



## People's Self-Help Housing, Inc.

307 KY 59, Vanceburg, KY 41179-7648

Providing Affordable Housing Opportunities  
in Lewis County since 1982

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June 12, 2018

Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
400 Seventh Street, SW  
Washington D.C. 20219

RE: Comments RIN 2590-AA83; Affordable Housing Program Amendments

Thank you for the opportunity to respond to the proposed amendments to the Affordable Housing Program (AHP) regulation issued by the Federal Housing Finance Agency (FHFA). I have worked with People's Self-Help Housing, Inc since it was founded in January 1982 and have served as the Executive Director since 1985. Our organization serves a broad scope of housing needs from homeless shelter to affordable rental properties to homeownership, all for individuals and families living in poverty in this rural county located in the foothills of Appalachia. For over 25 years AHP has provided us with vital subsidies to make newly constructed homes affordable to low and very low income households. As the grant writer and program administrator for our AHP funding, I have a solid understanding on how the AHP best serves our area where 81.5% are homeowners, despite 28.2% of the population living below the poverty level.

Since January 2011 I have served on the Federal Home Loan Bank of Cincinnati's Affordable Housing Advisory Council and have participated in the modernization efforts begun by the Banks in October of 2014 to make the AHP more responsive to our local and regional housing needs, more compatible with other federal, state, and local funding sources, and less burdensome to implement by the local nonprofit housing organizations.

Having read the proposed regulatory changes, I was dismayed the proposed rule does not reflect the modernization discussions and suggestions of the eleven FHLBanks and their respective Advisory Councils. In fact, most of the 41 questions in the proposed rule were not even part of the four years of dialogue among the parties. Having seemingly ignored the four years of dialogue, the result is a missed opportunity to enhance the responsiveness, effectiveness and usability of the AHP!

After 28 years of administering the AHP, I believe the District Banks know their regional affordable housing needs and how to best meet those needs by engaging their members and sponsors in the strategic use of AHP in their communities. The proposed outcome requirements would replace the current regionally responsive program with a more restrictive, nationally focused program that would be so onerous and complex for sponsors to use that they would be unable to meet all of the AHP requirements and eventually lose access to this vital funding source. I believe the outcome regulatory requirements are too prescriptive and should be removed in their entirety.

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As requested, I will respond to some of the 41 questions provided in the AHP proposed rule as follows:

Question 1: I do not see any benefits to Banks establishing Targeted Funds when the Targeted Funds are limited to those prescribed by the Regulator. Banks should retain the flexibility to determine how to target funds in their region in accordance with their Lending Plan as approved by the FHFA.

Questions 6 - 14: Regarding AHP retention agreements and subsidy repayments, due to the wide range of various factors involved, I believe the Banks should be given the flexibility to make these decisions on a case by case basis. Damon Allen, CIO FHLBank Cincinnati and his staff are very experienced and responsive in working out just solutions to any issues that arise due to the retention agreements. We have had retention agreements with every new homeowner receiving AHP subsidy and I remain in favor of the AHP retention agreement requirements.

Question 19: Adding a "re-ranking" requirement may result in lower scoring applications being funded ahead of higher scoring applications, a particularly troublesome provision that eliminates the transparency, objectivity, and flexibility of the current scoring based system. "Re-ranking" could lead to suspicions of political and insider connections due to the lack of transparency.

Question 25: Increasing the maximum permissible grant to households from \$15,000 to \$22,000 will more adequately address the rising cost of construction material and labor. The downside is fewer households will be served.

Question 29: The proposed increase from 20 to 50 percent for the number of units reserved for homeless households is not appropriate. In accordance with our goal of ending homelessness, it should remain at 20%.

Question 30: The proposed increase from 20 to 50 percent for the number of units reserved for households with a specific special need is not appropriate. An increase to 25% would be adequate and appropriate.

Question 33: The Banks should be given more flexibility in determining the housing priorities for their region in their lending plan subject to the approval of the FHFA. The proposed regulatory priorities are vague and ill defined. A one size fits all approach is not a good fit considering the diversity of needs.

Question 35: The Banks have less flexibility under the proposed regulations than under the current regulations.

Questions 36 & 37: The current scoring system is less restrictive and more effective than the proposed outcome based approach. A few modifications to the current scoring system could provide the flexibility requested by the Banks and AHP Councils resulting from their four years of dialogue.

In conclusion, the overly prescriptive proposed rule does not acknowledge the 28 years of experience and tweaks to the AHP by Bank staff, the Affordable Housing Advisory Councils, and the FHLB Boards, aimed at improving the program. As a sponsor, the current system is already challenging, especially when using AHP with other federal funding sources, but it is workable and better than having nothing to fill the final funding gap in financing a new home.

Sponsors will not be able to use the proposed outcome-based system. It is a major step in the wrong direction. In the end, the homeless, those unable to afford rent, the elderly whose home crumbles because they cannot afford to replace their roof, will all be left in the street.

I know because they are my neighbors.

Respectfully,

A handwritten signature in cursive script that reads "Dave Kreher". The signature is written in black ink and is positioned below the word "Respectfully,".

Dave Kreher  
Executive Director