



July 25, 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:

Lincoln Avenue Capital is one of the largest developers and owners of affordable rental housing in the country. We are a mission-driven organization that currently operates more than 22,000 affordable apartments across 123 properties in twenty-three states. All of our apartment communities are both rent and income restricted, with the vast majority regulated under long-term use restrictions by either the Low-Income Housing Tax Credit and/or Section 8 programs.

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. In addition to providing affordable communities for our residents, we invest in many initiatives across our portfolio to support the lives of our residents including after-school programs, community resource fairs and broadband access initiatives. Additionally, we invest in utility efficiency measures and renewable energy to enhance the comfort of our residents and reduce their utility bills.

As an affordable housing provider, we believe 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 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."<sup>1</sup>

### **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.

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





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

### **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, any one-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.

For example, recent rent control measures adopted in St. Paul, Minnesota have effectively put a stop to new multifamily rental development in the city. Even with deep subsidies it would be difficult for our organization to pursue development opportunities in St. Paul today, largely because operating expenses (labor, taxes, insurance, etc...) are increasing faster than potential revenue. We also observe that while rent control may benefit existing occupants of affordable housing, this is done at the expense of reducing the critical financing needed to create *new* housing to benefit those who are paying more than they can afford on housing and need to gain access into new affordable options.

### **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 (including occupants living in the units not on a lease, fraud during the application process, violation of community rules relating to safety and criminal activities are also factors. We seek to mitigate evictions, most often by working with affected residents on payment plans and connecting them with social services. However, the inability to evict the small number of "bad actors" in a timely fashion that may occupy a property undermines the safety and security of the other residents in the community, which is not acceptable.

### **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.

The combination of rent control (an income reduction policy) and eviction moratorium (an expense inflation policy) have made owning and operating affordable housing less profitable, riskier, and less attractive. This is damaging for the existing affordable housing supply and leads to both less production on those who are committed to that business line, but also creates less appetite for new groups to enter the space. 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 black ink, appearing to read "Thomas Amdur", with a long, sweeping horizontal line extending to the right.

Thomas Amdur

Senior Vice President, Policy & Impact

