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June 12, 2018

Federal Housing Finance Agency
Alfred M. Pollard, General Counsel,
Eighth Floor, 400 Seventh Street, SW.,
Washington, D.C. 20219.

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Dear Federal Housing Finance Agency Representative,

Re: Proposed Rulemaking and Request for Comments: Federal Home Loan Banks' Affordable Housing Program Amendments (RIN 2590-AA83)

Thank you for the opportunity to comment on the Federal Housing Finance Agency's regulatory changes to the Affordable Housing Program (AHP). The Skid Row Housing Trust (The Trust) is a nonprofit permanent supportive housing development, manager and services provider and has building numerous affordable housing development with AHP funds. We offer these comments in a collaborative spirit and in an effort to best serve low income and homeless households.

(11349): Allocation to Targeted Funds

The Trust opposes the proposed reduction in a FHLB members' minimum contribution to competitive program from 65% to 50%, while also increasing from 35% to 40% the maximum contribution a FHLB member can choose to make to a Homeowner Set-Aside program. Data demonstrates that the greatest need is for affordable rental housing, which the current Competitive Application Program primarily addresses. The California Housing Partnership Corporation's statewide report shows that California has a shortage of more than 1.5 million rental homes affordable and available to very low-income renter households. As the National Low Income Housing Coalition has documented, California is not alone. No state has an adequate supply of rental housing for extremely low-income households and the national deficit for affordable rental homes for extremely low-income renter households is 7.4 million. Given the drastic need for affordable rental homes, there is no justification for any incremental reduction in an FHLBank's obligation to address such a need.

Proposed Change to Regulatory Scoring System

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The Trust opposes the proposed outcome framework to replace the current scoring system because it would negatively impact the predictability and transparency of the AHP program. The new proposed outcome requirements will reduce flexibility for regional banks to address the unique needs of their local districts. We recommend the FHFA eliminate the proposed outcome requirements and retain the existing scoring structure that is clear and incorporates increased flexibility by providing banks more discretion and allowing them to create targeted funds.

Include Relief Language for Tenant Targeting

The Trust supports the proposed rule change that gives regional banks more opportunity to set their own priorities. However, the proposed rule change fails to include relief language for tenant targeting that would release the borrower from tenant population targeting requirements, such as homeless requirements, if a loss of project-based rent subsidy sources occurs. This language exists in the tax credit program and most other public funding programs and should also be adopted in the Affordable Housing Program.

(11355): Supportive Services Expenses in Operating Pro Forma

The Trust strongly opposes the proposal to not include supportive service expenses in operating proformas. The AHP requires sponsors to provide critical supportive services, which are much needed by permanent supportive housing resident and are strongly supported by The Trust, but does not allow operating rental income to pay for these services. The California Tax Credit Allocation Committee (CTCAC) and California Department of Housing and Community Development (HCD) both require supportive services to be provided in special needs housing projects and correspondingly allows for an appropriate level of operating rental income to pay for services. AHP underwriting is inconsistent with the underwriting provisions of these public agencies. We, therefore, respectfully ask that the FHFA permit supportive services expenses to be included as a standard operating expense payable above the line from operating cash flow.

(11369) Subpart C—General Fund and Targeted Funds (Question 16) *16. Are the current AHP requirements for sponsor-provided permanent financing reasonable, do the sponsors have a need for AHP subsidy in light of their particular financing model, and does the current method in the regulation for determining their need for AHP subsidy understate or overstate the amount of AHP subsidy needed?*



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The current method in the regulation for determining the need for AHP subsidy understates the amount of AHP subsidy needed. For supportive housing project deals, The Trust believes the method is restrictive. Operational expenses are typically higher for supportive housing projects and require a methodology that considers the complexities of these specific projects especially in geographically nuanced regions such as Los Angeles.

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(11386): (c) Regulatory priority - very low-income targeting for rental units.

Jennifer Caspar
Vice Chair

The proposed rule would provide that, each year, each Bank must ensure that at least 55 percent of all rental units in rental projects receiving AHP awards under the Bank's General Fund and any Bank Targeted Funds are targeted to very low income households

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(households with incomes at or below 50 percent of AMI). The Trust supports this proposed regulation change, but would encourage including relief language for targeted

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income levels that are inclusive of rental units at or below 30 percent of area median income and include special needs housing for homeless individuals in the event of a loss of

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rental subsidy. This aligns with most other affordable housing development funding sources and targeting at this income level will assist in the prevention of homelessness.

Sebastian Glowacki
U.S. Bank

(11386): (v) Rental Housing for Extremely Low Income Households

Paul Gregerson, MD
JWCH Institute

The Trust appreciates and supports the FHFA's decision to include financing for rental housing in which at least 20 percent of the units are reserved for extremely low income households that are at or below 30 percent area median income. But if this change is made it will be even more important to include income targeting relief language in the event of a loss of rental subsidy as described above

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(11387): Subpart F - Monitoring

Vivienne Lee
REDF

The Trust supports the proposed regulation change to align monitoring with the TCAC process.

Dan Mahoney
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Michael Alvidrez
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On behalf of The Trust, we thank the FHFA for considering our comments and look forward to future collaboration to improve the Affordable Housing Program in order to better serve our lowest-income residents throughout the nation.

Sincerely,

Board of Directors

Patrick Spillane
Chair
IDS Real Estate Group

A handwritten signature in blue ink, appearing to read "Ben Rosen".

Jennifer Caspar
Vice Chair

Ben Rosen
Director of Real Estate Development

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