June 11, 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

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

Mr. Pollard,

Thank you for the opportunity to comment on your recent release of proposed rulemaking regarding the Affordable Housing Program ("AHP") of the Federal Home Loan Banks (FHLBanks).

Keller Development, Inc. is an affordable housing developer and general contractor based in Fort Wayne, Indiana. We have developed or built nearly 4,000 housing units in Indiana and surrounding states, including many for our non-profit partners. We have used many of the most common tools for doing so, including Low Income Housing Tax Credits and the Federal Home Loan Bank's Affordable Housing Program, of which the latter will be affected by the proposed rule, and for which we offer the following comments:

1) The proposed change from a fixed scoring approach to the outcomes approach threatens the predictability of the program and the ability of AHP to close gaps in committed funding. Keller Development asks to retain the existing scoring framework. The outcomes approach appears to overly complicate the evaluation of the project with the re-ranking element voiding the prioritization of a project by points and total score.

2) Keller Development appreciates and supports the easing of the household income documentation requirements during the long-term monitoring period.

3) Keller Development is concerned about the impact the proposed rule may have on modification and in closing out a project and moving it into the long-term monitoring phase. The modification is a tool that enables all parties to resolve a scoring non-compliance issue. For many years, FHLBI has had green points. Several situations have occurred where the budget was impacted by the green requirements and some green elements had to be cut out. Budgets are tight with increasing labor and material costs. Developers have to have the flexibility to know if a scoring element can be modified rather than having to make feigned attempts to cure an issue that is unresolvable without a modification.

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4) The real estate retention requirements for homeownership assisted properties should be left in place with the term of the retention period determined at the FHLB's discretion. This approach would preserve the unique needs of individual communities. The retention agreement ensures a family that needs an affordable payment has an opportunity to own a home. Without a restriction to remain in the home, families that are assisted with grants may fall victim to predatory lenders when an unexpected expense occurs. The family may forego their affordable mortgage to relieve some short term debt obligation. In such a scenario the impact of the AHP down payment could be lost very quickly.

5) Keller Development strongly encourages the FHFA to provide the FHLBanks and their advisory councils the flexibility to establish district-specific criteria that address housing concerns/needs in the geographic footprint of the member banks. The targeted funds are an approach used by the state finance agency. In Indiana the CSH Institute is an example of how targeted funds can work well. The timeline requirements detailed in the proposed rule could be limiting and problematic in being timely and relevant to changing market trends. The 12 month lead time requirement is too long and negates the importance and effectiveness of a targeted fund. Developers must assemble many applications for funding before projects are ready for AHP, and the AHP has to be considered by other investors in the project. Streamlined and transparent application decisions are needed in order for members to commit the resources to manage the AHP grants. The TCLP requirements have the potential of bogging down the process. Many of the scoring points identified in the implementation plan for Indianapolis mirror similar scoring in the low income housing tax credit program as an example. Keeping the process simple and allowing the FHLBI to rely on current and existing housing studies, data, and guidance from community development professionals including its advisory council is an approach that is working. Stipulating an extensive lead time before accepting applications for the targeted fund may shut down many worthwhile and viable developments.

Keller Development is thankful that the FHFA is looking to improve and modernize the AHP program. We ask for consideration to be given to maintain a transparent, straightforward guideline that facilitates the creation of quality, sustainable affordable housing.

Thank you for considering these comments.

Sincerely,

Dawn Gallaway

Dawn Gallaway
President