

Written testimony in support of SF 365
Samantha Pree-Stinson

Dear Committee Chair and members,

Thank you for taking the time to read this today. My name is Samantha Pree-Stinson and I am a Campaign Lead for Inquilinxs Unidxs/United Renters for Justice. My team and I focus on developing leadership and collective power with tenants who rent from Progress Residential which is owned by Front Yard Residential (FYR)/ Pretium Partners. They own a 210 home portfolio that exists mostly in North Minneapolis with a total approximate state wide portfolio of 600 homes. Nationally, this one private equity corporation owns over 90,000 homes and is currently the largest private equity holder in the United States.

These portfolios exist mostly in urban cities that suffer from some of the worst disparities in education, environmental inequity, homeownership rates, addiction, and large concentrations of poverty. These are also areas that still suffer from inherited historical harm from redlining. These cities include Minneapolis and are now expanding into the first ring suburbs like Robbinsdale, Plymouth, Fridley, Crystal, Spring Lake Park, Brooklyn Park, Brooklyn Center, Columbia Heights, and St. Louis Park. These smaller suburbs do not have the ability to manage the oversight and lack the systems and infrastructure to properly track and monitor these large portfolios. An example of this is what happened in Columbia Heights, MN with then managing company Havenbrook Homes LLC. Their local government faced displacing people when they had to revoke the licenses and they made an official statement¹ on the matter. It began by stating, "At its Jan 10 meeting, the City Council approved the revocation of rental license for HavenBrook Homes as recommended by the City Fire Department property inspectors. This license revocation affects 21 properties. Tenants received a 45-day notice to vacate."

These devastating impacts are not happening in a silo and local governments are left to find solutions. It is time that state legislators start to dig deep and address this matter. This is both a state and national issue of urgency. This is not about one entity, it is about the larger context of how we got here, which is rooted in the housing crisis of 2008. It is the larger context of how the US government created a landscape at the national level that brought us to where we are today.

Due to many factors, The City of Minneapolis staff in Regulatory Services and Licensing worked with Front Yard Residential and came up with a list of conditions² that they agreed to and the Council approved in January 2023. Mayor Frey also reviewed and approved without veto. Most of the items listed as conditions are already part of local and state housing ordinances/law that they are supposed to be following. MN AG Ellison is suing this company for allegedly violating housing laws contained in chapter 504b.

It is not just tenants that suffer as a result of the conditions-, the neighborhood suffers when much needed finite natural occurring affordable housing (NOAH) remains vacant and in some

¹ https://www.columbiaheightsmn.gov/news_detail_T17_R581.php

² <https://lms.minneapolismn.gov/File/2023-00012>

cases blighted or condemned. Don Mullen, the CEO of Pretium, wrote a letter³ to President Biden. In the about section of this letter, it states, “Pretium is a specialized investment firm focused on U.S. residential real estate, residential credit, and corporate credit. Pretium was founded in 2012 to capitalize on investment and lending opportunities arising as a result of structural changes, disruptions, and inefficiencies within the economy.

I see nothing about tenants, vibrant communities, or adding to the urgency of strong local economies by supporting the overall housing infrastructure of the cities where they do business. There is a distinct difference between a commitment to investments and housing- not just in definition but in how this plays out operationally in our communities. There is a cultural piece missing here known to many communities of color as the village. Our parents, grandparents, and ancestors before them were able to lay roots in the communities where they grew up and build generational wealth. The homeownership rate for people of color, specifically the Black/African American community is currently lower than it was during the civil rights era in MN⁴. At the local and state level, we have heard that bridging this gap is a priority as are other generational wealth building opportunities. The state of MN has invested funds into local organizations who are providing services that allow community members to be set up for success and buy homes and buy into land trusts. These investments are one tool of many to bridge and close the disparity gaps. In December of 2021, the State of Minnesota invested \$150 million to Landmark Partners. At the MSBI meeting on 3/2/23, Gov. Walz stated that “we measure what we value”. This senate file has measured this model and is placing value on Minnesotans.

Tenants are fighting for everything from the basics of timely receipt of leases, receipts for payment, a 24 hour maintenance line, and written communication in the language that they speak but also for things much deeper like rent stabilization, tenant first option to buy, or the ability to buy at all. Some of the things tenants are asking for are included in the above referenced letter to President Biden but tenants have yet to see any of these commitments in action. In Minneapolis, we have the 4D program which gives a tax break in exchange for a 10 year commitment to affordable rents. We have not seen this commitment from them yet. Tenants deserve reparations for the harm they have endured. Many tenants have placed their rent in escrow through the court and won their cases against the company. There have been also been tenant remedy actions (TRA) on properties with a court appointed administrator.

We must protect our renters and make sure that we hold large corporate landlords accountable for the legally required services they have to provide. Anything less is a failure to the people that rely on us for good, fair, and equitable governance for all Minnesotans. I have included links⁵ in

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<https://www.prnewswire.com/news-releases/pretium-founder-and-ceo-don-mullen-sends-letter-to-president-biden-urging-collaborative-public-and-private-sector-action-to-address-our-nations-housing-challenges-301728509.html>

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<https://www.minnpost.com/metro/2022/07/minneapolis-black-homeownership-rate-keeps-falling-but-why-exactly-its-complicated/>

⁵ <https://www.cato.org/testimony/how-private-equity-landlords-are-changing-housing-market>

the footnote to additional articles to consider as you move forward in determining the best way to move forward for our state on this matter.

Speaking for myself, I am asking that we please make this a priority and work across the appropriate house/senate committees and with our executive committee members that sit on the Minnesota State Board of Investments to develop legislation and investing strategies that put Minnesotans first. We have been effectively able to use AARPA and other funds to support families across the state during COVID and at least make some gains in the areas that matter most. We have a surplus. That surplus will dwindle if we have to continually pick up the pieces for corporations. To say so is not anti-business. Our business is people not profits that don't make it anywhere but in the pockets of outsiders. Let us all put our heads together and work to develop a future where renters are fully protected and investors like Front Yard Residential are held accountable for their actions and business models that thus far have not proven to actively support our communities.

<https://www.minnpost.com/metro/2022/07/minneapolis-black-homeownership-rate-keeps-falling-but-why-exactly-its-complicated/>
<https://www.propublica.org/article/when-private-equity-becomes-your-landlord>