



PRIVATE EQUITY IS COMING

**THE FUTURE OF HOUSING SECURITY
IN THE AGE OF COVID-19**

by Sara Duvisac, Marnie Brady, and Ned Crowley
with H. Jacob Carlson and Gianpaolo Baiocchi

- Urban
- Democracy
- Lab



About the Urban Democracy Lab

The Urban Democracy Lab at NYU's Gallatin School promotes critical, creative, just, and sustainable forms of urbanism through engaged scholarship, collaborative undergraduate and graduate coursework, creative public programming, and active publication. Our Beyond the Pandemic Project explores urban policy contexts and alternatives that are both transformative and realistic.



About the authors

Sara Duvisac is an American Council of Learned Societies (ACLS) Public Fellow and a former Doctoral Fellow at the UDL. **Marnie Brady** is Assistant Professor of Politics and Human Rights at Marymount Manhattan College. **Ned Crowley** is PhD candidate in Sociology at NYU. **H. Jacob Carlson** is a postdoctoral research fellow at S4 at Brown University. **Gianpaolo Baiocchi** is Director of the Urban Democracy Lab, Professor of Individualized Studies and Sociology at NYU, and author of *We, The Sovereign*.



Introduction

Thirty to forty million Americans are at risk of eviction due to the COVID-19 fueled economic crisis,¹ but the roots of this housing precarity extend beyond the economic insecurity caused by the pandemic. The American housing market in the past decade has been marked by the crisis of housing affordability and growing homelessness, while housing prices and profits in real estate have skyrocketed. After Wall Street's gambling forced nearly 10 million households into foreclosure in the aftermath of the 2008 crisis, the financial industry took advantage of a devastated housing market to reap massive profits. The 2008 crisis was fueled by the financialization of housing (i.e. transforming housing into speculative financial products) and in its wake, financialization has only increased.² Today's crisis is creating new opportunities for the financial industry to advance further into the housing market, deepening housing insecurity in the short and long term. This is both harmful to renters and dangerous to the stability of the housing system as a whole and requires alternative thinking much beyond the confines of market orthodoxy.

Sadly, the federal government has done little to address this looming eviction crisis and offer meaningful protections for renters. Instead, the CARES Act provides a number of loopholes for corporate landlords and financial investors



behind the financialization of housing. These corporate landlords have a record of exacerbating housing insecurity. In 2016, the Federal Reserve of Atlanta found that large, corporate landlords were up to *twice as likely* to file evictions in their region compared with small-scale landlords.^{3,4} Today, some of the largest private equity landlords are filing evictions even as the COVID-19 pandemic continues to threaten communities nationwide.⁵

But we can still avert this crisis: both the imminent wave of evictions and homelessness and the long-term crisis of housing financialization and insecurity are not inevitable. To do so requires abolishing the incentives and legal loopholes that enable the financial industry to turn housing into a product for profit extraction. More importantly, it also requires us to put in place alternatives that bring us closer to decommodified housing that is permanently affordable and under the control of residents and communities.

Everything is not fine, and this is a renter's crisis

The memories of the post-2008 wave of foreclosures are still fresh for many people. In contrast to post-2008, business media in the current crisis has touted the stable payments on home mortgages and forbearance opportunities as evidence of the stability of the housing market. Yet all the indicators point the other way: not only are we on the verge of a terrible housing crisis, but its first victims will be renters.

How the pandemic and the ongoing economic crisis will remake the housing market remains unpredictable, but one trend seems certain: **the rising indebtedness for renters**. By July, an estimated \$21.5 billion was owed in back rent, and more than a quarter of renters nationwide did not pay rent in July.⁶ According to the Census Bureau's Household Pulse Survey, more than 8 million households were still behind on rent in October, and 25% of renters reported little or no confidence they could make next month's payment.⁷ Moody's Analytics estimates that rent debt could reach \$70 billion by the end of 2020 absent any intervention.⁸

This mounting debt only adds to the financial stress renters already face. Compared to homeowners, renters have lower levels of income and savings.⁹ A typical renter had only \$800 in cash savings in 2016, at a time when unemployment was one-third of its present level.¹⁰ Even before the pandemic, nearly half of America's 43 million renters faced rent burdens in excess of 30% of their monthly income, and a quarter spent more than 50% of their income on rent every month.¹¹ Since the start of the pandemic, many cash-strapped



renters have turned to credit-cards to cover the rent.¹² In other words, renters had little financial cushion to begin with, and their situation has only grown more precarious in the pandemic. Moreover, because rentership and rent burden is disproportionately high in Black and brown communities, these groups are most vulnerable to indebtedness and eviction.

Forbearance options have been extended to homeowners, including landlords, but renters have only received piecemeal and temporary eviction protection orders. The Center for Disease Control's (CDC) recent "eviction moratorium," with its difficult to navigate and enforce guidelines,¹³ will likely still leave many renters vulnerable. Since it requires tenants to state that they will pay back all rent that is due, back rent is likely to become a years-long debt burden for renters. Already, organizers are reporting to us that strapped tenants are paying rent with pay-day loans, cash advances on credit cards, personal loans, and by pawning goods.

In comparison to renters, a smaller share of homeowners are facing housing insecurity, at least for the time being. House prices are continuing to rise owing to strong demand, cheap credit, and limited supply coupled with relatively unchanged financial realities for high income earners.¹⁴ But a wave of foreclosures may be just over the horizon, especially for homeowners with mortgages held by private lenders. As of mid-July, 8% of all mortgages (four million mortgages) nationwide were in forbearance.^{15,16}

Private equity both fuels and profits from distress and uncertainty

It is tempting to think of the problem as simply a result of lack of money on the part of tenants, and of a series of dominoes falling, ending with landlords who will be hurt by the lack of rent payments. In fact, the image we have of an individual landlord who owns a small property outright and makes decisions about how much rent to charge and what repairs to make is outdated and portrays only a small part of the rental market. Today, there are several kinds of ownership arrangements, from corporate ownership, to arrangements that shield individual owners from liability (LLCs), to trusts that pool assets (REITs). We describe these terms in the [sidebar](#). There is, however, a class of actors who have both contributed to the uncertainty of the housing market and stand to reap enormous benefits from its distress: **private equity funds**. These investment funds, which have become increasingly important in housing markets and benefit from generous tax breaks, are standing by, with cash



reserves of at least \$328 billion dollars at the ready to purchase new troubled real estate. If they actually do so, the consequences for tenants, and our housing system as a whole, will be disastrous.

How Private Equity Makes Money from Real Estate

Private equity refers to private funds that are not publicly listed and are exempt from most public reporting. They have made enormous amounts of money for their investors by financing, buying, restructuring, and then selling companies. The playbook involves acquiring companies, loading them with debt, restructuring these companies by stripping jobs, and after squeezing the company, exiting through sale or public trade and distributing returns to fund managers and investors.¹⁷ Then, once there is no more money to squeeze out, they cut and run.

In the case of private equity in real estate, capital committed by private and institutional investors (pension funds, mutual funds, insurance companies, banks, endowments, etc.) is used to buy up housing properties or mortgages, either to generate income or to resell for a profit. Private equity in real estate is often a complex web bringing together private equity funds, corporate landlords, institutional investors, and traditional banks. The Blackstone Group, for example, one of the largest investors in real estate in the world today, makes investments through both its real estate investment trust (REIT)—a publicly traded company that owns, operates, or finances income producing properties (apartment buildings, data towers, hotels, warehouses, etc)—and its private equity arm. Added to the mix are banks such as JP Morgan and Chase and Goldman Sachs that have their own REITs and will partner with or fund corporate landlords.¹⁸

Corporate landlords typically load the residential portfolios with outside debt to seek outside returns. Institutional investors in private equity may also leverage their own funds creating, in effect, a house of cards built on credit. Regardless of returns, private equity corporations stand to profit from the transaction fees they charge investors: on average, since 2000, investors paid private equity real estate funds \$7.5 billion in fees alone, each year.¹⁹ The exchange of debt offers a key profit point to money managers. Application fees, appraisal fees, interest rate caps as derivatives, and the future exchange of servicing rights all provide opportunity for profit from issuing debt.

After 2008, private equity purchased distressed mortgages from banks and federal housing agencies at steep discounts. Funds such as Lone Star aggressively moved to foreclose.²⁰ Private equity has also played a greater role

“

In fact, the image we have of an individual landlord who owns a small property outright and makes decisions about how much rent to charge and what repairs to make is outdated and portrays only a small part of the rental market.



in directly financing investors, or becoming the lender. Private equity firms lend to and securitize loans to smaller investors to purchase houses (private-label lending) and by securitizing and acquiring non performing loans, increase insecurity for those mortgage holders.²¹

Private equity expands into rental markets

In the wake of the Great Recession, private equity firms and other corporate investors expanded their role in the rental housing market, focusing on single-family bulk purchases. Investors found a way to profit from those who had lost their homes by once again gambling on mortgage obligations, this time through single-family rental securitization. Rent-backed securities allow property owners to sell bonds backed by the revenue they collect in rent. Investors adapted to the foreclosure crisis with a new version of the old scheme: bundling homes and communities into financial portfolios.

The rise of corporate landlords financed by private equity in the single family market has meant that although property values increased between 2008 and 2016, overall homeownership rates fell to a historic low of 63%.²² As of 2019, the top ten corporate investors and private equity firms owned a quarter of a million single family homes,²³ totalling approximately \$35.6 billion in securitizations.²⁴ Private equity firms didn't just buy up single family homes; they have increasingly purchased multifamily dwellings. REITs, as of 2018, own over 500,000 apartment units, and private equity firms own approximately a million apartment units.²⁵ The year 2019 also witnessed record profits and sales by corporate landlords in multifamily dwellings.

The aim of private equity backed corporate landlords of increasing returns to their investors by squeezing rents out of tenants is inherently at odds with ensuring that individuals have access to safe and affordable housing. Their strategies can involve squeezing renters by deferring maintenance, shifting the cost of utilities as pass-through charges to tenants, and pushing existing renters out through harassment and legal loopholes. Corporate landlords backed by private equity funds are associated with rising rents, high rates of evictions, and a deterioration of housing quality.^{26,27} In New York City alone, more than 100,000 units were targeted by this scheme in a strategy that housing advocate Tom Waters and others have dubbed "predatory equity."²⁸ The United Nations' Special Rapporteur on the right to adequate housing found that private equity investments in the housing market globally has led to a significant decline in housing for low-income people and increased



the global financialization of housing.²⁹ Housing has become a product for quick and high returns for investors, which incentivizes practices that make it unaffordable or of poor quality for the many.

Real estate investors target communities of color for profit

Several studies have found that, in the years since the 2008 crisis, corporate real estate investors have been quick to buy distressed and foreclosed rental properties in Black and brown neighborhoods.^{30,31} At the same time, the lower availability of credit for potential homebuyers from within Black and brown communities and the widening racial wealth gap mean less opportunity for small-scale and local buyers to compete with major investment firms.

In New York City, private equity-owned properties that are over-leveraged—where debt exceeds net rental income—are also more concentrated in communities of color, placing residents at greater risk should their building be foreclosed. Just before the pandemic, in February, 2020, New York City’s Housing Preservation and Development reported 182 rent stabilized multifamily properties on its Speculation Watch List, properties with low rental incomes relative to their sale price.³³ These properties are at high risk of distress, tenant obligation, and eventual tenant eviction. Like private equity investments elsewhere, these portfolios become loaded with debt and the tenants take on the greatest burden of that debt.

This pattern only deepens housing insecurity and disadvantage in non-white communities, as corporate landlords and investment firms squeeze tenants for profit. Because corporate landlords and private equity investors are more likely to neglect upkeep,³⁴ to harass tenants, and to pursue eviction proceedings for late rent,³⁵ they put communities of color at greater risk for housing insecurity and the harmful side-effects that go along with it. This is especially worrying in the midst of a pandemic that disproportionately affects people of color.³⁶ Housing is among the most important environmental factors that affect individual and public health,³⁷ and housing insecurity only increases these communities’ vulnerability to COVID-19. On top of the public health crisis, the pandemic’s economic fallout has hit Black and brown renters hard, with one-quarter of Black renters and one-fifth of Latinx renters reporting that they were behind on rent in September.³⁸



What to expect from private equity

When the COVID-19 downturn began, private equity held an enormous pool of these investors' funds for opportunistic investments, totalling \$142 billion in "dry powder" (cash reserves), at the end of 2019, for distressed assets alone.³⁹ As of May 2020 private equity investors, globally, held \$328 billion of cash reserves for real estate investment.⁴⁰ At the same time, the CARES Act provides a \$170 billion tax saving subsidy over the next ten years for the richest of real estate investors.⁴¹ Private equity made billions off those who lost their homes due to foreclosure following the last recession,⁴² and we can expect that the combination of dry powder and tax incentives will propel private equity to both contribute to and profit from renters' distress in this period of multiple crises.

Corporate investors and private equity funds are optimistic about their ability to capitalize on the ensuing economic crisis, despite current year to date profits being down.⁴³ A number of key players are amassing large debt or distressed asset funds, from Brookfield Asset Management's call to raise a \$15 billion distressed debt fund to Pacific Investment Management Co's (PIMCO) \$3 billion distressed asset fund to Bain Capital's call for a \$500 million fund for troubled real estate debt.^{44,45} At the end of September 2020, the Blackstone Group raised \$8 billion for the largest to date real estate debt fund — the Blackstone Real Estate Debt Strategies IV.⁴⁶ The fund will lend to a number of property investors looking to invest during the pandemic and after. Investors in this fund include a number of public pension funds from across the US. This has led analysts to note that there is a glut of funding for real estate distressed assets and debt,⁴⁷ underlining the power of these actors to remake the housing market.

Many corporate landlords are also expanding and consolidating the market of single-family rentals. Brookfield recently acquired one of the largest single-family landlords and has raised \$300 million dollars to expand their share in the single-family rental market, while Koch Industries Inc., invested \$200 million in single family rentals in July 2020.⁴⁸ As the single-family market continues to heat up, with predictions that demand will remain strong for the next few years, new construction of multifamily dwellings has dropped by 12% as compared to last year.⁴⁹ Multifamily mortgage debt has also grown over the course of the pandemic by 2% this year (to the second financial quarter) to \$1.6 trillion.⁵⁰

These signs indicate that multifamily dwellings might be a target for the accumulating dry powder. This may create further strain on the availability of affordable or low-income apartments, precisely at time when renters desperately need low-income housing. The avenues for profit making for investors will do little to alleviate the affordability crisis, and likely create a much starker absence of affordable housing in the long term as evictions increase in the short term.



What can we do?

Current approaches to the recent pandemic-induced housing emergency, from the federal eviction moratorium to federal stimulus packages, do not address the long-standing problem of unaffordable housing. Rather, the inadequacy of these policies are likely to exacerbate the housing crisis by providing new opportunities for private equity and the financial industry to expand and consolidate their position in the housing market. The CDC eviction moratorium, for example, requires tenants to agree to pay the full rent due in exchange for eviction protection. This will increase indebtedness for renters and increase the likelihood of evictions in the future. For landlords, especially smaller ones, growing financial distress puts them at risk of being acquired by corporate finance. To stop the concentration of housing into the hands of a few, profit-seeking actors, we need a combination of government and community interventions that 1) restrain the financialization of rental housing and 2) fundamentally challenge the home as a site of profit extraction in our economy.

At a minimum, we can redirect CARES act money to support renters. In a [previous piece](#), we argue for the need to cancel rent, while also including financial support for smaller landlords so that they do not become targets for private equity and other speculators.⁵¹ Funds can also be used for programs to help tenants or community groups to purchase distressed properties and develop them as permanently affordable and decommodified housing. These include initiatives that provide funding mechanisms and first look rights for tenants or community groups to purchase distressed assets and turn them into affordable or low-income housing. These tools can be combined with alternative ownership forms like community land trusts (CLTs) or limited equity cooperatives that create collective ownership structures that protect the long-term affordability of housing.⁵² By establishing mechanisms to ensure that individuals or groups cannot excessively capitalize on housing, these models preserve housing's role as a social good, and retain its central value in providing shelter and security, and not profit.

Already, legislation has been proposed around the country to support such solutions. Tenant Opportunity to Purchase Act (TOPA) bills have been proposed in Massachusetts and California legislatures, and New York's Housing Justice for All is organizing for TOPA legislation in Albany. Similar programs are being developed by local governments, as well. Last year, the San Francisco Board of Supervisors passed an act that gives qualified non-profits the right to first offer and first refusal on multi-family buildings on sale, and a similar Community Opportunity to Purchase Act (COPA) has been introduced in New York City. Ultimately, the federal government also has a role to play in funding and supporting these efforts. Representative Ilhan Omar has introduced legislation—part of the Rent and



Mortgage Cancellation Act of 2020 (HR 6515)—that would establish a fund to help eligible tenant cooperatives, nonprofits, and municipal housing agencies purchase multifamily properties over the next five years.

Similarly, some contributors to this report have [elsewhere proposed](#) a Social Housing Development Authority,⁵³ a federal institution that would purchase distressed real estate and upgrade it before transferring it to the social housing sector. Properties acquired this way would provide permanent and stable solutions for communities who have control over housing partially outside of the housing market.

High-quality, well-funded social housing remains one of the most effective models to ensure safe, affordable housing and to prevent the concentration of housing in the hands of financial actors. There is little movement at the federal level to address the lack of funding for social housing in the U.S. At the same time, there is a growing tenant movement that is demanding and articulating the need for social housing. From the eviction blockades spearheaded by autonomous tenant unions that challenge the paradigm of housing for profit to larger housing organizations calling for social housing, the call for truly decommidified housing is being led by movements. Without strong interventions like the SHDA, we risk repeating the mistakes of the past allowing speculators to profit from the pre-existing affordability crisis in housing and the growing suffering of communities.



Sidebar: Who can own real estate?

“Mom & Pop” Landlords: A vague term that gets used in popular press to mean “small landlords.” In policy, people often mean those who are sole proprietor(s) of rental units, who claim their rental property on their individual taxes, rather than through an LLC or other holding corporation. Although “mom and pop” landlords widely refer to individual investors of any number of units, these landlords typically own a greater portion of smaller-sized buildings. Unlike corporate landlords, “mom and pop” landlords may be held personally liable for recourse debts depending on the terms of their mortgage; some “mom and pop” landlords reside on the premise of the rental property, such as in a duplex.

Corporate Landlords: A business ownership structure of real estate assets of any number of units typically held by a corporation, Limited Liability Company, Real Estate Investment Trusts (REIT), or other legal structures.

Commercial Landlords: Owners of rental or lease property including multifamily residential, retail, office, and industrial, or hotels, senior housing, student housing, self-storage and medical offices.

Limited Liability Company: LLCs allow individuals to separate business assets, such as real estate holdings, from personal liabilities. LLCs provide a pass-through to structure member share profits and tax benefits. Similar entities include Limited Partnerships (LP) and Limited Liability Partnerships (LLP)

Private Equity: An alternative assets class often composed of private funds of funds that are not

publicly listed and are exempt from most public reporting. Private equity firms and investment funds make money by financing, buying, restructuring, and selling companies that can be leveraged. In the case of real estate, individual high-net worth and accredited investors or institutional investors provide capital commitments drawn upon by private equity funds for property purchases that comprise a portfolio leveraged for credit access. Portfolios typically operate under one LLC, or multiple LLCs.

REIT: Real Estate Investment Trusts are a shareholder ownership structure of pooled properties that generate income distributed to the interest holders.

Institutional Landlords: Also referred to as corporate landlords, institutional landlords such as insurance companies, banks, and universities, are the proprietors of commercial and residential real estate.

Institutional Investors: Institutional investors provide equity investment in residential and commercial real estate holdings and hold the role of limited partner in real estate portfolio ownership structures most often managed by an external assets manager or General Partner. Institutional investors include insurance companies, banks, university endowments, sovereign wealth funds, and pensions. In the U.S. in 2016, public pensions accounted for 28% of all institutional capital investments in residential real estate, and along with private pensions accounted for 42% of all institutional investments in housing.⁵⁴



Notes

¹ Benfer, E., Robinson, D. B., Butler, S., Edmonds, L., Gilman, S., McKay, K. L., Neumann, Z., Owens, L., Steinkamp, N., & Yentel, D. (2020). *The COVID-19 Eviction Crisis: An Estimated 30-40 Million People in America Are at Risk*. Aspen Institute. <https://www.aspeninstitute.org/blog-posts/the-covid-19-eviction-crisis-an-estimated-30-40-million-people-in-america-are-at-risk/>

² Financial investment in housing refers to money funneled through various forms of investment funds or corporate entities and used to purchase housing stock or housing debt as investment assets. This money may originate in a number of sources, including private equity firms, banks, and institutional or private investors.

³ Raymond, E., Duckworth, R., Miller, B., Lucas, M., & Pokharel, S. (2016). *Corporate Landlords, Institutional Investors, and Displacement: Eviction Rates in Single-Family Rentals* (No. 04-16; Atlanta Fed Community & Economic Development Discussion Paper Series). Federal Reserve Bank of Atlanta.

⁴ The paper uses 15 properties as the threshold for “large” vs “small” landlords. Relatedly, the term “mom-and-pop landlords” is commonly used. This often refers to people who claim their rental property on their personal income tax, rather than through a corporate entity. By this definition, [approximately 43%](#) of rental units are held by such individual investors. Due to data limitations, what these definitions mask is the size of the portfolio. Thus, some individual investor landlords own hundreds of units, while other small landlords may place a few units in an LLC for other financial reasons.

⁵ Morgenson, G. (2020, October 26). Corporate landlords have filed 10,000 eviction actions in five states. *NBC News*. <https://www.nbcnews.com/business/personal-finance/large-corporate-landlords-have-filed-10-000-eviction-actions-five-n1244711>

⁶ Conlin, M. (2020, July 30). U.S. renters owe \$21.5 billion in back rent; Republicans offer no eviction relief. *Reuters*. <https://www.reuters.com/article/us-usa-housing-evictions-idUSKCN24U394>

⁷ U.S. Census Bureau. (2020, November 4). *Week 17 Household Pulse Survey: October 14 – October 26*. <https://www.census.gov/data/tables/2020/demo/hhp/hhp17.html>

⁸ Parker, W. (2020, October 27). Struggling Rental Market Could Usher in Next American Housing Crisis. *Wall Street Journal*. <https://www.wsj.com/articles/struggling-rental-market-could-usher-in-next-american-housing-crisis-11603791000>

⁹ McKay, K. L., Neumann, Z., & Gilman, S. (2020). *20 Million Renters Are at Risk of Eviction; Policymakers Must Act Now to Mitigate Widespread Hardship*. Aspen Institute. <https://www.aspeninstitute.org/blog-posts/20-million-renters-are-at-risk-of-eviction/>

¹⁰ *America’s Rental Housing 2020*. (2020). Joint Center for Housing Studies of Harvard University.

¹¹ Ibid.

¹² Parker, W. (2020, October 27)

¹³ Only tenants who make under \$99,000 (as an individual) and who sign a statement noting that they would be made homeless or would have to live in close proximity with more people if they are evicted, prove that they have tried to get government assistance, and state that their inability to pay is due to COVID-19 are covered under the moratorium. In addition, renters are expected to continue making partial rental payments.

¹⁴ Wiltermuth, J. (2020, July 23). Here are 5 reasons why the pandemic hasn’t crashed the U.S. housing market. *MarketWatch*. <https://www.marketwatch.com/story/here-are-5-reasons-why-the-pandemic-hasnt-crashed-the-us-housing-market-2020-07-22>

¹⁵ Thompson, D. (2020, July 15). A Lot of Americans Are About to Lose Their Homes. *The Atlantic*. <https://www.theatlantic.com/ideas/archive/2020/07/americas-health-crisis-is-becoming-a-housing-crisis/614149/>

¹⁶ MBA Survey Shows Spike in Loans in Forbearance, Servicer Call Volume. (2020). Mortgage Bankers Association. <https://www.mba.org/2020-press-releases/april/mba-survey-shows-spike-in-loans-in-forbearance-servicer-call-volume>

¹⁷ Davis, S. J., Haltinwanger, J., Handley, K., Lerner, J., & Miranda, J. (2019). *The Effects of Private Equity Buyouts (Working Paper No. 2019-122)*. Becker Friedman Institute for Economics at University of Chicago. https://bfi.uchicago.edu/wp-content/uploads/BFI_WP_2019122.pdf

¹⁸ The Volcker Rule of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 acknowledged the high risks of such funds and prohibited banks from using deposits to invest in hedge funds and private equity. However, since 2018 new rules now allow for banks with \$10 billion or less in consolidated assets and with limited investment liabilities to invest consumer deposits in these high risk funds.

¹⁹ Bollinger, M., & Pagliari, J. L. (2019). Private Real Estate Fund Categories: A Risk/Return Assessment. *Enterprising Investor*. <https://blogs.cfainstitute.org/investor/2019/12/12/private-real-estate-fund-categories-a-risk-return-assessment/>



- ²⁰ Goldstein, M. (2015, September 28). As Banks Retreat, Private Equity Rushes to Buy Troubled Home Mortgages (Published 2015). *The New York Times*. <https://www.nytimes.com/2015/09/29/business/dealbook/as-banks-retreat-private-equity-rushes-to-buy-troubled-home-mortgages.html>
- ²¹ Right to the City Alliance. (2014). *The Rise of the Corporate Landlord: The Institutionalization of the Single-Family Rental Market and Potential Impacts on Renters*.
- ²² U.S. Census Bureau, “Housing Vacancies and Homeownership (CPS/HVS),” available at <https://www.census.gov/housing/hvs/data/histtabs.html> (last accessed November 2020).
- ²³ *The Continuing Threat of Private Equity Investment in Single Family Rentals*. (2019). Americans for Financial Reform. <https://ourfinancialsecurity.org/wp-content/uploads/2019/04/Private-Equity-Single-Family-Rental-4-2019.pdf>
- ²⁴ Mari, F. (2020, March 4). A \$60 Billion Housing Grab by Wall Street. *The New York Times*. <https://www.nytimes.com/2020/03/04/magazine/wall-street-landlords.html>
- ²⁵ *Wall Street Private Equity Landlords Snapping Up Apartment Buildings*. (2019). Americans for Financial Reform. <https://ourfinancialsecurity.org/wp-content/uploads/2019/05/Private-Equity-Apartment-Bldng-Owners-4-19.pdf>
- ²⁶ Raymond et al. (2016).
- ²⁷ Right to the City Alliance. (2014).
- ²⁸ See, for example, the [2009 Report](#), “A Wave of Mortgage Defaults is threatening New York City’s Housing Stock,” by Tom Waters and Victor Bach.
- ²⁹ *States and real estate private equity firms questioned for compliance with human rights*. (2019, March 26). United Nations Human Rights Office of the High Commissioner. <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=24404&LangID=E>
- ³⁰ Immergluck, D. (2010). Neighborhoods in the Wake of the Debacle: Intrametropolitan Patterns of Foreclosed Properties: *Urban Affairs Review*. <https://doi.org/10.1177/1078087410375404>
- ³¹ Pfeiffer, D., & Molina, E. T. (2013). The Trajectory of REOs in Southern California Latino Neighborhoods: An Uneven Geography of Recovery. *Housing Policy Debate*, 23(1), 81–109. <https://doi.org/10.1080/10511482.2012.731655>
- ³² Fields, D., & Uffer, S. (2014). The financialisation of rental housing: A comparative analysis of New York City and Berlin: *Urban Studies*, 53(7), 1486–1502. <https://doi.org/10.1177/0042098014543704>
- ³³ In the shadows of corporate finance, there are a number of ways to identify speculation risks in residential real estate. One is high debt service coverage ratios (DSCR), which refers to a property’s net operating income versus servicing payments to lenders. The lower the ratio, the higher the risk of default or foreclosure, and the greater likelihood of a profit model reliant on deferring maintenance, harassing and evicting tenants, and ultimately raising rents. A similar indicator is the capitalization rate that compares a property’s net operating income to its initial sale price. Knowing where renters are most likely to face harassment in buildings with the greatest likelihood of mortgage defaults can help localities leverage tools of housing code enforcement, organizing supports, and funds for potential ownership transfer.
- ³⁴ Fields, D. and Uffer, S. (2014).
- ³⁵ Fields, D. (2015). Contesting the Financialization of Urban Space: Community Organizations and the Struggle to Preserve Affordable Rental Housing in New York City. *Journal of Urban Affairs*, 37(2), 144–165. <https://doi.org/10.1111/juaf.12098>
- ³⁶ The COVID Racial Data Tracker. (2020). *The COVID Tracking Project at the Atlantic*. <https://covidtracking.com/race>
- ³⁷ Taylor, L. (2018). Housing And Health: An Overview Of The Literature. *Health Affairs, Health Policy Brief*. <https://doi.org/10.1377/hpb20180313.396577>
- ³⁸ *Tracking the COVID-19 Recession’s Effects on Food, Housing, and Employment Hardships*. (2020). Center on Budget and Policy Priorities. <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>
- ³⁹ Real Estate Investors See Opportunity in Pandemic Distress. (2020, April 7). *The Real Deal*. <https://therealdeal.com/2020/04/07/coronavirus-distress-is-opportunity-of-the-century-for-real-estate-investors/>
- ⁴⁰ Loaded with cash, real estate buyers wait for sellers to crack. (2020, May 19). *Asset Securitization Report*. <https://asreport.americanbanker.com/articles/loaded-with-cash-real-estate-buyers-wait-for-sellers-to-crack>
- ⁴¹ Drucker, J. (2020, March 26). Bonanza for Rich Real Estate Investors, Tucked Into Stimulus Package. *The New York Times*. <https://www.nytimes.com/2020/03/26/business/coronavirus-real-estate-investors-stimulus.html>



⁴² Mari, F.. (2020).

⁴³ *How Will Covid-19 Affect GPs?* (2020). Private Equity International. https://d16yj43vx3i1f6.cloudfront.net/uploads/2020/04/PEI_gp-covid-study.pdf

⁴⁴ Willmer, S. (2020, April 15). Howard Marks's Oaktree Seeks \$15 Billion for Biggest Distress Fund Ever. *Bloomberg*. <https://www.bloomberg.com/news/articles/2020-04-15/marks-s-oaktree-seeks-15-billion-for-biggest-distress-fund-ever>

⁴⁵ Bockman, R. (2020, July 16). Bain Capital, SKW Funding Launch \$500M Distressed Debt Fund. *The Real Deal*. <https://therealdeal.com/national/2019/07/16/bain-capital-teams-up-with-skw-funding-on-500m-distressed-debt-fund/>

⁴⁶ Jimenez, E. (2020, September 23). Blackstone taps strong investor demand to close \$8bn RE debt fund. *PERE*. <https://www.perenews.com/blackstone-taps-strong-investor-demand-to-close-8bn-re-debt-fund/>

⁴⁷ Lee, E. (2020, September 24). Blackstone's latest fundraise worsens glut of real estate debt capital. *PERE*. <https://www.perenews.com/blackstones-latest-fundraise-worsens-glut-of-real-estate-debt-capital/>

⁴⁸ Clark, P., & Tan, G. (2020, July 21). Brookfield Bets on Single-Family Rentals With \$300 Million Fund. *Bloomberg*. <https://www.bloombergquint.com/business/brookfield-bets-on-single-family-rentals-with-300-million-fund>

⁴⁹ Consol, M. (2020, September 1). U.S. housing shakes off the coronavirus. *Real Assets Advisor*, 7(8). <https://irei.com/publications/article/u-s-housing-shakes-off-coronavirus/>

⁵⁰ Borland, K. M. (2020, October 1). Commercial Mortgage Debt Rises as Originations Fall. *GlobeSt*. <https://www.globest.com/2020/10/01/commercial-mortgage-debt-rises-as-originations-fall/>

⁵¹ Brady, M., Carlson, J., Crowley, N., Duvisac, S., & Baiocchi, G. (2020). *Why We (Still) Need to Cancel Rent (Movement Policy Brief Series)*. Urban Democracy Lab. <https://urbandemos.nyu.edu/2020/06/24/why-we-still-need-to-cancel-rent/>

⁵² Right to the City Alliance. (2018). *Communities over Commodities: People-Driven Alternatives to an Unjust Housing System*. https://homesforall.org/wp-content/uploads/2018/03/Communities-Over-Commodities_Full-Report.pdf

⁵³ Baiocchi, G., & Carlson, J. (2020). *The Case for a Social Housing Development Authority*. Urban Democracy Lab. <https://urbandemos.nyu.edu/shda-whitepaper-nov2020/>

⁵⁴ Wood, C. (2016, September). *Pension Funds Investing in Real Estate*. Prequin Real Estate Online. <https://docs.prequin.com/newsletters/re/Prequin-RESL-September-16-Pension-Funds-Investing-in-Real-Estate.pdf>