



June 4, 2018

Alfred M. Pollard
General Counsel
Attention: Comments RIN 2590-AA83
Federal Housing Finance Agency
400 Seventh Street, S.W., Eighth Floor
Washington, DC 20219

Dear Mr. Pollard:

Thank you for the opportunity to comment on the proposed amendments to the Federal Home Loan Banks' Affordable Housing Program.

Norway Savings Bank is a member of the Federal Home Loan Bank of Boston. In the past 5 years we successfully sponsored four affordable housing projects for low and moderate income individuals in our market area, with the non-profit borrower receiving AHP grants for their respective projects. These grants were a critical component of the project's funding structure, and without the AHP grant it is questionable if these projects could have come to fruition. We value the achievements of the AHP and its impact on our community.

Our bank applauds the FHFA for undertaking a comprehensive look at the regulations governing the AHP. The affordable housing development process has evolved a great deal in the 29 years since the AHP was created and it is timely and useful for the FHFA to assess how the regulations can be streamlined and updated. We appreciate the rigorous and thoughtful approach that FHFA takes to rule writing. However, we have concerns about some elements of the proposed amendments, especially the "required outcomes" framework and the application re-ranking it necessitates.

The Proposed Rule significantly complicates how AHP funds are allocated and limits how responsive the program can be to local housing needs. The requirement that a majority of the FHLB's AHP funding be allocated towards meeting FHFA's regulatory priorities will result in the unintended consequence of not meeting local and regional housing needs.

We strongly recommend that the FHFA remove the "required outcome" requirements and retain the FHLB's flexibility through a scoring-based methodology that incentivizes stronger alignment with housing needs in its districts.

The Proposed Rule introduces a re-ranking process that would allow the FHLB to re-rank projects to meet the FHFA's outcome requirements. This re-ranking, since it is not visible to the housing sponsor bank and the developer, could result in replacing a higher scoring project that has the strongest alignment with the local housing needs, with a lower-scoring application. This will impact the AHP's predictability and transparency.

It would create an illogical circumstance in which high-scoring and competitive projects are denied an AHP award.

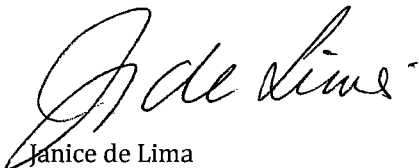
Again, our recommendation is the FHFA remove the "required outcome" requirements and allow continued reliance on AHP's current transparent scoring system. The scoring criteria and framework are published annually in each FHLBank's AHP Implementation Plan, which is transparent and well understood by members and sponsors/developers.

Finally, the Proposed Rule increases the threshold requirements for projects to qualify as serving targeted populations, such as the homeless, those with special needs, or other targeted groups. The proposed new threshold would increase the number of units reserved for these targeted populations from 20 percent to 50 percent. The new thresholds may not be achievable in some markets because projects that serve lower-income households rely on capital and operations subsidies, which are scarce nationally and may be more prevalent in certain markets. Thus, the proposal may have the unintended consequence of concentrating AHP funds in certain geographic areas or discouraging members and sponsors from applying for AHP funds because they cannot make the project work financially with 50% of the units allocated to targeted groups.

We recommend the required reserved number of units remain unchanged at 20 percent.

Thank you for the opportunity to share our view points on this very important program. If you have any questions, please feel free to contact me at 207-482-7969.

Best regards,



Janice de Lima
Vice President, CRA Officer

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