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The Honorable Sandra Thompson
Federal Housing Finance Agency
Washington, D.C.

Director Thompson,

Thank you for the opportunity to provide feedback on the Federal Housing Finance Agency (FHFA) Request for Information on enshrining tenant protections in Enterprise-backed mortgages for multifamily properties. My name is Barika X. Williams, and I am the executive director of the Association for Neighborhood and Housing Development. ANHD builds community power to win affordable housing and thriving, equitable neighborhoods for all New Yorkers: as a member organization of community groups across New York City, our team uses research, advocacy, and grassroots organizing to support our members in their work to build equity and justice in their neighborhoods and citywide.

ANHD is dedicated to ending displacement, preventing predatory and speculative landlord behavior, and holding lenders accountable to tenants and their communities. Our work demonstrates that the FHFA has a singular opportunity to protect and empower renters in homes with mortgages backed by government-sponsored enterprises Freddie Mac and Fannie Mae ("GSE-backed mortgages") by **adhering to multifamily lending practices that curb speculative investment and deter bad-acting landlords; prohibiting landlords from imposing egregious rent increases; requiring good cause eviction protections; and ensuring safe housing conditions.**

Prevent lending practices that encourage tenant harassment and displacement: Drawing on years of research and advocacy toward a more just and equitable banking system, ANHD has worked with tenant organizers to establish best practices for underwriting, appraisal, and holding borrowers accountable to residents of their buildings.¹ The FHFA should incorporate these standards into their lending by requiring that federally-backed loans have minimum Debt Service Coverage Ratios of 1.2 or more; are designed with only current in-place rents and realistic maintenance costs in determining properties' net operating income; and are only awarded contingent on review of landlords' records of housing violations, liens, and other indicators that may demonstrate harassment, unjust evictions, or a loss of rent-regulated units. By adopting robust principles around responsible multifamily lending, the FHFA can ensure that new GSE-backed mortgages will not fuel displacement.

¹ https://anhd.org/wp-content/uploads/2017/06/ANHD_Best-Practices-in-Multifamily-Lending.pdf

Limit rent increases: Rents are climbing to record highs across urban, suburban, and rural real estate markets in the United States, and New York is no exception. ANHD's latest data analysis on threats to affordable housing shows that low-income Black and Brown residents in particular are being priced out of New York City: as new housing construction in their communities targets higher-income tenants and public investments in housing affordability expire, rent pressures are mounting.² In the Mott Haven and Melrose neighborhoods in the Bronx, for example, where the population is 83.6% people of color and 64.3% of tenants are rent-burdened, gross median rents have increased 14.0% from 2016 to 2021. Similarly, residents in Bedford-Stuyvesant in Brooklyn—where 69.1% of the population are people of color and 50.9% are rent burdened—have seen median rents in their neighborhood go up 24.8% over the same five-year period.

By requiring a cap on rent increases in their lending terms, the FHFA can play a critical role in reducing housing cost burdens and enabling people to stay in their homes and communities. Limiting rent increases in properties with GSE-backed mortgages will also reduce speculation in the long term by lowering expectations for excessive profits on multifamily building purchases. By taking action on their share of the loan market, the FHFA will also mitigate the outsize leverage that landlords have across the board to raise rents well beyond the cost of owning and operating housing, further empowering tenants to remain stably housed in the long-term.

Establish good cause eviction: Eviction filings surged in New York City last year and were highest in majority-Black and Brown neighborhoods. ANHD's analysis has demonstrated that good cause eviction is a matter of racial and economic justice: from 2016 to 2021, the rate of holdover filings in majority-people of color zip codes in New York State was 87% higher than majority-white zip codes.³ These figures do not capture the displacement of tenants in unregulated housing with no right to a lease renewal, whose lease is not renewed or is renewed with massive rent increases, who leave their homes without going to court. Good cause eviction standards in all federally-backed properties would protect unregulated renters, approximately 1.6 million households in New York State alone, from no-cause evictions and lease non-renewals, which are often discriminatory or retaliatory.⁴ To prevent landlords from circumventing this broader right to a lease renewal, the FHFA should institute good cause alongside rent increase limits.

Safe and healthy housing conditions: When one's home is someone else's investment, maximizing profits also means minimizing costs. Stable housing is central to health and well-being, but far too many New Yorkers and renters across the U.S. are faced with landlords who neglect repairs, let essential services like heat and hot water lapse, and fail to address

² <https://anhd.org/report/how-affordable-housing-threatened-your-neighborhood-2023>

³ Data from OCA and Census American Community Survey, 2019 5-year estimates. There were 4.7 holdover filings from 2016 through 2021 per 100 renter households in New York State zip codes with a majority-white population and 8.8 holdover filings per 100 renter households in New York State zip codes with a majority-people of color population. A table of data used to produce this analysis is available at <https://datawrapper.dwcdn.net/L2Dhp/3/>.

⁴ <https://www.cssny.org/news/entry/good-cause-eviction-legislation-protect-rental-households-tenants>, <https://www.cssny.org/publications/entry/racial-justice-right-to-remain-good-cause-eviction>

health issues like mold, rodents, or lead poisoning. According to the latest New York City Housing and Vacancy Survey, current municipal code enforcement practices fall woefully short of addressing tenants' health and safety concerns—especially in communities of color.⁵ As of 2021, 21% of Black tenants, 20% of Hispanic tenants, and 7% of white tenants lived in units with 3+ maintenance deficiencies in New York City. 66% of White tenants reported no maintenance deficiencies, compared to 45% of Black tenants and 47% of Hispanic tenants.

The FHFA can fortify the right to quality, safe housing by requiring borrowers to comply with strong habitability and enforcement standards like those outlined by the Right to a Roof campaign—and creating adequate incentives for doing so.⁶ This includes encouraging the GSEs to pursue swift legal action against landlords who fail to meet these standards as part of their loan agreements.

In addition to the above tenant protections, the FHFA should ban source of income discrimination, enforce and expand existing legislation against discrimination, and ensure tenants have the right to organize across their portfolio. By prioritizing the needs of residents in every multifamily property with a GSE-backed mortgage, the FHFA can play a crucial role in supporting safe, healthy, and affordable homes for all renters.

5

<https://anhd.org/report/testimony-new-york-city-council-housing-and-buildings-committee-regarding-code-enforcement>

⁶ <https://righttoaroom.org/priority-5/>