



To: the Federal Housing Finance Administration
Re: Duty to Serve plan Comment Period
Date: August 15, 2022

Thank you for the opportunity to provide comment on the 2022 Duty to Serve plans. The Action Center on Race and the Economy (ACRE) is a racial justice and Wall Street accountability nonprofit, where we support renters fighting for housing justice and tenants rights. The Duty to Serve plans are more critical than ever in the face of an extreme affordability crisis and at a moment when private equity's role in our housing market is under increasing scrutiny.

In our work with grassroots organizations we regularly hear how private equity investment in our homes impacts low-income and BIPOC tenants. This happens through a business model where large corporate landlords boost profits by dramatically increasing rents, charging large fines and fees, cutting maintenance, and evicting tenants.¹ For example, Freddie Mac made a 2.2% interest, \$346 million loan to private equity-backed CIM Group in 2021 for the purchase of a large, affordable apartment complex called Southern Towers in Alexandria VA.² Since CIM bought Southern Towers, the predominately African-immigrant tenants have faced hundreds of eviction filings and deteriorating conditions, as outlined in the report *Invested in Evictions* by African Communities Together.³

Private equity firms have also invested heavily in manufactured housing communities (MHCs), often backed by GSE loans; in a recent report, Americans for Financial Reform found that PE controls 13% of all manufactured home lots in the country.⁴ Residents in MHCs are in a uniquely precarious position due to the split ownership of the built structure and its underlying land, and owners are often shut out of the traditional mortgage market. Changes to mortgage regulations would allow manufactured home residents to access more affordable loan products, keeping their homes more affordable and more secure in the long term.

Without affirmative protections for tenants, the Duty to Serve rule becomes a mechanism to ensure that low-income tenants of color continue to face the worst parts of the housing market.

¹ Lopez, Sofia. [Testimony to the House Financial Services Committee, Subcommittee on Oversight and Investigations](#). June 28, 2022.

² African Communities Together. [Invested in Evictions: CIM Group, Southern Towers, and the Crisis of Publicly Financed Displacement](#). April 2021

³ African Communities Together. [Invested in Evictions: CIM Group, Southern Towers, and the Crisis of Publicly Financed Displacement](#). April 2021

⁴ Americans for Financial Reform. [Research Memorandum to House Financial Services Committee Members and Staff: Estimate of Private Equity Ownership of Housing Units](#). 2022

Instead the FHFA should require the GSEs establish tenant protections as a condition of financing. These rights should include the right to timely maintenance, protections against no-cause eviction, and a requirement to ensure properties remain affordable long term to prevent displacement and the gentrification of critical affordable housing stock. Additionally, the GSEs should cease to offer financing to firms that have been found to engage in tenant harassment and displacement. This could be achieved by expanding the FHFA's existing Suspended Counterparty Program ("SCP").

Thank you for the opportunity to submit our recommendations. For further information please contact Deputy Campaign Director for Housing, Sofia Lopez at sofia@acrecampaigns.org.