



**Department of City Development**  
City Plan Commission  
Redevelopment Authority of the City of Milwaukee  
Neighborhood Improvement Development Corporation

**Rocky Marcoux**  
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June 11, 2018

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

**Re:** FHLBank Affordable Housing Program Notice of Proposed Rulemaking and Request for Comments / RIN 2590-AA83

Dear Mr. Pollard:

I write to provide comments on the proposed rulemaking changes to the Federal Home Loan Banks' (FHLBanks) Affordable Housing Program (AHP).

The Affordable Housing Program is an extremely important resource for creating and preserving affordable housing opportunities in the city of Milwaukee. We greatly appreciate the manner in which the FHLBank of Chicago and member financial institutions have deployed AHP to benefit Milwaukee residents and neighborhoods.

Given the wide variance in housing markets across the nation, we believe it appropriate for regional FHLBanks to have maximum flexibility to design and administer AHP to address specific housing needs within their districts.

Knowing that we share the common goal of increasing the supply of quality affordable housing for low and moderate-income families, we offer the following comments and recommendations.

#### **Outcome-based Allocation of AHP**

We are concerned that the proposed transition from a scoring-based system to a prescriptive and complex allocation structure reduces that ability of regional FHLBanks to address the needs of local housing markets. We also are concerned that the proposed system reduces transparency. We recommend the retention of a scoring-based system that increases the discretion of regional FHLBanks to establish priorities for both affordable homeownership and rental housing. If the option of developing Targeted Funds remains in the Final Rule, we would suggest providing greater flexibility in design as well as the elimination of the prescribed advance notice requirements.

#### **Population and Income Targeting**

The proposed amendment increases from 20% to 50% the number of units within a project that serve targeted special needs populations. Milwaukee has significant experience in the development of permanent supportive housing for individuals at risk of homelessness. We believe there is positive value to including supportive units within mixed-income settings, and are concerned that the proposed amendment will discourage mixed-income developments that include supportive units. We also note



that these projects inevitably require the use of federal rent vouchers to make them financially feasible. Because of the limited availability of federal vouchers, it will be extremely difficult to provide sufficient vouchers to meet the 50% targeting requirements being proposed.

The proposal further targets AHP to the lowest income households, requiring that 55% of a project's rental units serve households at or below 50% of Area Median Income. While we endorse the importance of increasing affordable housing options for very low-income populations, we also note that the degree of subsidy required for a project rises dramatically when the majority of units serve this group. Mixed-income housing produces revenue that supports the affordable units, and provides social benefits to the low-income residents. We recommend retention of the statutory targeting of 20% of units for households with incomes at or below 50% of Area Median Income.

**AHP Homeownership Set-Aside Program**

The creation and preservation of owner-occupied housing is a critical concern for the health of Milwaukee neighborhoods. We would encourage the FHFA to consider providing more flexibility in regard to how regional FHLBanks achieve homeownership goals, including establishing two competitive funding programs, one for owner occupied housing programs and one for rental projects. This will allow the most worthy projects in both categories to effectively compete for AHP resources and meet the housing needs in their communities.

**Homeownership Retention Agreement**

The proposed amendment eliminates the current five-year retention period for owner-occupied housing, for both the set-aside and competitive homeownership programs. We believe the retention period protects the use of AHP funds. We recommend that each FHLBank be permitted to determine when a retention agreement should be imposed for owner-occupancy projects assisted with AHP.

We commend the FHFA for working to modernize the AHP regulation and appreciate your consideration of these comments as you work to finalize these regulations.

Sincerely,



Rocky Marcoux  
Commissioner

C: Tammy Baldwin, U.S. Senator  
Gwen Moore, Member of Congress