



BrentwoodBank

Administrative Offices

411 McMurray Road
Bethel Park, PA 15102-1165
Phone: 412-409-9000 Fax: 412-409-3291

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

June 12, 2018

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 proposed rulemaking regarding the Affordable Housing Program (“AHP”) of the Federal Home Loan Banks (FHLBanks). I am presently President & CEO of Brentwood Bank. Brentwood Bank is a \$600 Million Bank headquartered in Bethel Park, Pennsylvania.

We recently were awarded AHP funds to rehabilitate 11 houses in the Hilltop area of Pittsburgh with our Partner Rebuilding Pittsburgh. This project could not have been possible without the help of the FHLB Pittsburgh. The project will assist in providing needed safe and secure housing in our market area.

We are concerned with the outcomes framework as proposed. The outcomes-based framework seems to prioritize FHFA's overall housing goals. The unintended consequence of this approach is that the proposed outcomes establish preferences for certain project types, reduces AHP's connection to and support for community development, making AHP less transparent.

As a member of the FHLBank, I am confident in my FHLBank's ability to direct AHP funds in ways that meet the needs of our local district using a current scoring framework. Having required outcomes may also lessen the number of opportunities for Brentwood Bank to successfully participate in AHP in the future, and reducing my ability to earn Community Reinvestment Act credits. A scoring-based system, which has worked well for 28 years, (if it is not broke, don't fix it) is strongly preferred over an outcomes-based framework and will allow FHLBanks to encourage all project types to apply, connecting AHP to community development strategies and maintain program transparency.

We also have the following additional concerns about two proposed amendments:

- Under the proposed amendments, AHP project modifications may be delayed, and AHP sponsors unduly burdened. Delays could have negative consequences to our loans and investments in AHP projects. We recommend 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.
- The amendments add a new provision requiring members to amend current AHP agreements with LIHTC project sponsors, requiring the sponsor to report to the FHLBank projects that are noncompliant with income targeting or rent requirements during the 15-year retention period. This adds a new requirement and burden on members to amend agreements and on sponsors

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Crossings @ South Fayette
3039 Washington Pike
412-409-2265

to actively monitor LIHTC projects for 15 years. We recommend eliminating this proposed new requirement.

I commend FHFA for attempting to update the AHP regulation. However, I respectfully ask that you reconsider parts of the proposed amendments, especially the required outcomes framework. Thank you for considering my ideas on this subject. If you have any questions, please feel free to contact me at 412-409-9100 ext. 232 or tbailey@brentwoodbank.com.

Sincerely,


Thomas Bailey
President & CEO