



*Matthew P. Rayburn
Deputy Executive Director
Chief Real Estate Development Officer*

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**

Dear Mr. Pollard:

The Indiana Housing and Community Development Authority (IHCDA) is pleased to submit these comments regarding the proposed rulemaking of the Federal Home Loan Banks' Affordable Housing Program (AHP). IHCDA is a quasi-state agency headquartered in Indianapolis, IN and serves as the state housing finance agency for the State of Indiana. We have direct knowledge of the value of AHP as gap financing for affordable housing projects and have a history of working collaboratively with the Federal Home Loan Bank of Indianapolis (FHLBI).

IHCDA administers 30+ state and federal programs, including the Low Income Housing Tax Credit under Section 42 of the Internal Revenue Code and the HOME Investment Partnerships Program. As a LIHTC and HOME allocating agency, we understand the importance of the AHP program in funding the creation of affordable housing units in our state and nationwide. IHCDA and FHLBI have enjoyed a sustained cooperative and collaborative relationship, including but not limited to sharing ideas on policy, timing funding rounds for our programs to best align, participating jointly in trainings and on various committees, and sharing monitoring results to reduce duplicative work between our agencies.



ADDRESS 30 South Meridian Street, Suite 1000, Indianapolis, IN 46204
PHONE 317 232 7777 **TOLL FREE** 800 872 0371
WEB www.ihcda.IN.gov or www.in.gov/myihcda
EQUAL OPPORTUNITY EMPLOYER AND HOUSING AGENCY

State of Indiana
Lieutenant Governor
Suzanne Crouch



Outcomes framework & transparency

We appreciate the FHFA'S efforts to relax scoring methods through the proposed rule, as it is crucial that AHP remain adaptable with the changing affordable housing needs in communities. Respectfully, the outcomes-based framework is an added layer of complexity that limits the FHLBank's ability to address local housing needs by establishing preferences for certain project types that may or may not address the needs of low-income Hoosiers. Indiana constituents, equity providers, consultants, and developers (both for profit and non-profit) are concerned that the framework as proposed will result in uncertainty of obtaining an AHP award. The re-ranking of applicants to meet the outcomes requirements results in less transparency for stakeholders who have significant monetary risk exposure with housing production deadlines, completion guarantees, and construction loan exposure.

From housing concept to certificate of occupancy, it can take years for housing providers to secure adequate capital and operating financing to move the project forward. It is essential for a small non-profit to have a reasonably clear idea if a project is going to be competitive enough to receive an AHP award before investing the time and money into predevelopment activities. Many HOME projects are achieved with AHP grants and some bank debt. The Quick Smart Tool developed by the FHLBI is a valuable measurement tool to assist a developer in determining if a project aligns with AHP scoring. This would not be possible under the proposed rule because composition and competitive makeup of any given round would be fluid, not constant. Thus, we have heard from our development partners that the proposed outcomes-based approach could result in a loss of efficiency, fairness, and consistency for program applicants.

IHCDA views the AHP as a critical support to the final financial package while dealing with the complexities of real estate development.

The outcomes framework as proposed in the amendments introduces a complex award structure that makes the AHP scoring process unclear. This introduces a significant element of uncertainty to sponsors and developers that will ultimately make AHP a less-attractive funding resource. A scoring-based system is strongly preferred over an outcomes-based framework and will allow FHLBanks to sufficiently respond to local needs, encourage all project types to apply and maintain program transparency.

Additional comments

- **Raising the threshold amount needed for projects to qualify as serving targeted populations from 20 percent to 50 percent.** This new threshold is not compatible with IHCDA's integrated supportive housing models. While there are merits to housing in which all units are designated for vulnerable populations, there is also significant benefit of a mixed-occupancy development to ensure that individuals with disabilities (for example) are integrated into the community instead of segregated in group setting. IHCDA has worked to promote this model through its housing policies, including its Qualified Allocation Plan, in order to ensure that we are creating housing options that are as integrated as possible. We

define integrated supportive housing, both for persons experiencing homelessness as well as for persons with intellectual and developmental disabilities, as being housing in which 20-25% of the units are designated for special needs populations and the remaining units are traditional affordable or market rate units. This definition is consistent with previous HUD programs, including the Section 811 program and we believe this model helps states to comply with the Olmstead Decision and Affirmatively Furthering Fair Housing requirements. Please reconsider this definition to ensure that housing resources are used in a way that promotes community integration and allows flexibility in program design.

- **The relaxed income and rent documentation requirements will provide relief to sponsors that have multi-layered transactions.** This is important so sponsors, members and the administrative teams at the FHLBanks can more efficiently manage initial monitoring and long term reporting requirements. Sponsors can avoid duplications of documentation while easing the grant administration burdens. IHCD and the FHLBI have enjoyed a cooperative monitoring/compliance relationship and look forward to the continuance of that relationship.

Thank you for your commitment to updating the AHP regulation to permit more flexibility, and for the opportunity to provide comments. If you have any questions, please feel free to contact me at 317-233-9564 or mrayburn@ihcda.in.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Rayburn', written in a cursive style.

Matt Rayburn