

VIRGINIA BANKERS ASSOCIATION

Bruce T. Whitehurst
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Virginia Bankers Association
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May 30, 2018

Via Agency Website: www.fhfa.gov/open-for-comment-or-input

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

Re: Comments Regarding RIN-2590-AA83; Notice of Proposed Rulemaking – Affordable Housing Program

Dear Mr. Pollard:

We appreciate the opportunity to comment on the Federal Housing Finance Agency's (FHFA) proposed rule RIN-2590-AA83, in which the FHFA proposes amendments to the Federal Home Loan Banks' (FHLBanks) Affordable Housing Program (AHP). The Virginia Bankers Association ("VBA") represents banks of all sizes and charters and has served as the organized voice for Virginia's \$615 billion banking industry, and its 70 thousand employees since 1893. A significant majority of the VBA's members are banks with less than \$1.0 billion in assets. Many of our members are members of the Federal Home Loan Bank of Atlanta.

The VBA sincerely appreciates the FHFA's work to support modernization of AHP, but we are concerned with the outcomes framework as envisioned by the proposed rule. We had hoped that the proposed rule would provide FHLBanks with more flexibility in their scoring methodologies to allow AHP to adapt to the changing landscape of housing needs in local districts. However, the outcomes framework prioritizes FHFA's overall housing goals, resulting in less flexibility, less transparency, and a more complex process for selecting projects for AHP funding. The unintended consequence of this approach is that it has the potential to severely restrict FHLBank discretion in addressing local housing needs.

AHP is a critical source of funds for housing development and should be flexible enough to support the projects needed in the communities served by our members. While the present AHP rules present challenges to addressing unique local housing needs, they allow FHLBanks to quickly and sufficiently respond to local needs, encourage all project types to apply for AHP funding, and maintain program transparency.

In contrast, the new outcomes framework introduces a complex award structure that runs counter to the rule's stated objective of providing more flexibility. Since the proposed rule would

require a significant percentage of AHP funds to be awarded to certain types of projects and sponsors, the outcomes framework will become the de facto scoring and needs allocation in each FHLBank district, creating a national, prescriptive program that may not allow individual FHLBanks the flexibility to address the particular needs of local communities. This will ultimately make AHP a less attractive funding resource.

The VBA commends the FHFA for working to update the AHP regulation. However, in light of the concerns above, we respectfully ask that you reconsider the proposed rule, especially the required outcomes framework. If you have any questions, please feel free to contact me at 804-819-4701 or bwhitehurst@vabankers.org.

Sincerely,

A handwritten signature in blue ink that reads "Bruce T. Whitehurst". The signature is fluid and cursive, with a prominent initial "B" and a long, sweeping tail.

Bruce T. Whitehurst
President & CEO