



July 26, 2023

Honorable Sandra L. Thompson  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> St SW  
Washington, DC 20024

Dear Director Thompson,

I am writing on behalf of The Chattanooga Apartment Association (CAA), the leading membership organization representing owners, operators and developers of rental housing in the Greater Chattanooga, TN area. Currently, CAA represents 133 apartment communities which offer 19,344 apartment home residences. Additionally, 31 Management / Owner / Developers are CAA members. I am writing to share our views on the Federal Housing Finance Agency (FHFA) request on Tenant Protections for Enterprise-Backed Multifamily Properties.

Tennessee is suffering from a shortage of rental housing like many parts of the country. Chattanooga is in the 3<sup>rd</sup> congressional district and has over 40% of the apartment communities built prior to 1980. Statewide 32% of apartments were built before 1980. It is estimated that 6K new apartments are needed annually within the state to meet the demand for rental housing.

Chronic underproduction has led to higher costs for consumers, especially in affordable and underserved markets. While the factors causing this undersupply are numerous and complex, this is a moment when the availability of reliable and competitively priced capital is essential for the health of the rental housing industry.

The supply gap cannot be met without the necessary capital for development and rehabilitation in all markets, especially those that may not meet the credit or return standards required by many private capital debt providers. To bring down rental costs in the underserved markets of my state, the FHFA and Fannie Mae and Freddie Mac (the Enterprises) should be focused on supply and facilitating a secondary mortgage market which helps create more affordable housing stock.

Specific tenant protections are better decided by the communities they impact rather than the imposition of federal regulations which circumvent or conflict with leases that have been carefully crafted to comply with the laws applicable to that property. These laws are unique to individual communities and state and local lawmakers are best suited to respond to the needs of their constituents.

The rental property owners and operators in my state must comply with existing local, state and federal tenant protection laws. As such, the FHFA and Enterprises' consideration of adding more regulations to the already complex housing regulatory system is a major concern for my members. Any additional

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requirements associated with Enterprise-backed financing would impact rental housing providers' ability to comply with existing laws, adding uncertainty to a market already subject to intense scrutiny and regulation across all levels of the government.

There is also significant concern about the types of tenant protections that the FHFA and Enterprises are considering; rent regulation, source of income mandates and restrictions on eviction, to name a few examples, all impact a rental property operator's ability to comply with the economic terms of their loans and meet their additional mandatory operational expenses. If these requirements prove burdensome enough, I expect many of our members will turn away from financing options facilitated by the Enterprises or, even worse, exit the rental housing market altogether.

Fannie Mae- and Freddie Mac-backed financing is a critical tool to keep housing costs affordable for low- and moderate-income renters. However, increased regulation would only increase the cost of providing housing and contribute to the affordability gap we see today. The FHFA and Enterprises should instead look to programs which can increase housing production and supply by making Enterprise products more competitive to help us meet our collective housing needs.

Thank you for soliciting these comments and considering our views,

Sincerely,

Bobbi Turner  
Executive Director