



STRATEGIES THAT WORK:

Increasing Your Organization's Single-Family Affordable Housing Development Business



NATIONAL
MINORITY
COMMUNITY
REINVESTMENT
CO-OPERATIVE

CAPITAL & SOLUTIONS TO BATTLE THE RISING RACIAL WEALTH GAP



PANELISTS

- **Lauren Grattan**
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- **Daniel Galindo**
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- **Laura Arce (Moderator)**
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THE RISE OF INSTITUTIONAL INVESTORS

- Pre-2008, most SFR investors were “mom and pop”
- Prior to 2011, none owned more than 1K SFR homes
- Since 2010, average industry growth of 3%, in 2021 growth was 10.2%

	American Homes for Rent	Amherst Residential	FirstKey Homes	Invitation Homes	Progress Residential	Total
Total Properties – at Q3 2021	56,077	33,219	35,899	83,512	71,930	280,637
# Properties Purchased	5,180	24,678	25,917	8,745	47,332	111,852
# Properties Sold	3,435	21,306	1,798	8,579	409	35,527
Net Property Gain	1,745	3,372	24,119	166	46,923	76,325
Value of Bonds & Other Financial Instruments Offered to Investors	\$1.7 Billion	\$6.6 Billion	\$6 Billion	\$5 Billion	\$16.4 Billion	\$24.7 Billion
						Average
% Net Property Growth Q1 2018 – Q3 2021	3.11%	10.15%	67.19%	0.20%	65.23%	27.20%
% Properties Purchased in Bulk Sales	25.40%	16.70%	20.90%	11.00%	35.70%	21.90%
% Sold in Bulk Sales	34.00%	98.00%	62.70%	26.90%	86.10%	61.50%
% Sold to Leaseholders	0.30%	0.00%	0.20%	1.60%	0.20%	0.50%

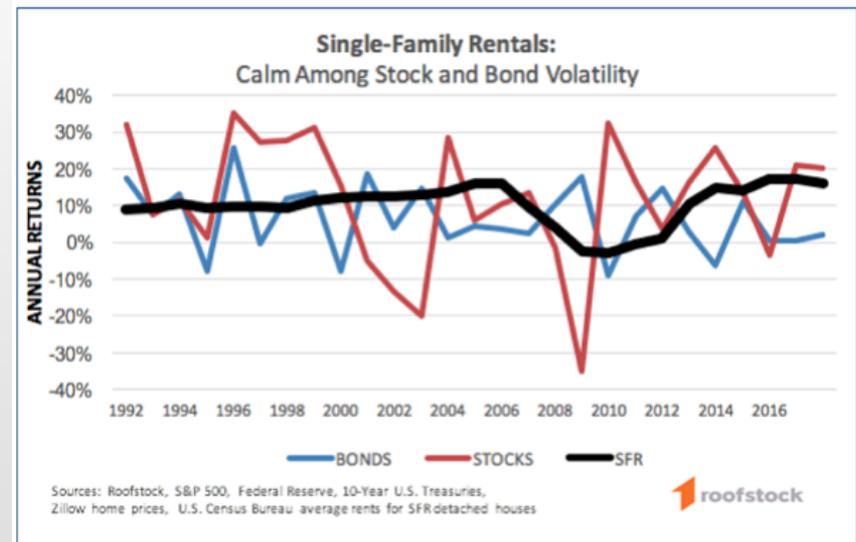
Source: House Financial Services Committee Longitudinal Survey of Institutional Investors, October 2021





HOW & WHY DID THIS HAPPEN?

- Following the Financial Crisis, inventory surplus lead to rise in bulk purchases, supported by government programs, including Fannie Mae
- Meanwhile, consumer credit standards tightened, locking out many would-be-homeowners
- Consolidation within the industry
- “iBuying” and use of algorithms + cash to acquire properties quickly
- Global capital markets chasing stable returns – hedge funds, pension funds, ultra high net worth individuals





IMPACT ON BLACK & LATINO COMMUNITIES

- Concentrated in Sunbelt – many of the same communities where we saw disproportionate loss of homeownership for families of color post Foreclosure Crisis
 - In 2021, 42.8% of homes sold in Metro Atlanta and 38.8% of homes sold in Metro Phoenix were sold to institutional investors
 - Some of the most targeted Zip codes overall are in the Rust Belt, especially heavily minority neighborhoods in Detroit and Cleveland
- According to a Washington Post analysis, in 2021, 30% of home sales in majority Black neighborhoods went to investors, compared with 12 percent in other Zip codes
- For example, 18% of homes purchased in Tampa in 2021 were bought by investors, in 2011 the rate was 11%
 - Interactive map available for 40 metro areas at <https://www.washingtonpost.com/business/interactive/2022/housing-market-investors/>





IMPLICATIONS

- Most studies on the rise of institutional investors have been regional, but with similar findings:
 - Communities of color disproportionately targeted
 - Rents increase
 - Quality of property maintenance declines
 - Eviction rates increase
 - Use of automation tools to increase profit, degrade property management





THANK YOU!



JPMORGAN CHASE & Co.

