

Cardinal Group

COMPANIES

July 31, 2023

Cardinal Group Companies
4100 E Mississippi Ave
Suite 1500
Denver, CO 80246

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:

Cardinal Group Companies (“Cardinal”) currently owns and/or acts a third party property manager for a mix of over 82,000 student beds, and conventional and affordable units in approximately thirty-five states. Cardinal’s mission is to be the best place to work for in any industry and to build communities where residents thrive. Cardinal has a diverse and talented team of over 2,000 individuals focused on supporting that mission and creating successful resident experiences. As such, Cardinal appreciates the importance of federal, state and local laws and regulations already in place that create rights and responsibilities for rental housing residents and providers.

Cardinal partners with developers and owners who share our values and seek to create social impact through resident programs and resources that support physical and mental wellness. As an example, our student leaders co-founded the Student Mental Health Coalition, which last year launched the inaugural student mental health survey, which yielded usable insights into the connection between student mental health and community, giving us and our industry the data we need to customize programming on a property level to promote mental health wellness among our residents. Cardinal also programmatically provides residents with opportunities to obtain rental assistance, favorable credit reporting, and reduced utility costs. Additionally, we invest in a robust compliance function, especially as it relates to affordable housing, to ensure that affordable housing support is available to all eligible residents in compliance with HUD, PHA and other affordable housing regimes and requirements. Across our managed portfolio, Cardinal makes investments in products, services and programs that continue to allow us to provide these types of supportive services to residents, and we hope to keep doing this into the future.

As a multifamily housing provider, resident rights are a critical part of the rental housing system and Cardinal is 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

Cardinal Group

COMPANIES

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 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.

Cardinal has 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 Cardinal serves, 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

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

Cardinal Group

COMPANIES

often have exactly the opposite outcome and lead to increased costs and a reduction in the available supply of rental housing.

Additionally, there are many complexities that would result if the FHFA made 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

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.

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

Specifically, in January 2023 Cardinal implemented a centralizing rent collection program, moving rent collection activities and responsibilities to a team of dedicated specialists whose sole focus is the management of resident and property accounts. With these responsibilities now centralized, Cardinal can be more proactive in our resident communications around rent payments and the business has seen a 1.5% decrease in end-of-month delinquency among communities utilizing centralized collections specialists. By simply adopting new internal processes and technologies, Cardinal has been able to have a positive impact on reducing delinquency and eviction issues without additional regulations.

Additionally, Cardinal is currently piloting a service called *Flex* that allows residents to have a third party service provider pay their rent and then they pay back *Flex* over 30 days. The residents can therefore stretch out their rent payments in return for paying the third party service provider a small fee.

Evictions are something that both tenants and landlords wish to avoid, and we are intrinsically motivated to find ways to reduce the occurrence of evictions using technology, new products, and new ways of thinking. Cardinal believes that the industry is best positioned to implement these changes, and the regulatory burden tends to stifle, versus encourage innovation and flexibility in the industry.

Conclusion

At Cardinal, 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

Cardinal Group

COMPANIES

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.

Respectfully,

A handwritten signature in black ink, appearing to read 'A. O'Brien', with a long horizontal flourish extending to the right.

Alex O'Brien

CEO

Cardinal Group Companies