



**Bernadette M. Mueller**  
Executive Vice President

June 12, 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,

Valley is a highly trusted mid-sized regional bank headquartered in Wayne, NJ with approximately \$29 billion in assets and over 225 locations throughout New York, New Jersey, Florida and Alabama. Valley is an active member of The Federal Home Loan Bank of New York (FHLB NY) and its Affordable Housing Program (AHP).

Valley remains an active participant with the FHLB NY's AHP program; we have almost two dozen active projects worth over \$200,000,000 in total development, the majority of which have successfully progressed to a long-term monitoring phase. These projects were realized with approximately \$12,000,000 in AHP granted funds thus revealing an impressive return. The current program is realistically robust and its well-defined criteria facilitates a thorough, transparent and equitable process for shovel ready high impact development projects to access gap funding.

Affordable housing remains a consistent need and is key to the prosperity of our area communities. It is essential that the FHLB retains discretion in addressing local housing needs in support of our region. We view the proposed Outcomes Framework as a potential risk as it could eliminate the connection that allows the FHLB the ability to respond to area needs, as informed by program feedback and its community based advisory council. We have seen how the FHLB NY evolves its program each year in direct response to area needs and publishes as well as educates the community development constituency on these specifics as part of their continuous improvements.

Requiring FHFA priorities diminishes the input of the community as it appears to reduce the advisory council influence which serves to communicate area needs. The earlier timing of completing the proposed Community Lending Plan further impacts the FHLB NY's opportunity to include the most current feedback in their planning. We are also concerned about using a vague rationale for project selection rather than specific objective measures as are currently deployed. The proposed re-rank reads as if it would force alignment with FHFA priorities potentially replacing quality projects as per the current FHLB NY point structure with lower scoring projects thus sidelining an already well-defined methodology. The Outcome Framework, as we see it, thus presents additional risk resulting in less transparency which could lead to reduced program impact and could diminish partner trust, the opposite of what we are trying to accomplish.

Additionally, moving the proposed threshold amount from 20% to 50% required for projects to qualify as serving homeless and supportive needs is not in alignment with other funders guidelines. A 50% minimum would render the project financially unfeasible and may consequentially negatively impact these populations. Similarly, the new "cure-first" requirement could lead to a loss of productivity or other inefficiencies; the current practice of testing whether respective project modifications would still have scored high enough in the funding round to receive the AHP award serves to control project changes that are expected with most community development initiatives. Likewise requiring all members of the development team to be known at the time of application appears unrealistic. The stakeholders, in this reference refers to all subcontractor specifics which may not be known at the time of the application, thereby potentially preventing a high capacity developer from applying. We recommend retaining the FHLBNY's current practice of reviewing the prior experience of the development team to assess capacity as Valley and other member banks do before taking on the respective project risk.

We commend the Federal Housing Finance Agency for working to update the AHP program including for example reducing the monitoring requirements for LIHTC funded projects that are already well scrutinized. We participate with American Banker likewise to improve regulatory processes and always in a spirit of collaboration. We respectfully ask that you reconsider parts of the proposed amendments, especially the proposed Outcomes Framework.

Thank you for hearing our ideas on this high impact program. If you have any questions, please feel free to contact me at [bmueller@valleynationalbank.com](mailto:bmueller@valleynationalbank.com).

Sincerely,



Bernadette M. Mueller