Income Quintiles

Rent Plantation Conditions: Race and Income			
Condition	Rent Exploitation	Rent Share of Income	Net Housing Value Flow
20% Whitest	3.68	8.6%	$10,494,200
20% Least White	4.85	13.6%	$510,911
20% Highest Income	3.93	5.2%	$14,332,800
20% Lowest Income	4.69	18.1%	-$3,740,570

Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

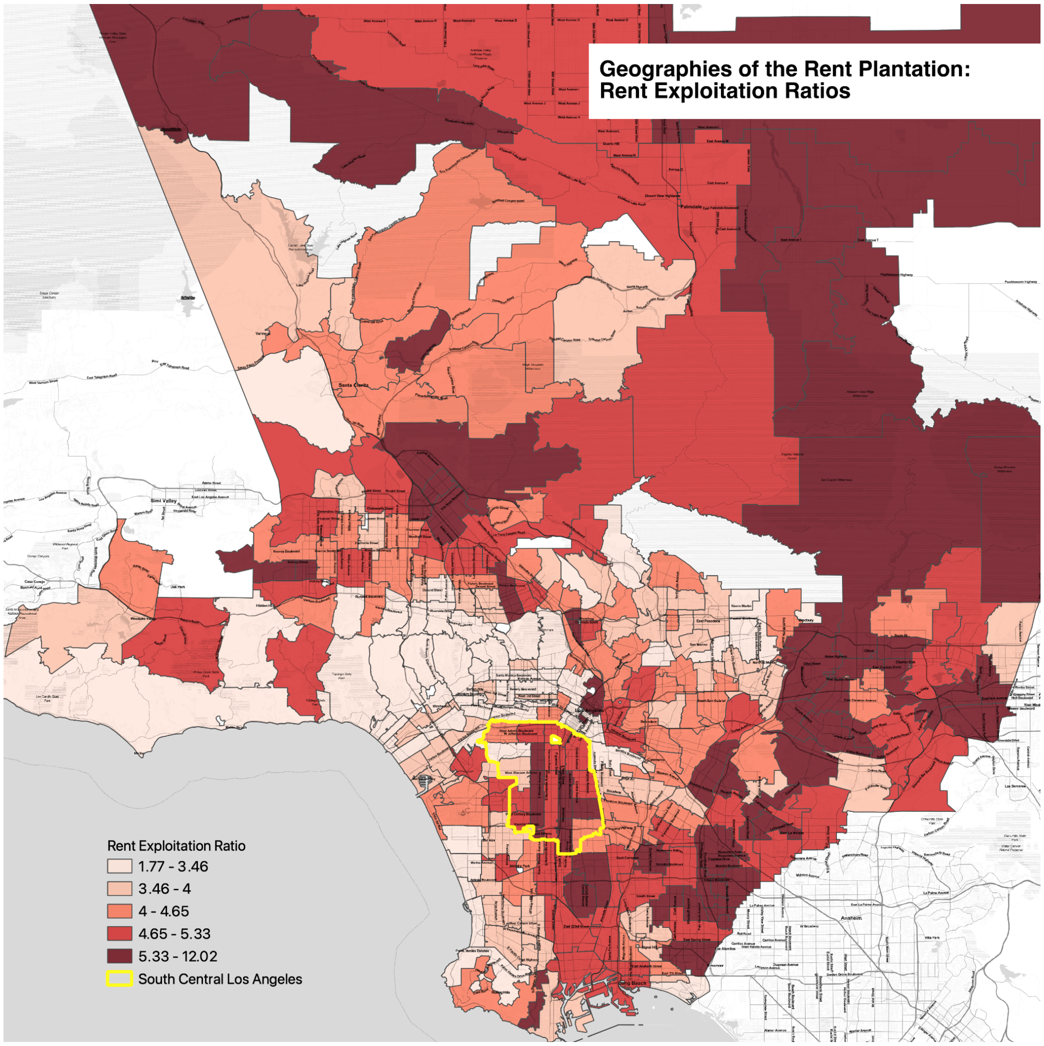
One hardly requires advanced statistics to interpret the linkages of these factors to race and income– they are plainly evident in the descriptive table above. Poorer, less white ZCTAs see dramatically less advantaged and more exploitative housing conditions across all metrics, despite their relative lack of statistical interconnection. They experience much higher rates of rent exploitation, pay much more of their aggregate incomes to rents, and keep little, if any, of their total housing value. The richest, whitest areas, of course, suffer from none of these conditions, and are in fact beneficiaries of high net inflows of housing value from other places. In any case, these statistics are not meant to evaluate causality or produce explanation. What they do attempt is a first cut operationalization of the theory of the rent plantation, and therefore are organized around the logics of extraction enumerated at the start of this chapter and in the introduction to this paper. While I have not here the space, and do not yet possess the necessary statistical knowledge to disentangle the causal nature of the interlinkages between these conditions as constructed through ownership relations, the descriptive sketch that is offered provides a fairly conclusive basis on which to claim undertaking such a project would be warranted.

Chapter 8: Applying the Rent Plantation: South Central and Its Landlords

The Geographical Nature of the Rent Plantation: The Case of South Central

In addition to the statistical and geographical issues which I discuss to follow, I chose South Central as an area of deeper investigation because of my personal and professional history as a housing activist, working with tenant organizations and other CBOs based in that region. The choice of terminology is intentional, following the understanding of local organizers as reflected in the report "South Central Rooted" which contains a robust historical definition of the term (*South Central Rooted*, 2021). As I work with ZCTA's I have operationally defined South Central as those areas which share 90% of their area with the boundaries laid out for "South Los Angeles" in the Los Angeles Times's Neighborhood Mapping Project (Los Angeles Times, n.d.), which produces an area overlap of greater than 90% of total area for that region as well. South Central can be conceptualized as a key spatial frame for understanding the rent plantation because it contains a confluence of factors which constitute the definition advanced in the theoretical chapters. As noted in the theoretical section, however, it is important not to conceptualize the rent plantation as coextensive with a particular region, but with a particular set of conditions. South Central is chosen here for the purposes of statistical convenience and the illustration of how these factors converge. For the sake of consistency across choropleth maps, all data is presented in quintiles. Though this makes for somewhat unintuitive breakdowns of the data, it is necessary for the visualization of convergence with statistical fidelity. The point based data in the last maps, on the aggregate rent flows to destination zips, is allocated via a Jenks break for ease of visualization on a map which is already very crowded.

Fig. 27. Rent Exploitation and South Central Los Angeles

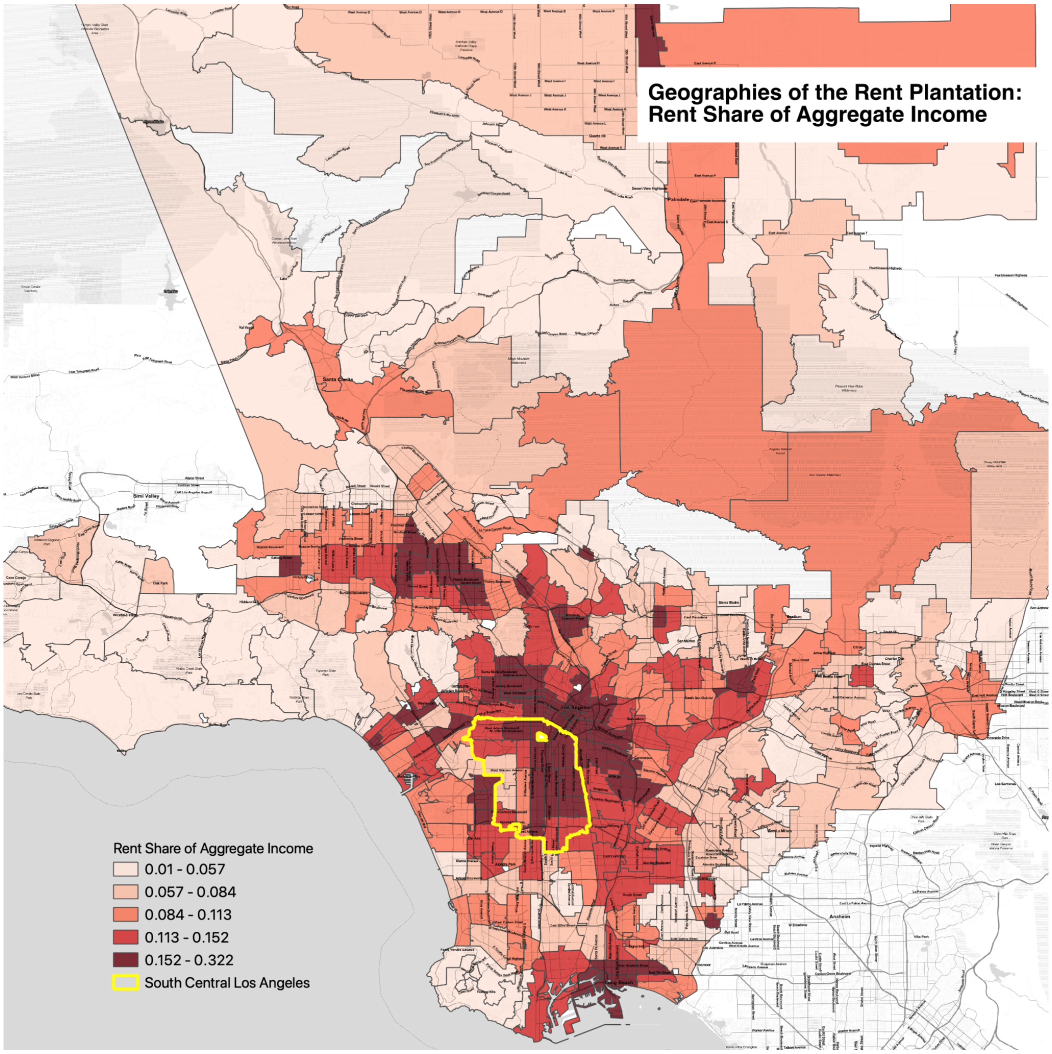


Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

As a region of the county, South Central exhibits some of the highest rates of rent exploitation (the ratio between monthly rental payments and monthly homeowners owners tax payments, as laid out in Crowell) particularly for being highly populated and situated mostly within the City of Los Angeles. This is despite the region's very low rates of homeownership, which suggests that the social condition of South Central, particularly because of its economic and demographic structure overdetermines rent exploitation in a way that is not homeownership mediated. South

Central is also relatively homogenous in terms of class, with a GINI of 0.446, which is typical of Los Angeles County as a whole. The high rent to property tax ratio indicates that property valuations are likely quite low, as South Central is one of the “most affordable” rental markets in the county. The racialized nature of property value provides one potential explanation for this. The effect of the high rates of rent exploitation is a disposessive rental market, in which “trap economics” come into play. Tenants are simply not able to move freely into ownership because of the landlord class monopoly over property, and financial discrimination due to their relatively low incomes and lack of whiteness. They then face an extremely tight rental market in which they are effectively stuck, paying monopolistic and predatory rents to landlords at rates disproportionate to the “value” of the housing. This makes the experience of tenancy even more immiserating than is typical, negatively conditioning the possibilities for individual economic advancement and community development.

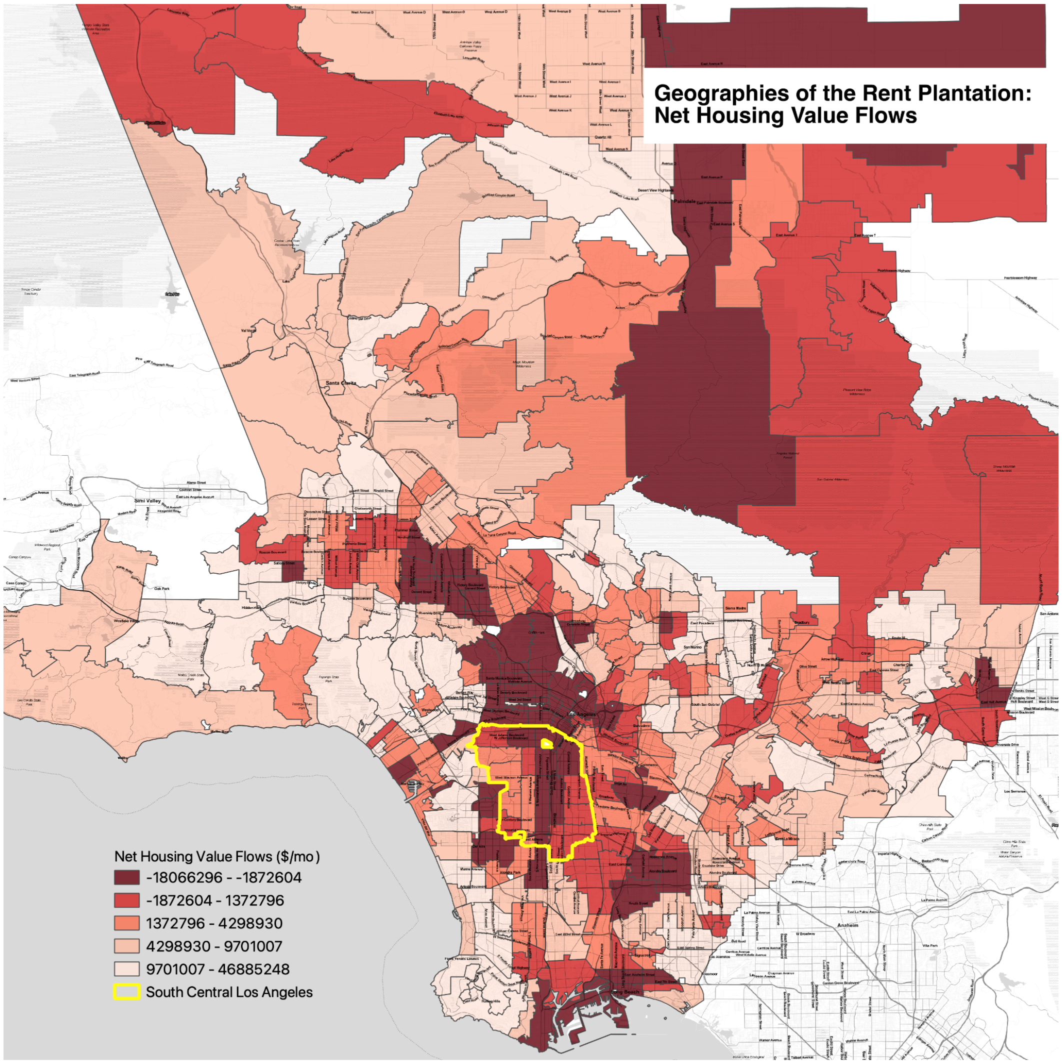
Fig. 28. Rent Share of Income and South Central Los Angeles



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

South Central is also a site where a disproportionate share of the neighborhood's total income is captured by rent payments, by actors both inside and outside the region. This is a factor of both the low incomes and rates of homeownership in the region, and the aforementioned monopolistic character of the local rental market in which tenants are stuck. As is often said, "the rent eats first" (Desmond, 2016) meaning that the payment of burdensome shares of a neighborhood income to landlords leaves relatively little residual income available for consumption by households and collective expenditures on community development. Since most spending remains local, this directly conditions the developmental possibilities a neighborhood faces, not only for residents who need to stretch low incomes, but also for businesses which rely on local consumer expenditures. The large share of total income paid to landlords in South Central, therefore, is a force for the “underdevelopment” or uneven development of the area relative to the rest of the county and particularly to more privileged locales.

Fig. 29. Net Housing Value Flows and South Central Los Angeles

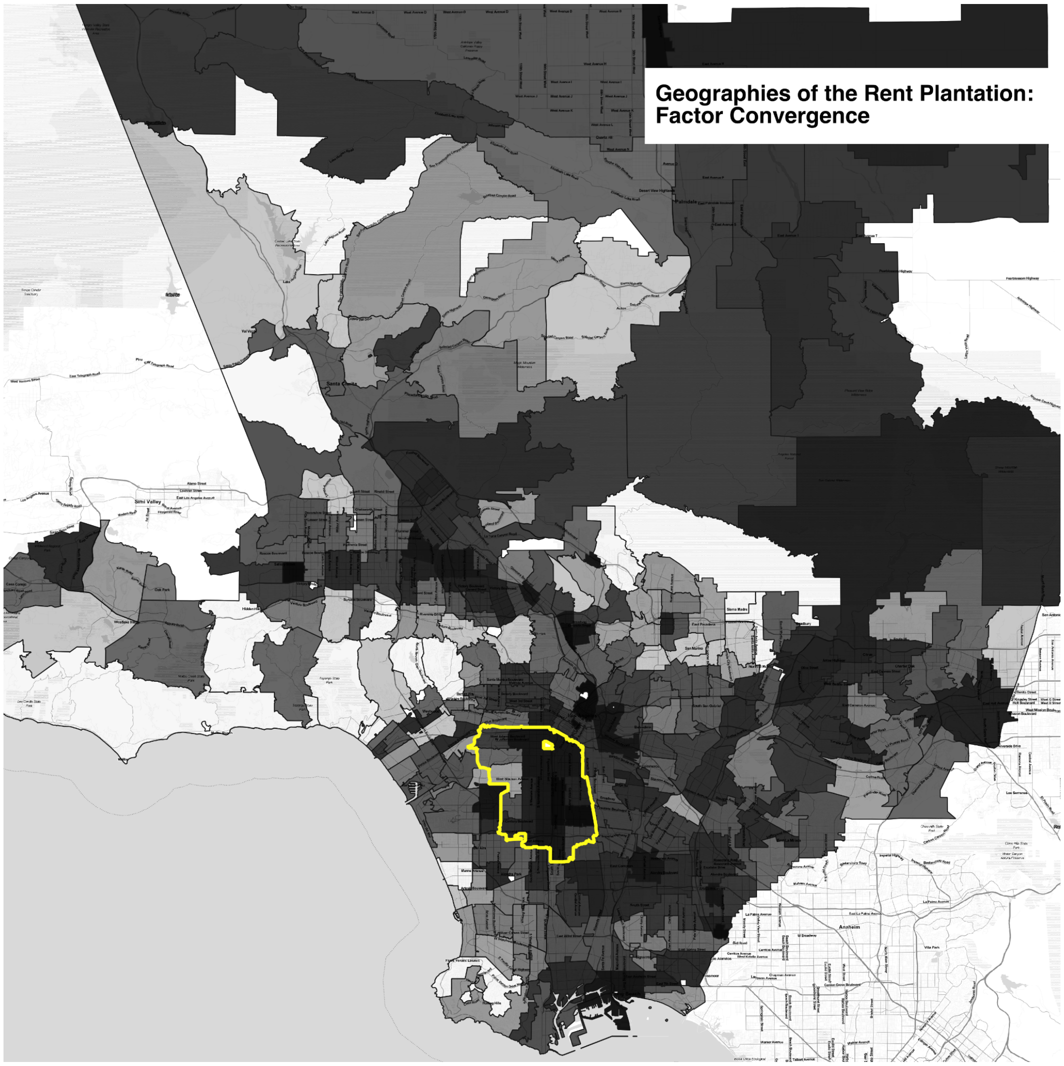


Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

Finally, South Central is characterized by low net rental inflows, both including and excluding the imputed rents of homeowners, which differentiates the region from other regions which face similarly exploitative housing conditions as measured by rent exploitation ratios. South Central has a high ratio of rent outflows to total housing value flows, indicating that a disproportionate share of housing spending leaves the neighborhood altogether. In fact, the region's balance as a whole is negative meaning the property system in South Central tends to immiserate the region while enriching property owners who are located outside it. Particularly in conjunction with the high level of total income which flows to rent, this reflects that local landlords are a less prominent culprit when it comes to extraction than are extralocal landlords. While this should not be interpreted as an apology for local landlords, the appropriation of values by outsiders is a particular and enduring feature of “ghettoization” and underdevelopment both at the scale of the city, and the nation. This lends credence to theorizations of internal colonialism and racialized underdevelopment stretching back to Du Bois.

The region is relatively unique in the degree to which these three factors overlap among all similarly sized regions in the county, though the City neighborhoods and proximate unincorporated areas of East Los Angeles are similarly affected. The similar housing circumstances of South Central and East LA are unsurprising given the degree to which those territories represent the most prominent “racially concentrated areas of poverty” or sites of differentiation and extraction within the region. The following figure illustrates this by means of simple overlay, applying the shading of all three factors to the county. The larger zip codes in rural areas in the northern part of the county also stand out, but are relatively unpopulated and their condition necessitates further research.

Fig. 30. All Rent Plantation Factors and South Central Los Angeles



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

While Central Los Angeles, the original site of Mike Davis's theorization of the rent plantation remains a zone in which the export of housing value and rent share of aggregate income is the most intense, it is increasingly characterized by overall less exploitative housing conditions in general, as the significant outflows represent a confluence of relatively high incomes (and therefore rents) when compared to South Central and similarly low homeownership rates. The higher value rental market of that region also makes it a center for the activity of landlords more likely to be corporate, larger, and extralocal. As discussed above and in the conclusion, neighborhoods with higher rents are altogether more integrated into translocal networks of ownership, yet contradictorily in most cases experience less exploitative local housing conditions. Again, race and class mediate these relations, and the particular situation of South Central, which is the Blackest overall region of the county, the least white region, and one of the most homogenous regions in terms of class with disproportionately low income residents leads to its situation within the particular relations of extraction which I argue typify the rent plantation. Finally, it is important to reiterate that all of the areas where these factors interact (the darkest portions of the convergence map, for example) to produce relations of underdevelopment and extraction can be considered under the analytical framework of the rent plantation, which expresses a condition and a relation rather than a contiguous territory.

Visualizing Relations of Extraction: Where Does South Central's Rent Go?

If South Central is a site through which the "creative extraction," and disposessive accumulation of the rent plantation is enacted, it becomes important when thinking relationally to consider the sites which are the beneficiaries of this relationship. In the rent plantation, South Central is entangled with a variety of other places, the developmental conditions of which are produced in part through this relation. When aggregating flow origins to the scale of South Central, I found 1,749 flows indicating the exportation of rental payments from the region. I then restricted these flows to only locations within Los Angeles County, ensuring I had the ability to match the flow to local socio-demographic data in order to evaluate the composition of importer regions, leaving me with 372 importer locations. I calculated socio-economic figures for these locations based on a weighted average of the ZCTA's corresponding data, using the estimated value of each individual flow as the weight. South Central ZTCAs send approximately $119,024,000 in monthly housing value to destinations outside the regions boundaries,[11] representing an extremely large appropriation of value by outside owners. Over $25 million of these monthly flows go to landlords and places located outside Los Angeles County entirely, leaving $92,760,929 to be captured monthly by actors based in the county.

Fig. 31. Table: Differentiation of South Central and Rent Destinations

Comparison of Socio-Economic and Housing Conditions: South Central and its Rent Destinations									
Region	Flows Between	Part Black Alone	Part Latinx	Part White Alone	Avg Median Income [12]	Home Ownership	Avg ZIP Rent Exploitation Ratio	Avg Net ZIP Housing Flows	Avg ZIP Rent Share of Income
South Central	-$92,760,929	27.6%	65.6%	2.9%	$45,837	35.9%	4.97	-$1,520,180	15.4%
All South Central Rent Importers in LA County[13]	$92,760,929	8.6%	31.1%	40.2%	$85,638	42.9%	3.85	$9,498,718	10.9%

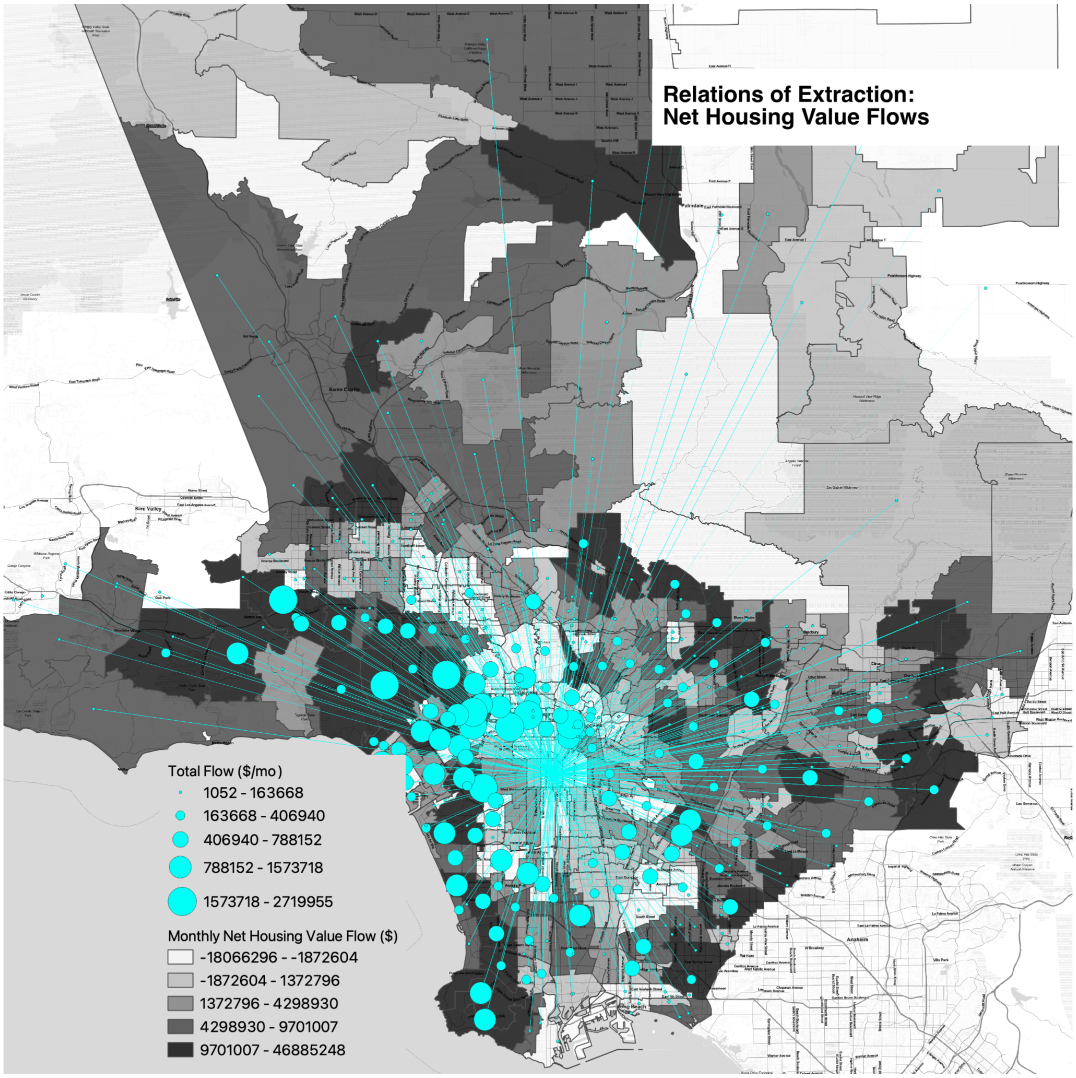
Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

The results of the tabulation are quite clear. The average ZCTA in South Central is a net exporter of housing value, as is the region as a whole by a significant sum. The weighted average of importing ZCTA's diverges from South Central markedly on every characteristic area. I have mapped a selection of these key features and discussed their implications below.

[11] Including to entities registered at USC's campus, which is within the area but has its own ZIP code but accounts only for $18,619 of this value
[12] Average of Median Incomes
[13] South Central Exports a further $20,810,100 per month in rent to locations outside LA County

Predictably, top rent destinations for South Central tend to be places which are nodes in the geographical organization of landlords as discussed above, and are therefore disproportionate beneficiaries of inter-regional rent flows in general. These ZIPs are more likely to be in the western part of the County, particularly the City of Beverly Hills and Westside neighborhoods of LA. As Mike Davis speculated in 1993, Los Angeles' rentiers are very much Westside residents as a whole. These regions are enriched through their ownership of properties elsewhere as well as their generally high levels of homeownership, altogether drinking deeply from the county's production of rents. While the net flow of value is an immiserating force in South Central, it is beneficial in those regions, reflecting the process of "creative extraction" in motion. South Central's rent destinations include some less privileged regions as well, such as Compton and Inglewood, relations which are likely constructed along the lines of historical, racial, and proximal ties. Taken as a whole, South Central exhibits the typical condition of the rent plantation as a location from which land value is extracted for the benefit of outside investors, limiting economic possibilities and producing relative underdevelopment.

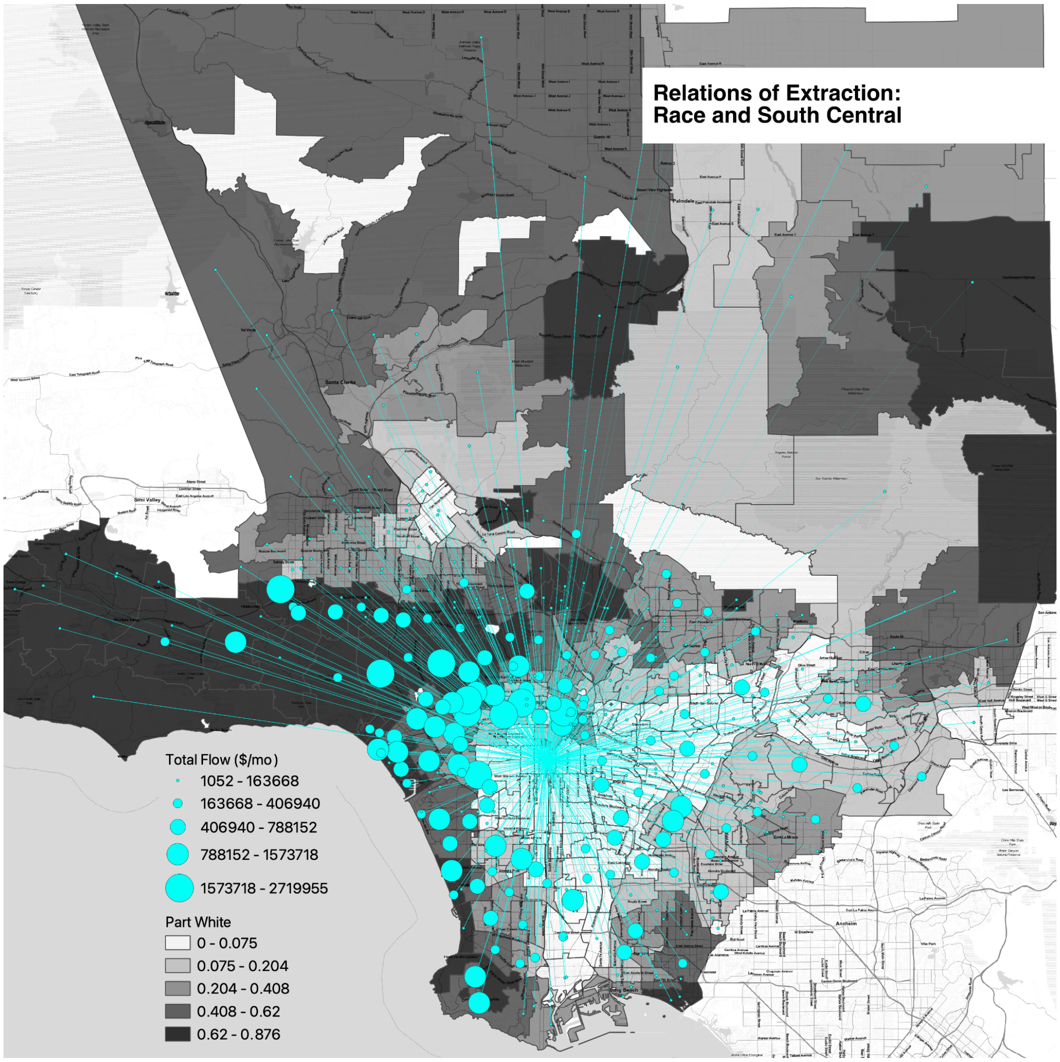
Fig. 32. South Central's External Flows of Housing Value: Net Housing Value Flow



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

No more sophisticated statistical approach is necessary to conclusively demonstrate that South Central's rent flows to neighborhoods that are disproportionately whiter (by an immense margin). While less than 3% of South Central residents are white, ZCTAs which benefit from the region's rent flows are over 40% white. While South Central is more than 27% Black, importing ZIPs are only 8.6% Black on average. South Central is also more than twice as Latinx as its rent destinations. This means that the relations of “creative extraction” to which South Central is subject are creative particularly for white communities, consistent with Purifoy and Seamster’s theorization (2021). The housing market can in many ways, particularly because of the centrality of property, be understood as “white space.” (ibid.). Geographically uneven development as conditioned through property is always racialized in the context of racial capitalist states like the US, and South Central’s production of vast wealth for white locales is a paradigmatic example.

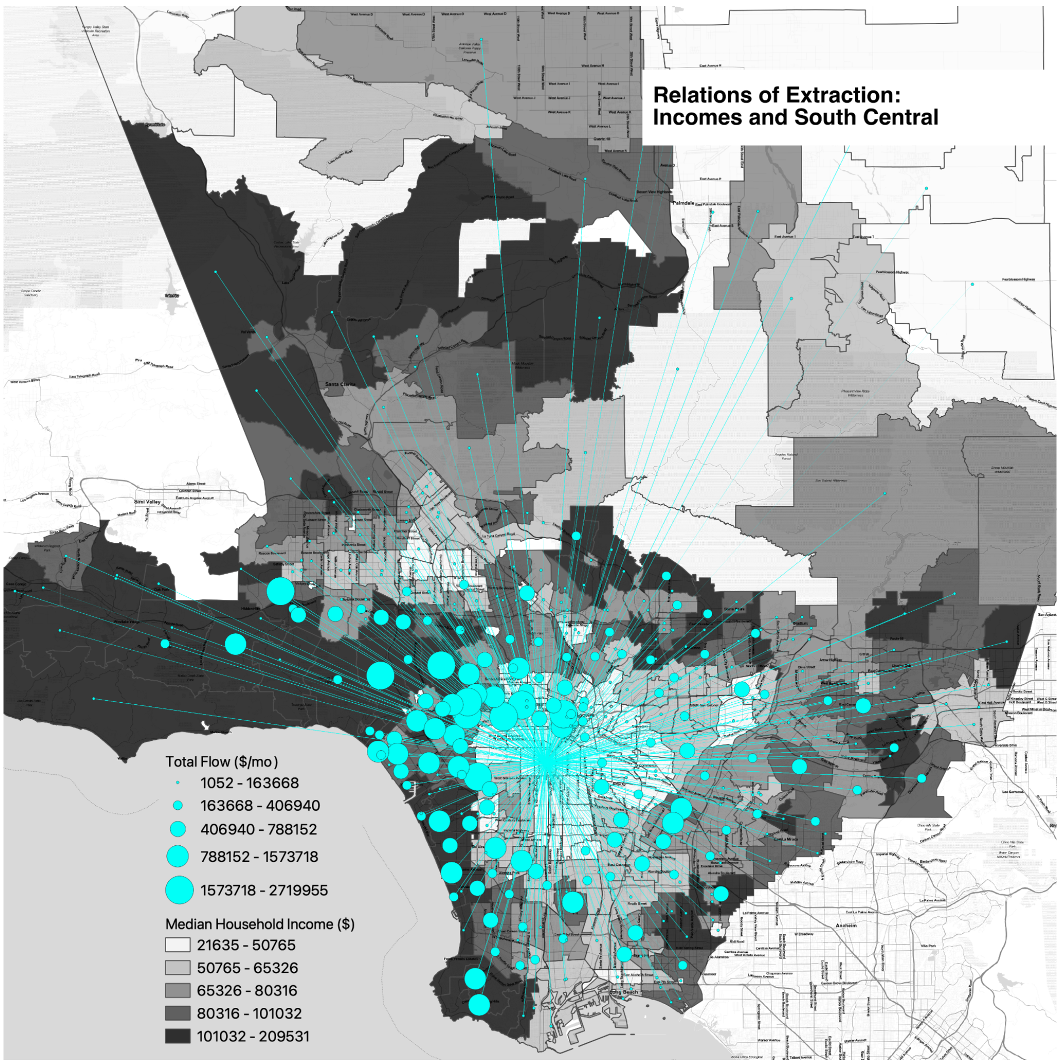
Fig. 33. South Central’s External Flows of Housing Value: White Residents



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is “Toner Light” by Strava

South Central’s rental relations also clearly illustrate the flow of housing value from less rich to more rich places. South Central’s rent destination ZCTAs were nearly twice as rich as the region, with an average ZCTA median household income of over $85,638. While such a contribution cannot be proven, median household incomes are calculated not only from wages but from all income sources, and it is quite possible that their unevenness is partially determined by the rent circuit. In any case the purpose of this speculative visualization is to illustrate what seems most obvious: rent flows from poor places to rich places, from Black places to white places, from disadvantaged places to advantaged ones, and is both mediated by, and condition, these relations of difference.

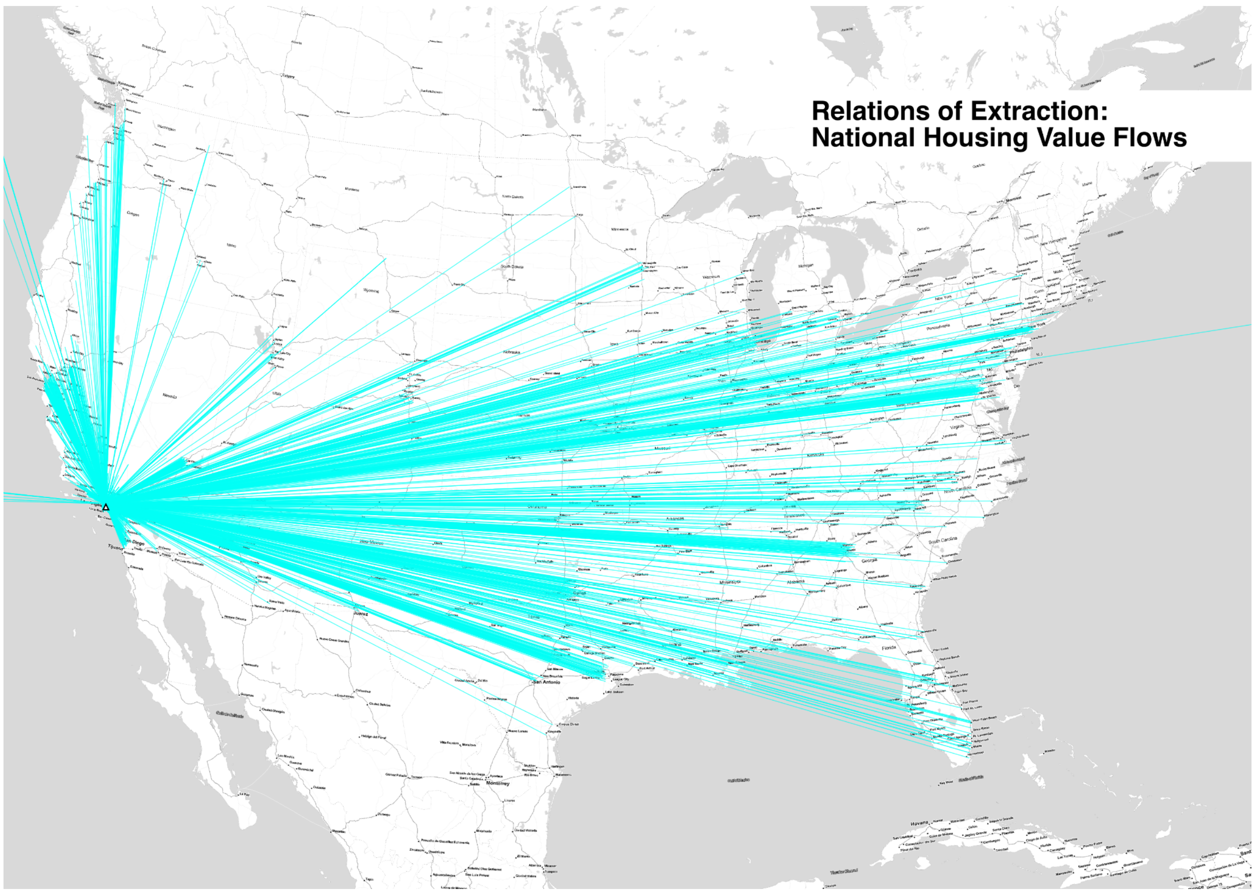
Fig. 34. South Central's External Flows of Housing Value: Median Incomes



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author, Basemap is "Toner Light" by Strava

The extraction of rents from South Central is not only implicated in the enrichment of relatively proximate locales, but of distant ones as well. Despite the fact that richer neighborhoods tend to be more heavily integrated into national geographies of brokerage, South Central still sends a not insignificant proportion of its housing value (over $25,000,000 monthly) to locations across the United States. I have visualized these ties below to emphasize the translocal geographical entanglements that proprietorship creates.

Fig. 35. South Central's External Flows of Housing Value: National Geography



Source: Los Angeles County Assessor Records 2021, American Communities Survey 2015-2019 Data, calculations by Author

What Does it Mean?

South Central as rent plantation illustrates the way relations of proprietorship structure socially and geographically uneven development, producing territories from which value is extracted and territories in which value is piled up. These environments are part of a shared, relational constitution of space and place through which areal differentiation occurs according to racial capitalist logics. As is evident from the preceding chapters, social and economic differentiation is geographical differentiation, and vice versa. This speculative sketch, drawing on one particular place and its constitution through connection to other places as mediated by property illustrates the way that race and class interact in organizing flows of value and terrains of valuation.

Brief Reflections and Further Directions

The Geographical and Statistical Existence of the Rent Plantation

The most promising results of this thesis concern the connection between conditions in which the net flow of rent into a neighborhood is strongly negative (the neighborhood is a rent exporter) and in which rent exploitation prevails. Both of these factors are strongly associated with race, and with income. While I do not possess here the tools to explore statistically the mechanisms which might explain this in detail– this would require much more sophisticated statistical techniques– implications for the theorization of the rent plantation as a terrain characterized by exploitative housing relations on both an intra-neighborhood an inter-neighborhood level are evident. The reverse situation: whiter, richer neighborhoods enjoy both less exploitative rental conditions and disproportionately benefit from the importation of rental value from elsewhere, also holds. The independence, but overlapping nature of these factors lends credence to the theorized existence of the rent plantation, as “creatively extractive” conditions prevail in the housing market.

The geographical co-existence of these factors in particular geographies which are racially differentiated indicates the real promise of the theorization to explain conditions of uneven development. The twinned circumstances of disproportionately Latinx East Los Angeles, and disproportionately Black (though also plurality Latinx) South Central requires specific attention. This finding productively complicates the idea that Blackness is the determinant factor in the production of exploitative housing conditions, pointing to the possibility of renewed solidarities and attendant political struggles, as well as continued conceptual engagement across social sciences, which recognize the interlinked positions of Black and Brown neighborhoods within geographies of extraction.

Contestations

I have only limited reflection to offer on the topic of presenting a challenge to the relations of extraction described herein, which is a project of full scope on its own. I am therefore left with some speculative sketches of what might be to come. For scholars; scholars should be more willing, like Bunge, to engage in polemical, explicitly political and even populist research agendas which challenge the prevailing order in ways which are accessible and agitational. Critical scholars should also not run away from measurement and quantitative approaches. Following Elvin Wyly, I argue radical scholarship should dabble in “strategic positivism” and be more fluent in statistical tools, even basic descriptive tools, to make arguments (Wyly, 2011). Following Taylor Shelton (2020), I believe situated and political approaches to data analysis and cartography are both necessary and possible within the confines of geography.

For activists; the existence of geographically uneven and racially differentiated relations of extraction in the property circuit calls for a renewed municipalist challenge, in which the self determination and mutual benefit of currently dispossessed communities can be assured. The centrality of land and housing in the organization of inequality requires strategies adapted to the specific theoretical and economic challenges of that field. Cooperative ownership models, land trusts, and other tools which attempt to exercise democratic and community based sovereignty over land value flows represent one possible path. Homeownership, however, is a false solution to this problem, as the literature review portion of this thesis argues, it is often extended to the poor and to nonwhite communities on the most conditional and predatory terms. Payments to a bank are not payments into the commonwealth of the community. Tenant organizing, which challenges the power of landlords directly, with the potential to transform housing circumstances in place and systematically, is also a key venue for struggle against the rent plantation. Multiracial working class organizations like the Los Angeles Tenants Union who have long struggled against these conditions can show us the path forward from here.

Limitations

One concern of mine in this project was to enumerate and visualize the process of "creative extraction" through which the valorization of white places is constructed through the appropriation of value from nonwhite places. While the visualization of inter-neighborhood flows and the summative analysis of rent exportation ratios represents progress made in the analysis of these relations, the ambiguous nature of the statistical relationships between associated factors means that there is still considerable work to be done in bringing this project together with concerns around the formation of exploitative housing conditions within neighborhoods. I have failed to conclusively demonstrate a linkage between these factors herein, though that certainly does not mean they aren't at play in Los Angeles county. It also does not mean that the project of exposing entanglements between privileged and exploited housing markets should be abandoned: to the contrary, the political importance of such a project becomes more salient as inequality and the housing crisis intensify. More research into the specific organizational and business practices of landlords operating in these neighborhoods is required.

While the literature conclusively links large, corporate, and extralocal landlords to the production of exploitative housing conditions, it does so at the level of the property rather than the neighborhood as a whole. Given the differentiated investment geographies of landlords across business structure types and sizes, and the general tendency for larger, more corporatized landlords as a whole to invest in higher rent neighborhoods, the failure of the results here to conclusively conform to these theoretical expectations is unsurprising. The practices of landlords which are involved in the differentiation of neighborhoods have to be disentangled at the level of the landlord. Only with control for the external sociodemographic conditions can landlord practices be properly surmised. Nonetheless, it is possible to conclude from the results of this paper that more attention should be paid in summative statistical analysis to the geographical differentiation of landlords' portfolios and the attendant investment strategies they employ than is present in the contemporary literature.

Further Directions for Research

I maintain a dataset of over 100,000 spatial flows of rent value which is ripe for further research. This data is accompanied by profiles of the demographic, socioeconomic, and housing market conditions at both origin and destination points, which would enable rich analysis of the factors which correspond to the establishment of rental flows. While this analysis was not possible within this project, this thesis and its associated empirical work and dataset production constitutes a base on which these analyses can stand. One additional expansion that would be interesting is to associate the flows of rent which terminate outside the county but elsewhere in the United States with census data, to expand the analysis of the social and economic compositions of destinations to which rent flows.

Similarly, while I explore the geography of landlords based on brokerage status, I could also build on this work by using other classifications to splice the data, such as investment vehicle type (eg. LLC), estimated landlord size, and the average demographic conditions of their investment geographies.

One other opportunity for further study I am particularly excited about is the investigation of what factors of landlord organization and social conditions structure the linkages between places. Landlords and rent destinations tended to be located in particular geographies, mostly cities and inner ring suburbs, and specific neighborhoods within Los Angeles.

I also have much more work to do on the question of landlord differentiated investment geographies, which was given somewhat short shrift as this project expanded. The dataset I have created allows me to investigate the demographic and housing market conditions of the ZCTA’s in which landlords' portfolios are located. Coupled with the classification of these actors, much deeper work complemented by more robust case studies could produce interesting findings as to the determinants of investment geographies.

One of the most interesting empirical findings which I did not explore in the text, which is theoretically well founded but empirically underexplored, is the connection between intra neighborhood inequality and exploitative housing conditions. In ZCTA inequality (gini coefficient) was the single sociodemographic variable most explanatory of rent exploitation, more so than race, income, or vacancy rate, with a strong negative association. I suspect that this is race-class mediated, as low inequality ZTCAs tend to be more homogeneously low income and nonwhite, while high inequality ZCTAs are whiter in general and higher income. This suggests that whiter neighborhoods are more likely to be integrated along lines of class than neighborhoods with more uniformly nonwhite residents; the association between GINI and racial composition was extremely strong. This bolsters the understanding that rent exploitation is a condition to which racially confined low income communities– like those theorized to occupy the territory of the rent plantation– in particular are exposed to.

Finally, the work in this thesis broadly, but particularly in chapters 10 and 11 could benefit (but does not necessitate, to be clear) from the use of more sophisticated statistical techniques than those employed. The purpose of this thesis was to attest to the existence of the conditions which I speculate to compose the rent plantation, and I believe I have done so convincingly. More explanation, however, would be possible with the use of statistical techniques to evaluate significance more robustly, to disentangle multicollinearity, to establish covariance more firmly, and to begin to probe questions of causality.

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