



vermont affordable housing coalition

VAHC Steering Committee

June 12, 2018

Ted Wimpey, Chair
CVOEO Fair Housing Project

Alfred Pollard, General Counsel
Federal Housing Finance Agency

Cindy Reid, Vice-Chair
Cathedral Square Corporation

Constitution Center
400 7th Street SW

Sara Kobylenski, Treasurer
Upper Valley Haven

Washington, D.C. 20219

Alison Friedkin, Secretary
Downstreet Housing &
Community Development

Re: Proposed Rule for FHLB Affordable Housing Program; RIN 2590-AA83

Dear Mr. Pollard,

Ray Brewster
Independent Consultant

We appreciate the opportunity to comment on the FHFA's proposed rulemaking regarding the Affordable Housing Program ("AHP") of the Federal Home Loan Banks (FHLBanks). On behalf of the Vermont Affordable Housing Coalition (VAHC), I am writing to express concerns with the proposed Rule for the AHP.

Chris Damiani
Two Rivers-Ottawaquechee
Regional Commission

Anna Herman
Champlain Housing Trust

The Vermont Affordable Housing Coalition (VAHC) is a statewide membership organization dedicated to ensuring that all Vermonters have safe, adequate, physically accessible and affordable housing, particularly the state's low and moderate-income residents, people with disabilities, the homeless, elders, and families with children. The Coalition's 80-plus members represent most of Vermont's non-profit affordable housing developers, community land trusts, homeless shelters and service providers, public housing authorities, funding agencies, residents' associations, community action agencies, regional planners, and housing, disability and tenants' rights advocates. Together, VAHC's members provide housing and services to tens of thousands of low-income Vermonters.

Patricia Tedesco
Vermont Center for
Independent Living

Our members have relied on the AHP as a key resource for creating more affordable housing for low-income Vermonters for decades. We ask that the Administrator reconsider the proposed Rule. We join with our colleagues at the Vermont Housing and Conservation Board (VHCB) in offering and reiterating the following comments submitted previously by VHCB:

- The new rule appears to try to impose a national framework on priorities for housing that should be determined regionally and locally. Our members' experience with the AHP, as administered by the Boston FHLB, is that it has provided the flexibility to serve a number of different needs within our diverse state. These needs include disinvested rural communities, special needs populations, and some very hot markets in which the supply of affordable housing is limited to the extent that often Section 8 voucher holders cannot find available units. Flexibility in responding to those diverse and changing needs is critical and we believe the proposed Rule will, as drafted, decrease such flexibility.
- The proposed Rule, which may appear appropriate in the abstract, will likely add costs to the administration of the program for the Bank and applicants and duplicate efforts already underway to assure good use of public and private funds. Specifically, both the VHCB and our Vermont Housing Finance Agency are already underwriting the capability and quality of project sponsors, as well as reviewing the procurement process and requiring market studies. These are

examples of issues that will add cost under the proposed Rule.

- The proposed Rule would prioritize projects with a very high percentage of extremely low income residents or special needs populations. Our approach in Vermont, where we often lead the nation in the percentage of extremely low-income residents living in our tax credit and HOME funded housing developments, has been to create mixed income developments rather than isolating or concentrating special needs populations. Housing with a high percentage of units targeted to specific incomes or special needs does not serve rural communities well over time. In areas of lower of population, the needs are no less acute, but they are more diverse. Adding more restrictions to AHP will likely hinder rather than help it have the desired impact.
- We share the concern expressed by other regional and national groups that restructuring the minimum allocations required of banks will reduce the amount of funding available for rental housing in favor of homeownership. AHP can have the biggest impact in Vermont by filling the gap in funding available for affordable rental housing.
- We note that the Rule calls for a re-ranking process. While there have certainly been times in the past that our members have not agreed with the FHLB's ranking of projects from Vermont, the process has always been clear, transparent and therefore defensible. The re-ranking may lead to unintended consequences of lobbying by any number of interests and fuel a perception that the competition for this important resource is somehow open to manipulation.
- We applaud the goals of the program but do not believe these goals should serve as threshold requirements for success in the AHP competition. For instance, in our fast growing and toughest markets, such as the Upper Valley, our Capital City, or the Chittenden County region, our number one goal needs to be to add to the housing supply so that voucher holders can find more affordable opportunities. Vermont's Consolidated Plan, our statewide needs assessment and the adopted QAP should dictate Vermont's priorities. Please know our former Governor issued an executive order and state policy now requires that all sponsors of publically- supported housing should target 15% of their entire portfolios for households that have experienced homelessness.
- While we share your goal of serving those most in need, the proposed level of targeting to very low-income and special needs populations will lead to unintended consequences. It will also make it difficult to layer AHP funding with other state and federal sources, which require different targeting and are necessary to making projects work.
- Vermont applications to FHLB Boston will become less competitive even as they address Vermont's and local communities' top priorities. The overall impact of the rule will likely limit the ability of the program to have the impact it seeks. Further, it should be noted that without the Federal Government as a partner in expanding rental assistance opportunities through both HUD and USDA, the ability to serve such a high percentage of individuals with special needs or below 50% of median may prove unrealistic, especially as the rule will make mixed income developments less competitive.

Thank you for considering our comments.

Sincerely,



Erhard Mahnke
Coordinator