

The Honorable Barney Frank
Chair, Committee on Financial Services
U.S. House of Representatives
Washington, D.C.

Dear Chairman Frank,

We are writing to ask you to include in the \$700 billion bailout bill provisions that ensure that there is no preemption of state and local tenant protections, that encourage the restructuring of multifamily loans in a manner that will protect existing assisted and rent-regulated housing and that ensure coordination of this bill with the foreclosed property provisions of H.R. 3221.

As the federal government acquires troubled mortgage-related assets, it is likely to become the owner and manager of multifamily and single family rental properties all over the country. In this capacity, the federal government should manage those properties as any private sector owner would and should be subject to the same legal requirements as those applicable to private owners. The tenants in these units were in no way responsible for the bad decisions of their landlords or of the institutions that financed the properties, and their rights, accordingly, should be protected. We recognize and thank you for the steps that you have taken to ensure that many tenants are not summarily evicted from foreclosed properties, but those steps should constitute a floor and should not prevent states from providing additional tenant protections. To this end, we urge you explicitly to provide that federal ownership or management of residential assets, both multifamily and single family, does not preempt applicable state and local laws to the extent that such laws provide greater rights and protections than are in the current draft.

In addition, factors that led to the overall crisis also affected investment in apartment buildings. Years of increasingly speculative purchases have resulted in a severe overleveraging of tens of thousands of housing units that threaten tenants with displacement and with disastrous building conditions, including the likely loss of heat this winter. We urge you to include provisions that recognize that tenants and community groups are affected parties and that require the restructuring of debt or the sale of properties at prices that are sustainable, without imposing unaffordable rents or displacing tenants. Further, any restructuring or sales should provide for adequate income to the properties to cover maintenance and other operating expenses and the capital required for needed rehabilitation.

Finally, we urge you to include provisions to require the federal government to provide state and local governments receiving funds under the neighborhood stabilization provisions of H.R. 3221 with a right of first refusal on properties that the federal government owns. This requirement would ensure the coordination needed to put foreclosed properties, including rental properties, in the hands of preservation-minded parties.

Thank you for your consideration of this request.

Yours truly,

Center for Responsible Lending
Coalition for Economic Survival, Los Angeles
Coalition on Human Needs
Community Economic Development Assistance Corporation
Community Service Society
Corporation for Supportive Housing
Enterprise Community Partners
Empire Justice Center
Fifth Avenue Committee/South Brooklyn Accountable Development Initiative
Housing Assistance Council
Housing Preservation Project
Local Initiative Support Corporation
National AIDS Housing Coalition
National Alliance of HUD Tenants
National Alliance to End Homelessness
National Coalition for the Homeless
National Law Center on Homelessness & Poverty
National Low Income Housing Coalition
National Policy and Advocacy Council on Homelessness
New York State Tenants & Neighbors
St. Nicholas Neighborhood Preservation Corp. (Brooklyn NY)
The Community Builders, Inc
United Way of America
Urban Homesteading Assistance Board
Urban Justice Center