



May 17, 2018

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

Attention: Comments/RIN 2590-AA83

Dear Mr. Pollard:

Thank you for the opportunity to submit comments regarding the FHLBank Affordable Housing Program Notice of Proposed Rulemaking (“proposed rule”). CAMBA and CAMBA Housing Ventures (CHV) are incredibly grateful for the significant contributions the Affordable Housing Program (AHP) has made to our community. Since its launch in 2005, CHV has completed, or is in development on, 2,062 units of affordable housing, representing \$625 million in public and private investment in high-need communities. CHV has leveraged both public and private resources to carry out this development, and the AHP is an important funding component of our success.

While the proposed rule includes some positive changes, on balance, it would negatively affect CHV’s ability to provide affordable housing in New York City. Our primary concern is that these proposals would transform the AHP from a legitimate, reliable, and locally minded program into a bureaucratic, opaque, and rigid one. We have little doubt the proposed rule, if implemented as currently written, would negatively impact the supply of affordable housing across the country and, in particular, New York City.

There are four elements of the proposed rule we believe should be reconsidered to ensure the longevity and future success of the Affordable Housing Program. These elements are the:

- 1) Outcome structure;
- 2) 50 percent minimum occupancy for homeless and supportive housing;
- 3) Re-ranking of projects; and
- 4) Additional sponsor capacity requirements.

This comment letter seeks to address our concerns with these proposals.

CAMBA and CAMBA Housing Venture's History with FHLB AHP

CAMBA Housing Ventures is an affiliate of CAMBA, one of Brooklyn, New York's largest community-based organizations and social services providers. Each year, CAMBA provides wraparound services that connect more than 45,000 New York City residents with opportunities to enhance their quality of life and economic mobility. Our six service areas are:

- 1) Economic Development;
- 2) Education and Youth Development;
- 3) Family Support;
- 4) Health;
- 5) Housing; and
- 6) Legal Services.

As noted above, since our inception in 2005, CAMBA Housing Ventures (CHV) has developed 2,062 units of sustainable, supportive, and affordable housing by leveraging \$625 million in public/private investment. Our housing developments combine affordable housing with onsite social services that enable the long-term economic and social success of low-income individuals and families in New York City. Our unique model of housing with on-site supportive services make us a national model for empowering people to achieve self-sufficiency.

CAMBA Housing Ventures has accessed the FHLBank's Affordable Housing Program for three of its projects. CAMBA Gardens Phase I and II were awarded a total of \$2.85MM from the FHLB-NY and are located on the Kings County Hospital campus and are a unique partnership between a public hospital, a non-profit developer, and a service provider. Both phases are a national model for reusing underutilized hospital property. This partnership provides affordable housing, streamlines healthcare services for tenants, provides revenue for adjacent businesses, and continues established relationships with the hospital and community. FHLB of New York also awarded \$927,500 in capital financing for 97 Crooke Avenue, which offers 52 fully furnished studio units for individuals earning less than 60 percent of area median income (AMI) and individuals exiting New York City's shelter system. FHLB funds are a critical source for leveraging other public and private funding, particularly in complex structures.

We hope to continue to rely on the Affordable Housing Program as a legitimate and reliable source of capital funding for future projects. Given the unique challenges New York City housing developers face, we must work creatively to make our deals a reality. AHP has been an invaluable asset in this process, but the proposed rule will diminish the program's effectiveness.

Our Concerns

Outcome Structure

- The change outlined in the proposed rule will significantly disadvantage certain projects that receive AHP funds.

The proposed rule would change the framework from a scoring structure to an outcome structure. It is our opinion that this would remove the objective and competitive nature of the program and reduce CAMBA Housing Ventures' ability to meet local needs.

An outcome approach will over-complicate the process and impose inflexible requirements that restrict developers. When putting a deal together, there are many unknowns. The ability to score a potential project and determine if it is eligible for FHLB funding provides much-needed certainty to keep the deal moving forward. If we determine a high likelihood of receiving FHLB capital financing, other potential financial partners are much more likely to secure other financing sources. The longstanding reputation of AHP as a legitimate funding source is a major asset to our projects. Changing to an outcome structure would jeopardize that certainty and add unnecessary bureaucracy.

The current scoring framework allows for creativity to address local needs. For example, several years ago, we identified a parcel of underutilized land on the Kings County Hospital Campus. With the backing of AHP, we put together a deal for 502 units of housing—CAMBA Gardens I and CAMBA Gardens II—that combines affordability, access to streamlined healthcare and onsite social services. This unique model, which recently won the Excellence in Affordable Housing Development award from The Urban Land Institute New York, would have faced additional hurdles and more resistance if not for the certainty provided by the AHP scoring framework. Additionally, CAMBA Gardens I won the National Award for Innovation in Financing from Novogradac in 2014.

We respectfully recommend the new outcome structure be eliminated from the rule and replaced by a scoring structure that allows FHLBanks to be responsive to local affordable housing opportunities and needs. A scoring structure that allows for adequate discretion is far superior to the proposed outcomes or any modified outcomes structure.

50 Percent Minimum Occupancy For Homeless And Supportive Housing

- The change outlined in the proposal conflicts with existing requirements and imposes a uniform, countrywide approach that would diminish affordable housing possibilities in New York City.

The proposed rule would set a 50 percent minimum occupancy for homeless and supportive housing. This new minimum threshold is far too high, conflicts with the New York State and New York City term sheets, and is well beyond the minimum required by the SHFAs who administer the LIHTC program in New York State. This threshold also imposes a "one size fits all approach" on the entire country. While it

may be good for one community, it will be detrimental to others who feel saturated, including certain New York City neighborhoods.

We respectfully recommend returning the minimum threshold for supportive and homeless housing to 20 percent. It is essential that the final rule maintain the local flexibility previously enjoyed by AHP recipients.

Re-Ranking Of Projects

- The change outlined in the proposal would result in fewer affordable housing developments.

The proposed rule would re-rank Affordable Housing Program applications during a round to meet the regulatory and statutory outcomes. We believe this provision would undermine the AHP's reputation for fairness and transparency and would dilute the quality of projects receiving awards.

Given FHLB's timeline to award projects, this change would jeopardize a deal that scored well initially and then ultimately did not receive funding. Developers for that project would have to scramble to make up the difference and could ultimately result in its collapse. Re-ranking of projects would not provide any level of confidence to those using the program or to city and state funding partners. The certainty currently provided by the Affordable Housing Program is key to its legitimacy.

We respectfully recommend that the requirement to re-rank projects be removed. While removal is our strong preference, if the re-ranking provision remains in place, the ability to re-rank projects should be extended to satisfy the HLB priorities established to meet the unique local housing needs of its district.

Additional Sponsor Capacity Requirements

- The changes outlined in the proposal threaten existing CHV partnerships and would diminish CHV's ability to work with community-based partners.

The proposed rule would add additional sponsor capacity requirements. It is our belief that this provision would add an unnecessary level of bureaucracy and present an undo burden on nonprofit developers and our partners. CAMBA Housing Ventures works with teams that are the best fit for our projects and are proven to be successful. If these partners decide not to pursue this "approval," it could derail our efforts for no justifiable reason.

Additionally, to the greatest extent possible, CAMBA Housing Ventures utilizes local firms in our development projects. This provision would favor larger firms over smaller, community-based ones. There are many reasons that potential partners would not choose to undertake the certification process, starting with the fact that it

would be incredibly costly. This proposed change creates an additional assessment and monitoring burden that is not needed.

We respectfully request that the provision to assess the sponsor's development team be eliminated.

Positive Aspects Of Proposed Rule

The proposed rule would streamline monitoring for low-income housing tax credit (LIHTC) projects by no longer requiring the submission of income and rent backup documentation at initial monitoring. It also proposes to revise the current one-third of the set-aside funding allocation that must be dedicated for first-time homebuyers to also include owner-occupied rehabilitation.

CAMBA Housing Ventures supports these proposed changes.

Final Thoughts

CAMBA and CAMBA Housing Ventures value the legitimacy, reliability, and creative freedom FHLB's Affordable Housing Program has provided. We hope to continue to rely on AHP to bring affordable, sustainable, high-quality housing to New York City residents. The work we do has helped thousands of individuals and families become empowered and it has set them on a path toward self-sufficiency. AHP has been an important partner in that success.

We appreciate the opportunity to comment on the proposed rule and urge you to reconsider the outcome structure; 50 percent minimum occupancy for homeless and supportive housing; re-ranking of projects; and additional sponsor capacity requirements.

Sincerely,


Joanne M. Oplustil
President and CEO
CAMBA/CAMBA Housing Ventures
JoanneO@camba.org
718-287-2600



David A. Rowe
Executive Vice President
CAMBA/CAMBA Housing
Ventures
DavidR@camba.org
718-287-2600