

No.: 96-77

Date: November 7, 1996

FEDERAL HOUSING FINANCE BOARD

Increase in Affordable Housing Program Funding (AHP) Subsidy
for Blue Lick Apartments

WHEREAS, Subsection 10(j) of the Federal Home Loan Bank Act (12 U.S.C. § 1430(j)) requires that each Federal Home Loan Bank (FHLBank) establish an Affordable Housing Program (AHP);

WHEREAS, the Federal Housing Finance Board (Finance Board) has adopted regulations for the operation of the AHP by the FHLBanks codified at 12 C.F.R. Part 960. The AHP regulation requires that the Finance Board determine which applications for AHP awards are to be funded. (12 C.F.R.960.5(f));

WHEREAS, on December 13, 1995, the Finance Board approved an AHP application from PNC Bank, for an AHP subsidy of \$192,199 from the Federal Home Loan Bank of Cincinnati (Cincinnati Bank) to subsidize an advance of \$1.15 million and write down the first mortgage interest rate to assist in the rehabilitation/construction of a rental housing project in Louisville, sponsored by the New Directions Housing Corporation (NDHC) and Parkside Associates (Parkside). See Board Resolution 95-75;

WHEREAS, PNC Community Development Corporation (CDC) was to purchase the low-income housing tax credits and an equity participation in the project. Due to investment limitations, PNC withdrew as the purchaser of the tax credits and another purchaser/equity participant had to be obtained. First Partners, Inc. will purchase the tax credits and be an equity participant but at a lower purchase price which has caused a decrease in the funding to the Project.

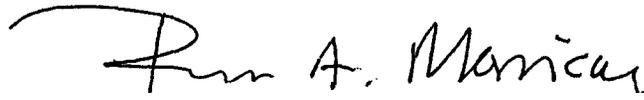
WHEREAS, NDHC/Parkside reduced the number of units in the project to be more competitive in obtaining the tax credits and to minimize the increase in construction costs.

WHEREAS, the Cincinnati Bank is requesting approval of a modification in the AHP subsidy which increases the total amount of AHP subsidy from \$192,199 to \$218,605, due to an increase in the construction costs and a change in the purchaser of the tax credits which resulted in a lower purchase price and a decreased amount of funding to the Project. The proposed modification would result in the average AHP subsidy per unit of the Project increasing from \$3,844 to \$4,554 per unit. The Project has been restored and both the effectiveness and total scores are reduced but the Project will continue to score high enough to have been funded in its original AHP funding round;

WHEREAS, the Finance board has determined that the Project, as modified by the requested increase in AHP subsidy, would be in accordance with the Bank Act, the AHP regulation, and existing Finance Board policy;

NOW, THEREFORE, IT IS RESOLVED, that based on the factors set forth above and the authority provided in 12 C.F.R. § 960.5(f)(3), the Finance Board approves the increase in AHP subsidy from \$192,199 to \$218,605 due to the increase in construction costs and the change in the purchaser of the tax credits which resulted in a lower purchase price and a decreased amount of funding to the project.

By the Board of Directors of the
Federal Housing Finance Board



Bruce A. Morrison, Chairman