

PRIVATE EQUITY
STAKEHOLDER
PROJECT

Pushing Back on Private Equity in Housing

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Introduction + flow

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Presentation flow:

- **Limiting corporate landlord portfolio sizes**
 - Licensing, etc
 - Portfolio caps
- **Tenant Opportunity to Purchase (TOPA)**
- **Public pension funds and PE**
- **Discussion**

Report series: Tools for Tackling Corporate Landlords

4 part report series

- Registries, licensing, and inspection programs
- Challenging state preemption
- Anti-consolidation policy solutions
- 2024 policy primer

bit.ly/toolsfortackling



Licensing and related policies

- **Landlord licensing:** a legal requirement that makes landlords get approval before they can lease properties.
 - Anti consolidation measure: limit number of rentable units per entity - similar to AirBnb statutes
 - Prevent renting of units with habitability issues
- **Pairs well with:**
 - Rental registries
 - Proactive inspection policies

Limiting portfolio sizes

- Most direct, effective way to limit corporate landlord power
- Generally not legal to limit what companies can buy/own
 - Instead, implement policies that reduce investor margins
- Many ways to implement
 - Charge daily monthly fees for every home over cap
 - Charge large sales transfer fees for every home purchased over cap
 - Require the sale of homes over cap

Tenant Opportunity to Purchase (TOPA) / Right of First Refusal

- **Right of first refusal:** legal arrangement that allows one party to participate in a business deal before anyone else.
 - In housing, the right of tenants to purchase the homes they live in when those homes go up for sale.
- Crucial for creating tenant controlled housing and fighting corporate speculation.
 - Especially in manufactured housing.

At a Glenwood Springs mobile home park, residents are working toward controlling their destiny

To avoid a large corporation swooping in, 3-Mile residents decided they needed to purchase the park themselves



Nancy Lofholm 2:30 AM MST on Jan 27, 2024 Updated 11:49 AM MST on Feb 7, 2024



Why TOPA?

Because corporate buyers overwhelmingly have the upper hand!

- Property technology
 - Automated property management
 - “Acquisition engines” locate properties within seconds of listing
- Access to capital
- Portfolio sales - speculatively bundle multiple properties in one transaction

Because tenants deserve to control the places where they live!

Public pension funds and private equity

- PE gets a third of funding from public pension funds
- CT RPTF has 6.47 billion invested in PE (11.4% of portfolio, as of 2024)
- CT RPTF has recently invested in funds owned by Carlyle and Landmark
- Housing investment standards = intervention
 - See New York City
 - Should be legally binding

Discussion

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