

Fulton Bank

June 12, 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 Vice President of Fulton Bank, N.A. headquartered in Lancaster, Pennsylvania that is a member of FHLBank Pittsburgh.

Over the years, Fulton Bank has consistently use the resources of the Federal Home Loan Bank of Pittsburg, to supplement Fulton Bank’s Community Development efforts in the various communities my organization serves. One of the stalwarts consistently used has been the Affordable Housing Program. Fulton Bank has accessed this program to complete the capital stack for Low Income Housing Tax Credit projects as well as for sale projects for first time homebuyers.

We are concerned with the outcomes framework as proposed in the AHP regulation amendments. We had hoped that the proposed amendments would provide FHLBanks with more flexibility in their scoring methodologies to allow AHP to adapt to the changing landscape of housing needs in local districts. However, the proposed amendments introduce an outcomes-based framework for awarding AHP funds which prioritizes the Federal Housing Finance Agency’s (FHFA’s) overall housing goals. The unintended consequence of this approach is that the proposed outcomes essentially eliminate FHLBank discretion in addressing local housing needs, establish preferences for certain project types and make AHP less transparent.

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

- The amendments add a new provision requiring members to amend current AHP agreements with LIHTC project sponsors, and include in future agreements, a provision that requires the sponsor to report to the FHLBank LIHTC 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 to actively monitor LIHTC projects for 15 years. We recommend eliminating the requirement to amend current agreements.
- 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, however for projects requiring larger amounts of AHP per unit, it introduces a risk of misuse that FHLBanks need to have the ability 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.**

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 at tfletcher@fultonbank.com.

Sincerely,



Tracy F. Fletcher, II
Fulton Bank, N.A.
One Penn Square
Lancaster, PA. 17604