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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

Dear 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). I am Kirsten Elliott, Vice President of Development with Community Housing Network (CHN) in Troy, Michigan. Over the past 17 years our organization has developed or is currently developing a total of 856 units of affordable housing in Southeast Michigan.

CHN has utilized Affordable Housing Program (AHP) grants in several of our developments and find these funds to be a vital way to fill gaps that can't be met through any other funding sources. A recent example of this is our Grafton Townhomes community in Eastpointe, Michigan. This $11 million tax credit development consists of 48 two- and three-bedroom townhomes, including 12 units of supportive housing. A $380,000 AHP award was the essential final piece of funding to bring this much-needed community to life, which now provides safe, quality and affordable housing to more than 100 low and moderate income people.

We offer these comments:

1) As a nonprofit organization, CHN relies on AHP to help close the funding gap that must be raised from the community. The predictability of the AHP program with its easily understood scoring requirements and clarity of the timing to apply for AHP are essential in moving these types of projects forward. The proposed change from a fixed scoring approach to the outcomes approach threatens this predictability and reliance on AHP to close the gap when the majority of the fundraising is committed. CHN would ask you to retain some component of the existing scoring framework in the proposed rule; the outcomes approach appears to overly complicate the

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evaluation of the project with the re-ranking element voiding the prioritization of a project by points and total score.

2) CHN does appreciate the easing of the household income documentation requirements during the long term monitoring period. However, we would support retaining the income and rent validation component in the initial monitoring phase. If a project is going to derail it is most likely to occur during the initial lease up phase. This review by FHLBI provides for the member some reliance the project is compliant at the completion and; is likely to remain compliant long term.

3) With respect to projects that target underserved populations, CHN believes that diverse developments, and the broader communities they are located within, are more vibrant places to live, and recommends that the minimum percentage of units reserved for underserved populations should remain at 20%. The increase to 50% is too limiting and restrictive for a family project, for example, wanting to also serve some homeless families, and will also serve to concentrate poverty. With the percentage so high, it may discourage developers from reserving any units at all for homeless families because such a reservation requires these units to sit vacant until an eligible household is identified. The 50% benchmark is higher than IHCDA and MSHDA requires. With LIHTC projects needing AHP to offset market fluctuations in equity pricing, with 50% of the units reserved for homeless families the project may not be financially feasible. Having some units in a family development reserved for homeless families is better than none at all which would likely happen in a LIHTC deal if this threshold is retained in the final rule. Please consider this change carefully.

4) CHN is concerned about the impact the proposed rule may have 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-compliant 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.

5) CHN strongly encourages the FHFA to provide the FHLBanks and its advisory council the flexibility to establish district specific criteria that addresses housing concerns/needs in the geographic footprint of the member banks. 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.

CHN 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,

Kirsten Elliott
Vice President of Development