



**To:** Federal Housing Finance Agency  
**Re:** Duty to Serve Plans  
**Date:** August 15, 2022

Thank you for the opportunity to comment on the 2022 Duty to Serve plans submitted to the Federal Housing Finance Agency (FHFA) by the Government-Sponsored Enterprises (GSEs).

We are extremely concerned that the proposed Duty to Serve plans fail to identify and address the GSEs' role in promoting housing insecurity and housing displacement through their lending to private equity and large institutional investors whose business model relies on increasing rents and fees, reducing services, and ultimately displacing lower-income residents.

These firms have a negative impact on the housing market overall and especially on residents who live in their buildings and manufactured housing communities. This summer, Americans for Financial Reform Education Fund released an analysis of the growing role of private equity in the US housing market, finding that millions of US families now have a private equity firm or their affiliate as their landlord.<sup>1</sup> Private equity is especially prevalent in manufactured housing: we estimate that private equity controls about 13 percent of all manufactured home lots and collects rent from one in eight manufactured home residents.

There is clear evidence that private equity owners of multifamily housing raise rents, impose new fines and fees, skimp on upkeep, and aggressively use the court system to evict residents.<sup>2</sup> It is unacceptable that the FHFA not only condones but rewards this behavior by providing Duty to Serve credit to GSEs for making loans to firms that engage in these practices.

The FHFA already attempts to promote good behavior in their affordable manufactured housing community lending by providing incentive pricing for borrowers who agree to adhere to their "Tenant Site Lease Protections." In 2020, the FHFA announced that GSEs must only provide affordable housing manufactured housing loans to government-, resident-, or nonprofit-owned entities as well as private borrowers who commit to Tenant Site Lease Protections.<sup>3</sup> Unfortunately, these protections are insufficient because they do not provide incentives or set requirements that protect against no-cause eviction or rent and site fee gouging, nor do they otherwise ensure the affordability of manufactured home communities. We recommend

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<sup>1</sup>[Americans for Financial Reform Research Memorandum to House Financial Services Committee Members and Staff: Estimate of Private Equity Ownership of Housing Units](#), 2022.

<sup>2</sup> *Id.*

<sup>3</sup> [FHFA Announces 2021 Multifamily Loan Purchase Caps for Fannie Mae and Freddie Mac | Federal Housing Finance Agency](#)

strengthening Tenant Site Lease Protections requirements to protect residents from displacement and making GSE lending conditional on adherence to these standards. The FHFA should also consider similar requirements for all multi-family borrowers.

The GSEs should refuse to do business with investors who have a track record of promoting housing displacement. This could be done by expanding the FHFA's Suspended Counterparty Program ("SCP") to include suspending borrowers who have been found to engage in tenant harassment and housing displacement, or by taking previous bad behavior into account when evaluating borrowers.

Ultimately, the Federal government must get out of the business of financing housing acquisition by investors who displace affordable housing tenants and manufactured housing community residents. We urge FHFA to reject the GSEs' plans and improve the Duty to Serve program so that it no longer incentivizes housing displacement.

Thank you for the opportunity to comment. For more information, please contact Caroline Nagy at [caroline@ourfinancialsecurity.org](mailto:caroline@ourfinancialsecurity.org).