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April 17, 2018

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency, Eighth Fl.
400 Seventh Street SW
Washington, DC 20219

Re: Comments/RIN 2590-AA83

Dear Mr. Pollard:

I am a member of the Advisory Council of the Federal Home Loan Bank of NY, and Acting Executive Director of the New York State Rural Housing Coalition. While I appreciate the opportunity to submit comments on this matter, I believe that the comment period for this rule making is too short. I am requesting an additional 60 days in the comment period to allow impacted applicants to fully understand the proposed changes and submit comments and concerns. For instance, I am not aware of outreach efforts on this proposed rule making to supportive housing and homeless housing providers, who will be significantly impacted by changes in the proposed rule. Specific concerns that I have about the proposed rule making include:

- 1) The increase in required project minimums for homeless housing or special needs populations to 50% of units flies in the face of industry trends, which in recent years have moved in the direction of greater integration of targeted populations, as outlined in our QAP and in our neighbor, New Jersey Housing Finance Agency's LIHTC policies.. This proposal goes in the other direction, concentrating targeted populations in a more institutionalized setting. There are long-term social benefits resulting from economic and social integration of special needs populations into the larger community, and this proposal ignores the demonstrated community benefits of that integration.
- 2) The proposal to allow re-ranking of scored applications (Section 1291.26(e)) is very concerning. I provide technical assistance to housing agencies serving rural New York. In my 20+ years of experience in the field, applicants rely on transparency of competitive application processes in order to improve their applications for re-submission. The proposal to re-score applications up-ends the tradition of transparency in the application process, and will result in my opinion in the loss of applicants for AHP funds.
- 3) The proposed rule requires the FHLB to assess the sponsor development team. We, here in NY are subject to Minority and Women Owned Business Enterprise utilization requirements, as well as Service Disabled Veteran-Owned Business utilization requirements, which complicate development projects in rural communities. Adding another layer of bureaucratic review to these requirements will severely hamper sponsor efforts to efficiently develop much;

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needed housing in rural areas of New York, adding significantly to the cost of putting together a development project.

- 4) The *'Need for AHP Subsidy'* language in the rule making is reasonable on the surface, in order to protect the public nature of these funds from waste and abuse. However, the requirement to analyze the project for the ability to carry debt is extreme and unnecessary. Affordable housing projects are financed through a combination of public sources simply because the private market, including the lending industry, cannot finance them due to the inability of the projects to generate a return on investment. The gap that the AHP program fills in financing projects is not based on failure to meet debt coverage ratios, but rather the failure of other governmental subsidies to fully cover the cost of development. Forcing applicants for these funds to conduct a cash flow analysis to determine capacity to carry debt as part of their application process is a pointless exercise and a waste of time.

I do appreciate the efforts of the FHFA to periodically review the AHP program for continued efficacy in the face of changing market conditions. This is necessary to keep the program relevant to our communities. However, the issues noted above still need tweaking.

Sincerely,

A handwritten signature in black ink, appearing to read "Colin D. McKnight". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Colin D. McKnight
Acting Executive Director