



October 21, 2022

Federal Housing Finance Agency  
400 7<sup>th</sup> Street, SW  
Washington, D.C. 20024

To whom it concerns,

First, Housing Development Corporation MidAtlantic (“HDC”) would like to convey our thanks to the FHFA for creating an opportunity for Sponsors/Developers to share their experience and provide feedback on the Affordable Housing Program (“AHP”). HDC owns and/or manages over 3,400 apartments, providing housing that is safe and affordable to those with lower incomes, focusing on seniors, families, and individuals living with disabilities. Serving more than 4,000 residents in 73 communities located in urban, suburban, and rural areas across Pennsylvania, Delaware and Maryland, HDC builds hope and opportunity for all residents to reach their full potential by creating, preserving, and strengthening affordable housing communities.

HDC’s footprint lies within the districts served by the Federal Home Loan Banks of Pittsburgh and Atlanta. Within the last ten years alone, HDC – either as Sponsor or as a partner consulting for another non-profit – has successfully been awarded and deployed approximately \$3.0M in AHP funding across six (6) developments. These funds continue to be absolutely critical to our success. AHP dollars tend to be the “last money in” in many of our projects. More often than not these funds fill gaps which enable HDC to defer less of our earned Developer Fee. As a non-profit organization, HDC relies very heavily on our ability to earn Developer Fees. Without these AHP dollars, we would have had to defer a larger portion of developer fee which, as you are aware, is challenging enough to collect in developments where we must rely on projects’ cash flows to pay deferred fee.

One success story worth sharing is our success with the FHLBanks of Pittsburgh and Atlanta and their support of a project called The Flats Redevelopment in Wilmington, DE. The Flats is a 100+ year old residential neighborhood in West Wilmington consisting of roughly 420 apartments. HDC has partnered with another local non-profit, Todmorden Foundation, to replace the existing functionally obsolete housing with brand new, high-quality affordable housing utilizing the Low-income Housing Tax Credit. To date, we’ve completed 221 units, 52 units are currently under construction and we’re preparing to close on the next phase of the redevelopment mid-next year – adding another 53-units of affordable housing for Seniors. When the Redevelopment is complete (we have two more subsequent phases to complete), we will have replaced the existing housing with 453 new homes for low- to moderate-income households in the Wilmington area.



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We closed on Flats Phase III (77 units) in early-2019 and finished construction in 2021. This Phase received AHP awards from both FHLBanks of Pittsburgh *and* Atlanta. A first for HDC and Todmorden, we were very pleasantly surprised to work with both branches and were very appreciative of the degree of coordination and collaboration that took place between the two branches in order to successfully underwrite, verify adherence to each branch's guidelines and ultimately deploy the AHP dollars successfully into the project. Our hope would be that the FHFA can cite our example and encourage more collaboration between FHLB branches to support both in- and out-of-district developments.

In terms of additional feedback, any efforts that could be made to streamline or "standardize" the application processes for each branch would be well worth looking into. With each branch having their own underwriting application/pro-forma and policies with regard to cooperating with other branches on out-of-district developments, it's challenging to navigate at times. Lastly, we'd like to respectfully bring to the FHFA's attention a recent observation concerning FHLBank of Pittsburgh's last AHP round. We acknowledge that each branch is tasked with determining their own housing needs/priorities within their respective districts and creating an Implementation Plan which reflects those priorities. While we applaud the Banks' efforts to continue to support 1) homeownership, 2) housing for vulnerable/special populations (e.g. homeless) and 3) housing serving extremely low-income households, this year's Implementation Plan effectively shut out rental housing developments from a scoring perspective. These types of housing projects, much like The Flats, are often able to address housing needs on a larger scale in that 1) they're larger in size and able to serve more households and 2) they offer housing to a broader array of low- to moderate-income households earning anywhere between 30-80% of the Area's Median Income. Again, we are behind the Banks' efforts to incentivize homeownership opportunities, serve extremely low-income households and vulnerable populations – we are taking this opportunity, however, to raise awareness that some very impactful albeit "traditional", developments may have potentially been left behind.

Thank you, again, for the opportunity to provide this feedback.

Sincerely,



Ian Rawhauser

Director of Real Estate Strategy

