



Federal Home Loan Bank  
NEW YORK

June 12, 2018

**Submitted Electronically**

Alfred M. Pollard, General Counsel  
Attn: Comments/RIN 2590-AA83  
Federal Housing Finance Agency  
400 Seventh Street SW  
Eighth Floor  
Washington, D.C. 20219

**Re: Proposed Rulemaking and Request for Comments: Affordable Housing Program Amendments (RIN 2590-AA83)**

Dear Mr. Pollard:

We write to you on behalf of the Affordable Housing Advisory Council (AHAC) of the Federal Home Loan Bank of New York. We appreciated the opportunity to share our perceptions of the Notice of Proposed Rulemaking with your colleagues in Cincinnati in April. The Federal Housing Finance Agency staff at that meeting were forthright and receptive to our insights. The staff at the FHLBNY has already sent you their own comment letter, which sufficiently addresses much of the substantive concerns we have with the Proposed Rule. In this letter, we would like to formalize some of our own comments that are specific to the role of the AHAC.

In short, it appears that the ultimate effect of the Proposed Rule is to further nationalize the Affordable Housing Program by centralizing a majority of the priority-setting with the FHFA. Among other impacts, this initiative will erode the regional character of the program and diminish the value of the AHAC's real-time, industry specific, knowledge and experience in helping shape priorities that are timely and responsive to district needs. The following provisions of the Proposed Rule, taken individually and collectively, give rise to the concern that AHAC members' expertise and input is being overshadowed and perhaps supplanted with the FHFA's own national view of affordable housing needs:

- **Outcomes Framework** – To meet the outcome requirements, the AHP would need to allocate the bulk of funds to FHFA priorities. Certain projects that align with the priorities would benefit; however, other types of projects important to District II that don't align well with FHFA priorities would be at a competitive disadvantage. These would include rental and homeowner projects in urban areas that are new construction or involve property reuse, such as repurposing vacant, blighted substandard non-housing properties (e.g., former schools, industrial or commercial property).
- **Less Program Transparency** – One of the most alarming aspects of the new outcome requirements is the provision to re-rank projects if an FHLBank does not meet prescribed FHFA outcomes. This may force FHLBanks to depart from the long-standing, straightforward practice of selecting projects in descending application score order. The proposed amendments would authorize FHLBanks to re-rank applications and select lower-scoring applications in order to achieve the outcome requirements. This would make the process for obtaining an AHP award less transparent and more complicated. AHP's current impartial scoring system is developed through an exemplary governance structure established by an elected Board of Directors, with advice and real-time industry knowledge shared by the Affordable Housing Advisory Council. The scoring criteria and framework are published annually in FHLBNY's AHP Implementation Plan, which is well-understood by members and sponsors/developers.

- **Targeted Community Lending Plan** – In addition to staying within the lines of FHFA priorities, the revised Targeted Community Lending Plan seems like it would narrow the AHAC’s impact on providing advice to FHLBank staff on district-specific housing and community development matters and rely predominantly on empirical quantitative data. This would make it difficult for the program to respond to emerging challenges where baseline data are not yet available.
- **Homeless and Supportive Housing** – We wholeheartedly agree that there is a real need for affordable housing solutions that serve homeless and special needs individuals/households. However, the thresholds proposed for homeless and special needs housing appear to be based on FHFA’s perception of national appropriateness, rather than on current industry principles and practices. These new thresholds are not compatible with other state and local affordable housing funders in District II. They also are in direct conflict with the industry-recognized benefit of mixed-occupancy development that allows developers to cross-subsidize units in larger projects. Ultimately, since rental subsidies are difficult to secure, raising the minimum number of units required to serve homeless and special needs populations, especially in high cost areas, will likely have a negative effect on a project’s operating feasibility and will discourage sponsor/developers of these larger rental projects from applying for AHP funds.
- **Development Team Evaluation** – The proposed amendments require FHLBanks to evaluate the ability of the sponsor and all members of the development team to perform the responsibilities committed to in the application. This will add documentation burdens for sponsors. In addition, the entire development team may not be in place at the time of AHP application, making it impossible to properly notify an FHLBank who will participate as a member of the development team. The AHAC of the FHLBNY is rich with experienced affordable housing developers, and they are of one mind on this topic: It places an unnecessary administrative burden on both the FHLB staff and on project sponsors. In addition, throughout the AHP’s history, there has been no compelling evidence that a project failed due to the failure of a development team member to perform.

Our fellow AHAC members recognize the FHFA’s hope that the AHP will be innovative and creative, by allowing FHLBanks to set their own scoring criteria and establish Targeted Funds. And as Advisory Council members, we would hope to contribute to the FHLBNY’s efforts in these areas. However, provisions in the Proposed Rule, as those discussed above, would significantly undercut that possibility if codified as written.

Thank you for taking these comments into consideration during the review process. And we would welcome the opportunity to discuss these issues further with you and your colleagues.

Sincerely,



Carrie Michel-Wynne, AHAC Chair  
Vice President of Strategic Partnership  
YWCA of Rochester & Monroe County  
Rochester, New York



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