

June 12, 2018

Submitted Electronically

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

**Re: Comments/RIN 2590-AA83; Affordable Housing Program Amendments
Proposed Scoring Model**

Dear Mr. Pollard:

Per the Federal Home Loan Banks' (FHLBanks') Comment Letter, dated June 1, 2018, attached is the proposed scoring methodology referenced in the letter. Including this proposal, the Federal Housing Finance Agency (FHFA) is in receipt of three scoring based options - maintaining the current scoring requirements in the existing AHP Regulation; adopting the scoring methodology proposed by the FHLBanks' in our response to the FHFA's *2017 AHP Program Design and Project Selection Criteria White Paper*; and the attached proposed scoring methodology. The undersigned FHLBanks believe that any one of the three, or some combination thereof, is preferable to the outcome requirements contained in §1291.48 of the Proposed Rule, which have several negative and unintended consequences outlined in the FHLBanks' aforementioned Comment Letter. Additionally, we also believe that our response to the FHFA's *2017 AHP Program Design and Project Selection Criteria White Paper*, the attached proposal, or some combination of the two, comports to the FHFA's requirement to determine the priorities for the FHLBanks' Affordable Housing Programs, while providing the FHLBanks with increased flexibility in responding to evolving affordable housing needs within their respective districts.

The FHLBanks' Community Investment Officers appreciate the opportunity to collaborate with the FHFA to modernize and enhance the existing AHP regulation and invite additional dialogue around the attached proposal or any of the other scoring options.

Sincerely,

The Federal Home Loan Banks

Enclosure

[Signature Page Follows]

Federal Home Loan Bank of Atlanta



Arthur L. Fleming
Senior Vice President & Community
Investment Officer

Federal Home Loan Bank of Boston



Kenneth A. Willis
First Vice President & Community
Investment Officer

Federal Home Loan Bank of Chicago



Suzanne Thackston
Community Investment Officer & Vice
President

Federal Home Loan Bank of Cincinnati



Damon v. Allen
Senior Vice President & Community
Investment Officer

Federal Home Loan Bank of Dallas



Gregory J. Hettrick
First Vice President & Community
Investment Officer

Federal Home Loan Bank of Des Moines



Jennifer Ernst
Senior Vice President | Director, Western
Office and Community Investment Officer

Federal Home Loan Bank of Indianapolis



MaryBeth Wott
First Vice President, Community Investment
Officer

Federal Home Loan Bank of New York



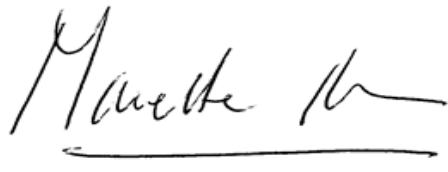
Paul B. Héroux
Chief Bank Operations Officer &
Community Investment Officer

Federal Home Loan Bank of Pittsburgh



John Bendel
Senior Director, Community Investment
Officer

Federal Home Loan Bank of San Francisco



Marietta Núñez
VP, Director of Community Investment
Community Investment Officer

Federal Home Loan Bank of Topeka

A handwritten signature in cursive script that reads "J. Thomas Thull". The signature is written in black ink and is positioned below the bank's name.

J. Thomas Thull
First Vice President - Community Investment Officer

PROPOSED SCORING MODEL

(d) Scoring of applications.

(1) IN GENERAL. A Bank shall establish written scoring guidelines setting forth the Bank's AHP competitive application program scoring criteria under its General Fund and any Targeted Funds and related definitions and point allocations, and implementing other applicable requirements pursuant to this paragraph (d). A Bank shall not adopt additional scoring criteria or point allocations, except as specifically authorized under this paragraph (d).

(2) POINT ALLOCATIONS. A Bank shall allocate 100 points under its General Fund and 100 points under each Targeted Fund. Separate 100 point scoring structures may be established for rental projects and homeownership projects.

(3) GENERAL FUND. An application for a proposed project may receive scoring points based on the following statutory and regulatory priorities:

- (i)** Statutory Scoring Categories – government properties; project sponsorship; and homeownership.
 - a. *Use of donated or conveyed government-owned or other properties* - The financing of housing that uses a significant proportion, as defined by the Bank in its AHP Implementation Plan, of:
 - i. Land or units donated or conveyed by the federal government or any agency or instrumentality thereof; and,
 - ii. Land or units donated or conveyed by any other party for an amount significantly below the fair market value of the property, as defined by the Bank in its AHP Implementation Plan.
 - iii. Each Bank shall allocate a minimum of 5 points under this scoring criterion.
 - iv. Scoring under this category may be fixed or variable.
 - b. *Sponsorship by a not-for-profit organization or government entity* - Project sponsorship by a not-for-profit organization, a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American Tribe, an Alaskan Native Village, or the government entity for Native Hawaiian Home Lands.
 - i. Each Bank shall allocate a minimum of 5 points under this scoring criterion.
 - ii. Scoring under this category may be fixed or variable.
 - c. *Low and Moderate-Income Homeownership* – If a Bank does not offer a program that sets aside at least 10 percent of the annual required AHP contribution for homeownership, it must provide a scoring category for the purchase of homes by low- or moderate-income households.

persons with physical disabilities who are not occupants of such housing.

- iii.* Housing for other targeted populations. The financing of housing in which at least 20 percent of the units are reserved for populations specifically in need of housing, such as agricultural workers, military veterans, Natives or Native Peoples, households requiring large units, or other targeted populations as defined by a Bank in its AHP Implementation Plan.
 - iv.* Housing in Rural Areas. The financing of housing located in rural areas as defined by a Bank in its AHP Implementation Plan.
 - v.* Other. The financing of other housing addressing specific housing needs of underserved communities or populations as FHFA may provide by guidance.
 - vi.* Each Bank shall allocate a minimum of 5 points under this scoring criterion.
 - vii.* Scoring under this category may be fixed or variable.
- c.* *Creating Economic Opportunity* – The financing of housing that facilitates economic opportunity for the residents by addressing one or more of the following specific housing needs:
- i.* Promotion of Empowerment. The provision of housing in combination with a program offering services that assist residents in attaining life skills or moving toward better economic opportunities, which may include, but is not limited to the following: employment; education; training; homebuyer, homeownership or tenant counseling; child care; adult daycare services; afterschool care; tutoring; health services; resident involvement in decision making affecting the creation of or operation of the project; or workforce preparation and integration.
 - ii.* Residential Economic Diversity - The financing of either affordable housing in a high opportunity area, or mixed-income housing in a designated area. Each Bank will define high opportunity area and/or mixed-income housing in a designated area in its AHP Implementation Plan.
 - iii.* The financing of other housing that facilitates economic opportunity as FHFA may provide by guidance.
 - iv.* Each Bank shall allocate a minimum of 5 points under this scoring criterion.
 - v.* Scoring under this category may be fixed-point or variable.

- d. *Affordable Housing Preservation.* Financing, rehabilitating and other activities that promote the preservation of existing affordable housing as defined by a Bank in its AHP Implementation Plan.
 - i. Other. The financing of other mechanisms for affordable rental housing preservation or affordable homeownership preservation as FHFA may provide by guidance.
 - ii. Each Bank shall allocate a minimum of 5 points under this scoring criterion.
 - iii. Scoring under this category may be fixed or variable.

- e. *Community Stability* - The promotion of community stability, which may include, but is not limited to the following:
 - i. Projects involving rehabilitation of vacant or abandoned properties;
 - ii. Projects that are an integral part of a community revitalization or economic development strategy approved by a unit of state or local government or instrumentality thereof;
 - iii. Projects that do not displace low- or moderate-income households, or if such displacement will occur, assuring that such households will be assisted to minimize the impact of such displacement; or,
 - iv. As defined by a Bank in its AHP Implementation Plan.
 - v. Each Bank shall allocate a minimum of 5 points under this scoring criterion.
 - vi. Scoring under this category may be fixed or variable.

- (iii) A Bank's AHP Implementation Plan must allocate a minimum of 50 points, in aggregate, under the scoring criterion in paragraphs (3)(i) and (3)(ii).
- (iv) A Bank's AHP Implementation Plan may allocate a maximum of 50 points, in aggregate, to other categories not identified in paragraphs (d)(3)(i) and (d)(3)(ii).

(4) TARGETED FUND. A Bank's AHP Implementation Plan shall allocate scoring points to applications under a Targeted Fund for proposed projects in response to affordable housing needs identified in the Bank's Community Lending Plan.

- (i) The Bank's must establish a minimum of three scoring categories and each category may be fixed or variable.
- (ii) The types of categories may be different depending on the type of targeted fund but will be of a sufficient nature to ensure an impartial process.