



July 31, 2023

The Federal Housing Finance Agency
Office of Multifamily Analytics and Policy
400 7th Street, S.W.
Washington, D.C. 20219

To the Office of Multifamily Analytics and Policy:

I am pleased to provide comments on the FHFA proposed residents' rights on behalf of Dominionium. Dominionium develops, owns and manages over 38,000 rental units in 20 states, all providing rent capped homes under the Section 8 and Low Income Housing Tax Credit programs. This commitment to affordable housing spans over 50 years and is the sole focus of the company and it more than 1300 employees.

Creating strong communities and successful resident experiences is at the core of our purpose as we believe that homes provide dignity for residents. 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 and actively participate in the regulatory process to support the LIHTC program and the critical, quality housing it provides. We work to support residents with programs ranging from credit reporting, resident grants, scholarships, and other tailored services aimed at helping specific communities. In short, we focus on a) creating more housing (thus driving down the overall cost of housing) and b) supporting residents with rent-capped living experiences and other services.

It is with these lenses that we urge caution against any initiatives that could limit broader housing availability and affordability, 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

Capital Availability is Paramount to Affordable Housing

The availability of consistently reliable and competitively priced capital is the most essential ingredient in meeting the nation's growing need for affordable quality housing. FHFA's multifamily programs serve a critical public policy role and ensure that multifamily capital is available in all markets at all times, so that multifamily affordable housing providers, like us, can address the needs that is critical across the nation.

Today's challenging market conditions are negatively impacting multifamily housing finance and development, with current underwriting severely challenged and future development more limited than it has been in a decade. That factor alone provides a significant challenge to the affordability crisis faced daily by many. The actions contemplated in FHFA's RFI would only increase market uncertainty. Our own pipeline is slowed, with developments taking up to two times as long to achieve closing, adding significant cost on top of already increased costs of capital. Keeping the current programs functioning, without additional confusion is critical to maintaining

important housing production. We urge you to refrain from adding additional challenges to the development process or limit the capital available.

State and Local Laws, Regulations and Customs Support Affordable Housing

Each of our communities is the result of a partnership with the local government, the state, and us. That partnership is critical to providing housing that is welcomed into the community. Our work is centered on providing quality housing that allows residents access to transportation, careers, schools and services in each community. Layers of federal, state and local statutes, case law, regulations, and private contractual agreements are a part of that process. 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.

For us, working with these local communities, within their constructs, aids in developing a partnership that we think is critical to the success of communities. Moreover, that partnership is often the only way developments are allowed to proceed. Intervening in this balance and creating a federal mandate could result in communities fighting the development of affordable housing, setting set back future developments and limiting important access housing and community services. LIHTC, with its federal construct and critical state and local implementation, has vastly improved the housing and living conditions of many. This process could be thwarted by one-size-fits-all new “protections”. We urge FHFA from tinkering with this important part of the recipe that helps ensure the development of affordable housing.

Rent Control Limits Development and Drives Up Housing Costs

Rent control is a failed policy that does nothing to get at the root of the affordability crisis, which is the chronic shortage of quality housing. In fact, while rent control and rent stabilization laws purport to improve housing affordability, they actually achieve the opposite outcome and lead to increased costs and a reduction in the available supply of rental housing and the overall quality of housing.

This phenomenon was most recently seen in St. Paul, MN, where we have multiple communities. The mere passage of the ordinance—with implementation nearly a year away—caused permits for the development of multifamily housing, in all its forms, to plummet to close to zero. The promise of controlled rents is at the cost of future homes, overall quality, and regular upkeep.

Furthermore, adding such controls to the already rent capped LIHTC developments further stresses an already stressed housing market. Previous experiences with affordable housing (notably Public Housing and Project Based Section 8 Housing) demonstrated the perils of consistently low rent levels that did not move with the economy. These housing developments became dilapidated, provided poor experiences, and were rarely welcomed into communities, especially communities that otherwise provide strong opportunities for residents. LIHTC differed in that it incentivized long-term investment from the private sector by *simultaneously* guaranteeing a certain level of rent to support the property *and* limiting the amount of rent charged to control rents. Most importantly, it linked that rent level to economic changes.

FHFA should avoid any type of rent regulations, including rent control, rent stabilization or pricing policies. Such a move would limit rather than expand housing affordability by deterring investment in 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

Community managers and owners hate eviction. It is costly, challenging, and hard for all involved. It is always the action of last resort for housing providers. It is also the only legal remedy to remove a resident who has breached the lease, whether for non-payment of rent or other causes including lease violations, fraud during the application process and other criminal activities, some necessary to protect other residents.

Adequate rental support is too difficult to achieve for many who need it. We seek to mitigate evictions, most often by working with affected residents on payment plans and connecting them with social services.

Conclusion

As we have for 50 years, we stand committed to addressing the affordable housing crisis in our nation and share some of the concerns addressed in FHFA's RFI. We differ however in how to craft responses. We do not think imposing additional obligations for Enterprise multifamily borrowers will do anything to tackle the real cause of housing instability and unaffordability—the shortage of housing. The proposals of FHFA will add confusion and chaos in an already challenged market. They will undermine a healthy housing market, thwart housing supply and limit the creation of successful apartment communities. Stability for renters is inextricably linked to housing supply. 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,



Paula Prahl

Partner, EVP and Chief Policy and Corporate Affairs Officer