



June 12, 2018

MEMBERS

Allegheny City Central Association
Allegheny Land Trust
Allegheny River Towns Enterprise Zone, Inc.
Bellevue Initiative for Growth and Revitalization
Bloomfield Development Corp.
Bloomfield-Garfield Corp.
Brookline Area Community Council
Carnegie CDC
Community Leaders United for Beechview
East Allegheny Community Council
East Liberty Concerned Citizens Corp.
East Liberty Development, Inc.
Economic Development South
Fineview Citizens Council
Friendship Development Associates
Garfield Jubilee Association
Hazelwood Initiative, Inc.
Highland Park CDC
Hill CDC
Hill District Consensus Group
Hill House EDC
Hilltop Alliance
Housing Alliance of Pennsylvania
Larimer Consensus Group
Lawrenceville Corp.
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Manchester Citizens Corp.
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Mexican War Streets Society
Millvale Borough Development Corp.
Mt. Washington CDC
NeighborWorks Western PA
Northside Leadership Conference
Oakland Planning and Development Corporation
Operation Better Block
Perry Hilltop Citizens Council
Penn Hills CDC
Pittsburgh Downtown CDC
Pittsburgh Project
Polish Hill Civic Association
Rebuilding Together Pittsburgh
Ross Economic Development
South Side Community Council
South Side Local Development Company
South Side Slopes Neighborhood Association
Troy Hill Citizens, Inc.
Tube City Renaissance
Uptown Partners of Pittsburgh
Urban Innovation21
West Pittsburgh Partnership
Wilksburg CDC

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). As the executive director of the Pittsburgh Community Reinvestment Group (PCRG), a coalition of nearly 60 community development and service organizations representing 75 communities across Western Pennsylvania, I see how vital AHP is in our region for creating and preserving housing affordability.

In Pittsburgh, much like in many other revitalizing urban areas, the demand for housing is driving up prices, leaving our once-affordable region out of reach of low- and moderate-income borrowers and renters. PCRG and our members value how flexible AHP has been in meeting the needs of our communities, a key feature we would like to see continue. The flexibility of AHP can be seen in how our members have used it – from Rebuilding Together Pittsburgh using AHP to help cover the cost of home-saving repairs in some of Pittsburgh’s poorest neighborhoods to non-profit developers using the program to help defray the costs of constructing affordable multifamily units. The easy to understand 100-point scoring system responds to conditions on the ground, allowing applicants to respond to our region’s actual needs.

Of utmost importance to PCRG is the affordable housing pipeline – how quickly a project goes from pro-forma to move-in day. We see how these tweaks to AHP are intended to improve the program, but like all policy changes, there can be unintended consequences. Our overall impression is that the proposed rule changes, while well-intentioned, will slow down the creation and preservation of affordable housing. Based on our years-long partnership with FHLB Pittsburgh and our understanding of your proposed changes, we would like to include a few additional concerns, specifically:



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- **The requirement that 55% of rental units be reserved for households making 50% or less of area median income.** Focusing resources on the very low income is to be lauded; this is a group with needs that can often go unaddressed in some housing programs. However, we foresee some outcomes from this change that may do more harm than good. Firstly, it is now considered best practice to deconcentrate poverty in housing. Mixed-income multifamily developments have been tremendously successful in Pittsburgh, and this would incentivize the opposite. Secondly, with that percentage reserved for very low income households, developers will not be able to cross-subsidize, a crucial factor in financing affordable housing.
- **The elimination of the 5 year residency requirement.** At PCRG, affordable and accessible homeownership has guided our mission for 30 years, and thus we have supported your First Front Door program from that start. However, Pittsburgh's neighborhoods are changing rapidly, with flippers moving into an increasing number of neighborhoods. The five year retention rule currently in place is a vital tool to help slow the churn of houses in our high-demand neighborhoods. Moreover, it makes sure that recipients of funding from the program are using it for its intended purpose – to help LMI households create stability and generate wealth for their families.
- **The change from a 100-point scoring methodology to an outcomes-based model.** We agree that the current scoring methodology could be enhanced, but throwing it out entirely will not improve AHP's outcomes. The 100-point system is imperfect, but it is a transparent way of awarding projects. Perhaps more importantly, its flexibility allows each FHLBank to respond to the needs that arise naturally in each community. The housing issues facing Pittsburgh differ drastically from those in San Francisco or Tulsa. By imposing regulatory priorities at the national level, you require communities to fit themselves into a potentially ill-fitting box. While it's good to set goals, transparency is always the best goal to reach in the awarding of funds.
- **The separation of operating pro formas for housing and supportive services.** There is such a dearth of housing for individuals with disabilities, be they physical or intellectual. In Pittsburgh, the vast majority of housing for disabled adults is non-profit, due to the high prices it would take to justify its creation for private developers. In many cases, when supportive services are not integrated into the operation, outside money can dry up, leading to a loss of quality of life for its residents. We see the separation of the pro formas as another hurdle in the creation of something that needs to be easier, not harder, to build. We ask that you allow projects to continue to include supportive services in a projects operating pro forma.
- **How projects are managed and monitored.** Currently, FLHBanks are required to review and provide documentation across several of its programs to ensure that resident incomes and rents meet regulation. The proposed changes would remove the initial monitoring of LIHTC projects, AHP projects with HUD and USDA funding, and the First Front Door program. In our experience, the removal of oversight is rarely improves outcomes, especially when it comes to money.



We request that you continue to require monitoring by FHLBanks of these three programs, specifically the review of documentation regarding incomes, rents, and the First Front Door retention agreement.

We agree with our partners at FHLBank Pittsburgh that the AHP regulations are in need of an update, while also sharing their concerns about the potential impacts of the change, especially on borrowers making 50-80% AMI and the creation of mixed-income rental units. Pittsburgh is already facing a shortage of affordable housing and we look to FHLBank Pittsburgh as a partner in helping us fix it. We ask that you reconsider parts of the proposed amendments, especially the required outcomes framework. Please feel free to contact me at ehogan@pcrg.org or 412-391-6732 if you have any questions.

Sincerely,

Ernest E. Hogan
Executive Director
Pittsburgh Community Reinvestment Group (PCRG)

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