



July 28, 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:

The Bozzuto Group is a developer, builder and operator of multifamily communities throughout the country. Founded in 1988, we have developed, built and acquired over 50,000 apartment homes. We currently employ 3,000 associates and operate 94,000 quality rental apartment homes in 326 communities in 16 states across the country. Our portfolio is diverse and we serve a broad base of renters in communities that range from income regulated affordable, work force, to higher end, luxury properties. Bozzuto has been ranked #1 in apartment living by our residents for seven years running.

We are passionate about serving our residents and strive to create thriving communities and engaging resident experiences. As such, we appreciate the importance of federal, state and local laws and regulations already in place that clarify the rights and responsibilities for rental housing residents and providers alike.

As a multifamily housing provider, we appreciate the importance of residents understanding their rights and responsibilities as it relates to their lease agreement. As an operator, we are committed to providing sanctuary 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

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



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 available in all markets at all times, so that multifamily housing providers, like us, can address the broad range of America's housing needs across the country.

The continued increase in construction costs, significantly higher interest rates and inflation in every operating expense category has put tremendous pressure on the economics of new construction and existing assets. These persistent market conditions are 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 rental industry is regulated by federal, state and local statutes, case law, and private contractual agreements. 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.

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

Evicting residents is a last resort for any housing provider. 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 their 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 that pose a risk to the other residents within the community.

We seek to mitigate evictions, most often by working with affected residents on payment plans and connecting them with social services and other organizations that can provide additional support.

Conclusion

We share the Administration's commitment to addressing the affordable housing crisis in our nation. However, we believe that 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 quality 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,

The Bozzuto Group

A handwritten signature in black ink that reads "Julie A. Smith".

Julie A. Smith
Chief Administrative Officer