



Council for Affordable and Rural Housing

Serving the Affordable Housing Needs of Rural America

April 26, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, D.C. 20006
Attention: Public Comment

Re: Affordable Housing Program Amendments
70 FR 76937 (December 30, 2005)

To Whom It May Concern:

The Council for Affordable and Rural Housing (CARH) is headquartered in Alexandria, Virginia and represents the interests of rural housing builders, developers, management companies, owners and suppliers of goods and services to the industry. Our membership is nationwide. We appreciate the opportunity to respond to the proposed amendments to the Federal Home Loan Bank System Affordable Housing Program (AHP) published by the Federal Housing Finance Board (FHFB). The proposed rule would make several changes to current rules governing the AHP that relate to the scoring system for the competitive application program, allocations to the homeownership set-aside program and use of AHP funds for projects located outside of a FHLBank's district.

The AHP is extremely important to all stakeholders in the FHLBank System and is funded with 10% of the FHLBank System's net income each year. The AHP is the largest private sector source of funds supporting affordable housing for low-and moderate income families. Since the program's inception in 1991, over \$2.1 billion dollars in AHP funds have been awarded.

CARH understands that the proposal is a result of a comprehensive review of the AHP and is intended to clarify terms to be consistent with usage and incorporate current practices with the AHP regulations. There would be more flexibility in how the FHLBanks manage their individual AHP Programs and allocate AHP funds. For example, AHP funds could be awarded to projects that would provide housing for persons located in a disaster area, or displaced from a federally declared disaster area due to a disaster, irrespective of the household's current residential location.

CARH supports the proposed changes to the initial and long-term monitoring provisions under the competitive application programs. A number of the current monitoring provisions are prescriptive in nature and set deadlines by which the Bank and other parties must undertake certain actions. The proposed rule would provide the Bank more latitude in determining the type and frequency of reports and certifications that are best suited for monitoring a particular project's compliance with the AHP rules. The rule would also expand the ability of the Bank to rely on the monitoring of AHP assisted rental complexes by other governmental agencies that are providing tax credits or other sources of funds to the complexes.

The Finance Board should consider additional changes to the scoring system to allow the FHLBanks flexibility consistent with the requirements of the FHLBank Act. The Finance Board should proscribe

a scoring system that only goes so far as the statute requires. All other scoring discretion should be given to the FHLBanks to allow each Bank to set its own priorities after weighing its district's needs. For example, funding for preservation or workforce housing are the types of projects that can be disadvantaged under the existing rigid scoring criteria. Enabling flexibility will allow Banks to maximize their cooperation and participation with other public programs in affordable housing.

Finally, the Finance Board should permit the FHLBanks to create a regional scoring system. Each FHLBank represent multiple states with vastly different demographics and specialized needs. Housing need is best analyzed on a regional basis. Banks should be given the authority to divide states into separate regions for scoring purposes. This additional flexibility would allow FHLBanks to restructure the point allocation per region in order to fund the most essential projects serving the greatest needs in specific areas, thus allowing rural communities to be better served as well.

CARH appreciates the opportunity to comment on the proposed modifications. Our members look forward to our continued relationship and partnering with the FHLBanks throughout the country so that decent and affordable rental housing can be built and preserved in rural America.

Sincerely,

A handwritten signature in cursive script, appearing to read "Colleen M. Fisher".

Colleen M. Fisher
Executive Director