



August 19, 2024

**Re: Response to AHP Request for Information 2024**

Dear Federal Housing Finance Agency,

Thank you for the opportunity to provide comments on the Federal Home Loan Bank's (FHLB) Affordable Housing Program (AHP) and potential ways to streamline and improve the application process. The program provides critical gap financing for affordable housing developments and plays an important role in moving projects forward. The establishment of the FHLB San Francisco's new Nevada targeted fund has further assisted with ensuring an equitable distribution of AHP funds throughout the Bank's district and moving the needle within Nevada to help address the shortage of affordable housing.

Although the FHLB has implemented helpful changes to the AHP application and process over the years, the below comments identify additional items the FHFA can consider to further improve the application and funding process and more readily align AHP with other funding/funder requirements. Comments are specifically targeted to Questions 1 and 8 in the Federal Home Loan Bank AHP Competitive Application Process Request for Information released on June 20, 2024.

**Question 1**

**Are there particular components of the FHLBanks' AHP application processes that could be made more effective or efficient, and if so, how? Are any of the FHLBanks' specific documentation requirements for AHP applications unnecessary for verifying that the applicant meets the AHP eligibility requirements and scoring criteria? Are there ways to streamline the application process while maintaining the FHLBanks' ability to verify applicants' compliance with the AHP eligibility and scoring criteria?**

Supportive and resident services costs should be recognized as an allowable operating expense, consistent with the broader affordable housing industry, instead of being excluded from AHP operating pro forma. Many funders require these services as a component of the project and separating these costs out for AHP adds time and confusion. It also adds risk to nonprofit and public housing authority sponsors that often have limited resources if these costs are not includable in the operating budget. In these cases, they must rely on having enough cash flow after other required debt service or payment from other sources to cover these costs. Having supportive and resident services available on-site helps to ensure resident success in maintaining housing and builds community.

As also noted in response to Question 8, Banks should accept applicant certifications for more scoring areas such as empowerment, readiness, and sustainability. This minimizes the need for developing time consuming Memorandum of Understanding or working through administrative processes for signatures on specific bank forms and streamlines the application process. If an applicant does not provide the selected empowerment or sustainability services, then the Bank can create future negative scoring or other mechanisms, such as pro-rata repayment, to penalize bad actors.

If you are a person with a disability who requires a special accommodation in order to have equal access to any RHA program, please contact our office. If you are a person with limited English proficiency, contact our office to receive assistance in your preferred language.



*Por favor contacte la Autoridad de Viviendas de Reno si usted necesita este documento traducido o si usted tiene alguna pregunta. Si usted es una persona discapacitada que necesita una acomodacion especial, para poder tener igual acceso a los Programas de RHA, por favor contacte a nuestra oficina. Si usted es una persona con limitado lenguaje en Inglés, por favor contacte nuestra oficina, para recibir asistencia en su lenguaje de preferencia.*

**Question 8**

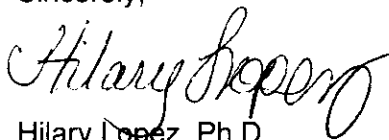
**What concrete steps would you recommend for simplifying the AHP application process and why?**

The recommended steps would be:

- Allow for supportive and resident service costs to be included in the pro forma as a standard operating expense. Many Low Income Housing Tax Credit and federal HOME financed projects require these types of services as a component of the project. Further, since these types of services are a requirement of the project, many equity and debt providers prefer for these costs to be included in the annual operating expense budget to ensure continued ability to provide the required services. Currently, projects receiving AHP funds must include these costs as below the line costs subject to annual cash flow. This creates more uncertainty as cash flow may fluctuate and adds more risk to the project sponsor, typically a nonprofit or public housing authority with limited financial resources.
- Enable FHLBanks to accept applicant certifications for more of the scoring areas. For example, allowing applicant certifications for selected empowerment items versus requiring cumbersome Memorandum of Understanding or specific forms to certify building permits or other readiness factors. Depending upon each parties' review and signing policies, these requirements and forms can add time and complexity to the application process and/or result in missing points for incomplete information.
- Reduce the amount of information needed at the final subsidy review. Allowing for submission of the required cost-certification provided to other funders would better align the AHP process and reduce duplication of efforts. AHP applications that require additional third-party or general contractor certifications for project closeout can delay submissions since it can be more challenging to get these items. It may also delay final bank approval if FHLB staff has questions on submitted items and/or needs further revisions and the project sponsor must go back to the third party for more information.

Thank you for this opportunity to provide feedback on the Affordable Housing Program and for considering ways to further improve this important program.

Sincerely,



Hilary Lopez, Ph.D.  
Executive Director