

June 6, 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,

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). I am presently Executive Director of Oakland Planning and Development Corporation located in Pittsburgh, Pennsylvania.

Oakland Planning and Development Corporation (OPDC), builds a better Oakland and helps neighbors thrive. Serving the community and underserved populations since 1980, OPDC programs include youth mentoring, workforce development, financial coaching, community organizing, neighborhood advocacy, cleaning/greening projects, neighborhood planning, design review, and affordable housing development (both rental and for-sale). OPDC has 38 years of real estate development experience: nearly 350 low/moderate income for-sale homes, either new construction or renovation, and 105 apartments for low-income residents. Through our Oakland Community Land Trust (CLT), we provide permanently affordable homeownership opportunities for low- to moderate-income families in the neighborhood of Oakland. We anticipate applying for AHP funds this year for renovation/new construction of homes as part of our CLT. In 2017, were awarded \$650,000 in AHP funds for the rehab/new construction of 49 affordable rental units known as Oakland Affordable Living, a low-income housing tax credit development.

Based on our experience with the AHP funding process, and our understanding of the need in our community and neighboring communities, we have several concerns about the proposed AHP regulation amendments:

**We build a better Oakland and help neighbors thrive.**

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- Outcomes Framework: The outcomes-based framework prioritizes the Federal Housing Finance Agency's (FHFA's) overall housing goals. The unintended consequence of this approach is that the proposed outcomes establish preference for certain project types, lessen AHP's connection to and support for local community development, and make AHP less transparent. **OPDC recommends continuing with a scoring-based system, which has worked well for 28 years, rather than an outcomes-based framework. This will allow FHLBanks to sufficiently respond to local needs, encourage all project types to apply and maintain program transparency.**
- Homeless and Supportive Housing: The proposed amendments change the threshold amount needed for projects to qualify as serving targeted populations from 20 percent to 50 percent. This amendment will diminish the opportunity for OPDC to successfully participate in AHP in the future. For almost 40 years, OPDC has developed affordable housing for low- to moderate- income families in Oakland, but rarely do 50% of the families who rent and purchase these homes fall into the strict definitions for targeted populations. Furthermore, this new threshold is not compatible with other funders and does not recognize the benefit of a mixed-occupancy development, which allows developers to cross-subsidize units in a project. **OPDC recommends retaining the current 20-percent threshold amount.**
- Homeownership Retention: Under the proposed regulation, the five-year retention agreement for homeownership is eliminated. This can be a beneficial change for households that need a moderate amount of AHP funds to purchase or rehabilitate a home. But, for projects requiring larger amounts of AHP per unit, it introduces a risk of misuse that FHLBanks need to have the flexibility to address. Specifically, elimination of the retention agreement may increase property "flipping" for projects with a relatively high per unit AHP subsidy, particularly in rapidly appreciating markets. OPDC knows firsthand the need for affordable, owner-occupied housing preservation and we have created a Community Land Trust to ensure permanent affordability in our community. However, we believe that this issue should be addressed through a scoring structure or set aside that prioritizes long-term affordability. **OPDC recommends that FHLBanks are allowed the discretion to use a retention instrument in certain situations.**
- Re-ranking Projects: The new program regulations require that the AHP "re-rank" applications to satisfy the outcome requirements if those goals would not be met using only the scoring criteria. This poses risks to the core of the program: re-ranking is not objective, it is not predictable (for the applicants or for the Bank), and it is not transparent. **OPDC recommends that FHLBanks continue to use a point structure for scoring applications. A point structure gives the FHLBanks more flexibility to address district needs.**
- Project Modifications: Under the proposed amendments, AHP project modifications may be delayed, and AHP sponsors unduly burdened, due to a new "cure-first" requirement. **OPDC recommends that the proposed cure-first requirement be eliminated and the FHLBanks retain their current practice**

**of verifying that any modified project would still have scored high enough in the funding round to receive the AHP award had the sponsor applied for AHP funding with the modifications in place.**

- **Sponsor & Affiliate Capacity:** The proposed amendments require FHLBanks to evaluate the ability of the sponsor and all members of the development team to perform the responsibilities to which they commit in the application. The entire development team may not be in place at the time of AHP application, making it impossible to assess total capacity. **OPDC recommends retaining the FHLBanks' current practice of reviewing the prior experience of the development team.**

We commend FHFA 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 hearing our ideas on this very important subject. If you have any questions, please feel free to contact me by phone at (412) 621-7863 x15 or by email at [wwilson@opdc.org](mailto:wwilson@opdc.org).

Sincerely,



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