

January 13, 2022

Mr. Dallas Tanner  
President and Chief Executive Officer  
Invitation Homes Inc.  
1717 Main St Suite 2000  
Dallas, TX 75201

Dear Mr. Tanner:

I write regarding my concern that your business practices have driven up housing costs for millions of American families, and to request information regarding your company's recent activities in the housing market. Our country faces an unprecedented affordable housing supply shortage.<sup>1</sup> Decades of underinvestment, coupled with restrictive zoning and other practices that undermine construction, have allowed the demand for housing to far outpace the availability of homes, resulting in a shortfall of nearly four million homes and rapidly increasing costs for renters and first-time homebuyers.<sup>2</sup>

Solving this problem will require investments in our housing stock, like those included in the Build Back Better Act,<sup>3</sup> that match the severity of the affordability crisis. Since the 2008 financial crisis, however, homebuyers and renters alike have encountered an additional barrier to affordable housing: private equity and other Wall Street investors scooping up what little housing supply remains.<sup>4</sup>

Big investors have helped drive housing prices further upward over the last year, straining families' budgets as they grapple with the pandemic. Areas that have seen the highest shares of investor purchases, like Jacksonville and Charlotte,<sup>5</sup> are also experiencing the sharpest increases

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<sup>1</sup> Freddie Mac, "One of the Most Important Challenges our Industry will Face: The Significant Shortage of Starter Homes," Sam Khater, April 15, 2021,

[http://www.freddiemac.com/perspectives/sam\\_khater/20210415\\_single\\_family\\_shortage.page?](http://www.freddiemac.com/perspectives/sam_khater/20210415_single_family_shortage.page?)

<sup>2</sup> Freddie Mac, "Housing Supply: A Growing Deficit," May 2021, [http://www.freddiemac.com/fmac-resources/research/pdf/202105-Note-Housing\\_Supply-08.pdf](http://www.freddiemac.com/fmac-resources/research/pdf/202105-Note-Housing_Supply-08.pdf).

<sup>3</sup> The House-passed Build Back Better Act includes \$170 billion in funding for affordable housing, a historic investment that would build or preserve over a million affordable homes; Congress.gov, "Text - H.R.5376 - 117th Congress (2021-2022): Build Back Better Act," November 19, 2021, <https://www.congress.gov/bill/117th-congress/house-bill/5376/text>.

<sup>4</sup> The Washington Post, "Opinion: Families see a looming catastrophe. Private equity firms see dollar signs," Elizabeth Warren and Carroll Fife, August 6, 2020, <https://www.washingtonpost.com/opinions/2020/08/06/nation-is-facing-housing-crisis-private-equity-firms-just-see-dollar-signs/>.

<sup>5</sup> The Washington Post, "Buyer demand reaches record high as investors snap up homes," Michele Lerner, December 1, 2021, <https://www.washingtonpost.com/business/2021/12/01/buyer-demand-reaches-record-high-investors-snap-up-homes/>.

in home prices.<sup>6</sup> According to one county property assessor, these firms are “equity-mining” communities and “removing generational wealth for an entire demographic of people.”<sup>7</sup> In the third quarter of 2021, investors spent over \$63 billion to purchase more than 90,000 homes, an increase of over 80% compared to the same point last year.<sup>8</sup> Investor activity accounted for more than one of every four single-family home purchases (26.8%) by September 2021, up from 15.4% at the same point in 2020.<sup>9</sup>

By contrast, the share of first-time homebuyer purchases decreased to 26% in November 2021, down from 33% in 2020, reaching its lowest share since 2008.<sup>10</sup> Investors have been outcompeting first-time homebuyers because of their ability to make cash offers, which comprised over three-quarters of investor offers.<sup>11</sup> These cash offers provide the additional benefit for investors of allowing them to pay 10% less on average than individual buyers.<sup>12</sup> Furthermore, investors have the advantage of access to homes that have yet to be listed and made available to individual buyers. When Zillow’s home-flipping efforts failed last year, resulting in an inventory of thousands of homes needing to be offloaded, they turned to institutional landlords, providing off-market listings to investors flush with cash.<sup>13</sup> Zillow and other iBuyer tech firms “suck up houses from the ordinary market and sell them to Wall Street,” which only serves to strengthen their hand over individual homebuyers.<sup>14</sup>

In addition to pricing out first-time homebuyers, investor activity in the rental market has contributed to skyrocketing rents. Attracted by the opportunity to boost profits, large investors often convert these properties to rentals, further straining housing supply and unleashing a “vicious circle...in which a shortage of homes perpetuates a shift toward renting, which will exacerbate the housing crisis.”<sup>15</sup>

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<sup>6</sup> Bloomberg, “Home Values in Already Hot U.S. Market to Surge 14% This Year, Zillow Says,” Claire Ballentine, January 4, 2022, <https://www.bloomberg.com/news/articles/2022-01-04/top-10-hottest-housing-markets-in-2022-zillow-sees-u-s-home-prices-surging-14>.

<sup>7</sup> The Washington Post, “This Block Used To Be For First-Time Homebuyers. Then Global Investors Bought In,” Peter Whoriskey, Spencer Woodman, and Margot Gibbs, December 15, 2021, <https://www.washingtonpost.com/business/interactive/2021/investors-rental-foreclosure/>.

<sup>8</sup> Housing Wire, “Investors spent a record \$63B to buy homes in Q3,” Flávia Furlan Nunes, November 15, 2021, <https://www.housingwire.com/articles/investors-spent-a-record-63b-to-buy-homes-in-q3/>.

<sup>9</sup> CoreLogic, “Single-Family Investor activity Remained High in the Third Quarter,” Thomas Malone, December 23, 2021, <https://www.corelogic.com/intelligence/single-family-investor-activity-remained-high-in-the-third-quarter/>.

<sup>10</sup> National Association of Realtors, “November 2021 REALTORS Confidence Index Report: First-time Buyer Share Falls to 26% in November With Nearly 1 Million Renter Households Priced Out of the Market,” Scholastica Cororaton, December 23, 2021, <https://www.nar.realtor/blogs/economists-outlook/november-2021-realtors-confidence-index-report-first-time-buyer-share-falls-to-26-in-november-with>.

<sup>11</sup> The Washington Post, “Buyer demand reaches record high as investors snap up homes,” Michele Lerner, December 1, 2021, <https://www.washingtonpost.com/business/2021/12/01/buyer-demand-reaches-record-high-investors-snap-up-homes/>.

<sup>12</sup> The Washington Post, “This Block Used To Be For First-Time Homebuyers. Then Global Investors Bought In,” Peter Whoriskey, Spencer Woodman, and Margot Gibbs, December 15, 2021, <https://www.washingtonpost.com/business/interactive/2021/investors-rental-foreclosure/>.

<sup>13</sup> Bloomberg, “Wall Street Is Using Tech Firms Like Zillow to Eat Up Starter Homes,” Noah Buhayar, Patrick Clark, and Jordyn Holman, January 7, 2022, <https://www.bloomberg.com/news/features/2022-01-07/buying-starter-homes-gets-harder-as-wall-street-uses-zillow-to-buy-thousands>.

<sup>14</sup> *Id.*

<sup>15</sup> The New York Times, “The Market for Single-Family Rentals Grows as Homeownership Wanes,” Debra Kamin, October 22, 2021, <https://www.nytimes.com/2021/10/22/realestate/single-family-rentals.html>.

When potential homebuyers are unable to compete with large investors and their seemingly limitless cash on hand, they are forced to rent, meaning that “investors are profiting from higher rents paid by middle-class earners who in another era may have had an easier time buying themselves.”<sup>16</sup> In October, single-family rents were up 10.2% from the previous year, the sixth-consecutive record high.<sup>17</sup> In cities where investors have been most active,<sup>18</sup> rents have increased by over 20% in a 12-month period.<sup>19</sup>

I am particularly concerned with the role your company, Invitation Homes, has played in keeping affordable housing out of reach for American families. According to your most recently quarterly earnings report, Invitation Homes sped up its home acquisition pace, spending over \$700 million to purchase nearly 1,700 homes.<sup>20</sup> Your company has reaped the rewards of average rent hikes of over 7% on lease renewals and over 18% on new leases just this quarter, allowing you to boost your net income by over \$50 million year to year.<sup>21</sup>

In my letter to corporate landlords last July, I expressed my concerns that private equity and investment firms were profiteering off distressed sales and subjecting its tenants to rent hikes, exorbitant fees, and needless evictions.<sup>22</sup> Recent reporting and your own earnings reports appear to show that my concerns were justified. Tenants of corporate landlords were more likely to face eviction this past year than those of mom-and-pop landlords,<sup>23</sup> and you yourself cited significant earnings increases from hiking rents.<sup>24</sup>

These practices by Invitation Homes and other private equity and investment firms have contributed to the greatest one-year increase in the cost of shelter for American consumers since 2007.<sup>25</sup> According to latest Consumer Price Index data, shelter costs rose by 0.4% in December, one of the largest contributors to the 7% year-over-year increase in inflation.<sup>26</sup> And as big

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<sup>16</sup> The New York Times, “Your Future Landlord Just Outbid You for That House,” Michael Kolomatsky, December 2, 2021, <https://www.nytimes.com/2021/12/02/realestate/your-future-landlord-just-outbid-you-for-that-house.html>.

<sup>17</sup> CoreLogic, “Single-Family Rents Up 10.2% Year Over Year in September,” Molly Boesel, November 16, 2021, <https://www.corelogic.com/intelligence/u-s-single-family-rents-up-10-2-year-over-year-in-september/>.

<sup>18</sup> CNBC, “Rents for single-family homes are rising three times as fast as they were a year ago,” Diana Olick, December 21, 2021, <https://www.cnbc.com/2021/12/21/rents-for-single-family-homes-are-rising-3-times-as-fast-as-2020.html>.

<sup>19</sup> MarketWatch, “Rents across the country were up 11.5% in August just from a year earlier, and in one Florida city they soared nearly 31%,” Jacob Passy, September 18, 2021, <https://www.marketwatch.com/story/as-rents-skyrocket-here-is-where-theyre-increasing-the-most-hint-its-not-new-york-or-san-francisco-11631804785>.

<sup>20</sup> Invitation Homes, “Earnings Release and Supplemental Information,” October 27, 2021, [https://s28.q4cdn.com/264003623/files/doc\\_financials/2021/q3/INVH-3Q2021-Earnings-Release-Supplemental-Information.pdf](https://s28.q4cdn.com/264003623/files/doc_financials/2021/q3/INVH-3Q2021-Earnings-Release-Supplemental-Information.pdf).

<sup>21</sup> *Id.*

<sup>22</sup> Letters from Senator Elizabeth Warren to corporate landlords, July 27, 2021 <https://www.warren.senate.gov/imo/media/doc/Letters%20.pdf>.

<sup>23</sup> The Washington Post, “Tech and finance firms buying up homes doesn’t bode well for everyone else,” Desiree Fields, January 4, 2021, <https://www.washingtonpost.com/outlook/2022/01/04/corporate-landlords-silicon-valley/>

<sup>24</sup> Invitation Homes, “Earnings Release and Supplemental Information,” press release, October 27, 2021, [https://s28.q4cdn.com/264003623/files/doc\\_financials/2021/q3/INVH-3Q2021-Earnings-Release-Supplemental-Information.pdf](https://s28.q4cdn.com/264003623/files/doc_financials/2021/q3/INVH-3Q2021-Earnings-Release-Supplemental-Information.pdf).

<sup>25</sup> Bureau of Labor Statistics, “Consumer Price Index – December 2021,” press release, January 12, 2022, <https://www.bls.gov/news.release/pdf/cpi.pdf>.

<sup>26</sup> *Id.*

investors continue their buying spree, consumers and our economy face persistent threats of rising prices and rents.

Given the marked increase in investor activity in the single-family housing market over the past year, and Pretium's stated intention to expand its activity, I ask for your response to the following questions by January 27, 2022:

1. How many homes has Invitation Homes acquired in each full year from 2016 through 2021, and what was the average cost of these homes in each year?
  - a. Please provide for each year, the total number of single-family homes and multi-family homes you have acquired in each year, and the average price of each.
  - b. How many single-family homes and how many multi-family homes does Invitation Homes expect to acquire in 2022? What is the average expected cost of these homes?
  - c. What was the average rent charged by Invitation Homes for its portfolio of single-family homes in each full year from 2016 through 2021? What is the average expected rental cost of these homes in 2022? What was the average rent charged by Invitation Homes for its portfolio of multi-family homes in each full year from 2016-2021? What is the average expected rental cost of these homes in 2022?
2. How much did the company receive in revenue and earn in total profits for each full year from 2016-2021? What is your expected revenue and profits in 2022?
3. How much revenue did the company earn from late fees, maintenance fees, administrative fees, or other costs imposed on renters in each full year from 2016-2021? How much revenue do you expect to earn from these sources in 2022?
4. How many tenants were evicted from Invitation Homes properties in each full year from 2016-2021? How many eviction processes are currently in progress at Invitation Homes properties?

Thank you for your attention to this matter.

Sincerely,



Elizabeth Warren  
United States Senator