

**Federal Home Loan Bank (FHLBank) Affordable Housing Program (AHP)
Proposed Rule (83 Federal Register 11344 (March 14, 2018))
Briefing of the Federal Housing Finance Agency (FHFA) by the National Association of
Federally-Insured Credit Unions (NAFCU) on Various Issues Affecting NAFCU's
Membership**

May 22, 2018; 10:00 a.m. Eastern Standard Time

FHFA Attendees: Melvin Watt, Director; Janell Byrd-Chichester; Eric Stein; Megan Moore; Bob Ryan; Andre Galeano; Ted Wartell; Bill Merrill; Marcea Barringer; Beth Spring; Danielle Walton

NAFCU Attendees: B. Dan Berger, President and CEO; Ann Kossachev; Alexander Monterrubio

Summary: On May 22, 2018, the above-listed representatives of NAFCU met with FHFA to present their views on several issues affecting NAFCU members. Near the conclusion of the meeting, the discussion turned to the above-referenced AHP proposed rule. The following is a summary of the attendees' discussions about the proposed rule, as captured by FHFA staff.

NAFCU attendees stated that the proposed outcomes-based approach would largely eliminate FHLBank discretion in addressing local housing needs, establish preferences for certain project types, and make the AHP less transparent. NAFCU attendees also objected to the proposed change in the threshold amount required for projects to qualify as serving certain identified populations (e.g., homeless households, other special needs populations) from 20 percent of the units in a project to 50 percent. NAFCU attendees stated that the new threshold would be incompatible with other funders' requirements and would not recognize one significant benefit of mixed-occupancy development, which is that it allows developers to cross-subsidize units in a project.

FHFA responded that the intention of the outcomes-based approach in the proposed rule was to provide each FHLBank with broad discretion to design its own scoring system, subject to certain requirements. FHFA emphasized, however, that any discretion or flexibility provided to the FHLBanks in administration of their AHPs would need to be consistent with the statutory authority under which the AHPs operate. The statute requires that FHFA establish regulations specifying priorities for the use of subsidies under the program. FHFA offered to present additional detail on the AHP proposed rule in a subsequent meeting. NAFCU attendees accepted the offer.