

Comment to Teacher Retirement System of Texas

February 15, 2024

Good morning. My name is Jordan Ash, and I am with the Private Equity Stakeholder Project. We are a non-profit watchdog organization that seeks to address the impacts of private equity on workers, communities, and the planet.

I'm here today because the Texas Teachers Retirement System is one of the largest investors in Blackstone Real Estate Partners X (ten), which is buying Tricon Residential, which operates single-family rental homes – also known as SFRs.

This acquisition will worsen the housing affordability crisis and harm tenants.

Blackstone, which is already the largest landlord in the U.S.,ⁱ announced last month that it planned to get even bigger by acquiring Tricon. This would make Blackstone the third-largest SFR owner in the US with 66,000 homes.

Tricon currently owns 6,000 single family rental homes in Texas, mostly in the Dallas, Houston, and San Antonio metro areas. Blackstone already owns 3,000 single family homes in these areas. So if the acquisition goes through, Blackstone will own 9,000 single family rental homes in Texas.ⁱⁱ

According to the National Association of Realtors, institutional investors like Blackstone bought more than 1 out of every 4 single family homes in Texas in 2020 – a higher rate than in any other state.ⁱⁱⁱ Corporate landlords' ability to make all cash offers, often within hours of a property coming on the market, has squeezed out many first-time homebuyers.

Blackstone has a poor track record as a landlord as evidenced by problems with its current ownership of the SFR company Home Partners of America and its previous ownership of the SFR company Invitation Homes.

In 2012, Blackstone founded Invitation Homes to acquire foreclosed homes and rent them out.

A 2018 Reuters [investigation](#) into Invitation Homes wrote that, “the picture that emerges isn’t as much one of exceptional service as it is one of leaky pipes, vermin, toxic mold, nonfunctioning appliances and months-long waits for repairs.” After moving in, one tenant reported noticing water leaking through the ceiling, then found a furry black mold spreading across the walls and raw sewage coming through the crawl space. She found black widow spiders in the kitchen. The tenant reported that Invitation Homes told her the spiders were a “housekeeping issue” and that she should “clean the place up.” According to the tenant, it took Invitation Homes two months before it fixed the pipes and seven months to patch up the walls.^{iv}

Blackstone sold off its stake in Invitation Homes in 2019, but in 2021, Blackstone purchased another SFR company, Home Partners of America (HPA), the largest **rent-to-own** landlord in the US.^v There have been numerous news stories about problems at HPA. The Financial Times reported about complaints from residents of maintenance problems and unclear billing practices and found that just one-fifth of HPA’s tenants end up buying their homes, and that tenants were paying rents that were about ten percent higher than market rents.^{vi}

In light of Blackstone’s poor track record as a landlord and its role in driving up housing prices, investors should tell Blackstone not to invest their money in this deal unless Blackstone agrees to a set of standards that would ensure basic protections for tenants and protect investors from potential headline and reputational risks arising from rent increases, evictions and other predatory practices.

Thank you.

ⁱ https://pestakeholder.org/wp-content/uploads/2023/03/PESP_Report_Blackstone_March2023_v4.pdf

ⁱⁱ <https://www.fastcompany.com/91020630/housing-market-blackstone-single-family-portfolio-tricon-purchase>

ⁱⁱⁱ <https://www.nar.realtor/research-and-statistics/research-reports/impact-of-institutional-buyers-on-home-sales-and-single-family-rentals>

PRIVATE EQUITY
STAKEHOLDER
PROJECT

^{iv} Michelle Conlin, “Spiders, sewage and a flurry of fees – the other side of renting a house from Wall Street,” Reuters, July 27, 2018, <https://www.reuters.com/investigates/special-report/usa-housing-invitation/>

^v Mark Vandavelde, “Blackstone’s new real estate play: the rent-to-buy market,” Financial Times, January 18, 2022, <https://www.ft.com/content/2267d715-6ff9-428e-959a-f0e379e581e9>

^{vi} Mark Vandavelde, “Blackstone’s new real estate play: the rent-to-buy market,” Financial Times, January 18, 2022, <https://www.ft.com/content/2267d715-6ff9-428e-959a-f0e379e581e9>