

Federal Housing Finance Agency
400 7th St SW, Washington, D.C. 20024

Re: Tenant Protections for Enterprise-Backed Multifamily Properties Request for Input

Thank you for the opportunity to submit a comment on the important topic of tenant protections in properties with Fannie Mae and Freddie Mac-backed mortgages.

HouseUS is a philanthropic fund working to build and support the national movement for housing justice by centering the experience and leadership of people of color and the communities most impacted by housing insecurity. HouseUS provides funding for tenant organizing and mobilization efforts in Colorado, Florida, Illinois, Minnesota, Missouri, Nevada, and New York. At HouseUS, we believe in a transformative shift in our country's housing policy, toward an approach that centers the needs, experience, and expertise of poor tenants and the research-backed solutions that help create better housing conditions for tenants. This requires philanthropy investing in a new way, and at a new scale, in tenant organizing efforts that grow and elevate the power of organized tenants: urban and rural, Black, brown, multiracial, working class tenants ready to exercise their political power to create a housing policy that works for their families.

As funders of tenant mobilization efforts at the state and federal levels, we understand the importance of federal policies that support a bold set of tenant protections, rent regulations, and a right to organize. In this comment, we provide context for the importance of federal intervention to support tenants, new polling research into Americans' view on this issue, and policy recommendations.

The importance of federal intervention in an increasingly consolidated housing market

In the states where HouseUS-affiliated tenant-led campaigns are organized, there are over 10,370 properties with Fannie and Freddie-backed mortgages.¹ Across these contexts, we are seeing a similar trend play out: corporate landlords are leveraging GSE financing to purchase distressed real estate and deferring maintenance to maximize profit. Landlords are pursuing no-fault evictions and rent hikes in manufactured housing, multifamily apartments, and single family rental homes alike.^{2,3,4} As a result, tenants, who have limited legal protections, are left with nowhere to turn. Private equity's expansion into the housing sector, inadvertently supported by

¹ Analysis of [Freddie Mac Multifamily Investor Access Portal](#) and [Fannie Mae DUS](#) (Delegated Underwriting and Servicing) Disclose, current as of March 2023. Please note these are estimations and may not be exact figures.

² Henderson, Tim. July 2022. "[Investors Bought a Quarter of Homes Sold Last Year, Driving up Rents.](#)" *Pew Charitable Trusts*.

³ Whoriskey, Peter. January 2023. "[Rising rents were a crisis for tenants. For landlord Starwood, they were a gift.](#)" *Washington Post*.

⁴ Conley, Julia. April 2023. "[Corporate landlords reap big profits as rents in many U.S. cities soar by double digits.](#)" *Salon*.

Fannie Mae and Freddie Mac, is driving the historic consolidation of the rental market and contributing to the unprecedentedly high rental costs and eviction rates we see today.⁵⁶

The Government Sponsored Enterprises play a clear role in propping up this behavior. In the wake of the 2008 recession, private equity firms capitalized on the foreclosure crisis by leveraging low-interest government-backed mortgages to buy single-family homes the government deemed “distressed.”⁷ The loan financing that government entities like Fannie Mae and Freddie Mac provided to these firms came without meaningful conditions, allowing PE firms to prioritize profit over their tenants’ basic needs. These firms applied a similar strategy to the multifamily rental market, and by 2022 PE firms were responsible for approximately 70% of apartment sales quarterly as well.⁸ The expansion of PE firms’ footprint in the housing market has been particularly acute in predominantly Black neighborhoods, where firms were able to buy units at “affordable” prices and then gentrify full neighborhoods; in 2021, 30% of home sales in majority-Black neighborhoods went to investors, compared with 12% in other areas.⁹

What’s more, tenant organizers are seeing a loss of affordable housing supply in their communities as a result of a lack of tenant protections and rent stabilization measures. During the pandemic, the U.S. lost over 500,000 affordable units for extremely low-income renters, largely due to landlords converting these apartments to market rate units.¹⁰ Recent research shows that the supply of low-cost housing units has been declining consistently over the last decade, and that this phenomenon is accelerating.¹¹ To organizers, the connection between housing speculation and the loss of affordable housing supply is no surprise; there are countless examples of this happening at the building and neighborhood-level in the communities where HouseUS works. The majority of America’s rental housing is unsubsidized, and this trend further underscores the need for policies that preserve pre-existing unsubsidized affordable housing through mechanisms like rent regulations and maintenance requirements.

⁵ Mari, Francesca. March 2020. “[A \\$60 Billion Housing Grab by Wall Street.](#)” *New York Times*.

⁶ Arnold, Chriss, R Benincasa, M Childs. December 2021. “[How the government helps investors buy mobile home parks, raise rent and evict people.](#)”

⁷ Mari, Francesca. March 2020. “[A \\$60 Billion Housing Grab by Wall Street.](#)” *New York Times*.

⁸ Whoriskey, Peter. January 2023. “[Rising rents were a crisis for tenants. For landlord Starwood, they were a gift.](#)” *Washington Post*.

⁹ Ash, Jordan. March 2023. “[Blackstone Comes to Collect: How America’s Largest Landlord and Wall Street’s Highest Paid CEO are Jacking up Rents and Raming up Evictions.](#)” *Private Equity Stakeholder Project*.

¹⁰ Americans for Financial Reform. June 2022. “[Research Memo: New AFR Research Estimating Minimum Number of Private Equity-Owned Housing Units.](#)”

¹¹ Joint Center for Housing Studies at Harvard University. June 2023. “[The State of the Nation’s Housing 2023.](#)”

The federal government has an important role to play, and polling shows the public agrees.

Across the contexts where we work, tenant organizers are fighting for anti rent-gouging policies, good cause eviction protections, and anti-discrimination laws. While there have been some impressive successes to pursue tenant protections at the local and state levels, it is clear that this issue deserves national policy attention. There is no county or state in the nation where a minimum wage worker can afford to rent a modest home for their family.¹² Across red states and blue states, urban contexts and rural, the housing crisis is a top concern.

HouseUS partnered with Lake Research Partners in June 2023 to survey a representative sample of registered voters across the country. These survey results showed that housing is a personal issue for voters, with over two-thirds of voters stating they have had trouble with paying rent, overcrowded housing conditions, moving due to rent increases, or being extremely cost burdened. Over one-third of voters had difficulty making their monthly mortgage or rent payments in the last year alone.

It is no surprise, then, that housing is a priority issue for voters. Polling shows that eight in ten voters see housing affordability, including for renters, in the United States as a problem (86%), including 55% who say it is a very big problem. This trend holds across geographic regions, as well as in both urban and rural contexts. Overall, voters rank housing as a top priority alongside healthcare and education. Across subgroups, voters who are more likely to rate housing as a top priority over healthcare include mothers (66%), women under 50 (65%), Black voters (55%), and lower-income voters (55%). A solid majority of voters (87%) also say people's inability to find affordable housing has a big impact on the economy. These results clearly show that housing is a top concern for voters and that voters believe our affordable housing crisis has far-reaching consequences.

Survey results also show there is broad support for a set of policy actions to protect tenants and regulate rents. A plurality of respondents said current laws offer more protections to landlords than to renters by 3 to 1, and that the federal government is primarily responsible for pursuing housing policies to address this crisis. Notable findings related to policy action include:

- Across partisan lines, at least six in 10 respondents say it is important for the federal government to ensure basic protections for renters, including 63% of Republicans, 79% of Independents, and 88% of Democrats. Voters of all parties want to see federal action to limit rent hikes and ensure affordable housing for all.
- 78% of voters believe the federal government should step in to regulate the corporate landlords it provides loans to, and over half strongly agree with this concept.

¹² *National Low Income Housing Project*. 2022. "[Out of Reach: The High Cost of Housing](#)."

- 62% of voters strongly favor passing laws so tenants cannot be evicted without a valid reason, and 56% of voters support changing the law to require that landlords can only pursue evictions if they have a good cause.
- 58% of voters are in favor of limiting rent increases.

These results affirm what tenant organizers across our country are demanding: we need bold, universal regulations that will set the direction for states and localities in the years to come. Given Fannie Mae and Freddie Mac's role in financing nearly half of all multifamily properties in the United States, they have an important role to play in setting the standards and regulations that will dictate the direction of the U.S. rental market.

Recommendations on tenant protections for Fannie Mae and Freddie Mac

With this in mind, we believe the FHFA should consider the following tenant protections as a condition for receiving GSE loan financing from the federal government:

- Rent regulations: FHFA should prohibit landlords with GSE-backed mortgages from imposing rent increases of more than 3% with respect to any unit over the course of any 12-month period.
- Good cause eviction: FHFA should prohibit landlords with GSE-backed mortgages from pursuing evictions without good cause, ensuring every tenant has the right to a lease renewal. Good cause is defined as serious and repeated lease violations provable in a court of law.
- Ban source of income discrimination and prevent discrimination in federally-backed mortgages: FHFA should direct Fannie Mae and Freddie Mac to prohibit landlords from discriminating against tenants based on their source of income, including federal housing assistance. Further, FHFA should ensure the enforcement of existing laws that prohibit landlords from denying a tenant rental housing based on race, physical or mental ability, and family make-up, and expand protections to prohibit discrimination based on sexual orientation, gender expression or identity, immigration status, conviction and/or arrest history, bankruptcy history, eviction history, or credit score.
- Safe, quality, accessible housing standards: FHFA should require all landlords with GSE-backed loans to keep their properties in good condition, and to ensure homes are accessible for people with disabilities. No renter should have to live in an inaccessible home or in housing conditions that put their health and safety at risk.
- Landlord registry: Tenants should have access to information about their landlord, including their name and phone number for communication purposes.
- Fair leases: FHFA should direct Fannie Mae and Freddie Mac to require that landlords use standardized and clearly defined leases free of abusive terms.

We also believe it is essential that the FHFA understand tenants as a key end user of federal loan financing. The FHFA should prioritize tenant perspectives in any decision-making process that results from this RFI process. For too long, the federal government has fostered a housing market that prioritizes wealth-building of homeowners, landlords and developers over the basic needs of renters. This is an important opportunity to redress past harms, balance the grotesquely unequal power dynamics between tenants and landlords, and create a housing market that does not leave anyone behind. With that in mind, we further encourage the FHFA to:

- Prioritize tenant responses to the RFI in any subsequent decision-making process and continue to collaborate closely with tenant-led coalitions on policy development;
- Establish an office of Tenant Protections within the FHFA, charged with protecting tenants and enforcing their rights in properties with federally backed mortgages.
- Enshrine the right to organize for tenants living in federally-backed properties. This will ensure tenants have the right to form tenants' unions or resident councils free from fear of retaliation from the landlord or managing agent.

Conclusion

The sky-high cost of housing remains top of mind for people across the country—in cities, suburbs, and rural areas; across races and political parties; for young people and older adults and nearly everyone in between. This issue is ubiquitous, and to fully address this crisis, we need to do more than offer opt-in incentives to developers that they can take or leave. Moments like this expose a dual opportunity for leadership: we need the federal government to act decisively in favor of protecting tenants, and we need philanthropy to acknowledge and address its own widespread lack of support for housing justice and tenant organizing. We believe it is important for philanthropic funders to work alongside the federal government to center tenants' voices in policy-making decisions, and prioritize policies that directly and concretely meet the needs of working class renters, in addition to policies that aim to increase housing supply. Beyond the clear benefit of providing tenants with the rights they deserve, we are confident that federal policymaking in support of tenants rights will help catalyze further philanthropic investment in efforts to ameliorate our housing crisis.

Thank you again for issuing this Request for Input and for your work to protect tenants. If you have any questions or would like to discuss this issue further, please do not hesitate to reach out to HouseUS Co-Director, Kevin Simowitz, at kevin@houseus.org.