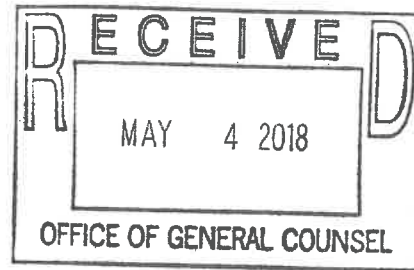


April 26, 2018

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,

Thank you for the opportunity to comment on your recent release of proposed rulemaking regarding the Affordable Housing Program (“AHP”) of the Federal Home Loan Banks (FHLBanks). I am the President/CEO of Arbor Housing and Development, a non-profit community development and housing provider operating in the Southern Tier of Upstate New York and the Northern Tier of Pennsylvania. We are headquartered in Corning, NY, but provide a variety of services in multiple counties.

Arbor Housing and Development has utilized FHLBanks AHP funding over the years in a number of programs and projects. We have rehabbed hundreds of owner-occupied housing units with AHP Funds. We have also used AHP funds in the development of hundreds of LIHTC affordable rental units in New York, Pennsylvania, and West Virginia. We are currently working on an application for the New York FHLBank for the gut rehab of 82 units in an existing blighted complex we recently purchased, that will include 34 units of supported housing for victims of Domestic violence and individuals with psychiatric disabilities. The flexibility provided by each FHLBank is necessary with the various markets we currently operate in.

Specific concerns include:

Outcomes Framework – Under the proposed amendments, the outcomes framework may essentially eliminate FHLBank discretion in addressing local housing needs, establish preferences for certain project types, and make AHP less transparent.

Homeless and Supportive Housing – The proposed amendments change the threshold amount needed for projects to qualify as serving targeted populations from 20 percent to 50 percent. This new threshold is not compatible with other funders, and does not recognize the benefit of a mixed-occupancy development, which allows developers to cross-subsidize units in a project. We recommend retaining the current 20 percent threshold amount.

Re-ranking Projects — The NPR requires that the AHP “re-rank” applications to satisfy the outcome requirements if those goals would not be met using only the scoring criteria. This poses

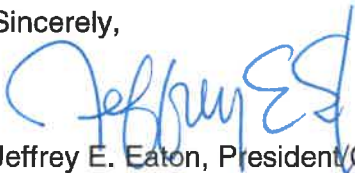
risks to the core of the program: re-ranking is not objective; it is not predicable (for the applicants or for the Bank), and it is not transparent. In practice, there may be several cycles of re-ranking projects needed to comply with FHFA outcomes because simply substituting one project for another may satisfy compliance with one or more FHFA outcome requirements, but not all of those requirements. The NPR should revert to using a point structure for scoring applications. A point structure gives the FHLBanks more flexibility to address district needs.

Project Modifications – Under the proposed amendments, AHP project modifications may be delayed, and AHP sponsors unduly burdened, due to a new “cure-first” requirement. We recommend that the proposed cure-first requirement be eliminated and the FHLBanks retain their current practice of verifying that any modified project would still have scored high enough in the funding round to receive the AHP award had the sponsor applied for AHP funding with the modifications in place.

Sponsor & Affiliate Capacity – The proposed amendments require FHLBanks to evaluate the ability of the sponsor and all members of the development team to perform the responsibilities committed to in the application. The entire development team may not be in place at the time of AHP application, making it impossible to assess total capacity. We recommend retaining the FHLBanks’ current practice of reviewing the prior experience of the development team.

I commend FHFA for working to update the AHP regulations; however, in light of the concerns above, I respectfully ask that you reconsider parts of the proposed amendments, especially the required outcomes framework. Thank you for hearing our ideas on this very important subject. If you have any questions, please feel free to contact me at 607-654-7487 ext. 2028 or jeaton@arbordevelopment.org.

Sincerely,



Jeffrey E. Eaton, President/CEO