June 6, 2018
Submitted Electronically
Alfred M. Pollard, Esq.
General Counsel
Attn: Comments/RIN 2590-AA83
Federal Housing Finance Agency
400 Seventh St. S.W., 8th 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 the recent release of the proposed rulemaking regarding the Affordable Housing Program of the Federal Home Loan Banks published on March 14, 2018.

Merchants Affordable Housing Corp. (MAHC) is an affordable housing developer and manager located in Carmel, Indiana. MAHC owns over 2,100 low income units located throughout Indiana. We have experience using an array of financing products and programs including, AHP, HOME, CBDG, LIHTC and Tax Exempt Bonds and other sources. Speaking from our experience in our region, we have the following concerns in regards to the proposed rule:

1. As a non-profit organization, we serve many vulnerable populations from developmentally disabled adults to single heads of households. AHP is a source of funding we constantly look towards to close our gap in funding in order to make a project feasible. We can do this by pre-scoring our projects in order to know if we should proceed with a project or not. The proposed change from a fixed scoring approach to an outcomes approach creates an unknown as to whether we spend our time on a certain project or move onto another more feasible one. MAHC is a small but mighty team. We do not have the time to waste not knowing if a project is going to be competitive or not. This proposed approach would waste man hours and create a massive time loss if the project is not awarded. MAHC would ask you to retain some component of the existing scoring framework in the proposed rule; 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. As stated previously we serve targeted populations that are currently underserved. Increasing that target from 20% to 50% is extremely restrictive for a multi-family project, which is our norm. To increase this target creates higher operating budget items which can be hard to sustain with the AMI requirements that coincide with the population. The 50% requirement is higher than the IHCDA requirements. This can create a problem while a majority of our projects are first allocated funds from the LIHTC program from IHCDA then to go through AHP for gap. We would need for the target populations to be similar in order to know if our project is financially feasible.

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3. On the topic of target populations and financial feasibility is the issue of moving the targeted AMI from 20% at 50% AMI to 55% at 50% AMI. These requirements again are not consistent with those of Federal LIHTC requirements. Being more restrictive on a smaller amount of funding will tend to have a developer turn away from that source without even taking a second look at the process. Have this large number of units at 50% AMI will make it more difficult to use the new approach of income averaging. A huge portion of the market will continue to be underserved because the financials will just not work with too many units at certain income levels and rather than increasing a projects ability to serve lower income AMIs the changes will have the opposite effect of creating lower income AMI units as less projects will move forward.

MAHC is excited about the modernization of the AHP program but would ask for the serious consideration to the issues previously stated.

Thank you for your consideration.

Sincerely,

Janine Betsey

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President, Merchants Affordable Housing Corp.

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