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RE: Second phase of project – residential real estate sales in Penn Hills, years

DATE: 27 January 2023

For the second phase of our work on the project with Jackson/Clark, as defined in Part B. *Purchases from outside investors in residential real estate in Penn Hills in recent years* (MOU 4/4/22), we analyzed recent residential real estate sales in Penn Hills to calculate the numbers being sold to Single Family Residential – Real Estate Investment Trusts (SFR-REITs).

SFR – REITS are limited liability companies that purchase blocks of single family houses and put them on the rental market. SFR REITS emerged from residential housing portfolios acquired in the foreclosure crisis of the Great Recession and accelerated financialization of the housing sector. When the houses were foreclosed, they became parts of large portfolios of real-estate owned properties (REO) put on the rental market. Ultimately, this produced a new housing ownership structure and market with SFR – REITs, and a rental market different from local “mom-and-pop” rental owners and middle-sized local and regional real estate companies. Unlike our perceptions of an SFR market, common for years with numerous local and regional smaller-scale investors owning residential properties, global investment firms are driving the formation of SFR REITs and the concentration of SFR properties in the grip of global capital. “SFR REITS have been one of the best performing property sectors since their emergence onto the scene in the mid-2010s” (Hoya Capital ).

Recent research has demonstrated the impacts of SFR REITs in regional economies, including Atlanta and Nashville (Charles, 2020; Chilton et al., 2018). International research has shown the tight bonds between global financial investors and local real estate in Ireland (Waldron, 2018). Former UN Special Rapporteur on the right to housing, Leilani Farha, documented in the film *Push* the impacts of global capital financializing housing and reducing affordable housing throughout the world. Nonetheless, most local officials view their real estate investment holdings as being conducted by traditional “mom-and-pop” investors or local and regional larger real estate firms. That a community’s housing market is part of a global network of financial investors hasn’t registered with many public officials.

SFR-REITS are an investment formula with large numbers of properties in a portfolio creating scale and increasing profits for owners. As an example, Segavepo LLC is a Pennsylvania foreign Limited – Liability Company and is or was a subsidiary of Magnetar Capital, a hedge fund company based in Evanston, Illinois. Segavepo began buying in Penn Hills in 2020 and now owns (as of April 2022) 60 single family houses in the municipality. A related firm (with the same tax address), Cupolo Homes 27 LLC bought 16 single family homes in Penn Hills in 2021. Overall, Segavepo bought 166 single family houses in Allegheny County and 60 in Penn Hills

between 2019 and April 2022. (For more: see Heather Perlberg and John Gittelsohn, Magnetar Goes Long Ohio Town While Shorting Its Tax Base, October 21, 2013, Bloomberg, <https://www.bloomberg.com/news/articles/2013-10-21/magnetar-goes-long-ohio-town-while-shorting-its-tax-base#xj4y7vzkg>)

A listing of firms and their holdings, along with their tax mailing addresses, is found in the Appendix.

In this report, we examine sales by the Allegheny County assessment records by the following:

- Zip codes: 15235 and 15147. Both zip codes also include other communities.
- Allegheny County (meta data on data set here)
- Single Family use description
- Owner; Corporate buyer

As discussed in the previous memo for this project, Penn Hills is a mid-century modern community, with housing built for ownership, along with rental apartments and complexes. The table below contrasts the number of single family housing in Penn Hills against other types of residential properties.

#### **Penn Hills Residential Stock**

<b>Type of Housing</b>	<b>Number</b>
SINGLE FAMILY	16,874
VACANT LAND	2,100
TWO FAMILY	302
CONDOMINIUM	116
RES AUX BUILDING (NO HOUSE)	74
TOWNHOUSE	30
THREE FAMILY	26
FOUR FAMILY	16
BUILDERS LOT	10
MOBILE HOME	10
OTHER*	17

\* Includes condominium common property; rowhouse; right-of-way residential; total/major fire damage and condemned/boarded-up.

As the SFR-REIT financial model gained steam, you can see the growth in the number of single family residences sold in Penn Hills from 2019 through April 2022, with corporate purchases increasing as a share of sales.

### Residential Single Family Residences by Owner Description, by Year of Sale

Year	Regular	Corporate	Percent Corporate
2022 (to April)	85	50	37.0%
2021	523	305	36.8%
2020	512	199	28.0%
2019	484	143	22.8%

Of these 1,836 residential properties in Penn Hills listed as “Corporation” for Corporate ownership, not surprisingly the vast majority are single family houses (75.8%), the vastly most common home in Penn Hills.

### Penn Hills Corporate-Owned Residential Properties by Type of Residence

Type	Number
SINGLE FAMILY	1,392
VACANT LAND	314
TWO FAMILY	77
OTHER*	53

\* Includes builders lot; res aux building; three family; condominium common property; four family; townhouse; condominium; condemned/boarded-up; mobile home; right of way; and rowhouse.

The rise in SFR REITS followed the foreclosure of homes during the Great Recession, with many becoming portfolios of banks and other investors as REO properties. In the mid-2000s, SFR REITS took hold and firms entered the Allegheny County market. Purchases in Penn Hills rose rapidly from 2017 on, as shown below.

### Penn Hills Corporate-Purchased Residential Properties, Single Family, Two Family, by Year of Sale Date

Year of sale	Single Family	Two Family	Total
2022 (to April)	50	0	50
2021	305	12	317
2020	199	12	211
2019	143	5	148
2018	97	10	107
2017	75	2	77
2016	63	1	64
2015	60	8	68

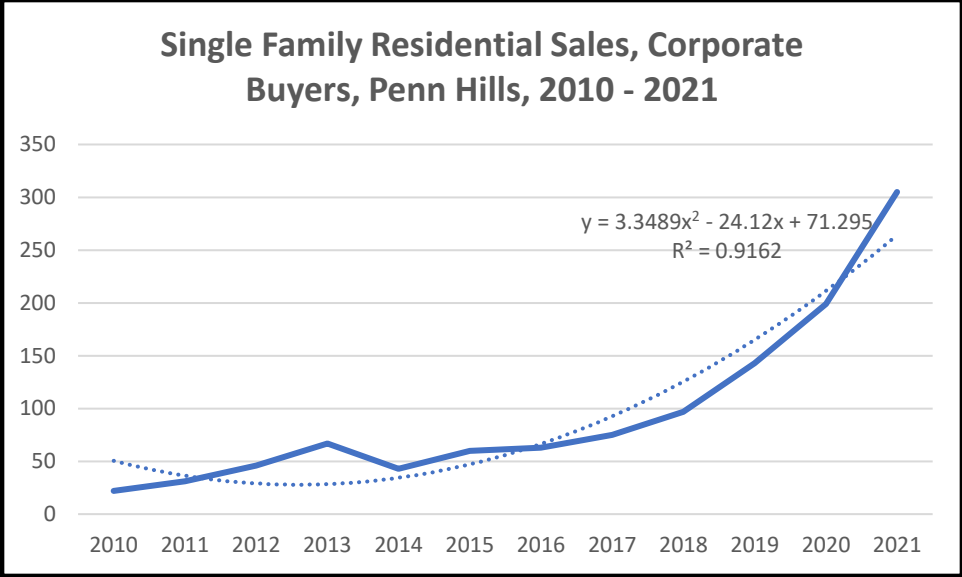
2014	43	2	45
2013	67	3	70
2012	46	2	48
2011	31	3	34
2010	22	0	22
Total	1,201	52	1,261

**Largest Portfolios – Residential Corporate Ownership, Single Family in Penn Hills and Allegheny County\***

<b>Firm</b>	<b>Penn Hills</b>	<b>Allegheny County</b>
SEGAVEPO LLC	60	166
VB ONE	51	234
VB TWO	22	153
Diversified Resident Homes	13	100
SFR3	28	67
PLOT USA	14	
PITTSTARK LLC	13	22

\* Includes only non-local tax addresses. Many of these also have other company names that match on the tax address. See Appendix.

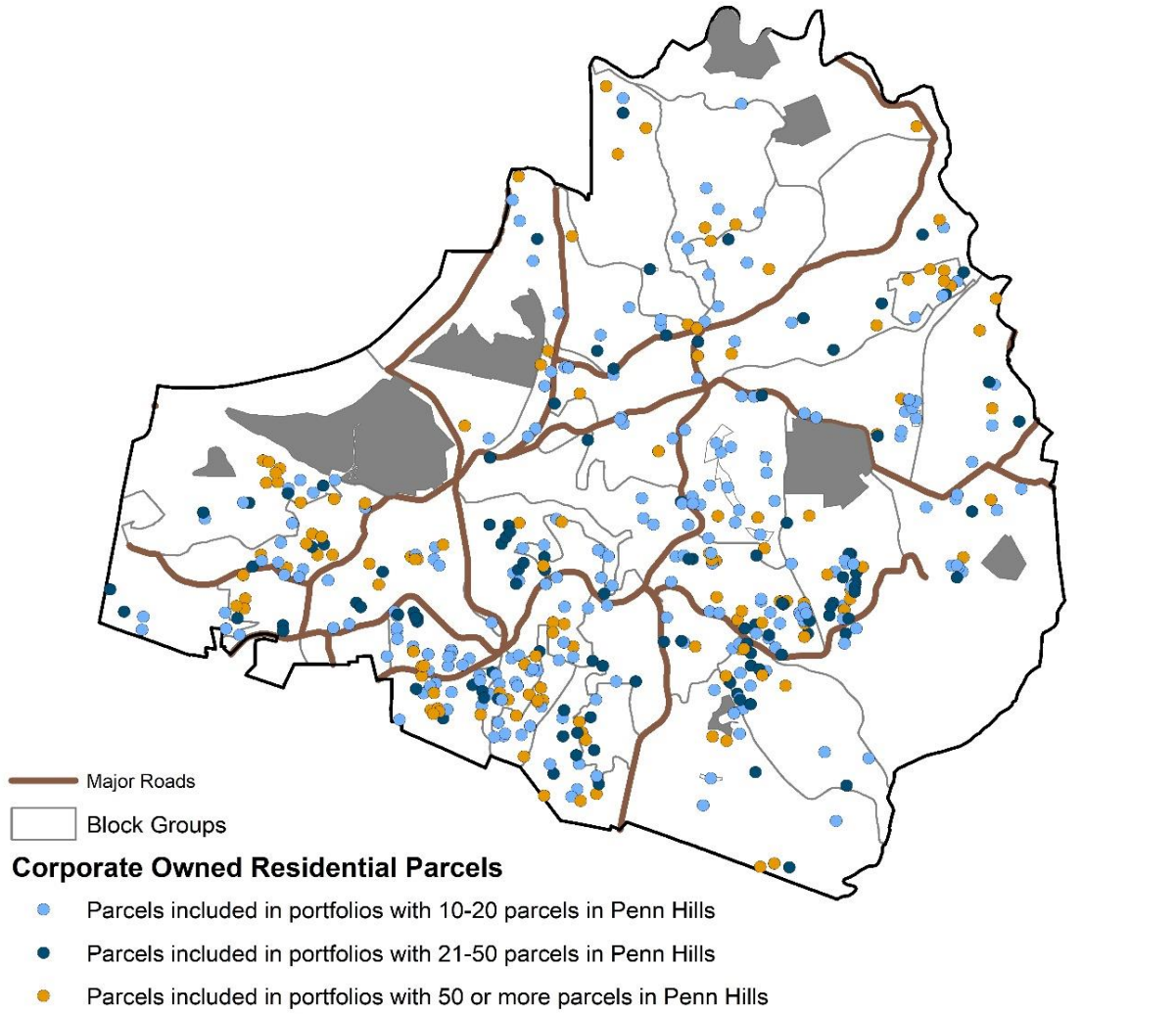
And to emphasize how unusual corporate ownership of single family residences is in Penn Hills, the total number of corporate-owned single family homes in Penn Hills is 1,379. That means, 178, or just under 15%, were purchased before 2010.



We then mapped all 1,836 corporate-owned properties, as shown below. The parcels are identified by dots by number of properties in the owner’s portfolio.

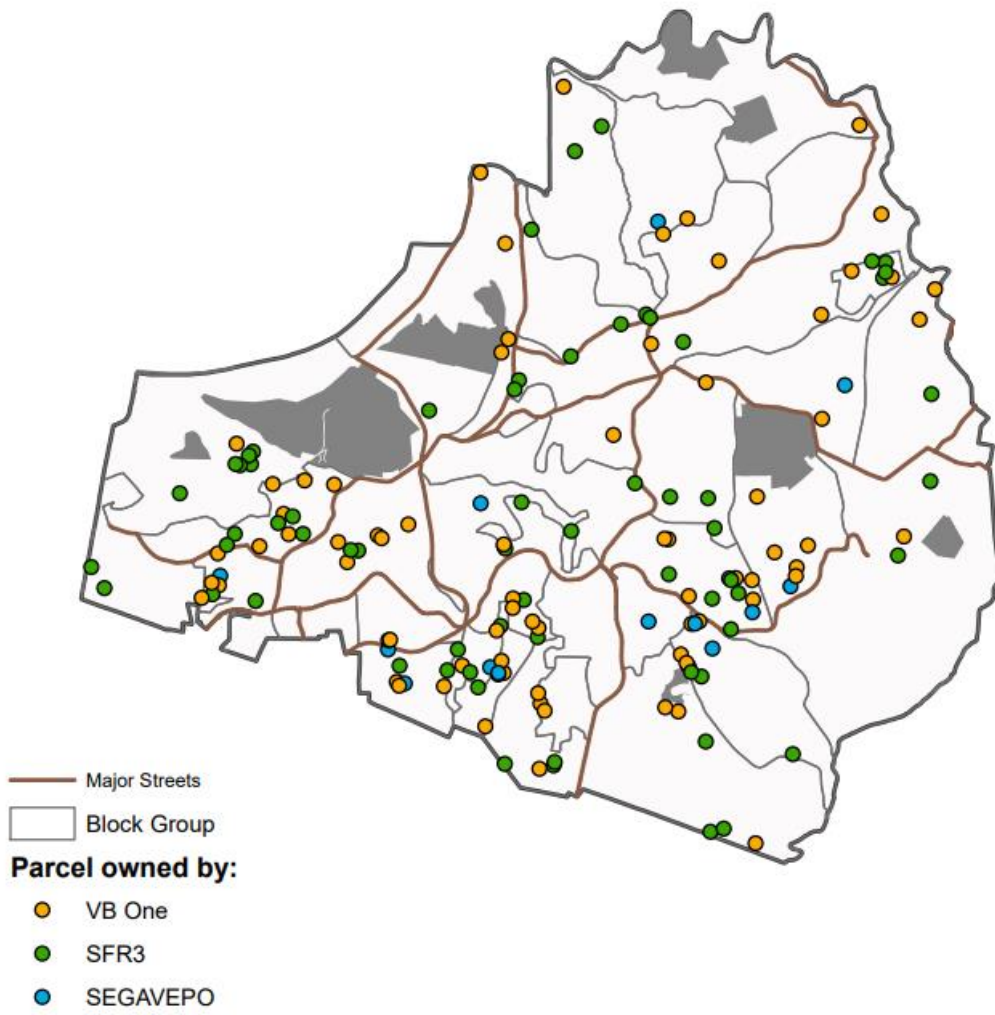
A second map focuses exclusively on the 2019 – April 2022 purchases of only single family properties by three of the largest recent corporate owners for a total of 133 parcels. The map is only slightly different since these properties represent two-thirds of all corporate-owned residential properties in Penn Hills.

# Corporate Ownership of Residential Parcels in Penn Hills



Corporate owned parcels in portfolios of less than 10 parcels excluded.  
Compiled from Allegheny County Office of Property Assessment data, May 2022  
UCSUR, University of Pittsburgh, January 2023

# Residential Parcels Owned by Selected Firms, Penn Hills



Compiled from Allegheny County Office of Property Assessments data as of May 1, 2022

UCSUR, February 1, 2023

Eyeballing the maps, we produced the following block groups with significant total numbers of corporate ownership of residential properties.

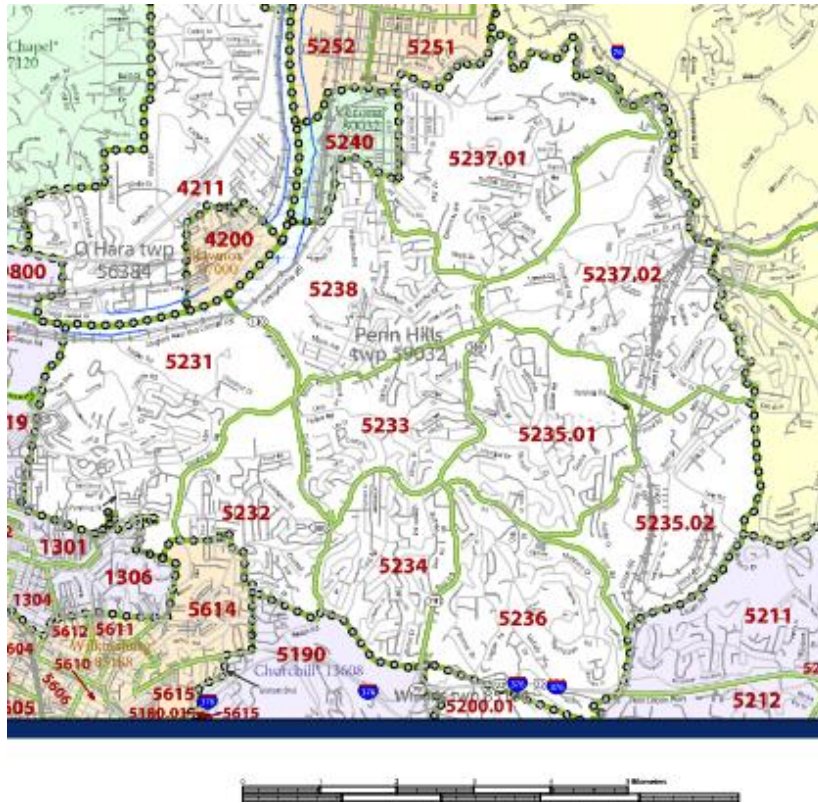
### High Concentrations of Corporate Residential Single Family Residences

Tract, Block Group	From tables in 1 <sup>st</sup> memo: Categories for suggested inclusion in Community Census	Total Households	
		In Memo 1	Total here
5231, BG1	SFR REIT parcels		539
5231, BG2	Number movers 2015-18; Share moving 2015-18; SFR REIT parcels	621	621
5231, BG3	SFR REIT parcels		281
5232, BG1	Households with renters > 60% of block group households; Number movers 2019+; Number movers 2015-18; Share moving 2015-18; SFR REIT parcels	637	637
5232, BG2	Number movers 2019+; Low internet access	426	426
5232, BG3	SFR REIT parcels		434
5234, BG2	Share moving 2015-18; SFR REIT parcels	154	154
5235.01, BG1	Number movers 2015-18; Share moving 2015-18; SFR REIT parcels	675	675
5235.01, BG3	SFR REIT parcels		496
5236, BG3	Number movers 2019+	811	811
5237.02, BG4	Number movers 2019+; SFR REIT parcels	312	312
<b>Total number of Households</b>		<b>3,636</b>	<b>5,386</b>

### Conclusion

This memo summarizes the impact corporate purchases of single family houses in Penn Hills is having on the real estate market. As a home-owner community, we can assume these purchases are taking potential properties out of the home buying community and producing higher rental prices in the market. That is typical in the SFR REIT market. Further work, outside of identifying the concentrations in the municipality might focus on the impacts in these areas reflected in the Community Census.





## References

- Charles, S. L. (2020). The financialization of single-family rental housing: An examination of real estate investment trusts' ownership of single-family houses in the Atlanta metropolitan area. *Journal of Urban Affairs* 42/8, 1321-1341. <https://doi.org/10.1080/07352166.2019.1662728>
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- Waldron, R. (2018). Capitalizing on the State: The political economy of Real Estate Investment Trusts and the 'Resolution' of the crisis. *Geoforum* 90, 206-218.

**APPENDIX: ESTIMATING SINGLE FAMILY RESIDENTIAL – REAL ESTATE INVESTMENT TRUST (SFR-REIT) OWNERSHIP IN PENN HILLS  
BY CORPORATE NAME**

**Single Family Only:** Company name and address listed, Allegheny County (or close see notes)

Company	No. of buys	Yrs of purchases	Mailing address	City	Comments
Avid Holdings 1801 LLC	7	2019-21	736 W Ingomar Rd	Ingomar, PA	
Barsa Holdings 201 LLC	4	2020	736 W Ingomar Rd	Ingomar, PA	
CM Holdings 201 LLC	7	2019-20	736 W Ingomar Rd	Ingomar, PA	
MS Holdings	1	2021	736 W Ingomar Rd	Ingomar, PA	
RS Holdings	11	2020-21	736 W Ingomar Rd	Ingomar, PA	
Sabar Holdings	3	2019	736 W Ingomar Rd	Ingomar, PA	
Citylife East LLC	6	2021-22	1812 Carson St.	Pittsburgh	Not included two family
Code 3 Properties LLC	6	2020-21	314 Nathan Dr	Riverton, NJ & Cinnaminson, NJ	Same Nathan D address
Commercial Acquisitions	5	2022	8001 Woodland Center Blvd	Tampa, FL	
Cupola Homes 27 LLC	16	2021	P.O. Box 75039	Tampa, FL	Most have "ATTN: JOHN MAZUCHOWSKI" or "c/o SECOND AVENUE PROPERTY MANAGEMENT LLC"
SEGAVEPO LLC (and 2 LLC)	60	2020-21	P.O. Box 75039	Tampa, FL	
Diversified Resident Homes LLC	13	2021	3495 Piedmont	Atlanta, GA	
Fund IV Homes 3 LLC	1	2021	3495 Piedmont	Atlanta, GA	
RP Homes 2 LLC	8	2021-21	3495 Piedmont	Atlanta, GA	
Heritage Holdings	15	2019-21	925 Fox Chapel Rd	Fox Chapel	
Amtex International Inc	1	2021	925 Fox Chapel Rd	Fox Chapel	
JLA Properties	7	2017-20	4124 Butler St Ste A	Pittsburgh	Lots of sheriff sales Really local
SRG Holdings LP	9	2014-16	4124 Butler St Ste A	Pittsburgh	
Keyway Homes East	11	2020-21	1080 Steuben St	Pittsburgh	

UCG Forty	1	2020	1080 Steuben St	Pittsburgh	
UCG Forty Nine	1	2020	1080 Steuben St	Pittsburgh	
UCG Thirty Six	1	2020	1080 Steuben St	Pittsburgh	
LSF 10 Master Participation Trust	3	2018-21	500 E Broward Blvd Ste 1130	Fort Lauderdale, FL	One address in OK City, OK
LSF 11 Master Participation Trust	1	2019	500 E Broward Blvd Ste 1130	Fort Lauderdale, FL	
LSF 8 Master Participation Trust	2	2017, 2019	500 E Broward Blvd Ste 1130	Fort Lauderdale, FL	
LSF 9 Master Participation Trust	6	2016-19	500 E Broward Blvd Ste 1130	Fort Lauderdale, FL	
Pittstark LLC (includes Pittstark LLC)	13	2019-20	515 Sairs Ave	Long Branch, NJ	
PLOT- USA -HS 00xxx	14	2019-20	Most Culver St	Lawrenceville, GA	2 in Kirkland, WA
SFR3-000 LLC (and other numbers 020, 030, etc.)	28	2021	Park Ave S Ste 738	New York, NY	One Beulah Rd. Pgh in there but wrong coding it's the house
TNA Investments	16	2018-22	19048 Partridge Wood Dr	Germantown, MD	
VB ONE LLC	51	2020-22	3500 Park Center Dr. Ste 100	Dayton, OH	
VB TWO LLC	22	2020-21	3500 Park Center Dr. Ste 100	Dayton, OH	

The following tables examine how many names come under one mailing address:

Corporate Name	# Buys	Years	Address	City	Comments
Cupola Homes 27 LLC	16	2021	P.O. Box 75039	Tampa, FL	Most have "ATTN: JOHN MAZUCHOWSKI" One has c/o SECOND AVENUE PROPERTY MANAGEMENT LLC
SEGAVEPO LLC (and close names)	60	2020-21	P.O. Box 75039	Tampa, FL	Most have either "ATTN: JOHN M..." or "c/o SECOND AVENUE..."
<b>Total</b>	76				

<b>Corporate Name</b>	<b># buys</b>	<b>Years</b>	<b>Address</b>	<b>Location</b>
Avid Holdings 1801 LLC	7	2019-21	736 W. Ingomar Rd	Ingomar, PA
Barsa Holdings 201 LLC	4	2020	736 W. Ingomar Rd	Ingomar, PA
CM Holdings 201 LLC	7	2019-20	736 W. Ingomar Rd	Ingomar, PA
MS Holdings 201 LLC	1	2021	736 W. Ingomar Rd	Ingomar, PA
RS Holdings 201 LLC	11	2020-21	736 W. Ingomar Rd	Ingomar, PA
Sabar Holdings	3	2019	736 W. Ingomar Rd (one at PO Box	Ingomar, PA
<b>Total</b>	<b>33</b>			

<b>Corporate Name</b>	<b># buys</b>	<b>Years</b>	<b>Address</b>	<b>Location</b>
Diversified Resident Homes 2 LLC	13	2021	3495 Piedmont	Atlanta, GA
Fund IV Homes 3 LLC	1	2021	3495 Piedmont	Atlanta, GA
RP Homes 2 LLC	8	2020-21	3495 Piedmont	Atlanta, GA
<b>Total</b>	<b>22</b>			

<b>Corporate Name</b>	<b># buys</b>	<b>Years</b>	<b>Address</b>	<b>Location</b>
JLA Properties (lots of sheriff sales)	7	2017-20	4124 Butler St Ste A (local)	Pittsburgh
SRG Holdings LP	9	2014-16	4124 Butler St Ste A	Pittsburgh
<b>Total</b>	<b>16</b>			

<b>Corporate Name</b>	<b># buys</b>	<b>Years</b>	<b>Address</b>	<b>Location</b>
LSF10 MASTER PARTICIPATION TRUST	3	2018-21	1 in Ok City Rest	Fort Lauderdale, FL

LSF11 MASTER PARTICIPATION TRUST	1	2019	500 E Broward Blvd Ste 1130	Fort Lauderdale, FL
LSF8 MASTER PARTICIPATION TRUST	2	2017, 2019	500 E Broward Blvd Ste 1130	Fort Lauderdale, FL
LSF9 MASTER PARTICIPATION TRUST	6	2016-19	500 E Broward Blvd Ste 1130	Fort Lauderdale, FL
<b>Total</b>	12			

<b>Corporate Name</b>	<b># buys</b>	<b>Years</b>	<b>Address</b>	<b>Location</b>
VB ONE	51	2020-22	3500 Park Center Dr Ste 100	Dayton, OH
VB TWO	22	2020-21	3500 Park Center Dr Ste 100	Dayton, OH
<b>TOTAL</b>	73			