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May 23, 2018

The Honorable Mel Watt
Director, Federal Housing Finance Authority
Constitution Center
400 7th Street, S.W.
Washington, D.C. 20219

Re: Affordable Housing Notice of Proposed Rulemaking

Dear Director Watt:

Thank you for allowing me the opportunity to offer comments regarding the Affordable Housing Notice of Proposed Rulemaking presented by the Federal Housing Finance Authority (the FHFA).

I serve as the Director of Insurance for the State of South Carolina, and work closely with our congressional delegation in Washington on matters that impact our citizens. As a coastal state, we have many homeowners living in hurricane prone areas that have inadequate resources to invest in fortifying their homes to minimize the damages that can result from the impact of hurricanes or serious storms. This vulnerability exposes families, insurers and governmental entities to significant dangers and losses that would be minimized if there was a well-designed public-private partnership in place to protect the homes of lower income families.

I recently learned of a partnership between member institutions of the Federal Home Loan Bank of Atlanta (the FHLBA) and the State of Alabama that resulted in a successful application to secure affordable housing grant monies from the FHLBA to match with state contributions. These monies were used to assist low income homeowners residing in Alabama's coastal region to strengthen and fortify their homes and to protect them from damages resulting from hurricanes and severe storms. These retrofits resulted in insurance savings for these residents, and will clearly reduce the overall risk to life, as well as property damage loss occurring from storms. This is a creative use of affordable housing monies that are benefitting a large number of citizens in Alabama.

We are also interested in creating a similar program in South Carolina that will provide similar benefits to our coastal residents. However, we understand the proposed rule of the FHFA may restrict the use of affordable housing monies for these purposes.

I am offering these comments in hopes the agency will consider modifying the rule to allow for greater flexibility in the use of affordable housing monies thereby allowing the FHLBA, its member institutions and sponsors, the opportunity to explore funding mechanisms such as the

Alabama program. FHLBA should have the ability to steward its cooperative in a manner in which it supports its members and the unique and various needs of the consumers and communities they serve.

I understand the proposed rule imposes an award outcomes framework that creates a national, prescriptive program that reflects FHFA-established priorities rather than localized affordable housing needs. Burdensome outcome requirements would limit the AHP's ability to be flexible and responsive to the market. Retaining FHLB flexibility would allow South Carolina, and our coastal neighbors as well as other states that are working to minimize their risks from natural disasters to emulate the Alabama model and leverage these resources to help thousands of families, a clear win for everyone.

I am sure many of my colleagues will also be concerned about these proposed changes, and would encourage you to promote greater flexibility in this important program.

Sincerely,

A handwritten signature in black ink, reading "Raymond G. Farmer". The signature is written in a cursive, flowing style.

Raymond G. Farmer