

May 9, 2018

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

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

Mr. Pollard,

Thank you for the opportunity to comment on proposed changes regarding the Affordable Housing Program (AHP). Capital for Compassion® has consulted on over \$750 million in real estate development while obtaining \$172 million in funding from the AHP program over the last 14 years. We have used this funding stream more than any other affordable housing developer in the country, which affords us a unique perspective on the AHP program as we work with all 11 FHLBs.

Our customers include rescue missions, orphanages, The Salvation Army, Teen Challenge, Lutheran Social Services, YWCA, Dream Centers, housing for victims of sexual trafficking, supportive housing, domestic violence shelters, and permanent supportive housing. This program has provided vital funding that has been a huge benefit for some of the neediest citizens of our country.

Up till now, Capital for Compassion has always known what a well-developed project looks like according to FHLB requirements. The proposed changes have many unintended consequences that will muddy the waters in administering the AHP program if implemented. These include:

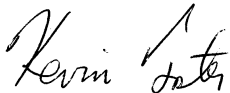
1. Outcomes. The outcomes framework muddies the water on what a good project score should be. The score will become irrelevant in some instances as the two priorities need to be funded first. Therefore, lower scoring projects, which is a euphemism for weaker projects, can now supersede really good projects. The re-ranking of project priorities is not objective, predictable (for the sponsors or for the FHLBs), and it is not transparent.
2. This eliminates regional FHLBank discretion in addressing local housing requirements. In our work with the 11 different FHLBs, we do see clear differences in housing priorities and approaches based on regional needs. These differences bring value to the regions and have worked well over time. The proposed changes in effect create a de facto national approach. A one size fits all approach seems to be a lapse into elitism and unnecessary

bureaucracy as it appears the FHFA seems to know what is best by not allowing for regional bank input into the selection criteria.

3. 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. By consolidating occupancy with high amounts of low income persons and special needs persons, it seems that the FHFA has forgotten the lessons learned at Cabrini Green Homes. The most successful affordable housing has mixed-use, mixed-income, and mixed-needs. The proposed changes are going in the wrong direction, ignoring the lessons learned from the last past.
4. Modifications. Today, when Capital for Compassion has a project that scores 65 points and the award floor is at 61 points, we know that we have four points that we can use to modify the project if needed during the 15 year retention – this enables great project administration for our sponsors and FHLBs. This disappears with the changes and sponsors will have no clear indication where the project stands. Further, it is not clear how the FHLB will even be able to manage modifications.

Capital for Compassion is thankful that the FHFA is looking for ways to improve the AHP program. We respectfully ask that you reconsider, especially the required outcomes framework. Thank you for your work. If you have any questions, please feel free to email or call me.

Sincerely,



Kevin Foster  
Managing Partner