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Alfred M Pollard, General Counsel
Attention: Comments/ RIN 2590-AA83
Federal Housing Finance Agency
400 Seventh Street, SW, Eight Floor
Washington DC 20219

Re: AHP Notice of Proposed rule

Dear Mr. Pollard:

Thank you for the opportunity to submit comments to the FHFA Proposed rule on behalf of the Wisconsin Housing and Economic Development Authority (WHEDA) and on behalf of myself, as its Director of Commercial Lending, as well as a Community Investment Advisory Council Member of the Federal Home Loan Bank of Chicago.

WHEDA, as Wisconsin's Housing Finance Agency, was created in 1972 by the Wisconsin Legislature to meet an increasing need for affordable housing financing. Since 1972, WHEDA has issued over $10.8 Billion in tax-exempt and taxable bonds to invest in affordable housing, financed more than 73,000 affordable rental units and helped more than 122,000 families purchase a home. As the Director of Commercial Lending, I oversee the creation and implementation of Wisconsin's Qualified Allocation Plan which describes how WHEDA will allocate the federal Low Income Housing Tax Credit throughout the State, and direct WHEDA's efforts to provide construction and long-term, fixed-rate debt financing to affordable housing developments. The Commercial Lending group also allocates the State's Housing Trust Funds and has been awarded over $10 million of Capital Magnet Funds by the CDFI Fund over the past two years.

The creation and preservation of affordable housing can be a very complicated process with many variables. Restricting rents to maintain long-term affordability requires creative financing solutions, significant amounts of equity, and often times other sources like soft debt and grants. As the allocator of Wisconsin's LIHTC resources we've seen the value in having flexibility through the LIHTC program to set policies that best fit the housing needs throughout the State – from large urban centers like Milwaukee to small rural communities like Horicon. Like LIHTC, AHP resources are limited, and I have concerns that the proposed FHFA outcome requirements run counter to the Bank's values and vision for the program, and could be seen as an attempt to dictate housing policy without the input of key stakeholders.

- If FHFA has desired outcomes with the resource, a vast majority should be kept as preferences, with implementation left up to the Banks. The IRS has many preference for the tax credit program including but not limited to: large units, homeownership, project sponsorship, historic preservation, development in QCTs and DDA. The one and only mandatory requirement is that 10% of the credit be allocated to non-profit sponsors/ owners.
- One of WHEDA's goals for the tax credit program is leveraging. Although the 9% tax credit can provide the heavy lifting in regards to affordability, housing with supportive services, etc., having other resources to allow the credit to be spread out and create more affordable units is very important. AHP is definitely one of these desired resources, but is typically only 7-9% of the total capital stack. At this level in the capital stack, it is reasonable to assume that states will allow and accept guidance on policy, but would not allow AHP to dictate policy.
- WHEDA, like many states, establish a two year Qualified Allocation Plan. In Wisconsin, research for a the next two year plan starts 18 months prior to its implementation and includes advisory meetings with a diverse group of stakeholders are held over a three to four month period prior to a draft being published. After the draft is published, multiple public hearings are held for comments and written comments are also accepted. WHEDA takes on this role to assure that we have a transparent program that addresses the often-changing needs of the State and its stakeholders. The proposed rule should give the Banks this type of flexibility to truly drive innovation and responsiveness.
- The required outcomes will reduce program transparency and have many other unintended consequences that will not be easily changed once the rule is finalized. The possibility of re-ranking projects would eliminate transparency and hurt the Banks' and program's reputation. More specially, although homeless housing is a major need in our state it is also the most difficult to develop and operate. WHEDA has a Supportive Housing Set-Aside which is allocated 10% of the 9% credit on an annual basis. To qualify, 50% of the units must have a rental subsidy and the project must be targeted to the homeless population or those at risk of homelessness. Due to the many difficulties of this type of development, often the set aside has the least amount of competition or goes underutilized. WHEDA annually allocates 22-28 LIHTC awards, two to three of those are projects with 50% of the units targeting homelessness. Besides the two to three awards, 1500-1700 units of affordable housing created or preserved annually wouldn't meet the underserved communities and populations criteria. Another unintended consequences of required outcomes could allow cities to block the development of affordable housing. Having donated property as a main required outcome, just like having QAPs that prioritize local government financing above other

sources, could have the adverse outcome of blocking affordable housing developments. Many states have changed their QAPs based on best practices regarding prioritization of government financing.

Finally, as a member of an agency who has a Board of Directors and a member of the FHLB Advisory committee I recommend that FHFA allow the Board to set Policy and for Staff to be allowed to implement and administer the programs. I've seen firsthand a system that works well between the Bank's Board, Staff, and Stakeholders and don't recommend polies that take the Board Members into the day to day dealings of the program. As a member institution with an advisory committee and a Board, I believe the bank has enough oversite with proper procedures in place. Requiring changes would only slow down the process and take away funds from their intended purpose.

Thank you for your consideration. If you have any questions, I can be reached at sean.obrien@wheda.com.

Sincerely,

Sean O'Brien

Sean O'Brien
Director of Community Lending