



June 12, 2018

**Submitted Electronically**

Alfred M. Pollard, General Counsel  
Attn: Comments/RIN2590-AA83  
Federal Housing Finance Agency  
400 Seventh Street SW  
Eighth Floor  
Washington, D.C. 20219

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

Dear Mr. Pollard:

Thank you for the opportunity to comment on the Federal Housing Finance Agency's (FHFA) Proposed Rulemaking of amendments to the Affordable Housing Program (Proposed Rule). As a past Affordable Housing Program (AHP) grant recipient and active affordable housing developer in Alaska, Cook Inlet Housing Authority (CIHA) knows how important AHP funds are to filling the financial gap needs of affordable housing developments and bringing these affordable housing developments to fruition for our communities.

We also recognize the efforts that the Federal Home Loan Bank Des Moines (FHLB DM) has made to understand the very diverse nature of the DM region – from highly urbanized areas to extremely rural/remote; from areas where affordable home ownership is of the primary focus, to areas where new construction or rehabilitation of affordable rental housing is a higher priority or simply more feasible; from areas where construction costs and operational costs are more moderate, to areas where those costs are extreme due to remote location, transportation, weather and cold climate conditions, lack of labor, utility and insurance costs, and other factors. As a past unsuccessful, and in other cases, successful AHP grant applicant and recipient, CIHA also knows how challenging it can be to bring together numerous complex funding sources that are necessary to develop affordable housing in our communities. These diverse region challenges, combined with the inherent difficulty of affordable housing development to begin with, is what makes AHP flexibility and responsiveness so critical and valuable.

**Yet unfortunately, as a whole, the Proposed Rule does just the opposite. It adds complexity, inflexibility, and administrative burden to the entire delivery mechanism.**

The Proposed Rule appears to establish National outcome framework versus allowing FHLB regions to establish priorities and achieve outcomes based on each region's unique needs and diverse characteristics. Our regions are ever changing, and memorializing inflexible priorities will disable the entire system from being able to evolve and respond to those future changes in our communities. It is critical to the success of the AHP, and to the success of affordable housing providers/developers, that the AHP remain flexible, creative, and germane to the needs of our diverse communities. The outcomes framework that the Proposed Rule would require appears administratively inflexible and complex, and likely leads to a disenfranchisement of affordable housing developers from the AHP. This would be unfortunate given the FHLB DM's effort to encourage use of the AHP throughout the DM region, and establish credibility of the AHP in its application, funding, and administrative protocols.

The Proposed Rule appears to require a higher level of underwriting for AHP subsidy needed than is currently required – a level already in our opinion to be very diligent. The complexity of the funding stack and varying underwriting requirements of lenders, LIHTC equity investors, and other funders associated with affordable housing development dictates that for the AHP to be effective its underwriting must remain flexible, not more complex, onerous, or unusable.

The Proposed Rule appears to establish criteria and priorities that are juxtaposed to each other, in fact counter intuitive or productive. The Proposed Rule requires higher levels of 50% AMI unit set-asides (from 20% to 50%), and an increase in special needs units outcomes, yet in our experience such projects require substantial increased supportive services which the Proposed Rule would effectively not allow to be funded from a project's cash flow. Funding for supportive services is extremely limited in our State and difficult to secure, in particular for long periods of time. Requiring higher levels of very low income and special needs units, yet disallowing underwriting flexibility with regard to cash flow use for such services will actually diminish use of the AHP program and ultimately the number of very low income and special needs units produced. It has also been our experience that allowing for a more balanced approach to special set-asides ultimately leads to more special needs units developed, rather than less, since the feasibility of projects is often diminished to the point of being infeasible when higher levels of special needs units are required.

The Proposed Rule appears to increase the financial liability of AHP grant recipients in acting as a guarantor of AHP funds received in the event of a project's future non-compliance. While we agree that compliance with grant obligations should be of paramount concern and subject to penalty actions, subjecting a Sponsor to financial guarantor status has significant negative repercussion to Sponsors and the possible interest in other funding parties to the project in participating in the project. Ultimately, although well intended, this element of the Proposed Rule will lead to a decrease in interest in participating in the AHP.

In summary, while some limited elements of the Proposed Rule do move the program in the right direction, as a whole, the Proposed Rule appears to have not achieved the objectives and increased flexibility which the FHLBs themselves, the Advisory Committees, and affordable housing practitioners have been advocating for since the inception of the regulatory reform discussion. As an affordable housing advocate and AHP supporter, we would encourage the FHFA to pursue additional discussion directly with the FHLB's and AHP practitioners in an effort to revise the Proposed Rule in ways that provide the flexibility and transparency that this important program needs in order for the program and its users to be successful within our diverse region.

Thank you again for the opportunity to provide comments.

Sincerely,



Jeff Judd  
Executive Vice President, Real Estate  
Cook Inlet Housing Authority