



May 29, 2018

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

**Re: Comments/RIN 2590-AA83 - Affordable Housing Program**

Dear Mr. Pollard:

I appreciate the Federal Housing Finance Agency's (FHFA) efforts to improve the Federal Home Loan Banks' (FHLBanks) Affordable Housing Program (AHP). Please know, however, that I have very serious concerns about some of the amendments appearing in the notice of proposed rulemaking published in the Federal Register on March 14, 2018.

In particular, I believe that the proposed outcomes-based framework which purports to improve project selection to better address housing needs, will have the opposite effect. By prioritizing FHFA's overall housing goals over locally designed plans, the proposed amendments result in less flexibility and make it harder for housing finance agencies, certainly for AHFA, to design plans to best utilize federal assistance and to meet specific local concerns.

AHP is a vital source of funds for housing development. Developers manage multiple layers of capital and financing tools which can take years to assemble. AHFA rewards that hard work through our scoring system because it stretches our limited Housing Credit allocation so we can accommodate more projects. In this year's Housing Credit competitive application cycle for AHFA, two applications for projects in challenging and highly underserved areas stand to be funded only because they were able to secure additional financing through a FHLB. Clearly, it is imperative that funding opportunities be as streamlined, transparent, and operationally efficient as possible.

The proposal threatens to undo this proven means to meet the highly underserved by introducing a complex award structure that would severely restrict FHLBank discretion in addressing local housing needs. Because the proposed rule would require a significant percentage of AHP funds to be awarded to specific types of projects and sponsors, it would effectively displace the important needs assessment unique to every FHLBank district. In essence, the proposal would superimpose a national, prescriptive program over the particular housing needs of local communities. This would render AHP a far less attractive funding resource.

*Come on home, Alabama.*

The long-standing practice of FHLBanks to select projects in descending rank scoring order has operated demonstrably well. It has served developers as an important and reliable system in their efforts to target local areas of great need. The amendments which prioritize the new required outcomes may reward lower-scoring projects, a re-ranking which is inherently subjective and threatens the hard-earned integrity of the AHP competitive selection process. This could result in multiple cycles of re-ranking to comply with the outcome requirements, because substituting one project for another may not satisfy all FHFA outcome requirements simultaneously. All of which leads to the likelihood of arbitrary results.

I urge you to reconsider the proposed rule, especially the outcomes-based methodology. While certainly there are areas in AHP for improvement, the new framework for awarding projects undoes time-tested and objective methods which have been used very successfully in meeting local needs.

Thank you for your consideration. Please contact me if you would like to discuss further.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Robert Strickland', written over a horizontal line.

Robert Strickland  
Executive Director