



June 11, 2018

VIA OVERNIGHT COURIER

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 –
Comments RIN 2590-AA83 – Affordable Housing Program Amendments**

Mr. Pollard,

Citibank, N.A. (“Citibank”) appreciates the opportunity to offer comments in response to a request by the Federal Housing Finance Agency (“FHFA”) under the Proposed Rulemaking on amendments to the Affordable Housing Program (“AHP”) regulation published on March 14, 2018 (the “Proposed Rule”) and re-published with a correction and deadline extension on May 2, 2018. Citibank, N.A. is currently a member bank of the Federal Home Loan Bank of New York, and was previously a member of the Federal Home Loan Bank of San Francisco. Citibank operates our AHP platform through Citi Community Capital (“CCC”), the community lending and investing arm of Citibank. CCC provides a comprehensive array of financial products, from investment banking to lending and equity investment, designed to provide its clients with the financial resources necessary to create strong communities. It operates throughout the United States and its territories and possessions from 13 offices, and has been the number one affordable housing lender in the United States in each of the past eight years, as reported by *Affordable Housing Finance* magazine.

Before becoming a member of the New York Branch, Citibank sponsored projects for AHP funds through the Federal Home Loan Bank of San Francisco which enabled the construction or preservation of over 150 affordable housing projects. Since becoming a member of the Federal Home Loan Bank of New York in 2012, Citibank has sponsored projects for AHP funds that have been deployed in 27 successful projects across the country. Each project has been an important addition to the community in which it is located and as a group they have provided many units of new or renovated housing for individuals and families of limited means.

Citibank believes several of the proposed changes to AHP could negatively impact the communities which it has so ably served over the years. These include:

- Outcomes Framework – Under the proposed amendments, the outcomes framework may eliminate each Federal Home Loan Bank’s discretion in addressing local housing needs. The current framework enables member banks to find sponsors and projects best suited for the local communities they serve. Citibank recommends making no change to the existing framework.
- 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 new threshold may not be compatible with other funding sources available in the local market and could limit other affordable housing project types, such as mixed-income projects that includes workforce housing. Such projects may be a priority for the local community, particularly in light of Fair Housing concerns. Citibank recommends retaining the current 20 percent threshold.
- Re-ranking Projects — The Notice of Proposed Rulemaking requires that the Federal Home Loan Bank “re-rank” applications to satisfy the outcome requirements if such requirement goals are not met using the scoring criteria. Citibank believes this reduces the transparency and predictability of the process for developers, and makes it less likely deserving projects will apply. Applying for such gap funding is, understandably, a complex and time consuming process. While the current structure does not guarantee that a project will receive funding, developers are able to determine, based on historical scoring and awards, if their projects are competitive. Citibank recommends that the AHP rules continue to use a clearly understandable point structure for scoring applications.
- Project Modifications – Under the proposed amendments, AHP project modifications may be delayed, and AHP sponsors unduly burdened, due to a new “cure-first” requirement. Citibank recommends that the proposed “cure-first” requirement be eliminated and the individual Federal Home Loan Banks 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 project modifications completed and in place.

Citibank commends the Federal Housing Finance Agency for addressing the need to update the AHP regulations. However, in light of the concerns cited above, Citibank respectfully requests that parts of the proposed amendments be reconsidered, in particular the outcomes framework. Citibank believes that keeping the current parameters and thresholds in place would enable member banks to better leverage AHP funds and finance more affordable housing across the country.

Thank you for providing Citibank with an opportunity to provide our thoughts and recommendations on this very important program for affordable housing. If you have any questions, please feel free to contact us.

Sincerely,



Richard Gerwitz
Co-head, Citi Community Capital
richard.gerwitz@citi.com



John Heppolette
Co-head, Citi Community Capital
john.heppolette@citi.com