

Oversight of Pandemic Evictions: Assessing Abuses by Corporate Landlords and Federal Efforts to Keep Americans in Their Homes

Select Subcommittee on the Coronavirus Crisis

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Testimony Submitted by Inquilinx Unidxs for Justicia (Tenants United for Justice)

Evictions are always traumatic and have life-long repercussions. During a global pandemic and pandemic-induced recession, they are deadly.¹ And Black households are more than twice as likely as white households to report falling behind on rent.² The impacts and the drivers of eviction are tragically racialized.

And yet, several of the largest private sector landlords, specifically Pretium Partners, have ignored the intent of the CDC eviction moratorium that was put in place Sept. 1, 2020, to evict people at higher rates in predominantly Black geographies.³ These companies, many of whom are reporting record-breaking profits, have weaponized the loose language in the eviction moratorium to remove people from their homes at a time when it means the difference between life and death.⁴

But these abuses go deeper. Pretium Partners, one of the landlords Chairman Clyburn recently named in his July 20, 2021 letter, is a perfect example of a corporate landlord, and evictions are just one piece of their business model.

Pretium Partners is the asset management company that owns a set of large scale landlords, which includes Front Yard Residential and its subsidiary [Haven Brook Homes](#). In January 2021 Pretium Partners, in collaboration with Ares Management corporation, acquired Front Yard Residential for \$2.5 billion to form the second largest company in the Single Family Rental subsector.⁵ Pretium's acquisition of Front Yard created the 2nd largest single family rental owner and operator in the US market, with an estimated 55K units.⁶ Don Mullen, Pretium Chairman & CEO, said of the merger that "the partnership looks forward to leveraging its operating platform and scale to capitalize on opportunities in the growing SFR market." and that "there is urgency among institutional investors to deploy capital to the asset class because of its

¹ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3736457

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<https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>

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<https://www.npr.org/2021/06/03/1001404416/corporate-landlord-evicts-black-renters-at-far-higher-rates-than-whites-report-f>

⁴ <https://www.cbsnews.com/news/eviction-moratorium-landlord-record-profits/>

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<https://pretium.com/pretium-ares-management-and-front-yard-residential-complete-first-ever-single-family-rental-take-private-transaction/>

⁶ <https://www.multihousingnews.com/post/pretium-ares-close-2-5b-acquisition-of-front-yard-residential/>

record-high occupancy rates, stable cash-flow characteristics and potential for continued capital appreciation.”⁷

Pretium/Progress’s business model mirrors Invitation Homes, the largest single family rental company. Invitation Homes was created and built by Blackstone during and after the Great Recession, a “pioneer” in the new single family rental model. A recent Reuters article highlighted that Invitation Homes recently sent one of their tenants, behind on rent and fees, a list of places to go for support including “*relief programs,..payday lenders, food banks,...and ways to make money by selling hair, plasma and donor eggs.*” These companies operate using the same basic playbook.

Progress owns 40,000 homes across the U.S. Based on our work with Haven Brook’s tenants in the Twin Cities, we have seen that evictions are one piece of a pattern of tenant abuse that puts these companies’ profit margins first, and leaves Black and brown tenants to live with the disastrous consequences.

Problems in hundreds of Minnesota homes

Our organization has spoken with renters in Haven Brook Homes, wholly owned by Front Yard Residential, in Northern Minneapolis. They have found egregious issues, including:

- Front Yard Residential/Haven Brook Homes properties in Northern Minneapolis received over 200 violations of city law since 2018;
- Tenants reported that the company has taken **up to a year** to complete needed repairs that pose a threat to resident safety and the property;
- The company has delayed addressing serious maintenance issues including:
 - Holes in roofs and ceilings
 - Broken outdoor and indoor stairways that have caused injuries
 - Lead paint - including in dwellings where children are present
 - Flooding that has caused substantial water damage to properties, and
 - Pest infestations such as spiders, ants and mice.
- Door to door research indicates over 35% of the 99 HavenBrook residents in North Minneapolis report issues with water leaks, plumbing and damage; nearly a quarter have indicated there is a pest infestation; and 1 in 10 have problems with black mold or mildew.
- Tenants trying to contact the local Haven Brook office have been directed to the company headquarters in Atlanta, only for Atlanta staff to direct them back to the local office.
- Refusal to sign year-long lease renewals and mandatory month to month leases with a required large increase in rent.
- Organizers found that tenants in Minnesota have been taken to eviction court for bogus charges of **violating the safety of neighbors, which is the primary loophole allowing evictions during the pandemic in the area**

⁷ <https://www.multihousingnews.com/post/pretium-ares-close-2-5b-acquisition-of-front-yard-residential/>

A May 2021 Minneapolis Star Tribune article describes one tenant's situation: **“Last August, Vivian Johnson noticed that turning on a fan in her "smothering" north Minneapolis HavenBrook Home would cause the lights to short circuit, according to court documents. Then her television set "blew up." Johnson and her Legal Aid attorney made repeated requests for electrical repairs. Months went by before the landlord sent a licensed electrician to perform a safety check of the wiring, despite a city order.”**⁸

For additional documentation of the issues our organization, Inquilinx Unidxs por Justicia, has found in Haven Brook/Progress Residential homes, see [The Billionaires Cashing In on the COVID-Era Eviction Crisis](#) video.

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<https://www.startribune.com/north-minneapolis-renters-wage-a-fight-with-private-equity-landlords/600062754/>