

TO: Alfred M. Pollard, General Counsel, Federal Housing Finance Agency
FROM: Barbara Dacy, Legislative Chair & Shannon Guernsey, Executive Director
DATE: June 12, 2018 Submitted electronically via the Rulemaking Portal RIN 2590-AA83

Comments re: Federal Home Loan Bank Affordable Housing Program Proposed Amendments

On behalf of Minnesota NAHRO and its members, thank you for the opportunity to provide comment on the proposed changes to the FHLB Affordable Housing Program (AHP). Minnesota NAHRO members own, manage or administer the majority of subsidized rental housing in Minnesota including all public housing plus the administration of the Housing Choice Voucher/Section 8 program. In addition, our members work with developers on a regular basis to preserve and develop affordable housing throughout the state. Please consider this letter our comments to the proposed amendments to the AHP.

Important Financing Tool

The FHLB Affordable Housing Program is a critical gap financing tool and it is important that this resource continue to serve as a viable resource at the local level. Based on the proposed changes to the program, Minnesota NAHRO is concerned that the proposed outcome framework will make the program more complex and less flexible, ultimately reducing its effectiveness to address community needs.

Proposal Decreases Program Flexibility

Under the current methodology for the AHP, the program provides flexibility by incentivizing certain types of projects but does not impose specific requirements. If the proposal to adopt a static list of nationally prescribed requirements, AHP will not be able to adapt to future and changing affordable housing needs. Moreover, affordable housing development is often impacted by local market dynamics and less by national trends. By imposing the national requirements, this will limit the ability for flexibility at the local level to respond to local market dynamics. Minnesota NAHRO urges the AHP to maintain the current methodology which incentivizes certain activities but does not establish nationally driven requirements.

Support Increase in the Homeownership Set Aside & Inclusion of Rehab

Minnesota NAHRO supports the option to increase the program set aside allocation for homeownership from 35 to 40 percent. We further support the expanded definition of "first time homebuyer" to include rehabilitation recognizing that rehabilitation is an important tool to address both affordability and neighborhood redevelopment.

Thank you for the opportunity to provide comment on the proposed amendments.