

McGINNIS COMMERCIAL REAL ESTATE COMPANY

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July 31, 2023

The Honorable Sandra Thompson
Director, Federal Housing Finance Agency
451 7th Street, S.W., Washington, DC 20410

Dear Director Thompson,

I appreciate the opportunity given to comment on your Request for Input (RFI) on how the Federal Housing Finance Agency (FHFA), in its oversight of Fannie Mae and Freddie Mac, can best provide affordable housing opportunities for tenants across the country. The National Association of REALTORS®, and the Institute of Real Estate Management (IREM®) are international communities of real estate brokers, managers, and appraisers, dedicated to ethical business practices, maximizing the value of investment real estate, and promoting superior management through education and information sharing. IREM members manage 60% of federally subsidized and public housing.

REALTORS® strengthen communities with our commitment to providing and sustaining quality housing opportunities for all citizens, advantaged and disadvantaged.

I am also a Board member of the Dover (Delaware) Housing Authority, and our mission is to provide quality affordable housing throughout the City of Dover. All of our Board members take this responsibility quite seriously.

As the FHFA examines ways to improve access to affordable housing, it is critical for FHFA to acknowledge the greatest obstacle to housing affordability is the limited supply of available housing. Simple supply and demand tells the story most easily, resulting from increasing regulatory costs, and decreasing credit availability. According to recent data, the United States has a shortage of approximately 5.5 million units – a key underlying factor to why the cost of housing has increased. Additionally, inflation has increased the costs for goods and services for all Americans. As housing providers strive to provide affordable housing opportunities in their communities, they also contend with rising mortgage rates, and increased costs for supplies, services, and maintenance. When inflation is high, the costs of materials increase. That means it becomes especially more expensive for construction teams to build new homes or renovate existing homes. Ultimately, these high costs spill into the housing market and lift home prices for new builds and existing housing.

I work in a small community, and I must contend with numerous regulatory requirements, including excessive local area building codes and inspections, Tenant's Right to Counsel, Source of Income, and annual landlord licensing, among others, which becomes too much compliance responsibility for individual landlords, or small landlord operations with fewer

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than five units. Because of the supply shortage, these units are purchased by owner occupants and removed from the rental stock.

I am also an investor, and I own a couple of houses, which I rent out. The cost of maintenance and repairs continues to grow due to inflation. I am extremely selective in the tenants to which I choose to rent, mostly because the income lost to missed rental payments, physical damage to the property, and eviction protocols, among other reasons, could actually result in my losing the properties to foreclosure, not to mention the resulting hit on my credit rating.

One of the difficulties the Housing Authority experiences is income restricted offerings, which limits our general revenue, and creates difficulty in meeting operating expenses including repairs and maintenance. We have such a large waiting list for Housing Choice Voucher units we must close the list. We cannot attract Section 8 landlords without guarantees of safeguarding the physical condition of the rented properties.

As a real estate broker, and property management professional, and member of NAR and IREM, I am committed to upholding the very specific provisions of our contracts with residents, and often go above and beyond what is required to ensure residents have safe, decent, and affordable places to live. Rental housing is a deeply complex issue that is unique to every community. Creating additional layers of policies to a space that is already heavily regulated by state and local governments will have severe unintended consequences and will result in housing providers leaving the market in communities where affordable housing is sorely needed.

We hope you will consider policies which incentivize the construction of affordable housing, rather than policies which will discourage the offering of such housing.

Affordable housing is pivotal to creating paths to upward mobility for people across the country. Thank you for your commitment to ensuring we achieve this goal without impeding the supply of much - needed housing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Philip J McGinnis". The signature is fluid and cursive, with the first name "Philip" being more prominent.

Philip J McGinnis, CCIM, ALC, ACoM

cc : U S Senator Chris Coons - DE
U S Senator Tom Carper - DE