Marcea Barringer
Senior Policy Analyst
Federal Housing Finance Agency
400 Seventh Street, S.W.
Washington, D.C. 20219

RE: Manufactured Housing Action (MHAction) and Americans for Financial Reform Education Fund (AFREF)'s Comments on 2022-24 Duty to Serve Plans

Dear Ms. Barringer,

Manufactured Housing Action (MHAction) is a membership organization of residents of manufactured home communities who are organizing their neighbors to protect the affordability and viability of their communities. MHAction works with multi-racial, predominantly women-led teams of resident leaders in Michigan, Iowa, Illinois, Montana, Utah, California, New York, Delaware, and Florida. MHAction leaders are driving campaigns to stop rent-gouging and displacement by predatory investors who have bought up their manufactured home communities.

Americans for Financial Reform Education Fund (AFREF) is a nonpartisan, nonprofit coalition of more than 200 civil rights, community-based, consumer, labor, small business, investor, faith-based, civic groups, and individual experts. Formed in the wake of the 2008 financial crisis, the AFREF coalition continues to advocate for a fair and just financial system that contributes to shared prosperity for all families and communities and policies that advance economic and racial justice in the United States. Along with our partners, AFREF advocates for policies to stem corporate abuses in the housing space that are making homes unaffordable, decreasing quality, and destabilizing communities.

MHAction and AFREF jointly submit these comments in response to the Federal Housing Finance Agency (FHFA)'s Request for Input on Fannie Mae and Freddie Mac ("the Enterprises")'s 2022-24 Duty to Serve Underserved Markets Plans. Our comments will be focused specifically on the manufactured housing underserved market and the residents living in manufactured home communities.

Manufactured Home Community Multi-Family Financing

The 2022-24 Duty to Serve plans must be assessed in the context of the full scope of Fannie Mae and Freddie Mac's multi-family financing for manufactured home community purchases. This financing has increased dramatically in the last year.[1] Fannie and Freddie continue to provide billions of dollars in low-cost loans to investor landlords, many of which are eroding affordability and livability. The business model of these investors is not preservation, but extraction and displacement. Financing this model is harming residents, pushing families and seniors to homelessness; it is eroding affordability in the manufactured home sector; and it is directly undermining the Duty to Serve goals.

In establishing the Enterprises' duty to serve underserved markets, Congress specifically directed the Enterprises to "develop loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages on manufactured homes for very low-, low-, and moderate-income families."[2] But instead of increasing financing opportunities that allow more families to access manufactured housing as an affordable place to live, a large part of the Enterprises' current investments in the manufactured housing space are pushing out the very-low, low and moderate-income families that Congress directed the Enterprises to serve in the manufactured housing market.

To convey the dire impacts of this multi-family financing, we share the following stories of residents living in Havenpark Capital communities. Havenpark is financed by Fannie Mae through Fannie's Delegated Underwriting and Servicing (DUS) partner, Bellwether Enterprise, a subsidiary of Enterprise Community Partners.

Anonymous Montana Resident
I am a member of the Turtle Mountain Chippewa Tribe of North Dakota and am part French Canadian. I grew up in Chinook and Havre, Montana and attended school there. I initially worked jobs locally, and I also worked mining jobs in Anaconda and in North and South Dakota. I finally moved back to the Chinook area and was hired full-time with the railroad and worked the tracks for 30 years until I retired. I was proud to raise six children there.

I moved to my community about 15 years ago. The rent for the land beneath my home was affordable at the time. I am 70 years old, and after hurting my back, I cannot work anymore. I live on a fixed income. About a year ago, Havenpark moved into the park and started charging us for everything. Now, I pay almost $50 more in lot rent. Plus, they're raising other fees so much that I can hardly afford to live in my own home. Under the old management, we did have gradual increases, but nothing like this new owner. Now, fees are always going up, and it's pretty stressful.

[1] See Fannie Mae. "Fannie Mae Multifamily Closes 2020 With Record Volume of $76 Billion." (January 14, 2021). Noting "Manufactured Housing Communities – $5.5 billion, an increase of nearly 120 percent from $2.5 billion in 2019."
[2] 12 U.S. Code § 4565(a)(1)(A).

They don't pay to improve anything in the park. Once, they laid a thin skin of new black pavement on the road, but that won't last. We have a lot of water running under this ground, like a river, so it will break up soon.

I own my own home and rent a little piece of land. I have about six feet of land on each side of my house. I try to keep it clean. I wanted to build a double deck, but I can't afford it anymore. I spend my time improving my home by planting flowers and watering the grass. But I can't water my yard anymore, since Havenpark put meters on. I now even pause and have to think about taking a shower because I'm so worried about whether I can afford the water bill.

Every time I turn around, they're raising more fees. This is all stressful because I live on a fixed income. I can't enjoy my retirement. As an Indian person, it feels like we're getting removed again.

JoJo Bailey, Resident of Midwest Country Estates, Waukee, Iowa

I'm 86 years old and I moved into my home at Midwest Country Estates 25 years ago. It was an excellent place to live then. Since Havenpark Capital bought our community about a year ago, it has been terrible.

I was paying around $300/month for my lot. Havenpark immediately tried to raise our rent $200! We fought back and took our story to the Capitol and to reporters, and Havenpark backed down a little. But we are still hurting. The rent went up $100 right away, plus new charges for sewer and garbage and new fees for little things — like to have my dog that doesn't even leave my property! Then they raised rent another $50, plus new fees for my double-wide, so now I pay over $500 per month, and they're planning more increases.

I try to get by on my Social Security check and a part-time job at the grocery store. I'm still working at the store through this virus because I need that extra money to make ends meet. I'm hardly making it with $600/month going to rent, fees, and utilities, plus my car payments, food, and an old hospital bill that I'm still paying off after I fell and broke my hip at my job at Walmart. It's rough.

I don't want to move, and I don't want to lose my neighbors. But if I can't afford to be here, I'll have to find something. Maybe I'll find a roommate. Or pitch a tent.

Mary Hunt, Resident of South Valley Estates in Swartz Creek, Michigan.

I moved into South Valley Estates in 1991. My parents sold their home and downsized to a double wide mobile home. I became their caregiver; I do not remember a time when I wasn't. When they both passed, I inherited the mobile home. I have always loved the peace and quietness of this community.

Havenpark purchased this community about 3 years ago. When I moved in the lot rent was $315, but since Havenpark took over they raised our rents and added fees, like water, sewer, trash, school tax, pet fee and administration fees. I think it's ridiculous they add a fee to send us bills.

Now under Havenpark, I will spend approximately $500 per month before my electric and gas and other fees are even added.

We do not have an onsite manager. I have no way to directly contact Havenpark in case an emergency arises. We have no tornado shelter, clubhouse, or playground. They made improvements like the new street signs and a new sign at the entrance, but our rent was increased so much for these small improvements. Had they done a tornado or a storm shelter we could have seen a reason for a rent increase but not what we got.

I'd like for this community to have caring management, who will work with residents when they fall on hard times, for instance, during a global pandemic. Havenpark continued rent hikes and evictions during the pandemic. Seeing my neighbors being evicted and displaced broke my heart.

Then I got sick with COVID-19 and missed April and May rent. Now they are trying to evict me even though the federal government has stopped evictions for folks who fell behind because of COVID. I'm working five jobs to try to make ends meet. I'm exhausted.

I never got a June invoice from Havenpark. And my calls went unanswered and unreturned when I called asking for my July invoice. I've applied for assistance from our local rent relief program. My legal aid attorney will be representing me at my eviction court date coming up in a few weeks. This company doesn't have any compassion or care for us.

Barb Gaught, Former resident of Cherry Creek Mobile Home Park, Billings, Montana

I moved into Cherry Creek 15 years ago with my husband and three children. Our home had been my parents' home, and we could afford the lot rent. It was a good place for a young family.

When Havenpark took over the court in the spring of 2020, everything started changing. They changed how the water was billed. They put water meters on the trailers; where under the old owner, I paid $35/month for water, under Havenpark, I had to pay almost $150 in water each month. They started charging for garbage. They changed rules about how everyone's yard looked. If you had a fence, it had to come down. They made rules about gardens. They said no trampolines. You couldn't have toys out in the yard — said "it looked like trash."

The previous owner was good at working with us and accepting partial payments. Havenpark has refused partial payments. In October, I was behind on my lot rent. It was my understanding that we had until the end of the year to pay because of the CDC eviction moratorium. But suddenly, I was given an eviction notice. In addition to paying the rent I owed, they said I had to pay for their attorney fees. It would have been thousands of dollars, which I didn't have. I didn't fight the eviction notices; I thought I was going to be okay if I paid before the end of the year.

The Friday before Christmas, a sheriff showed up and taped a notice of seizure on my door. Havenpark gave me until the following Monday to leave. They took my home, the home my parents purchased with their savings. I was afraid. I didn't understand what was happening or how we could stay, so we packed up and left. A few days after I left, they changed the deadbolt *on the door, and I couldn't return. I've been in a Super 8 with my family since then. It costs $500 a week. Soon, we will all be homeless.*

For many more resident stories about the impact of Fannie's MHC multi-family financing, please see the recently released report ***Displacement, Inc: How Havenpark Capital and Enterprise Community Partners are eroding affordable housing and how residents are fighting back***. More testimonials are also available through the webinar release of the report and national media coverage by National Public Radio and Nowhere to Go.

As demonstrated by these stories, Fannie Mae's financing of corporate investors like Havenpark is undermining the availability, quality, and affordability of manufactured housing and taking away an important and needed source of affordable housing for families. All manufactured housing transactions financed by the Enterprises should be examined and standards must be set to make sure that they do not directly contradict the statutory duty to serve the underserved manufactured housing market, regardless of whether the transaction counts towards a goal in the Duty to Serve plans. The Enterprises cannot meet their duty to serve underserved markets while undermining those goals through other financing in the very same markets.

MHAction invites officials from FHFA and the Enterprises to visit communities owned by Havenpark Capital and other investor owners to meet with residents and see first-hand the destructive impact of the Enterprise's financing.

Tenant Site Lease Protections (FN_MH_CommPad_1, FR_MH_Comm Pad_A)

FHFA acknowledged the need for tenant protections against unscrupulous owner practices when it adopted the Tenant Site Lease Protections. This framework of tenant protections built into Fannie and Freddie financing was an important step forward. And both Duty to Serve plans make clear that the products are working in that sense that borrowers are opting into the incentive program and signing up for the Tenant Site Lease Protections.

However, there are several critical weaknesses in the Tenant Site Lease Protection program and we call on FHFA and the Enterprises to address them. First, the protections are not stopping rent gouging and unjust evictions. While the Enterprises and FHFA have declared that the "Tenant site lease protections preserve the affordability and stability of MHCs across the country and are an important means to safeguard tenants from predatory practices," (Fannie Mae plan, 25), the experience of residents indicate that pad protections as they currently stand are vastly inadequate in serving this goal. For example, we understand that Havenpark Capital has agreed to the Tenant Site Lease Protections and received incentive pricing. Yet, as the stories above show, residents in Havenpark communities have experienced significant, unjustified rent and fee increases, pushing residents to homelessness and destabilizing communities.

The protections need to be strengthened to preserve manufactured home communities and ensure that Fannie and Freddie financing is not fueling displacement of vulnerable residents. They should include rent justification protections tied to consumer price index to stop confiscatory rent and fee increases; good cause eviction protections to stop retaliatory and unjust evictions; and opportunity to purchase measures to give residents a chance to purchase their community or partner with a nonprofit or government entity to purchase the community when it is for sale. FHFA should immediately undertake an assessment of the effectiveness of the current protections in preserving affordability and stability of communities and develop a plan for closing loopholes and improving the protections. While this assessment and plan development is underway, financing for manufactured home community purchases for corporate investors should be paused to prevent unaffordable increases and further displacement during this period.

Second, even with sufficient protections to preserve affordability, they are only as strong as their implementation. All community owners who receive Enterprise-backed financing should be required to enact pad lease protections for all manufactured housing residents living in their communities. Further, Fannie and Freddie must have robust systems for reviewing and enforcing compliance with the Tenant Site Lease Protections. There are currently blatant violations of the pad protections with apparently no consequences because the Enterprises do not have a system in place to keep owners accountable and in compliance with the required resident protections. Again, using the experience of Havenpark Capital communities as an example, residents in Havenpark-owned communities in Michigan and Montana have not received leases years after Havenpark bought their communities. They do not have protection of the one-year-term required by the Tenant Site Lease Protections. Resident stories also suggest that they have not been provided an adequate opportunity to cure non-payment of rent before eviction. FHFA oversight is essential for the pad protections to protect residents and neighborhood stability as intended.

In addition to a system at the Enterprises for review of compliance and consequences for non-compliance, residents should know when they are covered by the Tenant Site Lease Protections and have an opportunity to submit complaints regarding violations. The Enterprises should require landlords and park owners receiving financing to notify their tenants that the Tenant Site Lease Protections apply to them. As FHFA did with the database of communities and buildings financed through the Enterprises, either FHFA or the Enterprises should create a mechanism for residents to look up their community and determine if the community owner has opted into the Tenant Site Lease Protections. Further, such a public platform should provide residents with a complaint system to report non-compliance.

<u>Financing for Resident-Owned-Cooperatives, Governmental Entities, and Nonprofits</u>
(FN_MH_CommGovt_1, FR_MH_Comm Govt_A)

In addition to protections to stop landlord abuses and displacement, manufactured home community residents are eager to see opportunities to transfer their communities to resident-friendly ownership. Supporting mission-driven, resident-friendly ownership is critical to preserving affordability in manufactured home communities, especially in light of the investor trends described above.

The Duty to Serve plans are again extremely disappointing in terms of the commitment to back loans to resident-owned-cooperatives, nonprofit organizations, and government entities. They set dismal goals of only 1-4 communities per year. (Freddie Mac DTS plan, p. 25, Fannie Mae DTS plan, p. 24-25). It is critical that the Enterprises do more to increase the scale for financing to mission-driven owners quickly. The longer it takes to provide financing products to resident-friendly owners, the more communities will be bought up by the investor owners at high, speculative prices, making the communities out of reach to residents, nonprofits, and governments. FHFA and the Enterprises should identify any challenges or obstacles and actively take steps to address them. As part of this process, they should make this information public to increase transparency and allow stakeholders to provide input on how to improve access and opportunities for mission-driven groups to become responsible landlords and park owners. The Enterprises should develop targeted new products to increase financing opportunities specifically for resident-owned-cooperatives, nonprofit organizations, and government entities.

In addition, we were very concerned to see that Freddie Mac has decided to only set goals for resident-owned-cooperatives. Freddie's plan states, "Based on our outreach in the Resident Owned Community (ROC), non-profit, and governmental entity MHC market, we have found that there is a strong interest in our role in the ROC market. During this three-year Plan, we intend to focus our efforts in support of ROCs, and we will continue to monitor needs and opportunities for communities owned by governmental entities or non-profits." (Freddie Mac DTS, p. 23). We believe this conclusion does not adequately reflect the interests of residents. While many residents are interested in resident-owned-cooperatives, many recognize that it is a big undertaking to manage a community as a cooperative, and would prefer a community owner with management experience and a commitment to affordability, such as a local housing nonprofit or housing authority. It is critical that the Enterprises not just assume lack of interest among those entities because they have not been involved in the process previously. Freddie Mac's plans only mention monitoring current communities, and does not include any consideration of additional communities that may be well suited for government or nonprofit ownership and management if only they had access to the financing. We strongly encourage FHFA and the Enterprises to undertake strategic outreach to nonprofit housing groups and public entities to explore how new financing products with Enterprise-backing and related policy changes could encourage them to be part of the solution to preserve manufactured home communities.

Single-Family Loans on Manufactured Homes

Preserving the affordability of manufactured home communities also requires protecting tenants against unscrupulous lending practices. While it is commendable that both Enterprises have increased their backing of real property loans to manufactured homeowners, the vast majority of manufactured home residents who hold mortgages have chattel loans. It is deeply disappointing that after starting exploration of chattel loan products during the last Duty to Serve cycle, both Enterprises have again failed to serve this need.

Chattel loan holders suffer from limited options, predatory rates, and unscrupulous arrangements between lenders and investor community owners that often result in residents losing their homes and savings. Fannie Mae and Freddie Mac's presence in this market is needed to provide lower-cost loans and more consumer protection. Chattel loans financed by the Enterprises can open the door to homeownership for many low- and moderate-income families and avoid the abuses in the market. FHFA and the Enterprises should explore new products and services that allow them to guarantee chattel loans. Incorporating a plan for meaningfully increasing responsible chattel loan products into the Duty to Serve plans is necessary to effectively serve the manufactured housing market and increase affordable homeownership for families in manufactured home communities.

Conclusion

We urge FHFA and the Enterprises to make improvements to the 2022-24 Duty to Serve plans to better serve the very-low-, low- and moderate-income families living in manufactured homes that Congress directed the Enterprises to serve in their consideration of underserved markets. Thank you for the opportunity to provide input.

If you have any questions or need additional information, please contact Liz Voigt, MHAction at evoigt@mhaction.org or Linda Jun, Americans for Financial Reform Education Fund at linda@ourfinancialsecurity.org.

Sincerely,

MHAction
Americans for Financial Reform Education Fund