

**Transcript Ep.72: Rent Strike Series Part 3**

[Intro] *This is the Urban Political. The podcast on urban theory, research and activism.*

[Mathilde Lind Gustavussen] Hello, and welcome to the third episode of the Rent Strike series from Urban Political, a series about the Veritas Tenants Association's ongoing multi-building rent strike against San Francisco's largest landlord, Veritas Investments. It's been a while since we last checked in, so I'll give a very quick recap of the strike before we talk to Brad Hirn, lead organizer with the Housing Rights Committee of San Francisco, who's been assisting the tenants in this strike.

In the first two episodes, we discussed Veritas' exploitative business practices, the history of the VTA, organizing against corporate landlords, and the potential of multi-building rent strikes in the corporate landlord constellation. This rent strike began on June 1st, 2023, after Veritas defaulted on a nearly \$1 billion loan for two separate portfolios backed by more than 2,400 rent-stabilized units. Currently, 65 households from across six buildings are withholding rent. In addition to substantial improvements to their buildings and rent reductions, tenants are demanding a say in the terms of sale of their homes and recognition of their tenants' associations, invoking San Francisco's unprecedented union at-home ordinance, which guarantees the right to organize and bargain collectively by classifying it as an official housing service. Here's a short clip of one of the strikers speaking at a protest in front of Veritas' headquarters in January.

[clip plays]:

We began our strike on June 1st, 2023. Since then, Veritas has repeatedly refused to recognize our tenant association, while also demanding our rent in violation of state law.) It is unacceptable that San Francisco's largest landlord evades accountability and then gets away with it by not paying their own bills and losing our building. Our elevator is still broken. All the fire safety equipment is broken and expired. The building has more mice, rats, and bedbugs than ever, and we're still getting hit with illegal fraudulent utility bills.

Although Veritas placed a bid on its own delinquent debt, seemingly attempting to renegotiate the terms of that debt, they lost the bid on the smaller portfolio to the Prado Group and the larger portfolio with more than 2,100 rent-stabilized units to a partnership between Ballast Investments and Brookfield Properties, a subsidiary of the Toronto-based Brookfield Corporation that owns and manages more than \$850 billion in assets, including Berlin's Potsdamer Platz and New York City's Zuccotti Park. Meanwhile, the Anti-Eviction Mapping Project recently published a report naming Veritas the Bay Area's worst evictor, while Ballast Investments came in second place. That means that thousands of tenants and their rent-stabilized homes are being handed over from one corporate landlord to another, pursuing the same predatory practices. This begs the question why the city didn't intervene to take the buildings off the private market, something we'll discuss later in this episode.

So Brad, Ballast Investments and Brookfield officially took over the 75 buildings on January 18. Tell us what this new landlord means for the tenants and whether they've had any communication or negotiations with the new landlord.



[Brad Hirn] Yeah, absolutely. So I think this is quite possibly the worst outcome that could have happened in terms of possibilities outside of it. And so for quick context, Ballast Investments was founded by ex-employees of Veritas Investments some years ago. And they got financing from Brookfield, which is a massive real estate firm with a history of union busting against the Hotel Workers Union and speculative strategies on rents. So, you know, for such a massive portfolio to go from one company to the other that are pretty much in the same family is a real disappointment for, I think, the San Francisco government. However, it has raised some interesting possibilities that tenant leaders in the VTA are now beginning to discuss as they are now finding themselves on strike against three companies now, actually, at once. And what that means for the bargaining table and their union going forward.

[Mathilde Lind Gustavussen] And talk a little bit about that, how this shifting target affects the strike. Are the tenants changing or expanding their demands? And how is their organizing with their Ballast tenants? What's happening with that?

[Brad Hirn] Yeah, so we had some recent sessions with tenant leaders from striking buildings. And there was really overwhelming desire and energy to not just continue the strikes, but also to continue to attempt to do what we're kind of calling "joint negotiations" or "joint bargaining", where the tenant associations in particular buildings consider themselves as one union across multiple buildings and across multiple companies. Which is, of course, how labour unions often operate in terms of multiple companies. So while the union at home ordinance is a building specific ordinance, it is not meant to... it's not setting a ceiling on the possibilities of organizing on the ground. So the tenant associations, by seeing themselves as part of a larger union under multiple companies, are also just signalling to the companies that their solidarity is unbreakable, and that regardless of the change in ownership, they're going to be talking to each other, strategizing together and publicly fighting together.

[Mathilde Lind Gustavussen] And what would that mean for negotiations in practice?

[Brad Hirn] Yeah, I think what it means in practice is that tenants are asserting similar demands. They're aware of, each building is aware of other buildings' demands. They're aware of timelines. They're attempting to line up negotiation sessions so that they're occurring around the same time together. They're doing press conferences together. And they're saying to the company that they're negotiating with: "look, Ballast, if you want to reach an agreement with us here at this building, then how are things going at this other building? And then how are things going at this other building that is owned by Veritas?" And so it's forcing these companies to act in a way that they'd probably, that they have just not been, that they totally would not expect. And that they would balk at, they will balk at and already have.

But at the same time, when a group of tenants are on strike in a building and they have strong leverage against that particular company, then this unwieldy, unrealistic demand to then look at another building on a different company suddenly becomes, well, okay, what do they need over there to reach an agreement so that we can reach an agreement here?



[Mathilde Lind Gustavussen] Well, and that's one of the really big pieces of news is that some of the strikers have been able to force negotiations and to force concessions. Can you talk about the strikers, how the negotiations, you know... talk about the negotiations themselves and their concessions the tenants were able to win?

[Brad Hirn] Yeah. So it was important for us to set some type of standard at one of the buildings. And the tenants were able to do that at 320 14th Street. So 16 unit building in the mission. It was one of the two buildings where tenants started the strike on June 1st of 2023. It's a majority Spanish speaking building. And on the eve of their sale to a company called Prado Group, Veritas basically came to the table and said, ok what do you all need? What do you all want to try to resolve this? The tenants had also filed a lawsuit in San Francisco superior court. So they had basically, you know, brought as much leverage as possible at a very particular and vulnerable moment for the companies where they were trying to make this sale happen. And so pretty much the day before the sale was set to go through... Veritas, their initial offer was a 3% rent reduction for the strikers over a nine month period of time, which was very low. And the tenant union started, the tenant association started at 90%. So there was an 87% gap over the course of three or four days, the Veritas moved from 3% to 75%. And not only did, and then for a 12 month period of time instead of nine months, they also cancelled, they rescinded rent increases that they had already imposed and refunded amounts that tenants had paid. And then also dismissed multiple eviction lawsuits that they had filed in court.

So it was an agreement worth about \$100,000 in rent reductions and refunds going into this new owner. And while the tenants as a condition of agreement did dismiss the lawsuit, they did not end the strike. So the strike continues under the new company Prado and their first negotiation session is in person this Thursday at the building.

[Mathilde Lind Gustavussen] And so Prado has to... the Prado group has to honour the contract that they signed with Veritas as part of these negotiations?

[Brad Hirn] That's actually an interesting thing that we're not sure Prado fully understands. So yeah, so that's going to be a point of discussion on Thursday is whether they understand that we want to make sure that they... like if someone's rent was lowered, that they have the lowered rent on their rent roll. And then also that they agreed not to just impose that increase this year. So Veritas rescinded the increase, but they didn't have the power to tell Prado: hey, you need to not impose this increase next year. It's like the banking rights that landlords have in San Francisco to bank and then impose increases at a later date. So that's one of the points of discussion that will happen is like, hey, this was rescinded by the prior owner, and we are expecting that you're not just going to impose it now. And they're going to... it's going to be tough for them just to deal with probably. But at the same time, these are not small companies and they can afford to help preserve the level of affordability. And also, I mean, these tenants are rent burdened already. These are rent stabilized units, but these are not low rents for working class people in the mission. So...

[Mathilde Lind Gustavussen] That's a really impressive win for the tenants. And I think says a lot about union at home and what that piece of legislation is able to do for tenants. Can you talk a little bit about that?



[Brad Hirn] Yeah, I mean, I think what it has done is what we hoped it would do, which is encourage tenants to think about how they get a majority of their neighbours on board for uniting behind things they care about. Just that idea that: hey, look, I'm gonna have to go talk to neighbours to make this happen. And I might not have talked to them before is a pretty radical idea in the tenant landlord world. So, yeah, it's exciting. I know the city of Berkeley in California is going to have a ballot measure on the 2024 ballot to do something similar, to create a similar framework for tenants in Berkeley. And it's interesting that the United Automobile Workers, the UAW, the grads, the academic worker local out here for the University of California is a major backer and sponsor of that ballot measure. So it's a cool example of a labour union getting in and wanting to invest money and people into making this happen for another city. And then I know that New York State groups, groups in New York State have started drafting something to try to pass at the State level in New York for New York.

[Mathilde Lind Gustavussen] And so these negotiations that will take place on the Thursday, what would what would that look like? Who will be present at the negotiations?

[Brad Hirn] Yeah. So every member of the tenant association, ideally. We have a prep meeting tomorrow night, but the goal is to have every member there, myself, the tenants attorney, (his name is Tim Kelly)... And then I'm not exactly sure who Prado will bring. It's a good indication of how seriously they take the negotiations, depending on who they send. But we've sent them what we want to talk about. So if they show up unprepared to talk about those things, then... Well, that's an indication of how seriously they're taking it, and it's also a violation of the ordinance. So it's in their court how they want to do that. But, you know, we try to...we always try to do negotiations so that the members themselves are present, like physically present. And this will actually be... Veritas has always refused to meet in person. So this is actually refreshing that we'll get to meet in person with the company and that tenants are prepared to speak in a disciplined and organized way. And yeah, it requires a lot of preparation, but when it goes well, it's one of the most powerful things.

[Mathilde Lind Gustavussen] And has Brookfield Ballast, have they indicated that they're willing to negotiate?

[Brad Hirn] I think they're like 75 percent of the way there. They want to I think they want to try and make a really good impression that they're better than Veritas. You know, at 434 Leavenworth, that's a large... it's a 69 unit building. It has one of the highest numbers of strikers because the majority's on strike. They have a lot of leverage. They have filed a lawsuit against Veritas as well that they ... so we basically... they have said to Ballast, look, if you don't want us to amend the lawsuit... look, if you want to try to end the strike and you don't want us to amend the lawsuit to include *you* as the new owner, then here's what we want to discuss. So the tenant association has said that to them and once has requested the negotiations to be joint with 709 Geary, which is another building that went to Ballast and Brookfield.

And then the more challenging but important building to pull in at this stage is 781 O'Farrell, which is still Veritas. It's not part of either of these portfolios, but Veritas has filed for eviction lawsuits against strikers at that building to try and break the strike. So we're basically attempting to leverage the power



and strength of where Leavenworth is at and Geary is at to support the members at O'Farrell who are getting hit with a more aggressive crackdown on their strike. So that's the current plan.

[Mathilde Lind Gustavussen] And so if we zoom out a little bit, there's at this moment, there are kind of two concurrent processes, one being further consolidation of residential real estate, such as Blackstone planning to acquire Tricon Residential, which holds more than 38,000 units in the US and Canada, and the other being companies like Veritas defaulting on loans. And so corporate landlords being at risk of defaulting or actually defaulting on loans creates an opening for tenants to strike even more strategically and for cities to begin reining in corporate landlords by taking over some of these buildings. And I know that this is something we've discussed before. So can you talk about what you see as the potential here, starting with the tenants? You mentioned last time that Veritas has another large portfolio that they refinanced in 2022, which might be a similar trajectory to these other loans and that one of the buildings where tenants on strike belongs to that portfolio.

[Brad Hirn] Yeah, I think it's actually now two or three, the two other buildings that we haven't, I haven't mentioned yet, one on Ellis Street and one on Powell Street. I think they may also be part of the O'Farrell portfolio. So yeah, so there's a portfolio of a number of other buildings, 50 to 60 buildings that was refinanced a couple of years ago. They got... they refinanced with a bank called Natixis, which I had never heard of, but it's an international bank based in New York. And yeah, so I'm curious on the trajectory of that loan and its maturity date. And so I think that what, just like this portfolio that went to Ballast Brookfield, actually we made risky for Veritas even before the pandemic, like this was the same loan they were trying to sell, the same portfolio they were trying to sell in late 2019 and early 2020. So this isn't just a pandemic thing. And so there's actually a strategy there that the tenants are pioneering, which is like: hey, if you know the loan, if you know the portfolio, you know the loan that's back in it, you know the bank, you know some of the key institutional investors, then how you create a crisis for those different players leading up to the maturity date of the loan. So it creates a really interesting timeline that is actually makes a lot of sense for an organizer and for the tenants, like: oh, they need to pay this by this date. So we're going to make it difficult for them to do that along these months leading up to that date. So it makes it, when you put the pieces together like that with people, it like starts to make sense.

[Mathilde Lind Gustavussen] Right. And so this Veritas portfolio, when is the maturity date?

[Brad Hirn] I don't know. I have to... So yeah, that's a level of research I need to do and hope I can do through the documents I can get access to through the assessor's office. I don't know actually, if the maturity date is anywhere in there. I imagine it is.

[Mathilde Lind Gustavussen] And so that's this strategy requires access to these documents.

[Brad Hirn] Yeah. So if it's like in the deed, right, or in the statement of financing, which is at the assessor's office, then we can start to put together the timeline.

[Mathilde Lind Gustavussen] And so let's talk about the potential here for cities to act. As you mentioned in the beginning, this is kind of the worst possible outcome for the tenants in San Francisco. This big portfolio going to another big corporate landlord who's basically pursuing the same practices. So before the pandemic, I know that the VTA was discussing with the city, the city potentially taking over some of these buildings. Can you talk about that communication with the city back then and now? And if you have any indication why the city chose not to intervene?

[Brad Hirn] Yeah, yeah. And really, to be clear, like what was going what was happening right before COVID started, and the shelter in place order was declared was that Veritas was trying to sell the 76 building portfolio, 75. And the supervisor Dean Preston, he was taking the lead, but there were other supervisors were very much on board and trying to basically convene a table with the VTA and prospective buyers. And what was interesting is that, and to this day, I don't know who the buyer, this potential buyer was, there was someone who approached Supervisor Preston's office and said: hey, I'm going to try to bid on this portfolio, and I would agree to negotiate with the VTA, I would agree to put it on a timeline for selling to the city at low cost. And whatever the VTA wants to talk about, I'll talk, we'll talk about it. So basically, like a decent buyer who was willing to then put the money up front to buy the buildings and then sell them to the city at low or like for a dollar, some year down the line, which is actually like maybe even better than trying to get the city to buy them outright. Yeah, so like, basically, it was like a private buyer putting up their money to try and, you know, be like a force of reconciliation in the dispute, and then sell to the city for low cost down the line.

It never happened because of COVID and the sale didn't go through. And this time around, the funding sources in the city, the budget that would go to acquisition have been reduced or not expanded. So even like, one of these buildings, especially the bigger buildings would be a tall order for the organizations that do acquisition. But yeah, that none of the supervisor, I don't know if it was just, you know, competition with all the other things going on, but none of the supervisors and no one in the city like, came out and said: Hey, we need a plan for this, we should do something about this. And it wasn't for the lack of VTA trying. And there was press on the default... there was, you know, it was widely reported. So everyone in City Hall knew what was going on. But no one stepped forward and took leadership to help negotiate a different outcome. So what happened is, well, of course, it would happen how it did.

[Mathilde Lind Gustavussen] The strike expanded on December 1, and again, on January 1, so that it's now the six buildings. Does it look like the strike might expand to other buildings?

[Brad Hirn] Possibly, yes, we are starting to talk with a couple of the tenants in a couple other buildings. And I think the strong agreement at 14th Street helps set a standard and help and provide some concrete proof of how this can work. It remains still like a very, you know, these are very challenging conversations. Rent strikes are risky. They're risky in a way that certainly a sanctioned labour strike is not. And yeah, it takes a lot of work. But you know, that said, like, I think with the tenants, what we're trying to do more now is have tenants from striking buildings visiting the other buildings that are preparing to go on strike. So it's tenants talking to tenants constantly. It's tenants prioritizing and taking the time out of their week when they've already been doing their own jobs and taking care of their own families to go to these other buildings and say: hey, this is what we have been doing. This is why we need you. And this is why you need us. And yeah, I think that if that's really the



task for an organizer at this stage is training and training and training, like training members to have these conversations, then prioritizing, talking to their own neighbours and then neighbours in other buildings. So yeah, and I think that we're making some progress there.

[Mathilde Lind Gustavussen] Well, good luck with the negotiations on Thursday. And we're excited to keep following the strike. Thank you so much for being here.

[Brad Hirn] Yeah, thank you so much. Appreciate it.

[Outro] *Thanks to you for listening. For more information, visit our website, urbanpolitical.podigy.io. Please subscribe and follow us on Twitter.*