



332 Minnesota Street • Suite 1201 East
Saint Paul, MN 55101
ph 651/221-1997
toll free 800/277-2258
fax 651/221-1904
web www.gmhf.com

SENT VIA EMAIL

June 5, 2018

Alfred M. Pollard
General Counsel
Attention:
Federal Housing Finance Agency
8th Floor
400 Seventh Street SW
Washington, DC 20219.

RE: Comments/RIN 2590-AA83

Mr. Pollard

I am writing to comment on the proposed changes to the Federal Home Loan Bank Affordable Housing Program regulations. As a member of the Federal Home Loan Bank of Des Moines, and a CDFI active in affordable housing finance, Greater Minnesota Housing Fund (GMHF) is concerned that the proposed regulations will have adverse impacts regarding the effective use of the Affordable Housing Program (AHP) in production of affordable housing. Specifically, I have the following concerns about the proposed changes:

I. Impact on Housing Sponsors

Part 1: Allocation of AHP

The proposed allocation methodology is significantly more complicated and prescriptive which does not allow the FHLBanks to be responsive to local needs and emerging issues and may result in geographic concentration of AHP funding awards.

Recommendation: FHFA should retain the current scoring based model for allocation of AHP funds to avoid the adverse consequences such as geographic concentrations that we believe may result from the proposed changes.

Part 2: Evaluating the Need for AHP Subsidy

The proposed rule includes changes in the Need for Subsidy which effectively streamlines some long-term monitoring processes for rental projects but does not do

enough to simplify the AHP administration, minimize redundancies and enhance the ability of AHP funds to layer seamlessly with other important sources of funds.

Recommendation: Allow FHLBanks to rely on the underwriting of HFAs and other funders with comparable standards in terms of cost reasonableness, viability of operations, development team capacity and need for subsidy.

Part 3: Administrative Burden for Sponsors

The proposed changes introducing new compliance provisions is onerous for project sponsors and too prescriptive in ways that do not improve the effectiveness of FHLB Banks oversight.

Recommendation: Allow FHLB Banks flexibility to focus compliance activities where most needed based on the facts and circumstances of each project and sponsor.

Part 4 : Changes to How AHP Provides Financing for Owner-occupied Housing

The proposed rule theoretically increases the amount of funds that may be allocated to down payment products but, in actuality, to comply with the FHFA's outcome requirements, the percentage of AHP funds available for down payment products may be the same or less.

Recommendation: Retain the current AHP scoring based model and allow up to 40% of the annual AHP contribution to be allocated to the down payment set aside program.

Thank you in advance for considering these comments as you move to finalize these regulations.

Sincerely,



Warren Hanson
Chief Executive Officer