

United States Senate
WASHINGTON, DC 20510-3203

August 2, 2023

The Honorable Sandra Thompson
Director
Federal Housing Finance Agency
400 7th St SW
Washington, D.C. 20024

Dear Director Thompson:

I am writing in response to the Federal Housing Finance Agency's (FHFA) request for stakeholder engagement to expand tenant protections at multifamily properties backed by Fannie Mae and Freddie Mac (the Enterprises). I commend you and your agency for starting a dialogue with those who have been working to expand renter protections -- housing advocates, tenant associations and leaders, and policy experts.

In recent years, the country has witnessed significant economic and social changes that have had a profound impact on housing stability for millions of individuals and families. The ongoing housing affordability crisis, exacerbated by the COVID-19 pandemic, has left many renters vulnerable to housing instability, evictions, and homelessness. This situation highlights the pressing need for comprehensive renter protections to safeguard the rights and interests of Americans facing housing instability.

The COVID-19 pandemic put this into stark relief, as those families and individuals experiencing housing instability suffered the worst. The actions taken by FHFA during the COVID pandemic such as rent forbearance and eviction protection were critical in keeping Americans safely in their homes. Now is the time to take the lessons of what we learned during that period, and build on them.

In New York City, over half of our families are rent-burdened, paying over 30% of their income towards housing.¹ Nationally, at least one-third of American households are rent-burdened.² These families face significantly higher risk of either eviction or being forced from their homes as a result of unaffordable rent increases. It's critical we take immediate steps to expand tenant protections, especially for the most vulnerable.

In January, the White House Domestic Policy Council and the National Economic Council released a *Blueprint for a Renters Bill of Rights* with goal expanding affordable housing and tenant protections. Since then, there has been a series of executive actions to address the lack of safe and affordable housing and the housing instability faced by millions of families.

¹Furman Center's "State of Renter and Homes": <https://furmancenter.org/stateofthecity/view/state-of-renters-and-their-homes>

² Peyton Whitney's "Number of Households Rent Burdened" February 1, 2023, <https://www.jchs.harvard.edu/blog/number-renters-burdened-housing-costs-reached-record-high-2021#:~:text=Fully%2020.3%20million%20households%20were,49.0%20percent%20of%20all%20renters.>

A crucial part of addressing our housing crisis is actually increasing our housing supply. As demand outpaces supply, rental prices soar, making it difficult for many Americans to secure affordable housing options. This shortage disproportionately affects low and middle-income households, leading to an alarming rise in homelessness and housing insecurity. Increasing supply is going to require more federal investment, like Congress did in 2021 by ensuring a permanent 4% floor for the Low-Income Tax Credit. Ensuring that financing for affordable multifamily developments is also critical for building housing supply for low and middle-income families.

As part of its mission, the FHFA and the Enterprises play a vital role in the financing of multifamily apartments and ensuring sound rental markets. In 2022, Freddie Mac and Fannie Mae purchased a combined \$142 billion in multifamily loans supporting over one million units.³ Currently, FHFA-backed mortgages constitute roughly a quarter of the rental market.⁴ As FHFA-backed mortgages constitute a significant portion of the multifamily rental market, your agency has an important role in helping to address the housing crisis.

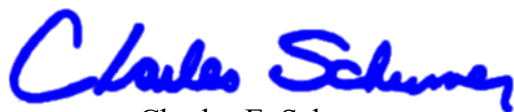
The FHFA and the Enterprises have an affirmative duty to facilitate affordable housing, both in statute and by FHFA guidance. The FHFA's November 2022 Multifamily Budget Caps announcement stated "to ensure a strong focus on affordable housing and traditionally underserved markets, FHFA requires that at least 50 percent of the Enterprises' multifamily business be mission-driven, affordable housing".⁵ Part of the mission of securing affordable housing for tenants is ensuring that tenants have the most basic protections of being secure in that housing.

With the aim of fulfilling that obligation, I urge FHFA to consider the below measures as part of their effort to expand tenant protections.

- Protections from the eviction of tenants under unlawful and or unreasonable grounds such as minor lease infractions.
- Safeguards against landlords unreasonably raising annual rents many multiples over current levels of inflation.
- Limiting fees and expenses that property managers can place upon their tenants that exceed the agree-upon rent.
- Requiring owners upkeep unit and property to a safe and decent standard.
- Requiring a standard for a clear and fair lease.
- Protecting tenants' and tenant association right to organize, and providing penalties for owners or property managers to act to prevent tenants from exercising that right.

Tenant protections such as these should be required for any mortgagor to have access to Enterprise-backed mortgages while not preempting any local or state provisions which may be stronger. My office is ready to collaborate with your agency in any capacity to ensure these crucial priorities.

Sincerely,



Charles E. Schumer
United States Senator

³"FHFA 2022 Annual Report to Congress", June 15, 2023, available at <https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/FHFA-2022-Annual-Report-to-Congress.pdf>

⁴"The CARES Act Eviction Moratorium Covers All Federally Financed Rentals – That's One in Four US Rentals," Laurie Goodman, Karan Kaul, and Michael Neal, Urban Institute, April 2020, available at <https://www.urban.org/urban-wire/cares-act-eviction-moratorium-covers-all-federally-financed-rentals-thats-one-four-us-rental-units>.

⁵FHFA's 2023 Multifamily Caps Announcement, November 10, 2023 available at <https://www.fhfa.gov/mobile/Pages/public-affairs-detail.aspx?PageName=2023-Multifamily-Caps-for-Fannie-Mae-and-Freddie-Mac.aspx>