



Commercial Banking
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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,

We appreciate the opportunity to comment on the FHFA's proposed rulemaking regarding the Affordable Housing Program ("AHP") of the Federal Home Loan Banks (FHLBanks). I am the Community Services Manager for People's United Bank. I manage all FHLB AHP activity – from applications to long-term monitoring.

We are a \$44 billion full service bank with 403 branches in Connecticut, New York, Vermont, New Hampshire and Maine. People's United Bank is headquartered in Bridgeport, Connecticut and has sponsored AHP projects through Federal Home Loan Bank of Boston (FHLBank Boston).

People's United Bank has had a long successful history facilitating FHLB AHP grants. We have facilitated the funding of 114 projects with \$24.8 million in direct grants. This has positively impacted 2,815 units of affordable housing. I currently manage an AHP grant portfolio for 55 projects funded by \$18.4 million in direct grants. This represents 1,385 units of affordable housing.

As a member bank supporting FHLBank Boston AHP projects, we are particularly concerned with the following:

- 1) The Proposed Rule significantly complicates how AHP funds are allocated, and limits how responsive the program can be to local and constantly changing housing needs.**
 - Because certain outcomes would be required under the FHFA's proposal, the Bank would be compelled to develop its AHP scoring criteria to meet the outcome requirements, which may not align with the local or regional housing needs.
 - This is a major concern for an institution that strives to meet the needs of both urban and rural communities.
- 2) The Proposed Rule introduces a re-ranking process that would allow the Bank to re-rank projects to meet the FHFA's outcome requirements.**
 - The re-ranking is not seen by the housing sponsor/developer and could result in replacing a higher-scoring application with a lower-scoring application for purposes.
 - The re-ranking of AHP applications would create an illogical circumstance in which high-scoring and competitive projects are denied an AHP award. It would also negate the

value of the Bank providing technical assistance to project sponsors about how they can improve the competitiveness of a proposed, or denied, AHP application.

- 3) **The Proposed Rule increases the threshold requirements for projects to qualify as serving targeted populations, such as the homeless, those with special needs, or other targeted groups.**
 - Increasing the number of units reserved for targeted populations from 20 percent to 50 percent will have a significant impact on our affordable housing community – especially in rural areas. If these thresholds were in place the past 5 years, over 50% of the projects we have supported may not have received FHLB funding and highly likely the projects would not have moved forward.
 - The proposal may have the unintended consequence of concentrating AHP funds in certain geographic areas or discouraging members and sponsors from applying for AHP funds because they cannot make the project work financially.
- 4) **The Proposed Rule introduces unnecessary administrative burdens for sponsors by adding new provisions that will delay AHP modifications.**
 - Under the Proposed Rule's "cure first" requirement, awarded AHP projects that are not able to completely fulfill the commitments made in their AHP applications would be required to attempt to "cure" the issue before requesting a modification to their project. In cases where market conditions or changes in a third-party service provider have hindered the ability of a project sponsor to fulfill their previously stated commitments, having a cure requirement increases funding risk to the sponsor and may increase cost and delay the disbursement of funds.
 - In our markets it is common for modifications to take place due to the wide range of funding sources and changing economics.
 - The current process works. FHLBank verifies that any modified project, had it applied for AHP funding with the modifications in place, and would still have scored high enough in the funding round to receive the AHP award.
- 5) **Under the proposal, sponsors would be required to demonstrate that all members of the project development team, including all affiliates and team members such as the general contractor, satisfy FHLBank sponsor capacity requirements.**
 - This requirement will add a documentation burden for sponsors and require them to make certain assertions or assumptions about the development team and project at a point in time when the development team may not be fully formed or in place.
 - Allow the local FHLBanks to evaluate the facts and circumstances of each project and determine a sponsor's track record of performance.

We commend the Federal Housing Finance Agency 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 the opportunity to share our viewpoints on this very important program. If you have any questions, please feel free to contact me at 802-258-4090

Sincerely,



Arne Hammarlund, Community Services Manager
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