



January 13, 2023

Chief Investment Officer Jagdeep Singh Bachher  
Office of the Chief Investment Officer of the Regents  
University of California  
Office of the President  
1111 Franklin Street  
Oakland, CA 94607

Dear Mr. Bachher:

On behalf of over 110,000 represented workers at the University of California (UC), we write to express our dismay and unified opposition to the Office of the Chief Investment Officer's (CIO) decision to invest \$4 billion into Blackstone Inc.'s Blackstone Real Estate Income Trust (BREIT). We call on UC to divest immediately from its recently acquired BREIT holdings, along with the additional \$2 billion the University already invests in Blackstone through the UC Retirement Plan and its General Endowment fund.<sup>1</sup>

UC Regent Sherman's statement that this investment will "benefit the 600,000 students, faculty, staff and pensioners from [UC]'s 10 campuses and six academic health centers" underscores the University of California's apparent willful ignorance to the housing crisis impacting not only UC stakeholders but also the communities in which the University operates.<sup>2</sup>

Across the U.S., hedge fund and private equity firms—such as Blackstone Inc.—are acquiring residential properties at unprecedented rates, converting them into rental units, raising rents, and evicting and displacing residents in the process, even during the pandemic.<sup>3</sup> This buying spree by corporate and institutional investors leaves longtime residents unable to afford homes in communities where they grew up or raised their families. In fact, the United Nations has accused private equity firms like Blackstone of exploiting tenants, "wreaking havoc" in communities, and helping to fuel a global housing crisis. "Blackstone's practices...have abruptly increased the rental payments of [single family rentals], making them unaffordable for millions of the existing residents, decreased the availability and affordability of

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<sup>1</sup> [UC Investments Creates Strategic Venture with Blackstone to Invest \\$4 Billion in BREIT Common Shares | Blackstone Group](#)

<sup>2</sup> Ibid.

<sup>3</sup> [Private equity landlords advance evictions during COVID-19 pandemic | Private Equity Stakeholder Project](#)

social housing, and has undertaken aggressive evictions to protect rental income streams to satisfy investors.”<sup>[4][5][6]</sup>

The housing crisis significantly impacts UC students, staff, academic workers, healthcare providers, and faculty laboring to find and afford housing close to UC campuses. UC stakeholders are forced to choose between paying a significant portion of their income on rent, commuting hours each day to and from work, or quitting their jobs altogether because they cannot afford to make that choice. We need to look no further than the recent strike by 48,000 UC undergraduate and graduate student workers, postdocs, and academic researchers represented by UAW to see the enormity of the problem.

A core issue for striking UAW members was this very lack of housing affordability at the University, both on and off campus. Leading up to the strike, UAW found that the vast majority, 92 percent, of its striking graduate student workers were rent-burdened and paying more than 30 percent of their incomes on rent.<sup>7</sup> This crisis is not exclusive to UAW members. For UC’s service workers represented by AFSCME, 95 percent are unable to afford a single-bedroom home close to their respective campus or medical center.<sup>8</sup>

As one of the largest landlords in California, the University of California already bears significant responsibility for this crisis.<sup>9</sup> However, through this new partnership with Blackstone Inc., the University will become a major driver of this affordability crisis for the UC community and the rest of California.

Today, Blackstone is the residential and commercial landlord for a vast \$565 billion real estate portfolio at a time when rents across the country have increased two to three times the rate of inflation.<sup>[10][11]</sup> Its standing as a corporate landlord giant leaves little doubt as to why the private equity firm spent millions of dollars in 2018 to help kill Proposition 10, the California ballot measure that would have allowed cities in the state to re-establish rent control laws.<sup>12</sup> Initiatives like Proposition 10 have the potential to help create and preserve affordable housing for millions of families across the state. In 2022 alone, nearly 65 percent of low-income renters across the entire state were rent-burdened.<sup>13</sup>

Contrary to Regent Sherman’s statement, this type of corporate plunder does not benefit UC’s 600,000 students, staff, academic workers, healthcare providers, faculty and pensioners. In fact, Blackstone’s business model is predicated on extracting more from UC communities. As a Blackstone principal admitted, “We’re a big owner of student housing, and in our student housing portfolio we’re signing leases today for next academic year at 9 per cent [sic] higher rents than this year. So we know what this growth will look like.”<sup>14</sup>

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<sup>4</sup> [UN accuses Blackstone Group of contributing to global housing crisis | US news | The Guardian](#)

<sup>5</sup> [United Nations Communications to U.S.A. on Blackstone Group](#)

<sup>6</sup> [United Nations Communications to Blackstone Group](#)

<sup>7</sup> [University of California Students Strike for Higher Pay | The New York Times](#)

<sup>8</sup> This data derives from October 2022 AFSCME 3299 pay rate data, and HUD’s 2023 Fair Market Rents for the campus or medical center’s Metropolitan Statistical Area or HUD Metro Fair Market Rent Area, whichever is applicable. The federal government’s standard of affordability asserts gross housing costs should be no more than 30% of a household’s gross income in order to be affordable.

<sup>9</sup> [The High Cost of Housing is a UC-created Crisis | San Francisco Examiner](#)

<sup>10</sup> [Blackstone expands further into rental housing in the United States | The New York Times](#)

<sup>11</sup> [Blackstone | Real Estate](#)

<sup>12</sup> [Blackstone Spends Huge to Kill California Rent Control | The American Prospect](#)

<sup>13</sup> [2022 California Housing Profile | National Low Income Housing Coalition](#)

<sup>14</sup> [Blackstone’s Plans to Juice BREIT | Financial Times](#)

Unfortunately, UC already behaves as a corporate, private developer of market rate housing in its own real estate investments, much like Blackstone, as it takes property away from campuses that could otherwise be used for affordable housing. Just last year, after its purchase of a 168-unit apartment building near UC Santa Cruz, long term residents were initially threatened with rental increases of up to \$1300 per month (or 60 percent) following the completion of a superficial renovation.<sup>[15][16]</sup>

The University of California's current housing investment strategy combined with the bolstering of Blackstone's BREIT will only further deepen a hostile housing market for millions across California. To truly serve its constituents, the University of California must make investments that work to actually expand the availability of affordable housing throughout California.

As UC's represented workforce whose salaries help fund these real estate investments, we reiterate our steadfast opposition to this partnership between Blackstone Inc. and the University of California. We call on the UC to divest its estimated \$6 billion investment from all of Blackstone's funds and instead develop an investment model that protects and expands affordable residential units in and around its communities. The University has the ability and opportunity to establish itself as an investor and landlord committed to the creation and preservation of affordable housing. UC students, staff, academic workers, healthcare providers and faculty depend on it, as do the communities in which the University resides.

Sincerely,

**Kathryn Lybarger, President**  
**AFSCME Local 3299**

**Dan Russell, President**  
**UPTE-CWA Local 9119**

**Stephanie Short, Asst. Director, UC Division**  
**CNA/NUU**

**Rafael Jaime, President**  
**UAW Local 2685**

**Constance Penley, President**  
**Council of UC Faculty Associations (CUCFA)**

**Neal Sweeney, President**  
**UAW Local 5810**

**Dr. Lorenzo Gonzalez, President**  
**Committee of Interns & Residents, SEIU**

**Union of American Physicians and Dentists**  
**(UAPD)**

**Katie Rodger, Ph.D., President**  
**UC-American Federation of Teachers (AFT)**

cc: UC President Drake  
UC Regents

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<sup>15</sup> [Hilltop Apartments Residents Face Exorbitant Rent Increase by Owner. UC Regents | Santa Cruz Sentinel](#)

<sup>16</sup> [UC Regents Buy Hilltop Apartments | KSQD Community Radio](#)