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January 28, 2022

The Honorable Elizabeth Warren  
United States Senate  
Washington, DC 20510

Dear Senator Warren:

The information in this letter addresses your letter dated January 12, 2022. Invitation Homes welcomes the opportunity to inform you and your office about our business practices. Please note that this letter contains sensitive commercial and financial information relating to Invitation Homes, and we request that this information be accorded confidential treatment.

We are proud of the work we do on behalf of the growing share of Americans who prefer the ease of renting over the burden of owning a home. The continued high demand for our product proves that the choice and flexibility we offer is attractive to many people. We offer quality single-family rental (SFR) homes to over 80,000 American families and individuals across the country. Each aspect of our operations — whether in our corporate headquarters or a field office located in one of our 16 markets — is driven by a resident-centered model. Our core values include striving to provide genuine care and excellent service to all our residents. Invitation Homes associates take our values seriously and work hard every day to honor the trust our residents have placed in us to provide safe and secure homes for them and their loved ones.

Invitation Homes is passionate about constantly improving the resident experience. Our efforts to upgrade our homes — reflected by the average \$39,000 we spend per home for upfront renovations — has resulted in previously less-desirable properties becoming high-quality homes to the benefit of not only our residents, but also their neighbors and the communities where these properties are located. Finally, it is important to add that Invitation Homes residents have expressed that our single-family residences enable them to live in neighborhoods they may not otherwise be able to afford, send their children to great schools, and live near amenities that they enjoy.

We will take this opportunity to address several assertions in your January 12 letter regarding our relationship with our residents and Invitation Homes' role in the housing market, and to respond to the specific questions listed in your letter. Please note that we have not yet completed our processes for Q4 and full-year 2021 results or finished compiling our outlook and guidance for 2022. In addition, the inadvertent disclosure of this extremely market sensitive information has the potential to cause market confusion, disruption, or other harm to us and our public investors, and so we have not provided such data here.



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**Share of Home Purchases.** Your letter raised certain issues about the impact Invitation Homes' business may have on first-time homebuyers. Invitation Homes' purchases represent a small percentage of the single-family housing market; therefore, we do not believe our business has a material impact on first-time homebuyers. For example, your January 12 letter refers to "investor activity pricing out first-time home buyers." For the record, most of our home purchases were listed on Multiple Listing Service (MLS) and available to all potential buyers. We purchased 937 single-family homes in 2018, with an average purchase-price of \$268,590; 2,152 homes in 2019, averaging \$271,522 per residence; and 2,251 homes in 2020, averaging \$275,660 per residence. Our purchases through the third quarter of 2021 amounted to 1,983 single-family residences at an average of \$373,995 per residence. Invitation Homes' cumulative purchases represent a tiny fraction of the estimated 6.1 million existing-home sales completed across the United States in 2021 alone.<sup>1</sup> There are a number of external influences on home prices; as your letter correctly notes, housing costs are increasing generally due to "[d]ecades of underinvestment, coupled with restrictive zoning and other practices that undermine construction." Given Invitation Homes' relatively small purchase activity, we do not believe that our purchases have a material impact on housing prices.

**Our Residents.** The typical Invitation Homes head of household is about 39 years old, with an average household income of more than \$120,000 per year. Invitation Homes provides these residents high-quality housing options in desirable neighborhoods that have excellent service and convenient amenities, such as Smart Home technology, pool maintenance, and optional landscaping service. Our attention to providing high-quality homes and professional service has garnered us an A+ rating with the Better Business Bureau and a combined Google and Yelp rating of over 4.0, which indicates the satisfaction of our residents with our product and our service.

**Market-Based Rent.** In total, Invitation Homes' approximately 80,000 properties represent an insignificant percentage of the total SFR market. Mom-and-pop landlords continue to operate the vast majority of single-family rental homes; as of the end of the third quarter of 2021, Invitation Homes owned approximately 0.5% of the estimated 16.5 million properties in the SFR market.

We acknowledge that rent has increased across the country due to a combination of factors (including the pandemic, inflation, and demographic changes); however, Invitation Homes' rent payments are not "skyrocketing" as you suggest. Our rents reflect — and in some cases are less than — the average rental payments for similar single-family homes in that market. According to a recently published report, the average rental rates increased in the SFR industry by 11% in October 2021 on a nationwide basis; this corresponds with a surge in demand for SFR.<sup>2</sup> Invitation Homes has remained the premiere single-family rental housing provider as we respond to demand.

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<sup>1</sup> See Nicole Friedman, *U.S. Existing Home Sales Reached a 15-Year High of 6.1 Million Last Year*, W.S.J. (Jan. 20, 2022).

<sup>2</sup> See Cameron Sperance, *Amid Pandemic, The Demand For Single-Family Rentals Soars*, Boston Globe (updated Jan. 16, 2022).



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Your letter also inquired about resident fees. Invitation Homes does not charge any resident for a fee or service that is not explicitly disclosed in the resident's lease. All revenue collected from fees is reported in Invitation Homes' public filings as a component of "Other Income." If limited to the total amount of late fees, maintenance fees (which includes pass-through costs incurred for the repair of resident-caused damage to the home), and any other fees assessed for lease infractions such as Homeowners' Association violations, Invitation Homes collected the following sums (in millions): \$41.90 in 2018; \$41.80 in 2019; \$29.67 in 2020; and \$28.66 through the third quarter of 2021. In aggregate, these fees represented between 2.4% (2018) to 1.6% (2020) of Invitation Homes' total revenue each year. The reduction of such fees in both 2020 and 2021 is a result, in part, of Invitation Homes' pandemic-driven fee waiver and resident forgiveness policies, detailed further below.

As to your request regarding "how much revenue" Invitation Homes "expect[s] to earn from these sources in 2022," Invitation Homes has not publicly disclosed 2022 data and, in any event, could not predict such a figure because the above-described fees are only collected in circumstances where residents' actions trigger contractual fees set forth in their lease agreements (i.e., upon a resident's violation of the terms of their lease).

Invitation Homes believes our residents' choices are the best evidence that our rental rates and resident policies are in-line with the SFR market. As of October 28, 2021, approximately 98% of our homes are occupied,<sup>3</sup> and roughly 70% of our residents renew their leases for one or more years after their initial lease. Even more significantly, every year around 25% of those residents who choose not to renew their leases are doing so because they have purchased their own home. Invitation Homes is proud to offer these residents the opportunity to live and raise their families in updated, desirable homes while also, should they choose to do so, accruing the resources they need to pursue homeownership.

**Publicly Traded Company.** We note that your letter is focused on "private equity" operators and other undefined "large investors." Your letter expressed concerns about "practices by Invitation Homes and other private equity and investment firms." To be clear, Invitation Homes is a publicly traded company and is not managed by a private equity firm. Invitation Homes went public nearly five years ago, and thousands of individual investors own Invitation Homes stock. The private equity firm Blackstone sold its remaining beneficial shares in 2019. Documents pertaining to the sale are publicly available and accessible.<sup>4</sup>

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<sup>3</sup> This percentage reflects Same Store Average Occupancy, which includes wholly owned homes that have been stabilized and seasoned, excluding homes that have been sold, homes that have been identified for sale to an owner occupant and have become vacant, homes that have been deemed inoperable or significantly impaired by casualty loss events or force majeure, homes acquired in portfolio transactions that are deemed not to have undergone renovations of sufficiently similar quality and characteristics as the existing Invitation Homes Same Store portfolio, and homes in markets that the Company has announced an intent to exit where the Company no longer operates a significant number of homes.

<sup>4</sup> See, e.g. Invitation Homes, Prospectus (424B5) (Nov. 21, 2019), available at [424B5 \(sec.gov\)](#). The sale was also widely reported by the media.



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The revenue data requested by your January 12 letter can be found in the company's public filings. To summarize: in 2018, Invitation Homes' revenue was \$1.723 billion, and net income was a reported loss of \$5.013 million; in 2019, our revenue was \$1.765 billion with a net income of \$147.111 million; and in 2020, our revenue was \$1.823 billion with a net income of \$197.449 million. Through September 30, 2021, our revenue was \$1.476 billion and net income was \$187.905 million.

**Hardship Assistance.** You assert in your letter that “[t]enants of corporate landlords were more likely to face eviction this past year,” and subsequently emphasize Invitation Homes’ “significant earnings,” which could be read as implying that these two statements are connected. This is simply not the case. In the extremely limited instances where Invitation Homes has set out a resident for non-payment of rent during the pandemic, that eviction was permitted by law (in fact, ordered by a court of law) and only completed after Invitation Homes had exhausted all other options both prior to filing and during the eviction proceedings.<sup>5</sup> In addition, Invitation Homes took immediate and drastic steps to assist our residents from the very outset of the pandemic, and we proudly continue those efforts today, well after the expiration of the Centers for Disease Control (CDC) moratorium.

Early in the pandemic, we amended our written communications about outstanding rent balances to include language that acknowledged that any resident that made an incomplete or non-payment of rent could be facing hardships, informed them that financial assistance could be available, and directed them to our online COVID-19 resources page for an extensive list of financial assistance programs. These written communications are just one part of our much larger effort — by a variety of outreach methods including phone, email, and mail — to connect with residents who have an outstanding balance so that we could understand their circumstances and help them find rental assistance and establish a payment plan appropriate to their situation. In those rare circumstances where we have initiated eviction proceedings due to a resident's non-payment of rent, we did so after making dozens of unsuccessful attempts to connect with the resident to discuss potential avenues of rent assistance and payment plans. We have often found that previously non-responsive residents will agree to work with us after legal action is initiated, and we will continue our efforts to help residents obtain rental assistance throughout the eviction process so that they remain in their homes.

As a result of Invitation Homes' policies and the dedication of our hardworking associates, we have helped our residents receive more than \$40 million of rental assistance, and forgiven balances for nearly 700 households totaling more than \$7 million between March 2020 and November 30, 2021. Our commitment of genuine care to our residents is reflected by the over 27,000 residents we have worked with since July 31, 2020, to resolve their outstanding balances and keep them in their homes.

With regard to the “completed evictions” data requested by your January 12 letter, local outside counsel is responsible for tracking eviction proceeding data. Invitation Homes' most recent analysis of

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<sup>5</sup> Out of respect for our residents and their communities, Invitation Homes also initiated eviction proceedings in response to credible reports of criminal activity on-premises or where the resident was endangering the health and safety of those around them. As you know, the Centers for Disease Control's (CDC) moratorium explicitly recognized the necessity for exemptions in these circumstances when it was in place.



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this data was of our top 20 zip codes, which contain over half of our properties and represent the geographic markets of Atlanta, the Carolinas, Denver, Phoenix, Seattle, South Florida, and Tampa. The granularity of the data for each geographic market varies based on the local counsel's recordkeeping practices, and eviction totals may include evictions for failure to pay rent, as well as evictions of unauthorized tenants (e.g., squatters) and criminal activity. The cumulative eviction proceedings completed from 2018 through the third quarter of 2021 in the markets of Atlanta, Denver, Seattle, and Tampa were, respectively: 127 evictions in 2018; 138 evictions in 2019; 26 evictions in 2020, and 9 evictions through the third quarter of 2021. Local counsel in the Phoenix, the Carolinas, and the South Florida markets did not historically track the metric of "completed evictions." However, we are aware that across all markets comprising Invitation Homes' top 20 zip codes (i.e., Atlanta, the Carolinas, Denver, Phoenix, Seattle, South Florida, and Tampa), Invitation Homes completed 36 evictions for failure to pay rent between March 2020 and September 30, 2021. Invitation Homes does not currently have data compiled regarding evictions filed in Q4 of 2021, and would be considered "in progress" evictions.

**Good Neighbors.** Invitation Homes is invested in the communities in which we operate. We hire staff that live in the community, and we employ over 1,240 full-time associates across the country. In addition, to better serve our residents and their communities, Invitation Homes proactively partners with local businesses for the maintenance of our homes. In 2021 alone, Invitation Homes partnered with approximately 1,800 businesses and paid local vendors more than \$430 million to upgrade and maintain our homes. We also invest in our communities through corporate giving and volunteerism, including work with organizations such as food banks, pet shelters, and schools in each of the 16 markets where we operate. Invitation Homes associates are encouraged to be active in their communities through our policy of providing 20 hours of paid volunteer time per year. Last year, Invitation Homes associates performed more than 13,000 hours of community service.

We also recently partnered with SkillsUSA to launch our *Step Up, Stand Out* program, which encourages local students to pursue high-demand and well-paid jobs in the skilled trades, and provides job-readiness training to help close the skills gap and broaden access to career opportunities. Currently, the *Step Up, Stand Out* program is active in Tampa, Florida, and Charlotte, North Carolina, with plans to expand across all 16 markets by 2023-24.

In 2021, we also launched our *Green Spaces* initiative, which is dedicated to the development and improvement of outdoor community spaces in our markets. One early result of this initiative is Invitation Homes' three-year partnership to maintain, enhance, and expand the Hawes Trail System throughout Arizona. We plan to pursue more partnerships such as this one to continue our investment in the communities where we operate and expand our conservation efforts.

Finally, it is worth noting that in 2020, Invitation Homes paid approximately \$306 million in state and local taxes — money that those communities can invest in local schools, roads, and social services.

Invitation Homes provides an attainable alternative to homeownership for Americans who either want or need a single-family rental home. We actively engaged our residents early in the pandemic to



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provide them with necessary resources and guided our residents through rental assistance delays. At Invitation Homes, we care about the residents who chose to become part of our SFR communities. Because we own only a marginal percentage of the single-family housing market, we believe that our business practices are not a driving factor in increased home prices for first-time home buyers. Our goal is to continue to provide safe and enjoyable living conditions for our residents and positive initiatives in the communities in which we operate.

We hope that this information is helpful to you and your office as you continue to seek to better understand investor activity in the single-family housing market. Invitation Homes appreciates your interest in ensuring our residents continue to receive an exemplary level of service.

Sincerely,

Mark Solls

Executive Vice-President & Chief Legal Officer

Cc:

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