

**HOW DO STATE AND LOCAL POLICY CONTEXTS IMPACT INSTITUTIONAL
INVESTMENT IN THE SINGLE-FAMILY RENTAL MARKET?**

by

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How do State and Local Policy Contexts Impact Institutional Investment in the Single-Family Rental Market?

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ABSTRACT

Increasing housing costs are adversely affecting many households and communities across the US and the forces behind these costs are reshaping local housing markets. One of the factors contributing to increased housing cost is the rise in institutional ownership of single-family rental properties. To date, there has been very little intervention from state and local governments that addresses the investor buy-up of single-family homes. Researchers have documented the rise of the financialized single-family rental market that grew out of the 2008 Global Financial Crisis and the accompanying impacts, but more work is needed to show whether different city and state policy environments might mitigate those impacts. This study tracks the number, location, and concentration of institutionally owned single-family rental homes in five large US cities and then examines the policy contexts of those cities to look for relationships between investment behavior and regulatory environments. The goal of this research is to lay groundwork for the case that state and local leaders can craft policies to deter capital housing investments that are especially harmful to residents and communities. To explore this topic, I use a mixed methods explanatory multi-case study approach focusing on cities with mid- to large- size populations that together offered a variety of state and local policy contexts. The cities include Denver, Colorado; El Paso, Texas; Baltimore, Maryland; Milwaukee, Wisconsin; and Atlanta, Georgia. For each case, I map and analyze the intensity and spatial distribution of institutionally owned single-family rentals using GIS software and compare the distributions to demographic patterns. The results indicate that in Denver and Milwaukee, institutionally owned single-family rentals are heavily concentrating in the lowest-income neighborhoods. In Milwaukee high rates of these investment properties also correlate with high

percentages of Black households. In the second part, I score existing state and local policies, programs, and advocacy efforts relating to four policy objectives with the potential to influence investor behavior: homeowner stabilization, access to opportunity, renter protections, and homeownership opportunities. Almost none of the policies directly address institutionally owned single-family rentals, except for some early policies in Baltimore, where investor-owned properties are the most prevalent.

The form and content of this abstract are approved. I recommend its publication.

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CHAPTER I

INTRODUCTION

From the 1980s until the year 2000 wage growth and home prices in the US followed each other closely. This pattern changed beginning in the early 2000s with a housing bubble which culminated in a Global Financial Crisis (GFC) in 2008. As the recession took hold in 2010 it began to look like home prices were on track to realign with the median income in the United States but beginning in 2012 home prices again diverged from median incomes and have remained at a point that makes homeownership out of reach for many Americans (Figure 1).

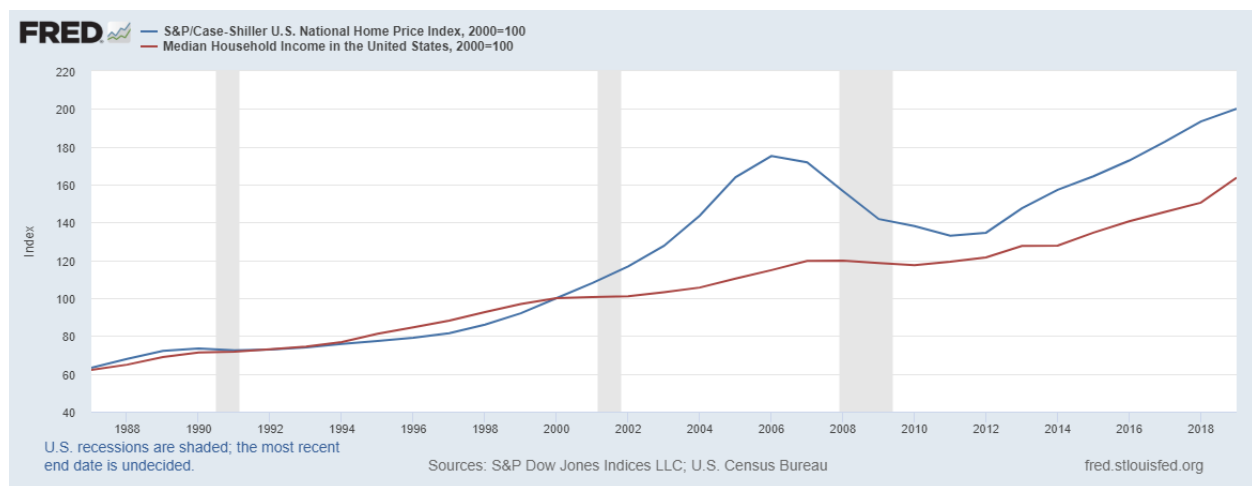


Figure 1: Median Household Income Growth and Home Price Growth 1987-2019 (St. Louis Federal Reserve, 2020)

I began my research wanting to understand why home prices are not better aligned with incomes. There are several commonly identified causes for the high cost of housing including, among other things, high land costs (Herman, 2019), high construction material costs (Emmons, 2019), and labor shortages (Emrath, 2019). In addition to these causes, there has also been a shift in how housing is used; for multiple tenure types, housing has become a tool for global investment. This shift has been theorized as an additional reason for high housing costs (Aalbers, 2008; Birchall, 2019; Charles, 2020; Chilton et al., 2018; Fields & Uffer, 2016; Kohl, 2018; Pfeiffer et al., 2020). One somewhat new outlet for global investment in housing is through institutionally owned single-family rental properties (IOSFRs). While IOSFRs are still a

small segment of the overall housing market (roughly two percent), this shift in market function captured my attention because of its rapid expansion and because of its impacts – both for the people renting those homes as well as the potential individual homebuyers who now compete with a new hyper-resourced buyer class.

Over the past decade the single-family rental market has been shifting away from local ownership and becoming progressively more subject to a financialized housing market. As of 2019, the institutionally owned single-family rental (IOSFR) sector has become a \$45 billion industry with over 300,000 homes in the US (Tully, 2019). The expansion of this sector has implications for individual households as well as wider communities because homeownership remains the primary means of wealth generation in the US. As the wealth from homeownership is extracted by global investors, individuals will have reduced resources to buffer them from crisis, to buoy them in retirement, and to pass on to future generations. Additionally, as single-family homes are siphoned out of the owner-occupant market to become rentals, the reduced inventory of homes for potential owner occupants results in higher prices. The impacts on communities with high levels of IOSFR activity are two-fold – first, these communities face a reduction in potential economic activity if individual households have less overall wealth and if employers cannot attract workers due to high home prices, second, these communities may be subject to a more rapid decline in the quality of housing stock in cases where the maintenance responsibility is transferred to renters who do not benefit from the eventual sale of the property.

In this paper I seek to expand the existing research studying the IOSFR trends and to explore whether cities are designing policies to deter or direct large-scale investment in single-family rentals.

After the GFC, private equity firms and other institutional investors purchased tens of thousands of foreclosed homes, mostly through government programs that were intended to create a floor for home prices. As a part of this economic stabilization plan, the federal government's REO (Real Estate Owned) to Rental program included stipulations that homes be rented for a specified number of years – a decision intended to reduce the supply of for-sale single-family homes and further secure prices (Federal Housing Finance Agency, 2012). In an

interview, a month after the REO to Rental program was announced, the CEO of investment firm Colony Capital, Tom Barrack, responded to a question about how long he planned to keep acquired homes as rentals by saying, “Our view is that you’re going to keep most of them for infinity” (as cited in Glantz, 2019). Thus, where the government saw a pathway to stabilize home prices and temporarily reduce the inventory of homes on the market, investment firms saw an opportunity to cheaply acquire assets that would provide them returns well into the future.

Literature on financialization in the housing sector explores the processes and impacts of a localized housing system becoming enmeshed with the mechanisms of global investment. The financialization of housing is the inversion of a system in which financial tools are used in service of creating and attaining housing to a system in which housing is a tool for the expansion of capital (Weber, 2015; Aalbers, 2017). Financialization in the single-family rental sector manifests in different ways, but one of the most defining characteristics is the consolidation of single-family home ownership by entities that leverage the combined capital of multiple sources.

The first question that arises out of this transformation is:

1. *How is global capital affecting communities through the single-family rental market?*

Several researchers have tackled parts of this question, considering where institutions are likely to invest in single family rentals (Fields et al., 2016; Immergluck, 2018), the variable characteristics of single-family rental clusters (Charles, 2020), the types of renters most likely to lease single-family rentals (Pfeiffer et al., 2020), and the differences between institutions as landlords in comparison to the local “mom-and-pop” landlords that have historically dominated the market (Raymond et al., 2016). Some of the literature suggests that single-family rentals have the potential to provide access to neighborhoods that generally exclude residents who lack the means to buy a home, and the advocates for the sector point out that institutional owners of single-family rentals have the capability to make needed improvements to distressed properties. However, there is also evidence to suggest that IOSFRs can have negative impacts on tenants, communities, and housing markets, such as increased housing costs for renters – since there are fewer landlords competing, a higher likelihood of involuntary displacement, degradation of housing stock, reduced inventory on for-sale homes, and increased home purchase prices.

The changing single-family rental market has been studied through the lenses of geographic distribution (Fields et al., 2016), effects on tenants (Raymond et al., 2016; Reid et al., 2018), neighborhood typologies (Charles, 2020), and the impacts IOSFRs have in specific cities (Chilton et al., 2018; Immergluck, 2018; Raymond et al., 2016). My research adds to this literature through a case study analysis of five large (populations between 400,000 and 800,000) US cities. These include Denver, Colorado; El Paso Texas; Baltimore, Maryland; Milwaukee Wisconsin; and Atlanta, Georgia. For each city I map likely IOSFRs, based on a custom ownership analysis, and compare the distribution with the income levels, racial demographics, and housing tenure distribution.

In all five case study cities, IOSFRs are more prevalent in lower-income census tracts. In two of the five cities, Denver and Milwaukee, IOSFRs are ten times more likely in low-income tracts than in high-income tracts. In the three cities with large Black populations, Baltimore, Milwaukee, and Atlanta, concentrations of IOSFRs appear to be more common in tracts with a high percentage of Black residents. These results indicate that, for the cities studied, the impacts of institutionally owned single-family rentals are most acutely felt by residents with low incomes and Black residents, if they are a significant portion of the population. The results are mixed across cities when looking at IOSFR distribution patterns and high ownership areas which raises uncertainty that IOSFRs can provide access to better resourced neighborhoods. Further research is needed to see if these patterns are maintained in other cities or regions.

As the research indicates an uneven distribution of IOSFRs both within and across cities, a second line of questioning arises:

2. Is institutional investment in single-family rental properties affected by state and local policy contexts?

To answer this question, I consider the percentage and distribution of IOSFRs in each city as they relate to the combined policy contexts that are created by state and local legislation. This process includes a qualitative analysis of existing policies, proposed legislation, available programs, and advocacy efforts. Because so few policies address institutional ownership directly, I look for policies, programs, and advocacy that fit into the proxy categories: Stabilizing Existing

Homeowners, Ensuring Access to Opportunity, Protecting Renters, and Creating Opportunity to Own. In addition to a qualitative analysis, I devise a way to measure the state/local policy context quantitatively through a landlord-tenant favorability spectrum, which I construct by a policy scoring and weighting process based on the policy's impact and favorability towards landlords or tenants. This creates a numeric ranking that I use to discuss a city's overall landlord or tenant friendliness relative to other cities and to assess the impact of renter favorability on institutional investor behavior in the single-family rental market.

The qualitative analysis seems to indicate that, for the case study cities, existing policy contexts have had little bearing on institutional single-family rental investment behavior,

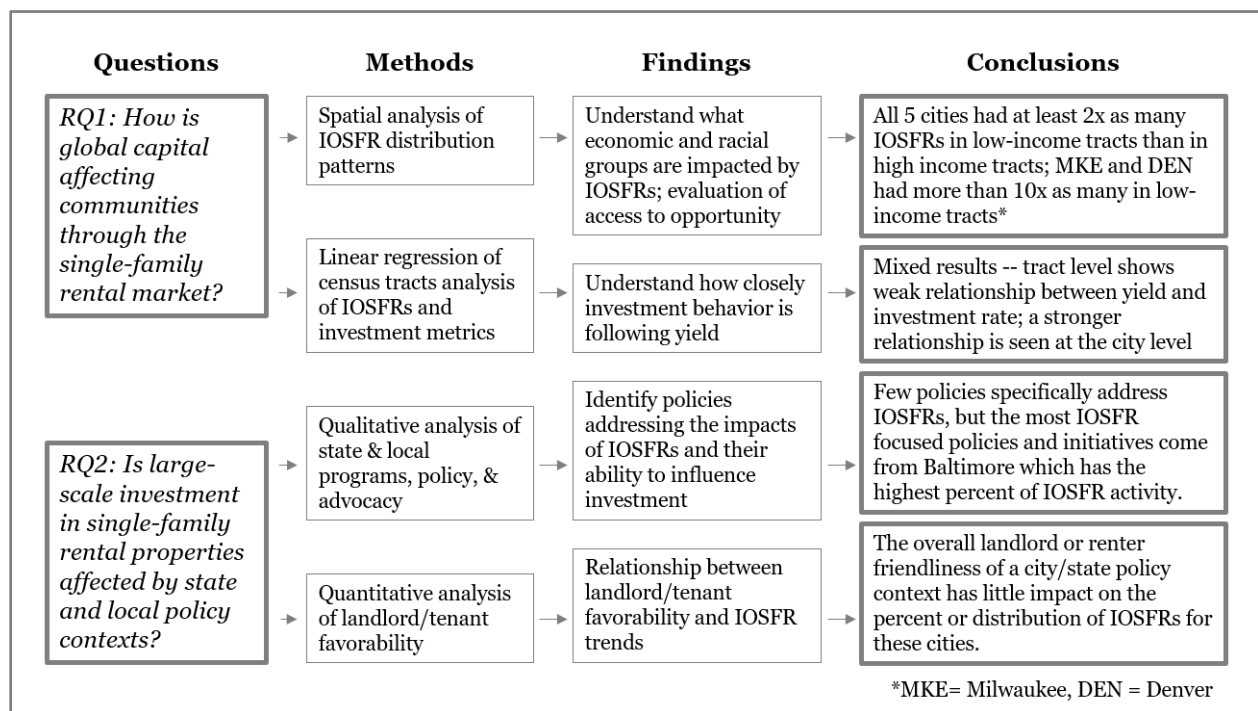


Figure 2: Overview of Research Questions, Methodologies, Findings, and Conclusions

however, Baltimore, Maryland, which has a high number of IOSFRs, has recently introduced new policies that may increase the costs for investors in single-family rentals. Future studies should investigate if these changes affect investment behavior. The quantitative analysis indicates no apparent relationship between investor behavior and tenant protections, which may suggest the need to develop new ways to think about and shape policies affecting landlord-tenant relationships.

Taken as a whole, this research provides more insight into where single-family rental properties are most concentrated, what sub-groups are most affected by IOSFRs, and how investment is affected by state and local policy (Figure 2). The work provides advocates and policy makers the ability to understand where institutional investment activity is most rapidly accumulating local assets, and it suggests the need for a different approach to housing policy as the existing landscape of landlord-tenant laws do little to influence the purchasing patterns of SFR investment firms.

CHAPTER II

LITERATURE REVIEW: THE FINANCIALIZATION OF SINGLE-FAMILY RENTALS

In 2008, as the effects of the great financial crisis (GFC) were beginning to be realized, Manuel Aalbers wrote an article detailing the factors that led up to the crisis. In this article he theorized that financialized housing markets could not keep expanding without an expansion of the underlying real economy. With an additional 12 years of perspective, it is now apparent that the surplus of global capital, sometimes termed the “wall of capital” or “wall of money,” has found different outlets within housing markets and continues to drive patterns of development, regardless of the underlying real economy. One of the new places in the housing market that capital found to expand after the GFC was the single-family rental (SFR) market, a landscape previously dominated by small-scale landlords. Literature on this new asset class describes how this new market emerged, what the SFR investment trends are, and the impacts of those trends.

The Investors

Most single-family rentals are still owned by individual investors -- small-scale, mom and pop landlords who often live in the same community as their rental properties (National Rental Home Council, n.d.). The Urban Institute reported estimates showing that in 2015 “45 percent of rental units [were] owned by investors who own just one unit and that 87 percent of investors [owned] 10 or fewer units” (Goodman & Abare, 2017). Despite most of the market share still being held by individuals, that share of the SFR market has been shrinking since 2008 (Amherst Capital Management, 2016). New, large scale investors in the market are collectively referred to as institutional investors, a term encompassing banks, insurance companies, pension funds, real estate investment trusts (REITs), and other types of capital management entities. Institutional investors have access to far more capital than smaller buyers, allowing them to buy property in bulk and to make cash purchases avoiding the cost of financing.

This type of investor generally represents a pool of capital investment that is inherently non-local and it is becoming more common for tenants not to know the owners of their home (Glantz, 2019).

Influence in the Housing Market

To get a sense for the impact of institutional investing in the single-family rental market, it is helpful to understand the role of SFRs in the larger housing landscape. The American Community Survey 2018 5-year Estimates indicate that of the single-family housing stock 18 percent are rental properties (up from 13 percent in 2006) and these homes house 42.5 percent of the renter population (U.S. Census Bureau, 2019). Of these single-family rental properties, about two percent are owned by institutional investors (Tully, 2019).

While this seems like a small percentage of the overall housing market, in certain submarkets there is a much higher concentration of institutional investment in single-family rentals (Fields et al., 2016). Multiple researchers have theorized that it is possible for institutional investors to have purchased enough housing stock within a neighborhood that they could influence the overall price of housing for an area (Birchall, 2019; Charles, 2020; Immergluck, 2018).

The rise of SFRs as an investment class can be tracked by looking at the emergence of SFR securities filings. The first SFR securitization was filed in 2013 with 400 more filed over the next 2 years. As of January 2020, there were more than 1,100 SFR loans in the market representing over 230,000 homes (Yadav, 2020), and by December 2020, the combined estimated market value for three of the largest institutional investors was 25 billion dollars (Hoya Capital Real Estate, 2020). Securitized SFRs are only a portion of the institutionally owned SFR housing market.

Enabling Factors

Several conditions precipitated the rapid expansion of institutional investors in the SFR market. Three of the most critical conditions were the availability of cheap housing stock, the increasing demand in the rental sector (due to demographics and household ability to purchase), and the emergence of technology that better enabled a geographically distributed portfolio of properties (Charles, 2020; Chilton et al., 2018).

After the GFC there was a surplus of inexpensive homes on the market due to falling home prices and foreclosures. Many of these homes were Real Estate Owned properties that lenders were unable to sell after foreclosure or at auction. In addition to the availability of inexpensive property, the government allowed REO properties owned by HUD and government-sponsored enterprises, such as Fannie Mae and Freddie Mac, to be bought in bulk by well-funded investors (Federal Housing Finance Agency, 2012). The program was one of many strategies aiming to stabilize the housing market and was supported with the stipulation that the purchasers use these properties as rentals for a specified number of years after the purchase. By purchasing properties in bulk, investors were able to benefit from incredible discounts, paying far less for a property than what an individual buyer could ever attain it for. The pilot program for bulk investing in single-family homes was launched in 2012, just prior to the first securitization of single-family rentals (Charles, 2020).

The increasing demand for rental properties stems from several factors including changes in federal housing policy beginning in the 1970s and 80s which moved away from the development of public housing options and then under-funded replacement programs like the Housing Choice Voucher program. This has left more low-income renters to find housing in market rate rentals. Fields and Uffer (2016) put forth a theory explaining State disinvestment in social housing suggesting that housing security for workers and consumers is no longer a national priority because economies have shifted away from relying on labor and consumer spending as drivers of accumulation.

From the other end of the housing continuum, would-be homebuyers are forced to remain in the rental market due to the tightened underwriting standards that were enacted in response to the GFC. This group includes former homeowners who experienced a foreclosure, the increasing number of people with high levels of student loan debt, and a younger generation delaying marriage who are unable to qualify for a home loan on a single income (Chilton et al., 2018; Pfeiffer et al., 2020).

For people in the rental market, whether by choice or by force, there are several reasons to consider renting a single-family home. Single-family rentals are often larger both in square

footage and in the number of bedrooms, features that can support a larger household, potentially offer the option to sub-lease additional space, or provide the ability to work from home in more comfort (Pfeiffer et al., 2020). The interest in this space and flexibility has only intensified as the Covid-19 pandemic has persisted. According to a 2020 quarterly earnings call from American Homes 4 Rent, more people are seeking single-family homes as a spacious alternative to apartments, making it easier to social distance and to accommodate working from home.

Even with a widely available supply of cheap homes and a growing rental market, managing hundreds or thousands of homes across wide geographies was an impractical proposition until technology was developed that allowed management companies to streamline processes for rent collection and maintenance requests. The automation of these processes allows for both remote management of properties and reduced overhead from management costs (Chilton et al., 2018). Technology has also supported the purchasing of homes for large investors, a Fortune article published in 2019 details how Amherst Holdings uses technology to assess properties from across the country that meet their buying criteria and enables them to place cash offers within 12 hours of the property being listed. Through this system Amherst is able to buy approximately 30 properties per day that meet their desired yield (Tully, 2019). This algorithmic purchasing system may result in IOSFR properties clustering in a constrained area within a city as properties in proximity to one another may share the characteristics that meet the criteria institutional investors are looking for. The speed at which this system works and the ability for institutional investors to make cash offers also makes it very hard for individual buyers to compete with institutional buyers for available properties.

Institutional Investment Trends

One of the first major trends observed for institutional investment in SFRs was the way these investments were geographically distributed. In 2016, the Federal Reserve of San Francisco published a working paper tracking the distribution of securitized SFRs, noting a high concentration of SFRs within sunbelt states. Theories for why investment SFRs were more

prevalent in these areas have included high rates of pre-recession building (Reid et al., 2018), low price-to-rent ratios (Fields et al., 2016), high rates of foreclosures, lesser tenant protections, and lower acquisition costs (Immergluck, 2018). Although sunbelt cities have the highest concentration of single-family rentals overall, SFR clusters have also been studied in areas outside of the sunbelt such as the Metropolitan Statistical Areas (MSAs) around San Francisco, CA; Milwaukee, WI; Nashville, TN; Colorado Springs, CO; and Boston MA (Charles, 2020; Chilton et al., 2018; Pfeiffer et al., 2020). Research in these areas has focused on the varying characteristics of SFR clusters in different MSAs and the characteristics of high SFR growth areas.

Within the SFR market different investors employ different investment strategies and those strategies change over time as conditions change and as more data is collected. Because of investors pursuing different segments of the market, it is hard to pinpoint trends that are happening in the entire SFR investment market. In 2017 Amherst Capital Management published a report on the sector that gave an overview of different investment approaches, these included investing in newer, more expensive homes - a model followed by several REITs; investing in less expensive homes and targeting tenants with below average median incomes - a model employed by investors focused on rental income yield rather than housing appreciation; and a third approach which falls between the first two, targeting mid-price properties of varying ages – a strategy used by a mix of investor types since these properties tend to have a better capitalization rate than the high cost properties from the first strategy, but they may still have the potential to appreciate in value. Along with this breakdown of investment strategies, the paper from Amherst also emphasizes the point that since institutional investors make up less than two percent of the single-family rental market there is an abundance of room for additional investors who may innovate other types of niche strategies in the future. If researchers can access ownership data from more cities, they will be more able to track investment strategies and their outcomes.

Planner and activist, Alan Mallach might categorize the approach of REITs as “holders” – investors looking to benefit both from rental returns and property appreciation, and the

approach of the yield buyers as “milkers” – investors that benefit from buying inexpensive properties and renting them at rates that provide a quick return on investment (Walker & Mallach, 2012).

These divergent strategies explain some of the differences that researchers have found when studying SFR trends. In some metropolitan statistical areas SFR clusters have been identified as occurring primarily in the suburbs targeting areas that are middle income or have low poverty rates (Chilton et al., 2018; Immergluck, 2018). When looking at SFR growth rates, however, other researchers found a propensity for SFR growth in central cities (Pfeiffer et al., 2020).

These varied patterns also appear when looking at the age of housing stock targeted for SFR investment with some studies showing clusters of SFRs predominately in neighborhoods with newer homes (built after 2000) (Chilton et al., 2018; Fields et al., 2016), while others have pointed to more investment in older housing stock (Immergluck, 2018).

The different geographies of SFR studies have also drawn different conclusions about the demographics of high SFR neighborhoods, some finding increased SFR investment activity in high minority neighborhoods (Immergluck, 2018), others in racially and ethnically diverse neighborhoods (Pfeiffer et al., 2020), and others still in primarily White neighborhoods (Chilton et al., 2018).

In 2020, Suzanne Lanyi Charles published a typology of SFR neighborhoods that addresses the different characteristics found in these neighborhoods. Charles’ study is focused on all single-family rental properties and does not distinguish between local or institutional ownership of the home. Despite this shifted focus, her classifications of SFR clusters can illustrate how different investment strategies are employed in different places. Her five primary neighborhood types for SFR clusters are: diverse middle-class, older White middle-class, low-income Hispanic, low-income Black, and affluent.

The diverse middle-class neighborhoods are racially diverse with relatively newer housing stock and renters who earn close to the median income; this is the most prevalent neighborhood type for SFR clusters. The older White middle-class neighborhoods have the

lowest percentages of Black and Latinx residents and the lowest rentership rate of the five identified neighborhood types; renters in these neighborhoods earn slightly more than the area median income for renters. Approximately 37 percent of the housing stock in neighborhoods classified as low-income Hispanic is used as SFR, median incomes for owners and renters in these neighborhoods are the lowest of the five classifications and this neighborhood type has the highest percentage of people living in poverty. Low-income Black neighborhoods have low median incomes for both homeowners and renters with generally older housing stock; approximately 31 percent of the homes in low-income Black neighborhoods are SFRs. The affluent neighborhood type is the smallest of the five classifications and Charles identifies that median rents in these areas are 125 percent of the area median rents for the MSA.

Depending on the MSA, SFR clusters occur more frequently in different neighborhood classifications. In the Atlanta, GA area the highest percentage of SFRs are in the low-income Black neighborhood designation. In the Denver, CO and Baltimore, MD areas the highest percentage of SFRs are in the older White middle-class neighborhood designation (Charles, 2020). Using this approach on IOSFRs would open up the opportunity to contrast patterns of SFR distribution with IOSFR distribution and bring more transparency to differences between small-scale and large-scale investment.

Single-Family Rental Investment Outcomes

Researchers theorize both positive and negative impacts of a growing SFR investment sector, these impacts can be assessed at the scale of the individual resident living in the institutionally owned single-family rental, the scale of the community the institutionally owned SFR is in, and the scale of the housing market.

Resident

Moving to Opportunity

A highly cited potential positive outcome of single-family rental tenure in general is the opportunity for lower-income residents to access higher-amenity, higher-opportunity neighborhoods (Charles, 2020; Immergluck, 2018; Pfeiffer et al., 2020). This outcome could

provide lower-income residents with access to better schools, better proximity to parks and open spaces, and a reduced commute to job centers. Based on a nationwide survey, research from UC Berkeley's Turner Center indicates that many SFR tenants report benefiting from improved access to these and other neighborhood amenities after moving in (Reid et al., 2018).

One of the impediments to low-income residents moving to areas with more amenities and better opportunities is the cost of renting in higher income neighborhoods. In Charles' analysis, she found that the median income for renters in the non-low-income typologies ranged from 93 to 148 percent of the area median incomes for renters in their respective MSAs, which indicates the first of the proposed benefits of the growth of IOSFRs, that they allow access to opportunities for households with lower incomes, is not necessarily accurate. Additionally, there are still several states where landlords can choose not to rent to tenants based on the source of their income to pay the rent. This refusal is usually referred to as source of income discrimination and it primarily targets renters using Housing Choice Vouchers – the federal housing subsidy that is most applicable to single-family rentals. In 2016 researchers identified only two institutional investors renting to tenants using Housing Choice Vouchers (HCV) and between those two only 2.69 percent of their properties were rented to HCV tenants (Fields et al., 2016). The rental price for homes in higher quality neighborhoods along with the exclusion of tenants using rent subsidies shrink the pool of potential tenants that can access these properties and benefit from the higher opportunity neighborhoods.

A second barrier to the benefit of accessing high-amenity neighborhoods is the opposition from homeowners in the neighborhood. Homeowners may be concerned that renters in their communities will have a destabilizing effect on the neighborhood. Some HOAs have already tried to amend bylaws in ways that limit the number of properties in their communities that can be rented (Chilton et al., 2018). Immergluck (2018: 814) points out, "the exclusion of renters, especially those of modest means, was and is a hallmark of modern American suburbs." Single-family rentals might have the opportunity to improve equitable outcomes by addressing geographic disparities in infrastructure and investment, but influential homeowners in higher-

income areas will likely try to discourage rentals in their neighborhoods, preferring to preserve economic homogeneity.

Higher costs

Renters in any single-family property may have additional expenses from yard maintenance or additional home maintenance that is specified in the lease, expenses that renters in other tenure types are typically not responsible for. For some institutional investors, the transfer of these costs to the tenants and the imposition of additional fees is part of a scaled strategy to maximize profits. When landlords own a large percentage of the rental housing stock in an area the additional costs to tenants become normalized in standard lease agreements and it can be hard for tenants to find rental housing without these additional expenses (Chilton et al., 2018).

Lessening the Security of Rental Tenure

Many of the states with high rates of SFR clusters have limited protections for renters. Tenants in multifamily buildings that have formed tenant associations are able to do so in large part because of their proximity to one another. Tenants in single-family homes are more dispersed and often end up alone on the losing end of negotiations with increasingly powerful and resourced landlords, a dynamic that bears out when looking at the higher eviction rate associated with single-family rentals owned by institutional investors (Raymond et al., 2016).

Community

Hollowing Out of Low-Income Neighborhoods

One potential community impact, seemingly undiscussed in the literature, is what might happen to low-income neighborhoods if more moderate-income residents are able to move to areas with improved opportunity. If low- to moderate-income households are able to access more affluent single-family neighborhoods they would be leaving behind lower-income areas which would be left with an even larger percentage of very low-income residents. This could exacerbate existing disinvestment in those areas. Effects like this have been seen with the public housing developments of the 1950s and 1960s when tenants with growing incomes moved out

and federal regulations were put in place requiring housing authorities to serve households with even lower incomes. This development along with other factors reduced the funding balance for the projects and ultimately led to the uninhabitable conditions large public housing developments became known for (Mallach, 2009). A similar pattern is also seen today in cities with school choice programs. In these cities children can attend higher performing schools outside of their neighborhoods so long as their parents can find a way to manage their transportation. This allows low-income families with slightly more resources to send their children to better schools - leaving behind children from the lowest income families in what become even more underfunded schools (J. Dominguez, personal communication, November 18, 2019; Yoon et al., 2018). If single-family rentals in better resourced neighborhoods grow as a housing option for low- to moderate- income households, further research should look at the impact this has on the less resourced neighborhoods they are leaving.

Cost Shifting

In profit strategies where the responsibility for property maintenance is transferred to the tenant there may be long term effects at the community level. If a tenant's occupancy in a rental property is only a few years and they do not stand to benefit from the resale value of the property, they may have insufficient means or little motivation, to spend any more than the bare minimum on upkeep. In an area with a large number of properties where the responsibility of upkeep falls to tenants who do not stand to benefit from it, or who cannot pay for it, there is the possibility that rental housing stock in that area will deteriorate and depreciate much faster than other properties, impacting the local community long after investors disposed of the property.

Entrenchment of Segregated Housing Patterns

Despite the trends indicating improved access noted in the Turner Center survey, Charles' fine-grained analysis of SFR types (2018) show different impacts for the different classes of SFR clusters. Although not directly tied to the types of single-family rental investment, the classifications of diverse middle-class, older White middle-class, and affluent provide rental options in neighborhoods with new or high-value housing stock that serve renters with median

incomes ranging from 93 to 148 percent of the area median income for renters. Both the low-income Hispanic and low-income Black classifications are in neighborhoods where 24% of families are living in poverty. Pfeiffer, Schafran, and Wegmann's research (2020) also found that high-growth SFR neighborhoods and regions are associated with economic stratification, a phenomenon associated with differences in educational outcomes (Palardy, 2020), political representation (Flavin & Franko, 2020) and life expectancy (Hill et al., 2019).

This examination calls into question to what extent single-family rentals are providing opportunities for improved access. In addition to the sorting along economic lines, Charles' research also alludes to the racial demographic patterns for the various high SFR neighborhood types conforming to the existing racial and ethnic makeup of the neighborhoods, a reflection that potentially indicates that the majority of SFR clusters do not abate the patterns of housing segregation that were initiated through redlining and other discriminatory practices.

More research is needed to understand how the combination of tenure types and investment types are influencing access to opportunities and the distribution of economic classes.

Property Owner Accountability

The ability for limited liability corporations and other business enterprises to buy property without disclosing to local governments who is actually invested in a property leads to an inability to hold investors accountable by the local community. In a report of the Special Rapporteur on adequate housing to the UN General Assembly (2017), Leilani Farha describes how investing surplus capital into real estate is appealing in part because of the lack of transparency required for the investment. By having property ownership obscured through LLCs and other shell entities, cities lose the ability to track if companies are habitually not paying property taxes, getting complaints of Warranty of Habitability violations, or are in other ways engaging in management practices that harm the community.

Additionally, Farha, along with Waldron (2018), points out that by having large amounts of the rental housing stock owned by non-local investors, rental income is removed from

circulation in the local economy and instead is added to the increasingly concentrated wall of capital.

Market

Increasing Home Prices and Competition

Institutional investors add competition to the homebuying market driving up home prices, additionally investors have the capacity to buy properties for cash saving them the expenses and fees associated with financing a mortgage. The savings on these expenses result in more money going to the seller even if the investment company is paying the same amount as an individual buyer (Charles, 2020; Chilton et al., 2018).

These are tangible effects of institutional investors in the SFR market, but there are also concerns that intense concentrations of SFR investment in a city can influence the cost of homes beyond those directly bid on by institutional investors. In his assessment of the impacts of housing financialization on human rights, Birchall (2019) points out that investment firm Blackstone claims to offer a more affordable alternative than homeownership, but in many places, homeownership has become more expensive in part due to the reduced inventory of homes for sale as corporate landlords have purchased so many properties to use as rentals. Chilton (2018) identifies the challenges in measuring this impact because there are so many other variables associated with homeownership and housing prices.

Emergence of Build-to-Rent

Demand for single-family rentals has reached the point that investment firms are moving beyond converting the existing stock of single-family homes from for-sale to rental and are now beginning to develop new subdivisions that are all “build-to-rent.” This demand seems to be coming from both tenants seeking single-family rental options and from investors wanting to buy SFR securitized bonds. This new “build-to-rent” strategy along with the Covid-19 intensified desires for additional space seem to indicate that large-scale SFR investment is a housing trend that will continue for the foreseeable future. As the build-to-rent sector emerges,

more research should be done to understand the impact on tenants, home prices, and the wider community.

Governmental Response

Policy changes at the federal level, beginning in the 1980s, have enabled an expansion for the role of capital in the housing market in hopes of letting the free market take care of the housing need in the US. The problem with this approach is that it has never been the goal of the market to provide housing, the goal is always to accumulate capital (Rolnik, 2013). So, the end result is a market that finds creative and successful ways to generate and extract wealth, some groups getting access to housing and housing based wealth, and more than 20 percent of American homeowners experiencing housing cost burden (Mazur, 2019).

Some researchers make the point that the federal level is the best place to address the impacts of financialization, matching the far-reaching influence of global capital (Fields & Uffer, 2016). The reasoning behind this recommendation is that interventions at the state or local level could result in capital switching to a different geography or to a different investment outlet that may come with its own negative outcomes.

Alternatively, Charles (2020) points out that responding to the impacts of global investment with a high-level generalized approach does not account for the different contexts these investments operate in and could interfere with any positive outcomes that global investment in the housing sector could provide.

Regardless of the scale on which these outcomes of financialization are addressed, any intervention that fetters returns is likely to cause capital to find new outlets which will have new impacts. Being afraid of potential future externalities is not an excuse to avoid addressing externalities that are damaging our social structures today. Nor is it likely that a plan at the national or global level would be able to predict and avoid the negative impacts of the next capital investment strategy. Addressing financialization in the housing sector is not something to be handled exclusively at the federal level or the regional level, but ideally, it is a process that needs to be understood and responded to by all levels of government.

In Mallach's analysis of the diminishing federal funding for affordable housing (2009) he discusses an ideal policy landscape for housing that integrates all levels of government with the federal level supporting the magnitude of need and directing assistance to under resourced areas and state and local governments leveraging the federal support in fine grained ways that optimally address the specific needs of each community.

At the federal level there is also the potential to coordinate a Housing Plan with banking regulations, an effort that could have significant influence over the wall of capital. The US however does not have a Housing Plan, it has a patchwork of policies that include housing assistance for some, but not all, who need it (Schuetz, 2018). In the absence of a cohesive and comprehensive plan, it is even more critical to understand how state and local policies affect housing and how they affect the decisions of corporate entities looking to profit from the sector.

Even if the United States context included a federal Housing Plan, cultivating an understanding of how local policy affects global investment is still critical. Capital employs different investment strategies across uneven regional economies, an indication that it is responsive to local conditions. The aim of the following research is to build a foundation for the case that policy makers should consider the ways in which global capital might respond to changes in housing and land use policy and to begin exploring what levers can be harnessed by state and local leaders to direct capital investment away from some of the most harmful outcomes.

CHAPTER III

METHODOLOGY

After selecting five cities for a case study analysis, I researched background information for each including demographics, income, housing costs, and the single-family investment profiles. Once I had compiled the background data, I used a geographical analysis through GIS to see where IOSFRs were within each city. I also compared tract level data across all cities to look for trends that might be happening regardless of the city context. For the final perspectives I used both a qualitative and quantitative approach to better understand each city's policy context. Each step is described in detail below.

Case Study Cities

To select the cases for this research I identified cities with populations between 400,000 and 800,000. While these limits are discretionary, my aim was to focus on large cities, but exclude the largest cities, which would likely have more unique factors that would make cross city comparisons difficult. I chose to focus my research on large cities because they are more likely to have sizeable renter populations and be attractive to national investors in terms of the workforce in search of housing. I also wanted to keep the study confined to cities with similar populations. This resulted in 19 potential cities.

I then filtered the cities further based on data availability. To perform spatial analysis on IOSFRs, I needed access to data tables or GIS shapefiles that included property addresses and owner addresses for every parcel in each city. While many cities structure their data in such a way that owner information can be retrieved for specific properties, only five cities had useable data that was publicly available for all parcels. Those cities are Denver, CO; El Paso, TX; Baltimore, MD; Milwaukee, WI; and Atlanta, GA. Since policy comparison is a significant portion of this research agenda, it was also important for these cities to have variation in landlord-tenant policy contexts. Additional analysis for the cities showed them to have differing contexts at both the state and city level allowing for comparison across the policy environments.

The five cities also have a wide range of median home sales prices, which will be another factor to consider when comparing investment behavior in the housing sector.

Housing issues, including those related to institutionally owned single-family rentals, undoubtedly extend beyond the boundaries of any one city, but one key aspect of this analysis considers municipal policy and therefore the research is limited to census tracts within each city.

Demographics, Income, and Housing Costs

For each city, I have considered the population size, the distribution of the population across racial and ethnic groups, the median household income and how that is distributed between renters and owners, the median gross rent, and the percent of residents experiencing housing cost burden (HCB) – meaning housing costs exceed 30 percent of household income.

Population size helps to situate the cities in relationship to one another, but it does not account for spillover into metropolitan areas. Housing trends occur at a regional level and while the population of one city might be smaller than the population of another, the smaller city might be part of a much more densely populated region. It is important to bear in mind that patterns described at the city level in this research are also influenced by different regional contexts.

The racial and ethnic make-up of each city accounts for the percent of residents identifying as White, as Black, and/or as Hispanic or Latinx. By identifying cities with large minority populations and mapping how racial and ethnic groups are distributed, I am able to show whether concentrations of IOSFRs are impacting certain groups over others.

Median household income and the difference between homeowner median household income and renter median household income serve as a proxy for the general wealth of a city's residents and how concentrated that wealth is. If the difference between median household income of owners and that of renters is small, there may be more opportunities to access homeownership and less demand for rentals. If the gap is large, likely only the wealthiest or highest income households will be able to buy, given high home prices.

Housing cost burden gives a sense of how wages are keeping up with housing costs. In cities with a high percent of the population dealing with high housing cost burden (above 30% of income), it is worth considering if factors beyond the local job and housing markets market are affecting home prices.

All demographic data comes from the 2018 ACS 5-Year Estimates at the tract level.

Single-Family Rental Investment Profile

The single-family rental investment profile for each of the five cities is described based on data from ATTOM Data Solutions, a company that compiles real estate data from across the country. ATTOM publishes an annual report detailing SFR returns by county. While this paper is focused on city level geographies, investment trends for the county that each city is in is a beneficial starting point. I describe 2018 data to align with the year of the demographic data, I also include the 2020 data to show some change over time and to align with the property/parcel data used in the spatial analysis.

Spatial Distribution of Institutionally Owned Single-Family Rentals

To visualize the spatial distribution of IOSFRs I employed geographic analysis through GIS. Using tools in ArcGIS Pro I identified properties that are likely owned by institutional investors to see how they are distributed across census tracts. I explain the method to identify IOSFRs below. I then compared the concentrations of institutional SFRs with several demographic elements associated with the census tracts.

For this analysis I needed parcel data shapefiles from each city that included both the property address and the owner address; census tract shapefiles; municipal boundary shapefiles; and census data tables for median household income, median home value, median rent, percent of homeownership, percent of housing cost burden, the percent of the population identifying as Black, and the Hispanic/Latinx percent of the population.

As I mapped each city, my first step was to ensure all layers were projected to the same coordinate system. I then had to separate single-family residential properties from the rest of the parcels in the city. For some cities this was easily identifiable based on the property codes

within the parcel data, for other cities there was an additional step of researching property codes to identify the single-family homes. Atlanta spans Fulton and DeKalb Counties, and although there is ownership data for each, I was unable to find a way to separate single-family homes from other parcels in DeKalb County, limiting the analysis in Atlanta to only the part of the city that falls in Fulton County. This is more than 90 percent of all parcels within the city, and I do not expect this limitation to substantially affect the analysis for Atlanta.

After creating a layer for single-family properties, I used summary statistics to get the frequency that each owner address appeared. If an owner address was listed more than 15 times in a city, it became a candidate for the institutional SFR layer. Other researchers have used ownership of 10 residential properties to identify institutional ownership, but I chose to follow the precedent set by the Atlanta Federal Reserve's report on evictions in single-family rentals and use 15 properties as a more conservative estimate recognizing that there are likely institutional investors not captured in this analysis (Raymond et al., 2016). This excluded 6,772 properties across the five cities that would be included in the study if the institutional investor threshold were set at owning ten or more properties within a city.

For each city I joined the frequencies of owner addresses to the single-family layer and filtered the table for addresses that appear 15 or more times, I also filtered out any obvious government or non-profit ownership to get my final layer of institutional SFRs. This filtering was done by searching the owner name field for records that included, Habitat for Humanity, the name of the city, the name of the state, and terms like "public," "mayor," and "housing authority." This data shows both the overall amounts and percentages of IOSFRs for each city.

To get the same information at the census tract level, I used spatial joins to add the census tracts to the layers for single-family properties and institutional SFRs. I used summary statistics again for each of these to get the frequency of single-family homes and institutional single-family rentals for each census tract. The final step was joining the frequencies for single-family properties and IOSFRs to the census tract layer.

After creating all the appropriate layers for each city, I joined the 2018 American Community Survey 5-Year data to the census tract shapefiles to map institutional SFR concentrations over the demographic, income, and housing cost factors listed above.

From this data I laid out maps for each city showing the IOSFR distribution in comparison with six factors: median household income, percent of Black residents, percent of Hispanic/Latinx residents, historic Home Owners' Loan Corporation (HOLC) redlining maps, percent of households renting, and percent of housing cost burden.

Income

In addition to mapping IOSFRs and income, for each city I divided the census tracts into median income quintiles and determined the mean percent of IOSFRs for low-income tracts, medium-low-income tracts, medium-income tracts, medium-high-income tracts, and high-income tracts. By considering the data this way, I was able to see if there were differences in the percentages of IOSFRs across different median income levels in each city.

Latinx and Black Population Distribution

After mapping IOSFRs against Hispanic/Latinx population distribution, Black population distribution, and HOLC Redlining maps, I also created histograms to see how the distribution of these non-White populations compared with census tracts that have a high number (20 or more) of IOSFRs. The histogram analysis was used in the cases with significant minority populations (above 10 percent). The decision to use 20 IOSFRs as the threshold for a high IOSFR rate is somewhat arbitrary, but I wanted to use a static value as the median number of IOSFRs and their standard distributions vary considerably from city to city. My goal was to pick a metric that could be used to compare trends across cities.

Tract Tenure

I used the percent of homeownership in a census tract as a proxy for neighborhood quality and access to opportunity. I acknowledge that there are wide discrepancies between different owner-occupied neighborhoods and many neighborhoods with a majority ownership tenure are not in close proximity with elements that promote well-being such as schools, parks,

and healthy food options. Because this study includes hundreds of census tracts, which likely have variation even within tract boundaries, I chose homeownership percentage to streamline the analysis.

For each city I considered the number of IOSFRs in census tracts with more than 50 percent homeownership in relationship to the total number of IOSFRs in the city to get a percent of IOSFRs in majority owner occupied tracts.

Combined Tract Analysis

After considering the IOSFR patterns in the context of each city, I combined the census tracts from all five cities and used a simple linear regression to look at how IOSFR percentages track with median home prices, median gross rent, as well as the annual gross rental yield based on median values for each census tract. While this calculation is of more interest to yield investors than investors considering both rental income and resale value, I chose to use it over other calculations such as internal rate of return, recognizing that the IOSFR properties have been purchased in different years and with different planned holding periods. This portion of the analysis aims to identify if financial metrics have a dominant influence on investment behavior to the point of overriding local considerations.

Qualitative Policy Comparison

In the literature review preceding this chapter I discussed the impacts of geographically concentrated investment in single-family rentals, these included the exclusion from stable, high-amenity neighborhoods; the normalization of additional fees and expenses for the renter; the expedited depreciation of property due to deferred or stop-gap solutions to needed maintenance; reinforced patterns of segregated housing; and increasing competition for single-family homes on the market. To create a qualitative analysis of the city/state policy context I looked for policies, programs, and advocacy that addressed these potential impacts of IOSFRs.

I began by looking at research that compiled state landlord-tenant regulations for comparative studies, including the RENTCafé analysis of states by renter favorability (Mattox, 2018) and Megan Hatch's classifications of landlord-tenant protections. I verified the currency

of the policies cited in these studies and updated policies where they had changed. After gathering state level policies, I researched city housing policies and programs by looking for programs implemented through planning departments and other city departments that addressed housing or neighborhoods. Key terms I used when exploring city websites included “down payment assistance” and “inclusionary.” Another resource I leveraged were the housing plans created in cities like Denver, Colorado (Denver Department of Housing Stability, 2020) and Atlanta, Georgia (House ATL: Housing Affordability and Community Retention Taskforce, 2018), to see how cities were thinking about and messaging housing to the community. I also used search terms paired with city names to find initiatives related to evictions, renters’ rights, late fees, rental registries/licensure, antidisplacement, and stabilization. To round out this analysis, I looked for non-profits that were offering programs in each city and advocacy groups that were focused on renters’ rights.

The goal of this research was to lay out the landscape of housing policy and discourse for each of the five cities in a way that was as comprehensive as possible and in a way that used the same lens to evaluate each place. The challenge with this is that cities approach policy making in different ways and on different timetables, and the way policies and intentions are communicated to the public vary. The issues that are important to residents also vary from place to place resulting in uneven advocacy. Because of these inherent differences, some policies, programs, or other pieces of the housing discussion may have been missed in this analysis.

After researching the policies and other discourse elements that seemed as though they could have bearing on the single-family rental market, four categories of policy/program type emerged. This framework includes 1) *Stabilizing Existing Homeowners* – reducing the demand for rentals from displaced homeowners and reducing the number of properties transitioning from owner occupancy to renter occupancy, 2) *Ensuring Access to Opportunity* – circumventing barriers that prevent renters from accessing stable, high amenity neighborhoods, 3) *Protecting Renters* – monitoring landlord behavior in regards to maintaining properties and securing rental tenure through guardrails around rental costs and fees, and 4) *Creating Opportunity to Own* – mitigating the increased competition from institutional investors and providing

resources to counterbalance the inflated costs of financing for low-income borrowers. Although these four areas do not necessarily directly affect single-family rental investment, they may exert indirect influence by affecting rental housing demand, enabling more geographic choice for renters, bolstering consumer protections, and creating more equity in the market.

Quantitative Policy Comparison

In addition to a qualitative analysis, I also wanted a way to numerically compare the cities on several variables. To do this, I built a State and City Landlord-Tenant Favorability Spectrum described above. It measures how the combined state and local policy environment of each city works in favor of tenants or landlords. The tool was not created specifically to address IOSFRs or any of the issues related to them, it was created to evaluate general landlord-tenant policy environments and then to assess what bearing, if any those environments had on investment behavior in the single-family rental market.

As with my qualitative analysis, I rooted this study in the model used by Megan Hatch (2017) in her state level analysis of landlord-tenant policy approaches as well as the model used by RENTCafé to rank states based on their landlord-tenant laws. Key differences between this analysis and those two state level studies are the inclusion of city level policy and the use of the Analytical Hierarchy Process (AHP) to account for the differences in the relative importance various policies have on landlord-tenant favorability. The Analytical Hierarchy Process is a method to weight qualitative factors; it involves the creation of a matrix where the factors being evaluated are listed along the topmost row and left most column. The factors are then compared in pairs to determine the relative importance of one factor over another. Once this is done for all pairs, the total value is summed across each row and the weight of each factor is the sum of each row as a percentage of the total value for the matrix (Banai, 1998). This results in a single number score for each city.

Favorability Spectrum Cities

In addition to the five case study cities, the favorability spectrum includes Burlington, Vermont and Little Rock, Arkansas to act as anchors at the renter and landlord ends of the

spectrum, respectively. I chose these cities as anchor points because according to the RENTCafé analysis of state level rental laws Vermont is the most renter friendly state and Arkansas is the most landlord friendly state (Mattox, 2018). This analysis corresponds with Hatch’s analysis which classifies Vermont as a protectionist state and Arkansas as a pro-business state. I selected Burlington and Little Rock from the cities of those two states because they have the largest populations within each state and have a high renter population. The spectrum is constructed from policies in these seven different United States city-state policy contexts. A landlord-tenant favorability spectrum built on policies beyond those found in the US context would likely change the high and low ends of the spectrum. Table 1 on the next page shows the sources for each city’s policy context and a more detailed reference list is in Appendix D.

Policy Categories

For each of the seven cities in the favorability spectrum I considered policies relating to the categories: Cost to Tenants, Health and Safety, Possession, Anti-discrimination, Evictions, Housing Supply, Housing Demand, and Information Equity.

The first four of these policy categories, Cost to Tenants, Health and Safety, Possession, and Anti-discrimination, are adopted from the work Hatch did in her analysis of protectionist and probusiness states. Policies in these categories include rent amounts, late fees, security deposits, habitability, landlord entry, and time to vacate after a notice to quit, among others.

Although Hatch decided to exclude eviction procedures, since she believed they dealt with the outcome of landlord-tenant policy and not the policy context that defined the landlord tenant relationship, I have decided to include eviction procedures in this analysis as they are a key part of the power dynamic between landlords and renters.

Table 1: Sources for State and City Landlord-Tenant Favorability Spectrum

<i>City</i>	<i>Policy Sources</i>
Denver, Colorado	• Denver Code of Ordinances • Denver Residential Tenant Guide • Colorado Revised Statutes • Denver Affordable Housing Homeownership Program
El Paso, Texas	• El Paso Code of Ordinances • El Paso Community Action Program • Attorney General – Renter’s Rights

	• Texas Property Code
Baltimore, Maryland	• Baltimore Code of Ordinances • Annual Report of Inclusionary Housing Board • Attorney General – Landlords and Tenants: Tips on Avoiding Disputes • Maryland 211 – Tenant Rights • The People’s Law Library of Maryland - Housing
Milwaukee, Wisconsin	• Milwaukee Zoning Code • Tenant Resource Center • Wisconsin Landlord Tenant Guide • Tenants Rights and Responsibilities • Wisconsin Administrative Code: Residential Rental Practices • Wisconsin State Statutes: Landlord and Tenant
Atlanta, Georgia	• Atlanta Code of Ordinances • Georgia Landlord-Tenant Handbook • Official Code of Georgia • Homebuyer Programs & Downpayment Assistance
Burlington, Vermont	• Renting in Vermont, Handbook for Tenants and Landlords • Burlington Code of Ordinances • Buy a Home – City of Burlington • The Vermont Statutes: Chapter 137 Residential Rental Agreements
Little Rock, Arkansas	• Little Rock Code of Ordinances • Attorney General – Landlord and Tenant Rights • Arkansas Code • Little Rock Land Bank Commission • Little Rock Downpayment Assistance Program • Arkansas Landlord Tenant Laws
Compendiums	• Statutory Protection for Renters: Classification of State Landlord-Tenant Policy Approaches • Which States Have the Best and Worst Laws for Renters? • Landlord-Tenant State Statutes

Policies in the categories of Housing Supply and Housing Demand are mostly issues of local control. Housing Supply policies can preserve the housing stock for residents (owner occupancy deed restrictions, tenants right of first refusal) or support community organizations addressing local housing needs (dispossession of government owned property). These serve to keep housing wealth within the community. The Housing Demand policies enable housing creation (when cities upzone or reduce minimum lot sizes), more housing tenure options (group living policies), or a denser residential landscape (small minimum lot sizes, allowance of accessory dwelling units or multi-unit homes), all reducing upward pressure on housing prices.

The final category considered in this analysis is Information Equity. Policies in this category include public access to ownership information and a rental registry that would provide jurisdictions access to ownership information. These policies can address some of the information asymmetry between landlords and tenants and increase the ability of cities to hold

property owners accountable for negligence or tax delinquency across a portfolio of properties. Information Equity was included as a factor in building the favorability spectrum as maintaining anonymity has a clear benefit for landlords as Farha highlighted in her report to the UN General Assembly (2017), but because part of my selection criteria for case study cities was the ability to access owner information there was no variability across cities in this category and therefore it was not included in the final policy scoring.

My goal was to include a broad perspective of policies and regulations that could influence both the options available, and the choices made in the arenas of development, investment, and tenure. There is no doubt that in attempting to assess the scope of policy factors that influence such a macro web of interactions many may have been unintentionally omitted. A complete list of policies considered within the eight categories can be seen in Table 2.

Table 2: Policies Considered in Favorability Spectrum

<i>Cost to Tenants</i>	<i>Health and Safety</i>	<i>Possession</i>	<i>Anti-discrimination</i>	<i>Evictions</i>	<i>Housing Supply</i>	<i>Housing Demand</i>	<i>Information Equity</i>
Rent control	WoH Remedy: rent withholding	Reasonable access	Marital status	Right to representation	Local disposal of government owned property	Inclusionary zoning	Accessible ownership information
Rent increase notification	WoH Remedy: renter repair and deduct	Termination notice for non-payment	Sexual orientation	Right to cure	Deed restrictions limiting the pool of eligible buyers or requiring owner occupancy	Single-family zoning restrictions	Rental registry
Duty to re-rent	WoH Remedy: landlord repair and charge	Termination notice for month-to-month tenancies	Source of income		Tenant or Community Opportunity to Purchase Acts or Right of First Refusal	Minimum lot sizes	
Rent grace period	Utility shut-off	Termination notice for lease violations	Non-retaliation			Number of unrelated adults allowed to live together	
Late fees		Time to recover abandoned property					
Security deposit price ceiling							
Security deposit interest							
Security deposit return time							
	*WoH – Warranty of Habitability						

AHP Weighting

Not all policies in the analysis have an equal impact on tenants or landlords, so the AHP is a valuable tool that allows for the inclusion of less directly impactful, but still important policies, such as those relating to land use.

Before comparing policies, I condensed similar policy items and removed factors that had the same value for all cities (i.e., Utility Shut-off). I gave each remaining policy item a score that I derived from three considerations: the policy's direct effect on overall affordability within a community, if the policy affects all renters or a subset of renters, and the magnitude of impact a factor would have on a renter that was affected by it. For an example, the Time to Recover Abandoned Property policy was scored 0 for the direct effect on overall affordability, 1 for only affecting a subset of renters, and 2 for the magnitude of impact the policy could have on an individual renter. I placed the tally of these scores in a matrix where I compared the value of each policy to every other policy under consideration by using a ratio of the scores for each policy pair. A table indicating the weight and contributing factors for each policy is in Appendix D.

Classification

Once each policy category had a weight, I categorized the specific policies enacted using a modification of Hatch's (2017) framework of explicitly pro-renter, implicitly pro-renter, implicitly pro-landlord, and explicitly pro-landlord. An example of how I distinguished between implicitly pro-landlord and explicitly pro-landlord can be seen when looking at policies addressing source of income discrimination. If a locality does not mandate that landlords rent to tenants regardless of their source of income, I classify that as implicitly pro-landlord. If the city is in a state that prohibits local government from enacting such protections, such as in Texas, I classified that as explicitly pro-landlord.

I scored explicitly pro-landlord policies 1, implicitly pro-landlord policies 2, implicitly pro-renter policies 3, and explicitly pro-renter policies 4. These scores were then multiplied by

the weight of each factor and the total favorability score for each city was the sum of those products. A table showing the parameters used for classification is in Appendix D.

To set the boundaries for the spectrum I assessed the most landlord favoring option for each policy as well as the most renter favoring option for each policy, this produced a scale of 1.22 (landlord)-3.9 (renter). I used feature scaling to bring the data set to a 0-1 range to make the data points more readily understandable. This was done using the formula:

$$x' = \frac{x - x_{min}}{x_{max} - x_{min}}$$

CHAPTER IV

CASE STUDY BACKGROUND

Demographics

Demographics considered for each city include the size of the population, the percentages of the population identifying as White, Black, and Latinx, median incomes, homeownership rates, median rents, and percentages of housing cost burden. These data points can be seen for all five cities in Table 3 on page 44.

Denver, Colorado

Denver is the largest of the five cities by population with 693,417. The city was 76.5 percent White, 9.4 percent Black, and 30.3 percent of the population identified as Hispanic or Latinx. The median household income for the city was \$63,793; for the 49.6 percent of residents that owned their home the median income was \$89,406 and for the 50.4 percent of renters the median household income was \$46,851. The median gross rent was \$1,217. About 33 percent of all Denver households were housing cost burdened.

El Paso, Texas

El Paso is the second largest of the five cities with a population of 680,354. Residents identified as 80.8 percent White, 3.8 percent Black, and 80.9 percent Hispanic/Latinx. The median income for El Paso was \$45,656 with the 59.1 percent of residents who own their home having a median income of \$58,894 and the 40.9 percent of renters having a median income of \$30,182. The median gross rent was \$814. Just under 30 percent of residents in El Paso were housing cost burdened.

Baltimore, Maryland

In 2018, Baltimore, Maryland had 614,700 residents, 30.5 percent of whom identified as White, 62.5 percent identified as Black, and 5.1 percent identified as Hispanic or Latinx. The median household income in Baltimore was \$48,840. Homeowners, who comprised 47.4 percent of households had a median income of \$68,636 and the 52.7 percent of renters had a

median income of \$33,180. The median gross rent was \$1,051. Thirty-six and a half percent of Baltimoreans were housing cost burdened.

Milwaukee, Wisconsin

The 2018 population in Milwaukee was 596,886. Of this population, 44.6 percent identified as White, 38.8 percent identified as Black, and 18.8 percent identified as Hispanic or Latinx. Milwaukee had the lowest median household income of the five cities at \$40,036. The median income for homeowners was \$62,193 and they represented 41.8 percent of households. Renters in Milwaukee comprised 58.2 percent of households and they had a median income of \$28,528. The median gross rent for the city was \$842. Milwaukee residents faced the highest level of HCB of the five cities at 39.2 percent.

Atlanta, Georgia

Atlanta's population was 479,655 as of 2018, the city was 40.3 percent White, 51.9 percent Black, and 4.4 percent Hispanic/Latinx. The median household income for the city was \$55,279. Owner occupied households had a median household income of \$93,894 and renter occupied households had a median household income of \$37,486, this is the largest gap between owner and renter median incomes of the case study cities. Homeowners in Atlanta made up 43.4 percent of households and 56.7 percent were renters. The median gross rent in Atlanta was \$1,099. In Atlanta 35.4 percent of residents were housing cost burdened (U.S. Census Bureau, 2019).

Table 3: Case Study Demographics

<i>City</i>	<i>Population</i>	<i>Percent White</i>	<i>Percent Black</i>	<i>Percent Latinx</i>	<i>Median Household Income</i>	<i>Percent Owner Occupied</i>	<i>Median Owner Household Income</i>	<i>Percent Renter Occupied</i>	<i>Median Renter Household Income</i>	<i>Housing Cost Burden</i>
Denver	693,417	76.5%	9.4%	30.3%	\$63,793	49.6%	\$89,406	50.4%	\$46,851	33.3%
El Paso	680,354	80.8%	3.8%	80.9%	\$45,656	59.1%	\$58,894	40.9%	\$30,182	29.7%
Baltimore	614,700	30.5%	62.5%	5.1%	\$48,840	47.4%	\$68,636	52.7%	\$33,180	36.5%
Milwaukee	596,886	44.6%	38.8%	18.8%	\$40,036	41.8%	\$62,193	58.2%	\$28,528	39.2%
Atlanta	479,655	40.3%	51.9%	4.4%	\$55,279	43.4%	\$93,894	56.7%	\$37,486	35.4%

Investment Characteristics

The investment characteristics for each geography come from an ATTOM Data Solutions ranking of places to invest in single-family rentals and are assessed at the county level. The data points include median sales price and annual gross rental yield – the annualized monthly rent divided by the cost of a property. Data for all five cities can be seen in Table 4 on page 46.

Denver, Colorado

In Denver, where the city and county boundaries are contiguous, ATTOM reported a median home sale price of \$435,250 in 2018. The report indicates that Denver had a 6.1 percent annual gross rental yield. As of 2020, the gross rental yield for Denver had increased to 6.3 percent and the median home sale price increased to \$447,000 (ATTOM Staff, 2020).

Of the five geographies in this analysis, Denver has the lowest favorability for single-family rental investing, potentially because of the high median sales price.

El Paso, Texas

El Paso is the county seat in El Paso County where the 2018 median sale price was \$131,000. The annual gross rental yield for that year was 11.9 percent (ATTOM Staff, 2018). In 2020, the annual gross rental yield had fallen to 9.7 percent, with the median home sale price increasing to \$156,413 (ATTOM Staff, 2020).

The moderate median home sale price results in an above average yield, but El Paso County's low rents relative to home sale prices reduce the returns to investors.

Baltimore, Maryland

In 2018 the median home sale price in Baltimore City, which is an independent city separate from Baltimore County, was \$76,150. The annual gross rental yield was 28.6 percent, a 21 percent increase from the previous year placing Baltimore at the top of ATTOMs 2018 single-family rental investment ranking (ATTOM Staff, 2018). In 2020, the city was reported to have a median home sale price of \$79,950 and an annual gross rental yield of 28.9 percent. Over the last three years the city has maintained its position as number one in the SFR investment

rankings (ATTOM Staff, 2020). This ranking is likely because of low home sale prices and moderate gross rents.

Milwaukee, Wisconsin

Milwaukee is the county seat of Milwaukee County where the 2018 median home sale price was \$97,900, this figure increased to \$129,000 in 2020. The increase in home sale prices over this period is probably the main factor contributing to a drop of annual gross rental return from 15 percent to 11.6 percent (ATTOM Staff, 2018, 2020).

Atlanta, Georgia

The city of Atlanta is partially in two counties, DeKalb and Fulton, as the single-family rental investment rankings are at the county level, I consider the analyses for both.

DeKalb County had a median home sale price of \$171,900 in 2018. This increased to \$196,100 by 2020. The annual gross rental yield for the county dropped from 10 percent to 9.7 percent over the same time period (ATTOM Staff, 2018) (ATTOM Staff, 2020).

In Fulton County the 2018 median home sales price was \$248,500 and the annual gross rental yield was 6.9 percent (ATTOM Staff, 2018). In 2020, the median home sale price for the county was \$275,000 and the yield rate remained at 6.9 percent.

The median gross rent (\$1,099) for Atlanta is moderately high relative to the case study cities in this study, but the difference in home sale prices between DeKalb and Fulton Counties result in yields that are above average and below average, respectively.

Table 4: Case Study Investment Characteristics

<i>City</i>	<i>2018</i>		<i>2020</i>	
	<i>Median home sale price</i>	<i>Annual gross rental yield</i>	<i>Median home sale price</i>	<i>Annual gross rental yield</i>
Denver	\$435,250	6.1%	\$447,000	6.3%
El Paso	\$131,000	11.9%	\$156,413	9.7%
Baltimore	\$76,150	28.6%	\$79,950	28.9%
Milwaukee	\$97,900	15%	\$129,000	11.6%
Atlanta (DeKalb/Fulton)	\$171,900/248,500	10/6.9%	\$196,100/275,000	9.7/6.9%

CHAPTER V

RESULTS: SINGLE-FAMILY INSTITUTIONAL INVESTMENT IN CASE STUDY CITIES

Along with the different demographic and investment contexts of each city, there is also variation between the percentages and numbers of IOSFRs for each city as is seen in Table 5, below.

Table 5: Number and Percentages of IOSFRs by City

<i>City</i>	<i>Percent of IOSFRs</i>	<i>Number of IOSFRs</i>
Denver	1.14%	1,592
El Paso	1.52%	2,312
Baltimore	4.20%	7,200
Milwaukee	3.43%	3,028
Atlanta	3.25%	2,911

To see what if any geographic relationships existed among demographic characteristics, investment profiles, and IOSFR distributions, I mapped these factors for each city. Below, I discuss the findings for each city and then compare the results across cities.

Geographic Distributions

Denver, Colorado

Denver has 1,592 IOSFRs which is 1.15 percent of the single-family housing stock. These IOSFRs are concentrated in low-income and medium-low-income census tracts (Figure 3, below) with the rate of IOSFRs in low-income tracts outweighing those in high-income tracts by a factor of 10.5.

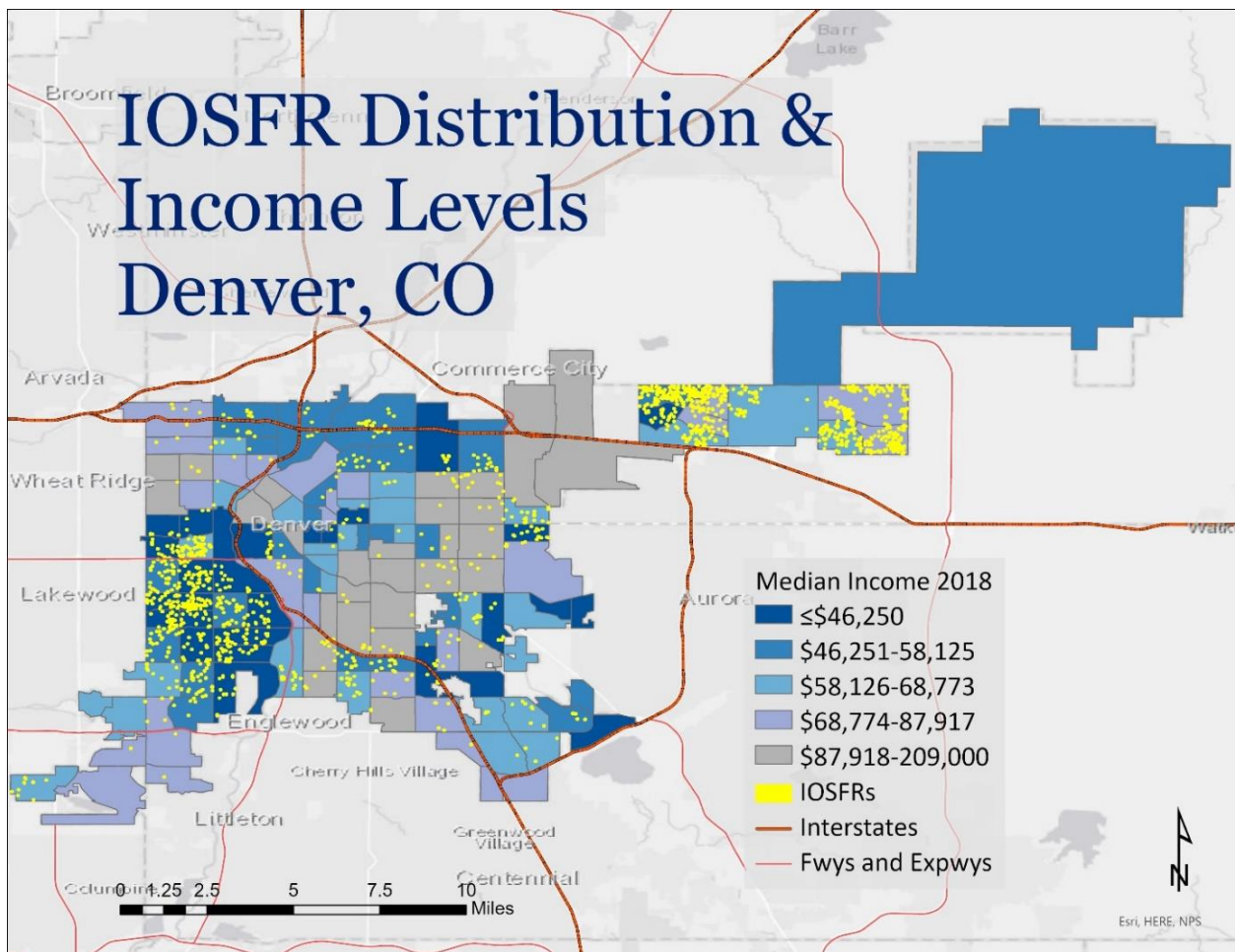


Figure 3: Map of Denver IOSFRs and 2018 Median Incomes

Higher intensity IOSFR tracts in Denver also seem to align with high percentage Hispanic and Latinx tracts in the western and northeastern areas of the city. Figure 4, on the next page shows the distribution of the cities Hispanic and Latinx population across census tracts, the bright blue color indicates tracts with more than 20 IOSFRs.

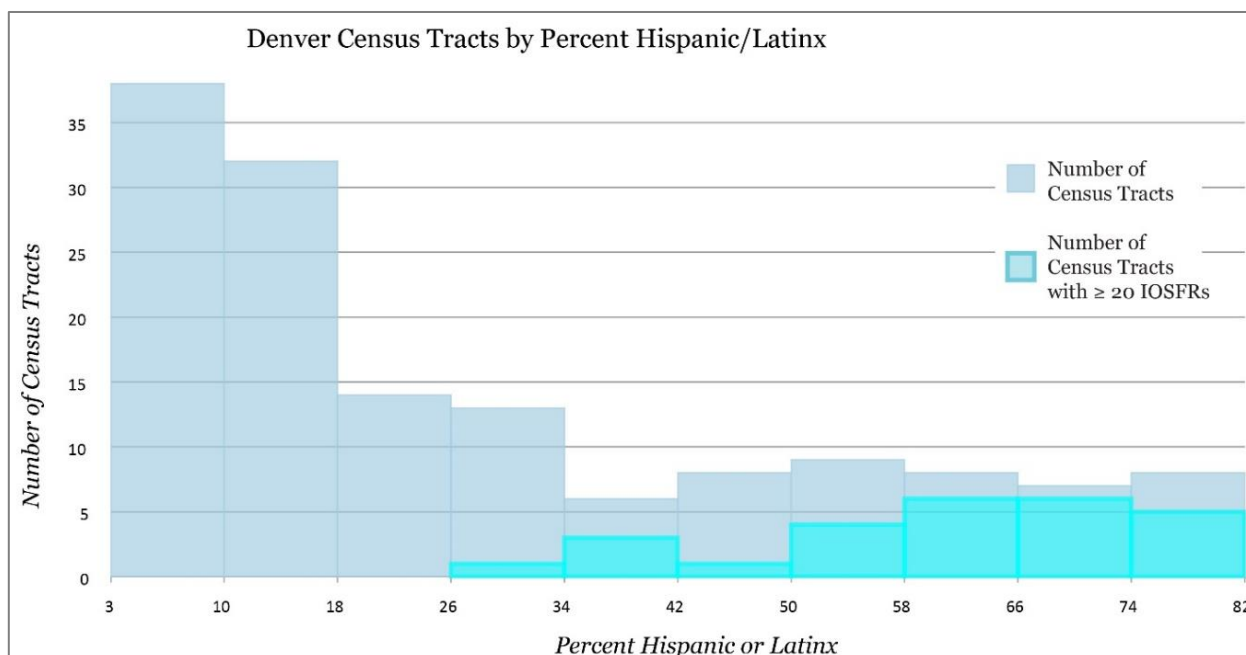


Figure 4: Hispanic/Latinx Population in Denver Census Tracts 2018

The majority (72.86 percent) of institutionally owned single-family rentals are mostly in majority owner occupied census tracts in Denver and Figure 5 (below) illustrates the distribution of high IOSFR tracts within the distribution of housing cost burden in Denver. The

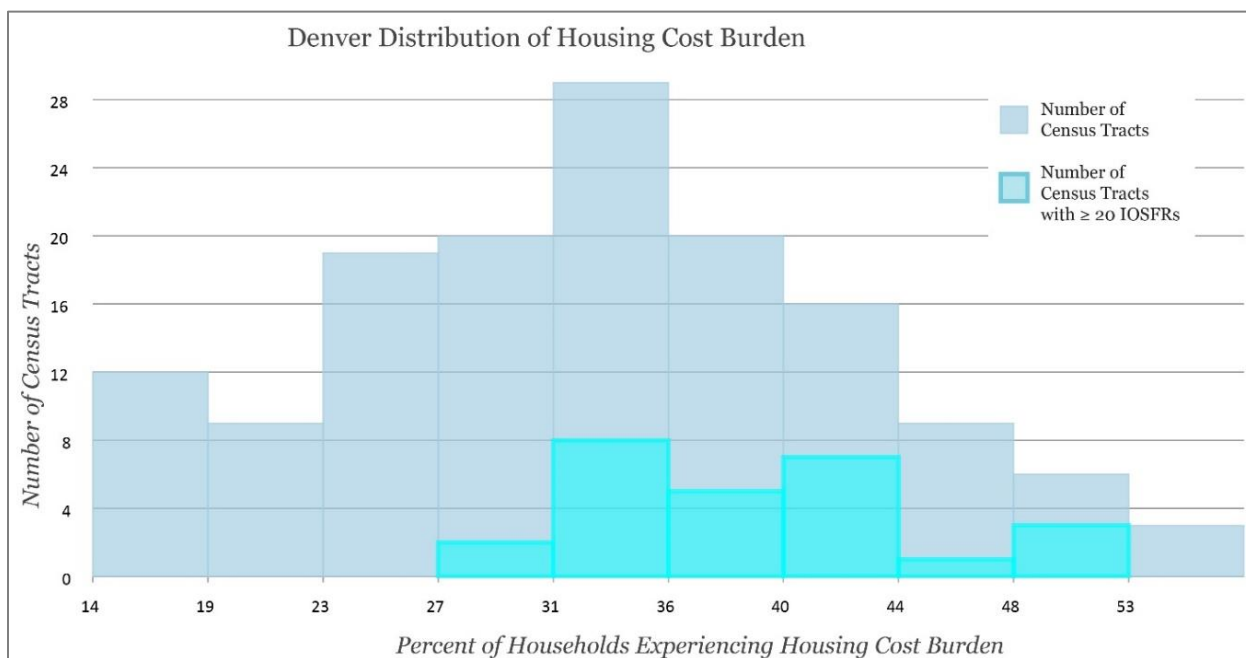


Figure 5: Housing Cost Burden in Denver Census Tracts 2018

median HCB for census tracts with 20 or more IOSFRs is 38.39 percent, slightly higher than the median for all census tracts, 34.34 percent.

El Paso, Texas

In El Paso 2,312 units (1.52 percent of the single-family housing stock) are IOSFRs. El Paso has the most distributed IOSFRs of the five cities studied, the rate in low-income census tracts is only 2.36 times higher than the rate in high-income census tracts (Figure 6).

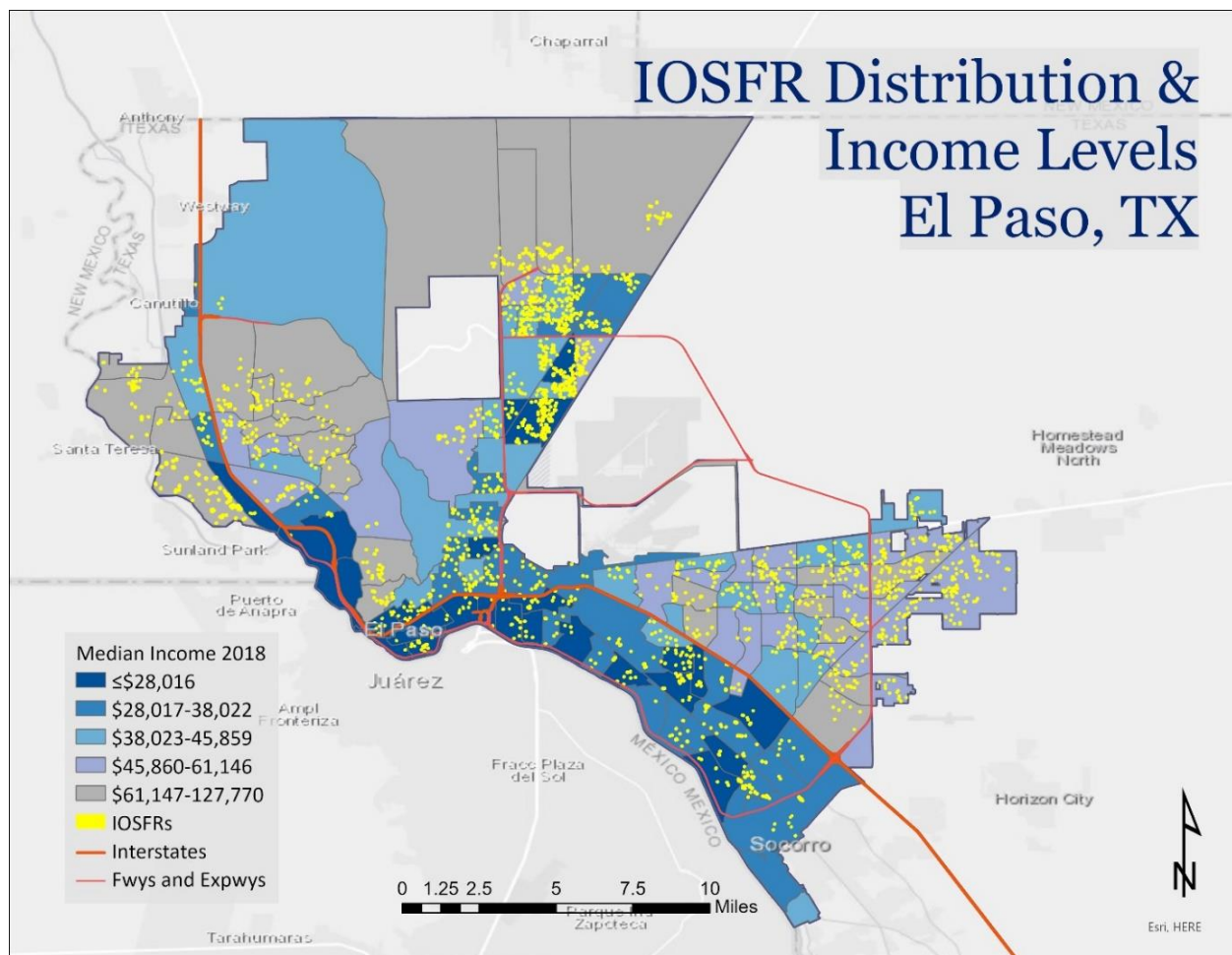


Figure 6: Map of El Paso IOSFRs and 2018 Median Incomes

Each census tract in El Paso has a 70 percent or higher Hispanic/Latinx population making it hard to track any factor that is disproportionately affecting this demographic group, Figure 6 (next page) shows the distribution of El Paso's Hispanic/Latinx population and the number of census tracts with more than 20 IOSFRs.

Of the census tracts that have the highest percentages of Black residents, some low- to moderate- income tracts have a slightly higher IOSFR rate, but high-income tracts mostly show very few IOSFRs.

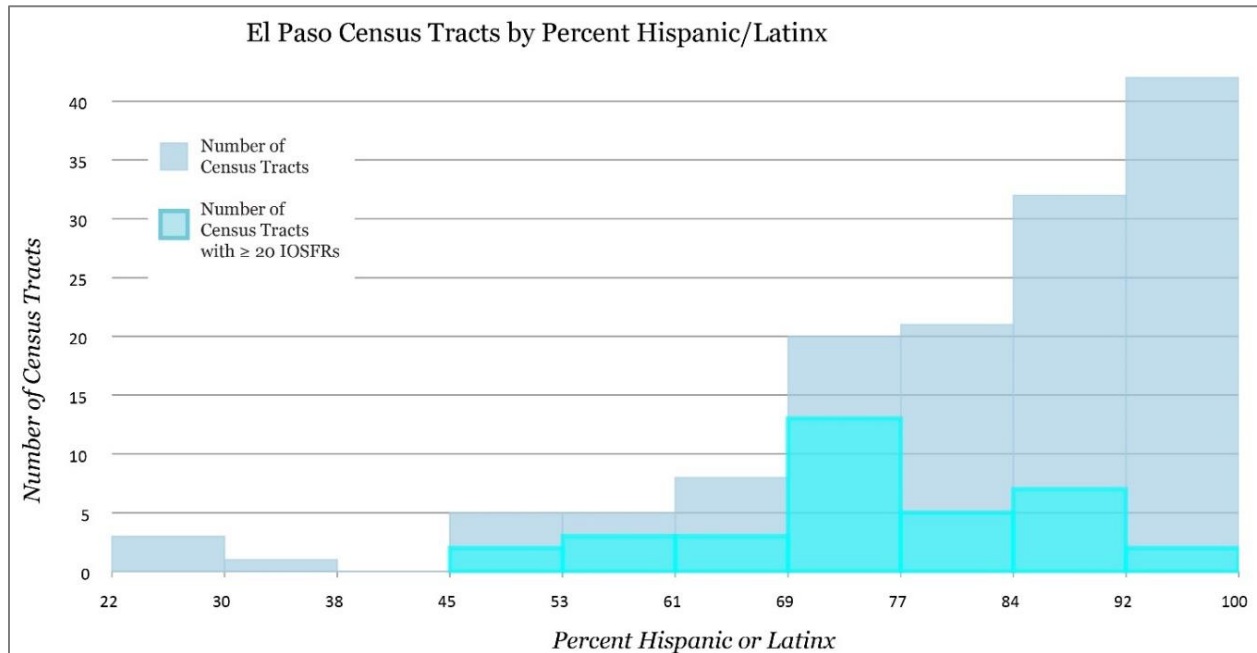


Figure 7: Hispanic or Latinx Population in El Paso Census Tracts 2018

El Paso has the highest percentage of IOSFR homes in majority owner occupied census tracts. More than 83 percent of IOSFRs are in tracts with more than a 50 percent ownership rate.

The rate of census tracts with 20 or more IOSFRs is also well distributed across tracts with varying levels of housing cost burden (Figure 8, below). The median housing cost burden

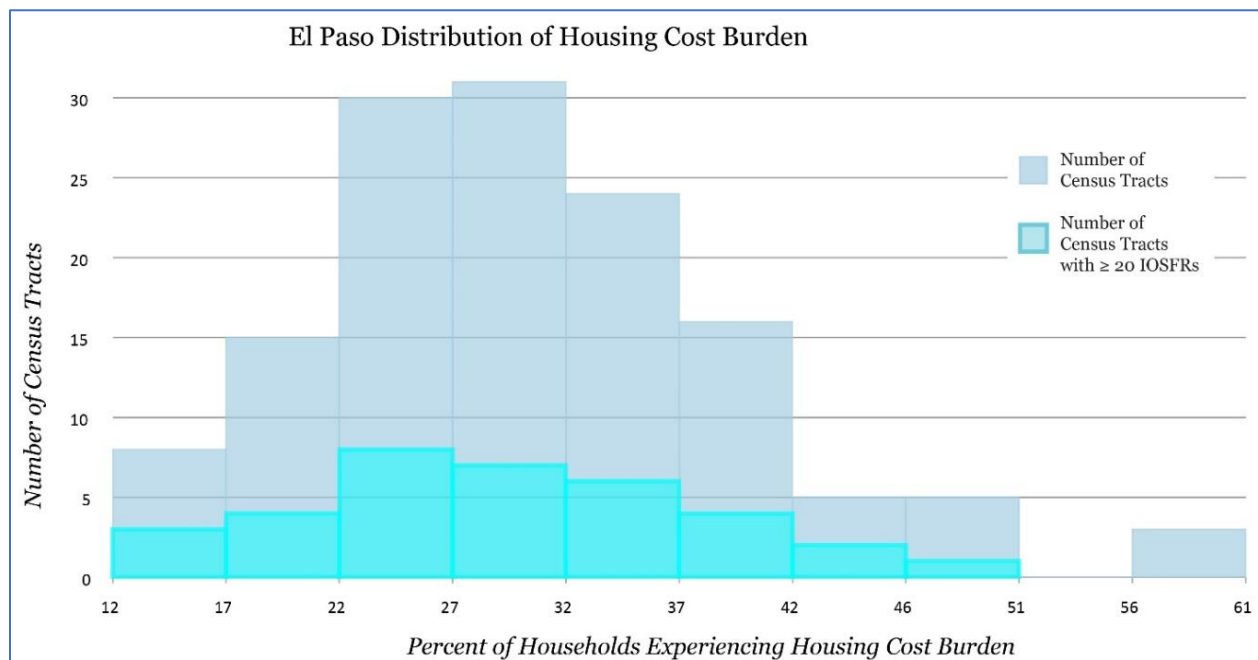


Figure 8: Housing Cost Burden in El Paso Census Tracts 2018

for high IOSFR tracts is just under one percent less than what it is for all census tracts in El Paso.

Baltimore, Maryland

The single-family housing stock in Baltimore is 4.22 percent IOSFRs, the highest percentage for all five cities. As is the case in El Paso, the 7,200 institutionally owned single-family rentals are distributed across census tracts at all income levels. The percentage of IOSFRs in low-income census tracts is 2.9 times the percentage of IOSFRs in high-income census tracts. This distribution can be seen in Figure 9, below.

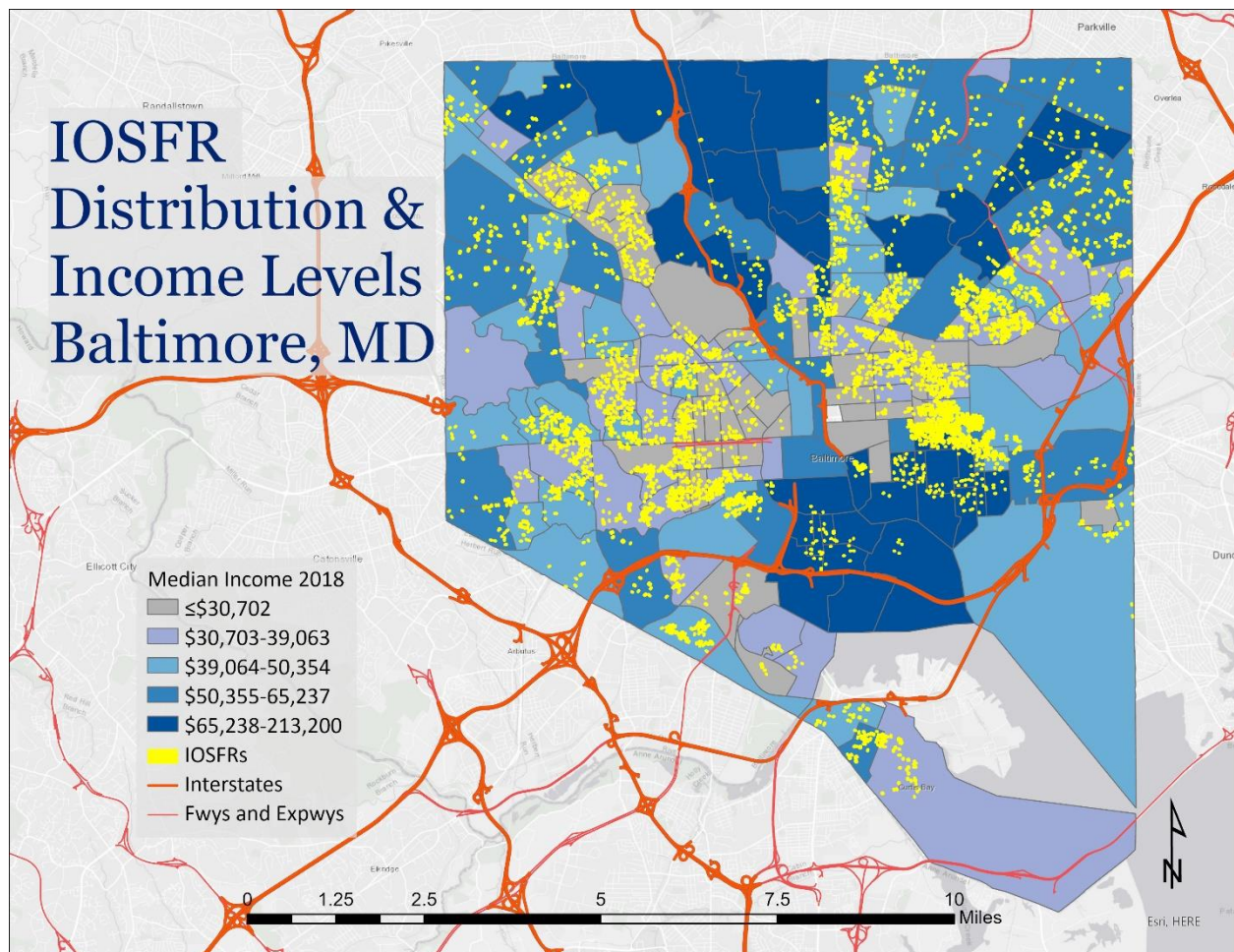


Figure 9: Map of Baltimore IOSFRs and 2018 Median Incomes

In Baltimore, the distribution of IOSFRs seems to begin on the periphery of the city center and radiate outward to the northeast and the northwest. This geographic pattern does not seem to match the distribution of higher-percentage Hispanic/Latinx census tracts, but it does appear that census tracts with high percentages of Black residents, who are a much more prevalent demographic group in Baltimore, are associated with this distribution.

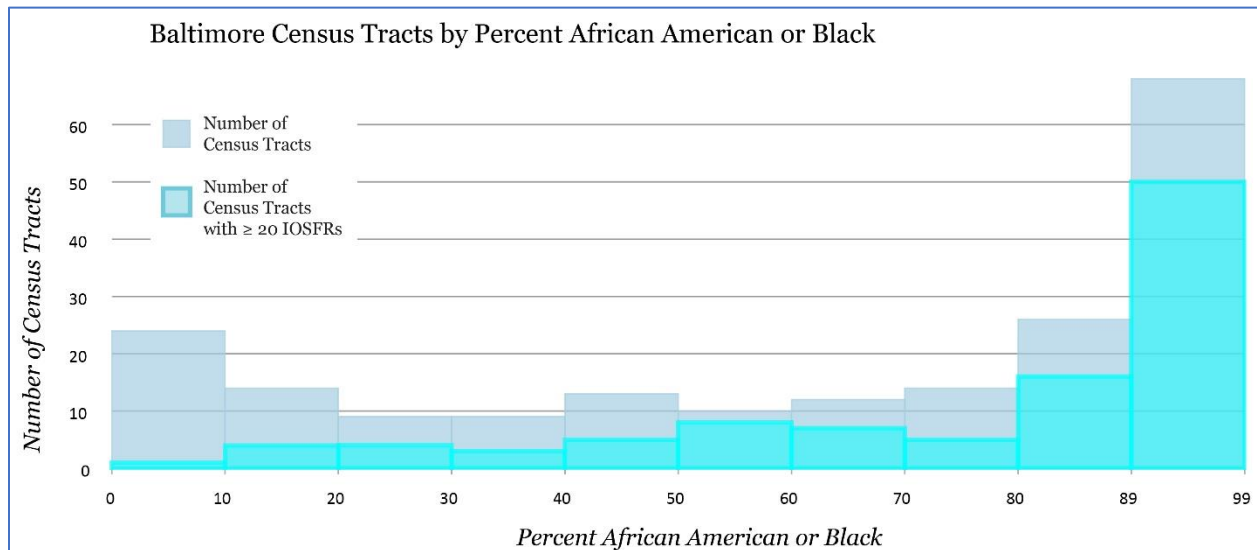
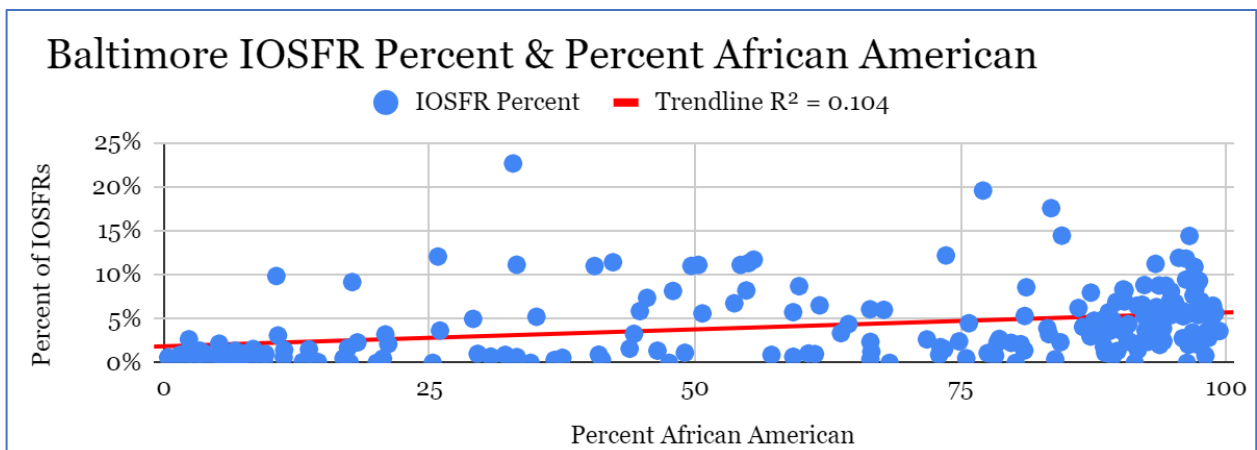


Figure 10: African American or Black Population in Baltimore Census Tracts 2018

While the number of census tracts with 20 or more IOSFRs appears to track the distribution of the Black population within the city (Figure 10, above), a linear regression shows a weak, but significant association ($R^2=0.104$) between the percent of single-family homes being used as IOSFRs and the percent Black residents in a census tract (Figure 11, below).



In Baltimore, IOSFRs are fairly concentrated in high percentage renter occupied census tracts, only 33.57 percent of identified IOSFRs are in tracts with an ownership rate over 50 percent.

Census tracts with 20 or greater institutionally owned single-family rentals in Baltimore occur at a higher rate in tracts with high housing cost burdens, but the distributions patterns of high IOSFR tracts follow the pattern of all Baltimore tracts (Figure 12, below). Still, tracts with high HCB do not seem to be a deterrent to the investor market.

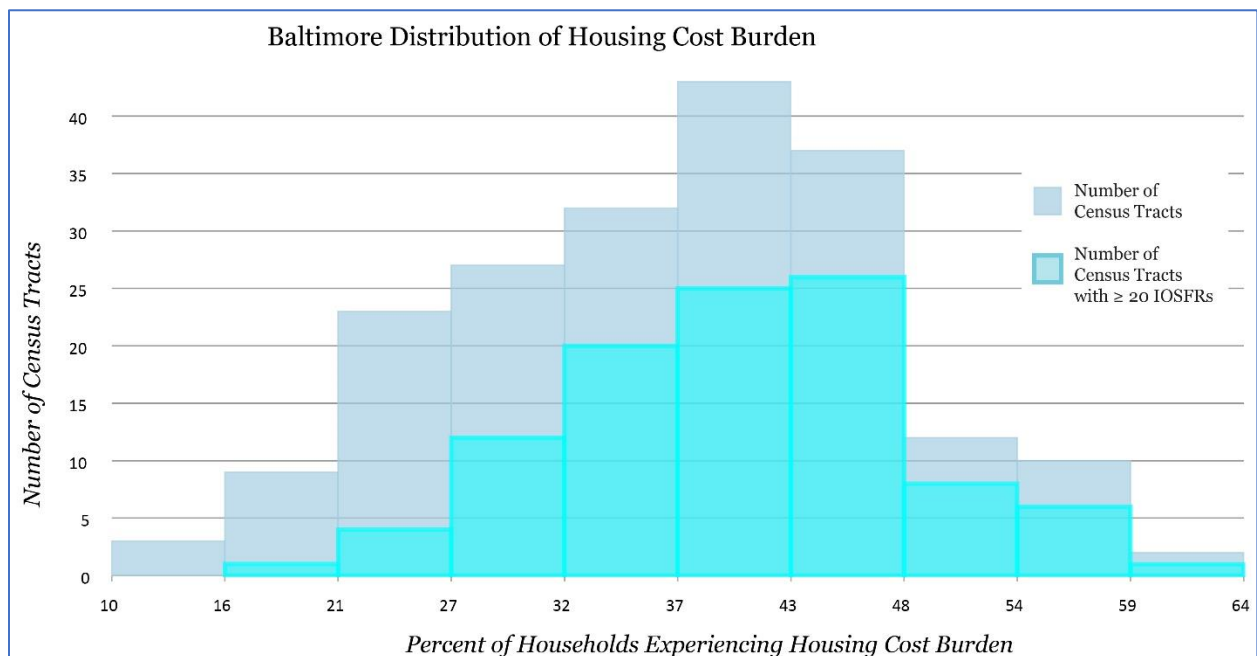


Figure 12: Housing Cost Burden in Baltimore Census Tracts 2018

Milwaukee, Wisconsin

The single-family housing stock in Milwaukee is 3.5 percent IOSFR and the distribution of these institutionally owned single-family rentals is the most skewed towards low-income census tracts. The 3,028 properties are distributed such that, low-income tracts have 10.74 times the number of IOSFRs that high income census tracts do. About the same rate as Denver. This concentration to the northwest of the central city can be seen in Figure 13 (below).

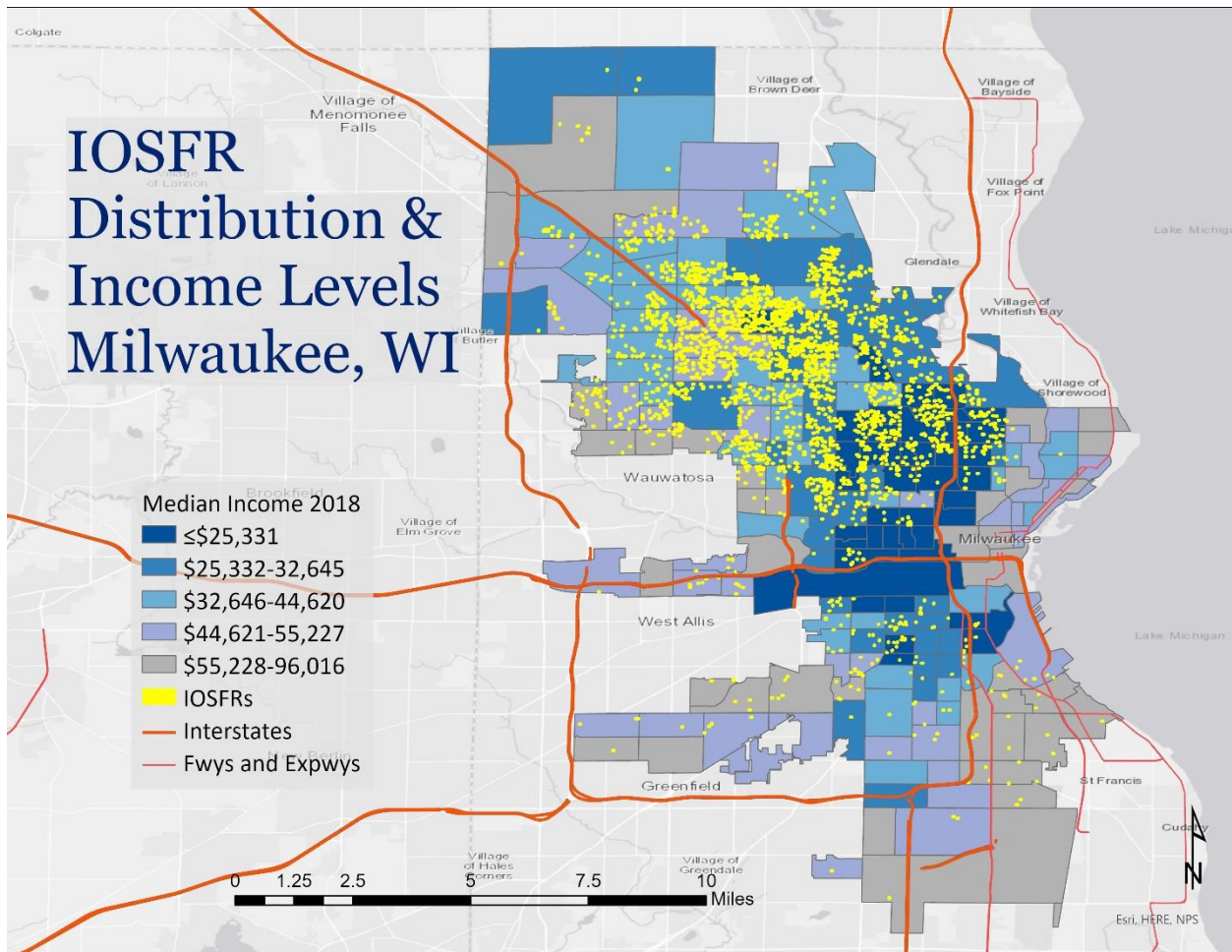


Figure 13: Map of Milwaukee IOSFRs and 2018 Median Incomes

Milwaukee is the only one of the five cities that has large percentages of both Hispanic/Latinx and Black residents. A majority of the Hispanic/Latinx population lives to the southwest of the city center in areas with less IOSFR intensity, a pattern visible in Figure 14 (below).

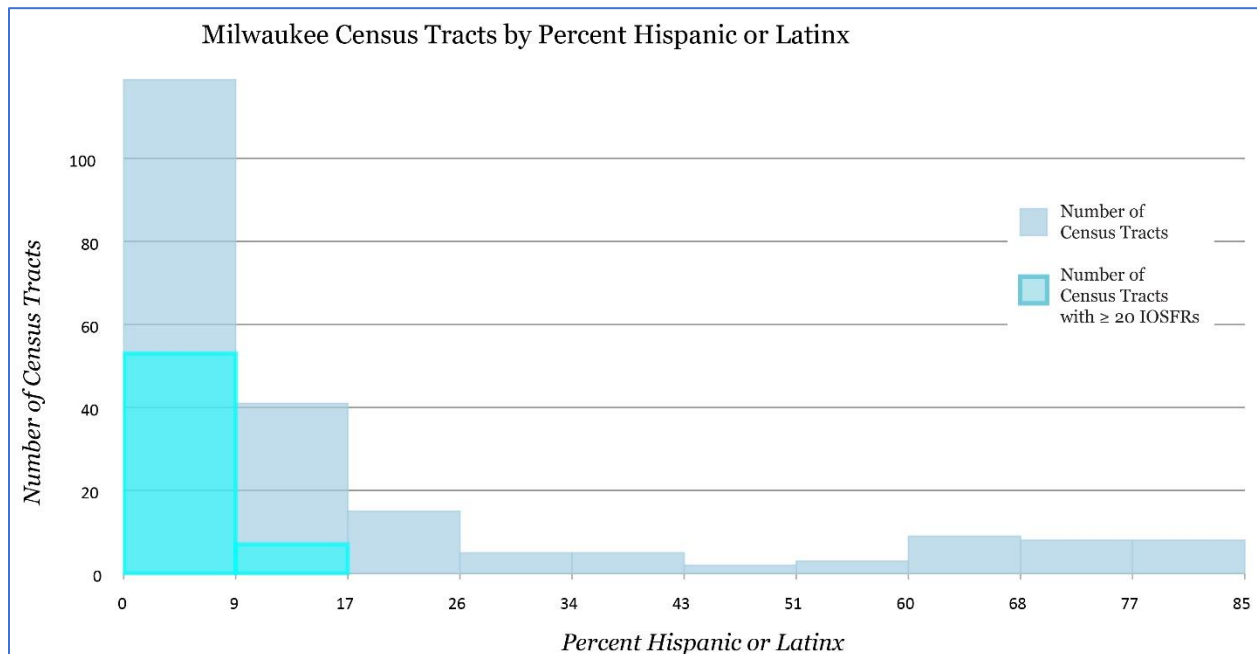


Figure 14: Hispanic or Latinx Population in Milwaukee Census Tracts 2018

In contrast there is much more IOSFR activity in tracts that are predominately Black (Figure 15, next page). The linear regression in Figure 16 (next page) shows that there is a moderately strong association ($R^2 = .559$) between the percent of Black residents in a census tract and the percent of IOSFRs.

Institutionally owned single-family rentals are slightly more likely to be in majority renter occupied census tracts in Milwaukee, with 43.03 percent of IOSFRs in majority owner-occupied tracts.

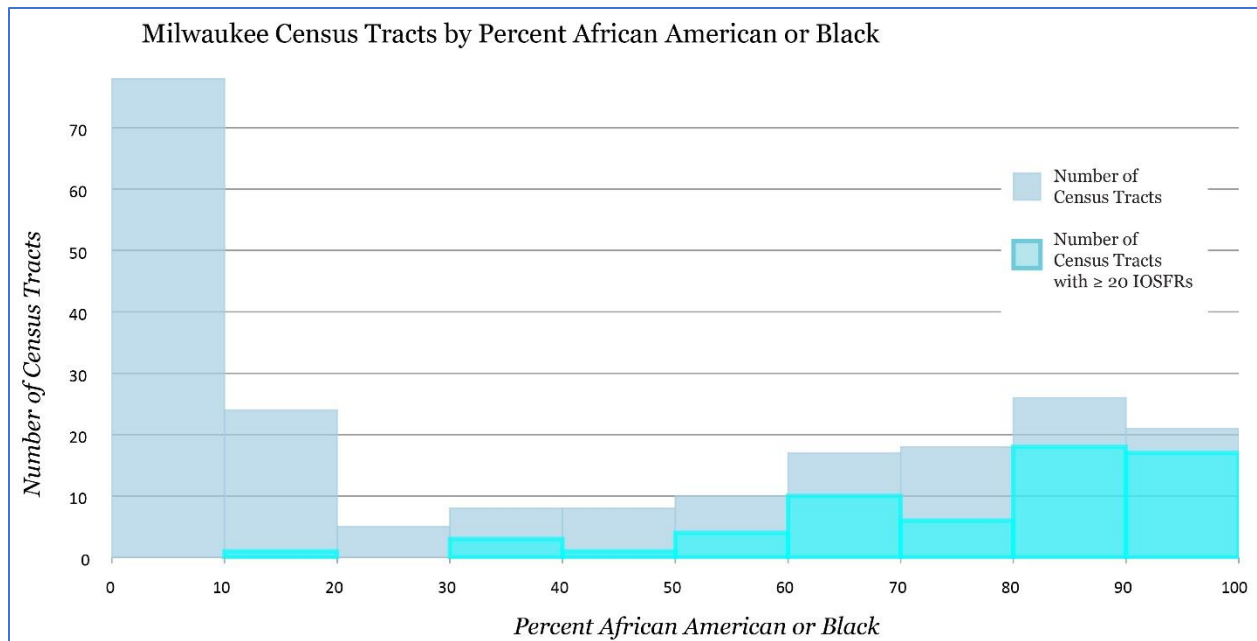


Figure 15: African American or Black Population in Milwaukee Census Tracts 2018

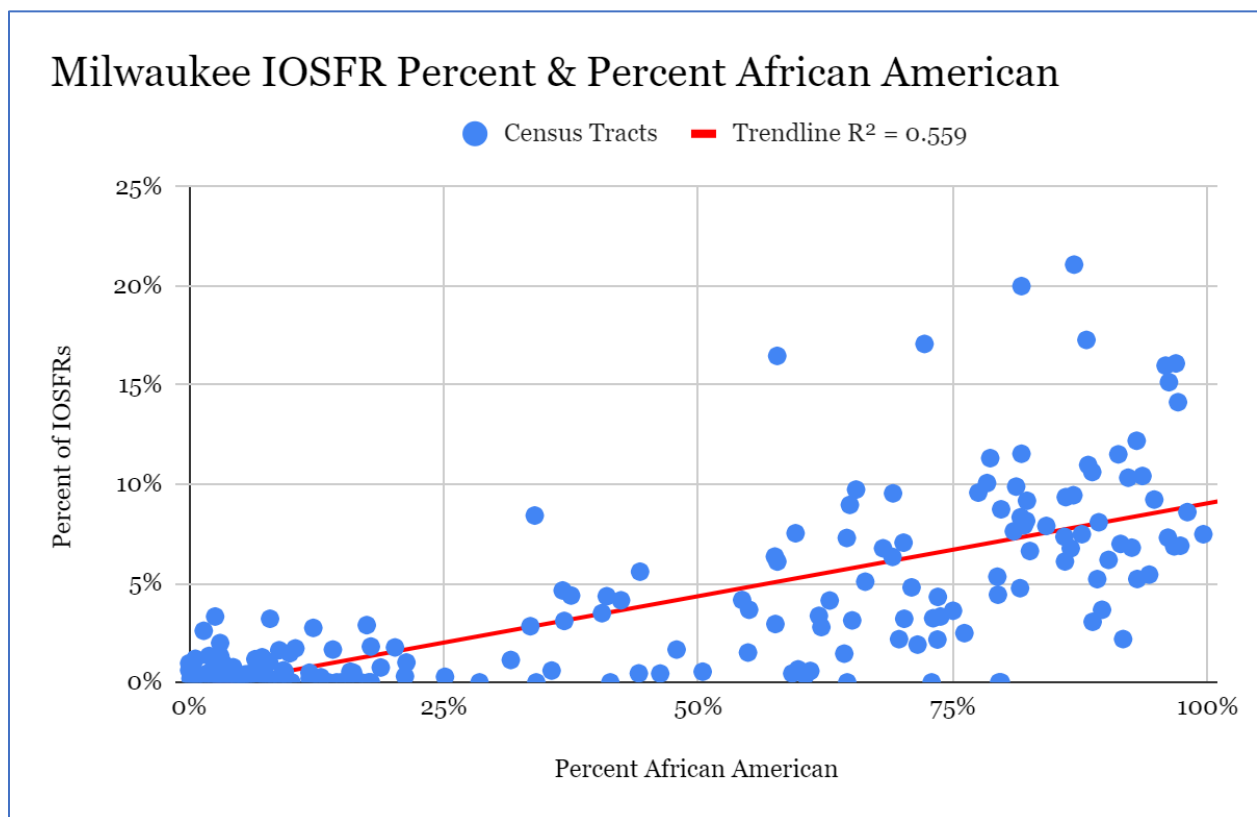


Figure 16: Milwaukee IOSFRs and Percent of the African American Population

In Milwaukee, tracts with high levels of IOSFRs are also more likely to be housing cost burdened, the median HCB for all census tracts is 40.42 percent and the median for tracts with at least 20 IOSFRs is 47.27 percent (Figure 17, below).

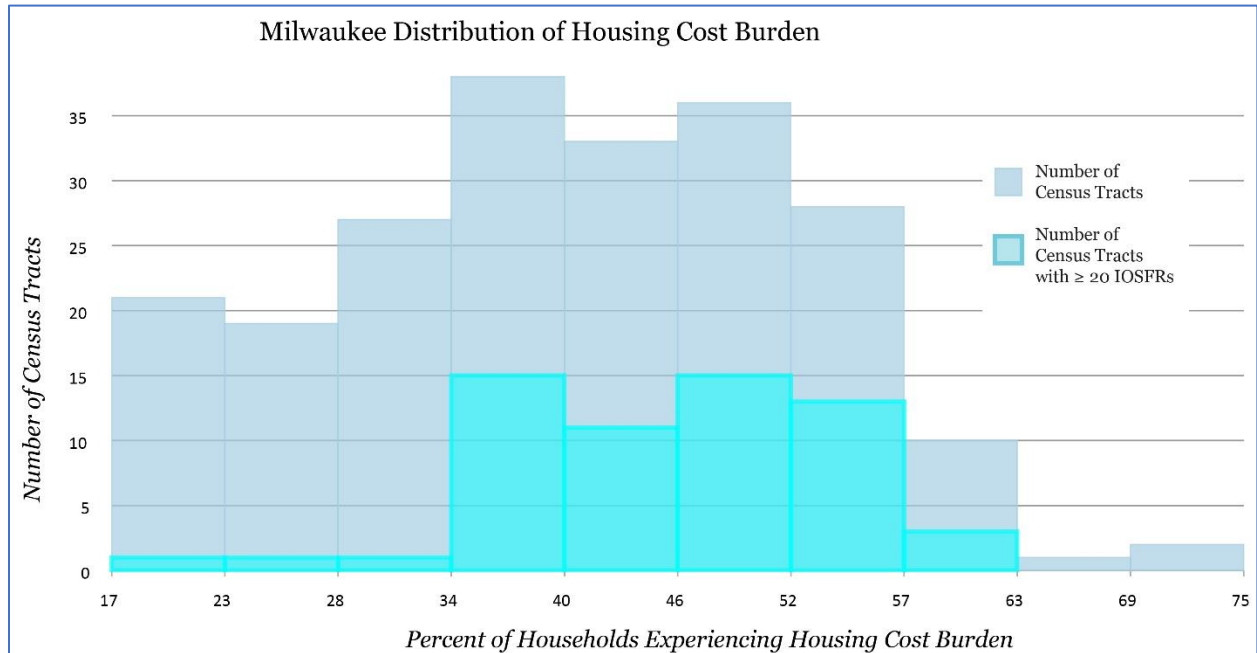


Figure 17: Housing Cost Burden in Milwaukee Census Tracts 2018

Atlanta, Georgia

Of Atlanta's single-family housing stock, 3.3 percent are institutionally owned single-family rentals, and those 2,911 properties are moderately distributed across income levels.

Institutionally owned single-family rentals are 4.5 times more likely to be in low-income census tracts than in high-income census tracts. Assessing IOSFRs in the Fulton County portion of Atlanta, the map in Figure 18 (below) shows overall lower incomes in the southern half of the

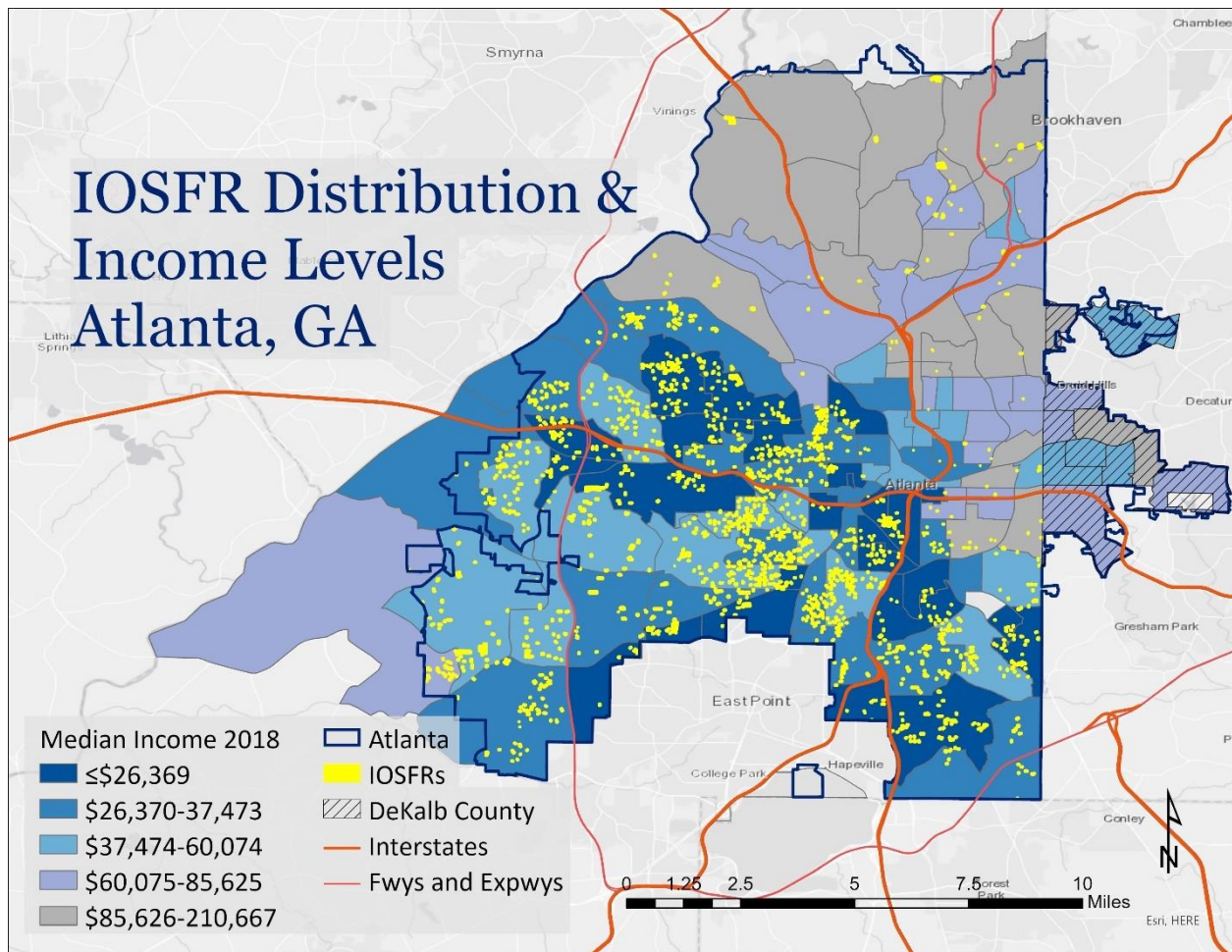


Figure 18: Map of Atlanta IOSFRs and 2018 Median Incomes

city and higher incomes in the north. The distribution of IOSFRs is more heavily concentrated in the lower-income southern parts of the city.

Atlanta, like Baltimore has a much larger Black population than its Hispanic/Latinx population. Although smaller, the majority of Hispanic/Latinx residents live in the northern part of the city, away from the high intensity IOSFR areas. The census tracts in the southern part of the city where the IOSFRs are concentrated have predominately Black population. Figure 19, below, shows that tracts with 20 or more IOSFRs are more common in high percentage Black census tracts, but as was the case with Baltimore, a linear regression shows only a weak or no correlation between these variables.

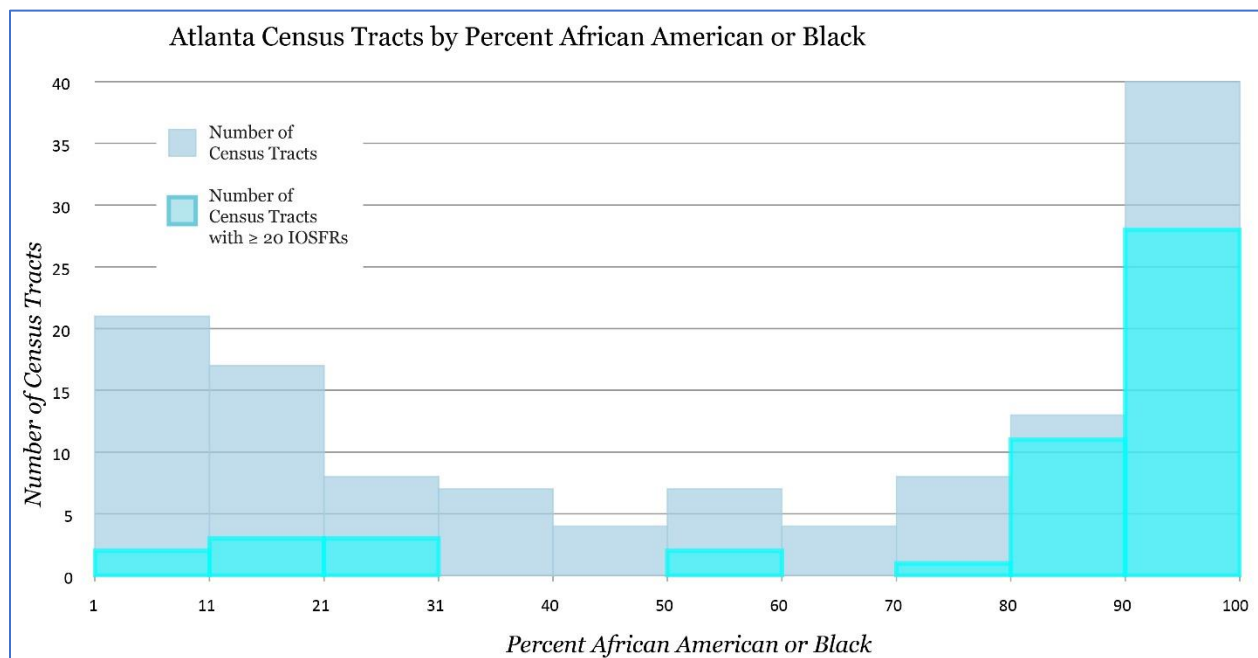


Figure 19: African American or Black Population in Atlanta Census Tracts 2018

Residents in IOSFRs in Atlanta are also more likely to live in a census tract with a majority renter population. Only 29.17 percent of IOSFRs in the city are in tracts with majority owner occupants.

Figure 20 shows the relationship between high IOSFR tracts and housing cost burden is similar to Baltimore, with high IOSFR tracts following the distribution of housing cost burden for all census tracts.

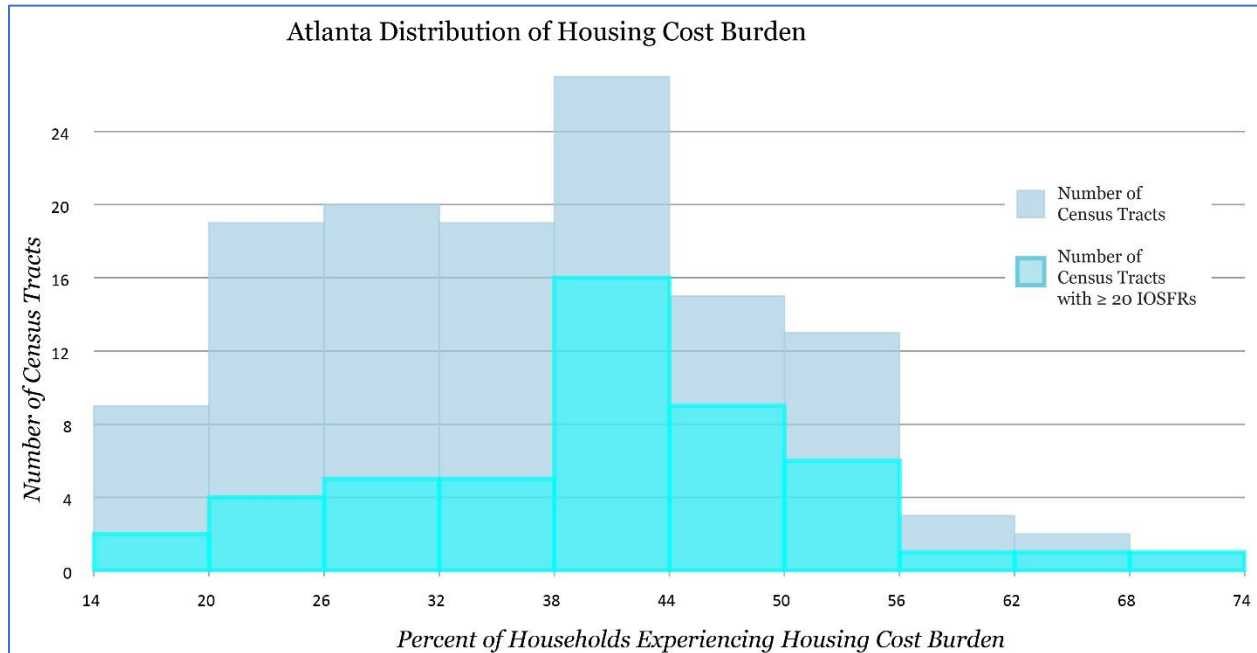


Figure 20: Housing Cost Burden in Atlanta Census Tracts 2018

Table 6: Summary of Demographic Distributions

City	Denver	El Paso	Baltimore	Milwaukee	Atlanta
<i>City % HCB Tracts/High IOSFR Tracts</i>	34.34%/ 38.39%	29.31%/ 28.47%	37.73%/ 40.16%	40.42%/ 47.27%	37.82%/ 41.48%
<i>City Median Black Pop. Tracts/ High IOSFR Tracts</i>	4.80%/ 8.35%	2.16%/ 5.89%	77.10%/ 88.93%	31.58%/ 81.68%	62.08%/ 91.87%
<i>City Median LatinX Pop. Tracts/ High IOSFR Tracts</i>	20.42%/ 63.55%	85.31%/ 75.62%	2.91%/ 2.42%	7.49%/ 3.90%	2.90%/ 1.71%
<i>Percent of IOSFRs in Majority Owner Occupied</i>	83.73%	72.86%	43.03%	33.57%	29.17%
<i>Low-income Tracts/ High-income Tracts</i>	10.50	2.36	2.90	10.74	4.50
<i>Citywide Percent of IOSFRs</i>	1.14%	1.52%	4.20%	3.43%	3.25%

Cross City Trends

Combined Tract Analysis

In the combined tract analysis, I analyzed the census tracts from all five cities looking for trends relating the percent of IOSFRs to the median house price, the median gross rent, and the annual gross rental yield.

The R-value for median home prices was 0.126 and the R-value for median gross rents was 0.025. The R-value for the cash-on-cash return was slightly more correlated at 0.295 (Figure 21, next page), but the low correlation for all three regressions is not surprising since the data is based on median values and does not account for the specifics of each property such as age, size, location, and condition.

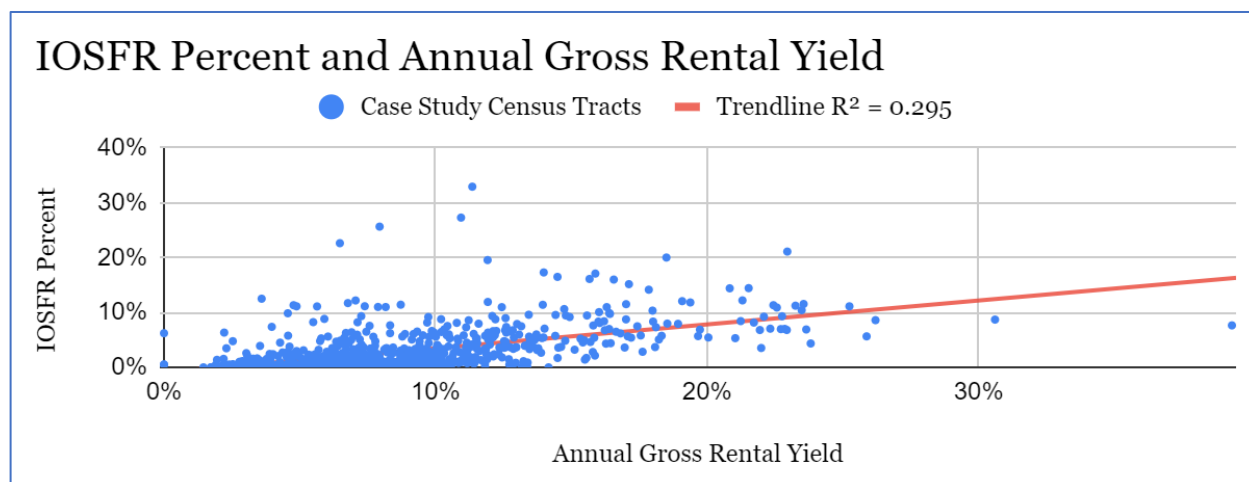


Figure 21: IOSFR Percent and Annual Gross Rental Yield for Case Study Census Tracts

Share of Institutionally Owned Single-Family Rental Properties

Of the five cities considered in this study, Baltimore’s single-family housing stock has the highest share of institutionally owned single-family rentals with 4.22 percent. Baltimore is followed by Milwaukee, Atlanta, El Paso, and Denver. Table 7 (next page) shows this is the same order the geographies fall into when looking at the ATTOM Data Solutions ranking of the best counties to invest in SFR properties. While annual gross rental yield did not seem to be a strong predictor of IOSFRs at the census tract level, it does align at the city level for the case study cities. One reason for this may be that investors set different thresholds for expected yields in different cities, comparing the yields for census tracts across cities would not account for these different expectations.

Table 7: Case Studies by Percent of IOSFRs and 2020 Annual Gross Rental Yield

<i>City</i>	<i>Percent of IOSFRs</i>	<i>ATTOM County Rank</i>	<i>Q1 2020 Yield</i>
Denver	1.14%	316	6.3%
El Paso	1.53%	95	9.7%
Baltimore	4.22%	1	28.9%
Milwaukee	3.5%	37	11.6%
Atlanta - Fulton/Dekalb	3.3%	90/247	9.7/6.9%

Having a high percentage of IOSFRs in a city may mean more people without the ability to purchase a home are able to access well-resourced neighborhoods with access to high-quality

schools, grocery stores, and open space – this outcome really depends on how the IOSFRs are distributed. A high percentage of IOSFRs may also mean that properties in the city are being purchased by entities with the means and the desire to maintain or rehabilitate the homes, improving the housing stock and neighborhoods of a city – this, however, is contingent on the type of investor and their strategy for returns. What is most likely for a city with a high percentage of IOSFRs is that equity is leaving the community and large, often non-local investors are recouping their initial costs in 4-6 years (depending on yield) and earning mostly profit thereafter.

The two cities with the lowest percentages of IOSFRs, El Paso and Denver, also had the smallest gaps between the renter median income and owner median income, potentially suggesting that residents in these cities have an easier time transitioning from renting to owning. In El Paso, this is because of the relatively low housing costs, whereas in Denver it is the relatively high and increasing area median income. In El Paso, this theory is strengthened by the relatively high urban ownership rate of 59.1 percent. These two cities also have the lowest housing cost burden of the five case study cities.

Income Distribution of Institutionally Owned Single-Family Rentals

In addition to differences in the total number and the intensity of IOSFRs in each city, the way these properties are distributed across income levels within each city varies. Table 8, below, shows the overall percent of IOSFRs in each city and the ratio of the IOSFR percentage in low-income census tracts versus the IOSFR percentage in high-income census tracts.

Table 8: Variability of IOSFR Distribution

<i>City</i>	<i>Percent of IOSFRs</i>	<i>Low-income CTs/ High-income CTs</i>
Denver	1.14%	10.50
El Paso	1.52%	2.36

Baltimore	4.20%	2.90
Milwaukee	3.43%	10.74
Atlanta	3.25%	4.50

All five cities had at least twice as many IOSFRs in low-income census tracts than in high-income census tracts. In Denver and Milwaukee, the percentage of single-family housing stock used as institutionally owned single-family rentals is more than ten times higher in low-income census tracts than what it is in high-income tracts. This is a considerable jump from the other three cities which have between two and five times the percentage of IOSFRs in low-income tracts than in high-income tracts.

Milwaukee has a relatively high percentage of overall IOSFRs (3.43 percent) while Denver's is the lowest of the study cities (1.14 percent), so city-wide IOSFR percentage does not seem related to whether there is a concentration in low-income census tracts.

The income ranges that define each quintile are not consistent across the five cities, this is particularly apparent for the high-income quintile, which for Denver, Baltimore, and Atlanta have ranges between \$121,000 and \$148,000, while the ranges for El Paso and Milwaukee are approximately \$40,000 and \$67,000. These distinctions, seen in Figure 22, also seem to have no bearing on how IOSFRs are distributed in relation to income, as Denver with a wide range of incomes in the high-income quintile and Milwaukee with a narrow range of incomes in the high-

income quintile are the two cities with the greatest disparity between IOSFRs in high- and low-income census tracts.

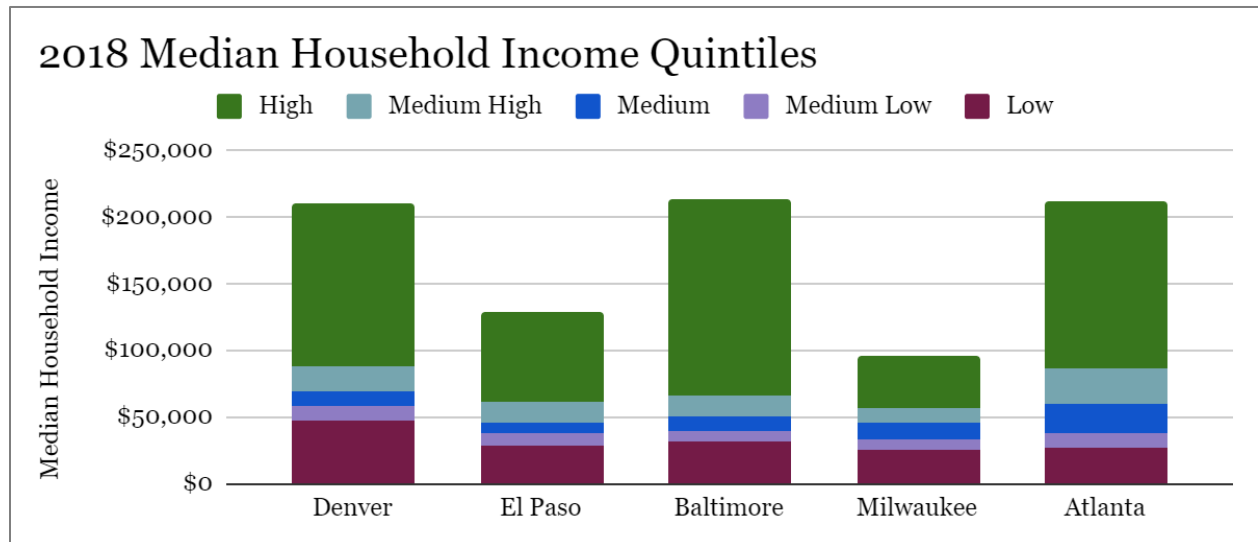


Figure 22: Differences in Median Income Quintiles

The differences in the IOSFR distribution across income levels seems stark when looking at the data from these five cities, but more research needs to be done that examines data from a larger number of cities to determine the normal distribution pattern of IOSFRs across low- and high-income census tracts. The addition of more cities will also help to identify other factors that may be related to or that may cause different distribution patterns in different places.

Racial and Ethnic Patterns

The cities in these case studies have different demographic trends with Baltimore, Atlanta, and Milwaukee having large Black populations and small Hispanic/Latinx populations, while El Paso residents identify as majority White and majority Hispanic/Latinx, and Denver has a moderate Hispanic/Latinx population and a small Black population.

When mapping the three cities with large Black populations it appears that IOSFRs are predominately in census tracts that have higher percentage of Black residents, but after running linear regressions on each, only Milwaukee has a significant correlation between high percentage IOSFR tracts and high percentage Black census tracts with an R-value of 0.559 and a p-value <0.01.

The distributions of IOSFRs and the Black population for each city can be seen in Figure 23, and the distribution of IOSFRs compared to Hispanic/Latinx populations can be seen in Figure 24.

It is worth noting that of the five cities, El Paso has the least amount of racial segregation and it is the city with the most distributed IOSFRs. Policy makers and fair housing advocates would be benefitted by future research that examines the distribution of institutionally owned single-family rentals and the levels of segregation in different cities.

The comparison of IOSFR distribution and redlined neighborhoods resulted in no significant findings, but maps showing how these factors overlap are included in Appendix A.

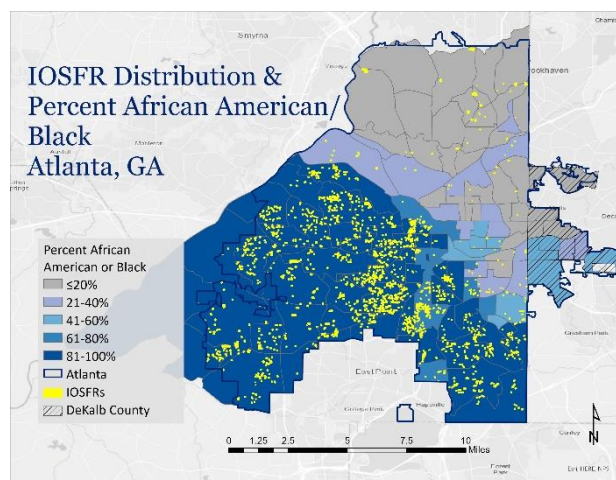
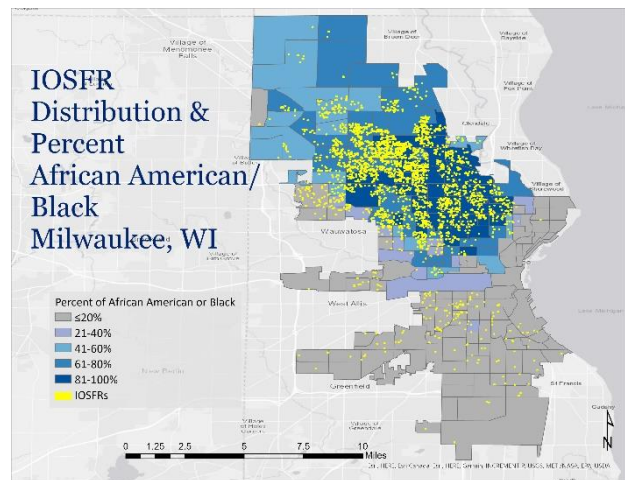
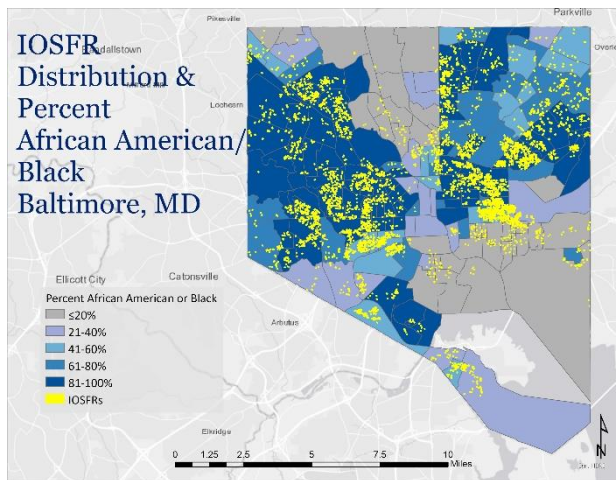
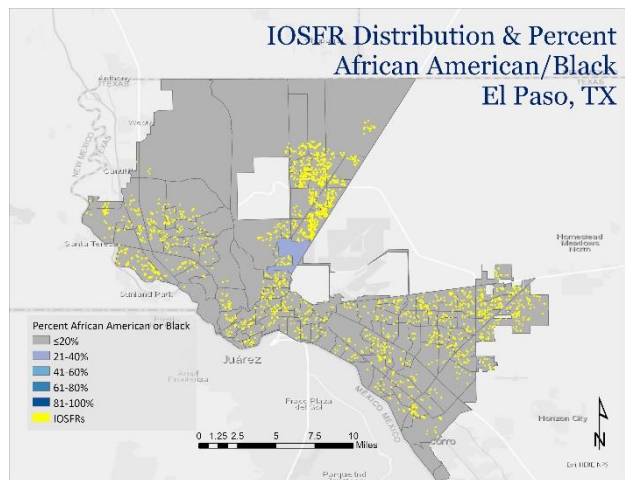
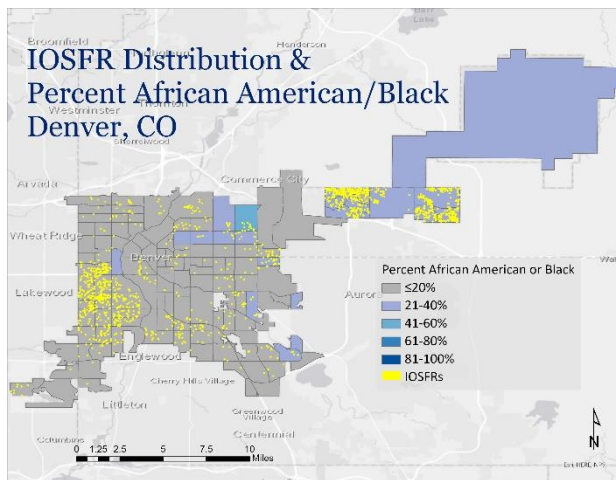


Figure 23: Maps of IOSFR Distribution and Percent African American/Black

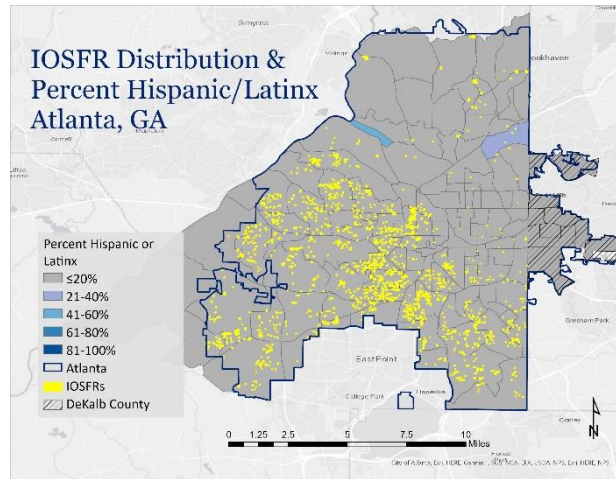
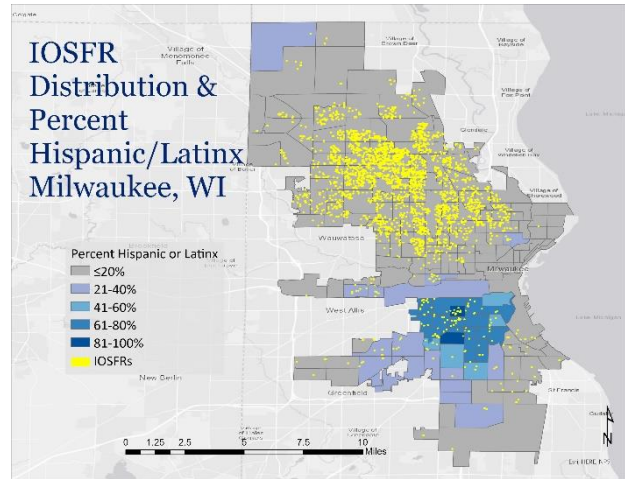
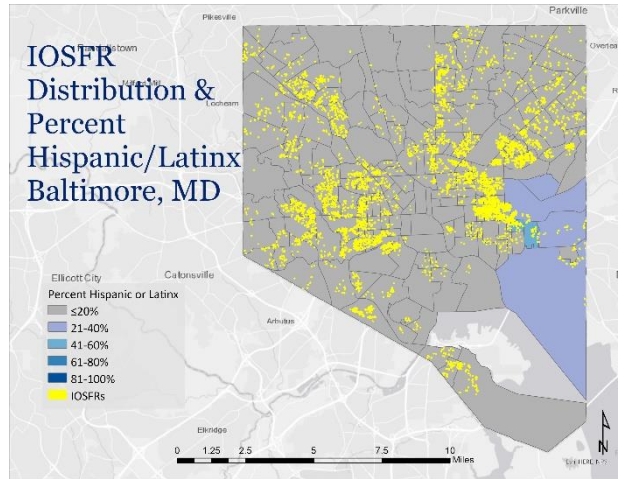
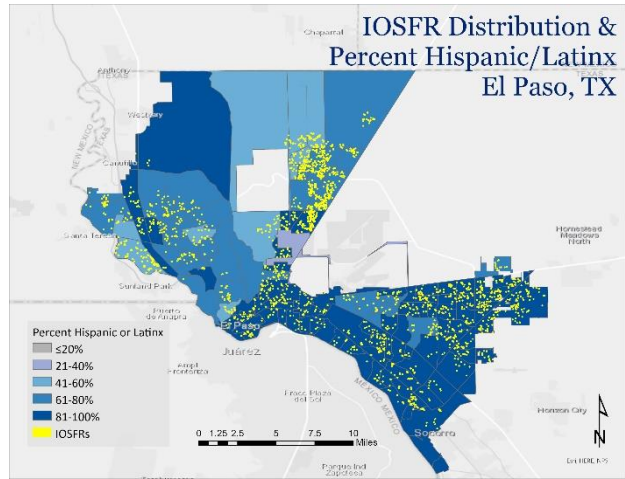
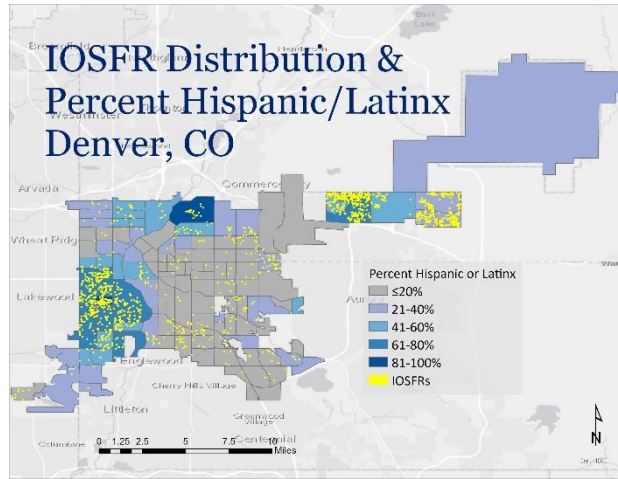


Figure 24: Maps of IOSFR Distribution and Percent Hispanic/Latinx

Access to Opportunity

Denver and El Paso have the highest percentages of IOSFRs in majority owner occupied census tracts, seen in Table 9. This may be because these two cities have the highest rates of owner occupancy at 49.6 percent and 59.1 percent, respectively, and they have the lowest overall percentages of IOSFRs. These factors may contribute to the dispersal of IOSFRs in high home ownership tracts as the ratio of renters in IOSFRs is especially low relative to the number of homeowners in each city overall. For Denver, these findings are in alignment with the city's measurement of housing and jobs diversity in a supplement to the city's comprehensive plan, *Blueprint Denver*, which shows a fairly even distribution of housing types and tenures across the city (City and County of Denver, 2019).

The data from the five cities also suggests a potential relationship between the ratio of renter to owner median incomes and the distribution of IOSFRs in high ownership areas. Broader research with more data points should be done to understand if these factors are connected.

Table 9: Distribution of IOSFRs Across Tenure Type

<i>City</i>	<i>Percent of IOSFRs in Majority Owner Occupied Census Tracts</i>	<i>Percent of IOSFRs City-Wide</i>	<i>Ratio of Renter to Owner Median Income</i>
Denver	72.86	1.16	0.52
El Paso	83.37	1.53	0.51
Baltimore	33.57	4.22	0.48
Milwaukee	43.03	3.50	0.46
Atlanta	29.17	3.30	0.39

Figure 25 on the following page illustrates the IOSFR distribution in each city with the percent of households that are renter occupied by census tract.

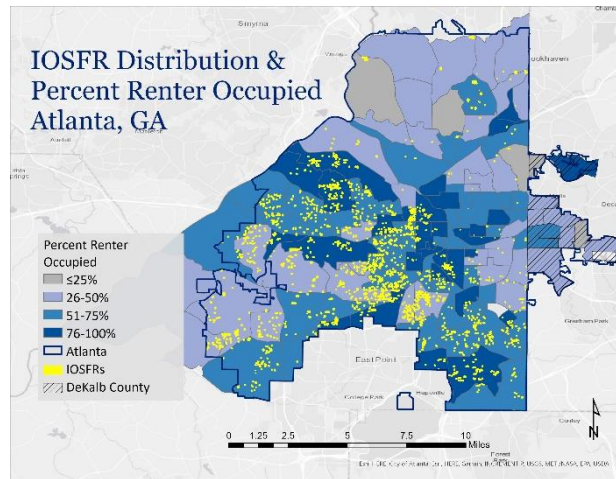
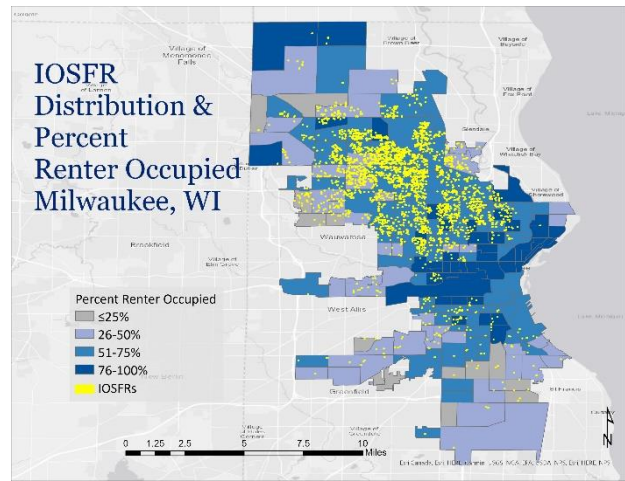
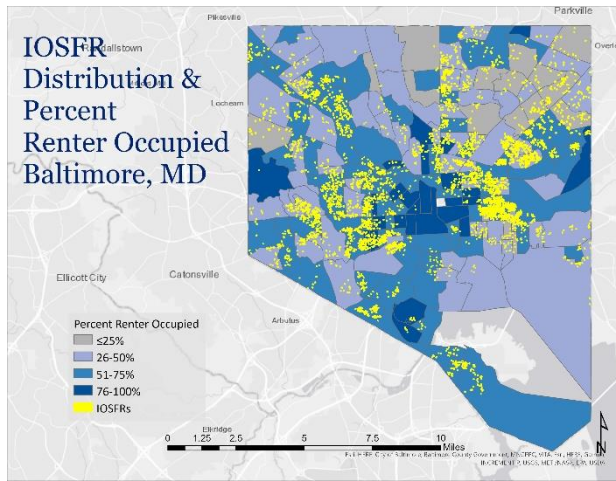
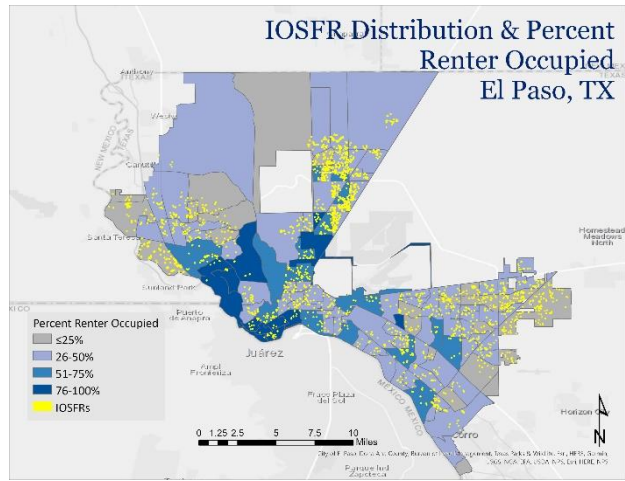
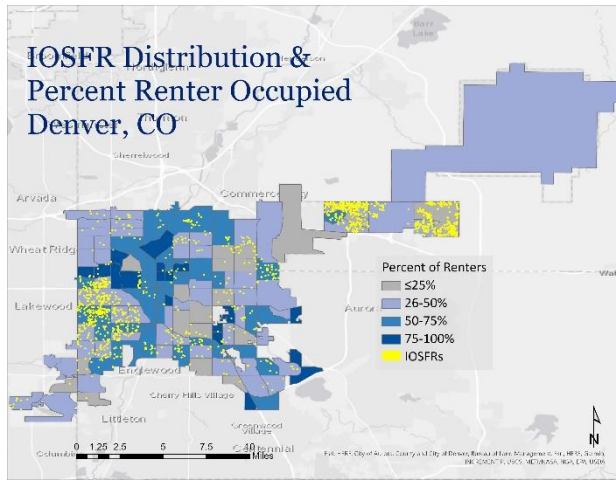


Figure 25: Maps of IOSFR Distribution and Percent Renter Occupied

Housing Cost Burden

The reason I chose to investigate the potential correlation of IOSFR percentage and housing cost burden came from thinking about the reasons people chose to rent SFRs over other types of rental units. Many people choose to rent SFRs to feel closer to the American Dream of ownership or to have more space supporting larger households. I was curious if these drivers were likely to motivate people to rent homes that were worth more than what they could sustainably afford.

The distribution of housing cost burden for census tracts with 20 or more IOSFRs closely tracked the distribution of HCB for all census tracts in all five cities. The percentage of IOSFRs in an area does not seem to impact the level of housing cost burden. This lack of impact may have to do with effective tenant screenings carried out by IOSFR management companies that filter out potential residents that might struggle to keep up with the costs.

Maps showing the distribution of IOSFRs and housing cost burden are in Appendix B.

CHAPTER VI

RESULTS: STATE AND LOCAL POLICY AND INSTITUTIONAL INVESTMENT IN SINGLE-FAMILY RENTALS

Qualitative Policy Environments

In researching the policies, programs, and advocacy efforts in each of the case study cities and their respective states, four primary policy and program categories emerged, these are:

1) Stabilizing Existing Homeowners - Programs to stabilize existing owners reduce the number of homes available to become IOSFRs, they may also prevent current homeowners from becoming renters. These efforts then, have the potential to reduce both the supply of and demand for IOSFRs.

2) Ensuring Access to Opportunity - Programs and policies to expand access to opportunity represent the acknowledgment of, and the response to, economic segregation. As access to more well-resourced areas is the main potential benefit of single-family rentals, including IOSFRs, it is valuable to see how states and cities are thinking about this challenge and how single-family rentals fit into the different approaches.

3) Protecting Renters - Part of the profit strategy for institutional owners of single-family rentals comes from the scale at which they operate. Among other things, this scale allows the normalization of additional fees and maintenance costs and supports standardized and efficient eviction procedures. None of these potential risk factors to tenants are inherent to IOSFRs and they can be forestalled by broadly applicable state and municipal tenant protections.

4) Creating Opportunity to Own - Programs that support entry into homeownership help potential owner-occupants to better compete against the purchasing infrastructure and resources that institutional investors bring to the market. If these efforts are effective, they have the potential to reduce the demand for single-family rentals and support wealth retention in the community.

Results for each city are detailed below.

Denver, Colorado

Colorado has long been seen as a landlord friendly state with policies such as a statewide prohibition against rent control, no limits to late fees or security deposits, and until recently, providing tenants only three days to vacate a rental unit upon receiving a notice to quit. That legacy could be beginning to change – both at the state level and specifically within the city of Denver.

1) *Stabilizing Existing Homeowners*

The City and County of Denver administers the Denver Property Tax Relief Program that offers a partial refund of property taxes paid for low-income seniors, families, and individuals with disabilities. The city council is currently exploring increasing the income limits for eligibility in this program.

There are several non-profit organizations in the city that offer mortgage delinquency and foreclosure counseling for families at risk of losing their homes.

Denver also is home to the West Denver Renaissance Collaborative or WDRC, a non-profit partnered with the local housing authority, which is developing innovative strategies to help stabilize homeowners. The WDRC runs an ADU pilot program with Habitat for Humanity through which a homeowner can get financial assistance to build an accessory dwelling unit (ADU) on their property, so long as they use it as housing for a family member or agree to rent it out at a price point affordable to a tenant earning 80 percent or less than the area median income. This strategy stabilizes homeowners through the addition of another source of income as well as provides housing options for more people in the community with lower incomes.

The other stabilization program through WDRC is the Stay in Place Program which offers homeowners who can no longer afford the costs of their home the opportunity to join a community land trust. The owner sells the land to the land trust and retains ownership of the home, lowering their monthly costs (*The West Denver Renaissance Collaborative*, 2019).

The WDRC has found that many homes in West Denver are being sold to institutional investors and the organization is working to stabilize residents in the community and help residents retain their home equity.

2) Ensuring Access to Opportunity

In 2001, the City of Denver passed an inclusionary housing ordinance that required ten percent of for-sale developments of 30 units or more must be affordable. Setting aside for-sale units for low- to moderate- income residents reduces demand in the rental market and the equity in those homes flows to owner-occupants as opposed to institutional investors.

The goal of the ordinance was to integrate different income levels within developments providing access to high amenity neighborhoods to people who would otherwise not be able to afford to buy there. This strategy could have served as an alternate path to the benefits of renting a single-family home, but many developers chose to build less than 30 units to avoid the requirement or they chose to pay cash-in-lieu of the affordable units (Arellano, 2016). The city repealed its inclusionary housing ordinance in 2017 and has replaced it with a housing trust fund that is funded in part by a linkage fee that applies to all development. While the housing trust fund may create more housing overall than the inclusionary housing, it does not have a mechanism to deconcentrate areas of subsidized housing.

The planning department in Denver is also preparing to begin a residential infill project in 2021. One of the goals of the project will be to, “Allow for familiar and more naturally affordable housing that can gently broaden our available housing options, like duplexes, row homes, and accessory dwelling units in appropriate locations” (Barge, 2020). If this effort is successful, it has the opportunity to provide housing at more affordable price points in high amenity neighborhoods.

Another shift to enable better access to opportunity was enacted at the state level. In 2020, the State of Colorado prohibited landlords from discriminating against tenants based on their source of income including the use of Housing Choice Vouchers. This legislation does not apply to landlords with five or fewer single-family homes indicating that it was targeting larger-

scale landlords and rental property investors (Colorado General Assembly, 2020). This type of legislation reduces one potential barrier for tenants accessing higher amenity neighborhoods usually associated with single-family homes, however because of its recent adoption, the impacts of the change are likely not captured in this study.

3) Protecting Renters

Over the past few years there have been several initiatives to better protect renters in Colorado including the creation of an Eviction Defense Fund that is funded through the general fund and has been bolstered by a sales tax increase approved by voters in the state. The state legislature also approved a law giving tenants the right to withhold rent if landlords fail to address maintenance issues that result in uninhabitable living conditions.

Advocates are still fighting for legislation that would limit the late fees landlords can charge, and they are fighting for reforms to the eviction court process that would provide tenants more time to pay overdue rent and institute other changes to better support renters facing eviction.

In 2019 renter's rights advocates pursued legislation to allow local governments to set their own policies for rent control, but the bill failed in the state legislature.

While the above renter protection policies all affect tenants in institutionally owned single-family rental properties, none are specifically targeted towards this group, nor does there appear to be any tenant organization that is focused on IOSFR or SFR residents.

One potential initiative that could have a larger impact for renters in single-family homes is the creation of a rental registry. This strategy is included in Denver's Department of Housing Stability's 2020 Action plan. The registry would ensure the city has contact information for property owners, enable inspections, and offer property rehabilitation assistance (Denver Department of Housing Stability, 2020).

This type of landlord tracking may be just in time, a new startup company in Denver, Flock Homes, has identified a new target market for financialization in the single-family rental market. Flock is marketing itself to mom-and-pop landlords who would transfer the title of their

rental property to the company in exchange for a share of the rental income from a cluster of Flock owned properties. Along with avoiding the capital gains taxes the owner would otherwise have to pay if they sold their property, the small-scale landlord no longer has to worry about lost income due to vacancies so there is less pressure to maintain low rents in order to retain tenants (Flock Homes, 2020).

4) Creating Opportunity to Own

In addition to the financial education and housing counseling available to many first-time homebuyers through non-profits across the country, Denver also has a down payment assistance program available to low- and moderate- income residents to help more people into ownership tenure. Other initiatives to increase ownership throughout the state include an upcoming bill designed to help renters build credit through positive rent payments and a policy platform that is designed to remove zoning barriers to the development of affordable housing.

Elevation Community Land Trust also promotes homeownership in Denver and in Colorado by buying or developing homes to sell to income qualifying occupants in a tenure arrangement where Elevation retains ownership of the land but sells the home on the land. This model offers homeownership opportunities for households who are not likely to qualify for a loan on a market rate home and provides them the opportunity to earn limited equity from their house.

Combined Context

In Colorado and in Denver the only policy that is directly focused on IOSFRs is the state legislation preventing source of income discrimination, but politicians and advocates seem to be continuously working on general initiatives that may affect the relationship between IOSFR landlords and tenants.

El Paso, Texas

The policy and advocacy landscape in El Paso seems less developed than in some of the other cities, but this may be because there is less need for advocacy in El Paso. The city has a

high ownership rate compared to the other cities in the study at 59 percent¹ and it is also the city with the lowest percent of residents who are housing cost burdened. Most efforts underway in El Paso are at the program level as opposed to the policy level.

1) Stabilizing Existing Homeowners

To stabilize owners at risk of losing their homes to foreclosure, the non-profit organization Project BRAVO offers a Foreclosure Prevention Program which pairs households with counselors who can help co-create an action plan tailored to the particular needs of the owner (Project BRAVO, n.d.).

2) Ensuring Access to Opportunity

El Paso is limited by state law when it comes to ensuring low- to moderate- income tenants can access stable, high amenity neighborhoods. Texas prohibits local governments from enacting any form of inclusionary zoning and from passing laws that protect tenants from discrimination based on the source of their income (Texas Housers, 2015).

3) Protecting Renters

While Texas also precludes rent control and there is not an easily identifiable tenants' rights group advocating for policy changes, one non-profit is offering some protections for renters by acting as a competitor to institutional investors. One of the programs through the non-profit, Project Vida acquires, repairs, and then rents out homes that have gone through foreclosure to low- and moderate- income households (Project Vida, 2015).

4) Creating Opportunity to Own

In addition to the foreclosure counseling mentioned above, Project BRAVO also provides first-time homebuyer assistance that can be paired with down payment assistance from the Texas State Affordable Housing Corporation or through the city's First Time Homebuyer Program.

¹ Homeownership in the US is 65.8%, but that includes rural areas which generally have higher rates of ownership than urban areas.

Combined Context

I found no policies or activism in El Paso directly targeting the single-family rental market. Most of the programs in the area seem focused on attaining or stabilizing homeownership, which may be more attainable in the city based on the affordability of market rate homes and low rent price points.

Baltimore, Maryland

In Baltimore, the 2018 median household income for homeowners was 2.07 times what it was for renters. The city also has one of the highest levels of housing cost burden for the five cities at 36.5 percent. This landscape explains the many programs and policies at the city and state levels to address housing issues.

1) Stabilizing Existing Homeowners

To stabilize existing homeowners Maryland offers foreclosure prevention services through MD HOPE. Along with providing counseling to homeowners at risk of losing their homes, this program offers mediation services and resources for tenants who are living in homes facing foreclosure (Maryland Department of Housing and Community Development, n.d.).

2) Ensuring Access to Opportunity

The ACLU of Maryland filed a class action lawsuit in the mid-90s accusing the Department of Housing and Urban Development (HUD) of concentrating Black public housing residents in Baltimore by siting development projects away from White and well-resourced neighborhoods (Poverty & Race Research Action Council, 2005). The case was resolved in 2005 with the judge finding that HUD policies were not affirmatively furthering fair housing. Remedies in the case included the creation of the Baltimore Housing Mobility Program which is a regional housing voucher program that aims to provide access to stable, high amenity neighborhoods and a (now ended) Homeownership Demonstration Program that required the Housing Authority to allocate some of its housing vouchers to homeownership in specified areas of opportunity (Baltimore Regional Housing Partnership, 2020).

To continue the work of deconcentrating poverty, Baltimore passed legislation in 2019 creating protections for tenants using Housing Choice Vouchers by prohibiting source of income discrimination. In 2020, the State of Maryland followed suit with the Housing Opportunities Made Equal (HOME) Act (National Low-Income Housing Coalition, 2020). This law does not exempt landlords based on portfolio size like the Colorado source of income law does, the Maryland law only provides exemptions for owner occupied properties and properties sold or rented without the use of agents or advertisements.

3) Protecting Renters

Baltimore Renter's United is a tenants' rights organization which formed in Baltimore in 2017. The organization cites that 53 percent of single-family homes in Baltimore are rental properties and their advocacy is targeted to make renting safer and more secure for all renters (Baltimore Renters United, 2020). In the landscape of the five cities examined here, this organization is the one most directly serving SFR tenants.

Baltimore Renter's United has successfully advocated for the expansion of the city's inspection and rental licensure regulations to single-family units. If landlords do not comply with getting a license for their property it is illegal for them to charge rent to the tenant (Baltimore City Council, 2018).

The organization also advocated for the right to counsel in eviction court which passed city council late in 2020. This change provides balance to the eviction process where most landlords are represented, and most tenants are not. Preliminary research indicates that people renting from institutional investors may be more likely to face eviction (Raymond et al., 2016), so although not explicitly relating to SFR tenants, this law could have a significant impact for those renters.

4) Creating Opportunity to Own

Baltimore has several supports to move residents from renting to ownership. One local non-profit, Live Baltimore, works to draw residents to Baltimore, retain existing residents, and support housing markets through initiatives such as connecting residents to homebuying

incentive programs. The Live Baltimore website offers connections to more than 20 programs that offer some combination of down payment and closing cost assistance for prospective homebuyers (Live Baltimore, 2020).

Baltimore has another law supporting the opportunity to own that applies specifically to tenants renting single-family properties. The Baltimore City Tenant's Right of First Refusal mandates that owners of single-family homes offer to sell the property to the tenant prior to any transfer of title to another buyer (The People's Law Library, 2020). These types of laws are not common, but more cities and states are considering them including cities in California, the Commonwealth of Massachusetts, and the State of New York (Gilgoff, 2020).

Combined Context

Baltimore is the most progressive of the five case study cities in the arenas of protecting tenants – especially those in SFRs, and in promoting ownership opportunities. For decades activists and politicians in the region have been working to improve equity and secure residents through strengthening rental protections and expanding access to ownership, but in recent years the city continues to be ranked the number one place for single-family rental investment and in 2020 it had an 18.5 percent increase in rental yield (Stricker, 2020). How these factors work together to shape the housing landscape has the potential to be an interesting example for other areas with intense SFR investment.

Milwaukee, Wisconsin

Despite having the lowest median home value of the case studies in this analysis, in 2018 Milwaukee had the highest percentage of residents facing housing cost burden at 39.2 percent. Between 2018 and 2020, the median home sale price jumped 24 percent according to SFR investment reports from ATTOM Data Solutions (2018; 2020).

1) Stabilizing Existing Homeowners

Milwaukee has a coalition organization called Take Root Milwaukee that aims to “promote sustainable homeownership” in the city. The organization focuses its work on helping residents buy, keep, or fix a home. On the Take Root Milwaukee website, they offer resources for

owners with delinquent mortgages, those who are unable to pay property taxes, and information to help residents safeguard against predatory lenders and scams (Take Root Milwaukee, 2020b).

2) Ensuring Access to Opportunity

Access to opportunity is usually thought of in terms of providing pathways for residents who have been historically excluded from higher-income and better resourced parts of a community. Milwaukee addresses this through source of income protections, but the city is also working to provide access to opportunity through the Targeted Investment Neighborhoods initiative. This program focuses resources on a small neighborhood for three years with the goals of sustaining homeownership, providing high-quality rental options, and increasing property values for low- to moderate-income neighborhoods (City of Milwaukee, 2020). This kind of dispersed investment offers a longer-term solution to gentrification pressure by preventing neighborhoods from becoming run-down and ripe for redevelopment.

3) Protecting Renters

Wisconsin State legislators have been accused of legislating based on their personal interests as landlords and over the last 10 years have enacted several bills that alter landlord-tenant relations primarily in favor of landlords. These changes include limiting municipal authority to inspect rental housing and barring city governments from requiring landlords to provide any information to tenants beyond what is required by federal law (Spivak & Spicuzza, 2019).

In contrast, at the city level, tenants' rights advocates as well as the Milwaukee City government are working to improve tenant protections in the city.

The Milwaukee Autonomous Tenants Union grounds itself in the belief that housing is a human right and is working towards an agenda of decommodifying housing and replacing the current landlord-tenant dynamic with community control of housing (Milwaukee Autonomous Tenants Union, 2020). This city-wide union is open to anyone who is not a landlord, so it is inclusive of SFR tenants, but the organization's rejection of a capitalist political economy may be more than some tenants want to sign-on to.

The city offers a Rent for Success Program, a free training for tenants that covers understanding rental agreements, credit repair, how to respond to housing violations, and how to get out of a bad tenancy. This program empowers tenants and provides them with the tools to work with their landlord in ways that will support them if problems escalate. The city also maintains a registry of all rental properties that are not owner occupied. The city must be provided with the owner's name and contact information along with the contact information for a human (non-business entity) authorized contact (City of Milwaukee, n.d.-b). This gives the city the opportunity to track landlords, allowing for more research on investment behavior and the resulting impacts, and the opportunity to hold negligent landlords accountable for code violations or other negative community impacts.

Milwaukee was the focus of Matthew Desmond's book, *Evicted* (2016) which details the challenges and sometimes impossible choices that low-income or previously evicted tenants face. In response to the book, the city created an Eviction Prevention Task Force to collectively identify solutions to the eviction problems in Milwaukee. The work of this task force was captured in the 2018 report published by the Wisconsin Policy Forum, *No Place Like Home Report*. The report offers recommendations to prevent evictions in the city and has led to the creation of the Milwaukee Rental Housing Resource Center (Peterangelo & Henken, 2018). This new organization launching in January of 2021 will act as a coordinated entry point for eviction prevention services and offer residents the ability to submit information to multiple assistance organizations at one time, including connecting renters with housing cost assistance and mediation services (Luzar & Greenberg, 2020).

4) Creating Opportunity to Own

To transition people into homeownership, the Take Root Milwaukee organization offers home-buyer education and connects potential buyers to resources like the City of Milwaukee Fully Rehabilitated Homes Listing and the Wisconsin Partnership for Housing Development, both of which offer rehabilitated homes at affordable prices to buyers that meet income

guidelines (Take Root Milwaukee, 2020a). The city also offers tax-foreclosed homes exclusively to potential owner-occupants for 60 days (City of Milwaukee, n.d.-a).

Combined Context

Landlord-tenant laws have become more favorable to landlords in the State of Wisconsin over the past decade, but there has been considerable work in Milwaukee to secure and protect tenants. After Desmond's book was published, much of this work has centered on eviction prevention and support for residents facing eviction. The work in Milwaukee seems like a response to an acute crisis that does not yet have the capacity to respond to any needs unique to tenants in SFRs or in IOSFRs.

Atlanta, Georgia

Just looking at the median household income for the city of Atlanta obscures the \$56,000 gap between the median income for homeowners and the median income for renters in the city. Atlanta has been identified as an early hotspot for SFR investing appearing in the literature as having the second highest number of securitized single-family rentals (Fields et al., 2016), having one of the largest increases in SFR rentership (Immergluck, 2018), and as having one of the highest percentages of high SFR census tracts (Charles, 2020). Charles' research also details the neighborhood profile for SFR tracts and finds that in the Atlanta MSA 45.2 percent of SFRs are in low-income, Black neighborhoods.

1) Stabilizing Existing Homeowners

One means of stabilizing existing owners and preventing the transition of housing stock from owner-occupied to institutional investment tool is through the Anti-Displacement Tax Fund. This initiative came out of the Westside Community Retention Collaborative and was one of several strategies to stabilize residents in these areas as Atlanta grows. The Anti-Displacement Tax Fund is a grant opportunity for legacy homeowners in specific neighborhoods that covers any increases in property taxes for a period of 20-years (Westside Future Fund, 2020).

2) Ensuring Access to Opportunity

Atlanta recently passed a source of income ordinance that should enable more households to find housing when using Housing Choice Vouchers and to find housing options in areas with better schools and better food access. Atlanta's ordinance applies to all landlords regardless of size (Measure 20-O-1155, 2020).

Atlanta also adopted a "renter's choice" ordinance in 2020 allowing renters to pay their security deposit in full up-front, to pay the security deposit in three monthly installments, or to use rental insurance through a third party in lieu of a security deposit. Atlanta has no statutory limits controlling what landlords can charge for a security deposit, but this new law should help renters access housing even if they are unable to make a large upfront payment (Capelouto, 2020).

After a zoning code diagnostic test, the city made changes to the code to support the growing population, one of these changes was to allow accessory dwelling units as a use by right in two-family (R5) zone districts. This allowance has since been expanded to some single-family zone districts (R4 and R4A) as well (Steuteville, 2019). Although accessory dwelling units are generally smaller than single-family rentals, they provide an alternative path to access well-resourced neighborhoods for people who cannot afford to buy a home in those areas.

3) Protecting Renters

In 2016 the Atlanta Federal Reserve published a paper examining how the likelihood of eviction in Atlanta was spatially distributed and how the eviction rate changes for SFR properties depending on the scale of the owner's portfolio. The study found that when controlling for other factors, tenants in single-family rentals owned by large corporate investors were eight percent more likely to face housing instability (Raymond et al., 2016).

To prevent evictions in Atlanta, organizations like the Housing Justice League offer information and connections to legal and median resources for tenants. This group is also advocating for a policy agenda that includes rent control and offering tax incentives to landlords to provide affordable housing.

4) Creating Opportunity to Own

Invest Atlanta is the city's Economic Development Authority, and it offers connections to several down payment and closing cost assistance programs (Invest Atlanta, 2020).

Additionally, the 2018 House ATL report, which is a series of recommendations to improve housing affordability and mitigate displacement created by a task force of non-profit and civic leaders, recommends a \$50-75 million fund to preserve affordable single-family housing stock. This recommendation has the goal of getting 400 low- to moderate- income households into homeownership in low-income neighborhoods (House ATL: Housing Affordability and Community Retention Taskforce, 2018).

Combined Context

Although few of the policies and programs in Atlanta explicitly mention single-family rental properties, many of the new advocacy issues, plans, and policies in the city seem to be addressing issues that affect SFR tenants. The approach in Atlanta seems well balanced between keeping existing owners in ownership tenure, strengthening the tools of renters to access housing, protecting renters in their current homes through programmatic and policy approaches, and working on new mechanisms to transition people from renting to ownership.

Qualitative Summary

Stabilizing Existing Homeowners

During the GFC most homes that were ultimately purchased by institutional investors had gone through foreclosure. The loss of owner-occupied housing stock from 2007 to 2012 emphasized the need for homebuyer education, pre-purchase counseling, and mortgage delinquency or foreclosure counseling. All of the case study cities have one or more non-profit organizations offering counseling services to people who are delinquent on mortgages, are unable to pay taxes, and/or are facing foreclosure. Because these programs are nationwide it is hard to find naturally occurring case studies to compare what the effects of these services are for IOSFRs. A future study could investigate details of these programs such as marketing strategies, geographic focus areas, differences in funding, and other factors to see if they affect the

foreclosure rate and what tenures are chosen by residents who lose their homes. It would be interesting to track the relationship between financially distressed owners and the likelihood of their home becoming an IOSFR.

What the counseling programs do not address are people who know they are struggling to make ends meet and choose to sell before they get to the point of delinquency and foreclosure. This seems to be what the WDRC work in Denver is trying to address by offering income generating opportunities through ADU construction and alternative tenure through the land trust, but both programs are geographically targeted, and it is too early to tell how successful they will be in stabilizing existing owners.

There are additional stabilization tools that none of the case study cities appear to be using. New York City recently expanded a regulation that prohibits contacting owners to solicit listing their properties if the owners place themselves on a cease-and-desist list (New York Division of Licensing Services, 2018). This type of regulation could prevent owner-occupants selling their homes before understanding the range of assistance and options available to them. A second tool, that could be particularly relevant during the Covid-19 economy, would be to launch a marketing campaign to educate low-income homeowners about the savings that can be achieved through refinancing. Many borrowers are unaware of the potential savings they could get by refinancing or do not know how to go about it.

Since homeowner stabilization is a strategy that can address both the supply of homes used as IOSFRs and the demand segment that comes from renters who were formerly owners, exploring a variety of options to achieve the strategy is a worthwhile endeavor for cities looking to curb institutional ownership of the local housing stock.

Ensuring Access to Opportunity

The five cities approach improving access to opportunity in different ways. I found fewer initiatives in El Paso than in the other cities, but that may be because there is less exclusion in El Paso than in the other cities. Institutionally owned single-family rentals are far more likely to be in a majority owner occupied tract in El Paso than for they are in the other case study locations.

In addition to their city specific programs, the other four cities all have some level of source of income protection that is enacted at the city or state level. This opens up more homes for low-income renters and also increases the likelihood that tenants can access IOSFRs in high-amenity neighborhoods. Most of these laws have been enacted in the last few years and it may be too early to see their impact.

The odds of IOSFRs helping lower income households into well-resourced neighborhoods would likely be further aided if agencies administering HCVs paired voucher recipients with housing navigators that could expand the tenants search radius beyond neighborhoods that are already familiar to them. This additional tool would introduce lower-income residents to places they may not be familiar with, but it would also still be limited by the number of rentals that are in higher income areas, a factor which, as discussed above, may be related to the overall gap between renter and owner median incomes.

The newly enacted source of income protections would also have a greater impact if the federal government expanded the Housing Choice Voucher program to serve every household who qualified, something the Biden administration expressed an intent to undertake.

Making the HCV program an entitlement and pairing recipients with housing navigators would presumably improve the ability of IOSFRs and other single-family rentals to provide access to opportunity, but it is a model that is challenging if not impossible to scale. It is expensive to buy or develop property in these areas which results in high rents, neighbors in SFH neighborhoods are often not amenable to renters, and, if current systems persist, the advantages conveyed by living in a majority owner-occupied area diminish as the neighborhood becomes less affluent.

The long-term solutions to economic segregation will need to go beyond rental properties in single-family neighborhoods and will probably be a combination of cities equalizing resources across neighborhoods through programs like Milwaukee's Targeted Investment Neighborhoods initiative and simultaneously diversifying access to all neighborhoods which is the aim of the Residential Infill Program in Denver and is the goal in cities that are eliminating single-family zoning.

It is unclear if these programs and zoning changes will be effective in evening out the geographic distribution of wealth in the cities that are piloting them, and it is hard to forecast the effect they will have on institutional investment. As these policies gain maturity, research should monitor their efficacy as well as their effect on investment in single-family properties.

Protecting Renters

Three of the five cities (Denver, Baltimore, and Milwaukee) have or are working towards a rental property licensing program. These efforts, while not directly targeting IOSFRs, can address some of the key issues associated with institutional investors.

First, rental licensing programs generally require property inspections at a determined interval, this is a much more proactive way to ensure habitability than placing responsibility on the residents to report problems. By licensing rental properties, cities can combat the property degradation that occurs when negligent landlords employ Mallach's milking approach.

The second problem rental licensing might help to address is the lack of transparency of ownership. By requiring more owner information as well as information for a contactable, and in some cases in-state, representative for the property, cities can better track owners who are serially delinquent in property taxes or those who have a large number of tenant complaints creating more accountability to the community.

The third benefit of inspections and licensing pertains to places that do not have protections for source of income. One of the primary reasons landlords cite for not wanting to accept tenants using Housing Choice Vouchers is the stipulation that the rental properties will have to be inspected. If all rental properties are subject to inspections in a city, there is less difference for the landlord between renting to a voucher recipient and any other tenant.

Maybe the strongest and certainly a controversial tool for protecting renters is rent control or rent stabilization, regulations that limit the amount rent can be increased each year by a specified percent. No cities in this research use rent control, but because of its effect on the gross rental yield, the presence or possibility of rent control is likely closely monitored by

institutional investors. Few property owners are likely to advocate for this type of policy, despite the added benefit of taking some assumption out of the financial modeling for their investments.

Creating Opportunity to Own

Prior to the Covid-19 pandemic, many housing assistance agencies were reporting reduced interest in down payment assistance programs, the reason for this drop-off is because homes had become so expensive that prospective buyers either could not qualify for the loan amount, or the down payment assistance offered was not enough to bridge the gap between what the buyer had, and the down payment needed.

A few months into the pandemic, the combination of wanting more space along with the low interest mortgage rates have driven many renters who were able to buy into homeownership. This spike in demand quickly caused home prices to rise, a development that may serve to deter or slow down institutional investment in single-family homes, or it may drive investors to further concentrate in the remaining bastions of affordability – low income and minority neighborhoods.

There is more to explore relating to exacerbation of the wealth gap by the pandemic including who will be solidified in the owner class and who in the renter class after Covid-19 is under control, but those issues are far broader than the scope of this research. State and municipal efforts to increase ownership should certainly consider these issues and target homeownership assistance efforts accordingly.

Quantitative Policy Comparisons

The State and City Landlord-Tenant Favorability Spectrum measures how much the combined state and local policy environment of each city works in favor of tenants or landlords. This tool, which will become progressively more valuable as data from more places is included, will allow local leaders and advocates to see how their cities compare with other places and what policies to prioritize to improve the security of housing tenure for local renters.

A wide range of policies are included in the spectrum, ranging from tenant protections to land use regulations, but the variables that carry the most weight are those that receive high

scores relating to their effect on overall affordability, the likelihood of a renter to be affected by the policy, and the level of impact the policy has on renters who are affected by it. Based on these metrics, rent control is the most influential factor in the spectrum. Other key areas that have a larger influence in the rankings are security deposit protections, late fee policies, anti-discrimination policies addressing marital status and sexual orientation, anti-discrimination policies for source of income, policies on rent increase notifications, and policies covering a landlord's duty to re-rent. Full charts showing how each factor was scored are in Appendix D.

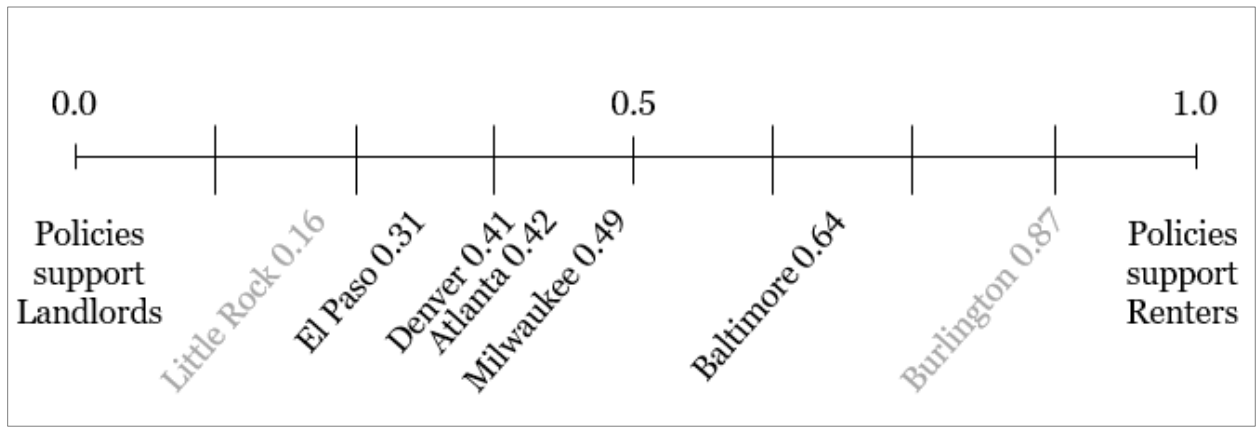


Figure 26: State and City Landlord-Tenant Favorability Spectrum

The scores and relative rankings for each city can be seen in Figure 26, above. Baltimore, with a normalized score of 0.64 appears to be the most renter-friendly of the case study cities and El Paso (0.31) seems to be the most favorable to landlords. The other three cities are clustered closely together but all slightly favoring landlords over renters with Milwaukee (0.49) very close to the mid-point between landlord favoring policies and renter favoring policies.

Table 10: IOSFR Income Distribution and Landlord-Tenant Favorability

<i>City</i>	<i>Ratio of LI and HI Census Tracts</i>	<i>Normalized Landlord-Tenant Favorability Spectrum Score</i>
Denver	10.50	0.41
El Paso	2.63	0.31
Baltimore	2.90	0.64
Milwaukee	10.74	0.49
Atlanta	4.50	0.42

I expected to find that cities with renter favoring policies would have a somewhat more even distribution of IOSFRs across income levels, with stabilization and first look programs preserving more homes in low-income areas for owner-occupants, but for the cities in this study that does not appear to be the case. As is shown in Table 10 above, Baltimore and El Paso, the most renter favoring city and the most landlord favoring city of the case study sites, are the two cities with the best distributions of IOSFRs across high- and low-income census tracts, with El Paso having the most even distribution out of all five cities.

It is possible that the two cities ended up with well distributed IOSFRs for different reasons. El Paso has the smallest difference between homeowner median income and renter median income, with a difference of \$28,712; it has the lowest percentage of housing cost burden; and it has the highest percentage of IOSFRs in majority owner occupied census tracts. These metrics seem to indicate that El Paso is less economically segregated than the other cities in the study which might result in less pressure on elected officials to pass renter favoring legislation.

Baltimore has a history of discriminatory housing practices including the lawsuit finding that HUD was not affirmatively furthering fair housing which led to legally required housing programs to address segregated housing. This may have been a contributing factor to the housing culture in the city today which includes the strong renters' rights advocacy that has been successful in directing city policy. Another factor that could contribute to the distribution of IOSFRs across income levels in Baltimore is the very low median home sale price. It is 38 percent lower than the median home price in Milwaukee, which is the next lowest. These very low home prices may allow investors to still achieve desired returns across a more diverse range of neighborhoods.

The number of cities in this study is too few to identify trends between the rankings on the favorability spectrum and the distribution of IOSFRs across income levels. Future research with access to data from more places may be able to reveal any patterns between investment behavior and policy context.

CHAPTER VII

CONCLUSION

In the interest of better understanding the wide divergence between home prices and incomes I proceeded down a path exploring institutional investment in single-family homes. Through this research I wanted to contribute to the growing literature that describes how this investment is affecting communities and the overall housing market. It was also important to investigate relationships between state and local policy context and investment behavior, since that is where advocates and policymakers are beginning to target as they look for additional ways to address the growing unaffordability of housing.

In response to my first research question: *How is global capital affecting communities through the single-family rental market?* I found that, for the five cities in this study, the gross rental yield seems to be an effective predictor of the number of IOSFRs across the city. A study incorporating more cities would help to inform the strength of this relationship and a longitudinal study could inform how quickly investment follows changes in yield.

In all five case study cities IOSFRs are at least twice as common in low-income census tracts than in high-income tracts, with low-income tracts in Denver and Milwaukee significantly more impacted. This distribution limits the use of IOSFRs as access points to better-resourced neighborhoods and could result in the deterioration of neighborhoods with lower incomes and high concentrations of IOSFRs if the homes are not maintained. Concentration in low-income areas also inhibits the desegregation of economic classes and often of different racial and ethnic groups. It also makes households with lower incomes captive to institutional landlords who may eventually control the rental home market in their neighborhoods.

This is seen in the IOSFR distribution patterns of Baltimore, Milwaukee, and Atlanta where IOSFRs are more prevalent in high Black neighborhoods, with Milwaukee having a statistically significant correlation of IOSFRs and census tracts with a high percentage of Black residents. Denver does not have a large Black population, but it does have a moderately sized Latinx population and there is a preponderance of IOSFRs in a number of census tracts where

Latinx residents are clustered. These concentrations of IOSFRs remove housing stock that otherwise have the potential to house owner occupants, support equity building, and create generational wealth for residents in those communities. Interestingly, IOSFRs are the most distributed in El Paso where there appears to be the least amount of racial segregation. Further research should compare segregation patterns with IOSFR distributions across additional cities to see if this unique to El Paso or a broader trend.

Access to opportunity has been frequently cited as the primary benefit for single-family rental properties, but across the five cities there are stark differences in the distribution of IOSFRs within majority owner occupied tracts. This is potentially because of differences in owner occupancy rates within each city, differences in their overall percentages of IOSFRs, or it could relate to the differences across cities in the ratios of renter to owner median incomes. Regardless of the cause, the access to opportunity provided by IOSFRs appears to be uneven across cities. To better understand the ability of IOSFRs to provide access to opportunity within a particular city research examining the different distributions between IOSFRs and SFRs would help to show if institutional ownership is any more or less effective at meeting that goal than is local ownership.

In response to my second research question: *Is large-scale investment in single-family rental properties affected by state and local policy contexts?* I found that there are few policies across the five cities that directly refer to IOSFRs and that policies and activities potentially affecting investment behavior fall into four categories: Stabilization, Access to Opportunity, Protecting Renters, and Opportunity to Own.

The most prevalent activity in the Stabilization category is housing counseling to stabilize owners at risk of foreclosure. Because these types of programs are nationwide it is challenging to measure their efficacy in reducing foreclosures, but future research could track financially distressed households and assess the likelihood the property becomes an IOSFR.

In the category, Access to Opportunity, El Paso had the fewest initiatives to aid people in accessing well-resourced neighborhoods, but the city also had the best distribution of IOSFRs in owner-occupied census tracts. The other four cities have all recently enacted or become subject

to laws that prevent landlords from turning tenants away based on the source of the income they are using to pay their rent. It is too early to tell the impact these new protections will have on access to high amenity neighborhoods. While the laws may result in more housing options for people using housing subsidies, they do not encourage investors to deconcentrate rental properties and cite them in well-resourced neighborhoods.

In the Protecting Renters category rental licensing and eviction reform both have the ability to address cited negative externalities of IOSFRs including deterring the property milking strategy. Of the five cities the rental licensing program in Milwaukee has been in place the longest. Milwaukee also has one of the largest disparities between IOSFRs in low-income tracts and IOSFRs in high income tracts potentially indicating that the rental registry program has not done much to dissuade milking investment strategies. This could be because state regulation has hampered the rental property inspections that Milwaukee is allowed to do. As the rental registry programs in other cities mature further research should examine the coincidence of rental registry programs and the condition of IOSFR housing stock in states that allow rental inspections.

In the Creating Opportunity to Own category, programs to increase ownership, such as down payment assistance programs, have seen reduced demand, but the general ownership rate has been increasing. This difference may be due in part to rising home prices and an amplified wealth gap. The increase in home prices may act as a deterrent to institutional investment if investors cannot get their desired return rates, or it may push investment to concentrate even more in lower income areas where properties can still be acquired relatively cheaply without much competition from higher income home buyers who seek to live in higher income neighborhoods.

Of the five cities, Baltimore has the most policies that are likely to impact institutional investors including allowing the Housing Choice Voucher program to operate regionally which promotes more neighborhood choice, a rental registry that has been recently expanded to include single-family homes, a right to counsel for tenants facing eviction, and a right of first

refusal for tenants occupying single-family homes. The progressive policy landscape in Baltimore may be in response to the high prevalence of IOSFRs in the city.

When applying a quantitative analysis assessing the landlord or tenant favorability of each city's policies, the IOSFR distribution patterns did not conform to what I expected to find, that renter favorable policies would lower the number of IOSFRs, and the reverse. Expanding the scope of the research to include more cities may yield different results. Despite the suggestion from Immergluck (2018) that institutional investors may be basing investment decisions in part on the level of tenant protections, the evidence from these five cities does not indicate that the relative landlord- or renter-friendliness of a place has any relationship to the overall percent of IOSFRs or how they are distributed. One caveat to that is that many of the renter favoring policies in these five cities have been enacted over the past one to three years, over time they may have more influence on where and how investors engage with the housing market.

Although municipal and sometimes state governments are enacting changes that help stabilize existing homeowners, create more access to high-opportunity neighborhoods, provide more security for renters, and improve access to home ownership, very few of these policies are addressing institutional ownership of residential property directly and policy approaches will likely need to be thought of differently if policy makers want to prioritize limits on institutional investments in Single Family housing.

There are a few challenges that have made this a difficult area for research. First and most emphatically is the challenge posed by limited data availability. With only a small percentage of cities collecting or publishing ownership data there are significant limitations on the types of analysis that can be done, preventing the identification of national and regional trends. Specifically for this research, because so few localities have publicly available parcel data with ownership information, there were not enough data points for a statistical analysis comparing a city's ranking on the landlord-tenant favorability spectrum with IOSFR trends. These limitations hinder the ability of policy makers to understand and respond to market activity that might be harmful to constituents. This point was made by Alan Mallach of the

Brookings Institution and Chris Wallace of the Local Initiatives Support Corporation as far back as 2012, and has been repeated by many others over the years (Gordon, 2018; Seidman & Pardo, 2019; Walker & Mallach, 2012).

In addition to data about the number and location of IOSFRs, there are other data points that could facilitate better mitigation of IOSFR impacts. The National Community Stabilization Trust (2019) proposed a series of questions for Congress to consider in relation to the single-family rental market, several of those questions are also pertinent for local leaders to investigate. Those questions include:

- Determining the number of out-of-community investors, which would give a sense of how much money is circulating out of the local economy.
- What percentage of properties have transitioned from owner occupied to rentals, a question that would be of greater use with information on where the transitions were primarily occurring.
- If there is a difference between the median rent charged by so-called “mom-and-pop” landlords and the median rent charged by institutional owners.
- If there is a difference in eviction rates between mom-and-pops versus institutional investors, a valuable expansion of the work pioneered by Elora Raymond.
- What is the magnitude and nature of tenant complaints against the institutional owners in the community?

Answers to these questions would provide the foundation for a local response to the reshaped housing market. This type of local response was recommended by Suzanne Charles after her research on the different types of SFR clusters (2020).

The second challenge with this research stems from it being a multi-case study. By looking at five cities I was able to compare difference in policy environments and the spatial distribution of IOSFRs relative to different demographic distributions, but I was limited in the amount of detail and nuance I could study in each city. The research presented in this analysis

can serve as a foundation for deeper dives into each of the five cities by people who have local knowledge to better interpret the results introduced here. These future efforts can highlight the specific impacts that are occurring in neighborhoods with high concentrations of IOSFRs.

It is important for leaders to understand housing trends and, if necessary, find ways to influence those trends if they are working against the community's interests. Echoing the point made by Rolnik (2013), the goal of capital is accumulation, its goal is not to provide sufficient amounts of quality housing. Letting the investor market set the pace and standards for housing provision will only result in the siphoning of local wealth. If policy makers want to use the market to provide sufficient amounts of quality housing, they will need to do more to shape the way capital can flow within and into the community.

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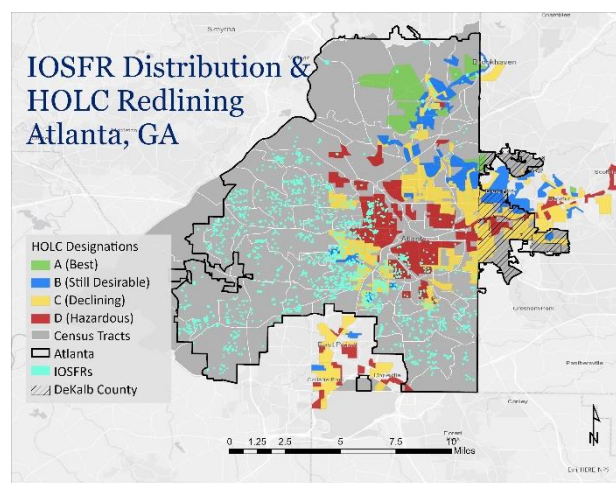
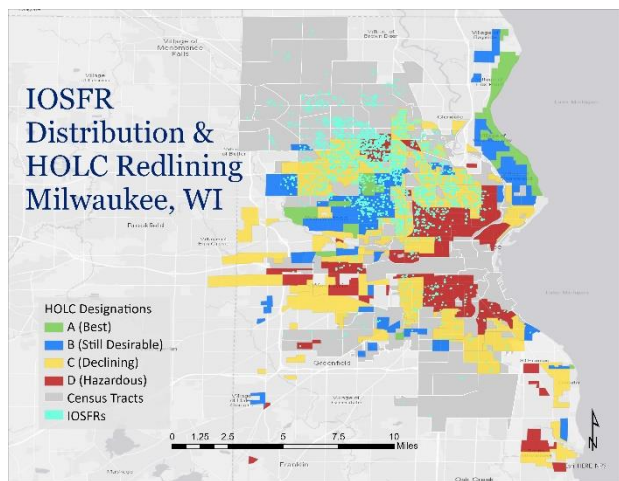
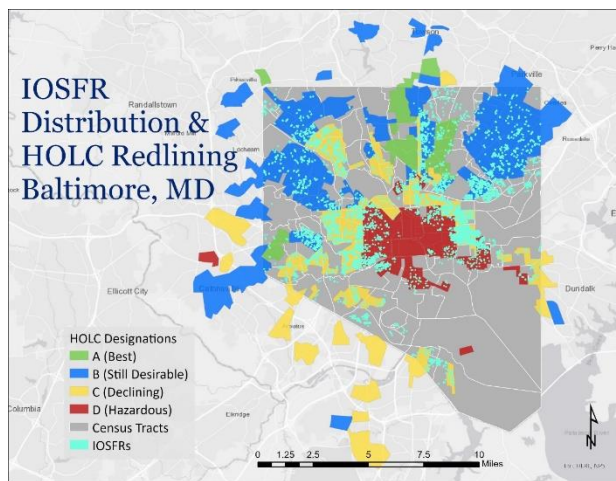
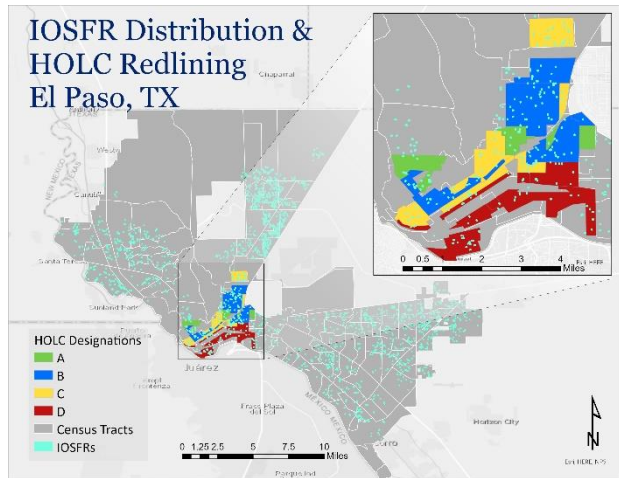
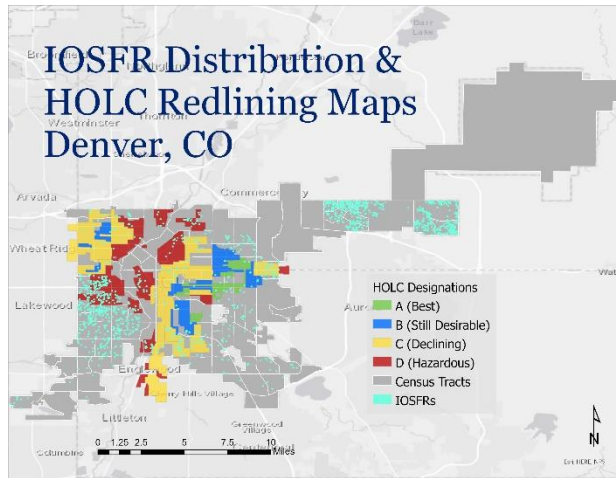
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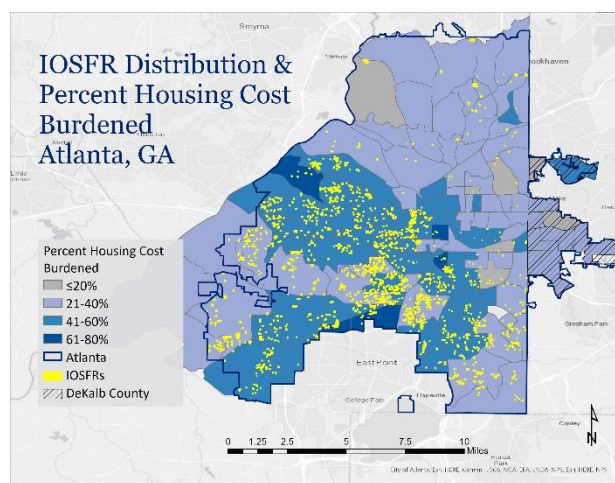
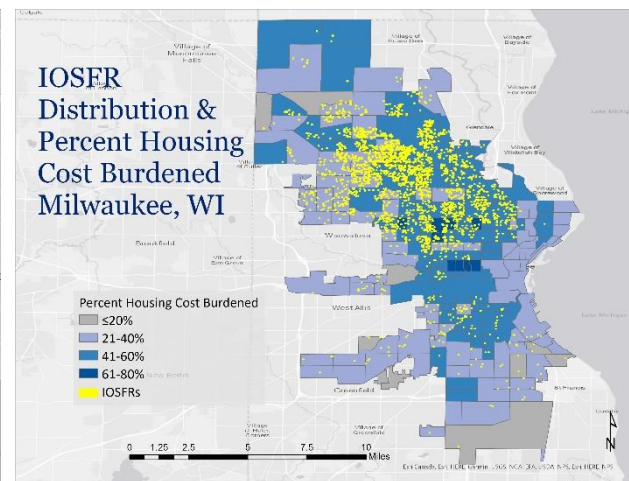
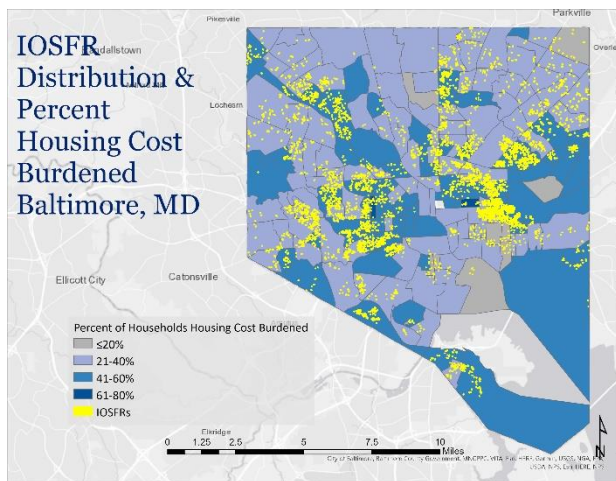
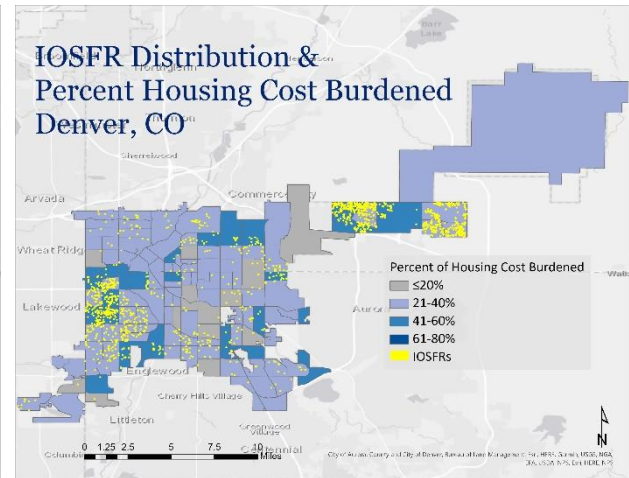
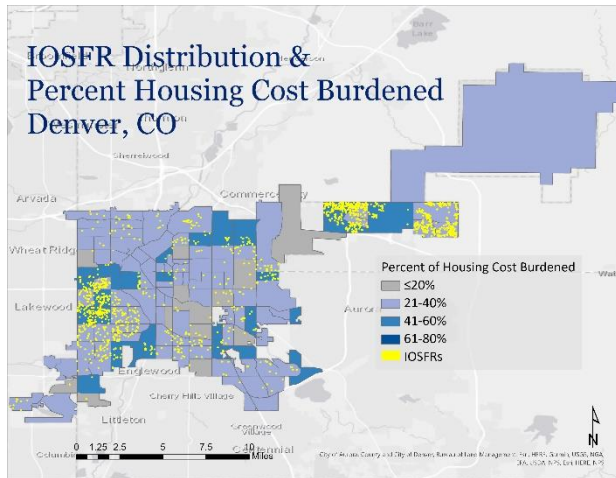
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APPENDIX A. IOSFR DISTRIBUTION AND HOLC MAPS



APPENDIX B. IOSFR DISTRIBUTION AND HOUSING COST BURDEN



APPENDIX C. METADATA FOR GIS ANALYSIS

Layer	Coordinate System/ Projection	Datum/ Spheroid	Parent Scale	Currency	Data Type	Source
Denver, Colorado						
Parcels	WGS1984	D WGS 1984/ WGS 1984	1:338,698	12/2020	Polygon	Denver Open Data
Census Tracts 2010	WGS1984	D WGS 1984/ WGS 1984	1:277,790	12/2019	Polygon	Denver Open Data
County Boundary Line	WGS 1984	D WGS 1984/ WGS 1984	1:277,900	5/2020	Polyline	Denver Open Data
HOLC Maps	WGS 1984	D WGS 1984/ WGS 1984	1:373,798	9/2020	Polygon	University of Richmond's Digital Scholarship Lab
Highways	NAD 1983 UTM Zone 13N /Transverse Mercator	D North American 1983/ GRS 1980	1:4,023,427	Accessed 2/2021	Polyline	CDOT OTIS
El Paso, Texas						
El Paso Municipal Boundary	WGS 1984	D WGS 1984/ WGS 1984	1:300,553	2/2019	Polygon	City of El Paso GIS Open Data
El Paso County Parcels	NAD 1983	D North American 1983/ GRS 1980	1:678,104	2010	Polygon	census.gov
2019 Parcels	NAD 1983 State Plane Texas Central FIPS 4203 (US Feet)/ Lambert Conformal Conic	D North American 1983/ GRS 1980	1:672,340	8/2019	Polygon	El Paso Central Appraisal District
HOLC Maps	WGS 1984	D WGS 1984/ WGS 1984	1:206,495	Accessed 12/2020	Polygon	Mapping Inequality: Redlining in New Deal America
Highways	WGS 1984	D WGS 1984/ WGS 1984	1:8,083,931	2/2021	Polyline	TxDOT

Layer	Coordinate System/ Projection	Datum/ Spheroid	Parent Scale	Currency	Data Type	Source
Baltimore, Maryland						
Real Property	NAD83 Maryland ftUS/ Lambert Conformal Conic	D North American 1983/ GRS 1980	1:145,950	1/2019	Polygon	geodata.baltimorecity.gov
Maryland Census Tracts	NAD 1983	D North American 1983/ GRS 1980	1:1,935,943	9/2019	Polygon	geodata.md.gov
HOLC Maps	WGS 1984	D WGS 1984/ WGS 1984	1:193,737	9/2020	Polygon	University of Richmond's Digital Scholarship Lab
Highways	WGS 1984/ Mercator Auxiliary Sphere	D WGS 1984/ WGS 1984	1:1,915,065	10/2018	Polyline	MDOT SHA Geospatial Technologies
Milwaukee, Wisconsin						
Milwaukee County Census Tracts	NAD 1983	D North American 1983/ GRS 1980	1:404,097	2010	Polygon	Census.gov
Milwaukee Municipal Boundaries	WGS 1984	WGS 1984	1:232,788	10/2020	Polygon	lio.milwaukeecountywi.gov
Parcel Tax	NAD 1927 State Plane Wisconsin South FIPS 4803/ Lambert Conformal Conic	NAD 1927/ D North American 1927	1:178,184	10/2020	Polygon	Milwaukee Open Data
HOLC Maps	WGS 1984	D WGS 1984/ WGS 1984	1:203,568	9/2020	Polygon	University of Richmond's Digital Scholarship Lab
Highways	NAD 1983 HARN Wisconsin TM (Meters)/Transverse Mercator	D North American 1983 HARN/GRS 1980	1:3,417,081	5/2019	Polyline	Wisconsin Department of Natural Resources, Bureau of Technology Services

Layer	Coordinate System/ Projection	Datum/ Spheroid	Parent Scale	Currency	Data Type	Source
Atlanta, Georgia						
Fulton County Census Tracts 2010	NAD 1983	D North American 1983/ GRS 1980	1:449,638	2010	Polygon	Census.gov
DeKalb County Census Tracts 2010	NAD 1983	D North American 1983/ GRS 1980	1:234,204	2010	Polygon	Census.gov
Atlanta Tax Parcel	WGS 1984	D WGS 1984/ WGS 1984	1:157,003	7/2018	Polygon	Opendatatlantaregional.com
HOLC Maps	WGS 1984	D WGS 1984/ WGS 1984	1:152,965	9/2020	Polygon	University of Richmond's Digital Scholarship Lab
Highways	WGS 1984	D WGS 1984/ WGS 1984	1:3,298,824	2016	Polyline	GDOT, Atlanta Regional Commission

APPENDIX D. LANDLORD-TENANT FAVORABILITY SPECTRUM

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AHP Weight Factors

Policy	Impact on affordability (0-3)	Percent of renters affected (1-3)	Magnitude of impact for affected renters (0-3)	Total Score	AHP Weighted Score
Cost to Tenants					
Rent Control	3	3	3	9	11.69%
Rent Increase Notification	0	3	2	5	6.49%
Duty to Re-rent	1	1	3	5	6.49%
Rent Grace Period	0	1	2	3	3.90%
Late Fees	1	1	3	5	6.49%
Security Deposit Protections	2	3	2	7	9.09%
Health and Safety					
Warranty of Habitability: Rent Withholding or Deduct	0	1	2	3	3.90%
Warranty of Habitability: Landlord Repair and Charge	0	1	2	3	3.90%
Possession					
Reasonable Access	0	3	1	4	5.19%
Termination Notice – average length	0	1	3	4	5.19%
Time to Recover Abandoned Property	0	1	2	3	3.90%
Anti-Discrimination					
Protections extending beyond Title 6	1	1	3	5	6.49%
Source of Income	1	1	3	5	6.49%
Non-Retaliation	0	1	3	4	5.19%
Eviction Process					
Right to Cure	0	1	3	4	5.19%
Housing Supply					
Policies Protecting Housing Supply	1	3	0	4	5.19%
Housing Demand					
Zoning for Diverse Tenures	1	3	0	4	5.19%

Classification Parameters

Policy	Explicitly Pro-landlord (1)	Implicitly Pro-landlord (2)	Implicitly Pro-renter (3)	Explicitly Pro-renter (4)
Cost to Tenants				
Rent Control	Rent control is preempted by state	State allows rent control; city does not have rent control	N/A	City has rent control policy
Rent Increase Notification	No notification specified	One month/ rental period or less	Greater than 1 month, less than 2	2 months or more
Duty to Re-rent	No duty to re-rent	N/A	Landlord must make "reasonable effort" to re-rent	Landlord obligated to mitigate damages
Rent Grace Period	No grace period	N/A	1 week or less	More than 1 week
Late Fees	No limits	"Reasonable" late fees or as specified in lease	Limited by amount or percent of rent	Only expenses incurred
Security Deposit Protections Scale 0-3 •Price ceiling 0/1 •Interest 0/1 •Return time: ○ >60 days = 0 ○ 30-59 days = 0.5 ○ >30 days =1	0-0.5	1-1.5	2-2.5	3
Health and Safety				
Warranty of Habitability: Rent Withholding or Deduct	N/A	No	N/A	Yes
Warranty of Habitability: Landlord Repair and Charge	Yes	N/A	No	N/A
Possession				
Reasonable Access	Tenant shall not unreasonably deny access	As specified in lease	"Reasonable" or less than 24 hours	More than 24 hours
Termination Notice – Scale 3-9 •Non-payment ○ <7 days = 1 ○ 7-14 days = 2 ○ >14 days = 3 •Lease Violations ○ <7 days = 1 ○ 7-14 days = 2 ○ >14 days = 3 •Month-to-month ○ 30 days = 1 ○ 60 days = 2 ○ 90 days = 3	3-4	5-6*	6-7	9-8
Time to Recover Abandoned Property	Landlord can dispose of property immediately	Not specified	Less than 30 days	30 days or greater

*Because a score of 6 falls in between implicitly pro-landlord and implicitly pro-renter the score is based on whether notice periods for all three termination notice types fall in the high- or low-end of the range.

Policy	Explicitly Pro-landlord (1)	Implicitly Pro-landlord (2)	Implicitly Pro-renter (3)	Explicitly Pro-renter (4)
Anti-Discrimination				
Protections extending beyond Title 6	N/A	Not protected	N/A	Protected
Source of Income	Protections preempted by state	Not protected	N/A	Protected
Non-Retaliation	N/A	No protections	Protected from retaliation	Protected from retaliation with a specified timeframe
Eviction Processes				
Right to Cure	After specified period beyond rent due date (no judgement necessary)	Less than 1 week after written demand from the judge	1 week or more after written demand from the judge	Until landlord is in possession of the property
Housing Supply				
Policies Protecting Housing Supply Scale 0-3 • Policy for disposal of government property 0/1 • Deed Restrictions 0/1 • TOPA or COPA 0/1	0	1	2	3
Housing Demand				
Zoning for Diverse Tenures Scale 4-12 • IZ ○ no = 1 ○ yes = 3 • SF Allowances ○ SF only = 1 ○ Some 2-units allowed = 2 ○ 2-units allowed everywhere = 3 • Min lot ○ >5,000 = 1 ○ <4,999 = 3 • Group living ○ Traditional = 1 ○ Ambiguous/ unrelated = 2 ○ >3 unrelated = 3	4-5	6-8**	8-10	11-12

** Because a score of 8 falls in between implicitly pro-landlord and implicitly pro-renter the score is based on whether the policy for each zoning issue falls in the high- or low-end of the range.