



May 25, 2018

Mr. Alfred M. Pollard, General Counsel
Attn: Comments/RIN 2590-AA83
Federal Housing Finance Agency
400 7th Street, SW, 8th Floor
Washington, D.C. 20219

Dear Mr. Pollard:

Please accept the following comments to the proposed changes to the Federal Home Loan Banks' (FHLB) Affordable Housing Program (AHP).

Knoxville Habitat for Humanity has completed over 600 homes for low and very low-income families in Knox County, Tennessee. Our outcomes clearly demonstrate the impact that having a safe, decent and affordable home has on a family's ability to achieve strength, stability and self-sufficiency. The FHLB's AHP program has been a significant partner to us in achieving these lasting impacts. This funding is critical gap funding that is not otherwise available to us from another source and allows us to continue to sell homes to low-income families at cost (zero profit) and at a 0% interest/30-year mortgage.

It is important to note that our partner families only qualify to build and purchase their Habitat home after completing 500 hours of "sweat equity" a.k.a. homeowner education. WE believe that our outstanding outcomes coupled with our extremely low foreclosure rate is a direct result of the exceptional education our partner families complete before building and purchasing their home.

We believe fervently that some of the proposed changes to the AHP program will severely and adversely impact our ability to utilize these funds, the result of which will be a dramatic decrease in our ability to serve local, low-income families. We sincerely appreciate your careful thought and consideration to our comments and concerns listed below:

Concern 1: Outcomes Framework. As presented, the change to a national outcomes framework severely compromises our ability to address local needs and limits our ability to engage in neighborhood revitalization activities.

Concern 2: Re-ranking. The proposed re-ranking will eliminate our ability to strategically utilize FHLB funding to address *local community needs*. The proposed outcomes framework creates a competitive disadvantage for Habitat affiliates which in turn will severely and adversely reduce the home-ownership rate for low and very low-income families. The current scoring method should not be changed.

Concern 3: Special Needs Threshold. The proposed increase from 20%-50% for special needs households is too high and does not recognize the benefit of mixed-occupancy developments. Such developments allow developers of affordable housing to leverage other funding sources. The proposed increase is too restrictive and will impede development for all households. The current requirement should not be increased.

Concern 4: Evaluation of the Development Team. FHLB's current method for assessing the capacity and capabilities of the sponsor's development team is adequate and the proposed changes make the application process more burdensome and unnecessarily complicated, thereby creating additional staff time and expense to the affordable housing developer. The current method for assessing the capability and capacity of the affordable housing developer should not be changed.

Concern 5: Cure First. As proposed, the Cure First approach will result in time delays in moving families in need into affordable home ownership. The proposed change creates administrative burdens (which are costly to the sponsor). As a nonprofit organization, Knoxville Habitat for Humanity relies on the funding from the AHP program to begin building the next home. The Cure First approach will only result in delays that in turn will cause a delay in building the next home. The current process for verifying scoring and modifications should not be changed.

Thank you for your efforts to improve the AHP regulation and thank you, too, for the seeking input from the organizations who are "boots on the ground" committed to eliminating poverty housing and making safe, decent and affordable homes available to everyone. We appreciate the opportunity to present these concerns and thank you for your thoughtful consideration.

Sincerely,



Kelle R. Shultz
President/CEO