



July 31, 2023

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

Attn: Honorable Sandra L. Thompson, Director of the FHFA

Attn: Siobhan Kelly, Associate Director of the Office of Multifamily Analytics and Policy

Re: Request for Input (RFI) Submission on Tenant Protections at Multifamily Properties with Mortgages backed by Fannie Mae and Freddie Mac

Dear Honorable Director of FHFA Thompson, and Associate Director of the Office of Multifamily Analytics and Policy Siobhan Kelly:

We share the Administration's commitment to promoting more affordable housing. However, imposing a FHFA one-size-fits-all tenant protection regulatory scheme for Enterprise multifamily borrowers regardless of existing housing laws and local conditions will create more instability and *disincentivize* rather than encourage building and maintaining housing.

Prometheus Background

Prometheus Real Estate Group, Inc. provides 14,000 multifamily apartment homes in the San Francisco Bay Area, California, Portland, Oregon, and the Seattle, Washington area and employs over 500 people in these markets. In addition, Prometheus is working to develop another 2,466 apartment homes in these areas, 430 of which will be affordable housing units. Prometheus has significant outstanding debt backed by Fannie Mae and Freddie Mac.

Prometheus is headquartered in San Mateo, California, is family-owned and has been developing and managing multifamily housing for over 50 years. Prometheus's commitment to providing housing and advancing causes that benefit the communities in which it operates is exemplified in its leadership at the Housing Industry Foundation (<https://www.hifinfo.org/>), and by its Certified B Corporation status. <https://www.bcorporation.net/en-us/certification/> Prometheus is in good company, as the vast majority of housing providers in the markets in which Prometheus operates - whether they rent a single unit or hundreds of units - endeavor to do the right thing for their residents and to comply with the complex layers of laws and regulations that govern rental housing. Housing providers are important contributors to the nation's economy and communities.



FHFA Policy Analysis

There are already strong tenant protections under existing Federal, State and local law. Prometheus currently provides 317 below market rent apartment homes, and is working to develop another 430 below market rent apartment homes. In addition, 57% of Prometheus apartment homes are already subject to some form of rent control by State and local jurisdictions. Every unit in Washington and Oregon is already protected by State-wide just cause eviction protections (which often include relocation benefit requirements), as well as majority of units in California. California and Oregon already have State-wide rent control for properties that are older than 15 years on a rolling basis, and these same properties are also subject to Statewide tenant protections, including just cause protections, and other local protections. Moreover, every unit at a property with a federally-backed mortgage is already subject to the 30 day vacate period under the CARES act.

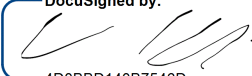
Accordingly, we ask that FHFA not advance new Federal regulations for tenant protections because another layer of Federal housing law would significantly increase the already complex administrative burdens on housing providers, and would conflict with existing Federal, State and local housing laws. Such regulations would add to the already *significant barriers* to building and managing housing including increasing interest rates, increasing labor costs, increasing materials costs like lumber and concrete, not to mention builders risk, property and liability insurance costs that have increased 65% year over year. In addition, it takes *years* and *hundreds of thousands of dollars* to comply with environmental laws (for example, CEQA in California) and other local requirements including noise, traffic, height, and transportation studies and permit/building fees to obtain the necessary approvals to build housing. Throughout the process, the housing provider is not only paying ever increasing carrying costs, including insurance, interest, and property taxes, but also takes on the risks of continuing economic challenges associated with inflation, higher interest rates and the chance of recession. Moreover, the industry is still recovering from the impacts of the pandemic and related laws and regulations.

In closing, we ask that FHFA not increase the risks associated with using Enterprise programs or limit broader housing availability and affordability goals, especially at this time of market uncertainty. Instead, it is vital that FHFA remain focused on the



Enterprise's stated mission which is, "to serve as a reliable source of liquidity and funding for housing finance and community investment."¹ Thank you for your consideration.

Sincerely,

DocuSigned by:

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Eron Kosmowski

Senior Vice President of Finance and Commercial Operations

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