

June 12, 2018

**Submitted Electronically**

Alfred M. Pollard, General Counsel  
Attn: 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)**

Dear Mr. Pollard:

The Community Development Bankers Association (CDBA) appreciates the opportunity to offer comments in response to a request by the Federal Housing Finance Agency (FHFA) under the Proposed Rulemaking on amendments to the Federal Home Loan Banks' (FHLB) Affordable Housing Program (AHP) regulation published on March 14, 2018 ("the Proposed Rule").

CDBA is the national trade association of the Community Development Financial Institutions (CDFI) bank sector. We are the voice and champion of banks with a mission of serving low-income communities. The Department of the Treasury has certified 141 banks and thrifts and 90 bank holding companies as CDFIs. To be a certified CDFI, a bank must demonstrate that at least 60 percent of its lending and other activities serve low-income communities.

Lack of economic opportunity has led to significant disenfranchisement of many inner city neighborhoods and remote rural communities. When consumers don't have access to quality financial services and trusted financial institutions, communities that are already underserved simply continue to fall further behind – and in many communities a lack of affordable, safe, healthy housing reinforces and perpetuates that lack of economic growth and development. CDFI banks work to narrow the wealth gap and create real economic opportunity, including affordable housing, jobs, business creation and expansion, community revitalization, and access to fair and responsible financial services. CDFI banks are often the only financial institution in these local communities focused on making a difference.

Affordable housing is foundational to economic and community development. Thus, CDBA broadly supports the effort of modernizing and simplifying AHP, as was called for in the FHFA's five-year regulatory review plan in 2013. However, because of the nature of CDFI lending – which is highly relationship based and unique to each community's needs – we have

significant concerns that the Proposed Rule's imposition of a complex and overly prescriptive outcomes-based structure for awarding AHP funds will reduce flexibility and limit the usefulness of AHP in responding to hyperlocal and oftentimes fluid affordable housing needs in the most distressed parts of our country.

Specifically, and as an example of both the decrease in flexibility and increase in complexity imbedded in this Proposed Rule, we are concerned about the requirement that 55 percent of AHP funds be awarded to certain types of projects as established by the FHFA. The AHP holds value for communities because it is responsive to locally identified needs, and to mandate a one-size-fits-all list of acceptable projects will severely limit this value. Working on the ground in communities across the country – from the San Francisco Bay Area to rural Mississippi to Indian Country – we have seen firsthand that, while some problems are universal, many more are unique to individual communities and require a local focus. In addition to the loss of local flexibility, this 55 percent threshold would also result in complex tracking and reporting requirements that will decrease the attractiveness of the AHP in the communities that would most benefit from the program.

Since the launch of the program in 1990, the FHLBs have awarded more than \$5.4 billion in AHP subsidies to assist in the financing of over 827,000 housing units. Modernizing and streamlining the AHP is a worthy endeavor, to ensure that it is working efficiently in our communities; however, these updates should not come at the cost of the local flexibility that gives the program real value.

We appreciate your consideration of these comments and look forward to continuing to work with you as this rulemaking process moves forward. Please do not hesitate to contact CDDBA if you have questions or concerns about these comments.

Sincerely,

A handwritten signature in cursive script, reading "Jeannine Jacokes". The signature is written in black ink and is positioned above the printed name and title.

Jeannine Jacokes  
Chief Executive and Policy Advisor