



April 20, 2018

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA83
Federal Housing Finance Agency,
Eighth Floor, 400 Seventh Street SW,
Washington, DC 20219
RegComments@fhfa.gov

RE: Federal Housing Finance Agency proposed rule on Affordable Housing Program (“AHP”)

Dear Mr. Pollard:

I am writing you on behalf of The Community Development Trust (“CDT” or “We”), a CDFI Member of the Federal Home Loan Bank (“Banks”) of New York. CDT is one of the largest mission-oriented lenders in the country focused on small balance affordable housing loans. We welcome the opportunity to submit comments and suggestions regarding updated guidelines for the AHP Program administered by the Banks.

1) Specified Targeted Funds

CDT supports the three specified Targeted Funds of Underserved Populations, Creating Economic Opportunities and Preservation of Affordable Housing. We believe these three categories are broad enough to provide the Banks enough discretion to allocate awards accordingly. However, it may be worth making Rural Housing a separate or more focused category in Underserved Communities for Banks that have significant rural geographies.

2) High Maximum Award Limit Per Sponsor

CDT supports a maximum overall award per sponsor in a single funding period to better diversify awards. However, we believe this limit should be high enough as a percentage of overall AHP by a Bank to allow a sponsor to receive multiple awards per award cycle.

3) Lower Threshold for Very Low-Income Units in Higher Income Communities

CDT supports Banks providing AHP grants to projects in higher income communities with lower than the 55% of units targeted to very low income. New construction and preservation transactions in high income markets creating residential economic diversity require significant subsidy. We are concerned the minimum threshold of 55% of units targeted to very low-income residents would diminish AHP grants in higher income communities and adversely impact mixed income housing.

4) Next Tenant Policy

Regarding displacement of occupants of higher income in Preservation transactions, we believe Banks should accept a “next tenant” policy in order not to displace existing higher income tenants. The project owner should be required to rent the unit when it becomes vacant to the required lower income tenant but not be evaluated on the current income mix at the onset of the AHP award.

5) Discretion on Budgets and Proformas

We support Banks being provided discretion on feasibility guidelines regarding development budgets and operating proformas. Focusing specifically on programmatic cash flow metrics may be too granular since project lenders and LIHTC syndicators have different underwriting requirements per project. Specifically, debt and equity providers on many of the Targeted Categories may require higher cash flow than traditional affordable transactions.

6) Minimum Unit Thresholds for Certain Targeted Populations

We believe the existing 20% limits on homeless, specialized need and other targeted populations is appropriate, and rather Banks could allocate more overall dollars in an award cycle to these communities.

7) 20% Minimum Unit Threshold for Extremely Low-Income Units

We believe the 20% minimum threshold for number of units in a project reserved for extremely low-income units is appropriate. We caution that requiring a larger percentage may create funding issues for many LIHTC projects today due to recent tax reform decreasing the value of tax credits. In addition, a requiring higher percentage of extremely low-income units would decrease residential diversity in a project.

8) National Award Footprint provided by Banks

The current AHP applications by Banks generally provide favorable scoring to projects within a Bank’s coverage area. This policy concentrates AHP awards by Banks and discourages national mission-oriented members such as CDT from sponsoring impactful projects throughout the country. Instead, we ask FHFA to consider mandating each Bank to better expand their AHP awards to national projects.

Should you desire any additional information on our comments or CDT’s work in affordable housing, please feel free to reach out to me at 212.271.5073 or cblair@cdt.biz.

Sincerely,



Christopher C. Blair, CFA
Senior Vice President