

**GKH PROPERTIES**

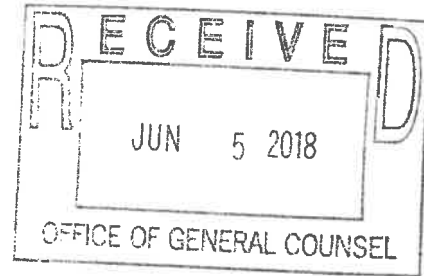
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May 31, 2018

Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA83  
Federal Housing Finance Agency  
400 Seventh Street, SW, Eighth Floor  
Washington, D.C. 20219



Subject: Notice of Proposed Rulemaking and Request for Comments –  
RIN 2590-AA83 – Affordable Housing Program Amendments

Mr. Pollard:

Thank you for extending the comment period on the proposed rulemaking regarding the Affordable Housing Program of the Federal Home Loan Banks. I am president of GKH Properties, a housing development consultant working in northeastern Pennsylvania and have sponsored numerous projects utilizing AHP funds through the FHLBank Pittsburgh.

We have been utilizing the AHP program for over twenty years with much success and without which, properties like our last one – the Lehigh Coal & Navigation Building (located in historic Jim Thorpe, PA) - could not have been successfully completed (please see photo enclosed).

We are particularly concerned with the outcomes framework as proposed in the AHP regulation amendments. The outcomes-based framework prioritizes the Federal Housing Finance Agency's overall housing goals, the unintended consequence of which is that the outcomes would establish preferences for certain types of projects which might not best meet the needs of local communities. We believe **AHP's connection to local communities has long been its most important asset.** In fact, most of the developments we have completed have involved re-use of existing buildings (commercial, industrial & institutional) such as the Lehigh Coal & Navigation Building which, as we understand it, would not fare well under the new system.

As sponsor/developers, we manage multiple layers of capital and operating financing that take years to assemble. Developers must blend AHP into the total financial package while dealing with many agencies and foundations – all of whom have their own underwriting criteria and funding timelines making it imperative for AHP funding to be as streamlined, transparent and operationally efficient as possible. The outcomes framework as proposed in the amendments introduces a complex award structure that makes the AHP scoring process unclear and ultimately a less-attractive funding resource.

**A scoring-based system is strongly preferred** over an outcomes-based framework; it is a clear and understandable process which has worked well for over twenty years.

Finally, the proposed amendments missed the opportunity to simplify AHP and maximize the reliance on other funders as follows:

- The “need for subsidy” and “project costs” sections of the proposed amendments do not specifically allow for the maximization of coordination with other funding sources. Requiring an FHLBank to independently underwrite a project's need for subsidy and viability is unnecessary and increases the burden on sponsors in cases where other funding sources have already underwritten the project. Many AHP projects use the Low-Income Housing Tax Credit program as their major source of funds (as do we) and state Housing Finance Agencies (HFA’s) underwrite those projects more vigorously than the FHLBanks. We recommend **allowing FHLBanks to rely on the underwriting** of HFA’s in terms of cost reasonableness, viability of operations, development team capacity and need for subsidy.
- The amendments require rental projects with supportive services to create two operating pro-formas: one for housing operations and the other for supportive services. The requirement causes projects to arbitrarily separate costs and funding streams. We recommend allowing projects to **include supportive services in a project’s operating pro forma.**

This letter is to respectfully request your consideration of our above-noted concerns and to ask that you reconsider parts of the proposed amendments, particularly as it regards the outcomes framework.

Sincerely,



Graysha K. Harris, President  
GKH Properties

cc: John J. Bendel