



**Arlington Partnership
For Affordable Housing**

May 3, 2018

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

RE: Comments/RIN 2590-AA83

Mr. Pollard:

I am writing on behalf of the Arlington Partnership for Affordable Housing (APAH) to comment on proposed rule RIN 2590-AA83, regarding changes to the scoring criteria for the Federal Home Loan Bank's Affordable Housing Program (FHLB AHP). APAH is a non-profit, community-based, award winning, affordable housing developer based in northern Virginia, with a portfolio of fifteen multifamily rental properties comprising 1363 units, and another 870 units in development, including 470 units currently under construction. APAH has received numerous awards, including the Charles Edson award for best urban development in the country; the Urban Land Institute—DC's best Housing project; Developer of the Year from the Housing Association of Non-Profit Developers; Best Nonprofit by the Arlington Chamber of Commerce and the Arlington Community Foundation's Prize for Impact and Innovation.

APAH has utilized FHLB AHP funding at two of our recent developments – Columbia Hills East and Gilliam Place East. We are concerned about certain portions of the proposed rule, and the impact it would have on projects in our area. I have organized our comments in response to the specific requests for comment outlined in the announcement.

#28. What is the utility of the proposed outcome approach to income targeting, and are the proposed 55 percent threshold, its applicability solely to rental units, and income-targeting at 50 percent of AMI appropriate?

APAH is supportive of programmatic efforts to provide affordable housing for households below 60% AMI. However, the proposed minimum threshold of 55% of rental units at 50% of AMI or below is too aggressive. For example, if our most recent new construction project, Gilliam Place East, had been required to meet this threshold, the lower rents would have reduced our borrowing capacity by approximately \$120,000 – or 24% of the \$500,000 FHLB AHP award from FHLB Atlanta.

4318 N Carlin Springs Road
Arlington, VA 22203

703.276.7444

www.apah.org

We suggest that FHFA adopt a lower threshold requirement for applications of 35% of units at 50% AMI or below, and allow flexibility for each Bank to award additional points for a greater number of units targeted at 50% AMI or below. This would allow a greater number of projects to meet the threshold requirement, while still incentivizing developers to maximize the total number of units available to households at 50% AMI or below.

29. Is the proposed increase in the minimum threshold from 20 to 50 percent for the number of units reserved for homeless households appropriate?

The proposed increase in minimum threshold is excessive, particularly for larger projects that may have 100 or more apartments. Homeless households represent some of the most difficult individuals to serve, and although APAH is very supportive of efforts to address this need, it is unrealistic for projects to meet this threshold unless they are relatively small in size and particularly targeted to these populations. Many service providers prefer that formerly homeless residents are housed in a building with a mix of occupants, to promote mobility and opportunity. We suggest the current threshold of 20% be maintained.

30. Is the proposed increase in the minimum threshold from 20 to 50 percent for the number of units in a project reserved for households with a specific special need appropriate?

See response to item #29.

31. Is the proposed 50 percent minimum threshold for the number of units in a project reserved for other targeted populations appropriate?

See response to item #29.

32. Is the proposed 20 percent minimum threshold for the number of units in a project reserved for extremely low-income households appropriate?

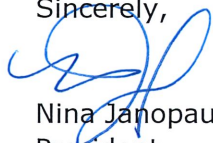
The proposed threshold is too aggressive, and in many cases the decrease in borrowing capacity would be larger than the FHLB AHP subsidy, *making it infeasible for a project to accept the FHLB AHP funding*. At our recent Gilliam Place East project, which was awarded \$500,000 from FHLB Atlanta, the reduction in borrowing capacity to meet this requirement would have exceeded the project's AHP award. This is assuming the rents were further discounted from the 40% and 50% AMI that were already being targeted and does not include the additional loss of \$120,000 in borrowing capacity referenced in our response to item #28. Taken together, the aggressive requirements proposed by the FHFA would make it impossible for mixed workforce and special needs projects in our area to utilize the FHLB AHP funding.

36. Should the current regulatory scoring system be maintained without change?

Yes. In our experience, the existing scoring guidelines incentivize developers to target income levels below 60% AMI, while providing flexibility for each Bank to address local needs and priorities. The proposed outcome based system would make the program less accessible to developers in urban areas, less flexible for the Banks, and less transparent for all.

Thank you for your attention and ongoing support of affordable housing.

Sincerely,



Nina Janopaul
President

Arlington Partnership for Affordable Housing, Inc.