

**Written Testimony before the
Committee on Banking, Housing, and Urban Affairs,
U.S. Senate**

**Hearing on
“How Institutional Landlords are Changing the Housing Market”**

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Good morning chairman and members of the committee. I appreciate the opportunity to speak with you all today. My name is Aneta Molenda and I'm a New York tenant in a building owned by private equity.

I've lived in Brooklyn, New York for six years. I moved into my current apartment last winter in the middle of the pandemic. I signed a one-year lease for \$2,550 per month. It was pricey for a small apartment measuring just over four hundred square feet, but not out of the ordinary for Brooklyn.

In just a few months, my building was bought by a private equity firm called Greenbrook Partners through a joint venture with the Carlyle Group, the third largest private equity firm in the world with \$276 billion dollars in assets. Just last week, Carlyle announced that real estate drove a large jump in their quarterly earnings and that the earnings they will return to shareholders is at a record high.¹

When my lease expired in November, my new landlord told me they needed to re-evaluate my rent based on the market bouncing back. They suggested nearly a 50% rent increase from what I had been paying. That's right – that's a fifty percent increase which would put my rent at about \$3,800 per month. This was happening while Omicron was surging. I was shocked.

I tried to negotiate. I sent them listings of other apartments in my neighborhood, some even on my block, to show that the increase was unreasonable for what was available in the area. Eventually, they were willing to come down on the rent but when they sent me the lease renewal there was a section that gave the landlord the right to terminate my lease at any point and double my rent to more than five thousand dollars with only thirty days notice. It was clear they wanted me out.

I told them I was willing to sign the lease renewal with a more reasonable rent increase if they removed the section that could double my rent on such short notice. They refused. I've continued to pay my rent on time, every month, but the landlord has stopped cashing my checks. I suspect they are getting ready to start eviction proceedings against me.

The eviction moratorium in New York ended last month. My sense of security is gone. These private equity landlords count on people like me to be thrown out of our homes to maximize their profits.

¹ <https://www.wsj.com/articles/carlyles-fourth-quarter-earnings-jump-11643886001>

This is not an isolated incident. I immediately started talking to my neighbors and tenants in other buildings owned by the same landlord and noticed similar patterns: massive rent increases, evictions, hazardous violations and harassment, and confusing ownership structures that make it hard for tenants to know who truly owns our buildings.

According to the New York City Department of Housing, Preservation, and Development (HPD), Greenbrook's portfolio has received 3,022 total violations – this is about an average of 1.7 open violations per residential unit.²

My neighborhood of Bedford-Stuyvesant is considered to have the highest concentration of Black residents in the United States according to census data. In New York City, eviction rates in zip codes in which a majority of residents are people of color are three times as high as rates in zip codes that are predominately white. I'm not surprised that these predatory firms are targeting predominantly Black and brown neighborhoods. Many of these companies go to pensions for capital to expand their portfolios – in some cases pricing out union members and the retirees they are acting on behalf of.

Greenbrook Partners and the Carlyle Group are just two of the many predatory real estate firms that are fundamentally changing housing across the country. These companies treat housing as an investment vehicle rather than as shelter. But this is my home – and it serves the purpose of keeping me safe, warm, and out of the elements. This is a basic human right.

In listening to the previous hearing on private equity in housing held by this committee, I was struck that some senators argue that these hearings are misguided because large investment firms, including those in private equity, buy just 1-2% of single family homes sold nationally. But what about private equity's role in multifamily buildings like mine? They want us to believe that private equity is a tiny player in housing.

It's just not true. According to the Financial Times, private equity has just had its busiest six months in the last 40 years, and the industry shows no signs of stopping its expansion into our homes. In just two years, my landlord Greenbrook Partners purchased at least 110 properties in Brooklyn. The vast majority were purchased during COVID-19.

They've done this before. In a 2019 report on private equity companies, we learned of a similar business model used on mobile homes: buying parks, jacking up rents and fees, and counting on it being too expensive for residents to move.

They are perfecting this extractive business model and are taking it to new extremes. These firms promise their investors returns while obscuring the devastating consequences, leaving tenants like me and my neighbors in impossible situations. They buy up homes in New York and all across the country that would have otherwise been affordable.

² <https://whoownswhat.justfix.nyc/en/address/BROOKLYN/70/PROSPECT%20PARK%20WEST/summary>
(February 8, 2022)

As our communities faced the trauma and grief from losing loved ones, losing jobs, and following guidelines to stay home to mitigate the spread of the virus, these predatory firms made it impossible to feel any sense of safety in our homes. We saw our communities come together to support each other; health care workers working around the clock, people bringing their neighbors groceries. We looked out for one another. Meanwhile, Wall Street took the opportunity to rake in unfathomable profits.

This tangled web of high finance is incredibly difficult to navigate for tenants like myself. This ruthless business model is entirely reliant on disaster capitalism and systematic displacement of families. Our basic human right to housing is being exploited to make these firms slightly wealthier.

As a tenant directly impacted by these predatory practices, I am asking that you consider establishing comprehensive, nationwide tenant protections like rent control, prohibition on excessive fines and fees, just cause eviction protections, and a tenant right to counsel. This would end unreasonable rent increases, unfair fees, and landlord refusal to renew leases without a reasonable justification. We need to give tenants a fair shot at defending ourselves against evictions and unsafe living conditions.

The housing market is rapidly consolidating. As the largest landlords, builders, and investors increasingly partner with one another, people like myself and my neighbors all across the U.S. will continue to feel the consequences. But I can promise we will continue to grow a strong tenants movement to demand a more just housing system. The members of this committee have a choice to make: you can either support housing as a human right or allow investors to use our homes as investment vehicles to generate endless profits.