

SHERROD BROWN, OHIO, CHAIRMAN

JACK REED, RHODE ISLAND
ROBERT MENENDEZ, NEW JERSEY
JON TESTER, MONTANA
MARK WARNER, VIRGINIA
ELIZABETH WARREN, MASSACHUSETTS
CHRIS VAN HOLLEN, MARYLAND
CATHERINE CORTEZ MASTO, NEVADA
TINA SMITH, MINNESOTA
KYRSTEN SINEMA, ARIZONA
JON OSSOFF, GEORGIA
RAPHAEL G. WARNOCK, GEORGIA

PATRICK J. TOOMEY, PENNSYLVANIA
RICHARD C. SHELBY, ALABAMA
MIKE CRAPO, IDAHO
TIM SCOTT, SOUTH CAROLINA
MIKE ROUNDS, SOUTH DAKOTA
THOM TILLIS, NORTH CAROLINA
JOHN KENNEDY, LOUISIANA
BILL HAGERTY, TENNESSEE
CYNTHIA M. LUMMIS, WYOMING
JERRY MORAN, KANSAS
KEVIN CRAMER, NORTH DAKOTA
STEVE DAINES, MONTANA

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR
BRAD GRANTZ, REPUBLICAN STAFF DIRECTOR

December 14, 2022

Mr. Brian Mitts
Interim President
VineBrook Homes Trust, Inc.
300 Crescent Court
Suite 700
Dallas, TX

Dear Mr. Mitts:

I am writing regarding VineBrook Homes' ownership and management of single-family homes, particularly allegations that properties are being neglected throughout Ohio and across the country.

Since 2018, VineBrook Homes Trust and its subsidiaries have acquired a significant portfolio of single-family rental homes across Ohio and 19 other states.¹ In just four years, VineBrook has increased its portfolio of homes by 646 percent, to nearly 27,000 homes.² As of September 2022, VineBrook reports that it has a "geographic market concentration" in one market, which represents more than 10 percent of the value of its homes – Cincinnati.³

VineBrook's rapid expansion and systematic neglect of properties and tenants is having severe consequences for not only the local families living in the properties but also the entire City of Cincinnati. VineBrook, and its practices, first came to my attention when a resident in one of your Cincinnati-area homes contacted my office desperate for help to get their heat repaired. Your company had failed to respond to the tenant's multiple maintenance requests, leaving them without heat for several weeks in the dead of winter. Another tenant contacted my office reporting that VineBrook was attempting to evict them for nonpayment of rent, even though the rent had been paid. Unfortunately, these tenants' experiences were not unique.

Maintenance issues have been so common at VineBrook properties that, in July 2021, the City of Cincinnati sued VineBrook Homes for unpaid fines, fees, abatement costs, and water bills.⁴ In its complaint, the city reported that many of VineBrook's properties were now "in a state of disrepair due to deferred property maintenance and neglectful ownership practices."⁵ In some cases, properties were "so

¹ Specifically, VineBrook's filing says that the "Company's investment objectives are to maximize the cash flow and value of properties owned, acquire properties with cash flow growth potential, provide quarterly cash distributions and achieve long-term capital appreciation for its stockholders through targeted management and a renovation program for homes acquired." See VineBrook Homes Trust, Inc. Form 10-Q, September 30, 2022, pg. 6, available at <https://d18m0p25nwr6d.cloudfront.net/CIK-0001755755/0a65d62d-a403-496a-a11d-a7c110898b8a.pdf>.

² Id.

³ VineBrook Homes Trust, Inc. Form 10-Q, September 30, 2022, pg. 9.

⁴ Complaint, City of Cincinnati v. VineBrook Homes, LLC et al., A2102259, available at https://www.courtclerk.org/data/case_summary.php?sec=doc&casenumber=A+2102259&submit.x=19&submit.y=17.

⁵ Complaint, City of Cincinnati v. VineBrook Homes, LLC et al., pg. 7.

dangerous that the City’s Building and Inspection Department has ordered them vacated and/or kept vacant.”⁶ Yet VineBrook has ignored code enforcement attempts by the city, costing the city and its taxpayers money not just in unpaid fines, but in police, fire, and maintenance costs, and lower property values for neighboring homeowners.

On top of neglecting its properties and racking up costs for taxpayers, recent news reports also reveal that VineBrook has a pattern of being quick to evict its tenants and raise their rent. A legal aid attorney with the Legal Aid Society of Southwest Ohio reports that VineBrook is “one of the worst landlords in our service area” because the company frequently charges improper fees, locks tenants out of its online payment portal when they are delinquent, and frequently files to evict.⁷

VineBrook’s pattern of mistreating tenants and neglecting its properties is made possible in part by the way VineBrook structures its business. As Port of Greater Cincinnati Development Authority President and CEO Laura Brunner testified before the Senate Committee on Banking, Housing, and Urban Affairs, VineBrook’s business model is “based on maximization of profit by hiding behind a cloak of anonymity.”⁸ VineBrook has hidden its property ownership behind an increasingly complex web of limited liability companies, making it difficult for local or federal officials to determine whether VineBrook is ultimately responsible for a home. For example, it took a substantial investment of time and resources for local officials to map VineBrook’s property ownership throughout Cincinnati. When they did, they found VineBrook operated behind a cloak of more than 90 LLCs holding properties.⁹

VineBrook has built this widespread and profitable portfolio by outbidding aspiring homeowners. Cincinnati residents looking for an affordable home report that they were beat out time and again by VineBrook for the city’s starter homes, and VineBrook has a growing concentration of ownership in some neighborhoods within the city.¹⁰ For example, VineBrook now owns 29 homes on a single street in Cincinnati’s West Price Hill neighborhood – many of which used to be owned by individual homeowners.¹¹ Families who are outbid are left with no option but to rent, possibly in the home they hoped to buy.

As VineBrook has grown and pushed more families out of homeownership, renters in the Cincinnati area have faced more competition in the rental market and escalating rents. Over the past year, rents have increased more than 17 percent in the Cincinnati area, among the fastest growth in the nation.¹² VineBrook itself reported that its rental income over six months in 2022 was more than double the rental income for the same six month period in 2021 due, in part, to “increases in rental rates.”¹³ And while

⁶ Complaint, City of Cincinnati v. VineBrook Homes, LLC et al., pg. 8.

⁷ “‘Easy to bully’: A corporate landlord in Cincinnati is aggressive in trying to evict tenants, critics say,” Gretchen Morgenson, NBC News, November 22, 2022, available at <https://www.nbcnews.com/news/us-news/corporate-landlord-tactics-rcna48373>.

⁸ Statement of Laura N. Brunner, “‘The Rent Eats First’: How Renters and Communities are Impacted by Today’s Housing Market,” Senate Committee on Banking, Housing, and Urban Affairs, August 2, 2022, available at <https://www.banking.senate.gov/imo/media/doc/Brunner%20Testimony%208-2-222.pdf>.

⁹ Id.

¹⁰ “‘They want to make everybody a renter’: How real estate investors are changing Cincinnati,” Dan Horn and Randy Tucker, Cincinnati Enquirer, July 13, 2022, available at <https://www.cincinnati.com/restricted/?return=https%3A%2F%2Fwww.cincinnati.com%2Fstory%2Fnews%2F2022%2F07%2F13%2Freal-estate-investors-big-firms-transforming-cincinnati-market%2F9794507002%2F>.

¹¹ Id.

¹² “Rental Market Tracker: Rents Rose 7.8% in October – Slowest Growth in 14 Months,” Lily Katz, Redfin, November 16, 2022, available at <https://www.redfin.com/news/redfin-rental-report-october-2022/>.

¹³ VineBrook Homes Trust, Inc. Form 10-Q, September 30, 2022, pg. 34.

VineBrook's rate of rent increases was slower than Cincinnati's average, its average rent increased more than eight percent over the past year alone.¹⁴

VineBrook's investor materials clearly lay out the company's objectives: "to maximize the cash flow and value of properties owned, acquire properties with cash flow growth potential, provide quarterly cash distributions and achieve long-term capital appreciation for its stock holders through targeted management and a renovation program for homes acquired."¹⁵ Notably, these objectives include nothing about the well-being of residents or the communities where VineBrook does business – and that VineBrook relies on to generate profits.

In light of the many concerns raised by Cincinnati renters, aspiring homeowners, and local officials, I am deeply concerned that VineBrook's opaque, investor-focused business model is generating outsized profits by exploiting taxpayers and families in Cincinnati and across the 20 states in which VineBrook operates. To better explain VineBrook's policies and practices in Cincinnati and across the country, please respond to the following questions by January 6, 2023:

- VineBrook's stated objectives are related to investor profit. They do not speak to housing safety, resident experience, or contributions to local communities. Does VineBrook have a set of minimum protections for tenants to which it adheres, or any long-term goals with respect to property maintenance or resident satisfaction? If so, please provide those protections or goals. If not, why not?
- Do VineBrook representatives regularly meet with local officials and residents in the communities where it owns properties? If so, please provide the frequency of meetings in each jurisdiction. If not, why not?
- What was the average yearly rent increase, in dollars and percent of rent, including fees, for VineBrook homes in Cincinnati and nationwide over the past year? Does VineBrook have a limit on rent increases for existing tenants?
- How far in advance does VineBrook notify tenants of a rent increase? Is this policy consistent nationwide?
- How does VineBrook respond to maintenance requests? What is the average time between a request being submitted and a repair being completed for tenants in Cincinnati and nationwide? Please include separate maintenance timelines for standard maintenance requests and exigent maintenance requests.
- How many evictions did VineBrook file in Hamilton County, Ohio, in each of 2020, 2021, and year-to-date 2022? How many of those evictions were completed in each year?
- How many evictions did VineBrook file nationwide in each of 2020, 2021, and year-to-date 2022? How many of those evictions were completed in each year?
- How many LLCs own rental properties from which VineBrook or its subsidiaries receive rental income? Why does VineBrook hold its properties in such a large number of LLCs?
- Please provide a list of the senior leadership and Board of Directors, as applicable, for each of the owners and advisors of VineBrook listed below:
 - VineBrook Homes Trust, Inc.
 - VineBrook Homes Operating Partnership, L.P.
 - NexPoint Real Estate Opportunities, LLC

¹⁴ VineBrook Homes Trust, Inc. Form 10-Q, September 30, 2022, pg. 31; VineBrook Homes Trust, Inc. Form 10-Q, September 30, 2021, pg. 24, available at <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001755755/5e218b23-118c-4dfc-ae57-a9cc865765ca.pdf>.

¹⁵ VineBrook Homes Trust, Inc. Form 10-Q, September 30, 2022, pg. 6.

- NRESF REIT Sub, LLC
- NexPoint Real Estate Advisors V, L.P.

Thank you for your prompt response to this important issue.

Sincerely,



Sherrod Brown
Chairman