

June 12, 2018

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
400 Seventh St., SW Eighth Floor
Washington DC 20219

Re: Proposed Amendments to Affordable Housing Program (RIN 2590-AA83)

Dear Mr. Pollard,

Thank you for the opportunity to comment on the FHFA's proposed rule.

As President and CEO of Appalachia Service Project, Inc. ("ASP") I would first like to express our appreciation for the funding assistance provided in recent years by Federal Home Loan Banks in both Cincinnati and Pittsburgh, through member banks in Tennessee and West Virginia. FHLB funds play an important role in our ability to respond to housing needs of low-income families in our five-state service area.

Appalachia Service Project is a 501(c)3 organization committed to eliminating substandard housing throughout Central Appalachia. We serve as a Christian ministry, open to all people, that inspires hope and service through volunteer home repair and replacement. We currently operate 5 year-round centers (including two established for disaster recovery) and another 24 seasonal centers to carry out our work making homes warmer, safer, and drier. Since our founding in 1969 we have served 18,347 families. Though we serve approximately 500 families annually, we have a waiting list of over 7,000 households.

ASP is unique in a number of ways.

- Our innovative business model results in costs significantly lower than that of projects carried out by contractors. Over our 50-year history we have used the talents and on-site efforts of over 410,000 volunteers, who represent the bulk of our labor force. In 2017 just under 17,000 adults and young adults volunteered with ASP.
- We utilize a variety of funding sources, including private and public-sector grants, partnerships with local and state governments, private sector sponsorships, philanthropic gifts from individuals, churches, and other charities, collaboration with other nonprofit agencies, general donations, plus volunteer fees.
- Additionally, we have dedicated resources to disaster recovery with new home construction ("rebuild") when a home cannot be salvaged, and home rehabilitation when feasible. We have earned a solid reputation for readiness to assist, effective use of resources, and quality of work.
 - 28 new homes built following Dry Creek flood of 2012 (Washington County TN).
 - 61 new homes built and 15 homes repaired to date following Greenbrier County WV flood of 2016, with funding from numerous sources including timely assistance from FHLB-PGH through their Disaster Recovery Program. Our recovery efforts continue on, with another 50 new homes to be built this year.
 - 11 new homes to date following Gatlinburg-area wildfire of 2017 (Sevier County TN), with an additional 14 new homes by the end of the year.

- Our ongoing “New Build Appalachia” utilizes a mix of skilled trade volunteers, experienced staff, and unskilled volunteers to rebuild homes that are beyond repair. Over the past five years, New Build has built and handed over the keys to 60 low-income homeowners. FHLB-CIN has been a valuable source of funding assistance for these dire needs in Tennessee counties of Washington, Carter, Sullivan, Greene, and Hancock.

We have read with interest proposed changes to the Affordable Housing Program. Multiple respondents to your Request for Comment have covered a broad range of issues. While we support the concept of modernizing the AHP, we are concerned that the proposed rule is moving too far in the direction of centralized mandates, particularly with respect to the scoring of applications. Experience tells us that our nation’s diversity is served best when needs at the local/regional level, including those that do not necessarily exactly fit a nation-wide profile, are identified and adequately supported.

Of primary concern is the proposed implementation of a Required Outcomes Framework, which we believe takes the Affordable Homes Program in the wrong direction, toward a one-size-fits-all solution. By establishing a national “prescription” with a potentially disproportionate preference for targeted populations, the proposed framework strips away flexibility at the regional level to respond to district needs and leverage district opportunities. Since the proposed thresholds do not necessarily align with unique socio-economics and demographics of each FHLBank’s district, the Outcomes framework will have the effect of discounting very real needs for affordable housing in each district.

The negative impact of higher thresholds for targeted populations is compounded by the likelihood of “re-ranking” projects to meet outcome requirements. A project that would be highly ranked based on merit can be denied funding in order to fund a lower-ranked project simply in order to meet a quota. It also makes the award process more complex and far less transparent than the current system of merit-based scoring.

As mentioned above, the majority of our projects utilize multiple funding resources. It is our belief that raising the threshold for targeted populations from 20% to 50% (and which can actually have the effect of forcing an even higher threshold) will have the undesired effect of restricting opportunities for collaborating with other agencies and funding sources. This problem is further exacerbated by certain aspects of the proposed application process timeline. An extended review period diminishes the likelihood of effective partnering and leveraging of multiple fund sources simply due to timing issues. Moreover, an extended review period reduces a district FHLBank’s ability to act quickly in response to urgent needs and also its ability to act with agility when opportunities arise. These consequences are counterproductive to the program’s operational effectiveness and efficiency.

Again, we are grateful for the opportunities that AHP funding provides to help so many deserving individuals and families. We share your commitment to effective, efficient, and ethical use of funds to address America’s affordable housing issues. We believe that the existing AHP framework fulfills that commitment by providing a reasonable degree of flexibility at the district level, with oversight on a national level, while addressing conditions unique to each district. We respectfully ask that you choose to retain the existing process.

Thank you for your consideration,



Walter Crouch
President and Chief Executive Officer
Appalachia Service Project