

January 31, 2019

Mr. Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA82
Federal Housing Finance Agency
400 Seventh Street, SW, Eighth Floor
Washington, DC 20219

Re: Notice of Proposed Rulemaking
RIN 2590-AA82 – Federal Home Loan Bank Housing Goals Amendments

Dear Mr. Pollard:

Thank you for the opportunity to comment on the proposed Federal Home Loan Bank Housing Goals Amendments published in the Federal Register on November 2, 2018.

Please note that these comments have not been submitted to or approved by NeighborWorks America's board. These comments reflect the view of NeighborWorks America management and do not necessarily represent the views of its board members, either collectively or as individuals.

For over 40 years, Neighborhood Reinvestment Corp. (d/b/a NeighborWorks America), a Congressionally-chartered, national, nonpartisan nonprofit, has created opportunities for people to improve their lives and strengthen their communities by providing access to homeownership and safe, affordable rental housing. In the last five years, NeighborWorks organizations have generated more than \$34 billion in reinvestment in these communities. In FY 2018, the NeighborWorks network created 25,000 homeowners, owned or managed 175,000 rental homes, and provided education and counseling for 178,000 customers.

NeighborWorks America and NeighborWorks organizations (NWOs) have had a partnership with the Federal Home Loan Bank System (FHLB) and its Banks that predates the creation of NeighborWorks itself. For the past 40 plus years we have maintained that partnership at the national, regional and local levels. Over a dozen NWOs serve on FHLB Advisory Committees and Boards. Further, at least seven NeighborWorks organizations or affiliates are FHLB members, including Community Housing Capital, one of NeighborWorks' capital corporations that serves the NeighborWorks network.

NeighborWorks is pleased to note that the proposed regulations have the potential to make the FHLB Affordable Housing Goals a more meaningful tool for increasing affordable home lending. As currently constructed, the goals have extremely limited impact, but the proposed amendments would reframe the requirements in such a way as to enhance their relevance while still maintaining achievability. The proposed regulations strike an appropriate balance, ensuring that overly onerous requirements, which could have the unintended consequence of reducing Banks' participation in the voluntary Acquired Member Assets (AMA) program, are not adopted.

NeighborWorks supports the proposed regulation's approach to enhancing the applicability of the goals by shifting away from the current structure under which the goals only apply in instances where a Bank purchases more than \$2.5 billion through its AMA program. Because this threshold creates a perverse incentive for the Banks to limit their purchases below that level, shifting away from a threshold-based system will encourage more AMA participation.

We support FHFA's efforts to improve the affordable housing goals by creating clarity and certainty around the targets. Well-crafted public policy should define the desired outcomes prior to the period of performance. The current system, which relies on lagging Home Mortgage Disclosure Act data as a benchmark for comparison, does not allow for this. NeighborWorks supports FHFA's proposal to shift to prospective targets based on the share of mortgages purchased that are affordable and the participation of small members in AMA.

NeighborWorks is also supportive of FHFA's attempts to revisit which loans are counted towards the goals. We support the proposal to count FHA, VA, and USDA loan purchases through AMA towards satisfaction of the targets. A significant portion of the home loans written by NeighborWorks network organizations utilize these government-backed loan products and mortgage insurance. At the same time, we support the proposed limitations on eligibility for loans to higher-income borrowers in low-income areas. These loans, while important for ensuring that new investment flows to historically disinvested communities, should not be sufficient to fully meet the goals. The proposed regulations strike an important balance between incentivizing these investments in low-income communities with ongoing support for loans made to low- and very low-income borrowers.

Thank you for the opportunity to comment. If you have any questions, please feel free to contact me at (202) 760-4000.

Sincerely,



Kirsten T. Johnson-Obey
Senior Vice President
Public Policy and Legislative Affairs
NeighborWorks America