Enterprise

August 31, 2021

Ms. Sandra L. Thompson
Acting Director
Federal Housing Finance Agency
400 Seventh Street, SW Room 10276
Washington, DC, 20219

Dear Acting Director Thompson:

Congratulations on your recent appointment as Acting Director of the Federal Housing Finance Agency. I am excited by your commitment to affordable housing, community investment and fair lending, and am inspired by your early actions to further Fannie Mae's and Freddie Mac's mission responsibilities. Addressing these challenges lies at the heart of what we do at Enterprise Community Partners.[1] I hope we can work closely on the shared aspects of our missions.

I am reaching out to you about manufactured housing, a crucial but underappreciated source of unsubsidized affordable housing, serving the lowest income households and representing roughly six percent of the entire housing stock in the country.

I urge FHFA to make minimum standards for tenant protections mandatory – instead of only voluntary – in any manufactured housing community (MHC) product offered by the Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. Today, many residents of MHCs are increasingly vulnerable to rising costs, deteriorating infrastructure, community closures and, worst of all, displacement. This one simple change of making Tenant Site Lease Protections (TSLPs) mandatory on all MHC products offered by the GSEs has the power to improve resident stability and affordability in MHCs.

Manufactured housing is home to the lowest income households; the $38,000 median household income for manufactured housing residents is lower than any other permanent structure type and is less than half the median income of residents of single-family detached homes. While fewer than half of all manufactured homes are in communities, maintaining the viability and affordability of decades-old communities while ensuring the stability of the people who make their homes in them should be an agency priority. A programmatic focus on affordability and stability for residents of MHCs is wholly consistent with FHFA's Duty to Serve requirements and the Biden Plan for *Investing in Our Communities Through Housing*.

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[1] Enterprise Community Partners is a national 501(c)(3) nonprofit on a mission to make home and community places of pride, power and belonging for all. To make that possible, we operate the only organization designed to address America's affordable housing crisis from every angle: we develop and deploy programs and support community organizations on the ground; we advocate for policy on a nonpartisan basis at every level of government; we invest capital to build and preserve rental homes people can afford; and we own, operate and provide resident services for affordable communities.

Enterprise appreciates that Fannie Mae and Freddie Mac included TSLPs as part of their regulatory activities in their initial 2018-2021 Duty to Serve Plans to reduce risks to tenants by providing certainty around lease terms and safeguarding a homeowner's right to protect their most valuable investment – their home. Unfortunately, however, since the introduction of TSLP features in Fannie Mae's and Freddie Mac's MHC offerings, take-up has been too modest. Indeed, roughly only 20 percent of borrowers opt into MHC mortgages with TSLPs across Fannie Mae's MHC portfolio, which is consistent with the experience of our affiliate's borrowers. We readily acknowledge this level is insufficient and inadequate and requires a systemic response because all residents deserve these basic protections.

Growing the share of MHC residents protected by TSLPs must be an agency priority. To change the flawed market dynamics requires partnership and leadership. As a first step, I strongly urge FHFA to issue a clear directive to make the existing TSLPs mandatory on <u>all</u> owner-occupied pad sites in communities with mortgages financed by the GSEs. Although several of the tenant protections already reflect industry practices or are easily implemented, we recognize that borrowers have many options in the marketplace that carry no obligations. To protect the GSEs from losing market share (and prevent the market from shifting to purely private financing that carries no tenant protections at all), the TSLP mandate should be paired with a pricing incentive at a substantial discount to the market–which should also encourage further adoption.

FHFA's leadership in setting strong guidance for the GSEs on prioritizing resident stability and affordability in MHCs could set standards in the marketplace, akin to the role the GSEs historically played in defining the conventional (i.e., fee simple) mortgage sector. Making TLSPs mandatory for all GSE MHC mortgages would be a strong first step towards setting these new and improved standards.

I appreciate your attention to MHCs, and look forward to discussing TLSPs, along with other strategies to further strengthen tenant protections and to address the unique financing and market challenges of MHCs.

Sincerely,

Priscilla Almodovar

Priscilla Almodovar
President and Chief Executive Officer
Enterprise Community Partners

cc: Naa Awaa Tagoe, Acting Deputy Director, Division of Housing Mission and Goals
Danielle Walton, Acting Chief of Staff, Office of the Acting Director