

The private equity takeover of America's neighborhoods

BY KEVIN BORDEN AND JONATHAN WESTIN, CONTRIBUTOR - 12/21/16 01:00 PM EST

(First published at the link below, and republished here under fair use guidelines.)

<http://thehill.com/blogs/pundits-blog/finance/311335-the-private-equity-takeover-of-americas-neighborhoods>)



© Getty Images

Margie Mathers started paying \$230 in lot-rent when she moved to the manufactured housing community called Buccaneer Estates in North Fort Myers, Florida.

Three years later, she now pays around \$633 a month, not including utilities.

Buccaneer Estates is a retirement community where seniors own their own mobile homes, but rent the land where the home is located. When Buccaneer

was taken over by the corporate investor real estate Equity LifeStyle Properties Inc., Margie and her neighbors saw their rents increased exponentially.

Margie has managed to get by despite the rent increases, but many of her neighbors are not as lucky. Some have to take their medicine every other day in order to make it last longer. Others have turned to roommates to offset the rising cost of rent.

Thousands of miles away in Harlem New York, Derrick Owens, prepares to have yet another court fight with his private equity landlord. His new Private Equity landlord is trying to evict him under the false claim he does not live in the apartment.

In 2013, when Derrick moved to Savoy Park - one of the largest rent stabilized developments in New York City - he was paying \$1,999 for a two bedroom apartment he shared with his wife and daughter. By 2015, Derrick's rent jumped to \$2,587. Despite having a good union construction job, the hike in rent made Derrick extremely rent burdened, paying a whopping 75% of his salary on rent.

Savoy Park is owned by Fairstead Capital, a private equity firm owned by Stephen Siegel. Siegel is known for buying apartment complexes to flip them and raise rents on residents.

Margie's and Derrick's story is increasingly common. Private equity companies have invested \$42 billion dollars in New York City housing since 2011, and have bought up manufactured homes communities in rural areas across the USA as well.

As private equity takes over buildings and communities, residents see their monthly costs rise and our neighbors evicted. The growing influence of private equity in neighborhoods across the nation is a concerning trend.

Between 2005 and 2009, private equity companies bought up 100,000 units of affordable rental housing – one in ten rent-stabilized apartments – using huge amounts of debt that required fast, big increases in cash flow to pay interest and profits.

Tenants faced harassment, rent hikes, displacement, and deteriorating living conditions. In many instances, buildings fell into foreclosure. Private equity is

also buying homes across the country, including single-family mortgages, properties, and manufactured home communities.

Between September 2011 and November 2015, for example, The Blackstone Group bought \$4.7 billion worth of distressed mortgages from HUD. Private equity is also attacking manufactured home communities, which represent a valuable source of affordable housing for rural communities across the country.

The shifting trend from local-ownership of manufactured home communities and rent stabilized housing to ownership by large multi-state, corporate owners is leaving a trail of economic pain in its wake.

Stephen Schwartzman, Blackstone's CEO, is leading Trump's financial and policy team. Now that Blackstone and their allies have an open door to the White House, communities across the country must fight back against this corporate takeover of their neighborhoods.

That's why predominantly white rural communities and urban communities of color are creating an unusual alliance. New York Communities for Change and MHAAction are coming together to disrupt private equity firms from destroying our already dwindling affordable housing.

In the midst of a far-reaching affordability crisis, basic human rights like housing should not be subject to the whims of predatory Wall Street firms.

Across the country, millions of Americans are living in the middle of an affordable housing crunch that has only gotten worse since the financial collapse of 2008.

This crunch is affecting a diverse cross-section of low-income families: whites, blacks, Latinos, Asians in urban, suburban and rural communities are facing the same issues.

Culturally these families may not have a lot in common, and traditionally they may not have worked together on common political targets.

But they now shared a common enemy: their private equity landlord.

These diverse and at times disparate communities represent a potential new political force that will fight for legal protections, new tax and regulatory structures, diverting, public subsidies away from predatory firms and

industries and by divesting the pension investments of workers and retirees away from Wall Street firms attacking their communities.

Kevin Borden is the Executive Director of MHAction, a growing national movement of manufactured home owners who work to protect the affordability and quality of their communities through local and state campaigns. Jonathan Westin is the Executive Director at New York Communities for Change, a coalition of working families in low and moderate income communities fighting for social and economic justice.

The views expressed by Contributors are their own and are not the views of The Hill.

Posted on MHPProNews.com as part of a critical analysis under fair use guidelines.