

# PANDEMIC EVICTOR

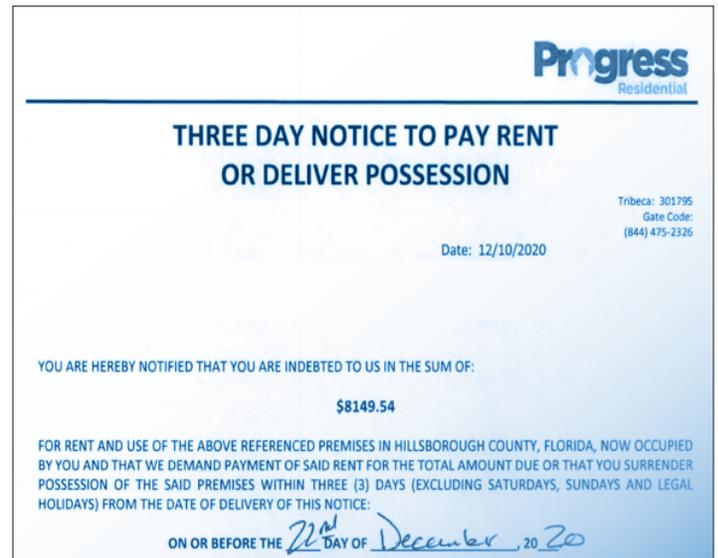
Don Mullen's Pretium Partners Files to Evict Black Renters, Collects Billions From Investors.

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# Key Points

- Pretium Partners is a private equity and debt firm focused on US single-family rental homes, headed by former Goldman Sachs partner Donald Mullen. Mullen made millions betting against the mortgage market during the 2008 Global Financial Crisis.
- In January 2021, Pretium Partners through its single-family rental company Progress Residential, became the second-largest owner and operator of single-family rental homes in the United States when it acquired Front Yard Residential and took the company private. Pretium now owns 55,000 rental homes.
- Combined, Progress Residential and Front Yard Residential have filed to evict more than 1,300 residents during the COVID-19 pandemic, with most evictions filed after the Centers for Disease Control and Prevention (CDC) eviction moratorium went into effect in September 2020.
- The companies have filed nearly 500 eviction actions since the beginning of 2021. Nearly half of these filings were in two counties in Georgia – DeKalb and Clayton – with majority Black populations.
- Since the beginning of 2021, Progress Residential and Front Yard Residential have filed to evict residents in majority-Black DeKalb and Clayton Counties in Georgia at much higher rates than they have in majority-white Seminole and Polk Counties in Florida.
- Progress Residential and Front Yard Residential have advanced eviction cases against residents affected by the COVID-19 pandemic, a number of whom submitted hardship declarations pursuant to the CDC’s eviction moratorium.
- Progress Residential has also challenged at least one resident’s CDC hardship declaration in court, calling the CDC Eviction Moratorium an “unconstitutional overreach” in a recent filing.
- Pretium Partners’ and Ares Management’s Front Yard Residential has also drawn complaints from predominantly Black residents in Minneapolis who say the company is failing to maintain their homes.
- Pretium Partners has drawn on investments from private equity firms, pension funds, insurance companies, and other institutional investors, including:
  - Ares Management
  - Landmark Partners
  - Canada’s Public Sector Pension (PSP)
  - American Equity Investment Life Insurance
  - Tennessee Consolidated Retirement System



# Introduction

Pretium Partners is a private equity and debt firm focused on US housing. The firm's founder and CEO is former Goldman Sachs partner Donald Mullen, who is famous for "the big short," in which he led Goldman to bet against the mortgage market during the Global Financial Crisis of 2007. Mullen made a fortune as homeowners, particularly homeowners of color, lost their homes in record numbers.<sup>1</sup>

In an email sent in the fall of 2007, for example, Mullen predicted a windfall when mortgage-related investments were downgraded. "Sounds like we will make some serious money," he wrote.<sup>2</sup>

Mullen left Goldman Sachs in 2012 to form Pretium Partners.<sup>3</sup> Pretium Partners now owns more than 55,000 rental homes and single-family rental operator Progress Residential.<sup>4</sup>

New York Magazine said of Mullen in 2012, "A guy whose most famous trade was a successful bet on the full-scale implosion of the housing market is now swooping in to pick up the pieces on the other end."<sup>5</sup> Mullen and Pretium Partners helped form the institutional single-family rental (SFR) industry – directly benefiting from the loss of the American Dream for thousands of homeowners who were then forced to rent homes.<sup>6</sup>

In January of 2021, Pretium, together with private equity firm Ares Management, acquired Front Yard Residential, another single-family rental owner, in a move that took Progress from fourth to second-largest owner of rental homes in the United States. Pretium's largest-ever deal also makes Pretium a larger player in about three quarters of its existing geographies, "allowing it to expand its scale and improve operating efficiencies in those areas."<sup>7</sup>

According to Pretium, the single-family industry generates above average net operating income—propelled by "revenue-generating income and cost-saving technologies that should result in continued margin expansion."<sup>8</sup> But in markets where Progress Residential is now far more concentrated as a single-family rental owner, such as Phoenix, Atlanta, and several cities in Florida, the market dominance widens the scope of mismanagement and residential woes. Corporate single-family rental owners have for years faced complaints of aggressive eviction practices and deferred maintenance. Renters have fewer choices, as do individual homebuyers.

Residents of Front Yard Residential homes, now owned by Pretium Partners and managed by Progress Residential, report maintenance and repair requests going unanswered.<sup>9</sup> Residents in Minneapolis-St. Paul have received reminders regularly to pay their rent even as they have dealt with leaks in their ceilings or holes in their floors.

Combined, Progress Residential and Front Yard Residential have filed to evict more than 1,300 residents during the COVID-19 pandemic. Most of the eviction actions identified were filed after the Centers for Disease Control and Prevention eviction moratorium went into effect on September 4, 2020.<sup>10</sup> Progress Residential and Front Yard Residential have filed a disproportionate number of evictions in majority-Black DeKalb and Clayton Counties in Georgia.



**"Sounds like we will make some serious money."**

– 2007 email from Don Mullen, who led Goldman Sachs' bet against the mortgage market.

# Pretium Partners' eviction filings disproportionately impact Black renters

Progress Residential and Front Yard Residential have been among the most prolific filers of eviction actions during the COVID-19.

The Private Equity Stakeholder Project has tracked eviction filings by corporate landlords during the past several months across select counties in Arizona, Georgia, Florida, Texas, Nevada, Oklahoma and Tennessee.<sup>11</sup>

Despite the CDC Eviction Moratorium, which took effect on September 4, 2020, and remains in place as of the publication of this report, Progress Residential and Front Yard Residential have filed to evict growing numbers of residents.

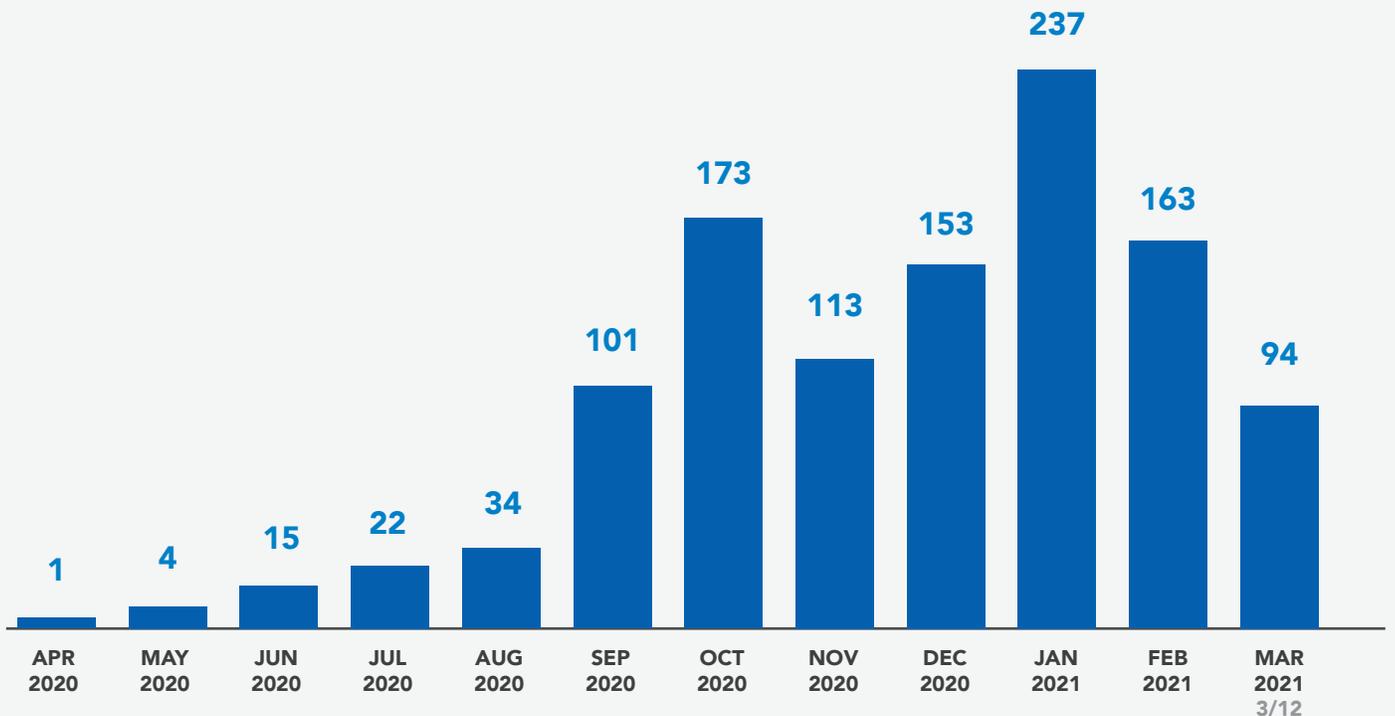
The companies have filed nearly 500 eviction actions since the beginning of 2021 (through March 12).

Almost half (246) of these filings were in two Georgia counties – DeKalb and Clayton – which have majority Black populations.

Since January 1, 2021, Progress Residential and Front Yard Residential have filed to evict more than 12 percent of the company's residents in DeKalb County, Georgia, where 55 percent of residents are Black. In Clayton County, Georgia, with a population that is almost 73 percent Black, the landlords have filed to evict 9.5 percent of residents since the beginning of the year.<sup>12</sup>

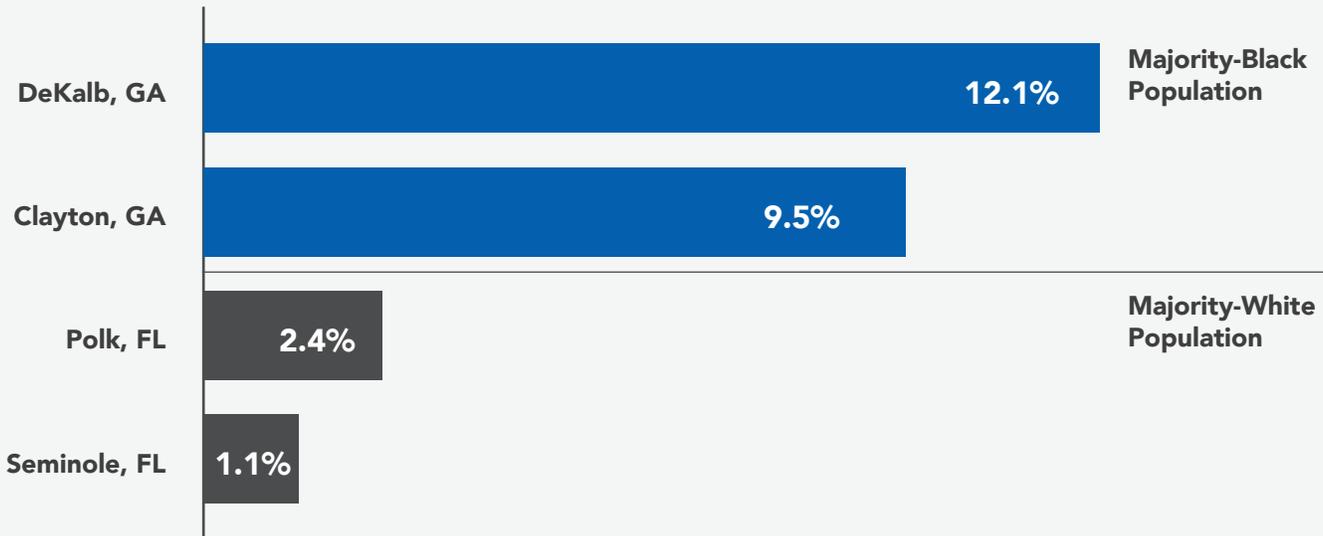
By comparison, Progress Residential and Front Yard Residential have filed to evict a much smaller share of residents in two majority-white counties in Florida, Seminole and Polk. Since January 1, 2021, Progress Residential and Front Yard Residential have filed to evict 2.4 percent of their residents in Polk County and 1.1 percent of residents in Seminole County.<sup>13</sup>

## PROGRESS RESIDENTIAL/FRONT YARD RESIDENTIAL EVICTION FILINGS (select counties in GA, AZ, FL, TX, NV, OK and TN)





**PROGRESS RESIDENTIAL/FRONT YARD RESIDENTIAL  
EVICTON FILING RATE SINCE JANUARY 1, 2021  
(through March 12)**



| COUNTY   | STATE | FILINGS SINCE 1/1/21 | WHITE (NOT HISPANIC/LATINO) | BLACK | LATINO | HOMES (PROGRESS + FRONT YARD) | EVICTING FILING RATE (FILINGS/ HOMES) |
|----------|-------|----------------------|-----------------------------|-------|--------|-------------------------------|---------------------------------------|
| DeKalb   | GA    | 155                  | 29.3%                       | 54.8% | 8.5%   | 1,284                         | 12.1%                                 |
| Clayton  | GA    | 91                   | 9.1%                        | 72.8% | 13.4%  | 958                           | 9.5%                                  |
| Polk     | FL    | 9                    | 56.9%                       | 16.2% | 24.6%  | 370                           | 2.4%                                  |
| Seminole | FL    | 2                    | 58.9%                       | 13.1% | 22.5%  | 454                           | 1.1%                                  |

# Progress Residential and Front Yard Residential continue to advance evictions against residents impacted by COVID-19

In October 2020, NBC News highlighted the story of Christina Velez, a Progress Residential resident who lost her job running the staffing team on a Covid-19 treatment trial. Faced with a \$2,440 rent bill on the Boca Raton, Florida, home she shares with her daughter, Velez began calling Progress Residential to ask whether it would give her time to come up with the money.<sup>14</sup>

"I told them I was affected by Covid, but it didn't matter to them," Velez said. "They are not very patient."<sup>15</sup>

Not once, Velez said, did Progress representatives tell her about a nationwide eviction moratorium ordered by the federal government to let tenants hurt by Covid-19 stay in their homes if they could not pay their rent.<sup>16</sup>

"I said, 'There's got to be something for people affected by Covid and being furloughed,'" Velez, 46, reported telling Progress. "There's nothing we can do," the company representative replied, she said.<sup>17</sup>

Velez said she sold her car to pay Progress. By jumping through hoops, Velez has managed to pay enough to hang on to her rental home. She has a new job, but she has still had to battle demands from Progress to pay \$450 in legal fees associated with her eviction filing.<sup>18</sup>

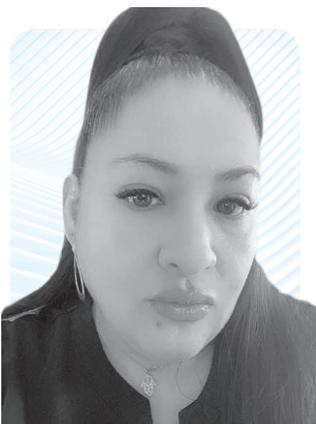
Velez' case is hardly the only example of Progress Residential and Front Yard Residential moving to evict renters impacted by the COVID-19 pandemic.

Answers provided by residents of Front Yard and Progress Residential to eviction cases filed by the firms show that both corporate landlords have advanced eviction cases against residents affected by the COVID-19 pandemic, a number of whom submitted hardship declarations pursuant to the CDC's eviction moratorium.

(Note: Names of residents have been removed below. Case citations are provided.)

## Progress Residential resident, Hillsborough County, Florida, February 11, 2021

*"[Resident] was working as an entertainment rigger before the shutdown due to COVID-19 and being part of the live entertainment industry, was among the first to be out of work. We are in the midst of applying for rental assistance, but they have not come through yet. [Resident] is scheduled for work through the end of April, which would give us the funds to follow through with a move in May... We also have two other children in the home who we are caring for. We have no other means of housing at the moment, even though we have been actively seeking every avenue, we haven't found an*



**"I told them I was affected by Covid, but it didn't matter to them. They are not very patient"**

– Progress Residential resident Christina Velez, October 2020.





**“We have no other means of housing at the moment, even though we have been actively seeking every avenue”**

– Feb 2021 plea from Progress Residential renter facing eviction. Progress Residential evicted the family just days later.

*alternative housing option. We are confident if eviction is delayed until the end of May, we will be capable of moving into proper housing, essentially keeping us from becoming homeless with our 3 children.”<sup>19</sup>*

*please consider arrangements with my family other than EVICTION.”<sup>21</sup>*

Despite the resident’s plea for additional time, Progress Residential evicted the family just days later, on February 15, 2021.<sup>20</sup>

The resident also provided a copy of a CDC eviction moratorium hardship declaration that he had signed in October 2020.<sup>22</sup>

**Front Yard Residential resident, Palm Beach County, Florida, January 14, 2021**

A month later, on February 18, Front Yard Residential filed a Motion for Immediate Default Judgment of possession with the court. The eviction case is was open as of March 21, 2021.<sup>23</sup>

*“This letter is to inform the proper people of the importance of shelter the residence provides for my family at this time. Since the Pandemic issue arose, my income has had a significant impact negativewise. I have provided my property manager with every effort in assistance with crisis alleviation programs. Also, I am providing receipts for all payments I am making in attempts to keep balance low. I have emailed Ms. Santos [of Front Yard Residential/Havenbrook Homes] with comm action program that is assisting with overdue rent balance for Havenbrook. I am the sole provider for a wife and four school age children that are currently homeschooling. I will pay back any rent and fees that accumulate during this period. But*

**Progress Residential resident, Hillsborough County, Florida, January 22, 2021**

*“The complaints that the plaintiff has made should not be enforced. The eviction Moratorium states that it ends on January 31, 2021. They sent [the eviction notice] to me before the end date. This action coming in the midst of the pandemic with all the other problems has made my daughter despondent because of the added fees. My son has special needs and would negatively his ability to live in a men’s shelter. I would also like the court to determine the amount of rent to be paid until I can get answers from the awaiting agencies.*



**“I will pay back any rent and fees that accumulate during this period. But please consider arrangements with my family other than EVICTION.”**

– Jan 2021 letter from Front Yard Residential resident. Front Yard Residential later filed a Motion for Default Judgment to advance the eviction proceeding.



## “Progress Residential are making a hard time worse.”

– Jan 2021 response from Progress Residential tenant. Progress Residential obtained an eviction judgment against the resident.

*I have been told that the moratorium has been extended, I have contacted the Department of Social Services. I have applied for the Housing Choice Voucher, I have contacted several local churches, I am waiting for their replies for all. I have emailed the landlord an application that has to be completed by them for rental assistance from the Department of Social Services. My family and I will become homeless if evicted. I am trying my best.*

*I am asking that all fees to be waived. Progress Residential are making a hard time worse. The agencies say that they are only going to pay back rent. My income has been reduced seventy five percent. I have applied for several jobs. I have been told that I am not old enough for social security. I have received a stimulus check during the pandemic to help with some bills.*

*My son and grandson are also named in the complaint, however they were not responsible for the rent. I am afraid that an eviction on their credit will inhibit their chances of getting a job, an apartment or a home. I do not agree to the amount being charged.*

*I understand that there has been an extension, this will give us enough time for us to get answers from the different agencies and we will be able to move forward from there. This has only been a difficult time because of this pandemic, I don't know what else to do.”<sup>24</sup>*

Despite the renter’s request for more time, Progress Residential filed a Motion for Immediate Default on February 8. On February 15 the court entered a judgment for possession with a note that the writ of possession was to be issued “after the expiration of CDC Order 85 FR 55292 on April 1, 2021, unless extended.”<sup>25</sup>

### **Progress Residential resident, Hillsborough County, Florida, January 22, 2021**

*“I am a single mother residing in the residence with my 3 minor children, 2 of which are disabled. My children’s father does not reside in the home with us; however, he was providing me with financial support until he suffered a reduction in his monthly income as a result of the Covid-19 pandemic. I am unable to*



“My son and grandson are also named in the complaint, however they were not responsible for the rent. I am afraid that an eviction on their credit will inhibit their chances of getting a job, an apartment or a home.”

– Jan 2021 response from Progress Residential tenant. Progress Residential obtained an eviction judgment against the resident.



work due to being my son's primary caregiver. I am currently in the process of seeking rental assistance from charitable and governmental agencies. Once I have been approved for that assistance, I will submit those funds to the plaintiff or deposit them in the court registry. I would however make the court aware that I meet the criteria as an adversely affected tenant under the current CDC eviction moratorium which prohibits me from being evicted from the residence until after January 31, 2021, which has now been extended to March 31, 2020 by presidential executive order as of January 20, 2021. I have submitted a signed and dated CDC declaration form to the court and plaintiff as required. See attached CDC declaration form. I would respectfully request that the court schedule my case for hearing or grant me an order for temporary relief as a protected tenant under the current CDC eviction moratorium."<sup>27</sup>

On February 19 Progress Residential filed a Motion for Immediate Default against the resident and sought a writ of possession to have the resident removed from the property.<sup>28</sup>

On February 22 the court issued a Judgment for Possession, ordering the clerk to issue a Writ of Possession directing the sheriff to evict the defendant and place Progress Residential in possession of the home after the expiration of the CDC eviction moratorium on April 1, 2021.<sup>29</sup>

### Progress Residential uses court to challenge resident's CDC hardship declaration

Progress Residential has also taken the step of trying to challenge at least one resident's CDC hardship declaration through the court, calling the CDC Eviction Moratorium an "unconstitutional overreach."

In a March 3 filing, Progress Residential noted:

"Comes now Plaintiff, Progress Residential Borrower 13, LLC, a Delaware limited liability company authorized to do business in Florida, as landlord, by and through its undersigned attorney, who hereby alleges the Declaration filed by the Defendants

claiming coverage under 86 FR 8020, Temporary Halt in Residential Evictions to Prevent the Further Spread of Covid-19, and moves for an entry of an order to lift stay on the writ of possession, and as grounds therefor states as follows:

1. CDC Order 86 FR 8020, Temporary Halt in Residential Evictions to Prevent the Further Spread of Covid-19, is an unconstitutional overreach into the general police power retained by the states..."<sup>30</sup>

The case was ongoing as of March 21, 2021. The court had not yet ruled on Progress Residential's motion challenging the resident's CDC hardship declaration.<sup>31</sup>



**"CDC Order 86 FR 8020, Temporary Halt in Residential Evictions to Prevent the Further Spread of Covid-19, is an unconstitutional overreach..."**

– March 2021 court filing by Progress Residential challenging a resident's

|                                                                                     |                                                                           |                                             |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------|
|  | <b>HILLSBOROUGH COUNTY<br/>SHERIFF'S OFFICE<br/>CIVIL PROCESS SECTION</b> | CIVIL # HS 2021-3656                        |
| DATE/TIME RECEIVED : 02/09/2021 15:11                                               | DATE RETURNED : 02/25/2021                                                | CASE # 2021-CC-2911<br>Court : COUNTY CIVIL |
| TYPE OF PROCESS : WRIT OF POSSESSION                                                |                                                                           |                                             |
| CHARLES V. BARRETT, III, EDQ<br>307 FIELDING AV S<br>TAMPA, FLORIDA 33606           | HILLSBOROUGH COUNTY, FLORIDA<br>102865 - BAEZ, MIGUEL                     |                                             |
| PLAINTIFF(S)<br>PROGRESS RESIDENTIAL BORROWER                                       |                                                                           |                                             |
| DEFENDANT(S)                                                                        |                                                                           |                                             |
| ROS RECIPIENT(S)<br>CHARLES V. BARRETT, III, EDQ                                    |                                                                           |                                             |

## Front Yard Residential renters in Minnesota complain of company's failure to maintain homes

In addition to filing to evict hundreds of residents despite the CDC eviction moratorium, Pretium Partner and Ares Management-owned Front Yard Residential has also drawn complaints from predominantly Black residents in Minneapolis who say the company is failing to maintain their homes.

In North Minneapolis, resident Colleen has had to deal with a home in disrepair for over a year, with no response from Front Yard's property management arm, HavenBrook Homes. "I have a leak in my roof that leaks water into my bedroom, a big hole in my porch, mold in my bathroom and more. I have tried calling HavenBrook Homes many times but I just get sent to a call center and then nobody comes out to make any repairs."

Shanika Henderson, another Front Yard Residential resident, likewise lives with water and mold issues: "While HavenBrook Homes has never come out to make any repairs, and hasn't answered any of my phone calls, they still make sure to send out a reminder at the start of every

month to pay rent. In fact, when the COVID-19 pandemic began in March, they sent me a few notices that they would not be carrying out any repairs unless they were very urgent, but they still wanted to remind us to pay our rent on time."<sup>32</sup>

"HavenBrook is only reachable when the rent is due, but not when repairs are needed," added Henderson, who has been a tenant in a Front Yard/HavenBrook single-family home for 7 years. "I can't get ahold of anyone. I've got vents that kick up dust when they run and stifling heat in the summer."<sup>33</sup>

The Twin Cities tenant organizing group United Renters for Justice/Inquilinxs Unidxs (IX) has found 273 complaints, including water damage and plumbing issues, infestations, black mold or mildew, entry or access blockage, and rent increases or withholding of security deposit. IX found that 35 percent of Front Yard residents complained of leaks, water damage, flooding, or plumbing issues, and nearly a quarter of residents faced some sort of infestation issue.<sup>34</sup>

"When it comes to repairs, HavenBrook is often missing in action," said Chloe Jackson, a tenant organizer with United Renters for Justice. "One tenant had no water for



**"While HavenBrook Homes has never come out to make any repairs, and hasn't answered any of my phone calls, they still make sure to send out a reminder at the start of every month to pay rent. In fact, when the COVID-19 pandemic began in March, they sent me a few notices that they would not be carrying out any repairs unless they were very urgent, but they still wanted to remind us to pay our rent on time."**

– Front Yard Residential resident Shanika Henderson, Minnesota



**“When the COVID-19 pandemic began in March, they sent me a few notices that they would not be carrying out any repairs unless they were very urgent, but they still wanted to remind us to pay our rent on time.”**

– Front Yard Residential resident Shanika Henderson, Minnesota

a week and another went weeks without heat. Another had a giant hole open up in their ceiling. Another’s stove caught fire. These are emergency situations, yet HavenBrook wouldn’t make repairs.”<sup>35</sup>

Front Yard owns 479 homes in the Minneapolis/St. Paul area. IX compiled a list of 209 violations in these properties as reported to the City of Minneapolis from 2018 to 2020, including 18 counts of failure to restore required utility, 14 counts of failure to repair or replace glass, and 14 counts of general plumbing or gas repair issues.<sup>36</sup>

**2018 investigation found a pattern of complaints from Progress Residential renters**

Progress Residential was the subject of a Hearst Television National Investigative Unit investigation which uncovered **“a pattern of complaints from renters and former employees about the company’s customer service, standards, billing practices, response times and internal culture. The concerns span markets, states and years.”**<sup>37</sup>

In addition, the unit’s investigation found attorneys general in eight of the nine states where Progress operated at the time — Arizona, Florida, Georgia, Indiana, Mississippi, North Carolina, Tennessee and Texas — had received complaints about the company.<sup>38</sup>

“I was just so fed up,” said Dave Mehan, a Progress Residential resident in Arizona. “I’ll never do business with them again... because they’re awful.”<sup>39</sup>

In Georgia, Progress Residential residents Laura and Gus Andersen complained to the company after a water heater pipe burst inside the rental home they had moved into just days before. Despite frequent and persistent requests to Progress Residential, the company did not immediately fix the damage and test for mold, the Andersens reported.<sup>40</sup>

In the interview, Andersen said she would “never again” rent from Progress Residential, which, she said, had “failed us.” “They literally and figuratively left us out to dry,” Andersen said.<sup>41</sup>





# “They literally and figuratively left us out to dry,”

– Laura Andersen, Progress Residential resident, Georgia

## Pretium Partners’ Growing Single Family Rental Empire

The 2008 recession and foreclosure crisis enabled private equity firms like Pretium Partners, the Blackstone Group, and Starwood Capital to create the institutional single-family rental industry. While companies like Pretium swept in at the ready, collecting thousands of cheap homes at once even as late as 2014, acquisitions later slowed due to rising prices. Homes were not up for auction in bulk anymore, and Wall Street investors became pickier when making acquisitions. With the distress caused to homeowners and renters from the COVID-19 pandemic, the dynamic is poised to shift, with an avalanche of evictions and foreclosures waiting to happen with no direct assistance to homeowners, renters, and small landlords.<sup>42</sup>

Pretium’s residential real estate business has \$9.3 billion in assets under management (companywide assets under management is \$18 billion, split between residential real estate, mortgage finance, and corporate debt).<sup>43</sup> Donald Mullen is once again ready to buy thousands of homes across the country.

Following the company’s January 2021 acquisition of Front Yard Residential, Pretium became the second-largest operator of single-family rental properties in the United States with a portfolio of more than 55,000 rental homes.<sup>44</sup>

Single-family rental companies have seen their occupancy increase during the COVID-19 pandemic – many renters in cities across the United States who maintained

- Atlanta, GA
- Baltimore, MD
- Birmingham, AL
- Charlotte, NC
- Chicago, IL
- Columbus, OH
- Dallas-Fort Worth, TX
- Fort Meyers, FL
- Greensboro, NC
- Houston, TX
- Indianapolis, IN
- Jacksonville, FL
- Kansas City, MO
- Louisville, KY
- Memphis, TN
- Miami, FL
- Nashville, TN
- Oklahoma City, OK
- Orlando, FL
- San Antonio, TX
- St. Louis, MO
- Tampa, FL
- Washington, D.C.





employment made their exit, opting for suburban detached homes with more space. Overall, the industry had an average of 95.3 percent occupancy rate by the third quarter of 2020, an increase from the first quarter of 2020. But the demand by both owner-occupied and single-family rental homes “has meant a shortage of units for sale to companies that want to rent them out.”<sup>47</sup>

### **Private equity firms and institutional investors back Pretium’s acquisitions and evictions**

Pretium Partners has drawn on investments from private equity firms, pension funds, insurance companies, and other institutional investors to support its growing portfolio of single-family rental properties, its aggressive evictions of residents during the COVID-19 pandemic, and its other practices that have drawn complaints.

In 2018, Pretium raised its most recent real estate fund, Pretium Residential Real Estate Fund II, drawing more than \$1 billion from a group of investors from around the world, including insurance companies, pension funds, and wealthy individuals.<sup>48</sup>

A few institutions stand out as key backers on Pretium’s acquisitions – private equity firms Ares Management and Landmark Partners, public pension funds Canadian Public Sector Pension and Tennessee Consolidated Retirement System, and fixed annuity company American Equity Investment Life Insurance.

Many have made or increased investments with Pretium even as the firm’s affiliates have filed to evict hundreds of residents despite the COVID-19 pandemic and the CDC Eviction Moratorium.

### **Ares Management partners with Pretium to acquire Front Yard Residential**

Private equity firm Ares Management invested in Pretium Partners’ January 2021 acquisition of Front Yard Residential, which owned almost 15,000 single-family rental properties throughout the United States, providing capital to support the buyout. Ares Management’s business includes credit, private equity, and real estate, which together total \$197 billion in assets under management (AUM).<sup>49</sup>

Front Yard Residential owns “affordable” rental homes in working class communities with concentrations of homes in Georgia, Florida, Texas, Tennessee.<sup>50</sup>

On January 11, 2021, Pretium Partners and Ares Management finalized their \$2.5 billion acquisition of Front Yard Residential. The bid to buy Front Yard Residential and its portfolio of nearly 15,000 homes was higher than an earlier offer for the company – the value of Front Yard Residential’s portfolio of homes increased significantly during the COVID-19 pandemic.<sup>51</sup>

Prior to the takeover, Front Yard Residential was a publicly traded company that had been seeking a buyer—only

months before, the company had a definitive agreement to be taken private by Amherst Holdings, another private equity owner of single-family rental properties.

The Amherst transaction was valued at \$2.3 billion.<sup>52</sup> The deal fell through amid concerns about the volatility of the SFR market as the COVID-19 pandemic ravaged the world and world. However, Front Yard Residential maintained high lease rates and rental income through 2020. By the second quarter of 2020, Front Yard's rental revenue of \$55.1 million was already 1.5 percent higher than the prior quarter, and 6.9 percent higher than the second quarter of 2019.<sup>53</sup>

Front Yard Residential affiliates have filed at least 400 eviction actions since Ares and Pretium Partners entered into a definitive agreement to acquire Front Yard Residential in October 2020 and 170 eviction actions since the deal closed on January 11, 2021.<sup>54</sup>

### **Landmark Partners leads \$1.5 billion investment in Pretium Partners' 2013 single-family rental fund**

In December 2019, Connecticut-based private equity firm Landmark Partners led the \$1.5 billion recapitalization of Pretium Partners' 2013 single-family rental fund, which owned 20,000 rental homes.<sup>55</sup>

Landmark Partners had around \$21 billion in assets under management at the time of the acquisition.<sup>56</sup>

Pretium Partners property management company Progress Residential continue to manage the homes.<sup>57</sup>

### **\$700 million Investment by Canadian Public Sector Pension support's Pretium's expansion**

In January 2021, the Canadian Public Sector Pension, announced a \$700 million joint venture with Pretium Partners to acquire rental homes across the southwestern and southeastern United States. The Canadian Public Sector Pension manages the pension plans of four public sector groups in Canada: the Canadian Forces, the Public Service, the Reserve Force, and the Royal Canadian Mounted Police.<sup>58</sup>



"We can think of no better partner to expand our presence in this increasingly attractive asset class and look forward to working with Pretium to deliver compelling results for our beneficiaries," Carole Gu erin, the Public Sector Pension's managing director of real estate said in the release.<sup>59</sup>

The Public Sector Pension joint venture with Pretium has drawn scrutiny in the Canadian media. In February, the Toronto Star ran a story headlined "Why a Canadian Crown corporation is banking on the downfall of the American Dream" that profiled the stories of Progress Residential residents.<sup>60</sup>

At the time the Public Sector Pension joint venture was announced, Progress Residential and Front Yard Residential had already filed more than 1,000 eviction actions during the COVID-19 pandemic as of March 2020. The companies have filed hundreds more eviction actions since.

### **American Equity Investment Life Insurance backs Pretium with up to \$2.25 billion**

In October 2020, just days after NBC News highlighted Pretium Partners filing to evict residents despite the CDC Eviction Moratorium, fixed annuity company American Equity Investment Life Insurance announced a \$1 billion strategic partnership with Pretium Partners that could expand to up to a \$2.25 billion investment.<sup>61</sup>

American Equity Investment Life Insurance had a \$56 billion investment portfolio at the time of the transaction.<sup>62</sup>



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