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

Attention: Comments/RIN 2590-AA83

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

Dear Mr. Pollard:

WSFS Bank is an active member of the Federal Home Loan Bank of Pittsburgh (FHLB) using many of the benefits of the FHLB membership. Participation in the Affordable Housing Program (AHP) is important to the Bank for many reasons and we have been heavily involved in the last few years. For this reason and based on our extensive experience in working with this product we have concerns about the proposed new rules.

FHLB programs are an important component of our CRA (Community Reinvestment Act) strategy. Programs such as AHP give WSFS Bank a critical tool to help meet the need for affordable housing in our footprint and communities. The "local" reference is important. As a Bank we assess needs by speaking with stakeholders, reviewing needs assessments and consolidated plans, and serving on boards/committees or organizations providing necessary services to LMI populations. We do understand the needs of our local communities and are very happy to be able to work with the staff of our District FHLB bank (Pittsburgh) who are also very knowledgeable.

To give you an idea of our experience (between 2014 to 2017) WSFS was the member bank sponsor for **14 approved affordable housing projects** in the state of Delaware that created or retained/renovated **237 units of affordable housing with over $5.2 million in AHP subsidy dollars.**

Because we believe in this program, we would like provide comments on the proposed changes to AHP.

1) **Setting national priorities will not allow the necessary flexibility to respond to and leverage local needs and resources. Priorities should remain at the District level to make the greatest impact.** The US is a very large. Local affordable housing conditions vary extensively between urban and rural areas, between states and between FHLB districts. Each FHLB district sets district priorities to have the largest impact on their unique communities. This works because the District FHLB staff is experienced and knowledgeable and the District Affordable Housing Advisory Council members are embedded in the community and provide insight and leadership about community needs.

Additionally, other resources necessary to use with the AHP to make the projects feasible differ a great deal by State or County – at least by District. To set national priorities and then realize that additional local resources to make the project feasible are not available makes little sense and we believe will prevent some projects to proceed.

2) **Moving thresholds to meet needs of targeted populations (special needs/homeless/other targeted populations) from 20 to 50 percent will limit affordable housing for families and individuals that are struggling with the high cost of housing. We request that the current threshold NOT be changed and remain at the current 20%.** Building a project with a requirement that 50% of the units are for a special needs population may have a negative impact on the financial feasibility of a project and the on-going operation. Sometimes special needs populations need more ongoing subsidy in order to build and sustain the units. Working families at the lower end of the income scale also have a need and struggle to find affordable housing. These families are paying a great deal more than 50% of their income on housing expenses. Without additional units available to them, many of these families will never experience safe housing, physical and financial stability, better educational outcomes for their children, and stronger communities. We propose that the current rule does not change.

3) **We recommend that the existing scoring process not change**. The current system is transparent and levels the playing field. Applicants and member banks understand the current selection process. It would be a problem if a very good application for funding is declined in favor of a project with a lower score that may meet national priorities but is not as viable.

4) **Increased oversight by FHLB staff is unnecessary.** The current practices of reviewing the prior experience of the development team should not change. The entire development team may not be in place at the time of AHP application. This may be an unworkable requirement.

   Additionally, requiring the FHLB to independently underwrite a project's need for subsidy and viability is unnecessary. Continue to allow the FHLB to rely on the underwriting of other funders with comparable standards in terms of cost reasonableness, viability of operations, development team capacity and need for subsidy.

5) **Maintain the retention agreements for rental and home ownership housing (unless the award per home is $10,000 or less).** WSFS Bank supports the five-year retention requirement and believes that it prevents abuse. In addition, since we, the member bank monitor and maintain compliance for this agreement, we believe that it is important to retain it.

6) **An additional proposed amendment would require rental projects with supportive services to create two operating pro forma: one for housing operations and the other for supportive services.** This only adds to the application burden for both the sponsor, member and FHLB staff

reviewing the application. Projects could include supportive services in a project's operating pro forma. Processes should be streamlined not adding additional burdens.

7) **We recommend eliminating a proposed new requirement to monitor LIHTC projects that are noncompliance for 15 years.** The amendments add a new provision requiring Banks who sponsor these applications to amend current AHP agreements with LIHTC project sponsors, and include in future agreements, a provision that requires the sponsor to report to the FHLBank LIHTC projects that are noncompliant with income targeting or rent requirements during the 15-year retention period. This adds a new requirement and burden on member Banks to amend agreements and actively monitor LIHTC projects for 15 years. **Not all Member Banks have the resources to monitor these projects annually for 15 years.** I believe that this rule would reduce the banks interested in being the member approver of the application. There are other participants in projects and they already monitor these projects for compliance. It is not the role of the FHLB nor the member bank to do this monitoring. This also seems inconsistent to add additional monitoring when the proposed rule removes monitoring for homeownership properties.

We appreciate efforts to review and recommend changes to enhance the AHP and lead to a more effective use of these precious funds. Based on our experience, we believe that rather than "modernizing" the rules, the proposed rule changes will add more documentation, time and resources to an already lengthy and detailed process with little benefit, and will move the process away from the local community needs identified by the member banks with the District FHLB.

Thank you for the opportunity to comment on the proposed changes. I am available if you have any additional questions or need additional information. I know that you will thoughtfully consider the implications to proposed changes and reflect on the concerns FHLB member banks are sharing.

Sincerely,

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