

June 12, 2018

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

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

Mr. Pollard,

Thank you for the opportunity to comment on your recent release of proposed rulemaking regarding the Affordable Housing Program (the “Program”) of the Federal Home Loan Banks (FHLBanks). We are presently Commercial Relationship & Credit Managers of Banco Popular de Puerto Rico, focused on multifamily lending. Banco Popular de Puerto Rico (“Popular”) is a full service commercial bank headquartered in Hato Rey, Puerto Rico that is a member of FHLBank New York and the Federal Reserve System.

Throughout its history, the Program has strengthened Popular’s ability to sponsor housing projects for the benefit of low- to moderate- income households. Popular has been successful in identifying projects which meet the Program’s competitive requirements. The Program’s awards in 2017 include two projects sponsored by Popular with an aggregate subsidy in excess of \$2 million, which will benefit both Puerto Rico and the United States Virgin Islands (“USVI”). After the devastation caused by hurricanes Irma and Maria, the need for affordable housing in these areas has increased and as such, the potential benefits of the Program allow for better alternatives to the disadvantaged communities.

We certainly welcome the opportunity to continue sponsoring projects that will allow low- and moderate-income households, and the elderly, to own or rent suitable and safe homes. Nonetheless, after reviewing the most recently published proposed amendments to the Program, we need to raise some concerns regarding the potential adverse outcomes of these amendments, particularly with regards to the needs of Puerto Rico and the USVI.

Under the Program, Popular currently sponsors projects which target the rental market. These projects are greatly underserved in our community and have less support from private financing programs which usually target homeownership. As a result, and given the low area median income in Puerto Rico, to structure viable housing projects, it is important to continue having the benefits of mixed-occupancy developments, by allowing projects meeting the 20 percent targeted population threshold to qualify for the Program.

We also need to highlight the administrative burden which would be caused by requiring members to amend current AHP agreements with LIHTC project sponsors, and include in future agreements, a provision that requires the sponsor to report to the FHLBank LIHTC projects that are noncompliant with income targeting or rent requirements during the 15-year retention period. This adds a new requirement

and burden on members to amend agreements and on sponsors to actively monitor LIHTC projects for 15 years.

We appreciate FHFA's efforts to update the Program's regulation. However, in light of the concerns above, we respectfully ask that you reconsider parts of the proposed amendments. Thank you for hearing our ideas on this very important subject. If you have any questions, please feel free to contact us at carmen.melero@popular.com and natalia.guzman@popular.com.

Sincerely,

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