



# 30 Years Of Building Community 2018

## Our Vision:

*A world where everyone has a decent place to live.*

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May 31, 2018  
Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
Eighth Floor, 400 Seventh Street, S.W.  
Washington, D.C. 20219

Mr. Pollard:

On behalf of Lexington Habitat for Humanity, I am grateful for the opportunity to provide comment on the proposed rule changes to regulations governing the Federal Home Loan Bank Affordable Housing Program. As a sponsor of numerous projects awarded funding by the AHP program, our organization is grateful both for the long-term partnership of the organization, and the continued evaluation of the effectiveness of the program in meeting affordable housing needs across the country.

Lexington Habitat for Humanity has a 30 year history of providing the opportunity for individuals less than 60 percent of AMI to purchase homes in our community. Since November of 2012, LHFH has utilized \$1,385,167 to serve 68 households made available through FHLB of Cincinnati under the current regulation. LHFH has been able to serve those households with an average investment of \$20,370 in AHP funding. In that time, LHFH has found FHLB of Cincinnati to be an effective and consistent partner in making affordable housing available to underserved populations and in preserving affordable housing stock in our community.

In evaluating the proposed rule change, our organization has concerns relating to funding reliability under the proposed outcome requirements and impacts to the effectiveness of Federal Home Loan Bank in responding to changing conditions.

Specifically:

- With regard to the advantages and disadvantages of an AHP owner-occupied retention agreement, LHFH advocates for the continued discretion on the part of FHLB to allow usage of the retention agreement. LHFH sees value in the retention agreement to ensure that housing is utilized for the intended purposes.
- With regard to AHP subsidy repayment in amounts less than \$1,000, LHFH advocates for an exception to the repayment requirement in such circumstances.
- With regard to the AHP retention agreement, LHFH advocates for clarification that the obligation to repay would terminate after transfer by deed in lieu of foreclosure, assignment to HUD, or death of the owner(s).
- With regard to approaches to re-ranking applications to meet outcome requirements, LHFH believes that such re-ranking will prove detrimental to the long-term utility of the program. The current scoring-based criteria is well understood by sponsors and members and has served to meet the goals of the program. LHFH anticipates that changes to an outcome-based model will result in less efficient utilization by sponsors in the long-term, and extraordinary preference to certain project types at the expense of home purchase projects.
- With regard to proposed increases to minimum thresholds for underserved populations, LHFH advocates that such an increase would result in the unintended concentration of low-income or underserved populations in future housing projects. LHFH, while serving a significant number of households of the targeted populations, would be unable to reliably meet such thresholds and fears that future applications will be negatively impacted as a result.

- With regard to the three proposed regulatory priorities, LHFH advocates that “creating economic opportunities” is an unnecessarily broad priority. Economic empowerment activities and creating residential economic diversity are sufficiently divergent activities that each should be evaluated independently and specifically prioritized in the scoring process. Additionally, creating residential economic diversity is significantly more expensive in its execution and should be evaluated accordingly in scoring and funding criteria.
- With regard to affordable homeownership preservation, LHFH advocates against additional requirements related to energy or water efficiency standards. Stabilization of existing owner-occupied units is disruptive to homeowners and cost effective relative to the overall value of the home. Additional criteria related to energy or water efficiency standards will be counterproductive to the successful utilization of AHP funding in the preservation of affordable owner occupied housing.
- With regard to the proposed requirement of 10 percent of AHP funds prioritized for home purchase, LHFH advocates that a higher percentage would be appropriate in the current housing environment. Home ownership rates remain low when compared to historical averages. Rates of home ownership for African-American, Hispanic, and younger households remain significantly below national averages.

Our organization is grateful for the work and thoughtfulness that has been applied to improve service to our community through the AHP, and sincerely appreciates the opportunity to provide input.

Sincerely,



Rachel Childress  
CEO  
Lexington Habitat for Humanity



700 East Loudon Avenue | Lexington, KY 40505-3622 | 859.252.2224 |  
[lexhabitat.org](http://lexhabitat.org)