



July 31, 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:

Continental Properties Company, Inc ("Continental") currently owns and manages 20,906 multifamily units. Since 2001 Continental has developed 126 multifamily communities across 19 states totaling 33,613 homes. Continental's multifamily brands, Springs and Authentix, are primarily suburban garden style low density product and offer affordable new construction living to our residents.

Continental's Authentix brand is designed to offer an affordable new construction housing option for the cost-conscious renter. Of the 982 homes developed in Continental's Authentix communities to date, 93.2% qualify as affordable at 80% AMI. Continental has ten Authentix communities (over 3,000 homes) in its development pipeline for groundbreaking in 2024 and delivery in 2025-2026.

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.

Continental has also partnered with Stake (www.stake.rent) to offer a Cash Back program to our residents at all our communities. In addition to the Cash Back option, Continental Powered by Stake empowers our residents to build renter wealth by allowing residents to report on time payments to the credit reporting agencies, offering an interest-bearing Stake Visa Debit card and an FDIC insurance checking account which includes Direct Deposit and Express Paycheck (access to paycheck up to 2 days in advance).

As a multifamily housing provider, 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 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 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.

Continental Properties is the owner and operator of a multifamily community in St. Paul, MN which was purchased in 2020 prior to the implementation of St. Paul's rent control measures. The property was acquired with attractive short-term financing. However, the access to permanent financing capital was severely impacted in 2022 after the rent control measures went into effect as banks and lenders were more conservative in their underwriting due to the rent control measures. Consequently, additional loan covenants and collateral were required to obtain the necessary debt financing.

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. As a



multifamily owner and operator in St. Paul, MN, we have seen firsthand rent control measures stifle new construction of multifamily units and create a lack of new housing options for renters.

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

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.

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

Conclusion

As a national developer of affordable multifamily housing, Continental shares 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 communities. Inherent in ensuring stability for our nation's renters, is maintaining the current and future viability of newly constructed affordable rental housing supply in this country. With the recent launch of our affordable Authentix brand, Continental is well aware of the budget challenges already facing multifamily developers in delivering quality affordable multifamily communities at acceptable returns. Accordingly, 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 that reads "Daniel J. Minahan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Daniel J. Minahan
President & Chief Operating Officer
Continental Properties Company, Inc.