Investor Home Purchases and the Rising Threat to Owners and Renters: Tales from 3 Cities

By Emily Dowdall, Ira Goldstein, Bruce Katz and Benjamin Preis

DREXEL UNIVERSITY
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ABOUT THE AUTHORS

EMILY DOWDALL is Policy Director for Reinvestment Fund's Policy Solutions group. Ms. Dowdall helps civic leaders and government officials use data to make programming and investment decisions that support vibrant and equitable communities. She has conducted research on housing stability and neighborhood change in several cities, including Philadelphia, New Orleans, Pittsburgh, and Richmond, VA. Ms. Dowdall also has co-authored recent briefs on fair housing and blight remediation. Prior to Reinvestment Fund, she researched critical issues facing Philadelphia and other cities for the Pew Charitable Trusts, producing major reports on gentrification and the role of public libraries in big cities, among other topics. She has a B.A. in Metropolitan Studies from New York University and Master of City Planning degree from the University of Pennsylvania, where she is also a lecturer in housing policy and urban redevelopment.

IRA GOLDSTEIN, PHD., is President of Policy Solutions at Reinvestment Fund, a results-oriented, socially responsible community investment group. Dr. Goldstein has conducted spatial and statistical analyses in communities across the US. Those studies are used by government and philanthropy to craft policy and allocate public and philanthropic resources. He also has conducted studies of mortgage foreclosures and abusive lending practices. His work supported government-initiated civil rights and consumer protection cases. Dr. Goldstein created Reinvestment Fund's proprietary Market Value Analysis (MVA), which is used in communities across the US. He also led the creation of Reinvestment Fund's childcare access gap analysis.

BRUCE KATZ is the founding Director of the Nowak Metro Finance Lab at Drexel University. He has co-authored The Metropolitan Revolution: How Cities and Metros are Fixing Our Broken Politics and Fragile Economy (2013) and The New Localism: How Cities Can Thrive in the Age of Populism (2018). Bruce previously held various positions at the Brookings Institution, including Centennial Scholar, vice president, and founding director of the Brookings Metropolitan Policy Program. Prior to his time at Brookings, Bruce served as chief of staff to U.S. Housing and Urban Development Secretary Henry Cisneros and senior counsel and then staff director of the U.S. Senate Subcommittee on Housing and Urban Affairs.

BENJAMIN PREIS is a Research Fellow at Drexel University's Nowak Metro Finance Lab. He is currently pursuing a PhD in Urban Studies and Planning at MIT, where he received his Master in City Planning in 2019. Ben is interested in the use of novel computational tools to better understand regional wealth inequality, specifically in the areas of housing and economic development. He has previously worked with the Urban Redevelopment Authority of Pittsburgh, the Cambridge Housing Authority, and the Center for Public Studies in Santiago, Chile. Prior to his time at MIT, he worked on science and higher education policy at Lewis-Burke Associates in Washington, DC.

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All of these individuals and others have helped shape and advance this paper's contents; we look forward to the journey ahead, together, to test its theories of intervention, and work steadfastly to improve the lives of our cities' residents.

EXECUTIVE SUMMARY

Housing markets in the United States today are rapidly changing. We are bombarded in the news about corporations purchasing homes across sunbelt metros like Atlanta, Charlotte, and Phoenix. Reporting and research highlight the challenges faced by renters in private equity backed properties, from maintenance requests gone unfulfilled to evictions as a core part of a fee-based business model. During the first two years of the Covid-19 pandemic, homebuyers fought over a limited supply of for-sale housing, often finding out that they were beat by all-cash corporate offers. Now we wonder: will these homes ever come back on the market, and what happens to the tenants who live in these new rental properties?

To shed new light on these intersecting disruptions facing housing markets in America today, the Nowak Metro Finance Lab and Accelerator for America published *Averting a Lost Decade: Rethinking an Inclusive Recovery for Disadvantaged Neighborhoods*. Now, the Nowak Metro Finance Lab and Reinvestment Fund have teamed up in this report to analyze changing housing markets in three very different cities: Philadelphia, PA; Jacksonville, FL; and Richmond, VA. For decades, Reinvestment Fund has implemented their Market Value Analyses (MVA) in cities across the US to understand the diverse tapestry that is America's local housing markets. The MVA is a local stakeholder-informed, data-based, field-validated, examination of a city or region's residential real estate market. Completed principally with administrative data reflective of the housing market (e.g., home sales, building permitting, new construction, vacant properties, subsidized rentals, etc.), the MVA is used by localities across the country to make data-based investment and programmatic decisions.

In this report, we overlay a new analysis of investor purchases in different MVA submarkets. By doing so, striking patterns of parasitic purchasing comes into view. In the last 30 years, the proportion of the rental market owned by sole proprietors has approximately halved, going from 77% to 41% of all rental units. At the local level, the parts of Jacksonville where investors were most active have seen greater declines in the number of homeowners and the homeownership rate. Investor purchases from owner-occupants are often concentrated in areas with below average but not the lowest homeownership rates, where both prospective buyers and current owners have struggled to access mortgage financing. Investor purchases of single-family homes are particularly prevalent in neighborhoods with low sale prices and high vacancy, elevated mortgage denial rates, and higher shares of residents who are Black or Hispanic. In the most distressed neighborhoods in Philadelphia, Richmond, and Jacksonville, more than 1 in 5 homes sold go from homeowners to investors.

We believe that investor purchases of homes are being driven by a series of market dynamics that include structural imbalances in the supply of and demand for rental housing that make investments in single family housing lucrative relative to other investments. It is also driven by technological advances that facilitate the targeting of particular neighborhoods, even for investors located in other cities. These dynamics have led to investor purchases making up an ever-increasing share of the total home sales in a given city. Investor purchases of single family homes in 2020-2021 ranged from 19.3% of sales in Richmond, VA to about a quarter of all sales in Philadelphia and Jacksonville/Duval County FL. The share of homes that sold from a homeowner to an investor ranged from 11.5% in Jacksonville to 14.9% in Philadelphia.

These investors take many different forms. The rise of the Limited Liability Company since the 1990 means that landlords are increasingly taking on a corporate form. These LLC landlords need not be big institutional investors, as it is now standard advice for all landlords, large and small, to incorporate an LLC. Yet many of the new entrants into the housing market are large, institutional landlords, like private equity firms and hedge funds. Corporate landlords and institutional investors pose differing, but overlapping, risks to the housing market. Corporate landlords are universally difficult to track down, as the true beneficiaries of LLCs are often shielded behind non-public incorporation documents. Institutional investors often have business practices that differ sharply from mom-and-pop landlords of the past, some of which substantially harm tenants. We don't wish to malign all private investors. In many industrial cities, flippers play an important role in revitalizing America's aging housing stock; landlords are a necessary part of any rental housing market. Yet we are alarmed by the changes we are seeing in cities like Jacksonville, Philadelphia, and Richmond, and we write so that cities, states, and the federal government can act now to address the challenges we see.

A Quartet of Challenges Surrounding Investor Purchases

We see four clear challenges posed by the rise of investor purchases, centered on current homebuyers, future homebuyers, homeowners, and tenants. In the full report, we review the literature and data to demonstrate why these challenges are top-of-mind. Here, we sketch the challenges to highlight our alarm given the changing housing market.

Regarding current homebuyers, corporate investors have an edge because they offer quick, cash transactions. As some corporate investors explicitly target lower-priced homes that need repairs, many homebuyers may be limited in their ability to compete with institutional buyers who are willing to purchase above the appraised value of a property. At the same time, so-called "iBuyers" have been rising in prominence, with Zillow and others offering homeowners cash for their homes before they even make it to the market.

Regarding future homebuyers, once in the hands of an institutional owner, it is unclear whether a house will return to the open market again. Investors may instead hold the property for very long times, or choose to bundle their portfolios and sell to other institutional owners. This raises concerns that neighborhoods may fundamentally change from ownership neighborhoods to renter neighborhoods to the detriment of the once owners, and that those neighborhoods may be unable to return to a state of individual ownership.

For current homeowners, the business model of a house flipper is to buy low and sell high. Pernicious flippers, wholesale buyers, and institutional homebuyers may target low-information homeowners with offers of quick cash without inspections, or even before the homeowner has made the decision to sell their home. This sort of information asymmetry is bad for owners, who may be leaving money on the table. Over time, neighborhood prices may appreciate, but in a neighborhood owned by corporate landlords, little of that appreciation may accrue to a city's actual residents.

For tenants, research shows that corporate and institutional landlords have business practices adverse to the tenants' interests. Many institutional owners have made evictions part of their business practice, using the filing of an eviction as a tool to extract higher fees from tenants. Using advanced computerized models, large owners try to maximize profit from their tenants. Shielded from liability, corporate landlords may not maintain their properties. Reporting from the media clearly shows that many institutional landlords are abdicating their responsibilities to their tenants and their properties.

A Suite of Solutions

In order to address the four challenges outlined above, our report offers 19 potential solutions that the federal government, state governments, and local governments should investigate and implement to stem the tide of parasitic capital entering housing markets. Among our solutions, we first call on the federal government to create a new **Federalist Task Force on the New Housing Market** with high level representatives from federal, state and local governments. On the federal level, the Biden Administration should create an inter-agency, inter-governmental task force on the rising threats to homeowners and renters. Building off of the work of the Interagency Task Force on Property Appraisal and Valuation Equity, the focus on the New Housing Market could include representatives across a set of federal agencies — Housing and Urban Development, the Federal Housing Finance Agency, Federal Housing Administration, Security and Exchange Commission among others — as well as Fannie Mae and Freddie Mac. A process should be established to include representatives from state and local governments that are leading the response to this market dynamic. The Task Force, once organized, can reach out to other critical stakeholders and experts as appropriate, and report its findings and recommendations within a specified time period.

Before the 1990s, LLCs were rare. They are fast becoming the norm for landlords and investor purchases across housing markets in America. Recognizing the potential use of LLCs for money laundering, the Financial Crimes Enforcement Network (FinCEN) in the US Treasury has begun tracking high-priced real estate transactions that occur with shell companies. **But states also have a role to play. States regulate the creation of LLCs, and thus, should pass laws requiring the disclosure of beneficial owners for LLCs**. The District of Columbia has laws on the books requiring LLCs with rental property interests to disclose beneficial owners, and other states should follow suit. The murky ownership of corporate rentals makes it difficult for tenants and local governments alike to identify who is responsible for fixing problems in a property, and states have the power to bring transparency to current ownership.

Local governments have always had a role to play in the public safety, health and welfare of their residents. With substantially rising rents in 2021 following two years of housing market pandemonium during the pandemic, cities must take steps to ensure that renters have needed protections. To the extent that they are empowered to do so by their state governments, local governments should also pass broad tenant protections, such as just cause eviction and a right to counsel for eviction. Local governments can also create rental registries, keeping track of what units are for rent, the type of owners who own those rentals, and providing contact information for tenants in those registered rentals; cities should take care to make those registries publicly accessible. Cities can also undertake proactive code enforcement and active and appropriate inspections to ensure that all rental properties are in good repair for the tenants who live there. Additionally, local governments and their partners can help homebuyers be more competitive through down payment assistance programs and obtaining portfolios of single family homes from investors for re-sale to owner-occupants.

Rowhomes in Baltimore, MD
Source: Baron Cole

MAIN FINDINGS

1. Investor purchases of single family homes 2020-2021 ranged from 19.3% of sales in Richmond, VA to about a quarter of all sales in Philadelphia and Jacksonville/Duval County FL. The share of homes that sold from a homeowner to an investor ranged from 11.5% in Jacksonville to 14.9% in Philadelphia.

2. Investor purchases of single family homes are particularly prevalent in neighborhoods with low sale prices and high vacancy, elevated mortgage denial rates, and higher shares of residents who are Black or Hispanic. In the most distressed neighborhoods in Philadelphia, Richmond, and Jacksonville, more than 1 in 5 homes are going from homeowners to corporations.

3. Investor purchases of homes in 1-4 unit structures (hereafter, single-family) are being driven by a series of market dynamics that include structural imbalances in the supply of and demand for rental housing that make investments in single family housing lucrative relative to other investments. It is also driven by technological advances that facilitate the targeting of particular neighborhoods, even for investors located in other cities.

4. Investor purchases may be changing the fabric and character of local real estate markets. In the last 30 years, the proportion of the rental market owned by sole proprietors has approximately halved, going from 77% to 41% of all rental units. At the local level, the parts of Jacksonville where investors were most active have seen greater declines in the number of homeowners and the homeownership rate. Investor purchases from owner-occupants are often concentrated in areas with below average but not the lowest homeownership rates, where both prospective buyers and current owners have struggled to access mortgage financing.

5. Investors driving the purchases of single family homes range from large institutional entities (like Upward America), to specialized firms that focus on segments of the real estate market, to small investor groups that are home-grown or located in nearby cities.

6. Investor purchases create challenges for current homebuyers, future homebuyers, homeowners, and tenants, and require targeted policy responses from the federal, state and local governments. We call on the federal government to form a Federalist Task Force on the New Housing Market to focus on bringing together relevant federal agencies, state governments, and local governments to implement solutions across all levels of governments; we call on state governments to increase transparency associated with LLCs in the real estate market; and we call on local governments to pass strong tenant protections, including affirmative enforcement of local codes and protections from wholesale buyers.

Rowhomes in Philadelphia, PA
Source: Bruce Emmerling

CAPITAL AND INVESTORS IN THE CITY

For decades, community development advocates and policymakers have understood the importance of bringing capital to communities.[i] Capital has historically been seen as the "lifeblood" of communities; without it, the community cannot thrive. As Calvin Bradford wrote back in 1979: "While community groups and financial institutions disagree on whether redlining is the primary cause of disinvestment and decline, all those who have studied the existing literature and recent research seem to agree that **mortgage and home improvement loans are the 'lifeblood of housing' and that the withdrawal of such funds makes decline in the housing market all but inevitable**." [ii]

Scholarship of that era and since demonstrated over and again what happens to a neighborhood when that lifeblood is cut off. Whether it was government-insured loans that gave preference to the suburbs (leaving city neighborhoods without capital), or redlining more generally, the lack of capital exerted multi-dimensional impacts on the economic, social, and demographic characteristics of neighborhoods for many decades thereafter. [iii]

While access to capital was held out as the panacea for urban neighborhoods and their residents, over time we learned that **not all capital is the same**. The subprime mortgages in the early- and mid-2000s flooded certain neighborhoods, disproportionately communities of color, with predatory capital.[iv] This wasn't a lack of capital – **it was access to toxic capital that was targeted to people and places where the damage of the capital was arguably worse than no capital at all**. We had seen that type of predatory capital before, in the 1960s and 1970s following the passage of the HUD Act.[v] The many impacts of predatory and subprime lending (and the regulatory and practical preconditions on which they were based)[vi] went beyond the impact of this lending on its victims and the neighborhoods where it was targeted.[vii] So on the one hand, the lack of capital is a problem, but so is an abundance of the wrong kind of capital.

Today, we are inundated with stories about corporate and institutional investors buying up neighborhoods.[viii] As investors can bring capital into communities, it is important to understand whether they are providing what amounts to good, community-building capital (akin to that which community organizers and policymakers sought to enhance through the CRA and related acts) or capital that has adverse consequences for neighborhoods in some ways similar to subprime mortgage lending; most likely, it is a mix.

In this paper, we review the existing literature on private investor activity in the rental housing market, identifying the need for investor capital, but also how the current moment is being met with *parasitic*, rather than *beneficial*, capital. Analyzing the intersection of investor purchases with Market Value Analyses from the Reinvestment Fund, we find that investor purchases are concentrated in neighborhoods with low sale prices, with predominantly non-white populations. We categorize the problems associated with the current investor purchases into four related areas: impacts on current homebuyers, future homebuyers, tenants, and homeowners. These four categories of challenges require coordinated solutions from federal, state, and local policymakers, and we propose some as a starting point.

WHAT WE MEAN WHEN WE SAY INVESTORS

In a sense, nearly everyone who owns real property is an investor. For homeowners, a place to live is the primary purpose of a home, but many owner-occupants also hope for a return on their investment. Some investors own properties only for a short period of time — they buy a home, rehabilitate it, and resell it; we call those investors "flippers." Those who own rental properties — landlords — are investors hoping for returns in the form of rent and potentially asset appreciation. We group flippers and landlords large and small as "private investors," regardless of ownership structure or size of the operation. These private investors in the single-family residential market are individuals or companies who generally acquire a home with the intention of realizing a profit from it and may invest capital into the home in order to realize that profit.[1]

Something has fundamentally shifted about rental market investors in the US over the past three decades. According to the US Census Bureau, in 1991, the vast majority of America's rental properties were owned by individual investors who own property registered in their own name, also known as sole proprietors.[ix] These individual investors owned 92 percent of the rental properties in the US, and approximately 77 percent of the units. However, large apartment buildings were mostly owned by limited and general partnerships. As of 2018, the most recent year for which national data is available, individual investors owned only 75 percent of rental properties in America, and only 41 percent of units. [x]

As has been documented in the academic literature,[xi] over the last thirty years we have witnessed the rise of the Limited Liability Corporation (LLC) in housing markets. Prior to the 1990s, LLCs were uncommon in the United States, but today they are quickly growing as a common form of ownership for rental housing. As of 2018, LLCs, Limited Partnerships, and Limited Liability Partnerships owned nearly as many rental units as sole proprietors nationwide. Incorporating an LLC is now often standard advice given to landlords: it separates one's personal assets from the assets of the corporation, allowing landlords to limit their liability should things go wrong on their property.

At the same time, there have been private equity firms, hedge funds, and other large, "institutional investors" entering the rental market during the last decade. This is especially pronounced in the single family rental market, where, following the great recession, institutional behemoths like BlackRock purchased foreclosed properties and turned them into rentals. Many of these institutional investors use LLCs as the ownership structure associated with their rental properties, but that doesn't mean all LLCs are institutional investors. We try to keep our language clear throughout to distinguish when we are referencing institutional investors, corporate owners, or private investors generally (regardless of ownership type.)

The growth of LLCs has made it more difficult to analyze ownership; the structure largely hides the true, beneficial owners of properties. Many landlords incorporate separate LLCs for each property they own, leaving a jumbled mess of public data for researchers and cities who wish to know the ownership of

1. For this analysis we did not differentiate mission driven for-profit and not-for-profit investors (which may act as flippers or landlords) from other investors. This type of investor is generally a small share of all investors, but does merit study in any analysis of landlord types.

properties in a given place. This severely limits the extent to which we are able to distinguish between corporate investor activity and institutional investor activity. **Our data enables us to identify as investors those owners whose names include terms such as 'LLC', 'LP', 'REO', 'Investments', 'Homes', 'Trust', 'Corp', etc. and any name that holds five or more properties**. However, for this analysis, we are unable to distinguish between different forms of corporate owners, or even non-profit or public purpose organizations engaged in the rental housing market. Some of our recommendations address these data issues.

WHAT WE KNOW ABOUT PARASITIC CAPITAL IN THE CITY

Capital can serve as necessary lifeblood for communities and can also harm them. Investors can bring in different types of capital. Among landlords who invest in order to rent, not all landlords behave the same. As Alan Mallach and others have documented,[xii] some landlords "milk" properties, letting them fall into disrepair, while other landlords plan to be longtime holders of a property, aiming to both bring in rental income and to hold the asset for long-term appreciation. [2]

Coming out of the Great Recession, private equity firms, flippers, and other private investors became particularly active in the single family housing market. Some academic research found positive aspects of private investor activity in the housing market more generally. Molloy and Zarutskie assert that, during a housing bust, private investors "likely aided the recovery in certain housing markets by helping to clear the inventory of vacant and foreclosed homes, which may also have supported house prices in markets where that activity was concentrated." [xiii] They argue that these investors: funded the renovation of a deteriorated housing market, added efficiency to the market for single-family homes, expanded the supply of rental units, and contributed to increases in home values in the areas where investments are made by reducing the negative impact of distressed properties.[xiv] Using firm mergers to identify positive aspects of larger landlords, Gurun et al. claim that institutional investor landlords may reduce neighborhood crime, producing better neighborhoods for tenants.[xv]

However, there is also scholarship – much of which focuses on the housing market crash circa 2010 – that suggests some investors may also have negative impacts on the markets. For example, Haughwout et al. argue that private investors likely "amplified the upward pressure on housing prices during the boom" and "have contributed substantially to both the increasing amount of real estate-related debt during the boom, and to the rapid deleveraging and delinquency that accompanied the bust."[xvi] Haughwout et al. also assert that investors can "generate amplifications of house price movements" which may adversely impact others in the market. Bayer et al. argue that the investor impact on the market is dependent on the cycle in which they're operating. "In busts, middlemen almost certainly help to stabilize the market, effectively putting a floor on price declines and providing liquidity for many homeowners who may be desperate to sell quickly following economic shocks. In booms, rampant speculation may have a de-stabilizing role that significantly amplifies price volatility." [xvii]

Scholarship on the current activity of corporate and institutional investors paints a much more troubling picture for those who end up as their tenants. In Atlanta, research has shown that large, corporate owners evict tenants more often than smaller, sole-proprietor landlords.[xviii] Institutional investor landlords have often made evictions part of their business model — choosing to threaten tenants with eviction in order to collect fines and fees, rather than hoping to actually evict tenants. From Milwaukee,[xix] research has shown corporate owners are more likely to receive code complaints than landlords who own property registered in their own name (i.e., "sole proprietors"). These corporate landlords were also found to be more active in predominantly Black and low-income neighborhoods. In Rochester, research has found that absentee landlords (both sole proprietors and corporate owners) are more likely to receive code complaints than rental properties where the landlord lives in the same building that they own.[xx] From the popular press, horror stories have often been told about private equity-backed landlords minimizing maintenance expenditures, leaving tenants to make and pay for their own repairs or live in uninhabitable apartments with little recourse. [xxi]

Reports from tenant organizations and independent research institutions paint a similarly dire outlook for tenants of corporate and institutional landlords. These reports often find that corporate landlords evict tenants at a higher rate than sole proprietors. They find that these landlords explicitly invest in historically marginalized neighborhoods. Through upgrading, renovation, and evictions, tenants may be displaced from their neighborhoods. Like reports in the popular press, many of these research efforts have found that these landlords try to minimize cost and maximize rent, pushing tenants to take on responsibilities historically within the purview of the landlord, requiring quick lease renewals with the threat of higher rent, and maximizing fine and fee revenue.[xxii]

Aggressive investor activity can also substantially change the neighborhood tenure mix. In response to increased tax assessments as investors bid up prices and targeted, predatory all-cash offers, homeowners may sell when they otherwise would not have, leaving the neighborhood. Once these properties are in the hands of corporate landlords, they may never return to homeownership status. A recent investigation by the House Financial Services Committee found that 61 percent of homes sold by large institutional investors were sold in bulk, rather than to individual homebuyers.[xxiii]

Recent research also finds that institutional investors can outbid potential homebuyers. According to a survey by the National Association of Realtors, home sellers may prefer the speed and cash offered by institutional investors.[xxiv] Additionally, since some institutional investors target lower-priced homes that may need repairs, their willingness to waive inspections may be attractive to home sellers who know their home might be unattractive to a typical home buyer. Potential home buyers might not be able to get a mortgage that would cover the cost of repairs, and may not have interest in undertaking substantial repairs, thus, home sellers go with all-cash offers from private investors.[xxv] The quick-to-bid investors, competing in an already undersupplied housing market, can create a hostile environment for first-time and first-generation homebuyers.

2. Mallach differentiates between "rehabbers," "flippers," "milkers," and "holders." He differentiates based on strategy, investment goal, and time horizon. We use some of his language here, and throughout.

While there are demonstrable benefits and challenges to investor activity in the housing market, it seems clear that whether their presence in a neighborhood housing market is on balance positive or negative depends on the: (1) extent of investor activity; (2) profit orientation of the investors; (3) position within a housing market cycle; (4) characteristics of the neighborhood market and financial wherewithal of residents in the markets where investors operate. Molloy et al.[xxvi] noted that, at the time of their writing in 2013, investors were not a big factor in most markets. However, they cautioned that "a future appreciable increase [in] the extent of investor holdings and leverage, or unforeseen difficulties in managing such large single-family-rental inventories, could raise financial stability risks by increasing the odds of financial distress amongst a large number of investors, the institutions providing their funding, and homeowners in affected markets.

While much of the evolving literature on this topic focuses on the size or corporate status of investors,[xxvii] we propose that it is critically important to understand neighborhood housing market characteristics where investors are most active to complement recent research on who is investing. What follows is a series of analyses of investor activity drawn from selected cities in which Reinvestment Fund's Policy Solutions group has completed its proprietary Market Value Analysis.[xxviii] These examples reveal how the presence of investors varies substantially by neighborhood and real estate sub-market type. The results raise serious questions about who benefits from capital flows into specific types of communities."

Top: Homes in the neighborhood of Jackson Ward in Richmond, VA
Source: Morgan Riley

Bottom: Grove Avenue in Richmond, VA
Source: Hatcher Campbell

MARKET VALUE ANALYSES

What is the Market Value Analysis (MVA)?

Created in 2000 in support of Philadelphia Mayor John Street's Neighborhood Transformation Initiative, the MVA is a local stakeholder-informed, data-based, field-validated, examination of a city or region's residential real estate market. Completed principally with administrative data reflective of the housing market (e.g., home sales, building permitting, new construction, vacant properties, subsidized rentals, etc.), the MVA is used by localities across the country to make data-based investment and programmatic decisions. The MVA is also used to understand how certain phenomena, such as racial integration or mortgage denial rates, differ by sub-market type.

The MVA uses a statistical cluster analysis to sort all of an area's Census block groups into seven to ten market categories. The categories generally range from the strongest (e.g., highest sale prices and permitting activity, etc.), which we designate as "A" markets, to most the most distressed (lowest prices, highest vacancy, etc.) which might be "H" or "I." The markets are further differentiated by characteristics such as the presence of subsidy for rental housing, foreclosures or sheriff sales, housing unit density and tenure. For example, see 2022 Richmond, VA Area MVA map and category characteristics in Figures 1 and 2. [3]

3. The analysis that follows focuses on investor activity within the city of Richmond, excluding the portions of Chesterfield and Henrico counties included in the Richmond Area MVA.

Figure 1: Richmond Area Market Value Analysis
(Reinvestment Fund)

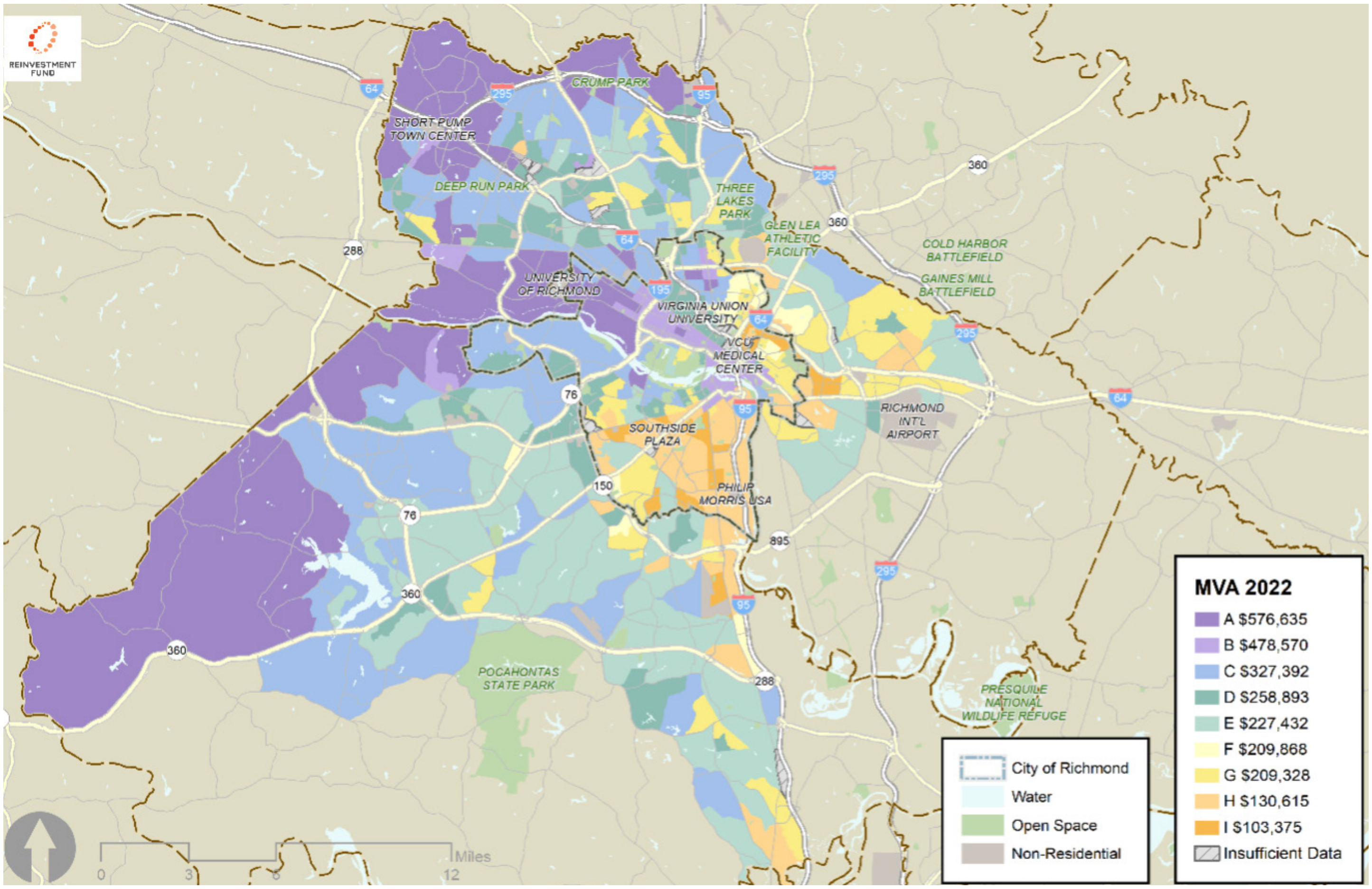


Figure 2: Average Characteristics for Richmond Area Market Types, 2022
(Reinvestment Fund)

Market Cluster	Number of Block Groups	Median Sales Price 2019-2021	Sales Price Variance 2019-2021	Percent Bank Sales, 2019-2021	Owner Occupancy 2015-19	Percent Subsidized Rental, 2021	Percent Vacant Residential, 2021	Housing Units per Acre, 2015-2019	Percent Residential Parcels Built 2008-up	Percent Residential Parcels with Permits 2019-21
A	49	$576,635	0.63	2%	86%	1%	0%	2.8	12%	17%
B	32	$478,570	0.94	4%	29%	22%	2%	21.9	2%	10%
C	97	$327,392	0.37	4%	84%	3%	1%	3.1	4%	9%
D	60	$258,893	0.80	6%	34%	6%	1%	8.0	5%	8%
E	102	$227,432	0.37	7%	81%	5%	0%	2.5	3%	6%
F	18	$209,868	0.50	23%	59%	9%	7%	4.9	3%	15%
G	44	$209,328	0.81	11%	44%	96%	3%	5.0	5%	10%
H	41	$130,615	0.77	12%	42%	9%	3%	5.3	2%	5%
I	14	$103,375	1.07	10%	23%	95%	4%	5.7	4%	6%
Block Group Avg.	457	$292,885	0.60	7%	62%	17%	2%	5.3	4%	9%

The MVA can be used as a lens to understand where a lack of investment or programmatic intervention is having a deleterious effect by identifying those markets where there are high rates of code violations and vacancy and little new construction. Policymakers can use this information to direct appropriate types of investment to where it is needed and most likely to have a positive impact.

In this paper we set out to use the MVA to explore how influxes of investor capital may be beneficial or parasitic. We posit that **a key differentiator in the impact of capital is the extent to which it enables historically disadvantaged residents to benefit**. Homeownership remains a major vehicle for building wealth in the US, and major disparities persist in homeownership rates by race, ethnicity, and income. New investment dollars that reduce homeownership opportunities and destabilize current owner occupants are thus parasitic rather than beneficial.

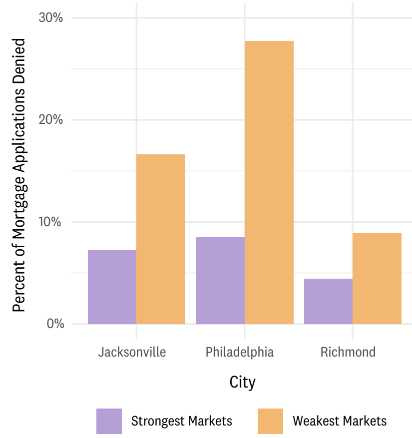
The particular concern driving this analysis is that in cities as different as Richmond, VA, Jacksonville, FL and Philadelphia, PA, we have observed increasing investor activity concentrated in more distressed markets, and to some extent in middle markets. In the following section we use the MVA to document differential access to home financing by neighborhood market type to identify where the flow of mortgage capital is constrained. Then we use the MVA to examine the share of single family home purchases by investors in different residential markets in order to explore how increased investor activity may impact the ability of community members to accrue wealth through homeownership.

Mortgage Finance Access

Analysis of the Home Mortgage Disclosure Act (HMDA) data offers a way to understand home purchase and refinance lending taking place in the different MVA market types. Home financing is an essential tool for residents to invest in, and reap the benefit of investing in, their own communities. We evaluated mortgage applications, denial rates, and the share of all sales that had an associated mortgage by MVA category. In each city, we observe higher denial rates and higher shares of homes purchased with cash in weaker markets.

In Richmond, for example, 4% of applications in strong markets were denied compared to 9% in distressed markets. The share of home sales made with a mortgage drops from more than three-quarters in strong markets to less than half in weaker markets. These patterns were more extreme in Philadelphia where the denial rates ranged from 9% in strong markets to 28% in the weakest areas, and the share of sales that involved a mortgage dropped from 72% in strong markets to just 6% in the most distressed markets. See Figure 3. In Philadelphia's weakest markets, and in similar neighborhoods in Jacksonville, cash purchases, which are often by private investors rather than owner-occupants, are essentially the only source of incoming capital.

Figure 3: Rate of rejected mortgage applications in strong and weak markets.



Investor Activity by Market Type

To understand investor activity in different markets we looked at four types of sales: *homeowner-to-homeowner*, *investor-to-investor*, *homeowner-to-investor*, and *investor-to-homeowner*. The first two types are the most likely to reflect maintenance of the status quo. Investor-to-homeowner sales may indicate rehabilitation and flipping activity, or possibly a transition of a renter neighborhood to one where ownership is becoming more prevalent. Homeowner to investor sales in areas once characterized by ownership opportunities for moderate income households may be a harbinger of diminishing homeownership opportunities.

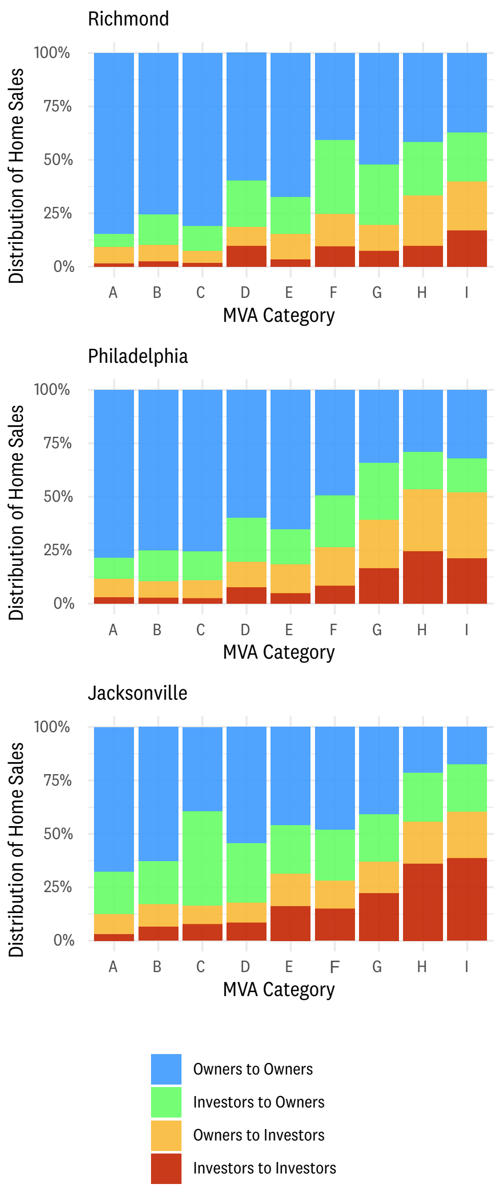
Our analysis found that investor purchases of single family homes from owner occupants ranged from 11.5% of all home sales in Jacksonville to 12.1% in Richmond to 14.9% in Philadelphia in 2021-2022. See Figure 4.

Figure 4: Share of Single Family Home Sales by Buyer and Seller Type, 2020-2021. Reinvestment Fund Analysis of city/county records.

Share of SF Sales 2020-2021	Homeowner to Homeowner	Investor to Investor	Investor to Homeowner	Homeowner to Investor
Philadelphia	58.1%	8.9%	18.2%	14.9%
Richmond, VA	60.9%	7.1%	19.8%	12.1%
Jacksonville	48.2%	12.1%	28.2%	11.5%

The proportion of single family home sales from homeowners to investors vs. to other homeowners varies greatly by market type in each city. In all three cities, sales from owners to investors were most common in the two most distressed markets while sales to homeowners were generally more prevalent in stronger markets. See Figure 5. Just 7.6% of sales were from owners to investors in Richmond's strongest market compared to 22.9% in the weakest. In Philadelphia, where there has been greater investor activity in general, the overall pattern holds: homeowners selling to investors account for close to a third of single family home sales in the city's weakest markets, compared to under 10% in the strongest markets. In Jacksonville the share of sales from owners to investors more than doubles from 9.3% in the strongest markets to 21.7% in the most distressed. The incidence of owner-to-investor sales is less predictable in markets that fall in between, with these sales accounting for more than 10% of transactions in some middle neighborhoods. In contrast, in Richmond's five strongest market categories (A through E), homeowner-to-homeowner transactions made up more than three-quarters of single family home sales. This is the case even in the predominantly renter B and D categories. In F-I markets, that share drops to 60% or lower. See Appendix for complete breakdowns of sales by seller/buyer type.

Figure 5: Share of all Single Family Homes Sales by buyer and seller type by MVA Market Type (Reinvestment Fund analysis of city/county records 2020-21)



The MVA does not include race or ethnicity as data points in the statistical model that produces the market categories. Given the strong correlation between demographics and housing outcomes and the past outsized impact of both historical patterns of redlining and parasitic capital on communities of color, we also looked at investor activity by the racial and ethnic makeup of Census block groups. [xxix]

In Philadelphia block groups that were majority Black, homeowner-to-investor sales accounted for 18.8% all home sales compared to 9% of sales in majority White neighborhoods. Areas that were more than 30% Hispanic also had more frequent homeowner-to-investor transactions. See Figure 6. In Richmond the homeowner-to-investor share was 13.5% in majority Black areas, 27% in areas with a substantial Hispanic population, and just 4.7% in majority White areas. In Jacksonville those shares were 16.4%, 11.7%, and 10.6%.

Figure 6: Share of Single Family Home Sales that were from Homeowner to Investor by Census Block Group Race or Ethnicity (Reinvestment Fund analysis of city/county records, 2020-21, and 2015-2019 ACS estimates).

	Richmond, VA	Philadelphia	Jacksonville
Over 50% Black	13.5%	18.8%	16.4%
Over 50% White	4.7%	9.0%	10.6%
Over 30% Hispanic	27.0%	15.4%	11.7%

Investor Purchases Could be Changing the Fabric and Character of Local Real Estate Markets

Our comparative analysis of block groups in which homeowner-to-investor sales made up less than 10%, 10%-20%, or more than 20% of sales found that markets with shares over 20% had lower-than-average homeownership rates. The average homeownership rate in high homeowner to investor sale markets in Jacksonville was 40.3% compared to a countywide homeownership rate of 56.7%. In Richmond, the homeownership rate in high homeowner-to-investor transaction markets was 38.0% and the city average was 44.6%.

Although homeownership was below average in the areas with more than 20% homeowner-to-investor sales, these markets did not have the lowest homeownership rates overall; in both Philadelphia and Richmond there are high density, more predominantly renter market types on the strong end of the MVA scale that are not experiencing heightened homeowner-to-investor sales (A in Philadelphia, B in Richmond). Jacksonville has a predominantly renter *middle* market (D); with roughly the same ownership rate (about 25%) as its H and I markets, but where the homeowner-to-investor share of sales was just 9.2% compared to more than double that in H and I (19.5% and 21.7% respectively).

Homeownership across Jacksonville declined by 3.6% percentage points between 2014 and 2019, but there were larger than average declines in areas where homeowner-to-investor sales accounted for 10%+ of transactions in

2020-21, compared to a 0.9% decline in areas where the share was under 10%. The number of homeowners fell the most steeply in H and I markets (by 17% and 25%), where homeowner-to-investor sales were most common, and grew in the two markets with smallest share of such sales (A and C markets). A similar picture emerged in Richmond; areas where homeowner-to-investor sales accounted for more than 10% of transactions had ownership rates decline, while ownership rates actually increased in areas where the share was under 10%. The number of homeowners also declined most dramatically in Richmond's I markets (-39%), while it rose citywide. Philadelphia saw the number of owners increase across markets even while rates fell slightly, as the city's population grew, without a clear pattern related to other market characteristics. See the Appendix for detailed tables.

Although our analysis is limited by the lagged nature of tenure data from the Census, it appears that in 2020-2021 investors were buying properties from homeowners in areas that were already seeing a tenure shift. Homeowner-to-investor sales may well have accelerated that shift.

Bringing it all together: Statistical Analysis of Philadelphia Investor Activity

We took a more robust look at the statistical relationships between investor activity, mortgage application denials, cash sales, and race/ethnicity in Philadelphia. We find investor purchases are most strongly correlated with high shares of Black or Hispanic residents, and also correlated with lower neighborhood incomes, elevated mortgage denial rates, and more cash sales. The denial rates include both purchase and refinance applications. Figure 7 details these characteristics by the share of sales to investors from any type of seller in 2021.

Figure 7: Home Purchase Denial Rates, Home Sales with a Mortgage, Investor Purchases, Minority Populations, and Median Incomes in Philadelphia by Investors Share of Single-Family Purchases, 2021.

Share of Sales to Investors (Any Seller)	Avg. Home Purchase Denial Rate	Avg. Share of Sales w/ Mortgage	Avg. Share of Residents of Color	Avg. Ratio of Tract Income to City Median
Less than 15%	6.8%	90.0%	38.4%	1.42
15-30%	8.4%	82.9%	59.0%	1.02
30-45%	11.4%	66.7%	84.9%	0.72
45%+	12.0%	55.3%	91.7%	0.54
Citywide	9.1%	77.3%	63.2%	1

This table suggest that many parts of the city where investor activity is elevated are communities of color that have been locked out of traditional mortgage financing to buy and maintain homes for any number of reasons, likely including the low incomes and racial/ethnic characteristics also associated with these locations. While investor activity may help create a "floor" in some areas that have been stuck in a cycle of disinvestment and may address some of the vacancy common to more distressed markets in Philadelphia and elsewhere, the denial rates illustrate an unmet demand for residents to be investors in their own neighborhoods. If these observed patterns persist, there is the prospect for further reductions in owner occupancy in these neighborhoods, locking residents out of opportunities to build wealth and access their equity.

SOLUTION SET

As documented by the academic literature and evident in our review of investor activity through the Market Value Analyses, the current moment of institutional and corporate investment represents a distinct challenge. We see four clear challenges, and outline here a set of possible solutions that federal, state, and local governments should undertake to rise to the occasion. We make these recommendations at broad levels, knowing that state constitutions and laws vary with regards to property law, and landlord/tenant law, in ways that may make implementing these specific recommendations difficult. These recommendations are meant to be a starting point, not the entire universe of solutions.

A Federalist Task Force on The New Housing Market

Our 19 solutions below touch on many facets of the changing housing market that affect renters, homeowners, homebuyers, and governments. To address these many facets also requires a coordinated whole-of-government approach. To ensure a well-orchestrated implementation on all issues of the New Housing Market, we call on the creation of an inter-agency, inter-governmental task force on the rising threats to homeowners and renters. Building off of the work of the Interagency Task Force on Property Appraisal and Valuation Equity, the focus on the New Housing Market could include representatives across a set of federal agencies — HUD, FHFA, FHA, SEC, among others — as well as the GSEs. A process should be established to include representatives from state and local governments that are leading the response to this market dynamic. The Task Force, once organized, can reach out to other critical stakeholders and experts as appropriate, and report its findings and recommendations within a specified time period.

Homebuyers Are Being Shut Out

With corporate investors able to offer quick, cash transactions, many home sellers are turning to them when they choose to sell their homes. As some corporate investors explicitly target lower-priced homes that need repairs, many homebuyers may be limited in their ability to compete with institutional buyers who are willing to purchase above the appraised value of a property. At the same time, so-called "iBuyers" have been rising in prominence,[xxx] with Zillow and others offering homeowners cash for their homes before they even make it to the market.

Federal Policy Recommendations

- The Federal Government should investigate possible changes to FHA loans to make them more attractive to home sellers. The lengthy process typical of FHA loans, as compared to ready cash offers from corporate investors, put homebuyers with FHA loans at a disadvantage in the market.

- The Federal Government should ensure that bulk sales via their GSEs preference individual homeowners as opposed to investors. During the Great Recession, the FHFA ran a pilot program to allow institutional investors to bid on pools of GSE-owned properties. We are encouraged by the recent extension of the "First Look Program" which allows owner-occupants, or nonprofit entities intending to resell to owner-occupants, to buy GSE properties before they're put out to bid. We encourage the GSEs to further examine ways they could encourage homeownership and not-for-profit ownership of rental properties.

State Policy Recommendations

- Following the great recession, many institutional landlords entered the market through bulk purchases of foreclosed homes at Sherriff Sales. California recently enacted a law, SB 1079, that would prevent foreclosure auctions from bundling single family homes during a single sale, allowing individuals and community groups a better chance at retaining or investing in local ownership. Other states should consider a similar law, that include some reasonable affordability controls.
- Many states, through their state housing finance agencies, offer first time homebuyer grants and loans. As in the case of the federal government, states should examine how their programs advantage or disadvantage potential buyers, and should reform their programs to allow for first time homebuyers to make quicker, more attractive offers.
- Some states tax the transfer of homes, in what is known as a "transfer tax." States should explore the option of assessing a differential transfer tax when the buyer is a for-profit corporation, rather than an individual or a non-profit involved in the expansion of affordable housing, to discourage corporate purchases of the housing stock.

Local Policy Recommendations

- At a macro level, increased demand from institutional owners is only one part of the problem. Cities should also evaluate the extent to which their current regulatory environment, including their zoning codes, limits the supply of housing, driving the increased cost of homes.
- Cities and local organizations can help make lower-income/lower-wealth households more competitive with investors and more likely to get a mortgage by addressing common barriers to homeownership such as inadequate savings through programs like the Philly First Home down payment assistance initiative.

Tenants Are Worse Off

The voluminous research discussed at the top of this report shows that corporate and institutional owners can be bad for many renters. Many institutional owners have made evictions part of their business practice, using the filing of an eviction as a tool to extract higher fees from tenants. Using advanced computerized models, large owners try to maximize profit from their tenants. Shielded from liability, corporate landlords may not maintain their properties. Reporting from the media clearly shows that many institutional landlords are abdicating their responsibilities to their tenants and their properties.[xxxi]

Federal Policy Recommendations

- As documented by *ProPublica* and in academic research,[xxxii] many management companies and institutional landlords use tenant screening tools that are a black box to tenants and currently unregulated by the federal government. While the Consumer Financial Protection Bureau reports that it will examine the extent to which eviction filings are accurately reported in consumer reporting agencies, [xxxiii] it ought to go farther. Congress and the CFPB should begin investigating tenant screening algorithms and how they may negatively impact tenants. Should they find these algorithms do harm tenants, they ought to be regulated by the federal government.

State Policy Recommendations

- States have broad powers to regulate landlord-tenant relations. As the rental housing market seems unlikely to become favorable to tenants in the near future, states ought to pass strong tenant protections. These include just cause eviction, a right to counsel for eviction, and eviction records sealing.
- States also regulate the creation of LLCs, and thus, can pass laws requiring the disclosure of beneficial owners for LLCs. The District of Columbia has laws on the books requiring LLCs with rental property interests to disclose beneficial owners, and other states should follow suit. The murky ownership of corporate rentals makes it difficult for tenants and local governments alike to identify who is responsible for fixing problems in a property, and states have the power to bring transparency to current ownership.

Local Policy Recommendations

- To the extent that they are empowered to do so by their state governments, local governments should also pass broad tenant protections, such as **just cause eviction and a right to counsel for eviction**.
- Local governments can also pass **rental registries**, keeping track of what units are for rent, the type of owners that own those rentals, and providing contact information for tenants in those registered rentals. Some cities, like Philadelphia, only allow evictions to take place in licensed properties, providing an incentive to property owners to obtain proper licensing with the city.
- Cities can also undertake proactive code enforcement and active and appropriate inspections to ensure that all rental properties are in good repair for the tenants who live there.

Housing Removed from the Market

As we saw in the Market Value Analyses, once in the hands of an institutional owner, it is unclear whether a house will return to the open market again. Investors may instead hold the property for very long times, or choose to bundle their portfolios and sell to other institutional owners. This raises concerns that neighborhoods may fundamentally change from ownership neighborhoods to renter neighborhoods to the detriment of the once owners, and that those neighborhoods may be unable to return to a state of individual ownership.

State and Local Government Recommendations

- States and local governments should create targeted acquisition funds to buy rental housing from medium-sized private investors. As observed in the analysis of investor-to-investor home sales by MVA category, those sales represent housing that never returns to the open market. Public, quasi-governmental, and nonprofit entities can act as intermediaries in purchasing portfolios of single-family properties when they come up for sale or auction and then re-sell them to homeowners. In 2021, the Port of Greater Cincinnati Development Authority bought 194 single-family homes owned by an out-of-town institutional investor and is working with multiple partners to prepare the current renters to purchase their homes.

- In order to force the possibility that local governments, non-profits, and tenants can purchase rental properties, states and local governments should work to pass **City, Community, and Tenant Opportunity to Purchase Acts**. The District of Columbia has both a District Opportunity to Purchase Act and a Tenant Opportunity to Purchase Act allowing current occupants a *right of first refusal* when a rental building is put on the market for sale. When a rental property is mostly affordable units (including naturally occurring affordable housing), the District also has an option to purchase the building, maintaining long-term affordability and preventing displacement. These laws are uncommon elsewhere, though Massachusetts has state law 40T, a right of first refusal for affordable properties, and bills in New York State and New York City would enable tenants or community groups, such as **community land trusts**, a right of first refusal. These bills make it less likely that rental portfolios owned by institutional investors would be permanently taken off of the market. Given that single family rental housing that is now the target of much investor activity wouldn't typically fall under an Opportunity to Purchase Act, states and local governments should explore writing these bills to allow bulk sales to trigger this this right.

Homeowners Unfairly Targeted

The business model of a house flipper is to buy low and sell high. Pernicious flippers, wholesale buyers, and institutional homebuyers may target low-information homeowners with offers of quick cash offers without inspections, or even requiring them to list their properties on the open market. This sort of information asymmetry is bad for owners, who may be leaving money on the table. Over time, neighborhood prices may appreciate, but in a neighborhood owned by corporate landlords, little of that appreciation may be seen by a city's actual residents.

State Policy Recommendations

- To target sales that occur outside the open market, states could enact rules **requiring an outside, independent appraisal** under certain trigger conditions. For example, when a deed transfer has a value that differs significantly from the current assessed value, a buyer could be required to provide an outside appraisal. This outside appraisal could also allow a buyer to withdraw from a transfer, depending on when in the home transfer process the appraisal is required. This way, owners who are selling their home without listing it on the open market would be given the opportunity to determine the current value of their house. As many jurisdictions assess taxable value based on home sale values, allowing undervalued transactions means that cities are leaving money on the table, while homesellers may be losing thousands of dollars compared to what their home may actually be worth.

Local Policy Recommendations

- A core concern for local governments is that neighborhoods are being turned over from homeowner neighborhoods to rental neighborhoods. Philadelphia has instituted a "do not call" list explicitly for unwanted wholesale home buying offers. Other cities should follow suit, allowing individuals to opt out of unsolicited homebuying offers.

- Some older homeowners may feel the need to sell to investors, wholesalers, and iBuyers because they can't afford a home they bought many years ago, including the costs of maintenance and improvements to the home. Cities should target low-income homeowner neighborhoods with home repair programs for long-term homeowners, like Philadelphia's Basic Systems Repair Program, and Pennsylvania's new Whole Home Repair Program.

- In some jurisdictions, like New York, properties that gain value from income, rather than price appreciation, are taxed on the current income generated at the property. This flow- or capitalization-based tax assessment ensures that properties are appropriately valued by local governments. To the extent possible under existing state constitutional constraints, **all rental properties, including single family rentals, should be assessed on the basis of the cash-flow generated by their rent, rather than assessing the property as if it were owner-occupied**. This could make the incentive to convert owner-occupied housing to rental housing less attractive, retaining homeownership in neighborhoods. At the same time, it would increase local tax revenue, allowing cities to reinvest in neighborhoods and affordable housing.

APPENDIX FIGURES

All appendix figures represent Reinvestment Fund's analysis of local data sources (home sales, permits, vacancy, foreclosures, subsidy), Home Mortgage Disclosure Act data, and American Community Survey estimates (tenure).

Philadelphia 2018 MVA Average Characteristics

Count		Median Sales Price	Variance of Sales Price	Permits	New Construction	Vacant Homes	Foreclosures	Owner Occupancy	Renter Subsidy	Housing Units Per Meter	Share of Condos
A	31	$960,762	0.77	6.41%	2.75%	0.41%	1.99%	36.06%	1.76%	0.0147	70.40%
B	128	$426,500	0.48	9.18%	5.21%	3.14%	6.05%	44.17%	9.19%	0.0024	20.11%
C	212	$216,967	0.35	4.02%	0.69%	1.46%	12.71%	75.03%	2.75%	0.0006	3.08%
D	115	$207,571	0.47	7.50%	2.16%	7.25%	9.91%	33.48%	14.30%	0.0016	7.24%
E	206	$128,617	0.38	2.89%	0.11%	2.30%	23.89%	64.56%	9.14%	0.0009	1.50%
F	196	$79,522	0.56	3.85%	0.10%	5.50%	28.41%	58.92%	17.45%	0.0010	1.04%
G	163	$44,612	0.77	4.33%	0.06%	11.15%	22.38%	51.73%	24.75%	0.0011	0.01%
H	170	$25,929	0.83	4.55%	0.12%	16.75%	15.45%	44.00%	19.86%	0.0012	0.09%
I	84	$13,209	1.01	4.65%	0.00%	24.93%	7.97%	46.07%	16.86%	0.0014	0.00%

Jacksonville 2018 MVA Average Characteristics

Market Cluster	Number of Block Groups	Median Sales Price 2016-2017	Variance Sales Price 2016-2017	Vacant Addresses as a Percent of Residential Addresses, 2017	Foreclosure Filings as a Percent of Sales, 2017-2018	Homestead Exemptions as a Percent of Housing Units, 2017 (Owner Occupied)	Publicly Subsidized Rentals as a Percent of Rental Occupied Units	Percent Residential Land, 2017	Permits > $5,000 as a Percent of Housing Units
A	29	$420,100	0.64	2.1%	6.6%	63.7%	4.2%	68.4%	5.9%
B	70	$246,500	0.46	2.9%	12.1%	68.9%	2.6%	74.6%	3.4%
C	48	$185,500	0.50	3.2%	17.8%	62.8%	9.7%	27.3%	3.9%
D	99	$136,400	0.46	3.5%	23.3%	54.2%	6.1%	64.4%	2.0%
E	33	$99,200	0.57	6.0%	33.3%	32.1%	58.1%	50.4%	0.8%
F	83	$80,700	0.61	5.0%	20.0%	43.0%	7.9%	66.4%	1.3%
G	50	$44,500	0.79	7.6%	25.3%	40.0%	21.5%	60.8%	1.2%
H	19	$21,000	1.00	21.6%	19.8%	20.9%	78.5%	38.6%	0.5%
I	52	$19,200	0.99	19.2%	21.5%	32.9%	18.3%	57.2%	0.7%
All Block Groups	483	135,600	0.62	6.6%	20.1%	49.4%	15.4%	59.7%	2.1%

Share of Single Family Home Sales by Buyer and Seller Type, Richmond, VA 2020-21

MVA Category	Owners to Owners	Investor to Investor	Investors to Owners	Owners to Investors
A	84.6%	1.5%	6.3%	7.6%
B	75.5%	2.6%	14.4%	7.5%
C	81.0%	1.8%	11.8%	5.4%
D	59.9%	9.9%	21.6%	8.7%
E	67.4%	3.5%	17.4%	11.7%
F	40.8%	9.7%	34.5%	15.0%
G	52.3%	7.5%	28.2%	12.0%
H	41.7%	9.9%	25.0%	23.4%
I	37.2%	16.9%	23.1%	22.9%

Share of Single Family Home Sales by Buyer and Seller Type, Philadelphia 2020-21

MVA Category	Owners to Owners	Investor to Investor	Investors to Owners	Owners to Investors
A	78.5%	3.0%	10.0%	8.5%
B	75.1%	2.9%	14.4%	7.6%
C	75.5%	2.6%	13.5%	8.4%
D	59.8%	7.7%	20.8%	11.7%
E	65.2%	5.0%	16.4%	13.4%
F	49.4%	8.5%	24.2%	17.9%
G	34.0%	16.7%	26.7%	22.5%
H	29.2%	24.6%	17.3%	28.9%
I	32.1%	21.2%	15.9%	30.8%
Average	58.1%	8.9%	18.2%	14.9%

Share of Single Family Home Sales by Buyer and Seller Type, Jacksonville 2020-21

MVA Category	Owners to Owners	Investor to Investor	Investors to Owners	Owners to Investors
A	67.8%	3.1%	19.8%	9.3%
B	62.7%	6.5%	20.3%	10.5%
C	39.4%	7.9%	44.1%	8.5%
D	54.3%	8.5%	28.0%	9.2%
E	46.0%	16.2%	22.9%	15.0%
F	48.3%	15.1%	23.7%	13.0%
G	41.0%	22.3%	22.0%	14.7%
H	21.4%	36.1%	23.1%	19.5%
I	17.7%	38.7%	22.0%	21.7%
Average	48.2%	12.1%	28.2%	11.5%

Home Purchase Application Outcomes, 2019-20 and Estimated Sales with Mortgages, 2019-20 (first lien, home purchase applications for owner-occupied single-family homes), Richmond, VA

	Originated Loans	Rejected Apps	Withdrawn Apps	Total Apps	Originated Loans	Total Sales, 19-20	Estimated Mortgage Sales
Purple Markets	6.469	353	1,182	8,004			
	81%	4%	15%	100%	6,469	8,388	77%
Blue Markets	7,262	398	1,113	8,773			
	83%	5%	13%	100%	7,262	9,833	74%
Green Markets	9,606	804	1,550	11,960			
	80%	7%	13%	100%	9,606	13,194	73%
Yellow Markets	2,242	199	417	2,858			
	78%	7%	15%	100%	2,242	3,666	61%
Orange Markets	925	105	150	1,180			
	78%	9%	13%	100%	925	2,103	44%
All Markets	26,504	1,859	4,412	32,775			
	81%	6%	13%	100%	26,504	37,184	71%

Home Purchase Application Outcomes, 2015-17 and Estimated Sales with Mortgages, (first lien, home purchase applications for owner-occupied single-family homes), Philadelphia

Home purchase applications, 2015-2017

	Approved Apps	Rejected Apps	Withdrawn Apps	Total Apps	Sales 2015-2017	Est. Sales with Mortgage
Purple Markets	9,588 (77%)	1,066 (9%)	1,873 (15%)	12,527 (100%)	13,336	72%
Blue Markets	15,095 (80%)	1,657 (9%)	2,221 (12%)	18,973 (100%)	21,667	70%
Yellow Markets	10,222 (73%)	2,087 (15%)	1,744 (12%)	14,053 (100%)	22,134	46%
Orange Markets	2,790 (65%)	892 (21%)	610 (14%)	4,292 (100%)	16,340	17%
Red Markets	287 (56%)	142 (28%)	83 (16%)	512 (100%)	4,914	6%
Unclassified Markets	154 (75%)	26 (13%)	25 (12%)	205 (100%)	228	68%
All Markets	38,136 (75%)	5,870 (12%)	6,556 (13%)	50,562 (100%)	78,619	49%

**Only includes first lien, home purchase and refinance applications for owner-occupied single family homes*

Home refinance applications, 2015-2017

	Approved Apps	Rejected Apps	Withdrawn Apps	Total Apps
Purple Markets	5,747 (59%)	2,273 (23%)	1,660 (17%)	9,680 (100%)
Blue Markets	10,560 (52%)	5,872 (29%)	3,832 (19%)	20,264 (100%)
Yellow Markets	7,134 (40%)	7,131 (40%)	3,551 (20%)	17,816 (100%)
Orange Markets	2,094 (33%)	3,056 (49%)	1,139 (18%)	6,289 (100%)
Red Markets	213 (28%)	415 (54%)	145 (19%)	773 (100%)
Unclassified Markets	94 (47%)	69 (34%)	39 (19%)	202 (100%)
All Markets	25,842 (47%)	18,816 (34%)	10,366 (19%)	55,024 (100%)

Homeownership Rates by Share of Single Family Home Sales from Owner to Investor, Richmond 2020-21

Share of Sales Homeowner to Investor	Homeownership Rate 2010-14 ACS	Homeownership Rate 2015-2019 ACS	Percentage Point Change in Homeownership
<10%	50.5%	54.0%	3.6%
10%-19.9%	50.2%	48.2%	-2.0%
20%+	38.0%	35.1%	-2.8%
Citywide	44.6%	45.3%	0.7%

Homeownership Rates by Share of Single Family Home Sales from Owner to Investor, Philadelphia 2020-21

Share of Sales Homeowner to Investor	Homeownership Rate 2010-14 ACS	Homeownership Rate 2015-2019 ACS	Percentage Point Change in Homeownership
<10%	59.4%	58.5%	-0.9%
10%-19.9%	60.6%	60.3%	-0.3%
20%+	52.0%	51.6%	-0.5%
Citywide	54.1%	53.6%	-0.6%

Homeownership Rates by Share of Single Family Home Sales from Owner to Investor, Jacksonville 2020-21

Share of Sales Homeowner to Investor	Homeownership Rate 2010-14 ACS	Homeownership Rate 2015-2019 ACS	Percentage Point Change in Homeownership
<10%	63.6%	62.7%	-0.9%
10%-19.9%	59.6%	53.3%	-6.3%
20%+	44.8%	40.3%	-5.0%
Countywide	60.3%	56.7%	-3.6%

Change in the Number of Homeowners by MVA Category, Richmond, VA 2010-2014 to 2015-2019

2022 MVA Category	# of Homeowners Households 2010-14 (ACS)	# of Homeowner Households 2015-19 (ACS)	% Change
A	4,123	4,529	10%
B	5,141	5,659	10%
C	7,988	8,724	9%
D	3,381	3,279	-3%
E	2,390	2,489	4%
F	2,441	2,391	-2%
G	4,081	4,893	20%
H	3,838	3,887	1%
I	1,758	1,078	-39%

Correlation of Selected Census Tract Characteristics in Philadelphia (Reinvestment Fund Analysis of 2021 HMDA data)

	Tract % Minority	Tract: MSA Median Income Ratio	Share of Purchases w/ a Mortgage	Denial Rate	Share of Purchases by Investors
Tract % Minority	1	-	-	-	-
Tract: MSA Median Income Ratio	-0.66	1	-	-	-
Share of Purchases w/ a Mortgage	-0.44	0.4	1	-	-
Denial Rate	0.68	-0.6	-0.67	1	-
Share of Purchases by Investors	0.63	-0.51	-0.38	0.51	1

Top 20 Investors, Richmond

Investor Name	# of Purchases (2020-21)
Cava Cap LLC	47
Red 144 LLC	41
Nvr Inc	24
Southside Rva 1p 1 LLC	18
Cameo Street LLC	16
Ccr3 Hldgs LLC	15
Hall Sarah	11
Better Hsng Coalition	10
Randolph Hms LLC	10
Watchtower Hms & Const LLC	10
Brookfield Garden Apartments LLC	9
Dstar Props LLC	9
Carver Hms LLC	8
Cet Invtrs LLC	8
Drumwright Justin	8
Rva Rental Group LLC	8
Eagle W 7 LLC	7
Richmond Hill Design Build LLC	7
Richmond Wholesale Deals LLC	7
Williams Carter	7

Top 20 Investors, Philadelphia

Investor Name	Count of Sales 2020-2022
PWBH HOLDINGS LLC	45
AML INVESTMENTS LLC	38
JDJ FUND D LLC	27
PHILADELPHIA LOTUS 7 LLC	25
V&V HOLDINGS LLC	23
DDH FUND LP	22

TCS ANIKA HOMES ACQUISITIONS 4 LLC	21
PATAMATT LLC	20
AFFORDABLE HOMES GROUP INC	19
AG HOUSING VI LLC	18
V & V HOLDINGS LLC	18
RENEW LLC	17
UMANSKY GARY	17
TCS ANIKA HOMES ACQUISITIONS III LLC	16
DARNELL RUSSELL INVESTMENTS LLC	16
GSD PARTNERS LLC	15
AMAZING CARE HOME HEALTH SERVICES LLC	15
COMMUNITY IMPROVEMENT FUND LLC	15
AAR HOLDINGS LLC	15
CWWRE LLC	15

Top 20 Investor Buyers, Jacksonville/Duval County

Investor Name	Count of Sales 2020-2021
SFR INVESTMENTS V BORROWER 1 LLC	465
UPWARD AMERICA SOUTHEAST PROPERTY OWNER LP	238
JOAN OF ARC FL LLC	232
RESIDENTIAL HOME BUYER JACKSONVILLE LLC	222
MONTEREY CONDO LLC	180
CPI AMHERST SFR PROGRAM OWNER LLC	168
ARVM 5 LLC	156
FR TREELINE LLC	146
** CONFIDENTIAL **	144
PROGRESS RESIDENTIAL BORROWER 19 LLC	143
SFR XII NM JACKSONVILLE OWNER 1 LP	138
BCEL 5C LLC	130
MCH SFR PROPERTY OWNER 1 LLC	125
SFR JV 1 2021 1 BORROWER LLC	123
AJX PROPERTIES FL LLC	104
FKH SFR PROPCO I LP	100
OPENDOOR PROPERTY TRUST I	99
CPI AMHERST SFR PROGRAM II OWNER LLC	98
SFR JV 2 2022 1 BORROWER LLC	95
FKH SFR PROPCO G LP	92
PAGAYA SMARTRESI F1 FUND PROPERTY OWNER III LLC	90

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