



June 11, 2018

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
400 Seventh Street S.W.
Washington, D.C. 20219
Attention: Comments/RIN 2590-AA83

**Re: Notice of Proposed Rulemaking – Affordable Housing Program
Comments/RIN 2590-AA83**

Dear Mr. Pollard:

I am writing to express concern about the Federal Housing Finance Agency's (FHFA) notice of proposed rulemaking published in the Federal Register on March 14, 2018. In this notice, the FHFA is proposing to amend its regulation on the Federal Home Loan Banks' (FHLBanks) Affordable Housing Program (AHP).

While the FHFA's continuing work to support modernization of the AHP is laudable, the current proposal limits banks' flexibility in their scoring methodologies, limiting their ability to address the needs of their particular communities. Rather, the outcomes framework of the proposed rule requires banks to prioritize FHFA's overall national housing goals, which may severely restrict banks' discretion in addressing local housing needs.

AHP is a critical source of funding for housing and development, widely used by Western Bankers Association (WBA) members. Requiring banks to achieve certain prescribed outcomes based on a national analysis, rather than a flexible analysis that takes into account the specific needs of a bank's community, may lessen the opportunities for WBA members to successfully participate in AHP in the future. Indeed, the penalty for not achieving the outcomes prescribed by FHFA will act as a disincentive to actively participate in AHP. AHP funds are intended for income-eligible homebuyers and tenants, and the

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banks themselves are in the best position to ensure that the funds reach projects that may be unique to their local communities.

The proposed rule would require a significant percentage of AHP funds to be awarded only to certain types of projects and sponsors, creating a *de facto* scoring and needs allocation in each FHLBank district that ultimately makes AHP a less attractive funding resource. Though it may be well-intended, it is difficult to see how such an approach can better address the housing needs of local communities like those of our members than an approach that allows for greater flexibility for individual FHLBanks.

WBA has recently undertaken a social media campaign illustrating the significant contributions its members have made to their local communities. It is a powerful demonstration of the results banks can achieve when they are allowed to focus on local needs. Here is a link to a video that describes WBA member Pacific Premier Bank's support for Potters Lane, a project funded in part by an FHLB San Francisco AHP grant on behalf of American Family Housing to build housing for formerly homeless veterans: <https://www.youtube.com/watch?v=qYltmuDPyfc>

I commend FHFA for working to update the AHP regulations. However, in light of the concerns above, I respectfully ask that you reconsider the proposed rule, especially the required outcomes framework. If you have any questions, please feel free to contact me at slagomarsino@westernbankers.com.

Sincerely,



President and Chief Executive Officer
Western Bankers Association

cc: Maurine Padden, Western Bankers Association
Kevin Gould, Western Bankers Association