



First National Bank

100 Federal Street, Pittsburgh, PA 15212

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**

Mr. Pollard,

Thank you for the opportunity to comment on your recent release of proposed rulemaking regarding the Affordable Housing Program (“AHP”) of the Federal Home Loan Banks (FHLBanks). I am presently Assistant Vice President and Community Reinvestment Act Officer of First National Bank of Pennsylvania, the largest affiliate of F.N.B. Corporation (FNB) and a member of FHLBank Pittsburgh. FNB, headquartered in Pittsburgh Pennsylvania, is a diversified financial services company operating in eight states.

Since participating in the Affordable Housing Program, First National Bank has been able to assist with the development of permanent housing for homeless individuals and families and transitional housing for youth aging out of the foster system, the construction of “for rent” senior housing and “for sale” housing for households with incomes at or below 80 percent of the state median income as well as the renovation/remodel of a 50-year-old apartment building housing low or moderate income seniors.

We are concerned with the outcomes framework as proposed in the AHP regulation amendments. The outcomes-based framework prioritizes the Federal Housing Finance Agency’s (FHFA’s) overall housing goals. The unintended consequence of this approach is that the proposed outcomes establish preferences for certain project types, lessen AHP’s connection to and support for community development, and make AHP less transparent.

As an FHLBank member, I have confidence in my FHLBank to direct AHP funds in a way that meets the needs of our local district using a scoring framework. Having required outcomes may also lessen the number of opportunities for my institution to successfully participate in AHP in the future, reducing the number of deep community relationships, Community Reinvestment Act credits, and additional lending and investing opportunities that often come with AHP involvement. A scoring-based system, which has worked well for 28 years, is strongly preferred over an outcomes-based framework, and will allow FHLBanks to encourage all project types to apply, connect AHP to community development strategies and maintain program transparency.

We also have the following additional concerns about the proposed amendments:

- Under the proposed amendments, AHP project modifications may be delayed, and AHP sponsors unduly burdened, due to a new “cure-first” requirement. Delays could have



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negative consequences to our loans and investments in AHP projects. We recommend that the proposed cure-first requirement be eliminated and the FHLBanks retain their current practice of verifying that any modified project would still have scored high enough in the funding round to receive the AHP award had the sponsor applied for AHP funding with the modifications in place.

- The amendments add a new provision requiring members to amend current AHP agreements with LIHTC project sponsors, and include in future agreements, a provision that requires the sponsor to report to the FHLBank LIHTC projects that are noncompliant with income targeting or rent requirements during the 15-year retention period. This adds a new requirement and burden on members to amend agreements and on sponsors to actively monitor LIHTC projects for 15 years. We recommend eliminating this proposed new requirement.

We commend FHFA for working to update the AHP regulation. However, in light of the concerns above, we respectfully ask that you reconsider parts of the proposed amendments, especially the required outcomes framework. Thank you for hearing our ideas on this very important subject. If you have any questions, please feel free to contact me at 412-395-2038 or via email at karem@fnb-corp.com.

Sincerely,

Anita L. Karem

Assistant Vice President/Community Reinvestment Act Officer
First National Bank of PA