June 11, 2018

Comments Re: Affordable Housing Program Amendments NOPR, RIN 2590-AA83

Dear Federal Housing Finance Agency:

Fahe writes respectfully to comment on the proposed AHP regulation. Fahe is a regional financial intermediary based in Berea, KY that is a Network of 50+ Appalachian leaders making our communities and economies work. Since 1980, we have invested $609M, generating $1.26B in finance. This investment was channeled through our Network of organizations working in some of the hardest-to-reach places in Appalachia, directly changing the lives of 450,000 people.

Our comments today are primarily in hopes of improving the end result of this rulemaking so that it helps make people's lives better in a low income region as opposed to setting us back, and we are primarily responding to Question 28 of your 41 questions. We applaud that FHFA seeks to ensure that vulnerable populations are served throughout the nation. Unfortunately, despite the good intentions of this rule to serve underserved communities, the proposed rule follows a too-often-seen pattern of regulation that does not work for places where median incomes are very low such as the small city, town, and rural parts of Appalachia. With presently-available subsidies, our organizations will be able to deliver fewer homes under the proposed rule because the low AMIs required will not cover the costs of the project.

It may be helpful, for context, to share a bit of data on just how low incomes here are and why a rule written in good intentions that can work in major urban areas with decent median incomes can set us back here. Fahe serves an older and lower income population in our region of Central Appalachia (primarily AL, KY, MD, TN, VA, and WV). Our market area includes some of the most economically distressed regions in the country with median income levels at less than half the national level and unemployment rates twice the national rate. Fahe serves primarily Low (57.6%), Very Low (18.1%) and Extremely Low (2.3%) Income people; with only 22% being of moderate (15.5%) or above moderate income (6.9%) levels. According to the 2013 Housing in Central Appalachia report by the Housing Assistance Council, 27% of households earn less than $20,000 per year (compared to 18.4% nationally) while 30% of those living in rural areas of Central Appalachia earn less than $20,000 and more than half earn less than $35,000.

As you likely will appreciate upon reading these numbers, with such a median income, rent or mortgage costs are generally not in the family budget on a 50% (to say nothing of a 30%) of AMI project. Although it is true that mandatory goals for vulnerable populations would encourage those populations being served, it would be to the exclusion of broad swaths of low income people in our region. We have relied on AHP to broadly serve our region, and while we wish there was more subsidy available so that we could serve even more people, the outcomes contemplated the proposed regulation will make it so we can serve fewer families.

We are also reaching out to our Congressional Representatives to let them know about our thoughts and concerns with the proposed regulation. We would be glad to answer any further questions these comments have raised, and should members of your office be interested in visiting our region to learn about the housing market, please consider yourself invited – we would be happy to facilitate a tour.

Thank you for the opportunity to submit these comments.