

July 24, 2023

The Federal Housing Finance Agency
Office of Multifamily Analytics and Policy
400 7th Street, S.W.
Washington, D.C. 20219

To Whom it May Concern in the Office of Multifamily Analytics and Policy:

CONAM is a privately held real estate company that specializes in multifamily housing, and we are active in the acquisition of existing assets, development of new projects and operate a portfolio in 14 states across the U.S. Our company currently owns and operates a national portfolio of over 55,000 units.

We take our responsibility to our residents seriously and strive to create thriving communities and successful resident experiences. As such, we appreciate the importance of federal, state and local laws and regulations already in place that create rights and responsibilities for rental housing residents and providers.

As a leader in both conventional and affordable housing communities, our company has worked to develop eviction protection programs and to roll out alternative payment options to our residents to allow them greater flexibility and ability to remain current on their rental obligations. In addition, the vast majority of our residents are able to sign up for positive credit reporting for on-time rent payments.

As a multifamily housing provider, resident rights are a critical part of the rental housing system and we are committed to providing safe, quality housing at a fair price for renters in all of our communities. As such, we caution against any FHFA efforts that could increase the risks associated with using Enterprise programs or limit broader housing availability and affordability goals, especially at this time of market uncertainty.

It is vital that FHFA remain focused on the Enterprises stated mission which is, "to serve as a reliable source of liquidity and funding for housing finance and community investment."¹

Importance of Enterprise Capital Availability

Many factors influence the ability of the multifamily housing industry to meet the nation's growing demand for rental housing, but the availability of consistently reliable and competitively priced capital is the most essential.

The Enterprises' multifamily programs serve a critical public policy role and ensure that multifamily capital is always available in all markets, so that multifamily housing providers, like us, can address the broad range of America's housing needs from coast to coast and everywhere

¹ About FHFA | Federal Housing Finance Agency "Mission", available at <https://www.fhfa.gov/AboutUs>.

in between.

We have seen evidence of the negative impact of current market conditions on multifamily housing finance and development—causing many in our industry to cut back significantly on new apartment construction. The actions contemplated in this RFI would impose confusion in the market and increase market uncertainty. This in turn would deter much-needed investment in housing supply and increase costs for housing providers and residents alike.

In addition to the negative impact of current market conditions on the financing of new multi-housing development, we have also seen a noticeable reduction in the number of capital improvements projects planned to improve and upgrade the current housing stock. These projects which would improve the comfort and energy efficiency of existing communities for our residents are being cancelled or delayed as a result of current capital market conditions.

Rental Housing is Largely a State and Local Issue

The relationships between multifamily housing providers and residents, the communities we serve, and the broader housing market are governed by layers of federal, state and local statutes, case law, regulations, and private contractual agreements—all providing specific rights and responsibilities. This includes building codes; contractual notices and disclosures; fair housing; eviction processes; consumer reporting and debt collection laws; and enforcement provisions to guard against fraud and abuse. Lease agreements outline the rights and responsibilities between residents and housing providers and are enforced by state and local courts.

Given that our policies and operations are largely governed by state and local laws and regulations based on local real estate market conditions, anyone-size-fits-all new “protections” will undoubtedly lead to misaligned requirements that do not account for the unique housing needs of each of the communities we serve, nor other communities in dire need of affordable housing opportunities.

Rent Control and Other Price Control Measures Have Been Repeatedly Proven to Limit the Supply of Rental Housing and Increase Costs

America’s renters and multifamily housing providers share the larger goal of addressing housing needs nationwide. Rent control research, however, has proven repeatedly that rent control is a failed policy that does nothing to get at the root of the challenge—our nation’s lack of supply. In fact, while rent control and rent stabilization laws purport to improve housing affordability, they often have exactly the opposite outcome and lead to increased costs and a reduction in the available supply of rental housing.

Layered on top of the aforementioned concerns are the many complexities that would result if a federal agency attempted to make broad assessments about rent at the federal level without input from local or state officials per applicable jurisdiction. FHFA should avoid any type of rent regulations, including rent control, rent stabilization or pricing policies as they would harm national affordability goals by deterring investment in much needed housing production, including the Enterprises’ backed secondary mortgage market.

By way of example, we have shifted our focus away from the states and municipalities that have

imposed rigid rent control regulations. This impacts the refurbishment and reinvestment in the housing stock and limits new housing production, which in turn impact affordability.

Federal Policies Should Target the Root Causes of Eviction, As It Is Almost Always a Last Resort

Evictions are a troubling experience for all parties involved, thus it is a last resort for us as housing providers. Private, public and non-profit rental housing providers engage in the eviction process as their only legal remedy to remove a resident who has breached the lease. While most evictions are premised on non-payment of rent, other causes include lease violations, fraud during the application process and other criminal activities.

We seek to mitigate evictions, most often by working with affected residents on payment plans and connecting them with social services.

CONAM was among the first housing providers nationally to create and implement a rent forbearance program during COVID – in advance of any state or national requirements to do so – that provided a reasonable path to rent forbearance for our resident base. While federal, state, and local government agencies subsequently stepped in and created their own programs, it is worth noting that these programs sometimes conflicted with each other, that they created a complex web of regulatory requirements to navigate, and, despite all of the federal funding for rental debt repayment, as owners we exited the pandemic with millions of dollars of unpaid rental debt on our books. The amount of collection loss varies depending upon the eviction protections implemented in each state and the efficiencies of local court systems. Our associates were trained to assist residents in their respective jurisdictions in collecting rent reimbursements through each state-run government rent assistance program.

Conclusion

We share the Administration's commitment to addressing the affordable housing crisis in our nation. However, imposing additional obligations for Enterprise multifamily borrowers will create instability in an already challenged market and undermine the important goals of fostering a healthy housing market, increasing supply and creating successful apartment communities. Inherent in ensuring stability for our nation's renters, is maintaining the current and future viability of the rental housing supply in this country. As such, respectfully, FHFA should refrain from placing new or expanded federal obligations on private rental housing providers and instead focus on leveraging federal resources in the form of incentives to bolster new affordable housing supply.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rob Singh".

Rob Singh
President & CEO
The ConAm Group