



Independent

NEWSLETTER OF THE INDEPENDENT INSTITUTE

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The Latest Plan to Exacerbate California's Housing Crisis

Limits on ownership by institutional investors would curtail investment in the state's homes.

By Lawrence J. McQuillan

A longer version of this article was originally published in *The Wall Street Journal* on April 19, 2024.

Oakland, Calif.



Against the backdrop of a national shortage of affordable housing, due in large part to government policies, California lawmakers want to restrict corporate investment in single-family rental properties. This would make the Golden State's housing affordability crisis worse. Since California is often a bellwether for both federal and other states' policies, renters should hope the flawed idea dies before it spreads.

Proposals in the California Assembly include a quota system to limit institutional investors to one thousand single-family homes, and another to block "corporate investment entities" from buying single-family homes at all.

Lawmakers claim that deep-pocketed institutional investors buy so many single-family homes that first-time and low-income home buyers are priced out of the market. This claim misunderstands the role most institutional investors play in the housing market.

The anticorporate housing crusaders overestimate the influence of institutional investors. According to the nonpartisan California Research Bureau, large institutional landlords own less than 2 percent of all single-family homes in the Golden State. Nationally, institutional investors owned only 5 percent of America's 14 million single-family rentals in 2022.

Despite their relatively small scale, however, corporate landlords are valuable niche participants in housing markets because they often purchase neglected properties and make them livable again. As Urban Institute researchers have noted, institutional investors can buy distressed homes in bulk, upgrade them, and rent them out. Their lower investment costs allow corporate landlords to make necessary repairs

(continued on page 7)

Lawrence J. McQuillan is a senior fellow and director of the Center on Entrepreneurial Innovation at the Independent Institute. He received his PhD in economics from George Mason University, and he has served as chief economist at the Illinois Policy Institute, director of Business and Economic Studies at the Pacific Research Institute, research fellow at the Hoover Institution, and founding publisher and contributing editor of *Economic Issues*.

DR. PHILLIP W. MAGNESS

Letter from the David J. Theroux Chair in Political Economy



Phillip W. Magness

PHIL MAGNESS
David J. Theroux Chair in
Political Economy

Dear Friends,

It's an exciting time for liberty-advancing research at Independent Institute. Our publishing program just released Chris Coyne and Abigail Hall's satirical take on the Washington war machine, *How to Run Wars*. This fall, we will be releasing an updated version of John Goodman's *Priceless*, featuring a critique of the Obamacare system after a decade of healthcare mismanagement. We're also bringing to press *Good as Gold* by Judy Shelton, a scholarly assessment of the inflationary spirals that

stem from the abandonment of sound money.

Independent also launched a new research initiative on the study of economic inequality, which I will be leading in the coming years. We aim to bring empirical rigor and hard-hitting scrutiny to this field, challenging the claims of far-left economist Thomas Piketty about a global "inequality crisis." This data-heavy project aims to correct Piketty's statistical manipulations, and push back against his accompanying crusade for a global wealth tax.

Our research team is also tackling the "activist" capture of corporate leadership by far-left ideological causes. ESG investing and similar causes divert shareholder resources into wasteful political ventures. This October, we will be hosting a research symposium for ten leading scholars to explore these challenges, and offer solutions to reinvigorate free markets and free enterprise. The results will be published in a special issue of *The Independent Review*, and will extend to an eventual book project.

As I write you, I am also busy recruiting the next generation

of liberty-advancing scholars to join in Independent's efforts. We will be upgrading our English-language website in the coming months to make it into a leading voice for liberty-minded scholarship and commentary. We also recently revamped our Spanish-language outreach site, elindependent.org, added leading Spanish-speaking scholars to our lineup, and agreed to share content with Universidad Francisco Marroquin in Guatemala.

Finally, Independent is launching a new K-12 curriculum in Ethnic Studies, intended to provide a non-ideological alternative to the far-left classroom mandates of the state of California. Accessible and balanced discussions about the cultural dimensions of ethnicity in the United States will be made available free of charge to teachers and school administrators.

Although each of these initiatives is a full-time job for our small staff, the dedication of our team allows us to punch above our weight. I'm excited for what's coming in the next year, so be on the lookout for new books, research projects, and scholarly initiatives that advance the principles of a free society!

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INDEPENDENT INSTITUTE PODCASTS

The Independent with Scott Atlas, Independent Outlook, and Independent Conversations

The Independent with Scott Atlas features Dr. Atlas in conversation with high-profile, news-making guests around public health policy, science, civil liberties, censorship and free speech, higher education, the media, and more.

Guests include such fascinating and provocative figures as **Jay Bhattacharya**, **Riley Gaines**, **Victor Davis Hanson**, **Glenn Loury**, **Heather Mac Donald**, **Rand Paul**, **Wilfred Reilly**, **Naomi Wolf**, and more!

For a quick take on what you can expect, see this highlight reel from the first year: <https://bit.ly/AtlasY1Reel>



Dr. Stanley Goldfarb is former associate dean at the University of Pennsylvania School of Medicine and founder of Do No Harm. Are doctors being turned into social justice warriors? Should admissions to medical school, or patient medical care, be based on equity measures?



Independent Conversations and **Independent Outlook** feature Independent Institute staff and Fellows considering today's headline news and Independent Institute publications.

Why are all the campus protests so ideologically one-sided? Is scientific objectivity passé among the faculty? And will all this educational malpractice lead to financial problems that will put colleges out of business?

Independent Outlook and Independent Conversations episodes are available through YouTube, Spotify, Apple, or wherever you listen to your podcasts! Tune in today: www.independent.org/podcast



Tune in and subscribe on YouTube, Spotify, Apple, or wherever you listen to your podcasts for lively and enlightening takes on the top issues of the day! Start listening at www.independent.org/scottatlas.

Highlights from recent episodes:

Harmeet Dhillon is a nationally recognized attorney whose focus is employment law, First Amendment rights, election law, and commercial litigation. She is a trial lawyer and the managing partner at Dhillon Law Group in San Francisco. What is free speech, and what is the proper role of social media in censoring content? Have we entered a new era of politicized justice?

- Allan C. Carlson**
Howard Center for Family, Religion and Society
- G. Marcus Cole**
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- Robert D. Cooter**
University of California, Berkeley
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The Independent Institute in the News

Center on Entrepreneurial Innovation

“Any long-term solution to the crisis at the southern border must include greater plausible paths for legal migration for low-skilled workers in Latin American countries. These would-be immigrants can’t come to America legally unless we give them a legal ‘line to get in’ so that they have a plausible chance of getting to the front.”

— **Benjamin Powell** in *The Mercury News*, 4/20/24

“So long as you have this kind of fiscal stimulus going, I think we can expect to see general pressure on price levels. ... I think the problem is, it’s become clear, that no matter how high the revenues go that come into the government, under this administration they will spend all of that and more.”

— **Judy Shelton** on the *Fox Business Network*, 4/9/24



JUDY SHELTON
ON FOX BUSINESS NEWS, 4/9/24

Beyond Homeless

“Against the backdrop of a national shortage of affordable housing, due in large part to government policies, California lawmakers want to restrict corporate investment in single-family rental properties. This would make the Golden State’s housing affordability crisis worse.”

— **Lawrence McQuillan** in *The Wall Street Journal*, 4/19/24

Center on Health Choices

“Although he rarely talks about it, the most significant gift Donald Trump bequeathed to economic prosperity was deregulation. And the one sector that was deregulated more than any other was health care.”

— **John C. Goodman** in *Forbes*, 4/7/24

Center on Educational Excellence

“The encampments are not about free speech. Students who want to walk into the encampment to argue with people and present their views are generally not allowed. If you’re interested in free speech, you would probably not support the encampment movement.”

— **Benjamin Ginsberg** in *Inside Higher Ed*, 5/16/24

Center on Global Prosperity

“What we have is both a welfare state and a warfare state that are incompatible with limited government. The result is a looming financial crisis that paints an ominous picture of the future.”

— **Alvaro Vargas Llosa** in *The Washington Times*, 5/29/24

Center on Peace and Liberty

“Only by rising above the fog of war can we hope to appreciate these nuances and think about alternative paths to peace that avoid the brutalities of armed conflict.”

— **Christopher Coyne and Abigail Hall** in *The Hill*, 5/17/24

“The Constitution doesn’t give the president, unlike Congress, very many enumerated powers, because its framers thought that the executive branch would act to balance the dominant legislature.”

— **Ivan Eland** in *New York Newsday*, 5/15/24



DAVID BEITO
ON REASON TV, 4/25/24

Center on Culture and Civil Society

“I think FDR is very vulnerable to criticism when it comes to race. Nobody defends Japanese internment, but people come up with these excuses for him. But those excuses fall apart.”

— **David Beito** on *Reason TV*, 4/25/24

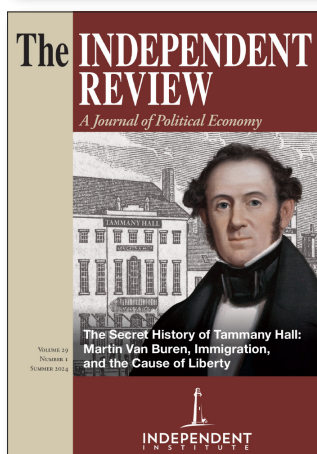
THE INDEPENDENT REVIEW

Spring and Summer 2024

Academia is broken. Once rigorous, rigid, and meritorious, today's universities prioritize uniformity before authenticity, status before accomplishment, and ideology before the truth. That's why *The Independent Review* is essential reading for our time. Our editors and writers boldly confront controversial issues with an eye for facts, evidence, and principles—not fashionable dogmas or passing ideologies. For professors, students, and lifelong learners alike, our Spring and Summer issues are sure to come as a breath of fresh air.

The Spring issue is a symposium on Murray Rothbard's classic *For a New Liberty*, a work that has stood and will continue to stand the test of time. Influencing and inspiring libertarians and nonlibertarians in the hope of building a free and energetic society, Rothbard's book is as fresh, energetic, and engrossing as ever. It invites reading and rereading. **David Gordon (Ludwig von Mises Institute)** puts *For a New Liberty* in the context of our time and its own. Gordon shows how Rothbard shot down claims that market competition was simply a social Darwinian struggle for survival. Instead, Gordon shows how Rothbard presented the market as an institution enabling mutual beneficial cooperation. **Jason Lee Byas (University of Michigan)** shows how Rothbard's famous portrait of the state—i.e., as “a criminal band”—is impossible to unsee once seen. On the other hand, **Matt Zwolinski (University of San Diego)** critiques Rothbard's vision of property and exchange in his essay titled, “Libertarianism, Oversimplified.” Maintaining a libertarian perspective throughout the essay, Zwolinski attacks Rothbard's arguments for being radically incomplete and, in some cases, patently false.

The Summer issue's cover article, “The Secret History of Tammany Hall: Martin Van Buren, Immigration, and the Cause of Liberty,” features a historical essay by **Garion Frankel (AIER)** on one of the most hot-button issues of our time: immigration.



We invite you to explore thoughtful alternative solutions to issues of current and perennial concern in our quarterly peer-reviewed journal.

Universidad de Especialidades Espíritu Santo in Ecuador, “The Political Economy of Rights”

Their essays will be published in the Winter 2024/25 issue of *The Independent Review*.

To learn and read more, please visit www.independent.org/tir.

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Neither a “build the wall” dogmatist nor an “open borders” zealot, Frankel shows how President Martin Van Buren viewed immigration as one battle in a struggle between the common man and the rent-seeking financial elite. Newcomers, Van Buren thought, must be transformed into patriots, effective political activists, and classical liberals. Though history has tarnished its name, Tammany Hall and the political machines that followed actually adopted Van Buren's political paradigm with remarkable efficiency and effectiveness. No doubt electoral expediency was a happy consequence of these institutions, but the truth is that classical liberalism in America owes much to the immigrants who passed through Tammany Hall.

The winners of the 2024 Student Essay Contest have been announced!

Co-winner: Jonah Tran, University of Notre Dame. “Profits for a Purpose: A Thomistic Analysis of the Friedman Debate.”

Co-winner: Katie Kirk, Wofford College. “The State of Federalism and Police Powers in a Post COVID-19 Society.”

Third prize: Daniel Mayorga, Universidad de Especialidades Espíritu Santo in Ecuador, “The Political Economy of Rights”

I N D E P E N D E N T E V E N T S

The Association of Private Enterprise Education Conference

Las Vegas, Nevada | April 7–9, 2024

As its name implies, the Association of Private Enterprise Education (APEE) serves to support scholarship in free enterprise. Its annual conference provides engaging presentations and discussions on research in regulation, microeconomics, and Austrian economics. Independent Institute fellows

are perennial participants, and this year's featured numerous panels organized by Independent Senior Fellows Chris Coyne and Abby Hall, Senior Fellow and David J. Theroux Chair in Political Economy Phil Magness, and Chief Operating Officer Brad DeVos.

The Philadelphia Society at 60: Uniting a Movement

Tampa, Florida | April 19–24, 2024

Since 1964, the Philadelphia Society has provided a forum for reasoned persuasion rather than pressure for false conformity. Its role is to cultivate an active community of persons carrying on the scholarly inquiry, writing, conversation, and even argument necessary to keep the ideals of a free and ordered society alive in the minds, hearts, and actions of people around the world. Independent Institute proudly sponsored this year's 60th anniversary meeting. Independent Senior Fellow Abby Hall, co-author of our new book, *How to Run Wars*, was prominently featured as a panelist on America's role in the world in the 2000s.



ABIGAIL R. HALL, SENIOR FELLOW AT INDEPENDENT INSTITUTE AND CO-AUTHOR OF *HOW TO RUN WARS: A CONFIDENTIAL PLAYBOOK FOR THE NATIONAL SECURITY ELITE* (INDEPENDENT INSTITUTE, 2024)

Beyond Homeless: Finding Hope Screening and Panel Discussion

San Francisco, California | May 7, 2024

As part of Independent's ongoing initiative building a broad coalition to implement transformative change in the Bay Area, we recently held a screening of our award-winning film *Beyond Homeless: Finding Hope*, at the Vogue Theater in San Francisco. Co-sponsored by ConnectedSF, the screening was followed by a panel discussion and audience Q&A exploring how the film's vision can be applied to the continuing homelessness crisis. Members of our Beyond Homeless Coalition continued the conversation at a lively private dinner following.

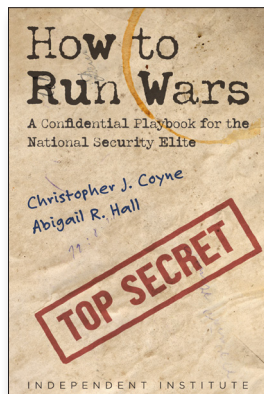


FROM LEFT TO RIGHT: STEVE ADAMI, EXECUTIVE DIRECTOR OF THE WAY OUT, A RECOVERY-FOCUSED HOMELESS INITIATIVE OF THE SALVATION ARMY; MARY L. G. THEROUX, CHAIRMAN AND CHIEF EXECUTIVE OFFICER; MICHAEL SEILER, CHIEF IMPACT OFFICER FOR BEYOND HOMELESS; AND ADRIAN COVERT, SENIOR VICE PRESIDENT OF PUBLIC POLICY FOR THE BAY AREA COUNCIL.

INDEPENDENT BOOKS

How to Run Wars: A Confidential Playbook for the National Security Elite

OUT NOW!



Featured in publications such as *The Hill*, podcasts including *Kibbe on Liberty*, *Ideas Having Sex*, the *Tom Woods Show*, and the Institute for Liberal Studies, and numerous broadcast interviews, Drs. Christopher J. Coyne and Abigail R. Hall have written the satirical portrait of America’s contemporary military-industrial complex.

Drawing inspiration from the 1936 classic *How to Run a War*, by Bruce W. Knight, **How to Run Wars** is a must-read for anyone who would know the truth about America’s endless wars and the people who run them. Satirically addressed to America’s national security elite, the following “top secret memo” reveals the true character of those in charge of America’s permanent warfare state:

“Dear National Security Elite:

“In an ideal world, the public would simply accept whatever their leaders—*you*, in other words—told them. They would comply with restrictions and mandates, not as a matter of mere obedience, but as a matter of unquestionable patriotic duty.

“But we don’t live in an ideal world.

“And with the fate of the world, especially the world’s wars, in the hands of our *enlightened, benevolent, and eminently responsible* national security elite—in *your* hands, in other words—we can’t afford to risk opening the conversation to an informed public.

“And we *certainly* can’t risk asking for anything so antiquated as ‘consent,’ either.

“Not when the stakes are this high.

“You simply *must* learn:

- How to control the narrative—every narrative—in your favor;
- How to completely capture the media and effectively quash dissent;
- How destroying liberty creates *more* liberty in the long (long) run;
- Why top-down economic planning, here and abroad, is your best friend;
- How to flout international, and of course domestic, law and get away with it;
- And much, much more ...

“The danger with any book like this is, obviously, that it may fall into the wrong hands. If any member of the general public should happen upon these pages, the consequences would be fatal.

“After all, people may realize that the national security elite—*you*, in other words—are not, in fact, all-powerful harbingers of peace ...

“They may realize that you are, literally, a *force* for good ... armed and relentlessly attempting to bend the planet to your noble will.

“And that realization would be nothing short of disastrous.

“Don’t let this book fall into the wrong hands!”

Buy your copy today: www.independent.org/howtorunwars

THE LATEST PLAN

(continued from page 1)

efficiently and economically, expanding the supply of urgently needed move-in-ready rental homes.

Redfin reports that investors spend more than \$100 billion nationally each year to buy and rehabilitate single-family homes. The solution to the housing shortage is more investment, not less.

California lawmakers have passed more than 100 laws to spur the construction of additional housing since 2017, yet they have failed to produce the promised construction boom that would drive down home prices. Many of the new laws have done the opposite, undermining the goals of

affordable-housing champions.

The way to ameliorate the affordable-housing crisis is to eliminate burdensome restrictions on home building and rehabilitation of existing properties and to strengthen private-property rights.

Progressive California politicians say they want to restrict corporate investment in single-family rental markets because they think doing so would help everyday renters and home buyers. Instead, their proposals would force capital out, reduce the future stock of rental housing, and increase rental prices. That isn’t an idea California should export.

Secure Your Legacy

The Independent Institute recognizes and honors the many benefactors who have made enduring gifts by including Independent in their financial or estate planning.

Why make a bequest to the Independent Institute? To ensure that the principles you value endure for future generations, your legacy gift will carry the torch for human freedom and dignity, allowing your family and future generations the opportunity to flourish.

You may simply designate the Independent Institute as a charitable beneficiary in your will or retirement plan. Any assets accordingly distributed to Independent are exempt from estate tax. You can leave a bequest to the Independent Institute by adding to an existing will or drafting a new one. You can also make a future gift of retirement-plan assets by designating Independent as the beneficiary of your plan.

Our Legacy Income Trust fund provides an immediate tax deduction, plus tax-advantaged income for your lifetime (with the option to



"... I want to support Independent's work looking forward by designating a portion of my retirement plan and IRA to the Safe Harbor Legacy Society. And I trust the Institute to continue fulfilling its mission into the future."

—Jane Louise Johnson

add income for the life of a designated survivor).

Please contact us for a customized illustration based on your age, your tax bracket, and the amount being considered as a legacy gift.

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