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Atlanta's Squatter Problem Is Vexing Wall Street Landlords

An estimated 1,200 homes are illegally occupied in the Atlanta metro area, an epicenter for institutional investors.



Sheriff's deputies supervise the removal of squatters' belongings from a property in Ellenwood, Georgia, on Nov. 17. Photographer: Elijah Nouvelage/Bloomberg

By Michael Sasso and Patrick Clark January 25, 2024 at 6:00 AM EST

In the biggest US market for <u>institutional landlords</u>, squatting in vacant rental homes has reached such extremes that owners offer intruders money to leave and many property managers won't check on suspect houses alone.

A squatter last spring shot one of Matt Urbanski's employees in the leg during a four-mile car chase through the Atlanta suburb of Lithonia. Urbanski, who runs a home cleaning and construction firm, had been trying to remove the man's belongings from a house owned by rental industry giant <u>Starwood Capital Group</u>. They got into a scuffle, which escalated into a pursuit and gunfire.

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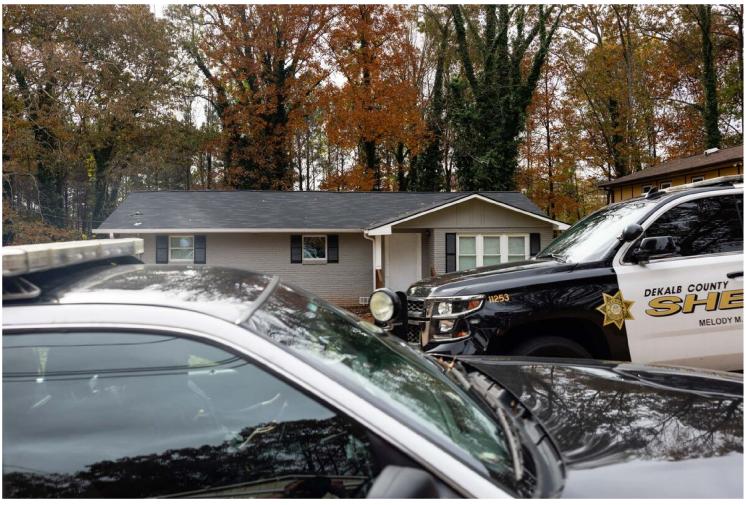
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"I'd be terrified in Atlanta to lease out one of my properties," Urbanski said.

Around 1,200 homes in metro Atlanta recently have had squatters – or people occupying a property illegally without a landlord-tenant relationship – according to an estimate from the National Rental Home Council trade group. That's far more than in any other US metro area tracked by the council. And it's hitting big names in America's single-family-rental business, including Starwood, Cerberus Capital Management's FirstKey Homes and Amherst Group – all of which have had dozens of properties with squatters. Landlords say evicting intruders can take half a year or more, due to backlogged court systems and overwhelmed sheriff's offices.

"The large corporations are having a hard time dealing with it," Urbanski said. "A small individual who would want to use that property to build their long-term wealth and secure their future, it could potentially destroy them."



Sheriff's deputies outside a house occupied by squatters, in Atlanta, on Nov. 17. Photographer: Elijah Nouvelage/Bloomberg

Starwood and Amherst declined to comment. FirstKey Homes, based just outside Atlanta, has installed smart-home equipment and created notification systems to address trespassing, said spokesman Alex Horwitz. Tiber Capital Group, which has managed homes for Starwood, declined to comment, but Chief Executive Officer Simon Frost wrote local authorities a letter begging for help.

"Unlawful occupants often brandish weapons and threaten neighbors, including children," Frost wrote. "This problem is rapidly growing. We are concerned about the impact that this is having on safety and livability of our local neighborhoods."

Atlanta has proven fertile ground for the single-family rental industry that sprang up following the US foreclosure crisis. Low home prices helped landlords amass large portfolios, and a growing economy promised rising rents. Today, institutional investors own some 72,000 homes in the area, according to data company SFR Analytics. Institutions own 34,000 homes in Phoenix, the landlords' second-largest market.

Strong job growth and a pandemic real estate boom, fueled in part by people moving from pricier cities, have sent the area's <u>housing costs soaring</u>. The typical rent across all property types in the Atlanta region rose 34% to \$1,897 a month from just before the pandemic until December, compared with a 29% rise nationwide, according to estimates from Zillow.

"There is a lack of affordable housing, and homelessness has increased during the pandemic," said Helen Z. Willis, councilwoman for the city of South Fulton, which has been deputizing its officers to remove squatters with the local

sheriff's authority.

Although precise figures on squatter-plagued homes are hard to find, the number may have quadrupled since the pandemic's start, said Beth Cruikshank, an attorney for institutional owners. At one point last year, her firm had filed "intruder affidavits" – documents that can help remove illegal occupants – against squatters in more than 700 area rentals.



A cleaning company worker shares a photo of waste piled up in a house that the company was hired to clear out. Photographer: Elijah Nouvelage/Bloomberg

Technology is making it easier for squatters to spot and occupy vacant homes. The advent of self-showings allows would-be tenants to request a viewing and receive a code to enter a property, which can go awry when the information falls into the wrong hands. And fake lease documents are readily available on the internet, said David Howard, CEO of the National Rental Home Council.

"People have figured out how to leverage the technology in such a way that they can get into a house, counterfeit a bogus lease document and then just won't leave," he said.

Turning on utilities in a vacant house can be as easy as getting a modem from a local internet service provider, said Urbanski, who cleans as many as 40 squatter homes a month. Many internet providers require little proof of residency, he said. Once squatters get a bill for the online account, they can use that to set up water and power service.

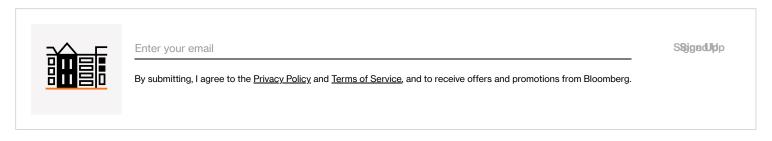
In some cases, people may even be squatting unwittingly, Cruikshank said. Scam artists can gain control of a vacant rental home, list it for rent online and draw up fake lease documents. The duped renter often coughs up thousands of dollars in advance and makes monthly rent payments to the scammer.

Reducing the time a property sits vacant is essential for keeping out intruders, and operators aim to get new tenants in their homes within weeks of when the last resident moves out. But squatters don't need much time to find an empty house. Robin Rinker, a public health worker, placed her home for rent on Zillow on August 24, after moving in with her fiancé. One day later, a friend called to tell her that someone appeared to be living at her old place. Rinker offered the squatter, a young woman, \$750 to leave.

"She said, 'Oh, well, I don't know if that's enough,'" Rinker said, quoting the woman. "Seven hundred fifty dollars is not enough to keep a roof over my kid's head."

She eventually got the squatter out after two months by filing an intruder affidavit in DeKalb County. Now she's unsure how to list her property for rent. "I'm terrified to post it online," Rinker said.

Ridding a home of squatters in just two months is a rare victory, local attorneys say. If a landlord files an eviction lawsuit, getting a court hearing can take three months, and it may take another three months to get a sheriff's deputy or county marshal to clear out a home, said John Mangrum, a Georgia-based real estate lawyer.



Intruder affidavits can be faster but come with their own troubles. Georgia law allows a property owner to submit an affidavit to the local sheriff, asserting that someone is intruding on the property and instructing the sheriff to remove him. The intruder can avoid immediate removal if he provides a counter affidavit showing a legal right to be there, according to real estate lawyer David Metzger.

Through the first 10 months of 2023, about 275 intruder affidavits had been filed in a single metro Atlanta county, DeKalb, according to records from that county's sheriff's office. Of the properties involved, Miami Beach-based Starwood owned 78, Austin-based Amherst owned 70 and FirstKey owned 42.



Tim Arko. Photographer: Elijah Nouvelage/Bloomberg

Tim Arko, 34, needed a lawsuit and seven months to clear squatters from a rental home he managed and partially owned near Atlanta's prestigious East Lake Golf Club. When he discovered trespassers, one of whom flashed a handgun, he returned to the property with his own rifle for protection, only to be detained and questioned by the police because he was armed, Arko said. He figures he lost \$1,800 a month in rent on the home, which experienced heavy damage, including broken appliances and holes in the walls.

He's leaving the property management business.

"I sued someone named John Doe," Arko said. "They got to live in a home for seven months, wreck it and leave."

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