



PRESENTATION

November 16, 2023

# Examining the Evolving Role of the Single Family Rental Industry on Local Housing Markets

Presented by the Institute for Housing Studies at the DePaul University and Dr. Amanda Kass, DePaul University School of Public Service



# Institute for Housing Studies

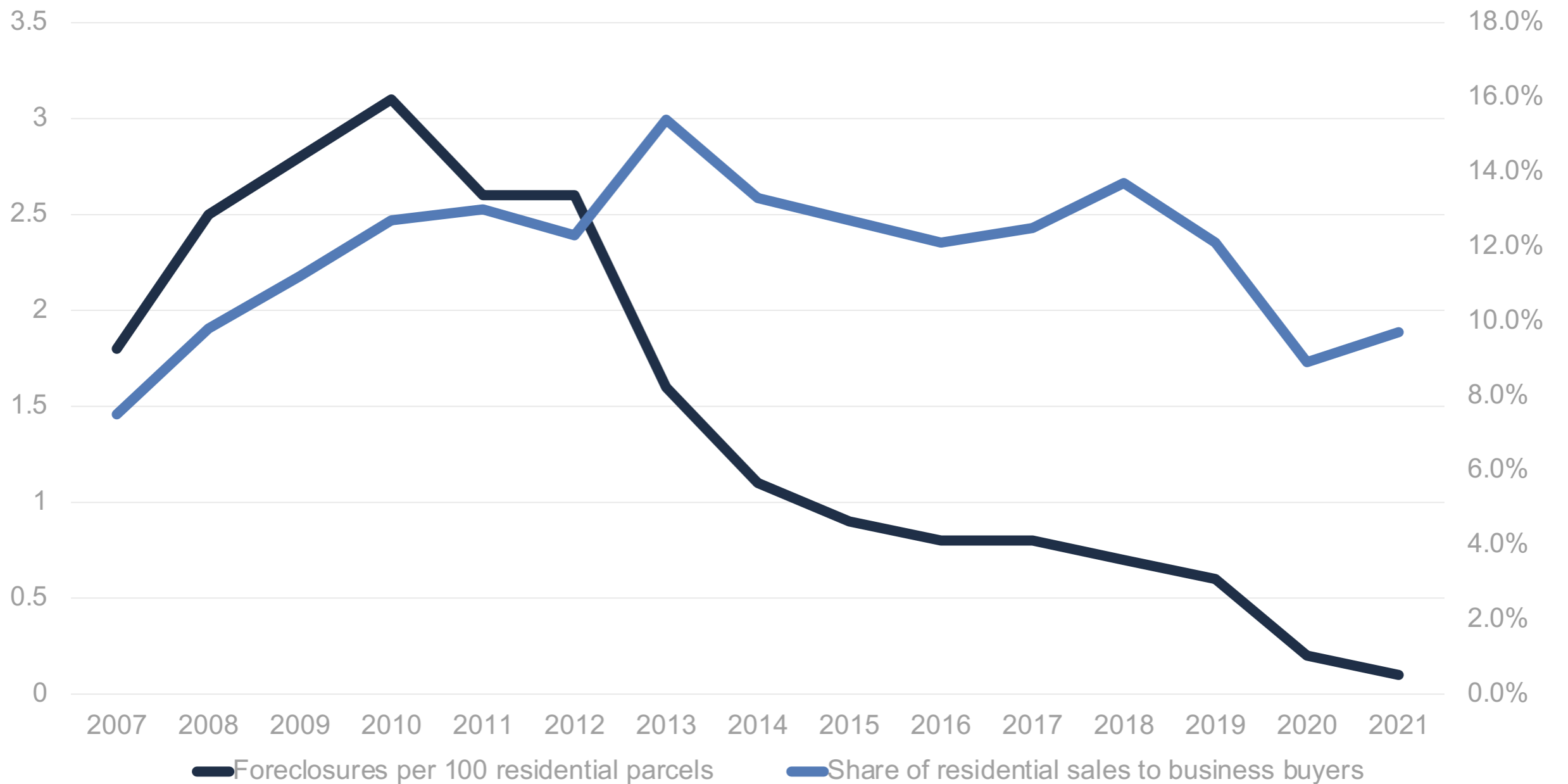
- IHS's mission is to provide reliable, impartial, and timely data and research to inform housing and community development policy decisions and discussions in the Chicago region and nationally
- IHS accomplishes this through an applied research model
  - Data collection and improvement
  - Applied research
  - Technical assistance
- Collaborative project with DePaul's School of Public Service, IHS, MMC on state of single family rentals (SFR)
  - Led by Dr. Amanda Kass from DePaul's School of Public Service
  - Funded by DePaul University's Urban Collaborative Community Research Initiative
  - Initiative supports interdisciplinary, community-engaged research projects that address key challenges faced by cities
  - Presentation reviews data on regional SFR activity and sets up discussion of local perspectives and needs on issue

# Growth of Single Family Rental in Cook County

- Great Recession and foreclosure crisis created significant number of distressed single family homes
- Industry developed focused on purchasing these homes to use as rental housing
- Institutional investors emerged as dominant type of investor in this space
- Different from more traditional, local real estate investors and owners
  - Leveraged global capital to acquire large portfolios of distressed single family homes
  - Developed targeted acquisition strategies and technology platforms to increase efficiency in property management
  - Dominated by a small number of large firms

# Foreclosure crisis leads to high levels of investor buying

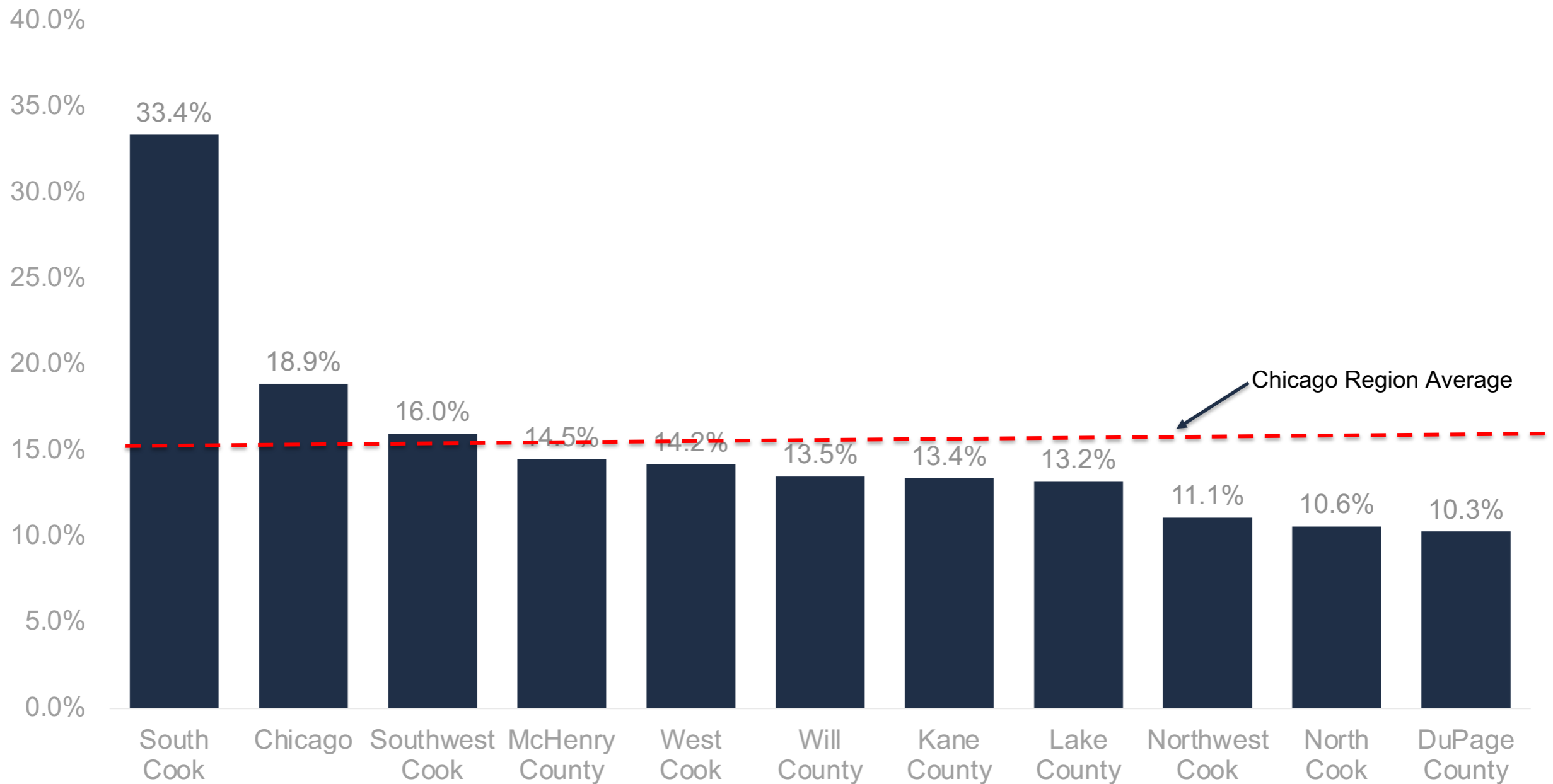
Annual foreclosure activity and share of residential sales to business buyers in Chicago Six County area, 2007-2021



SOURCE: IHS CALCULATIONS OF DATA FROM COUNTY RECORDER OF DEEDS VIA PROPERTY INSIGHT, COUNTY ASSESSOR'S OFFICES

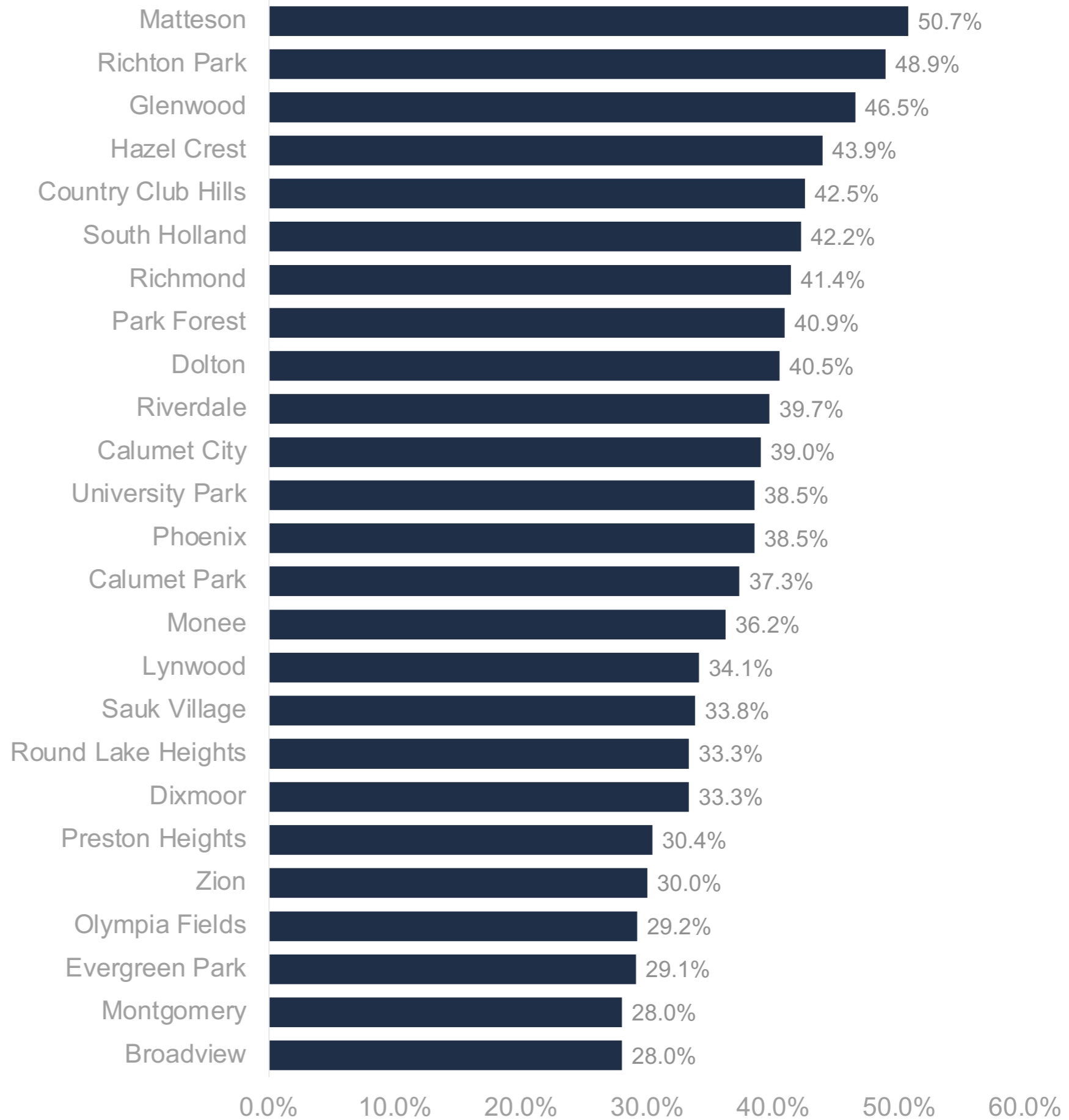
# High levels of variation in business buyer activity

Share of residential sales to business buyers by Chicago area County/Cook Sub-region, 2013



SOURCE: IHS CALCULATIONS OF DATA FROM COUNTY RECORDER OF DEEDS VIA PROPERTY INSIGHT, COUNTY ASSESSOR'S OFFICES

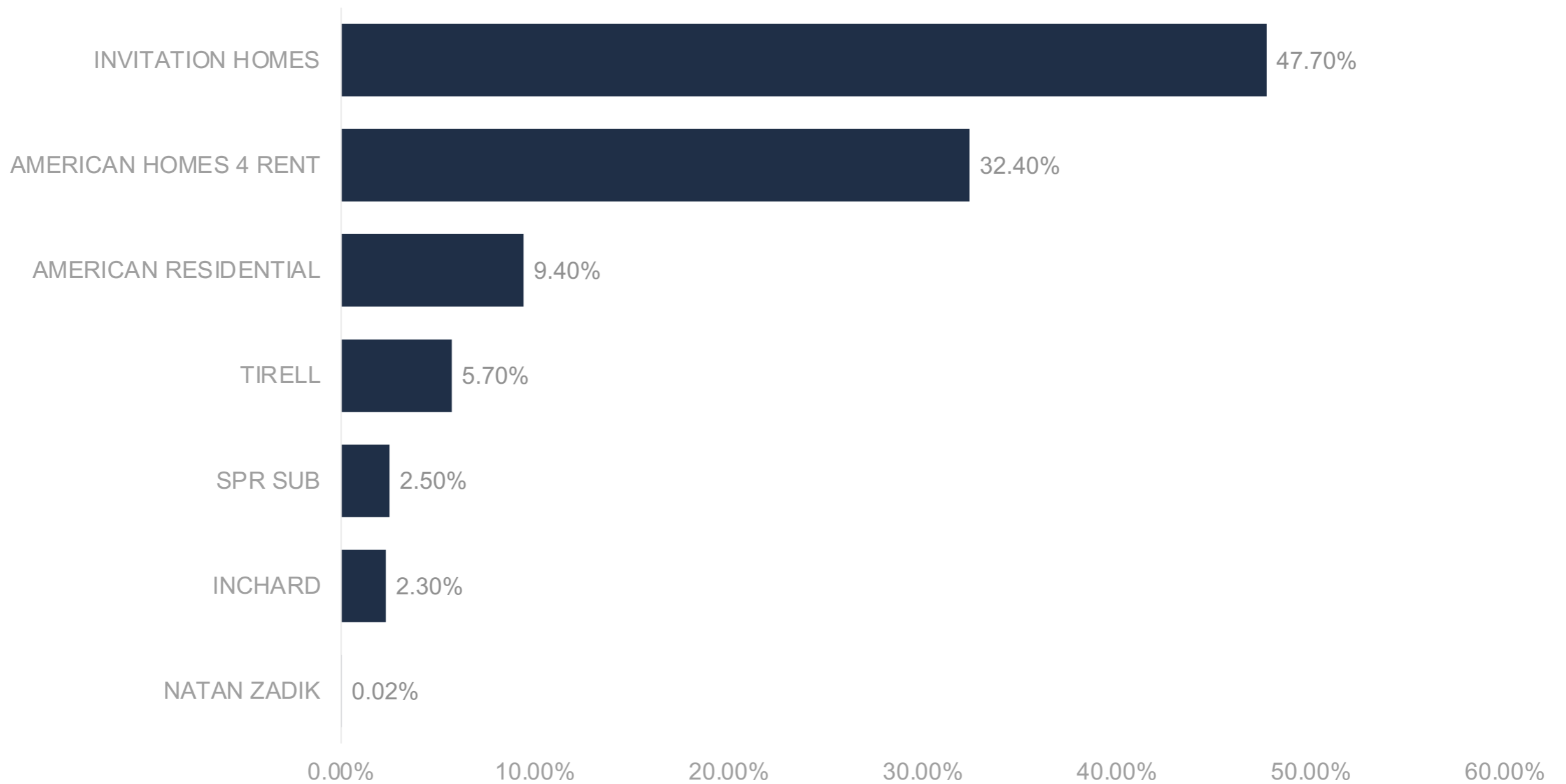
# Top Chicago area municipalities for business buyers in 2013



SOURCE: IHS CALCULATIONS OF DATA FROM COUNTY RECORDER OF DEEDS VIA PROPERTY INSIGHT, COUNTY ASSESSOR'S OFFICES

# Specific Investors Dominated SFR Buying in Chicago area





Top 2013 institutional investors in the Chicago area







# Invitation Homes

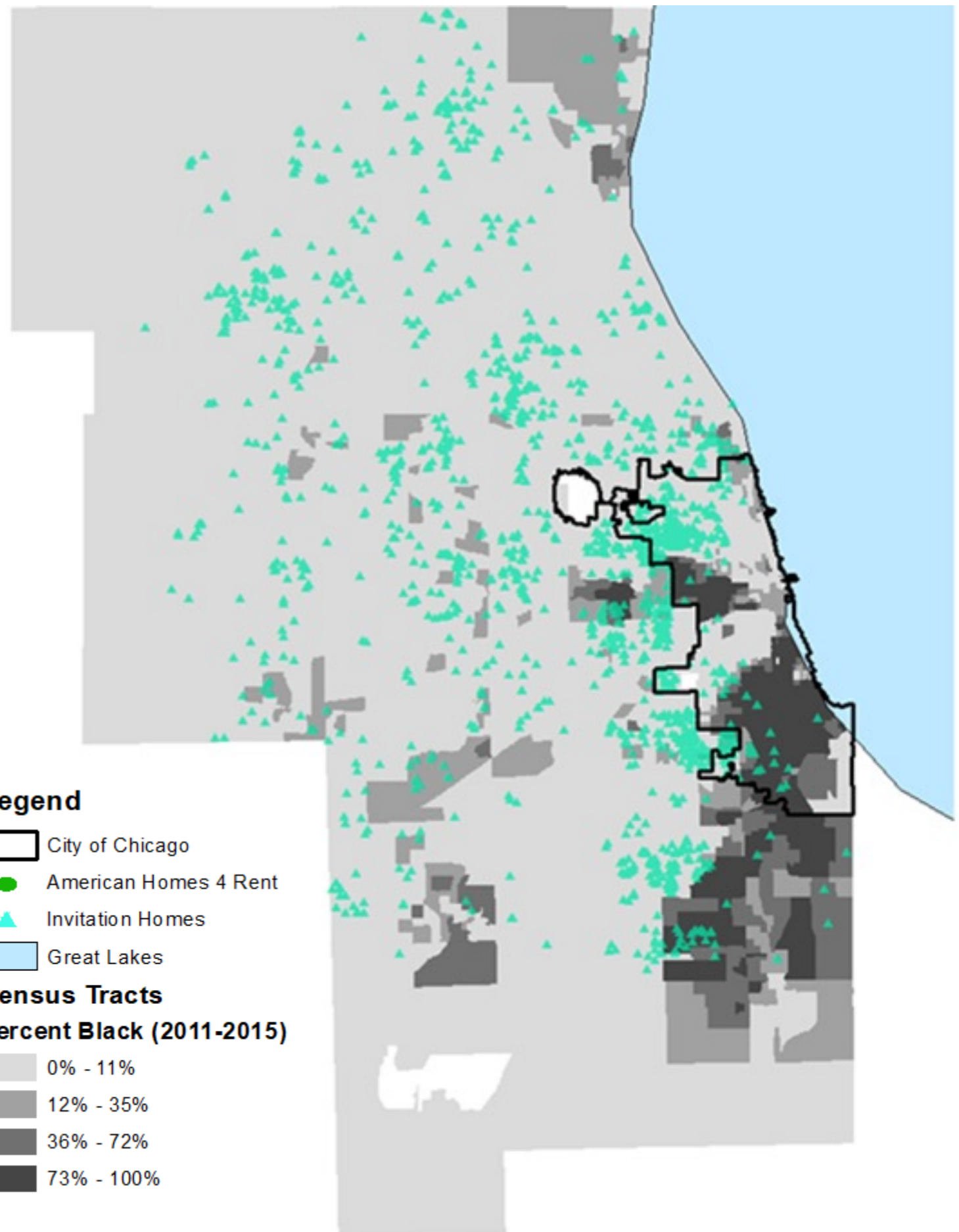


## Legend

-  City of Chicago
-  American Homes 4 Rent
-  Invitation Homes
-  Great Lakes

## Census Tracts Percent Black (2011-2015)

-  0% - 11%
-  12% - 35%
-  36% - 72%
-  73% - 100%





# Invitation Homes





Top 10 municipalities for 2013 Invitation Homes purchases

Municipality	Number of Purchases, 2013
CHICAGO	260
OAK LAWN	84
TINLEY PARK	44
ARLINGTON HEIGHTS	43
BERWYN	37
EVERGREEN PARK	37
OAK FOREST	36
ELMWOOD PARK	29
CRYSTAL LAKE	26
BURBANK	25

# American Homes 4 Rent







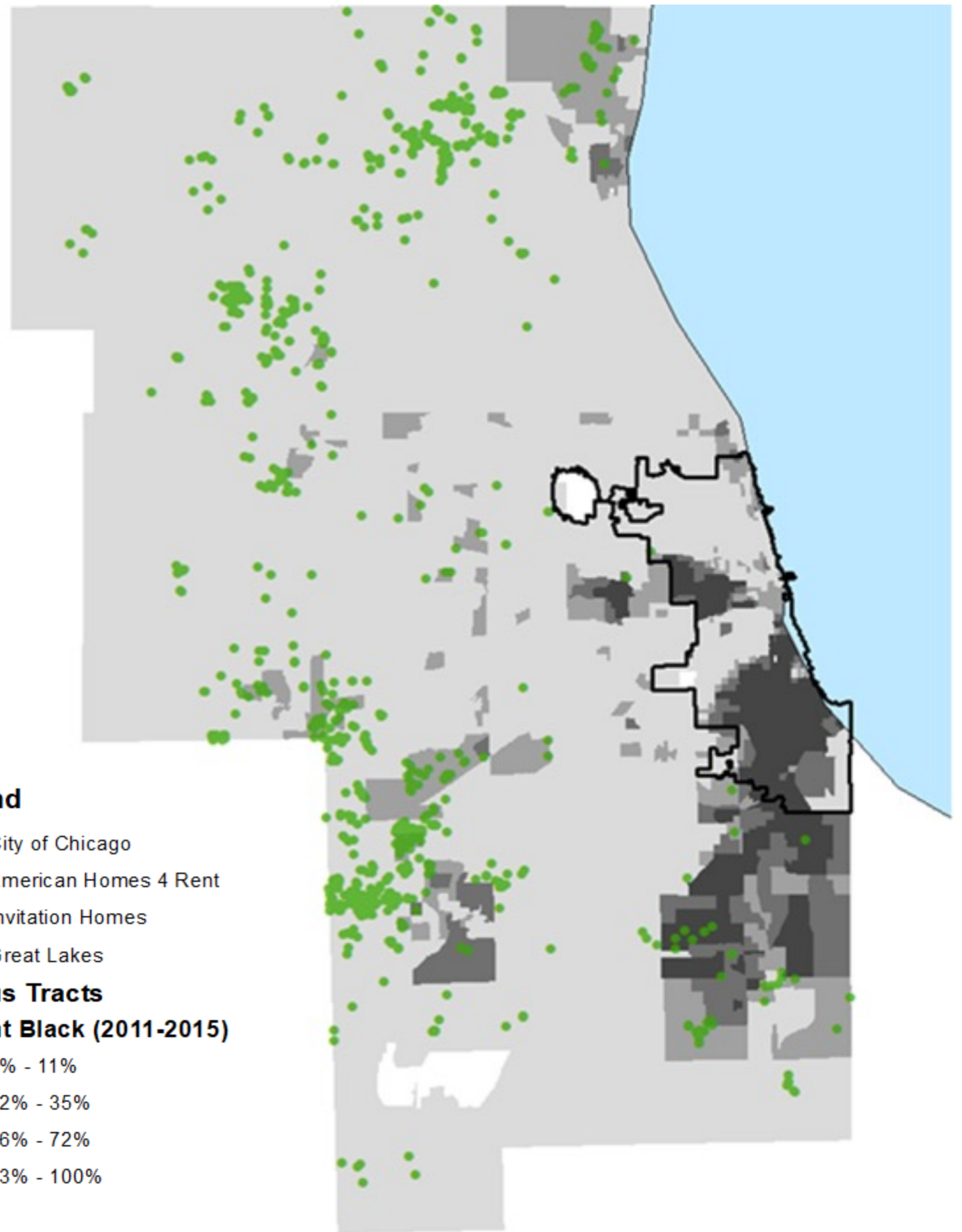
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-  73% - 100%



# American Homes 4 Rent

Top 10 municipalities for 2013 American Homes 4 Rent purchases

Municipality	Number of Purchases, 2013
PLAINFIELD	152
AURORA	80
JOLIET	67
LAKE IN THE HILLS	55
ROUND LAKE	49
MONTGOMERY	40
OSWEGO	36
PLANO	34
ROMEDEVILLE	34
YORKVILLE	31

# Key Project Research Questions

- How have the investment portfolios of these two large investors changed since 2013
  - Continue to hold as rental?
  - Sold to other investors?
  - Sold to owner occupants?
  - Other outcome?



American Residential Properties (merged with Invitation Homes)



Starwood Waypoint (merged with American Homes 4 Rent)

**Legend**

**Parcel Purchased**

- American Residential Properties
- Starwood Waypoint

▭ City of Chicago

▭ Great Lakes

**Census Tract**

**% Black and Hispanic or Latinx**

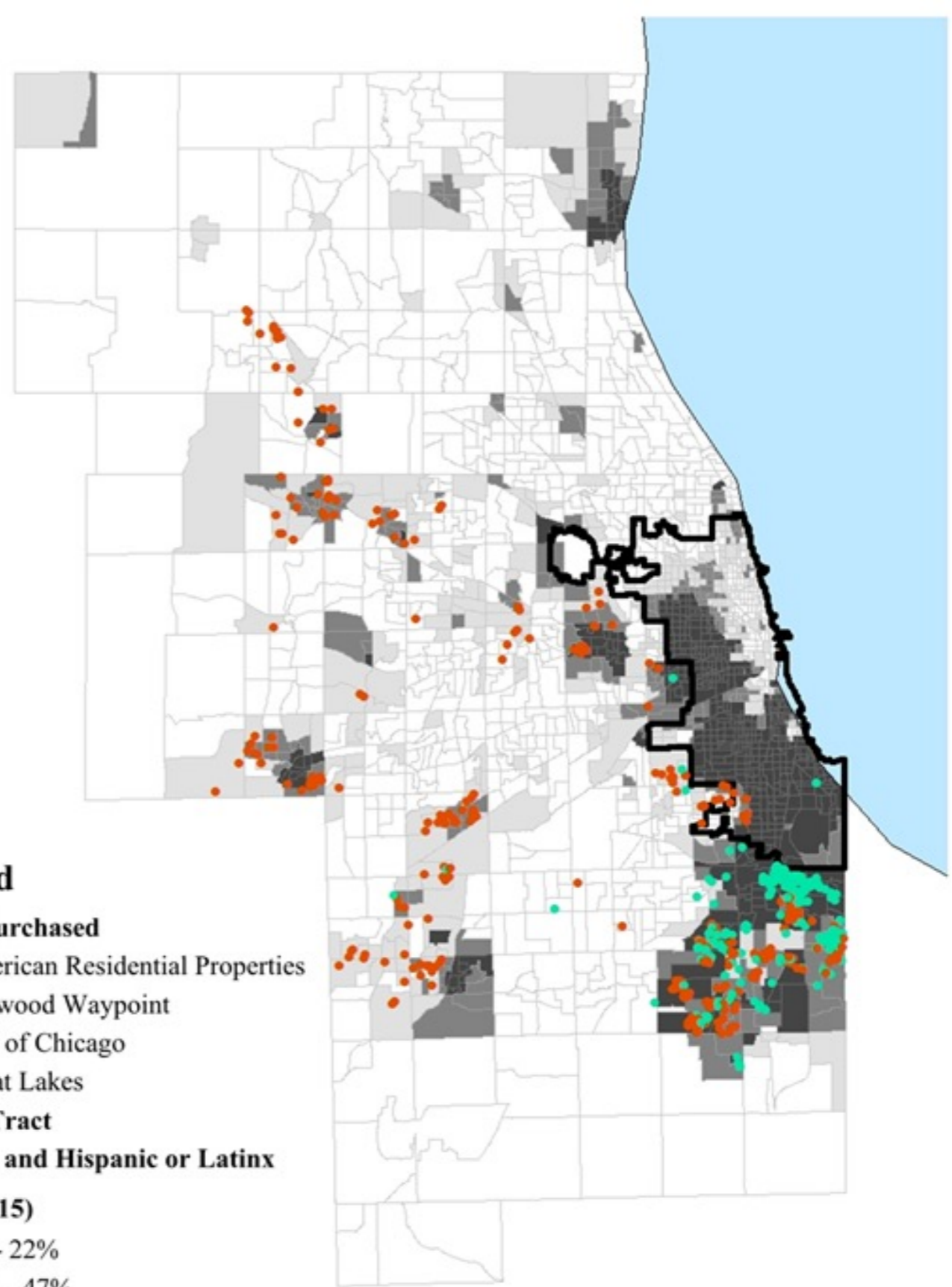
(2011-2015)

▭ 0% - 22%

▭ 23% - 47%

▭ 48% - 77%

▭ 78% - 100%



# Key Project Research Questions

- How have the investment portfolios of these two large investors changed over time
  - Continue to hold as rental?
  - Sold to other investors?
  - Sold to owner occupants?
  - Other outcome?
- What are the implications of concentration SFR ownership on communities?
  - Local policy implications?
  - Local real estate market implications?
- What information resources would help local municipal leaders and other housing stakeholders make policy decisions about SFR investment in their communities?

# Project Work Plan

- **Phase 1:**
  - Data development
  - Review of Invitation Homes and AH4R corporate histories
- **Phase 2:**
  - Begin community engagement with MMC and local partners
  - Refine data analysis and research questions based on partner feedback
- **Phase 3:**
  - Complete literature review and qualitative data collection
  - Additional mapping and data analysis
  - Additional stakeholder convening on prioritized policy issues
- **Phase 4:**
  - Complete final policy-focused deliverable for MMC and partners
  - Final presentation to partners
  - Identify research and policy questions for future analysis

## Questions for discussion

- Describe the role of single family rental in you municipality?
- Are you able to identify homes owned by large-scale institutional investors? Are they managed differently than other investor-owned properties?
- Does this segment of the housing market pose any specific challenges for your community?
- What attempts have you made to better understand or regulate single family rentals? Have they been successful?
- What types of information would be useful for you to better understand single family rental industry in your community?






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