



Pine Street Inn
Ending Homelessness

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May 2, 2018

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA83
Federal Housing Finance Agency
400 Seventh Street, SW, Eighth Floor
Washington, D.C. 20219

**Re: Notice of Proposed Rulemaking and Request for Comments –
RIN 2590-AA83 – Affordable Housing Program Amendments**

Mr. Pollard,

We appreciate the opportunity to comment on the FHFA’s proposed rulemaking regarding the Affordable Housing Program (“AHP”) of the Federal Home Loan Banks (FHLBanks). I am the President and Executive Director of Pine Street Inn, Inc. Pine Street Inn (PSI) is a nonprofit homeless services agency headquartered in Boston, Massachusetts that has previously sponsored AHP projects through Federal Home Loan Bank of Boston (FHLBank Boston). Pine Street Inn is the largest nonprofit homeless services agency in New England, providing not only food, clothing, and shelter, but also day and night-time street-based outreach, access to health care, job training, affordable housing and other critical resources for nearly 1,900 men and women each day and night at its 40 locations throughout Metropolitan Boston.

AHP funding has been crucial to PSI’s development of affordable housing units targeted to homeless individuals. Since 1997, PSI has used AHP funds in seven projects, creating 30 of the over 900 units in our portfolio. As community needs have changed over the years, AHP has prioritized funding to projects serving specific populations – including housing for persons with mental illness, Veterans, and the chronically homeless. It is fair to say that without AHP funds these projects would not exist.

As a sponsor of FHLBank Boston AHP projects, we are particularly concerned with the following:

Reduced Flexibility: The Proposed Rule significantly complicates how AHP funds are allocated, and limits how responsive the program can be to local -- and changing -- housing needs. Over the years we have used the AHP program, we have seen significant changes in populations. For example,

while once housing for persons living with HIV/AIDS was a great need, this has now slowed to a trickle with other emerging populations (homeless persons, Veterans) now surging to the forefront. The AHP needs to be nimble to address needs as they change. With an unprecedented increase in the elderly population looming, housing which meets their particular needs will soon be a pressing priority.

Less Transparency: The Proposed Rule introduces a re-ranking process that would allow the Bank to re-rank projects to meet the FHFA's outcome requirements. This proposed re-ranking process would fundamentally erode confidence in the fairness of the competition. This re-ranking "behind closed doors" would allow for funding lower-scoring projects over higher-scoring ones, thus negating the value of the scoring process.

Complicated AHP Administration for Rental Projects. One new requirement includes an overly burdensome addition for rental projects with supportive services. Creating two operating proformas – one for housing operations and the other for supportive services, would create a false accounting of costs. Typically, these costs are not from separate funding streams, and trying to separate them will create confusion and unnecessary paperwork.

Sponsor Administrative Burdens: The Proposed Rule introduces unnecessary administrative burdens for sponsors by adding new provisions that will delay AHP modifications. The "cure first" requirement increases funding risk to the sponsor and may increase cost and delay in the disbursement of funds. In a tight and expensive real estate market such as Boston, this may well sound the death knell of the project.

Rigid Development Team Evaluation: Under the proposal, sponsors would be required to demonstrate that all members of the project development team, including all affiliates and team members such as the general contractor, satisfy FHLBank sponsor capacity requirements. Typically, AHP funds are one of the first sources in a project. At that time, the full development team may not be in place – particularly the general contractor. It is a laudable goal to ensure all involved parties met FHLBank sponsor capacity requirements. However, it is impractical and will add cost and delays to projects.

We respect the Federal Housing Finance Agency's oversight of the AHP regulation. However, in light of the concerns above, we respectfully ask that you reconsider parts of the proposed amendments, especially the required outcomes framework. Thank you for the opportunity to share our viewpoints on this very important program. If you have any questions, please feel free to contact me at 617-892-9105.

Sincerely,



Lyndia Downie
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