

ELIZABETH WARREN  
MASSACHUSETTS

COMMITTEES:  
BANKING, HOUSING, AND URBAN AFFAIRS  
HEALTH, EDUCATION, LABOR, AND PENSIONS  
ARMED SERVICES  
SPECIAL COMMITTEE ON AGING

## United States Senate

UNITED STATES SENATE  
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SPRINGFIELD, MA 01103  
P: 413-788-2690

[www.warren.senate.gov](http://www.warren.senate.gov)

May 28, 2019

Leon Black  
Chairman and Chief Executive Officer  
Apollo Global Management, LLC  
9 West 57<sup>th</sup> Street, 43<sup>rd</sup> Floor  
New York, NY 10019

Dear Mr. Black:

I write today regarding Apollo Global Management's (Apollo) investments in manufactured housing communities (MHCs), and to request information about how Apollo manages the MHCs it owns.

Manufactured homes, sometimes referred to as "mobile homes," are factory-built structures that are transported and anchored on a plot of land.<sup>1</sup> Individuals who purchase manufactured homes can place those homes on plots of land they already own, or they can place their homes on rented land. Nearly 3 million manufactured homes in the United States are located in "land-leased communities," or MHCs, in which MHC owners rent out the land where individuals place their manufactured homes.<sup>2</sup>

Manufactured homes provide a critical avenue to affordable home ownership for millions of Americans. Compared to "new or existing site-built housing," manufactured housing "is 35 to 47 percent cheaper per square foot."<sup>3</sup> Manufactured home purchasers typically spend no more than \$200,000 on housing, and sometimes can find homes for less than \$10,000—a price "substantially lower than typical housing."<sup>4</sup> These low prices make manufactured homes

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<sup>1</sup> U.S. Department of Housing and Urban Development, "Manufactured Housing and Standards—Frequently Asked Questions," [https://www.hud.gov/program\\_offices/housing/rmra/mhs/faqs](https://www.hud.gov/program_offices/housing/rmra/mhs/faqs).

<sup>2</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, "Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back," February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

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attractive purchases for low-income and rural Americans.<sup>5</sup> Around 22 million Americans live in manufactured homes.<sup>6</sup>

Twenty years ago, small, local, “mom and pop” businesses were the primary owners of MHCs.<sup>7</sup> In recent decades, however, ownership patterns have shifted. Today, “there is a growing trend among some of the largest private equity firms and institutional investors to acquire assets in the manufactured housing sector.”<sup>8</sup> The largest 50 MHC owners own a cumulative 680,000 home sites, which represents a “26% increase between 2016 and 2018.”<sup>9</sup>

Investment companies are attracted to MHCs, in large part, because MHCs are “stable source[s] of revenue, including during economic downturns.”<sup>10</sup> This stability stems from residents’ lack of economic mobility. Manufactured homes can be difficult to resell, and the low-income homeowners who reside in manufactured homes often do not have access to more affordable housing options.<sup>11</sup> As a result, investment firms can expect a consistent revenue from the manufactured home owners renting land in MHCs.

MHC residents’ lack of economic mobility also makes them vulnerable to exploitation—and investment firms often engage in predatory management practices that boost profits at the expense of manufactured home owners. Investment firms exploit residents’ “limited mobility” by “dramatically increase[ing] rents to quickly increase profits.”<sup>12</sup> According to a recent report in the Des Moines Register, residents in two Iowa communities learned that their lot rents would increase 69% and 58% after a private firm purchased their MHC.<sup>13</sup> Though investment firms claim to use rent increases to pay for maintenance and community improvements, residents report drastically different experiences. According to one California MHC resident, her community’s private equity owner

[C]laims that they’ve spent over \$100,000 on capital improvements in our community, and justifies rent increases because of that. But we don’t see what

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<sup>5</sup> Id.

<sup>6</sup> Manufactured Housing Institute, “2018 Manufactured Housing Facts: Industry Overview,” June 2018, <https://www.manufacturedhousing.org/wp-content/uploads/2018/06/2018-MHI-Quick-Facts-updated-6-2018.pdf>.

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improvements they've made... What we do see is that they've promised their investors a return of 7-8%. The same amount our rents went up.<sup>14</sup>

Unable to afford moving, and unable to sell their manufactured homes, some residents report that they are forced to choose between “paying for increase[ed] housing costs and other basic necessities, like food and medicine, or abandoning their homes.”<sup>15</sup>

According to publicly available information, Apollo is a large investor in the manufactured home community market and owns Inspire Communities, which includes over 13,000 manufactured home sites.<sup>16</sup> To help me better understand the management practices that your company engages in, and the impact of those practices on the MHCs it owns, please provide answers to the following questions no later than June 18, 2019:

1. How many manufactured home communities does Apollo own? For each community, please provide the following information:
  - a. The number of mobile home sites;
  - b. The number of occupied mobile home sites;
  - c. The total number of community residents; and
  - d. The average and median income of the community residents.
2. According to recent reports, investment firms that purchase MHCs often drastically raise community rents as a means of making quick profits. For each MHC owned by Apollo, please provide the following information:
  - a. What was the average lot rent for residents in the last full calendar year the day before Apollo purchased the community?
  - b. What is the average lot rent for residents today?
  - c. How many times has Apollo raised rents in the community?
    - i. What was the rationale for those rent increases?
  - d. How many residents have been evicted since Apollo took over the community?

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<sup>15</sup> Id.

<sup>16</sup> Id..

- e. How many manufactured homes have been abandoned since Apollo took over the community?
3. What additional fees, if any, does Apollo charge residents at each of the MHC communities it owns?
- a. What is the sum total of rent collected by Apollo for each of the last five years (or, for the years since Apollo gained control of the MHC community, if the number is less than five)?
  - b. What is the sum total of all other fees collected by Apollo for each of the last five years (or, for the years since Apollo gained control of the MHC community, if the number is less than five). Please provide a summary of each of the largest types of fees collected.
4. What restrictions does Apollo place on the behavior and activities of residents living in its communities? For each MHC Apollo owns, please provide copies of the terms residents must agree to comply with as a condition for living in the community.
5. For each MHC owned by Apollo, please provide a list of profits reported to shareholders, investors, or limited partners for each year Apollo owned the community.

Sincerely,



Elizabeth Warren  
United States Senator



ELIZABETH WARREN  
MASSACHUSETTS

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May 28, 2019

Stephen A. Schwarzman  
Chairman, CEO & Co-Founder  
Blackstone  
345 Park Avenue  
New York, NY 10154

Dear Mr. Schwarzman:

I write today regarding Blackstone's investments in manufactured housing communities (MHCs), and to request information about how Blackstone manages the MHCs it owns.

Manufactured homes, sometimes referred to as "mobile homes," are factory-built structures that are transported and anchored on a plot of land.<sup>1</sup> Individuals who purchase manufactured homes can place those homes on plots of land they already own, or they can place their homes on rented land. Nearly 3 million manufactured homes in the United States are located in "land-leased communities," or MHCs, in which MHC owners rent out the land where individuals place their manufactured homes.<sup>2</sup>

Manufactured homes provide a critical avenue to affordable home ownership for millions of Americans. Compared to "new or existing site-built housing," manufactured housing "is 35 to 47 percent cheaper per square foot."<sup>3</sup> Manufactured home purchasers typically spend no more than \$200,000 on housing, and sometimes can find homes for less than \$10,000—a price "substantially lower than typical housing."<sup>4</sup> These low prices make manufactured homes

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attractive purchases for low-income and rural Americans.<sup>5</sup> Around 22 million Americans live in manufactured homes.<sup>6</sup>

Twenty years ago, small, local, “mom and pop” businesses were the primary owners of MHCs.<sup>7</sup> In recent decades, however, ownership patterns have shifted. Today, “there is a growing trend among some of the largest private equity firms and institutional investors to acquire assets in the manufactured housing sector.”<sup>8</sup> The largest 50 MHC owners own a cumulative 680,000 home sites, which represents a “26% increase between 2016 and 2018.”<sup>9</sup>

Investment companies are attracted to MHCs, in large part, because MHCs are “stable source[s] of revenue, including during economic downturns.”<sup>10</sup> This stability stems from residents’ lack of economic mobility. Manufactured homes can be difficult to resell, and the low-income homeowners who reside in manufactured homes often do not have access to more affordable housing options.<sup>11</sup> As a result, investment firms can expect a consistent revenue from the manufactured home owners renting land in MHCs.

MHC residents’ lack of economic mobility also makes them vulnerable to exploitation—and investment firms often engage in predatory management practices that boost profits at the expense of manufactured home owners. Investment firms exploit residents’ “limited mobility” by “dramatically increase[ing] rents to quickly increase profits.”<sup>12</sup> According to a recent report in the Des Moines Register, residents in two Iowa communities learned that their lot rents would increase 69% and 58% after a private firm purchased their MHC.<sup>13</sup> Though investment firms claim to use rent increases to pay for maintenance and community improvements, residents report drastically different experiences. According to one California MHC resident, her community’s private equity owner

[C]laims that they’ve spent over \$100,000 on capital improvements in our community, and justifies rent increases because of that. But we don’t see what

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improvements they've made... What we do see is that they've promised their investors a return of 7-8%. The same amount our rents went up.<sup>14</sup>

Unable to afford moving, and unable to sell their manufactured homes, some residents report that they are forced to choose between “paying for increase[ed] housing costs and other basic necessities, like food and medicine, or abandoning their homes.”<sup>15</sup>

According to publicly available information, Blackstone is a large investor in the manufactured home community market and owns at least 4,000 manufactured home sites.<sup>16</sup> To help me better understand the management practices that your company engages in, and the impact of those practices on the MHCs it owns, please provide answers to the following questions no later than June 18, 2019:

1. How many manufactured home communities does Blackstone own? For each community, please provide the following information:
  - a. The number of mobile home sites;
  - b. The number of occupied mobile home sites;
  - c. The total number of community residents; and
  - d. The average and median income of the community residents.
2. According to recent reports, investment firms that purchase MHCs often drastically raise community rents as a means of making quick profits. For each MHC owned by Blackstone, please provide the following information:
  - a. What was the average lot rent for residents in the last full calendar year the day before Blackstone purchased the community?
  - b. What is the average lot rent for residents today?
  - c. How many times has Blackstone raised rents in the community?
    - i. What was the rationale for those rent increases?
  - d. How many residents have been evicted since Blackstone took over the community?

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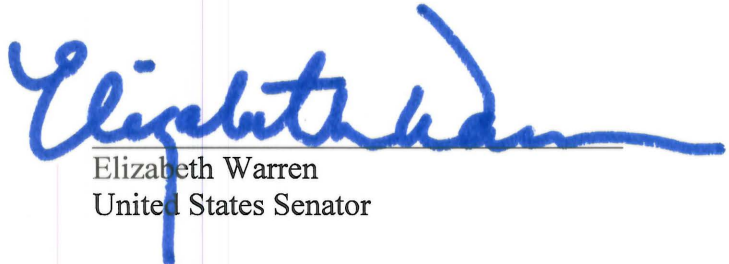
<sup>15</sup> Id.

<sup>16</sup> Id.



- e. How many manufactured homes have been abandoned since Blackstone took over the community?
3. What additional fees, if any, does Blackstone charge residents at each of the MHC communities it owns?
- a. What is the sum total of rent collected by Blackstone for each of the last five years (or, for the years since Blackstone gained control of the MHC community, if the number is less than five)?
  - b. What is the sum total of all other fees collected by Blackstone for each of the last five years (or, for the years since Blackstone gained control of the MHC community, if the number is less than five). Please provide a summary of each of the largest types of fees collected.
4. What restrictions does Blackstone place on the behavior and activities of residents living in its communities? For each MHC Blackstone owns, please provide copies of the terms residents must agree to comply with as a condition for living in the community.
5. For each MHC owned by Blackstone, please provide a list of profits reported to shareholders, investors, or limited partners for each year Blackstone owned the community.

Sincerely,



Elizabeth Warren  
United States Senator

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## United States Senate

May 28, 2019

Bruce Flatt  
Chief Executive Officer  
Brookfield Asset Management  
Brookfield Place  
250 Vesey Street, 15<sup>th</sup> Floor  
New York, NY 10281

Dear Mr. Flatt:

I write today regarding Brookfield Asset Management's investments in manufactured housing communities (MHCs), and to request information about how Brookfield Asset Management manages the MHCs it owns.

Manufactured homes, sometimes referred to as "mobile homes," are factory-built structures that are transported and anchored on a plot of land.<sup>1</sup> Individuals who purchase manufactured homes can place those homes on plots of land they already own, or they can place their homes on rented land. Nearly 3 million manufactured homes in the United States are located in "land-leased communities," or MHCs, in which MHC owners rent out the land where individuals place their manufactured homes.<sup>2</sup>

Manufactured homes provide a critical avenue to affordable home ownership for millions of Americans. Compared to "new or existing site-built housing," manufactured housing "is 35 to 47 percent cheaper per square foot."<sup>3</sup> Manufactured home purchasers typically spend no more than \$200,000 on housing, and sometimes can find homes for less than \$10,000—a price "substantially lower than typical housing."<sup>4</sup> These low prices make manufactured homes

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attractive purchases for low-income and rural Americans.<sup>5</sup> Around 22 million Americans live in manufactured homes.<sup>6</sup>

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Investment companies are attracted to MHCs, in large part, because MHCs are “stable source[s] of revenue, including during economic downturns.”<sup>10</sup> This stability stems from residents’ lack of economic mobility. Manufactured homes can be difficult to resell, and the low-income homeowners who reside in manufactured homes often do not have access to more affordable housing options.<sup>11</sup> As a result, investment firms can expect a consistent revenue from the manufactured home owners renting land in MHCs.

MHC residents’ lack of economic mobility also makes them vulnerable to exploitation—and investment firms often engage in predatory management practices that boost profits at the expense of manufactured home owners. Investment firms exploit residents’ “limited mobility” by “dramatically increase[ing] rents to quickly increase profits.”<sup>12</sup> According to a recent report in the Des Moines Register, residents in two Iowa communities learned that their lot rents would increase 69% and 58% after a private firm purchased their MHC.<sup>13</sup> Though investment firms claim to use rent increases to pay for maintenance and community improvements, residents report drastically different experiences. According to one California MHC resident, her community’s private equity owner

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improvements they've made...What we do see is that they've promised their investors a return of 7-8%. The same amount our rents went up.<sup>14</sup>

Unable to afford moving, and unable to sell their manufactured homes, some residents report that they are forced to choose between “paying for increase[ed] housing costs and other basic necessities, like food and medicine, or abandoning their homes.”<sup>15</sup>

According to publicly available information, Brookfield Asset Management is a large investor in the manufactured home community market and is an “85% capital partner” in a number of communities run by RHP Properties, a company that manages over 33,000 manufactured home sites.<sup>16</sup> To help me better understand the management practices that your company engages in, and the impact of those practices on the MHCs it owns, please provide answers to the following questions no later than June 18, 2019:

1. How many manufactured home communities does Brookfield Asset Management own? For each community, please provide the following information:
  - a. The number of mobile home sites;
  - b. The number of occupied mobile home sites;
  - c. The total number of community residents; and
  - d. The average and median income of the community residents.
2. According to recent reports, investment firms that purchase MHCs often drastically raise community rents as a means of making quick profits. For each MHC owned by Brookfield Asset Management, please provide the following information:
  - a. What was the average lot rent for residents in the last full calendar year the day before Brookfield Asset Management purchased the community?
  - b. What is the average lot rent for residents today?
  - c. How many times has Brookfield Asset Management raised rents in the community?
    - i. What was the rationale for those rent increases?

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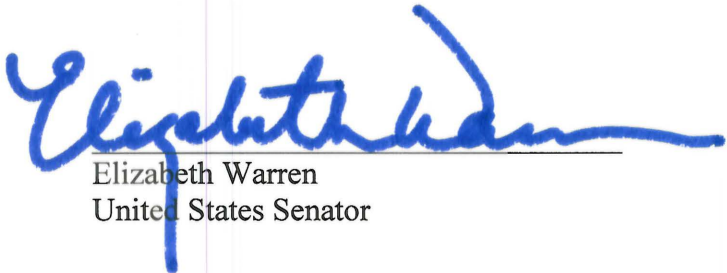
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<sup>15</sup> Id.

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- d. How many residents have been evicted since Brookfield Asset Management took over the community?
  - e. How many manufactured homes have been abandoned since Brookfield Asset Management took over the community?
3. What additional fees, if any, does Brookfield Asset Management charge residents at each of the MHC communities it owns?
- a. What is the sum total of rent collected by Brookfield Asset Management for each of the last five years (or, for the years since Brookfield Asset Management gained control of the MHC community, if the number is less than five)?
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5. For each MHC owned by Brookfield Asset Management, please provide a list of profits reported to shareholders, investors, or limited partners for each year Brookfield Asset Management owned the community.

Sincerely,



Elizabeth Warren  
United States Senator

May 28, 2019

Thomas A. Carr  
Managing Partner  
Federal Capital Partners  
445 Willard Avenue, Suite 900  
Chevy Chase, MD 20815

Dear Mr. Carr:

I write today regarding Federal Capital Partners' investments in manufactured housing communities (MHCs), and to request information about how Federal Capital Partners manages the MHCs it owns.

Manufactured homes, sometimes referred to as "mobile homes," are factory-built structures that are transported and anchored on a plot of land.<sup>1</sup> Individuals who purchase manufactured homes can place those homes on plots of land they already own, or they can place their homes on rented land. Nearly 3 million manufactured homes in the United States are located in "land-leased communities," or MHCs, in which MHC owners rent out the land where individuals place their manufactured homes.<sup>2</sup>

Manufactured homes provide a critical avenue to affordable home ownership for millions of Americans. Compared to "new or existing site-built housing," manufactured housing "is 35 to 47 percent cheaper per square foot."<sup>3</sup> Manufactured home purchasers typically spend no more than \$200,000 on housing, and sometimes can find homes for less than \$10,000—a price "substantially lower than typical housing."<sup>4</sup> These low prices make manufactured homes

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<sup>1</sup> U.S. Department of Housing and Urban Development, "Manufactured Housing and Standards—Frequently Asked Questions," [https://www.hud.gov/program\\_offices/housing/rmra/mhs/faqs](https://www.hud.gov/program_offices/housing/rmra/mhs/faqs).

<sup>2</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, "Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back," February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

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attractive purchases for low-income and rural Americans.<sup>5</sup> Around 22 million Americans live in manufactured homes.<sup>6</sup>

Twenty years ago, small, local, “mom and pop” businesses were the primary owners of MHCs.<sup>7</sup> In recent decades, however, ownership patterns have shifted. Today, “there is a growing trend among some of the largest private equity firms and institutional investors to acquire assets in the manufactured housing sector.”<sup>8</sup> The largest 50 MHC owners own a cumulative 680,000 home sites, which represents a “26% increase between 2016 and 2018.”<sup>9</sup>

Investment companies are attracted to MHCs, in large part, because MHCs are “stable source[s] of revenue, including during economic downturns.”<sup>10</sup> This stability stems from residents’ lack of economic mobility. Manufactured homes can be difficult to resell, and the low-income homeowners who reside in manufactured homes often do not have access to more affordable housing options.<sup>11</sup> As a result, investment firms can expect a consistent revenue from the manufactured home owners renting land in MHCs.

MHC residents’ lack of economic mobility also makes them vulnerable to exploitation—and investment firms often engage in predatory management practices that boost profits at the expense of manufactured home owners. Investment firms exploit residents’ “limited mobility” by “dramatically increase[ing] rents to quickly increase profits.”<sup>12</sup> According to a recent report in the Des Moines Register, residents in two Iowa communities learned that their lot rents would increase 69% and 58% after a private firm purchased their MHC.<sup>13</sup> Though investment firms claim to use rent increases to pay for maintenance and community improvements, residents report drastically different experiences. According to one California MHC resident, her community’s private equity owner

[C]laims that they’ve spent over \$100,000 on capital improvements in our community, and justifies rent increases because of that. But we don’t see what

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<sup>5</sup> Id.

<sup>6</sup> Manufactured Housing Institute, “2018 Manufactured Housing Facts: Industry Overview,” June 2018, <https://www.manufacturedhousing.org/wp-content/uploads/2018/06/2018-MHI-Quick-Facts-updated-6-2018.pdf>.

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<sup>9</sup> Id.

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improvements they've made... What we do see is that they've promised their investors a return of 7-8%. The same amount our rents went up.<sup>14</sup>

Unable to afford moving, and unable to sell their manufactured homes, some residents report that they are forced to choose between “paying for increas[ed] housing costs and other basic necessities, like food and medicine, or abandoning their homes.”<sup>15</sup>

According to publicly available information, Federal Capital Partners is a large investor in the manufactured home community market and owns Horizon Land Company alongside an institutional investor, which includes over 9,000 manufactured home sites.<sup>16</sup> To help me better understand the management practices that your company engages in, and the impact of those practices on the MHCs it owns, please provide answers to the following questions no later than June 18, 2019:

1. How many manufactured home communities does Federal Capital Partners own? For each community, please provide the following information:
  - a. The number of mobile home sites;
  - b. The number of occupied mobile home sites;
  - c. The total number of community residents; and
  - d. The average and median income of the community residents.
2. According to recent reports, investment firms that purchase MHCs often drastically raise community rents as a means of making quick profits. For each MHC owned by Federal Capital Partners, please provide the following information:
  - a. What was the average lot rent for residents in the last full calendar year the day before Federal Capital Partners purchased the community?
  - b. What is the average lot rent for residents today?
  - c. How many times has Federal Capital Partners raised rents in the community?
    - i. What was the rationale for those rent increases?

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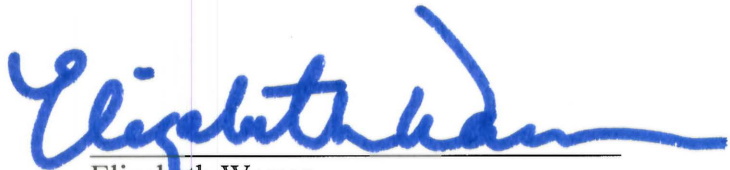
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<sup>15</sup> Id.

<sup>16</sup> Id.; Pensions & Investments, “Texas Employees earmarks \$130 million for real estate, private equity,” Christine Williamson, June 7, 2018, <https://www.pionline.com/article/20180607/ONLINE/180609905/texas-employees-earmarks-130-million-for-real-estate-private-equity>.

- d. How many residents have been evicted since Federal Capital Partners took over the community?
  - e. How many manufactured homes have been abandoned since Federal Capital Partners took over the community?
3. What additional fees, if any, does Federal Capital Partners charge residents at each of the MHC communities it owns?
- a. What is the sum total of rent collected by Federal Capital Partners for each of the last five years (or, for the years since Federal Capital Partners gained control of the MHC community, if the number is less than five)?
  - b. What is the sum total of all other fees collected by Federal Capital Partners for each of the last five years (or, for the years since Federal Capital Partners gained control of the MHC community, if the number is less than five). Please provide a summary of each of the largest types of fees collected.
4. What restrictions does Federal Capital Partners place on the behavior and activities of residents living in its communities? For each MHC Federal Capital Partners owns, please provide copies of the terms residents must agree to comply with as a condition for living in the community.
5. For each MHC owned by Federal Capital Partners, please provide a list of profits reported to shareholders, investors, or limited partners for each year Federal Capital Partners owned the community.

Sincerely,



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Elizabeth Warren  
United States Senator



**Congress of the United States**  
Washington, DC 20510

May 28, 2019

J. Anthony Antonelli  
Managing Partner  
Havenpark Capital  
51 W Center St., Suite 600  
Orem, Utah 84057

Robbie Pratt  
Managing Partner  
Havenpark Capital  
51 W Center St., Suite 600  
Orem, Utah 84057

Dear Mr. Antonelli and Mr. Pratt:

We write today regarding Havenpark Capital's investments in manufactured housing communities (MHCs), and to request information about how Havenpark Capital manages the MHCs it owns.

Manufactured homes, sometimes referred to as "mobile homes," are factory-built structures that are transported and anchored on a plot of land.<sup>1</sup> Individuals who purchase manufactured homes can place those homes on plots of land they already own, or they can place their homes on rented land. Nearly 3 million manufactured homes in the United States are located in "land-leased communities," or MHCs, in which MHC owners rent out the land where individuals place their manufactured homes.<sup>2</sup>

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“substantially lower than typical housing.”<sup>4</sup> These low prices make manufactured homes attractive purchases for low-income and rural Americans.<sup>5</sup> Around 22 million Americans live in manufactured homes.<sup>6</sup>

Twenty years ago, small, local, “mom and pop” businesses were the primary owners of MHCs.<sup>7</sup> In recent decades, however, ownership patterns have shifted. Today, “there is a growing trend among some of the largest private equity firms and institutional investors to acquire assets in the manufactured housing sector.”<sup>8</sup> The largest 50 MHC owners own a cumulative 680,000 home sites, which represents a “26% increase between 2016 and 2018.”<sup>9</sup>

Investment companies are attracted to MHCs, in large part, because MHCs are “stable source[s] of revenue, including during economic downturns.”<sup>10</sup> This stability stems from residents’ lack of economic mobility. Manufactured homes can be difficult to resell, and the low-income homeowners who reside in manufactured homes often do not have access to more affordable housing options.<sup>11</sup> As a result, investment firms can expect a consistent revenue from the manufactured home owners renting land in MHCs.

MHC residents’ lack of economic mobility also makes them vulnerable to exploitation—and investment firms often engage in predatory management practices that boost profits at the expense of manufactured home owners. Investment firms exploit residents’ “limited mobility” by “dramatically increase[ing] rents to quickly increase profits.”<sup>12</sup> According to a recent report in the Des Moines Register, residents in two Iowa communities learned that their lot rents would increase 69% and 58% after a private firm purchased their MHC.<sup>13</sup> Though investment firms claim to use rent increases to pay for maintenance and community improvements, residents report drastically different experiences. According to one California MHC resident, her community’s private equity owner

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[C]laims that they've spent over \$100,000 on capital improvements in our community, and justifies rent increases because of that. But we don't see what improvements they've made...What we do see is that they've promised their investors a return of 7-8%. The same amount our rents went up.<sup>14</sup>

Unable to afford moving, and unable to sell their manufactured homes, some residents report that they are forced to choose between "paying for increase[ed] housing costs and other basic necessities, like food and medicine, or abandoning their homes."<sup>15</sup>

Havenpark Capital is an active investor in the manufactured home community market and owns over 25 mobile home communities.<sup>16</sup> Havenpark Capital has reportedly "racked up complaints related to its business practices with consumer protection officials and housing advocates in several states," including Ohio, Iowa, Michigan, and Indiana.<sup>17</sup> To help us better understand the management practices that your company engages in, and the impact of those practices on the MHCs it owns, please provide answers to the following questions no later than June 18, 2019:

1. How many manufactured home communities does Havenpark Capital own? For each community, please provide the following information:
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  - b. What is the average lot rent for residents today?
  - c. How many times has Havenpark Capital raised rents in the community?

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- i. What was the rationale for those rent increases?
- d. How many residents have been evicted since Havenpark Capital took over the community?
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Sincerely,

  
Elizabeth Warren  
United States Senator

  
Dave Loebsack  
Member of Congress



# Congress of the United States

Washington, DC 20510

May 28, 2019

Terry Fancher  
Executive Managing Director  
Stockbridge  
4 Embarcadero Center, Suite 3300  
San Francisco, CA 94111

Sol Raso  
Executive Managing Director  
Stockbridge  
300 North LaSalle Street, Suite 5450  
Chicago, IL 60654

Dear Mr. Fancher and Mr. Raso:

We write today regarding Stockbridge's investments in manufactured housing communities (MHCs), and to request information about how Stockbridge manages the MHCs it owns.

Manufactured homes, sometimes referred to as "mobile homes," are factory-built structures that are transported and anchored on a plot of land.<sup>1</sup> Individuals who purchase manufactured homes can place those homes on plots of land they already own, or they can place their homes on rented land. Nearly 3 million manufactured homes in the United States are located in "land-leased communities," or MHCs, in which MHC owners rent out the land where individuals place their manufactured homes.<sup>2</sup>

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MHC residents’ lack of economic mobility also makes them vulnerable to exploitation—and investment firms often engage in predatory management practices that boost profits at the expense of manufactured home owners. Investment firms exploit residents’ “limited mobility” by “dramatically increase[ing] rents to quickly increase profits.”<sup>12</sup> According to a recent report in the Des Moines Register, residents in two Iowa communities learned that their lot rents would increase 69% and 58% after a private firm purchased their MHC.<sup>13</sup> Though investment firms claim to use rent increases to pay for maintenance and community improvements, residents report drastically different experiences. According to one California MHC resident, her community’s private equity owner

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Unable to afford moving, and unable to sell their manufactured homes, some residents report that they are forced to choose between "paying for increase[ed] housing costs and other basic necessities, like food and medicine, or abandoning their homes."<sup>15</sup>

According to publicly available information, Stockbridge is a large investor in the manufactured home community market and owns Yes! Communities, which includes over 54,000 manufactured home sites.<sup>16</sup> According to recent reporting, Stockbridge "sold 71 percent of Yes[!] Communities to a fund" with institutional investors, but "continues to manage the mobile-home park operator."<sup>17</sup> To help us better understand the management practices that your company engages in, and the impact of those practices on the MHCs it owns, please provide answers to the following questions no later than June 18, 2019:

1. How many manufactured home communities does Stockbridge own? For each community, please provide the following information:
  - a. The number of mobile home sites;
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2. According to recent reports, investment firms that purchase MHCs often drastically raise community rents as a means of making quick profits. For each MHC owned by Stockbridge, please provide the following information:
  - a. What was the average lot rent for residents in the last full calendar year the day before Stockbridge purchased the community?
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<sup>15</sup> Id.

<sup>16</sup> Id., Stockbridge Real Estate, "Yes! Communities," <http://stockbridge.com/opportunity-fund/yes-communities/>.

<sup>17</sup> Washington Post, "A billion-dollar empire made of mobile homes," Peter Whoriskey, February 14, 2019, [https://www.washingtonpost.com/business/economy/a-billion-dollar-empire-made-of-mobile-homes/2019/02/14/ac687342-2b0b-11e9-b2fc-721718903bfc\\_story.html?utm\\_term=.457c0f03161f](https://www.washingtonpost.com/business/economy/a-billion-dollar-empire-made-of-mobile-homes/2019/02/14/ac687342-2b0b-11e9-b2fc-721718903bfc_story.html?utm_term=.457c0f03161f).

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4. What restrictions does Stockbridge place on the behavior and activities of residents living in its communities? For each MHC Stockbridge owns, please provide copies of the terms residents must agree to comply with as a condition for living in the community.
5. For each MHC owned by Stockbridge, please provide a list of profits reported to shareholders, investors, or limited partners for each year Stockbridge owned the community.

Sincerely,

  
Elizabeth Warren  
United States Senator  
Dave Loebsack  
Member of Congress



ELIZABETH WARREN  
MASSACHUSETTS

COMMITTEES:  
BANKING, HOUSING, AND URBAN AFFAIRS  
HEALTH, EDUCATION, LABOR, AND PENSIONS  
ARMED SERVICES  
SPECIAL COMMITTEE ON AGING

## United States Senate

UNITED STATES SENATE  
WASHINGTON, DC 20510-2105  
P: 202-224-4543

2400 JFK FEDERAL BUILDING  
15 NEW SUDBURY STREET  
BOSTON, MA 02203  
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1550 MAIN STREET  
SUITE 406  
SPRINGFIELD, MA 01103  
P: 413-788-2690

[www.warren.senate.gov](http://www.warren.senate.gov)

May 28, 2019

Kewsong Lee  
Co-Chief Executive Officer  
The Carlyle Group  
520 Madison Avenue  
New York, NY 10022

Glenn A. Youngkin  
Co-Chief Executive Officer  
The Carlyle Group  
1001 Pennsylvania Avenue, NW  
Washington, D.C. 20004

Peter J. Clare  
Co-Chief Executive Officer  
The Carlyle Group  
1001 Pennsylvania Avenue, NW  
Washington, D.C. 20004

Dear Mr. Lee, Mr. Youngkin, and Mr. Clare:

I write today regarding The Carlyle Group's investments in manufactured housing communities (MHCs), and to request information about how The Carlyle Group manages the MHCs it owns.

Manufactured homes, sometimes referred to as "mobile homes," are factory-built structures that are transported and anchored on a plot of land.<sup>1</sup> Individuals who purchase manufactured homes can place those homes on plots of land they already own, or they can place their homes on rented land. Nearly 3 million manufactured homes in the United States are located in "land-leased communities," or MHCs, in which MHC owners rent out the land where individuals place their manufactured homes.<sup>2</sup>

Manufactured homes provide a critical avenue to affordable home ownership for millions of Americans. Compared to "new or existing site-built housing," manufactured housing "is 35 to 47

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<sup>1</sup> U.S. Department of Housing and Urban Development, "Manufactured Housing and Standards—Frequently Asked Questions," [https://www.hud.gov/program\\_offices/housing/rmra/mhs/faqs](https://www.hud.gov/program_offices/housing/rmra/mhs/faqs).

<sup>2</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, "Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back," February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

percent cheaper per square foot.”<sup>3</sup> Manufactured home purchasers typically spend no more than \$200,000 on housing, and sometimes can find homes for less than \$10,000—a price “substantially lower than typical housing.”<sup>4</sup> These low prices make manufactured homes attractive purchases for low-income and rural Americans.<sup>5</sup> Around 22 million Americans live in manufactured homes.<sup>6</sup>

Twenty years ago, small, local, “mom and pop” businesses were the primary owners of MHCs.<sup>7</sup> In recent decades, however, ownership patterns have shifted. Today, “there is a growing trend among some of the largest private equity firms and institutional investors to acquire assets in the manufactured housing sector.”<sup>8</sup> The largest 50 MHC owners own a cumulative 680,000 home sites, which represents a “26% increase between 2016 and 2018.”<sup>9</sup>

Investment companies are attracted to MHCs, in large part, because MHCs are “stable source[s] of revenue, including during economic downturns.”<sup>10</sup> This stability stems from residents’ lack of economic mobility. Manufactured homes can be difficult to resell, and the low-income homeowners who reside in manufactured homes often do not have access to more affordable housing options.<sup>11</sup> As a result, investment firms can expect a consistent revenue from the manufactured home owners renting land in MHCs.

MHC residents’ lack of economic mobility also makes them vulnerable to exploitation—and investment firms often engage in predatory management practices that boost profits at the expense of manufactured home owners. Investment firms exploit residents’ “limited mobility” by “dramatically increase[ing] rents to quickly increase profits.”<sup>12</sup> According to a recent report in the Des Moines Register, residents in two Iowa communities learned that their lot rents would

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<sup>3</sup> Urban Institute, “Manufactured homes could ease the affordable housing crisis. So why are so few being made?” Laurie Goodman, Edward Golding, Alanna McCargo, and Bhargavi Ganesh, January 29, 2018, <https://www.urban.org/urban-wire/manufactured-homes-could-ease-affordable-housing-crisis-so-why-are-so-few-being-made>.

<sup>4</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, “Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back,” February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

<sup>5</sup> Id.

<sup>6</sup> Manufactured Housing Institute, “2018 Manufactured Housing Facts: Industry Overview,” June 2018, <https://www.manufacturedhousing.org/wp-content/uploads/2018/06/2018-MHI-Quick-Facts-updated-6-2018.pdf>.

<sup>7</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, “Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back,” February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

<sup>8</sup> Associated Press, “Private equity firms rapidly investing in mobile home parks,” Zachary Oren Smith, April 20, 2019, <https://www.apnews.com/fcaf55d3ef8342b6a8e79fe06e15cc50>.

<sup>9</sup> Id.

<sup>10</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, “Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back,” February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

<sup>11</sup> Id.

<sup>12</sup> Id.



increase 69% and 58% after a private firm purchased their MHC.<sup>13</sup> Though investment firms claim to use rent increases to pay for maintenance and community improvements, residents report drastically different experiences. According to one California MHC resident, her community's private equity owner

[C]laims that they've spent over \$100,000 on capital improvements in our community, and justifies rent increases because of that. But we don't see what improvements they've made... What we do see is that they've promised their investors a return of 7-8%. The same amount our rents went up.<sup>14</sup>

Unable to afford moving, and unable to sell their manufactured homes, some residents report that they are forced to choose between "paying for increase[ed] housing costs and other basic necessities, like food and medicine, or abandoning their homes."<sup>15</sup>

According to publicly available information, The Carlyle Group is a large investor in the manufactured home community market and owns 5,000 manufactured home sites.<sup>16</sup> To help me better understand the management practices that your company engages in, and the impact of those practices on the MHCs it owns, please provide answers to the following questions no later than June 18, 2019:

1. How many manufactured home communities does The Carlyle Group own? For each community, please provide the following information:
  - a. The number of mobile home sites;
  - b. The number of occupied mobile home sites;
  - c. The total number of community residents; and
  - d. The average and median income of the community residents.
2. According to recent reports, investment firms that purchase MHCs often drastically raise community rents as a means of making quick profits. For each MHC owned by The Carlyle Group, please provide the following information:
  - a. What was the average lot rent for residents in the last full calendar year the day before The Carlyle Group purchased the community?

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<sup>13</sup> Des Moines Register, "Investor firm that hiked lot rents at Iowa mobile home parks is subject of complaints in other states," Lee Rod, May 5, 2019, <https://www.desmoinesregister.com/story/news/2019/05/05/mobile-home-tenants-wary-history-complaints-havenpark-capital-partners-waukee-north-liberty-iowa-ia/3640106002/>.


<sup>14</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, "Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back," February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

<sup>15</sup> Id.

<sup>16</sup> Id.

- b. What is the average lot rent for residents today?
  - c. How many times has The Carlyle Group raised rents in the community?
    - i. What was the rationale for those rent increases?
  - d. How many residents have been evicted since The Carlyle Group took over the community?
  - e. How many manufactured homes have been abandoned since The Carlyle Group took over the community?
3. What additional fees, if any, does The Carlyle Group charge residents at each of the MHC communities it owns?
- a. What is the sum total of rent collected by The Carlyle Group for each of the last five years (or, for the years since The Carlyle Group gained control of the MHC community, if the number is less than five)?
  - b. What is the sum total of all other fees collected by The Carlyle Group for each of the last five years (or, for the years since The Carlyle Group gained control of the MHC community, if the number is less than five). Please provide a summary of each of the largest types of fees collected.
4. What restrictions does The Carlyle Group place on the behavior and activities of residents living in its communities? For each MHC The Carlyle Group owns, please provide copies of the terms residents must agree to comply with as a condition for living in the community.
5. For each MHC owned by The Carlyle Group, please provide a list of profits reported to shareholders, investors, or limited partners for each year The Carlyle Group owned the community.

Sincerely,



Elizabeth Warren  
United States Senator



COMMITTEES:

BANKING, HOUSING, AND URBAN AFFAIRS

HEALTH, EDUCATION, LABOR, AND PENSIONS

ARMED SERVICES

SPECIAL COMMITTEE ON AGING

## United States Senate

May 28, 2019

David Bonderman  
Chairman  
TPG Capital  
888 7<sup>th</sup> Avenue, 35<sup>th</sup> Floor  
New York, NY 10106

Dear Mr. Bonderman:

I write today regarding TPG Capital's investments in manufactured housing communities (MHCs), and to request information about how TPG Capital manages the MHCs it owns.

Manufactured homes, sometimes referred to as "mobile homes," are factory-built structures that are transported and anchored on a plot of land.<sup>1</sup> Individuals who purchase manufactured homes can place those homes on plots of land they already own, or they can place their homes on rented land. Nearly 3 million manufactured homes in the United States are located in "land-leased communities," or MHCs, in which MHC owners rent out the land where individuals place their manufactured homes.<sup>2</sup>

Manufactured homes provide a critical avenue to affordable home ownership for millions of Americans. Compared to "new or existing site-built housing," manufactured housing "is 35 to 47 percent cheaper per square foot."<sup>3</sup> Manufactured home purchasers typically spend no more than \$200,000 on housing, and sometimes can find homes for less than \$10,000—a price "substantially lower than typical housing."<sup>4</sup> These low prices make manufactured homes

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<sup>1</sup> U.S. Department of Housing and Urban Development, "Manufactured Housing and Standards—Frequently Asked Questions," [https://www.hud.gov/program\\_offices/housing/rmra/mhs/faqs](https://www.hud.gov/program_offices/housing/rmra/mhs/faqs).

<sup>2</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, "Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back," February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

<sup>3</sup> Urban Institute, "Manufactured homes could ease the affordable housing crisis. So why are so few being made?" Laurie Goodman, Edward Golding, Alanna McCargo, and Bhargavi Ganesh, January 29, 2018, <https://www.urban.org/urban-wire/manufactured-homes-could-ease-affordable-housing-crisis-so-why-are-so-few-being-made>.

<sup>4</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, "Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back," February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

attractive purchases for low-income and rural Americans.<sup>5</sup> Around 22 million Americans live in manufactured homes.<sup>6</sup>

Twenty years ago, small, local, “mom and pop” businesses were the primary owners of MHCs.<sup>7</sup> In recent decades, however, ownership patterns have shifted. Today, “there is a growing trend among some of the largest private equity firms and institutional investors to acquire assets in the manufactured housing sector.”<sup>8</sup> The largest 50 MHC owners own a cumulative 680,000 home sites, which represents a “26% increase between 2016 and 2018.”<sup>9</sup>

Investment companies are attracted to MHCs, in large part, because MHCs are “stable source[s] of revenue, including during economic downturns.”<sup>10</sup> This stability stems from residents’ lack of economic mobility. Manufactured homes can be difficult to resell, and the low-income homeowners who reside in manufactured homes often do not have access to more affordable housing options.<sup>11</sup> As a result, investment firms can expect a consistent revenue from the manufactured home owners renting land in MHCs.

MHC residents’ lack of economic mobility also makes them vulnerable to exploitation—and investment firms often engage in predatory management practices that boost profits at the expense of manufactured home owners. Investment firms exploit residents’ “limited mobility” by “dramatically increase[ing] rents to quickly increase profits.”<sup>12</sup> According to a recent report in the Des Moines Register, residents in two Iowa communities learned that their lot rents would increase 69% and 58% after a private firm purchased their MHC.<sup>13</sup> Though investment firms claim to use rent increases to pay for maintenance and community improvements, residents report drastically different experiences. According to one California MHC resident, her community’s private equity owner

[C]laims that they’ve spent over \$100,000 on capital improvements in our community, and justifies rent increases because of that. But we don’t see what

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<sup>5</sup> Id.

<sup>6</sup> Manufactured Housing Institute, “2018 Manufactured Housing Facts: Industry Overview,” June 2018, <https://www.manufacturedhousing.org/wp-content/uploads/2018/06/2018-MHI-Quick-Facts-updated-6-2018.pdf>.

<sup>7</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, “Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back,” February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-GIants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

<sup>8</sup> Associated Press, “Private equity firms rapidly investing in mobile home parks,” Zachary Oren Smith, April 20, 2019, <https://www.apnews.com/fcaf55d3ef8342b6a8e79fe06e15cc50>.

<sup>9</sup> Id.

<sup>10</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, “Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back,” February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-GIants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

<sup>11</sup> Id.

<sup>12</sup> Id.

<sup>13</sup> Des Moines Register, “Investor firm that hiked lot rents at Iowa mobile home parks is subject of complaints in other states,” Lee Rod, May 5, 2019, <https://www.desmoinesregister.com/story/news/2019/05/05/mobile-home-tenants-wary-history-complaints-havenpark-capital-partners-waukee-north-liberty-iowa-ia/3640106002/>.



improvements they've made... What we do see is that they've promised their investors a return of 7-8%. The same amount our rents went up.<sup>14</sup>

Unable to afford moving, and unable to sell their manufactured homes, some residents report that they are forced to choose between “paying for increase[ed] housing costs and other basic necessities, like food and medicine, or abandoning their homes.”<sup>15</sup>

According to publicly available information, TPG Capital is a large investor in the manufactured home community market and owns RV Horizons, which includes over 31,000 manufactured home sites.<sup>16</sup> To help me better understand the management practices that your company engages in, and the impact of those practices on the MHCs it owns, please provide answers to the following questions no later than June 18, 2019:

1. How many manufactured home communities does TPG Capital own? For each community, please provide the following information:
  - a. The number of mobile home sites;
  - b. The number of occupied mobile home sites;
  - c. The total number of community residents; and
  - d. The average and median income of the community residents.
2. According to recent reports, investment firms that purchase MHCs often drastically raise community rents as a means of making quick profits. For each MHC owned by TPG Capital, please provide the following information:
  - a. What was the average lot rent for residents in the last full calendar year the day before TPG Capital purchased the community?
  - b. What is the average lot rent for residents today?
  - c. How many times has TPG Capital raised rents in the community?
    - i. What was the rationale for those rent increases?
  - d. How many residents have been evicted since TPG Capital took over the community?

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<sup>14</sup> Private Equity Stakeholder Project, MH Action, and Americans for Financial Reform Education Fund, “Private Equity Giants Converge on Manufactured Homes: How private equity is manufacturing homelessness & communities are fighting back,” February 2019, <http://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>.

<sup>15</sup> Id.

<sup>16</sup> Id..

- e. How many manufactured homes have been abandoned since TPG Capital took over the community?
3. What additional fees, if any, does TPG Capital charge residents at each of the MHC communities it owns?
- a. What is the sum total of rent collected by TPG Capital for each of the last five years (or, for the years since TPG Capital gained control of the MHC community, if the number is less than five)?
  - b. What is the sum total of all other fees collected by TPG Capital for each of the last five years (or, for the years since TPG Capital gained control of the MHC community, if the number is less than five). Please provide a summary of each of the largest types of fees collected.
4. What restrictions does TPG Capital place on the behavior and activities of residents living in its communities? For each MHC TPG Capital owns, please provide copies of the terms residents must agree to comply with as a condition for living in the community.
5. For each MHC owned by TPG Capital, please provide a list of profits reported to shareholders, investors, or limited partners for each year TPG Capital owned the community.

Sincerely,



Elizabeth Warren  
United States Senator