Peoples' Self-Help Housing

June 12, 2018

Submitted Electronically
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: Proposed Rulemaking and Request for Comments: Affordable Housing Program Amendments (RIN 2590-AA83)

Thank you for allowing my organization, Peoples' Self-Help Housing, the opportunity to provide public comment regarding the Federal Housing Finance Agency's (FHFA)'s changes to the Affordable Housing Program (AHP).

Peoples' Self-Help Housing is a 501(c)(3) nonprofit affordable housing developer dedicated to building homes and providing services that strengthen communities and change lives. We have been developing self-help and rental housing for low-income families, seniors, veterans, farmworkers, and people with disabilities for almost 50 years on the Central Coast of California. As a nonprofit, mission-driven organization, we believe that we can offer unique insight into how the proposed amendments to AHP may affect the developers who directly utilize these program funds to serve the end users of this program – our residents.

First, it is important to identify how developers actually use AHP funds. Since the program's inception in 1990, the average AHP contribution per unit has been $6,666. Even if one uses an extremely conservative overall per unit cost assumption of $100,000, it is quite clear that this resource plays a marginal role in actually subsidizing a project. Only in very rare cases, would such a small amount make an otherwise infeasible project possible. When compared to other subsidies, such as HOME or CDBG, AHP often lags far behind in per unit contribution.

Although every dollar helps, the value of AHP is less about the subsidy itself, but rather, from the leveraging capacity that this resource provides. In the extremely competitive 9% Low Income Housing Tax Credit (LIHTC) marketplace, the AHP commitment can make a significant difference in a project's tiebreaker. Most developers who apply for AHP funds use this resource as a way to boost their LIHTC tiebreaker, and therefore, the program guidelines should reflect the unique functionality of this resource.

Instead, the proposed amendments would decentralize an already limited resource and add unnecessary complexity by giving banks the ability to administer their own funds. This might be sensible if this funding source was substantial enough to subsidize the majority of an affordable development's financing, but it will not work for AHP. As is, it is barely feasible for developers to justify time and cost of an AHP application. Breaking apart this scarce resource into two separate General and Targeted Funds adds costly compliance and administration expenses for the FHLB, banks, and developers alike. Additionally, even more time will be lost during predevelopment, as developers will be required to learn a completely new program for every AHP application with a new bank. The proposed amendments will make AHP clunky, inefficient, and less desirable for developers. The more standardized the program guidelines, the easier it will be for developers to use these funds to fulfill the purpose of this program – to build more affordable housing.

As a general rule, FHFA should consider any proposed amendment to AHP for its ability to leverage more substantial affordable housing funding programs, primarily the largest producer of affordable housing to date, LIHTC. At current per unit spending caps, this is the most appropriate use of program funds. We hope that FHFA will reconsider catering the AHP's regulations to the way the program most often used to create affordable housing.

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Sincerely,

President & CEO