BLACKSTONE: ATLANTA’S NEWEST LANDLORD

April 2014

THE NEW FACE OF THE RENTAL MARKET

By Rob Call with Denechia Powell and Sarah Heck
# CONTENTS

CONTENTS .................................................................................................................. I

ACKNOWLEDGMENTS ............................................................................................... II

WHO ARE WE? ........................................................................................................... III

INTRODUCTION .......................................................................................................... 4
  THE HOUSING CRISIS ................................................................................................. 4
  THE HOUSING RECOVERY? ......................................................................................... 4
  WHO IS BLACKSTONE? ............................................................................................... 6

WHY DID WE CONDUCT THIS STUDY? ................................................................. 8
  PILOT STUDY: INVITATION HOMES – ATLANTA, GA ............................................. 8
  WHAT DID WE WANT TO LEARN? .............................................................................. 8
  HOW DID WE STRUCTURE OUR RESEARCH? .......................................................... 9

WHAT DID WE FIND? ................................................................................................ 10
  PROPERTY OWNERSHIP AND FINANCES ............................................................... 10
  ABOUT THE RENTERS ............................................................................................ 11
  ACCESSIBILITY ........................................................................................................ 12
  AFFORDABILITY ...................................................................................................... 13
  STABILITY ................................................................................................................ 15
  QUALITY OF CONDITIONS ....................................................................................... 15
  CUSTOMER SERVICE .............................................................................................. 16

IMPLICATIONS .......................................................................................................... 17

NEXT STEPS .............................................................................................................. 19
  QUESTIONS FOR FUTURE RESEARCH ................................................................. 19

CLOSING REMARKS ................................................................................................. 22

ABOUT THE AUTHORS ............................................................................................. 22

APPENDIX A: GLOSSARY OF TERMS ..................................................................... 23

APPENDIX B: LEASE .................................................................................................. 24

APPENDIX C: RENEWAL OFFERS ............................................................................. 35

ENDNOTES ............................................................................................................... 37
ACKNOWLEDGMENTS

Occupy Our Homes Atlanta would be nothing without its dedicated membership. To all our members, thank you for the feedback, suggestions, and unyielding support. Thank you to Right to the City Alliance for funding this project with support from the Annie E. Casey Foundation and New Bottom Line. Specifically, we would like to thank Aimee-Josiane Twagirumukiza for creating the survey tool, Tony Romano and Denechia Powell for helping conduct field interviews, Sarah Heck and Denechia Powell for helping to write this report, and Tony Romano and Desiree Fields for insightful editing. None of this would have been possible without their support.
WHO ARE WE?

OCCUPY OUR HOMES ATLANTA

We are a grassroots, member-led organization that is building power in Metro Atlanta neighborhoods highly impacted by the housing crisis. By mobilizing communities around foreclosure, eviction, tenant rights, and public land rights — with an emphasis on leadership development and fostering a culture of resistance through nonviolent direct action — we are transforming our city’s approach to housing. We believe that housing is a human right regardless of race, national or ethnic origin, economic background, religion, disability, sexual orientation, gender identity, and immigration status. We are a member organization of the Right to the City Alliance.

Visit us at www.occupyourhomesatl.org

THE RIGHT TO THE CITY ALLIANCE HOMES FOR ALL CAMPAIGN

The Right to the City Alliance seeks to create regional and national impacts in the fields of housing, human rights, urban land, community development, civic engagement, criminal justice, environmental justice, and more. Right to the City was born out of desire and need by organizers and allies around the country to have a stronger movement for urban justice. It was also born out of the power of an idea for a new kind of urban politics that asserts that everyone — particularly the disenfranchised — not only has a right to the city, but as inhabitants, everyone has a right to shape it, design it and operationalize it.

Homes for All is a national campaign that is broadening the conversation of the housing crisis beyond foreclosure and putting forth a comprehensive housing agenda that also speaks to issues affecting public housing residents, homeless families and the growing number of renters in American cities. Homes for All aims to protect, defend and expand housing that is truly affordable and dignified for low-income and very low-income communities by engaging those most directly impacted by this crisis through local and national organizing, winning strong local policies that protect renters and homeowners, and shifting the national debate on housing. Right to the City is working collaboratively across sectors to develop national housing policy that ensures that our communities and future generations have homes that are truly affordable, stable and dignified. The campaign has grown to include 25 grassroots community organizations in 18 cities and 14 states across the country. The National Low Income Housing Coalition is a campaign partner.

Visit us at www.righttothecity.org and www.homesforall.org
INTRODUCTION

THE HOUSING CRISIS

In 2007, the American housing market collapsed. Wall Street bankers and fund managers had developed complicated financial instruments to further expand a growing housing market, fueled by a global credit boom. While this represented a departure from lending practices based on redlining and discrimination that had long denied low-income communities and communities of color access to homeownership, the new age of financial innovation entailed widespread predatory lending by independent mortgage brokers and the nation’s largest banks. Such lending was often driven by investor demand for financial products called mortgage-backed securities, which financial institutions created by bundling various kinds of mortgages — both high-risk products and lower-risk, 30-year fixed-rate loans. The mixture of loan types helped financial institutions gain triple-A credit ratings for their mortgage-backed securities, which they sold to pension funds, municipalities, universities and workers saving for retirement.

As mortgage brokers and bankers pushed Americans to take on more and more housing debt, the American economy was increasingly primed to crash. Once delinquencies on adjustable rate and no-documentation-needed high-risk loans skyrocketed, mortgages of all types started slipping into default on a massive scale. Triple-A rated investment instruments began to collapse, with the derivatives tied to these mortgage-backed securities crashing around them. Housing had been abstracted from a basic human need to a tool for financial gain by investment banks. While some banks and investment houses were wiped out, the nation’s largest banks were bailed out by taxpayers after being labeled “Too Big to Fail,” only to expand even more as they absorbed and took over other ailing banks. When the nation’s housing market began to fail, it shook the foundations of the national and global economy, because Wall Street’s financial engineering and extensive involvement in the housing market had deepened the links between housing and overall economic growth. As a result, millions lost their homes to foreclosure, and millions more are still stuck with more debt than their homes are worth. Meanwhile, upstream actors in the financial sector have even profited from the housing market collapse. Homeownership, the traditional wealth generator for the American middle class, became a means of transferring wealth from Main Street to Wall Street.

THE HOUSING RECOVERY?

For the first time in nearly six years, pundits and analysts are heralding the recovery of the American housing market, with existing single-family home sales growing 8.6 percent from 2012 to 2013. Home prices are rising in all major metropolitan housing markets. Banks would be hitting record profits if it were not for JPMorgan Chase’s billions of dollars in legal fees. But at the same time, unemployment remains high, wages for those not in the top 30 percent of wage earners have fallen since 2007 even as productivity has increased by almost 8 percent in the same time period, and rental affordability is plummeting. If the financial prospects of most Americans are stagnant or declining, how has the housing market made a comeback?
This recovery is not like others. The Federal Reserve’s quantitative easing program has kept mortgage interest rates near historic lows. While quantitative easing has helped the housing market to recover, the recovery has mainly been reflected in home price increases rather than greater access to housing credit for the majority of potential borrowers. Instead of lower- and middle-class Americans having greater access to housing credit and the savings and income needed to secure a mortgage, many of the localities that were hit hardest by the foreclosure crisis have experienced an influx of cash buyers from private equity and Wall Street firms. In November 2013, 51 percent of all home sales in the state of Georgia were made to cash buyers. Even as individuals interested in purchasing homes are having trouble taking advantage of low, but rising, mortgage interest rates due to tight credit, banks are extending massive lines of credit to private equity firms and hedge funds to conduct a fresh experiment with American housing. This time, Wall Street is interested in making money by renting houses, not mortgaging them — at least in the short-term.

While home prices were bottoming out from the detrimental effects of Wall Street’s increased involvement in mortgage finance, the financial engineers of that crash’s housing-based derivatives were developing a new way to financialize housing. In July 2011, a Morgan Stanley analyst declared that America was transitioning from a society of homeowners to a society of renters. He supported his declaration by citing the devastating impact the Great Recession had on anyone with a mortgage. Captains of Wall Street like Lewis Ranieri, often dubbed the father of the securitized mortgage market, agreed. The consolidation of large amounts of property under bank ownership and the large shadow inventory of distressed housing created new opportunities in the single-family rental market for those with cash on hand. Over the past three years, investors like private equity groups and hedge funds have begun taking advantage of these new opportunities. Their business plans are variations on the following theme:

1. Secure lines of credit from large banks like Deutsche Bank, Credit Suisse Group AG, JPMorgan Chase & Co., Citigroup Inc, and Wells Fargo & Co.
2. Purchase as many single-family homes as possible while home prices are low.
3. As targeted single-family homes become less available and housing markets saturate with cash from institutional investors, provide financing to smaller landlords or purchase non-performing loans in order to foreclose and take ownership.
4. Convert these single-family homes to rental properties, replacing the “mom & pop” investors who more typically rent out single-family homes, and institutionalize the market.
5. Use proprietary software to develop and implement property-management infrastructure for thousands of single-family homes scattered across the country.
6. Refinance the rental homes with mortgages that are subsequently turned into mortgage-backed securities, with payments toward the mortgages coming from renters, not homeowners. This creates a new asset class to sell to investors, generating liquidity for more purchases.
7. Get solid credit ratings on rental securities so investors can help repay creditors.
8. When home prices recover to a certain point — which may be spurred, in part, by the influx of cash into downtrodden housing markets — sell the homes at a profit.

Over the past two years, companies like the Blackstone Group, American Homes 4 Rent, Colony Financial, Silver Bay, Starwood Waypoint, and American Residential Properties have spent approximately $20 billion to
purchase approximately 200,000 single-family homes and convert them into rental properties. When institutional investors come to town, they bring lots of cash and a willingness to pay more than other, smaller investors. This has allowed them to buy houses so quickly that families looking to buy their first home are often pushed to the side. Investors have primarily been focusing their buying in cities that were devastated by the housing market collapse, such as Phoenix, Las Vegas, Chicago, Seattle, Tampa, Miami, Los Angeles and Atlanta.

Institutional investors face various challenges in running this large-scale experiment. Their primary challenge is the management of numerous and geographically scattered properties. Wall Street landlords will need to be able to track maintenance requests from thousands of residents and have a fleet of contractors armed with the proper parts for any number of scattered and unique single-family homes. Moreover, they will rely on maintaining high occupancy rates with short turnover times between tenants to fund their property-management operations and meet their revenue projections. As Wall Street landlords start securitizing their rental properties and associated income streams, they will need to ensure steady payments to their investors — banks, private investors, and bondholders — lest they default on their loans or risk the credit rating of their bonds. The pressure for high levels of occupancy and steady rent payments could cause these landlords to raise rents, increase required security deposits, charge higher late fees, and/or add new charges should their income streams dip.

Since companies like the Blackstone Group and Colony Financial descended upon cities like Chicago, Phoenix, and Atlanta, home prices in those markets have risen at double-digit rates. Their activity has sent home prices and related indices climbing, and home sales have increased. This increase in home prices has allowed some “underwater” homeowners — those who lost wealth when home prices plummeted and were left owing more on their mortgages than their homes were worth — to regain some ground. However, this recovery also risks crowding out low- and middle-income families who want to buy homes at today’s low rates. Large institutional investors stand to benefit from the housing market recovery in several ways: buying occupied homes at foreclosure auctions for bargain prices rarely available to families facing foreclosure; having a large influence on single-family home rents in any particular city by the sheer number of properties owned; charging high fees; financially engineering rental homes into securities to generate liquidity and leverage higher returns; and selling the homes they rent as soon as home prices recover significantly or if securities investors demand higher dividends than rents produce. However, advantages for investors do not necessarily translate to benefits for the lower- and middle-income Americans renting from them.

**WHO IS BLACKSTONE?**

The Blackstone Group is an international private equity firm that manages about $210 billion in alternative assets, making it the largest such firm in the world. It owns or has owned office parks, hotel chains like Hilton and Extended Stay America, Sea World, The Weather Channel, apartments in Spain, and private homes in the United States, among other investments. Today, the Blackstone Group is the largest player in the institutionalization of the single-family rental market. In the past two years, the Blackstone Group has spent $8 billion to purchase about 43,000 homes, which is more than any other institutional investor and equal to about 40 percent of all Wall Street money that has gone toward buying up single-family homes.

This is the first time that buying, repairing, leasing, and managing scattered-site single-family homes has ever been attempted on such a scale. To provide a quick influx of property-management experience, the Blackstone Group has partnered with Riverstone Residential, a company known for managing a multitude of multifamily apartment complexes. In October 2012, Blackstone and Riverstone jointly formed Invitation Homes, a national property-management company. Invitation Homes works with Blackstone subsidiary companies that purchase homes, repairing, leasing, managing and securitizing Blackstone’s newly acquired rental properties.
The Blackstone Group is also the first institutional investor to securitize single-family rental properties. In October 2013, Invitation Homes took out a $479.1 million loan to finance a portfolio of 3,207 single-family rental homes. This loan was carved up into securities and sold to bondholders. Each month, a tenant’s rent check goes toward repaying these bondholders. When the loan comes due, Invitation Homes will likely need to refinance the loan or sell the homes in order to repay the full amount. Typically, investors can now purchase shares of Invitation Homes’ tenants’ monthly rent payments. From Blackstone’s perspective, the success of this operation will largely hinge on how well Invitation Homes takes care of its properties and how low it is able to keep its vacancy rates.

There is no historical data that can tell us what happens when the world’s largest alternative investment firm decides to become a landlord of single-family homes. When mortgage-backed securities took off in the early 2000s, there was at least some data on what conditions worked best for mortgage repayment and how economic trends like unemployment might affect mortgage repayment. By the early 2000s, banks had been managing mortgages of various kinds for more than a century. However, there is no direct precedent for institutional investors’ recent undertakings. This means it is unclear whether Invitation Homes’ property-management scheme will hold up, what occupancy rates and tenant transition times will look like on such a scale, and whether or not Blackstone will be able to profitably dispose of the homes it has purchased.

Analysts are already predicting potential for a nearly trillion-dollar market in single-family rental securitization over the next five years or so. Even without historical data to inform their ratings, Moody’s, Fitch, and Kroll gave triple-A ratings to the top tiers of Blackstone and Invitation Homes’ unprecedented rental securitization. This suggests that the rating agencies consider large parts of this new asset class to be safe. And judging by the fact that the $479 million bond, covering 3,207 homes, attracted four to six times more investors than it could accept, investors like mutual funds and insurance companies agree.

At the same time, Standard and Poor’s recently issued a statement saying it was too early to give single-family rental securitizations high investment-grade rating, primarily because institutional investors do not have a track record of large-scale single-family rental property management.

But the ardor of the investment world grows despite this industry’s lack of experience.
WHY DID WE CONDUCT THIS STUDY?

PILOT STUDY: INVITATION HOMES – ATLANTA, GA

In the fall of 2012, members of Occupy Our Homes Atlanta, a grassroots organization that mobilizes communities to advocate around the issues of foreclosure, eviction, tenant rights and public land rights, noted a spike in investor activity at monthly foreclosure auctions. In Georgia, all properties set to be foreclosed upon are auctioned off to the highest bidder on the steps of the county courthouse on the first Tuesday of each month. The homes that are auctioned off on the courthouse steps are often still occupied by struggling homeowners. After reading an article about institutional investors spending millions of dollars at each month’s auction to buy homes at bargain prices, members of Occupy Our Homes Atlanta attended the auction to witness the events firsthand. Beginning around October 2012, private equity group employees with millions in cash wired through Wall Street firms swarmed the courthouse steps and secured deals that, if offered to struggling homeowners instead of Wall Street investors, could have prevented countless foreclosures and evictions.

The map above shows over 1,000 properties known to be managed by Invitation Homes in the Atlanta metropolitan area that were at one point listed on the Invitation Homes website. These homes are scattered across about 2,500 square miles of Metro Atlanta and do not represent every home owned by Blackstone in the Atlanta area. Though we did not have the capacity, a more comprehensive mapping of Blackstone’s Atlanta properties could be completed by investigating public property records. The Blackstone Group is the largest institutional investor in foreclosed single-family homes in a city still reeling from the aftermath of Wall Street’s last major foray into housing. As Atlanta’s investor activity grew, and tenants started to fill homes once occupied by families forced out by foreclosure, we wanted to know what it was like to pay rent to Wall Street.

WHAT DID WE WANT TO LEARN?

When we learned about Blackstone and its presence in Atlanta through Invitation Homes, we wanted to know more. We were interested in finding out how Blackstone and Invitation Homes were changing Atlanta’s rental market and what it was like to be a tenant of the largest alternative-asset private equity firm in the world. Since what Blackstone is doing through Invitation Homes is unprecedented, we believed unearthing local Blackstone data was important to current and future renters and homeowners.
At the beginning of our Blackstone/Invitation Homes survey-based research, we had a few primary questions in mind:

- **HOW IS BLACKSTONE INFLUENCING HOUSING IN ATLANTA?**
  What does its portfolio look like? How many homes does it own? What will its market presence mean for renters?

- **WHAT IS THE LEVEL OF ACCESSIBILITY FOR LEASE APPLICANTS?**
  Who can apply to live in a Blackstone home? What are the background check requirements? What are the credit requirements? What other requirements does the company have?

- **WHAT LEVEL OF AFFORDABILITY DOES BLACKSTONE OFFER FOR TENANTS?**
  Is rent affordable to tenants? Does rent increase from year to year, and if so, by how much? What other fees and expenses do tenants pay?

- **WHAT LEVEL OF STABILITY IS BLACKSTONE PROVIDING ITS TENANTS?**
  Can tenants remain in their homes and communities without the threat of displacement or unfair eviction?

- **WHAT IS THE QUALITY OF CONDITIONS FOR TENANTS IN BLACKSTONE HOMES?**
  Does the company make quality renovations and repairs before tenants move in? With such a large portfolio of homes, can it keep up with maintenance? Is maintenance carried out to the satisfaction of its tenants?

- **WHAT IS THE QUALITY OF ITS CUSTOMER SERVICE?** With only one office in a northern Atlanta suburb, does Invitation Homes’ staff interact directly with tenants? Are tenants’ needs met in an effective and timely manner?

**HOW DID WE STRUCTURE OUR RESEARCH?**

In August 2013, Occupy Our Homes Atlanta partnered with the Right to the City Alliance, of which we are an active member organization, to conduct a pilot survey of people renting from the Blackstone Group’s property-management company, Invitation Homes, in Atlanta, Georgia. We wanted to learn about the experiences of people renting single-family homes from institutional landlords in a form of housing traditionally dominated by private “mom & pop” owners and small businesses that own and rent a few houses. After undertaking a group survey development process in September, we began conducting surveys in October. Our goal was to produce a pilot study that would provide fresh insight on this new housing trend and support the Right to the City Alliance’s Homes for All campaign to broaden the conversation of the housing crisis beyond foreclosure, highlight the ongoing rental affordability crisis, and enhance our understanding of what could be the next American housing bubble.

To compile this pilot study, we canvassed 108 properties managed by Invitation Homes, focusing on properties in and near the city of Atlanta. We conducted title research on those 108 properties, interviewed tenants, and did background research on Invitation Homes’ tenant criteria on the company’s website. Of the 108 properties we canvassed, 29 were unoccupied, 11 were possibly occupied, and 68 were occupied. Of the 68 occupied properties, we spoke with 46 tenants. Of the 46 tenants we spoke with, 25 agreed to participate in a 28-question survey about their experience renting from Invitation Homes. Participants were informed that their personal information would remain anonymous in the results of this study.
WHAT DID WE FIND?

PROPERTY OWNERSHIP AND FINANCES

Over the course of 2013, we were able to identify just over 1,000 homes in Metro Atlanta connected to Blackstone and managed by Invitation Homes by gathering lists of addresses from the Invitation Homes Atlanta website and conducting title research on the ownership of properties we saw purchased by Blackstone representatives at foreclosure auctions. Given that more than 1,000 homes managed by Invitation Homes are spread out across the sprawling Atlanta metropolitan area, we focused our canvassing efforts for this pilot study on 108 properties in the city of Atlanta and nearby. Using the Georgia Superior Court Clerks’ Cooperative Authority database, we gathered background information on previous transactions for all 108 properties. It would take a study of much larger magnitude to canvass and analyze property transaction data for the 1,000-plus properties connected to Blackstone in Atlanta.

Our findings show that seven Blackstone subsidiaries own the 108 properties we canvassed (Table 1). These companies were linked to Blackstone or Invitation Homes, Blackstone’s property-management company, directly through addresses on corporate registration. Other properties we canvassed were not owned by Invitation Homes or THR Georgia, Blackstone’s main property-acquisition arm, but were still managed and listed for rent online by Invitation Homes.

TABLE 1: PROPERTY OWNERS OF RENTAL UNITS MANAGED BY INVITATION HOMES

<table>
<thead>
<tr>
<th>Property Owner</th>
<th>Number of Properties Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>THR Georgia</td>
<td>45</td>
</tr>
<tr>
<td>Atlanta Region SFH I, LLC</td>
<td>57</td>
</tr>
<tr>
<td>IH2 Property Georgia, LP</td>
<td>2</td>
</tr>
<tr>
<td>BLREJV2 Atlanta Residential Bridge, LLC</td>
<td>1</td>
</tr>
<tr>
<td>BLTREJV2 Atlanta Residential Bridge, LLC</td>
<td>1</td>
</tr>
<tr>
<td>RNTR-3, LLC</td>
<td>1</td>
</tr>
<tr>
<td>Key Property Homes</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>108</td>
</tr>
</tbody>
</table>

Blackstone spent a total of $8,586,357 to purchase the properties in our sample. Blackstone purchased 77 properties from individuals at foreclosure auctions and through what were likely short sales by underwater homeowners, spending a total of $4,197,488. Homeowners in these 77 properties initially spent a total of $7,430,013 to acquire their homes. The discrepancy between the price homeowners paid and what Blackstone purchased these properties for represents a cumulative loss of more than $3.2 million for distressed homeowners. Additionally, Blackstone spent $2,680,722 to purchase 31 properties from various companies. Those companies had previously spent $1,665,203 on those same properties. This analysis suggests that when Blackstone...
purchases a property from a company, that company makes a profit, while individuals (most likely underwater homeowners) take a loss on similar deals. Table 2 breaks down differences in net investment gains for sellers.

### TABLE 2: BLACKSTONE PURCHASE RECORD

<table>
<thead>
<tr>
<th>Total spent by Blackstone to purchase properties</th>
<th>Previous amount spent on property before bought by Blackstone</th>
<th>Net returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total spent by Blackstone from companies</td>
<td>Total spent by companies in prior purchase</td>
<td>Net return for companies</td>
</tr>
<tr>
<td>$2,680,722.00</td>
<td>$1,665,203.00</td>
<td>$1,015,519.00</td>
</tr>
<tr>
<td>Total spent by Blackstone from individuals (including foreclosures and short sales)</td>
<td>Total spent by individuals in prior purchase</td>
<td>Net return for individuals</td>
</tr>
<tr>
<td>$4,197,488.00</td>
<td>$7,430,013.00</td>
<td>-$3,232,525.00</td>
</tr>
<tr>
<td>Total spent by Blackstone to purchase all 108 properties</td>
<td>Total spent by Blackstone to purchase all 108 properties</td>
<td>* Note: discrepancy in total spent by Blackstone to purchase all 108 properties and the transactions listed above. This is due to unavailable data on previous acquisition for some properties.</td>
</tr>
<tr>
<td>$8,586,357.00</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

### ABOUT THE RENTERS

The experiences we collected from 25 of Blackstone’s Invitation Homes renters in Metro Atlanta from November 2013 to March 2014 inform the following section. We omitted identifying information about respondents to ensure confidentiality.

The households we canvassed represent many types of relationships and family structures. Participants lived with non-related roommates, parents, children and extended family members. Eighteen interviewees had moved to their current homes from various locations in Metro Atlanta. Thirteen had moved from other neighborhoods in town, such as Midtown, Old Fourth Ward and Poncey-Highland. Three had even moved from places that were only a few houses down from their new homes, one moving mere blocks away into an Invitation Homes property after a foreclosure.

Nine participants had found their homes by searching online. Another nine found their homes by simply driving around their desired neighborhood. For many participants, the reason for choosing their particular home was the location. Eleven renters wanted to move to their new homes in order to live in the city closer to their jobs or near social scenes in East Atlanta Village, Little Five Points, or Edgewood. Two tenants cited their reason for selecting their new homes as a desire to move to a “safer” or “quieter” neighborhood. Another two tenants said they moved into Invitation Homes properties because other homes they were interested in were rented out before they could meet with the landlord.

### HOW DO TENANTS MAKE A LIVING?

Invitation Homes rents to Metro Atlanta residents with a wide range of occupations, including healthcare professionals, service workers, artists and students. Three of our participants’ main source of income is Social Security. We found only one instance of an Invitation Homes tenant with a Section 8 voucher.
ANNUAL HOUSEHOLD INCOME

Thirteen participants lived in households making $50,000 a year or less. Nine participants lived in households bringing in more than $50,000 a year. Of those, six lived in households making $70,000 a year or more. Three respondents declined to answer this sensitive question.

RENTAL HISTORY

We asked participants how many homes they have rented in the past five years. No one had previously rented from Invitation Homes. Half of our participants had moved two times or less in the last five years. One-third of participants had moved three or four times in the past five years.

PREVIOUS EXPERIENCE WITH FORECLOSURE OR EVICTION

Of the 25 respondents, two had experienced foreclosure in the last five years. Six respondents indicated that they had been threatened with eviction from Invitation Homes rental properties. The reasons cited included failure to pay rent on time and failure to pay a late fee via the Internet. On two occasions, Invitation Homes rescinded eviction notices due to a glitch in its online payment system and the loss of a deposit in the mail.

TENANT EXPERIENCE

We wanted to know how tenants felt about their overall experience renting from Invitation Homes. We asked participants to indicate on a scale from one to five — one being “strongly disagree” and five being “strongly agree” — the number that best described their feelings regarding the following statements:

- Overall, I am satisfied with my home.
- I have a good relationship with my landlord.
- I speak to my landlord in person often.
- I am pleased with how my landlord responds to issues.

Eighty-three percent of our respondents indicated that they were generally satisfied with their homes. Less than half of the participants reported that they had a good relationship with their landlord. All participants indicated that they rarely speak to their landlord in person. Tenants are instructed by Invitation Homes to correspond with Invitation Homes through its Web portal or through a call center. And though 56 percent of the tenants we interviewed responded that in general they were pleased with how their landlord responds to issues, the picture became more complicated in the qualitative portion of the interviews. Upon being asked more specific questions regarding accessibility, affordability, stability, quality of conditions and customer service, participants raised concerns about untimely maintenance and the nature of having a corporate landlord.

ACCESSIBILITY

Invitation Homes requires that all interested potential tenants submit an eligible rental application before discussing the terms of the lease. When tenants described their experience of the application process, most remembered going through a credit check as a requirement for moving into their home. According to the Invitation Homes application package, credit checks are run on all applicants. On its website, Invitation Homes indicates that it has an internal credit scoring model, in which applicants with unfavorable rental and credit histories will have to pay higher security deposit amounts and may not be accepted as Invitation Homes tenants.
Collections proceedings, account charge-offs, repossessions, and current or recent delinquencies will negatively influence applicants’ ability to rent from Invitation Homes. If the applicant has an open bankruptcy, their application will be denied automatically.39

According to the Invitation Homes application package, applicants must supply pay stubs for the last four weeks prior to their application date. The gross household income must be 2.5 times the monthly rent. If an applicant does not meet the required rent-to-income ratio or is denied because of bad credit, they may have a relative or employer act as a guarantor. The guarantor must have a gross monthly income of four times the monthly rent and meet all other criteria.40

Invitation Homes does a background check on each applicant. Residents cannot have been convicted of a felony in the past 10 years or a misdemeanor in the past three years to be considered eligible to rent. During a May 2013 phone call, an Occupy Our Homes Atlanta member inquiring about renting from Invitation Homes was told that having a felony on record made him ineligible to apply at all. Finally, Invitation Homes provides conflicting information on whether or not renters are required to carry a minimum of $100,000 personal liability insurance coverage. On its website, Invitation Homes says this insurance is required.40 In an application packet posted online, this insurance is said to be recommended, not required.40

**AFFORDABILITY**

**THE RENT**

The average rent paid by Invitation Homes renters who we interviewed was $1,300 per month. Only five renters reported paying less than $1,000 monthly. These rents are above Metro Atlanta’s median rent of $1,050 a month.41 For participants who provided data on annual household income and monthly rent, we found that 45 percent were paying more than 30 percent of their income toward housing, making their housing, by definition, unaffordable.42

Survey respondents stated that rent is due on the first of the month. There is a grace period until the fifth of the month. If rent is received after the fifth of the month, there is a $200 late fee. One participant stated that the late fee was forgiven the first time they paid the rent late.

Invitation Homes requires that rent be paid through an online portal. Two participants had significant problems with this system when a computer error incorrectly indicated they had not paid their rent. One respondent received two notices of eviction but, having proof that they had indeed paid rent on time, disputed it with Invitation Homes. Invitation Homes eventually rescinded the eviction notice and apologized for the error. Another respondent indicated that the late fee used to be $85 but was unable to pinpoint when the fee increased.

**RENT INCREASES**

Of the 25 interviewees, seven were two months or less from the end of their lease at the time they were interviewed. Two of those seven indicated that they were renewing their leases.

According to a lease provided by one of our participants, unless a 30-day written notice is given to the landlord before the end of the lease, the lease will automatically renew for a term of 30 days with an automatic 5 percent rent increase.43 One participant was given a lease renewal offer in writing from Invitation Homes.
mandating a 9 percent rent increase if they chose to renew the 12-month lease. A month-to-month renewal option was also included, but with a 20 percent rent increase and the right of the landlord to terminate said lease with 30 days’ notice.44 One other participant reported that upon lease renewal, they had to agree to a 5 percent increase in rent in order to stay. One tenant who renewed for two years said their increase was 5 percent over two years.

SECURITY DEPOSIT
According to Invitation Homes’ application packet, the amount of the security deposit is determined by the applicant’s income and verified credit history. This score is negatively influenced by a history that includes but is not limited to collections, repossession, current delinquency and charge-off. Open bankruptcies will result in the automatic denial of the application or immediate termination of the lease. Should a tenant declare bankruptcy while renting from Invitation Homes, “all rent and other sums due to the Landlord through the end of the lease term shall immediately become due and payable upon the termination of the Lease due to the default of Tenant,” states the lease provided in Appendix B. According to interview responses, the security deposit is one month’s rent for renters with good credit, increasing to 1.5 months’ rent if one roommate has bad credit or two months’ rent if the primary lease-holder has poor credit, per Invitation Homes’ proprietary tenant credit rating methodology. One respondent received half off of the security deposit because of a move-in special.

ADDITIONAL FEES
All survey respondents indicated that utilities, cable and Internet are not included in their rental payments. Landscaping, yard maintenance and pest control, aside from termites and rodents, are the responsibility of the tenant. One respondent claimed they had to provide their own washer and dryer upon move-in. One tenant said they had to purchase a $250 lawnmower. Another tenant reported having to pay for replacement of poor quality flooring themselves after Invitation Homes refused to do so. Tenants with pets have had to pay to put up a fence around the yard. Survey respondents reported paying a $250 nonrefundable fee per pet in the house. Figure 1 indicates survey respondents’ monthly housing-related costs in addition to their rent. According to one participant’s lease, if at any point the landlord, listed as Riverstone Residential, should fail to receive payment of rent or any other fees as of the 13th of the month, a dispossessory will be filed. According to the lease provided in Appendix B, should a tenant catch up on their late payments after an eviction proceeding has been initiated, the tenant must then pay $400 for the dispossessory action, in addition to the $200 late fee, meaning tenants must pay $600 to avoid their own eviction, even if they are able to make up past-due rent.
STABILITY

THE LEASE
Seventeen of our respondents had a 12-month lease. Five respondents had a 24-month lease, and one respondent had an 18-month lease. One renter said they currently rent month to month from Invitation Homes — they were the only participant who did not have a lease.

One participant provided us a copy of their lease. Another tenant compared their lease to the one provided to us and found them to be the same except for some of the site-specific information entered in the blanks.

LENGTH OF CURRENT RESIDENCY
We asked participants how long they had lived in their current home. Nineteen of our 25 interviewees had been in their homes for less than a year at the time of the interview. Three tenants who had been in their homes for more than a year were living in their homes before Invitation Homes became their property manager. Ten of our participants had lived at their current residence for six months or less. Three participants had lived in their homes for over a year. One such tenant had lived in their home for over a decade. After their home was eventually foreclosed on, it ended up in the hands of Invitation Homes, which currently rents them the house.

HOMEOWNERSHIP VS. RENTING
Two tenants who researched how much Blackstone had paid for the property they were currently renting said they would have purchased it at the same price Blackstone did if they had had the opportunity. One of these tenants reported that they and their partner made over $70,000 a year. The other tenant who would have purchased their property was employed at the time they signed their lease, but is not currently.

QUALITY OF CONDITIONS

PREVIOUS OR CURRENT CONDITION OF RENTAL PROPERTY
Eighteen of our 25 participants reported that they had previously experienced, or were currently experiencing, maintenance issues with their home. Six of them had issues with bugs, including roaches and gnats. Plumbing was also a concern, with four people having dealt with problems such as burst pipes, exposed plumbing and leaky toilets. Four people dealt with electrical and wiring issues. Four people had experienced broken refrigerators. Two participants reported issues with their heating during the winter and air conditioning during the summer; both respondents stated that Invitation Homes was very slow to fix the issues and at times sent out contractors from two different companies that had not communicated with each other about what had to be done toward fixing their heating or air. Two interviewees with children in their households experienced mold problems. Invitation Homes responded to mold complaints by sending out a maintenance worker armed with a bottle of bleach each time the mold returned. Neither respondent with mold problems was satisfied with the way Invitation Homes responded to their request for maintenance. One tenant reported not having adequate hot water for over four months, despite putting in multiple maintenance requests as multiple repair workers failed to fix the problem. This tenant chose not to renew their lease based on Invitation Homes’ poor maintenance practices.

Four participants felt that Invitation Homes did not spend enough time renovating their homes after buying them and before putting them up for rent. One tenant said, “I think the

“A lot of the repairs seem like rush jobs.”

“I think the house was flipped too quickly.”

“I don’t have any confidence in Invitation Homes.”
house was flipped too quickly.” Another remarked that “a lot of the repairs seem like rush jobs.” A third stated, “I don’t have any confidence in Invitation Homes,” when speaking about the company’s response to maintenance issues. Several tenants gave examples of Invitation Homes’ inadequate renovations, including broken appliances and lights, shoddy paint work, lack of insulation, poor quality carpet and installation, “cheap” materials such as ceramic tiles that broke and cracked, faulty architectural infrastructure, and clogged gutters upon move-in.

**CUSTOMER SERVICE**

Sixty-eight percent of our survey respondents were not sure who their landlord is other than Invitation Homes in general, indicating that they have no contact with Invitation Homes other than through its website and a general phone number provided upon move-in. Only eight of our respondents reported having single points of contact at Invitation Homes. One of the eight tenants who reported having single points of contact at Invitation Homes said that they could never get in touch with their point of contact and often had to drive the 25 miles or so to Invitation Homes’ Alpharetta office in order to speak with someone.

Eleven participants described the process for seeking repairs as fairly intensive. First they had to call or submit an online request for maintenance. This request was met with an automatically generated response that someone would be contacting them soon to resolve the issue. Invitation Homes’ response times to maintenance requests varied, with two tenants reporting receiving service within a day and others made to wait a week or more with a leaky roof, or without air conditioning or a functioning refrigerator. One was given a maintenance run-around to get their AC fixed for multiple weeks while enduring Atlanta’s summer heat. Four participants reported never getting their problem addressed and either living with the broken item or replacing it themselves. Though there was no question on our survey tool directly related to repeat requests for maintenance, seven participants reported having to call and submit maintenance requests multiple times to get someone to come out and make repairs. Once the repair process had been initiated, two respondents reported very short notice given as to when maintenance contractors would need to be given access to the home, in violation of a clause in the lease mandating the landlord give the tenant 24 hours’ notice as to when people would access to property for repairs, inspection, or maintenance.

Sixteen respondents had never interacted with their property manager in person after move-in day. Two respondents indicated that they correspond with Erin, their single point of contact. Two respondents said that Invitation Homes is their landlord but that they have spoken to someone named Shawn or Alex in the past. Three respondents said that it is a burden to drive to Invitation Homes’ office in Alpharetta, a northeastern suburb of Atlanta that is poorly connected to public transit. This is the company’s only physical office serving the 28-county greater metropolitan Atlanta area, where its properties cover a roughly 2,500 square mile area from Coweta County to Hall County. One tenant was not sure where to find the physical office. The physical address is not listed on the Invitation Homes website, and employees running Invitation Homes’ toll-free number would not give out the address of local offices when called and asked by a researcher.

Four participants commented on Invitation Homes’ “corporate,” impersonal actions and policies, particularly the difficulty in talking to a person, never seeing anyone from Invitation Homes after the day they moved in, and the length of time it takes them to respond to maintenance requests. This caused one participant to state that they feel powerless as a tenant in regard to confronting Invitation Homes with their problems. Another participant said that Invitation Homes needs a “real regional landlord,” not a “faceless voice on the phone.” One tenant threatened with eviction based on an error drove to the Alpharetta office, where they encountered a “cold” and “not personable” Invitation Homes employee. The tenant was unable to bring their concerns to the portfolio manager face-to-face.
IMPLICATIONS

Our research indicates a number of implications for rental housing accessibility, affordability, stability, quality of conditions and customer service. We state these implications with the full understanding that this is a pilot study with a relatively small sample size. We also lack the data needed to compare Blackstone to other landlords of single-family homes, be they “mom & pop” or institutional investors.

ACCESSIBILITY

Invitation Homes’ policies regarding misdemeanors and felonies is restrictive. Invitation Homes’ rentals are not accessible to anyone with a misdemeanor in the past three years or a felony in the past ten, according to the online application. Furthermore, when a researcher called to apply for a lease and mentioned having a felony on his record, he was immediately told he was not eligible to apply. Not allowing applicants with recent misdemeanors expands the number of people that cannot access Blackstone-owned homes. This exclusion will likely impact people of color applying for an Invitation Homes lease disproportionately, as they are more likely to be targeted by the justice system in the United States.\textsuperscript{45}

According to a study by the Joint Center for Housing Studies at Harvard University, low-income individuals and people of color are far more likely to have poor credit than white individuals in higher income quintiles.\textsuperscript{46} This means that unless Invitation Homes’ method of credit risk evaluation actively pursues racially and economically equitable credit scoring, it is likely that credit requirements will make Blackstone-owned housing less accessible to low-income individuals and people of color. This could mean that Blackstone’s Invitation Homes will play a role in shifting demographics in the majority people of color neighborhoods that include some of ground we covered while canvassing.

AFFORDABILITY

Less than 1 percent of Blackstone’s Invitation Homes portfolio is comprised of renters with Housing Choice (Section 8) Vouchers.\textsuperscript{47} Meanwhile, 49.7 percent of Atlanta renters are in need of affordable housing, meaning they pay more than 30 percent of their income towards housing.\textsuperscript{48} The need for affordable rental housing is high in Atlanta and across the country, but 45 percent of the Invitation Homes tenants we interviewed have unaffordable housing. Unaffordable rents make it difficult for tenants to cover other basic needs like healthcare, childcare, transportation and education. The fact that Invitation Homes has incorporated a mandatory 5 percent rent increase into its leases and seems to push for even higher increases on year-to-year leases — while wages are stagnant or declining for most low- and middle-income Americans — makes affordability even less likely.

Tenants who do not sign 24-month lease renewals can face year-to-year increases in the 9 percent range, according to the lease renewal letter in Appendix C. Should tenants be unable to sign a 12-month or longer-term lease, the lease renewal letter suggests that they are pushed into month-to-month leases and face 20 percent rent increases over their previous year’s rent. This would make month-to-month leases cost-prohibitive for some tenants.

There are other hurdles to affordability for Invitation Homes’ tenants as well. At $200 per month, the fee for late payment, or processing, of rent is high. For many tenants, this equates to an additional 20 percent of their rent should they be a day late with their payment, or should Invitation Homes lose track of a timely payment.

Slow and poor quality maintenance and construction lead to higher utility costs, which can add to a tenant’s cost burden. One tenant who has little insulation in their house saw their monthly gas bill go from $50 in the summer to $350 during the winter. Required according to the lease and common in single-family rentals in Georgia, lawn maintenance and pest control are expenses in addition to rent. Though not specified in the lease, one tenant had to provide their own washer and dryer while others had them provided upon move-in. Taken
together, these additional expenses further reduce the affordability by raising the overall percentage of income one has to put toward housing instead of other essential needs.

STABILITY
Wall Street firms like Blackstone are likely edging potential owner-occupants from Atlanta area neighborhoods. Given how Blackstone purchases properties, it has a distinct advantage over many potential owner-occupants. It is able to pay the total costs in cash on the spot, often by outbidding others at foreclosure auctions.\(^4\) It can even sometimes negotiate with other investors to buy single-family homes in bulk, receiving a bulk discount without properties going on the market or being put up for sale.\(^5\) Although this was not a formal question on the survey, two tenants voluntarily shared that they would have purchased the current home they were renting had they had the opportunity.

One late payment triggers an automatic eviction warning, which threatens and destabilizes tenants. According to the lease provided in Appendix B, should a tenant have a disposessory notice filed against them, they would have to pay $400 towards the filing and service of their own eviction notice, in addition to the $200 late fee.

Although standard in Georgia, a clause in the lease that allows Invitation Homes to terminate the lease and evict the tenant with only 60 days’ notice could be of concern to tenants; one tenant specifically raised this concern. Given Blackstone’s need to satisfy investors, this landlord may have an additional incentive to use this clause. Should Blackstone find itself unable to pay dividends to investors in its rental-backed security, it could use this clause to sell occupied homes to meet its debt obligations. This could result in the eviction of tenants who have paid their rent and fees on time, because other homes in the securitized bond package are sitting unoccupied. This would not only destabilize families but would negatively impact entire communities where Blackstone owns a significant number of homes.

QUALITY OF CONDITIONS
Upon move-in, three tenants found conditions not up to par, from broken appliances to poor quality paint work. Eighteen of our respondents reported needing maintenance done on their properties. Many of the issues reported by tenants related to faulty infrastructure, like plumbing, heating and air conditioning, in their homes. One tenant decided not to renew their lease after several delays and failed attempts by Invitation Homes to fix problems, including inadequate hot water for over four months.

CUSTOMER SERVICE
On its website, the company promises “responsive and friendly customer service staff available 24 hours a day, seven days a week” and further claims that they “respond quickly if anything in your home is not working properly,” ensuring the job is done right the first time. Based on survey responses, Blackstone and Invitation Homes do not seem to be keeping that promise.

Seventy-eight percent of the tenants we surveyed do not have consistent and reliable access to a landlord or property manager. Given that the lone Atlanta Invitation Homes office is in the northern metro area, far away from most tenants, repeated and at times frustrating phone and electronic communication remains the most feasible option for trying to reach Invitation Homes. Most respondents had never met their assigned property manager in person. The challenges facing many of our respondents in getting quality customer service from Invitation Homes implies that the company is likely experiencing difficulties maintaining scattered-site single-family homes on a large scale.
NEXT STEPS

Our findings point to the impact a large private equity firm attempting to manage thousands of scattered-site properties may have on renters and communities. Further research is needed as the single-family rental market continues to become more institutionalized. In addition, policies should be developed to protect renters' rights and ensure accessibility, affordability, stability, quality conditions and responsive customer service.

IN ATLANTA

We will build upon this initial research in Atlanta. We believe the first step is to share our findings with research participants and bring these residents together in the same space, where Occupy Our Homes Atlanta members will elaborate on our survey results and facilitate discussions to help renters identify the commonalities in their experiences. At this session, residents will be introduced to the mission of Occupy Our Homes Atlanta and learn more about the Right to the City Alliance's Homes for All campaign. Our public education session will include a “Know Your Rights” training to make the residents aware of their rights as tenants — although tenants' rights are very limited in the state of Georgia — and the need to expand these rights.

BEYOND ATLANTA

A critical next step is to deepen and expand our research. Leaders of the Atlanta research team will train organizers to conduct similar studies in other cities where Blackstone and other institutional investors have a presence, potentially including Los Angeles, Phoenix, Las Vegas, Chicago, Minneapolis, the Bay Area, and Riverside, California. The Homes for All campaign is currently developing a more comprehensive report to include research from multiple cities as well as policy recommendations for federal, state and local government to regulate the transformed single-family rental market.

Additional research and organizing of tenants will help us gain a clearer understanding of rental speculation and its impact on tenants, homeowners, and communities. Ultimately, we aim to develop a national strategy to address these new Wall Street landlords.

QUESTIONS FOR FUTURE RESEARCH

Our pilot research points to further questions about Blackstone and residents’ experiences of renting from Blackstone/Invitation Homes:

1. **WHAT HAPPENS WHEN WALL STREET FIRMS BUILD SINGLE-FAMILY RENTAL HOUSING EMPIRES?**
   - How much will this single-family rental industry grow, and what impact will it have on the larger rental market?
   - Will rental speculation remain unregulated, and if so, could this become the next housing bubble? If not, what regulations will be put in place, and what impact will they have?
   - As Blackstone purchases properties, what is the impact on the previous owners of those properties? Does the trend in Atlanta continue, where investor owners make net gains and owner occupants experience net losses?

2. **WHAT IS BLACKSTONE’S SPHERE OF POLITICAL INFLUENCE?**
   - How is Blackstone impacting democracy and the economy?
In what ways does Blackstone influence planning boards, zoning commissions, and city council decisions? For example, when Magnetar Capital, a hedge fund known for betting against the housing market a few years ago, recently acquired a company that owns 2,000 rental properties in Ohio, the property management company for the homes filed the county to have the assessed value cut by 49 percent. Such demands pose a challenge to cities whose tax bases remain eroded from the loss of housing wealth, and raise concerns about the same kinds of corporate subsidies the state frequently offers to attract and retain large employers.

As for politicians, will they interpret the Wall Street capital-fueled housing market recovery as evidence that delegitimizes further regulation, or as cause for critical attention, monitoring and proactive policymaking?

3. ACCESSIBILITY: WHICH POPULATIONS WILL NOT HAVE ACCESS TO BLACKSTONE PROPERTIES?

- Will people of color be disproportionately impacted? If so, what will be the impact?
- What impact will criminal background and credit checks have in terms of accessibility?
- Will Invitation Homes rent to tenants with no lease, and if so, on what terms?

4. AFFORDABILITY: WILL THE AFFORDABILITY FOR BLACKSTONE TENANTS INCREASE OR DECLINE OVER TIME?

- How will Invitation Homes rents compare with area rental rates?
- Will Blackstone rent to new Section 8 tenants? If so, to what extent?
- Will all of Blackstone’s rentals be market rate and above? If not, to what extent will Blackstone offer affordable units below market rate, and to what level of affordability?
- When a lease is up for renewal, will the rent automatically increase? If so, by how much? What factors determine the amount of the increase?
- Will tenants who are dissatisfied with their homes still renew based on their existing connections and relationships in the community?
- How will other rental market conditions, such as vacancy rates, affect lease renewal decisions?
- Will some tenants not be eligible for renewal, and if so, under what conditions?
- What impact will Blackstone have on rental rates in the area?

5. STABILITY: WILL BLACKSTONE’S CONCERN OVER PROFIT AND INVESTOR INTERESTS DECREASE THE STABILITY OF ITS TENANTS?

- Will market conditions and/or investor interests impact whether Blackstone property manager Invitation Homes terminates leases early?
- Will Blackstone’s Invitation Homes conduct mass sell-offs if its home values increase to a certain threshold? If so, what will be the impact on its tenants, homeowners in the area and communities?
- Will Blackstone offer rent-to-own programs through Invitation Homes?
- Will Blackstone purchase mortgages of homes in jeopardy of foreclosure? If so, will they work with the existing homeowners to modify existing loans, or will they move to expedite the foreclosure process?
- How does Invitation Homes handle existing occupants in homes it purchases? Does it automatically evict residents whose homes it purchases at foreclosure auctions? Will it accommodate such tenants’ wishes to remain?
• Will they work with renters facing hardships? And if so, what kind of evidence is required to document or verify the hardships?
• Can potential buyers who will be owner occupants compete with Invitation Homes? How many people were not able to purchase a home or the home they desired due to Invitation Homes’ buying practices and dominance?

6. QUALITY OF CONDITIONS: WHAT QUALITY OF CONDITIONS WILL BLACKSTONE TENANTS EXPERIENCE?

• Given the logistical challenges of scattered-site rentals, will Blackstone be able to develop a property-management system that can ensure quality conditions?
• Will market conditions and/or investor interests impact the quality of conditions for tenants? If so, how?

7. CUSTOMER SERVICE: WHAT WILL BE THE LONGER-TERM RESPONSIVENESS AND QUALITY OF BLACKSTONE’S CUSTOMER SERVICE?

• Will Blackstone be able to effectively and promptly address tenants’ needs?
• Will market conditions and/or investor interests impact Invitation Homes’ customer service? If so, how? Will renters be able to get in touch with their portfolio manager or another staff person? How many tenants is one portfolio manager or staff person responsible for?
CLOSING REMARKS

Some of the results of this pilot study raise concerns about Blackstone’s impact on tenants, surrounding homeowners and communities. Only time and further research will demonstrate how the institutionalization of single-family home rentals will play out. As we conduct further research in various cities, our Homes for All campaign will seek to develop federal, state and municipal policies to address the potential impacts of Blackstone and other large institutional investors on the communities we work with. With this new and unregulated industry, it is imperative that adequate regulation is put in place to avoid the risk of another housing market crash.

ABOUT THE AUTHORS

**Rob Call** graduated from Georgia Tech in 2009 with a B.S. in International Affairs, lived and worked in Brazil, and came back to find only temporary employment. When the Occupy Moment struck he was unemployed and went down to Woodruff Park in Atlanta to join in. Driven by a personal connection to the foreclosure crisis, he helped found Occupy Our Homes Atlanta in May of 2012 where he has been working since. In August of 2014 he will be attending MIT to pursue a Masters in City Planning.

**Denechia Powell** has organized with Occupy Our Homes Atlanta, Moral Monday GA, Atlanta Jobs with Justice and other community groups. She has also done work on HIV/AIDS awareness and prevention. She recently acted as the Grassroots Campaign Coordinator for the Global Climate Convergence and is currently an organizer for Working Washington in Seattle.

**Sarah Heck** is a master’s student in the Department of Geosciences at Georgia State University. She received her B.S. in Geography and Environmental Sciences from Southern Illinois University. Her research interests are broadly in urban and political geography, social justice, social movements, grassroots activism, feminist geography, and qualitative methodologies. She has conducted field work in Chicago and Atlanta on Occupy and spatial politics. She anticipates graduating in May 2014 and plans to pursue her PhD in Geography and Urban Studies at Temple University in the fall of 2014.

**Desiree Fields** is Assistant Professor of Urban Studies at Queens College of the City University of New York. Trained as an environmental psychologist and urbanist, Fields studies finance as a process of contemporary urban change. Her past research examined the social, policy and public health implications of the U.S. foreclosure crisis. Fields’s more recent work, on private equity investment in New York City’s rent-regulated housing market, highlights how the financialization of real estate reshapes geographies of urban inequality, social and political struggles over urban space, and the sphere of social reproduction. Her research has been supported by the National Science Foundation and published in the Journal of Urban Affairs, Housing Policy Debate, Housing, Theory and Society, the Journal of Urban Health, and Emotion, Space and Society.
APPENDIX A: GLOSSARY OF TERMS

**DERIVATIVE** - A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset.

**INVITATION HOMES** - A subsidiary of the Blackstone Group that manages and rents out renovated single-family homes around the country.

**MORTGAGE-BACKED SECURITY** - A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by an accredited credit rating agency, and they usually deliver periodic payments that are similar to coupon payments. Furthermore, the mortgage must have originated from a regulated and authorized financial institution.

**SEcuritization** - The process through which an issuer creates a financial instrument by combining other financial assets and then marketing different tiers of the repackaged instruments to investors. The process can involve any type of financial asset and promotes liquidity in the marketplace.

**SECURITY** - A financial instrument that represents an ownership position in a publicly traded corporation (stock), a creditor relationship with a governmental body or a corporation (bond), or rights to ownership as represented by an option. A security is a fungible, negotiable financial instrument that represents some type of financial value. The company or entity that issues the security is known as the issuer.

**PREDATORY LENDING** - Unscrupulous actions carried out by a lender to entice, induce and/or assist a borrower in taking a mortgage that carries high fees, a high interest rate, strips the borrower of equity, or places the borrower in a lower credit rated loan to the benefit of the lender. As with most things of a dishonest nature, new and different predatory lending schemes frequently arise.

**PRIVATE EQUITY** - Equity capital that is not quoted on a public exchange. Private equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. Capital for private equity is raised from retail and institutional investors and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or to strengthen a balance sheet.

**REDLINING** - The unethical practice whereby financial institutions make it extremely difficult or impossible for residents of poor inner-city neighborhoods to borrow money, gain approval for a mortgage, take out insurance or gain access to other financial services because of a history of high default rates. In this case, the rejection does not take the individual’s qualifications and creditworthiness into account.

**RENTAL-BACKED SECURITY** - A type of asset-backed security that is secured by single-family home rental payments.

**THE BLACKSTONE GROUP** - An American multinational private equity, investment banking, alternative asset management and financial services corporation based in New York City. The largest alternative investment firm in the world.

**TRIPLE-A (AAA) RATING** - The highest possible rating assigned to the bonds of an issuer by credit rating agencies. An issuer that is rated AAA has an exceptional degree of creditworthiness and can easily meet its financial commitments. Ratings agencies such as Standard & Poor’s and Fitch Ratings use the AAA nomenclature to indicate the highest credit quality, while Moody’s uses Aaa.
APPENDIX B: LEASE

LEASE FOR RESIDENTIAL PROPERTY

(Not to be used with lease/purchase transactions)

in consideration of Ten Dollars ($10.00), the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant (as those terms are defined below) do hereby enter into this Lease (hereafter "Lease" or "Agreement") on the date of ____________, 20__ the terms and conditions of which are set forth below.

1. Parties.
   A. LANDLORD.
      The landlord in this Lease is ____________, GA.

   B. TENANT.
      The tenant in this Lease are as follows:

2. Agreement to Lease. Landlord leases to Tenant, and Tenant leases from Landlord, the real property at the following address:

   which may be further described in Exhibit "A" (hereinafter "Premises"). The Premises may be part of a larger property ("Property"). If so, Tenant shall have the right to use the common areas of the Property subject to (1) all rules, regulations and covenants applicable thereto; and (2) Landlord's right to alter, modify, reduce the size of or change such common areas.

3. Term and Possession. The initial term of this Lease shall begin on ____________ and shall end on (hereinafter) the following date:

   ("Ending Date"). If Landlord is unable to deliver possession of Premises on the Commencement Date, Tenant shall have the right to terminate this Lease by giving written notice to Landlord, in which event Landlord shall promptly return all rent and security deposits to Tenant. Neither Landlord nor Broker shall be liable for any delay in the delivery of possession of Premises to Tenant.

4. Rent. Tenant shall pay rent in advance in the sum of ____________________ Dollars ($ ___________)

   per month on the first day of each month during the Lease Term. The total rental amount due under this Lease shall be $ ___________, and shall be payable to ____________, GA.

   of the following addresses: 1. 2. 3. 4.

   (or at such other address as may be designated from time to time by Landlord in writing). If the Commencement Date of the Ending Date is not covered, the lease shall be renewed at the end of any month, the rent shall be prorated for that month. Mailing the rent payment shall not constitute payment. Rent must be actually received by Landlord to be considered paid. Tenant acknowledges that all funds received by

   and will be applied to the oldest outstanding balance owed by Tenant to Landlord.

5. Late Payment Service Charge and Returned Check Fees. Rent not paid in full by 5:00 p.m. on the 10th day of the month in

   which it is due shall be late. Landlord may, but shall have no obligation to accept any rent not received by the 15th day of the month. If late payment is made and Landlord accepts the same, the payment must be in the form of cash, cashier's check, certified check or the service charge of $ ___________ for any returned check. Landlord reserves the right, upon notice to Tenant to refuse to accept personal checks. Tenant offers one or more of Tenant's personal checks have been returned by the bank unpaid.

6. Dispossessory Fee. Notwithstanding anything to the contrary contained herein, if Tenant owes Landlord any outstanding rent or other

   at the beginning of the lease term, such dispossessory fee shall be due upon the date of the lease term. If Tenant

   located in the event that a dispossessory action is filed against the Tenant and then dismissed prior to a court hearing because Tenant

   in the amount of $ ___________. Tenant shall pay additional fees of $ ___________ to cover the costs of filing fees, court costs, attorney fees,

   and an administrative fee of $ ___________ per dispossessory action.

7. Security Deposit.
   A. Tenant shall pay into the Georgia real estate security deposit trust fund the sum of $ ___________ ("Security Deposit") by (check one):


   This form is copyrighted and may only be used in real estate transactions in which

   as provided in the Georgia Real Estate Security Deposit Act of 1996 (O.C.G.A. § 44-7-21).

   Copyright © 2013 by Georgia Association of REALTORS®

   F46, Lease for Residential Property Page 1 of 3, 01/01/13
B. Deposit of Security Holder shall deposit the Security Deposit within two (2) banking days of receiving the same into the bank account below:

1. Escrow/Trust Account at Bank of America, Atlanta, Georgia

2. General Account at Bank

If the Security Deposit is in a general account, it will not be segregated and will be co-mingled with other funds of Holder. [NOTE: If Landlord is in a real estate license, the Security Deposit must be deposited into an escrow account.]

All interest earned on the above-referenced account shall belong to the Holder. Holder shall have the right to change the bank in which the Security Deposit is held. Notice to Landlord and Tenant that the holder of the Security Deposit is changed, provided that the new Holder designated by Landlord is a licensed Georgia Real Estate broker and the bank account into which the Security Deposit is deposited is an Escrow/Trust Account.

C. Security Deposit Check Not Honored. In the event any Security Deposit check is not honored, for any reason, by the bank upon which it is drawn, Holder shall promptly notify all parties to this Agreement of the same. Tenant shall have three (3) banking days after notice to deliver good funds to Holder. In the event, Tenant does not deliver good funds, Landlord shall have the right to terminate this Lease agreement to Tenant.

D. Return of Security Deposit. The balance of the Security Deposit to which Tenant is entitled shall be returned to Tenant by Holder within thirty (30) days after the termination of this Agreement or the surrender of the Premises by Tenant. If Tenant is entitled to the return of the Security Deposit, Holder shall have the right to withhold any damages caused by Tenant, any costs of repairs, or any other deductions under applicable law or regulation.
B. Effect of Default. If Tenant defaults under any term, condition, or provision of this Lease, Landlord shall have the right to terminate the Lease by giving written notice to Tenant and pursue all available legal and equitable remedies to remedy the default. All rent and other sums owed to Landlord through the end of the Lease term shall immediately become due and payable upon the termination of the Lease due to the default of Tenant. Such termination shall not release Tenant from any liability for any amount due under this Lease. All rights and remedies available to Landlord by law or in this Lease shall be cumulative and concurrent. Nothing herein shall be construed to prejudice to the contrary contained herein, in the event of a non-monetary default by Tenant that is capable of being cured, Landlord shall give Tenant notice and a 30-day opportunity to cure the default.

10. Utilities. The following utilities are available to serve the Property: (Check all that apply. Any item not selected shall not be a part of this Agreements) water, public sewer, electric, gas, trash pickup. All utilities shall be paid for by Tenant with the exception of the following which shall be paid by Landlord: [Utility payment details]. Landlord shall have no responsibility to connect any utilities to the Property which are not reasonably available or the responsibility to fix any problems with them. Any costs incurred by the Landlord to remedy any violations of the provision shall be considered as additional rent and shall be deducted from the Tenant's security deposit or Landlord's claim against the Tenant. Tenant shall be responsible for paying for any utilities provided or paid for by Landlord on behalf of Tenant.

11. Move-In Inspection. Prior to Tenant taking possession of the Premises, Landlord shall provide Tenant with a Move-In Inspection Form attached to the rental agreement. The Form shall be completed by Landlord and Tenant shall sign the Form. The Form shall be complete and signed by Landlord and Tenant. The Landlord shall immediately reimburse Tenant for the cost of any utilities provided or paid for by Landlord on behalf of Tenant.

12. Tenant’s Responsibilities.

A. Repairs and Maintenance. Tenant acknowledges that Tenant has inspected the Premises and that Tenant is responsible for all maintenance and repairs that are not the responsibility of the Landlord. Tenant shall be responsible for maintaining the Premises in a safe and habitable condition at all times. Tenant shall promptly notify Landlord of any damage or维修 needed to the Premises and will make all reasonable efforts to complete the repairs within 30 days from the date of notice.

B. Lawn and Exterior Maintenance. (Select one: The sections not marked shall not be part of this Agreement)

1. Tenant shall keep the lawn mowed and free of weeds, shrubs, and trees planted by the former tenant. Tenant shall keep the landscape plants pruned and free of weeds, shrubs, and trees planted by the former tenant. Tenant shall keep the driveway clean and free of trash and debris.

2. Yard maintenance by Tenant: Tenant shall maintain the following:

3. Lawn or landscape maintenance by Landlord or Landlord's designated agent shall provide all yard maintenance.

C. Pest Control. Landlord shall be responsible for termite and rodent control. Other pest control including ants, cockroaches, spiders, and other insects shall be handled as set forth below. (Select one: The sections not marked shall not be part of this Agreements)

1. Landlord or Landlord's designated agent shall provide pest control services to the Tenant.

2. Landlord shall provide pest control services to the Premises and Tenant shall be responsible for hiring the Pest Control Service to be paid for by the Tenant.

D. Smoke Detector. Tenant acknowledges that the Premises are equipped with smoke detector(s) that is in good working order and operate. Tenant agrees to be solely responsible to check the smoke detector every thirty (30) days and notify Landlord immediately if the smoke detector is not functioning properly.

E. Freezing of Pipes. To help in preventing the freezing of pipes, Tenant agrees that when the temperature outside falls below 32°F, Tenant shall: (a) leave the thermostat regulating the heat settings in the Premises in one or more positions set to a minimum of 60°F; and (b) leave the furnaces operating.

F. Mold and Mildew. Tenant acknowledges that mold and mildew can grow in any portion of the Premises that are exposed to elevated levels of moisture and that some forms of mold and mildew can be harmful to human health. Tenant agrees to regularly inspect the Premises for any mold or mildew and to immediately report to Landlord any water leakage problems and moisture or mold problems (other than in basements, crawlspaces, and other areas designed to hold water or other bodies of water). Tenant shall not block or cover any heating, ventilation, or ac conditioning ducts located in the Premises.

G. Access Codes. Landlord shall provide Tenant with access codes to all entrance gates and security systems located on the Premises or the Property.

H. Premises Part of Community Association. The Premises are or are not a part of a Community Association. If the Premises are a part of a Community Association, Tenant agrees to comply with all rules and regulations established by the Association. Tenant acknowledges that the Association has the right to enforce any rules and regulations.

The Form is copyrighted and may only be used in real estate transactions in which the Georgia Association of REALTORS (Form 48) is involved as a real estate licensee. Unauthorized use of the Form is illegal. Violations being brought to the attention of the Georgia Association of REALTORS.
12. **Lead-Based Paint.** For any Premises built prior to 1978, Tenant acknowledges that Tenant has received, read, and signed the Lead-Based Paint Exhibit attached herein and incorporated herein by reference. Any approved painting or other alterations by Tenant that disturb lead-based paint shall be performed in accordance with the EPA's Renovate, Repair, Replace & Repair guidelines (http://www.epa.gov/lead/overview/leaderepairretrofit.html).

14. **Notice of Property of Flooding.** Landlord hereby notifies Tenant as follows: Some portion or all of the Premises has OR has not been flooded at least three times within the last five (5) years immediately preceding the execution of the lease. Flooding is defined as the inundation of a portion of the living space caused by an increased water level in an.exhausted water source such as a river, stream, or drainage ditch, at or near the point where heavy or excessive rain fell.

15. **Subject and Assignment.** Tenant may not sublet the Premises in whole or in part, or assign this Lease without the prior written consent of Landlord. This Lease is not assignable to the assignee or subletting agent under the premises. While Tenant may use and enjoy the Premises to the fullest extent permitted in this Lease, no estate or permanent interest in the Premises is being transferred or conveyed by Landlord to Tenant herein. Landlord shall have the right to assign the Lease to a subsequent owner of the Premises.

16. **Use.** Premises shall be used by residential purposes only and shall be occupied only by the (8) persons listed as follows.

**Rules and Regulations:** (Only those Rules and Regsulations marked below shall be a part of this Agreement).

- Tenant is prohibited from adding, changing or in any way altering locks installed on the doors of the Premises without prior written permission of Landlord which permission shall be at Landlord's discretion, provided that Tenant provides Landlord with a key thereto and a copy thereof which key and copy of lock approved by Landlord.
- Motor vehicles shall only be parked on the paved portions of the Premises and the Property intended for use on parking space.
- Motor vehicles with expired or missing license plates, non-operative vehicles and vehicles which drop oil shall not be parked or kept on the Premises or the Property.
- No waterbeds shall be used on the Premises or Property without the prior written consent of the Landlord.
- Tenant shall not use a shower which does not have a full operational shower curtain or shower enclosure.
- No pets are allowed on the Premises or in the Property unless a separate pet exhibit is attached to and incorporated into this Lease.
- No space heaters or window or air conditioning units shall be used to heat or cool Premises except with the written consent of Landlord.
- Tenant shall comply with all posted rules and regulations governing the use of any recreational facilities, any, located on the Premises or Property.
- Tenant shall not use any skateboard, skateboards, lawn mower or bicycle on any portion of the Premises or Property and while wearing proper safety equipment.
- Tenant shall be prohibited from improving, altering or modifying the Premises or Property (including painting and landscaping) during the term of this Agreement without the prior written consent of the Landlord. Any improvements, alterations or modifications approved by Landlord shall be designed to be for the sole benefit of Tenant and Tenant expressly waives all rights to recover the cost or value of the same. Landlord shall have the right but not the obligation to condition the approval of requested modifications on Tenant removing the same prior to the end of the Lease Term and restoring the affected area to a condition equal to or better than it was prior to the modification.
- No water treatment currently existing on any windows shall be removed or replaced by Tenant without the prior written consent of Landlord. No sheets, blankets, drapes, cardboard, newspaper or other materials shall be used on the Premises or Property.
- Other than normal household goods in quantities reasonably expected in normal household use, no goods or materials of any kind or description which exceed the normal structural weight loads for the Premises or Property, are combustible or would increase fire risk or increase the risk of other safety hazards, shall be kept on or placed on the Premises or Property.
- No nails, screws or adhesive hangers except standard picture hooks, shelf brackets and curtain rod brackets may be placed in walls, woodwork or any part of the Premises or Property for reasons of safety or stability.
- Tenant shall not engage in any behavior in the Premises or on the Property, including, but not limited to, yelling, screaming, playing loud music, playing the television at an excessive volume that in the sole, reasonable opinion of Landlord constitutes a nuisance.

**THIS FORM IS COPYRIGHTED AND MAY ONLY BE USED IN REAL ESTATE TRANSACTIONS IN WHICH A REAL ESTATE LICENSEE IS INVOLVED AS A REAL ESTATE LICENSING UNAUTHORIZED USE OF THE FORM IS SUBJECT TO LEGAL SANCTIONS.**
17. Property Loss. Storage of personal property by Tenant in Premises or in any other portion of Property shall be at Tenant's risk. Tenant has been advised to obtain renter's insurance that provides comprehensive insurance for damage to or loss of Tenant's personal property. Tenant agrees to look solely to Tenant's insurance carrier for reimbursement of losses resulting from such events.

18. Right of Access, Storage. Upon 24 hours advance notice to Tenant, Landlord and Landlord's agents shall have the right Monday through Saturday from 8 a.m. to 6 p.m. and Sunday from 10 a.m. to 6 p.m. to enter Premises or Property to inspect, repair, and maintain the same and to show the Premises and Property to prospective tenants and buyers. In addition, Landlord and Landlord's agents may enter the Premises or Property at any time to investigate potential tenant or property issues. Evidence of water leaks, fire, smoke, foul odors, stains indicating the possibility of an injured person on the premises, and other similar evidence of an emergency shall be sufficient grounds for Landlord and Landlord's agents to enter Premises and Property for this purpose. During the last 30 days of the term of the Lease, and during any period when Premises are being leased month to month, Landlord and Landlord's agents may also place a "for rent" or "for sale" sign in the yard or on the property for the Premises or on the property, may install a lockbox and notify the Premises and Property to prospective tenants or purchasers during reasonable hours. Tenant agrees to cooperate with Landlord and Landlord's agents who may show the Premises and/or Property to prospective tenants or buyers, and to sign them in and show them the Premises and/or Property even if Tenant is not available to do so. Tenant agrees to secure and lock all doors, windows, and garages and to provide access to Landlord and Landlord's agents for the purpose of showing the Premises and Property to prospective tenants or buyers.

19. Disclaimer.

A. General. Tenant and Landlord acknowledge that they have not relied upon any advice, representations or statements of others and waive any claim against Brokers involving the same. Tenant and Landlord agree that no Broker shall have any responsibility to advise Tenant and/or Landlord on any matter including but not limited to the following: except to the extent Broker has agreed to do so in a separately executed Property Management Agreement, any matter which could have been revealed through a survey, site inspection of the Premises, or the Property; the condition of the Premises or Property, any services therein, building and construction and repair techniques; the necessity of any repairs to the Premises or Property; hazardous and toxic materials or substances, mold and other wood destroying organisms; the tax or legal consequences of the transaction; the availability and cost of real estate insurance; any conditions affecting off the Premises and Property which may affect the Premises or Property; if the lease and zoning of the Premises and Property whether permitted or proposed. Tenant and Landlord acknowledge that Broker is not responsible for the above matters and that, if any of these matters or any other matters are of concern, Tenant should seek independent advice relative thereto. Tenant and Landlord acknowledge that Broker shall not be responsible to Tenant or any other party for any construction or repairs to the Premises or Property and that such work is not subject to the scope of real estate brokerage services.

B. Construction Disclaimer. Tenant acknowledges that if the Premises or portions thereof, have been constructed at times when different and less stringent building codes were in place, Tenant shall not assume that the Premises or Property are energy efficient or contain products or features designed to protect residents against injuries or damage that might exist in the Premises and Property has been constructed in accordance with all current building codes.

C. Health Conditions. Tenant acknowledges that in every neighborhood there are conditions which different tenants may find objectionable. It shall be Tenant's duty to become acquainted with any present or future neighborhood conditions which may affect the Premises or Property including without limitation land use, zoning, high voltage power lines, cell towers, airports, industrial or production facilities, crime, schools serving the Premises and Property, political jurisdictional lines and land use and transportation maps and plans. If Tenant is concerned about the possibility of a registered sex offender residing in a neighborhood in which Tenant is interested, Tenant should review the Georgia sex offender Registry available on the Georgia Bureau of Investigation Website at www.gbi.georgia.gov.

20. Early Termination by Tenant. (Select Section A. or B. Below. The section not marked shall not be a part of this lease.)

A. Right to Terminate Early: Provider Tenant is not in default hereunder at the time of giving notice. Tenant has strictly complied with all of the provisions of this paragraph, and termination is as of the last day of a calendar month, Tenant may terminate this Lease before the expiration of the term of the Lease by:

THE FORM IS COPIED AND MAY BE USED IN REAL ESTATE TRANSACTIONS IN WHICH IS INCLUDED AS A REAL ESTATE LICENSE. UNAUTHORIZED USE OF THE FORM MAY RESULT IN LEGAL SANCTIONS BEING Brought AGAINST THE USER AND SHOULD BE REPORTED TO THE GEORGIA ASSOCIATION OF REALTORS AT 1770 17TH ST. NW, ATLANTA, GA 30309.
Select the applicable sections below. This section not marked shall not be a part of this Agreement.

☐ 1. Giving Landlord no less than 30 days notice on or before the day rent is due as shown in rent paragraph above, plus

☐ 2. Paying all monies due through date of termination plus the total amount of any and all deposits plus

☐ 3. Paying an amount equal to 1 month's rent or 1/24% of the total amount of rent due during the remainder of the lease term plus

☐ 4. Return Premises in a clean and ready-to-rent condition; plus

☐ 5. Paying a $5 administration fee;

☐ 6. Other

Any notice for early termination must be signed by all Tenants. Tenant's election of early termination shall not relieve Tenant of responsibilities and obligations regarding damage to Premises and/or Property. Tenant shall not pay the security deposit toward the payment of any of Tenant's financial obligations set forth in this Early Termination by Tenant Paragraph.

☐ B. No Right of Early Termination. Tenant shall not have the right to terminate this Lease early.

☐ C. Military Activation. Notwithstanding any provisions to the contrary contained herein, if Tenant is called to active duty during the term of this Lease, Tenant shall present to Landlord the official orders activating Tenant; then and in that event, this Lease shall be controlled by the Service members Civil Relief Act of 2003 as amended in 38 U.S.C.A. § 536.

☐ D. Active Military. If Tenant is an active duty with the United States military and Tenant of an active family member of Tenant occupying Premises receives, during the term of this Lease, permanent change of station orders or temporary duty orders for a period in excess of three (3) months, Tenant's obligation for rent reimbursement shall not extend: (1) thirty (30) days after Tenant gives notice under the section; and (2) the cost of replacing damage to Premises or Property caused by an act or omission of Tenant. If Tenant is active duty and presents to Landlord a copy of official orders of transfer to another military location, then and in that event, items 20, 20A, 20B, and 20C above shall not apply.

☐ E. Holding Over. Tenant shall have no right to remain in the Premises after the termination or expiration of the Lease. Should Tenant fail to vacate the Premises upon the expiration or termination of this Agreement, Tenant shall pay Landlord a holding over fee of $50.00 per day. On all days that Tenant holds over after the expiration or termination of the Lease, Acceptance of the occupancy fee by Landlord shall not in any way limit Landlord's right to require Tenant to vacate premises on tenant's failure for unlawfully holding over and to dispossess Tenant for the same.

21. Early Termination by Landlord. Tenant agrees that Landlord may terminate the Lease prior to the lease expiration date and Tenant agrees to vacate the Premises if the following conditions are met:

☐ A. Landlord gives Tenant sixty (60) days written notice to vacate (in which case Tenant shall still owe rent through the sixty (60) day notice period); and

☐ B. Landlord pays to Tenant an amount of $50.00 per month toward a sum as compensation for disturbing Tenant's quiet enjoyment of the Premises and for the inconvenience of moving early. This credit will be applied to the Tenant account at the time the Tenant vacates the Premises and shall be included with any applicable security deposit refund. The foregoing shall not relieve Tenant of his or her responsibilities and obligations regarding any damage to the property.

22. Renewal Term. Either party may terminate this Lease at the end of the term by giving the other party 30 days notice prior to the end of the term. If neither party gives notice of termination, the Lease will automatically:

☐ be extended on a month-to-month basis at a rent of $50.00 per month increments with a rent increase of 1% of the current rental rate. All other terms of the existing Lease remain the same. Thereafter, Tenant may terminate this Lease upon 30 days notice to Landlord and Landlord may terminate this Lease upon 30 days notice to Tenant.

☐ renew for an additional term of 30 days with a rent increase of 5% of the current rental rate. All other terms of the existing Lease remain the same. The additional term shall begin on the first day following the end of the proceeding term unless either party gives notice to the other at least 30 days prior to the end of the current term that party's decision to terminate the Lease at the end of the current term. This Lease may be automatically renewed for up to 2 additional terms. If this Lease has not been terminated during the final renewed term, this Lease will continue on a month to month basis until the same is terminated in accordance with Georgia Law.

23. Agency and Brokers. A. Agency Disclosure. In this Lease, the term "Broker" shall mean a licensed Georgia real estate broker or property manager, and where the context would indicate, the Broker's affiliated licensees and employees. No Broker in this transaction shall owe any duty to Tenant or Owner/Landlord greater than what is set forth in their brokerage engagement and the Brokerage Relationships Act in Real Estate Transactions Act. O.C.C.A. § 10-6A-1 et seq.:

☐ E. Listing Broker is and is:

☐ 1. representing Landlord as a client

☐ 2. not representing Landlord (landlord is a customer)

☐ 3. acting as a dual agent representing both Tenant and Landlord.

☐ C. Selling Broker is and is:

☐ 1. representing Tenant as a client

☐ 2. not representing Tenant (Tenant is a customer)

☐ 3. acting as a dual agent representing both Tenant and Landlord.

This Form is Copyrighted and May Only Be Used in Real Estate Transactions in Which the Georgia Association of REALTORS® or a Member of the Georgia Association of REALTORS® Is Involved as a Real Estate Licensee. Unauthorized Use or Reproduction of the Form May Result in Legal Sanctions Being Brought Against the User and Should be Reported to the Georgia Association of REALTORS® at (770) 401-1031.

Copyright 2012 by Georgia Association of REALTORS®, Inc.
E. Brokerage: The Broker(s) identified herein have performed valuable brokerage services and are to be paid a commission pursuant to a separate agreement or agreements. Unless otherwise provided for herein, the Listing Broker will be paid a commission by the Landlord, and the Leasing Broker will receive a portion of the Listing Broker’s commission pursuant to a cooperative brokerage agreement.

24. Miscellaneous:

A. Time of Essence: Time is of the essence of this Lease.

B. No Waiver: Any failure or waiver to insist upon the strict and prompt performance of any covenants or conditions of this Lease or any of the Rules and Regulations set forth herein shall not operate as a waiver of any such violation or of Landlord’s right to insist on prompt compliance at the future of such covenant or condition, and shall not preclude a subsequent action by Landlord for any such violation. No provision, covenant or condition of this Lease may be waived by Landlord unless such waiver is in writing and signed by Landlord.

C. Definitions: Unless otherwise specifically stated, the term “Landlord” as used in this Lease shall include its representatives, heirs, agents, assigns, and successors in title to the Property and the term “Tenant” shall include Tenant’s heirs and representatives. The terms “Landlord” and “Tenant” shall include singular and plural, and corporations, partnerships, companies or individuals, as may fit the particular circumstances. The term “Leasing Agreement Date” shall mean the date that this Lease has been signed by the Tenant and Landlord and a fully signed and satisfied copy thereof has been returned to the party making the offer to lease.

D. Joint and Several Obligations: The obligations of Tenant set forth herein shall be the joint and several obligations of all persons occupying the Premises.

E. Entire Agreement: This Lease and any attached addenda and exhibits thereto shall constitute the entire agreement between the parties and no verbal statement, promise, inducement or amendment not reduced to writing and signed by both parties shall be binding.

F. Attorney’s Fees, Costs and Costs of Collection: In the event any monies due hereunder are collected by law or by attorney at law, in process such an action, then both parties agree that the prevailing party will be entitled to reasonable attorney’s fees plus all court costs and costs of collection.

G. Indemnification: Tenant agrees to indemnify and hold Landlord, Broker and Manager harmless from and against any and all injuries, damages, losses, suits and claims against Landlord, Broker and Manager arising out of or related to (1) Tenant’s breach of the terms of this Lease; (2) any damage or injury resulting in or to the Premises and/or the Property or to any improvements thereto as a result of the act or omission of Tenant or Tenant’s family members, invitees or licensees; (3) Tenant’s failure to comply with local, state or federal law; (4) any judgment, lien or other encumbrance filed against the Property or Property as a result of Tenant’s actions and any damage or injury happening in or about the Premises or Property to Tenant or Tenant’s family members, invitees or licensees (except if such damage or injury is caused by the gross negligence or willful misconduct of Landlord or Broker); (5) failure to maintain or repair equipment or fixtures, where the party in question is responsible for their maintenance, uses commercially reasonable efforts to make the necessary repairs and Tenant covenants not to sue Landlord, Broker or Manager with respect to any of the above-referenced matters. In addition to the above Tenant agrees to hold Broker and Manager harmless from and against Owner of the Premises not paying or keeping current with any mortgage, property taxes or homeowner’s association fees on the Property or not fulfilling the Owner’s obligations under this lease. For the purpose of this paragraph, the term “Broker” shall include Broker and Broker’s affiliated licensees, employees and if Broker is a licensed real estate brokerage firm, then officers, directors and owners of said firm.

H. Notices:

1. All Notices Must Be In Writing. All notices, including but not limited to offers, counteroffers, acceptance, amendments, addenda, notices of termination of vacation and other notices, required or permitted hereunder shall be in writing, signed by the party giving the notice.

2. Method of Delivery of Notice. Notice to the provisions hereinafter, all notices shall be delivered either: (1) In Person; (2) In an overnight delivery service, prepaid; (3) by facsimile transmission (FAX), by registered or certified U.S. mail, or by return receipt requested; or (5) by email.

3. When Notice Is Deemed Received. Except as may be provided herein, a notice shall be deemed to have been given, delivered or received until it is actually received. Notwithstanding the above, a notice sent by FAX shall be deemed to have been received by the party to whom it was sent as of the date and time it is transmitted provided that the sending FAX machine is written confirmation showing the content date and the time of transmission and the telephone number referenced herein to which the notice should have been sent.

4. Certain Types of Signatures Are Originals. A facsimile signature shall be deemed to be an original signature for all purposes hereunder. An e-mail notice shall be deemed to have been signed by the party giving the same if the e-mail is read from the e-mail address associated with a “secure electronic signature” or such term as it is defined under Georgia law.

I. Appliances: The following appliances are in Premises and included in this Lease: Air Conditioning, Refrigerator, Stove and Oven.

Tenant acknowledges that Tenant has inspected these appliances and that the same are in good working order and repair.
26. Exhibits. All exhibits attached hereto listed and referenced below or referenced herein are made a part of this Lease. If any such exhibit conflicts with any preceding paragraph, said exhibit shall control.

☐ Owner's Property Disclosure Statement
☐ Move-In/Move-Out Inspection Form
☐ Other: Exhibit A
☐ Other
☐ Other
☐ Other
☐ Other
☐ Other
☐ Other
☐ Other
☐ Other

SPECIAL STIPULATIONS. The following Special Stipulations, if conflicting with any exhibit or preceding paragraph, shall control:

If trash service is provided as part of the property tax for this house, the Tenant will not be responsible for trash service, all property taxes are paid by the Owner. If provided by a monthly service fee, it will be the responsibility of the resident to pay for this utility.

Fees are bonded on-site and no modifications will be made to the home.

Leasing Special: Half off April 2013 rent, $850

Projected rent due: [Redacted]

Other move-in/move-out: $750 pet fee

Additional Special Stipulations are ☐ or are not ☐ attached.
PET EXHIBIT
EXHIBIT A

This Exhibit is attached to and made a part of that certain Agreement dated [date] by and between [names of landlord and tenant], wherein [name of landlord] is called Owner, and including authorized agent for Owner (tenant), and [name of tenant] (Resident), for the premises located at [address].

OWNER AND RESIDENT AGREE AS FOLLOWS:

1. Permission is hereby given for Resident's pet, described below, to be kept within this property. Such permission is being given with the express understanding and agreement by Resident that, when taken in and out of the premises, will be kept on a leash or caged and under full control at all times. Further, when taking pet, Resident will keep pet away from public places, lawns, and sidewalks of all residences in neighborhood or buildings in complex, whichever is applicable. Resident will be responsible for cleaning up pet's droppings. Resident shall be responsible for all damage to the subject premises or grounds by reason of having a pet therein or thereon. Landlord may bill Resident for damage caused by pet, which amount shall be paid no later than within the following month's rent.

2. Said pet will not annoy, bother, or be permitted to annoy or bother other residents of the neighborhood or complex, or the public within the area. If, in the sole discretion of Owner or his agent, said pet becomes a nuisance, barks, barks, or any annoyance to the public, neighbors or other Resident, or becomes a threat to public health or safety, then, at the written direction of Owner or his agent to the Resident, Resident shall, within five (5) days thereafter, remove said pet from the premises or face legal remedies, including, but not limited to, termination of the Agreement to which this Exhibit applies.

3. Resident agrees to pay $25.00 as a non-refundable pet fee for the privilege of maintaining said pet on Owner's premises. Said non-refundable pet fee is paid in addition to, and not in lieu of, Resident's responsibility for all damages caused by pet, above. Resident agrees that only the pet named and described below will occupy the premises. No additional or different pet is authorized under this Agreement.

4. Resident may have no more than 1 dog(s) or cat(s) or 1 bird(s). No pet offspring are allowed. However, pet offspring shall be trained to remain on the premises until said offspring are weaned from their mother. Resident must provide proof of vaccination of pet, where same is required by law, for communicable diseases prevalent in species of pet, including, but not limited to, rabies. Dogs may not be larger than 10 inches tall (full-grown) and must weigh no more than 60 pounds at maturity.

5. Fish tanks may not be larger than 30 gallons. Fish must be aged at all times. No other animals, reptiles, or insects are permitted, including, but not limited to, livestock or farm animals, exotic or jungle animals, or snakes, lizards, turtles, hamsters, or birds.

6. Resident agrees to abide by all applicable laws, community association covenants and rules and regulations regarding the keeping of animals on the premises, and any and all laws and ordinances, and laws regarding vaccinations and inoculations.

7. Type of Pet: [blank]
   Breed: [blank]
   Name: [blank]

This form is copyrighted and may only be used in real estate transactions in which [insert name of real estate licensees] is involved as a real estate licensee. Unauthorized use of the form may result in legal sanctions being brought against the person(s) involved. For more information, see the Georgia Association of Realtors at (770) 451-8121.
Agreement for Earnest Money Deposit and Hold on Property

1. Agreement: This Agreement for Earnest Money Deposit and Hold on Property herein after referred to as "Agreement" is to be a binding agreement as of the _____ day of ________, between OWNER (THB Georgia, LP) and Riverstone Residential LLC, as Agent for owner herein referred to as "Landlord," and ________, herein referred to as "Applicant."

2. Property: "Property" means Address: ______________________
   City: ______________________ State: GA Zip: ____________

3. Hold: It is hereby agreed that Landlord will not lease the Property to another person at the time (above) this agreement becomes binding for ___ days from date of agreement above and/or until such time lease is signed for occupancy.

4. Stipulations:
   A. Applicant has fulfilled all requirements for residency in above property with the applicable rent and term described below. Should it be discovered that applicant has provided any false information in the application for residency, Landlord may reject the application and retain the Earnest Deposit as liquidated damages for Landlord’s time, expense and therefore terminates any right of occupancy.
   B. If Applicant fails to sign the lease within the time required, Landlord will retain the Earnest Deposit as liquidated damages and may lease the Property to another person.
   C. If Applicant withholds or breaches this agreement, Landlord will retain the Earnest Deposit as liquidated damages and may lease the property to another person.
   D. Applicant acknowledges that all utilities must be transferred into applicant’s name prior to receiving keys to home. Applicant also acknowledges responsibility to determine what utility companies service this property.

5. Lease Terms: The lease shall begin on ______ and end on ______.
   The term of the lease would be for ___ 12 months and ___ days.

6. Proposed Monthly Rental Charges:
   Monthly Rent: $ __________

7. Earnest Deposit: Applicant(s) has submitted to the undersigned Landlord an Earnest Deposit in the amount of $ __________. It is understood this Earnest Deposit applies in full toward Security Deposit at the time lease is signed and is fully refundable per terms of lease.

---

[Signatures and dates]
APPENDIX C: RENEWAL OFFERS

New Rental Rates - Effective 3/31/2014
This offer expires on February 1, 2014
Renew early and SAVE!

- 24 Month Lease option. This option will provide the best overall savings for the term of the lease. Lock in your savings now.
  - $1,785 for the first year
  - $1,856 for the second year
- 12 to 23 Month lease option. New rate will be $1,833 for the first 12 months of the lease.
- Month to Month option. New rate will be $2050 monthly and can be raised at any time with a 30 day notice.

If you do not renew your Invitation Homes lease, you will automatically roll over to the Month-To-Month option. All lease terms are time sensitive, subject to change and certain options may not be available, so contact your Portfolio Manager today.

CHECK ONE:

☐ YES! I will renew my lease for ______ months.

Please send my new lease to me for signature via:

☐ Email

☐ Paper Lease via US Mail

☐ I want to schedule a time to come into the office to sign.

☐ Personal Pick up by my Portfolio Manager ($50).

☐ YES, I will renew my lease on a month to month basis at $ ______ per month.

☐ I will not be renewing my lease. I understand that a separate written notice is required to be delivered to Invitation Homes at least 30 days prior to the intended termination date.
November 18, 2013

90 days until your lease renewal

Dear [Name],

As a follow up to the letter that we mailed a few weeks ago, Invitation Homes is still excited to invite you to renew your rental agreement. I haven't heard back from you and want to make sure you are able to take advantage of the benefits of renewing your agreement. Such benefits include:

- Top-level management - we are dedicated to giving you great service!
- Easy online payment system - pay your rent with just a few easy clicks!
- 24/7 emergency maintenance - give us a call or contact us online!

These are just a few of the many benefits of being part of the Invitation Homes family.

In reviewing your lease agreement, I see that your lease expires on [Date]. If you choose to renew for a 12 to 24 month lease, your rate will be fixed at $___/ month for the first 12 months and only increase by 5% on the 13th month.

I am available to discuss your renewal any day at 678-822-___

Please note that if you do not wish to renew your rental agreement, you'll need to give a written 60-day notice and you will remain financially responsible through the end of your agreement.

I want to thank you again for your continued residency and I look forward to discussing your renewal options.

Sincerely,

[Name]
ENDNOTES


8 Lawrence Mishel and Heidi Shierholz, A Decade of Flat Wages: The Key Barrier to Shared Prosperity and a Rising Middle Class, Economic Policy Institute, August 21, 2013, http://www.epi.org/publication/a-decade-of-flat-wages-the-key-barrier-to-shared-prosperity-and-a-rising-middle-class/


15 Ibid.


18 Ibid.


29 Ibid.


37 County data were obtained from the Atlanta Regional Commission; vector data were obtained from the 2010 United States Census Bureau shape files.


43 Invitation Homes Lease: Appendix B

44 Invitation Homes Renewal Letter: Appendix C


