



Hope**BUILDERS**

HopeBUILDERS Home Repair

“Helping others live in safety, comfort and dignity”

19 August 2024

To: Federal Housing Finance Agency (FHFA)

Re: FHLBank Application Process Feedback

HopeBUILDERS Home Repair is grateful for FHLBank AHP funding so that we can help Kansas City Metro homeowners “age in place” and preserve existing home inventory. HopeBUILDERS has used FHLBank funding for over five years. We have been successful in four rounds of FHLBank funding totaling over \$2M: three from Topeka and one from Des Moines, which gives us a somewhat unique perspective. All funding received was under “owner-occupied habilitation”, which aligns with our mission.

Overview and Background for Context:

HopeBUILDERS is a non-profit agency that serves older, low-income adults and individuals living with disabilities in the Kansas City Metro, by providing accessibility modifications and critical home repair at no cost to homeowners. HopeBUILDERS serves primarily Jackson County in MO and Wyandotte and Johnson Counties in KS. Our staff works closely with homeowners, volunteers, and subcontractors to complete a variety of projects.

Since our founding in 2000, over 1,000 clients across 75+ Kansas City zip codes have benefitted from our volunteer-driven accessibility and home repair projects. Through 2017, HopeBUILDERS was a volunteer-only organization, at which time the board decided to pursue funding to add staff to address the growing home repair need. The last several years have been a time of substantial growth for HopeBUILDERS, at least partially attributed to FHLBank funding. We have added paid staff, gained more experience managing grant funding, and significantly increased the number of people served and projects completed. In 2022, we celebrated our 1,000th project and experienced an agency record of serving 126 clients with over 220 projects. In 2023, this upward trend continued with serving 157 clients with 354 projects. Our 2024 budget reached a milestone of \$1M and will again surpass records for clients served and completed projects.

In 2023, we provided safety, accessibility and home repairs at 157 homes; 71% in Jackson County, 25% in Wyandotte County, 3% in Johnson County, 1% in Cass County. We served 23 different zip codes in Jackson County, with the highest concentration of homes (36%) in five zip codes: 64127, 64128, 64130, 64132, and 64134. The highest number of homes were located in 64130, where according to Kansas City Health Explorer, the life expectancy is 72.7 years, as compared to the KCMO citywide average of 78.1 years.

Application Process Feedback:

HopeBUILDERS has completed the application process for each round of funding without any consultants, but with the thoughtful support of district office staff. I would say that the process is not always clear, especially the first time, but that it is made more complicated through the online tools instituted uniquely by each district.

Mailing address: HopeBUILDERS, 11184 Antioch #324, Overland Park, KS 66210

Web site: <http://hopeBUILDERS-kc.org>

E-mail address: needhelp@HopeBUILDERS-kc.org

We appreciate that documentation is generally needed to substantiate potential sponsors qualifications and ability to execute the proposed grant commitments. For our work in the rehab space, the scope of each project varies significant, so the cost back-up documentation requested to support our funding request is indicative of only a few select projects; each district has guided our submissions so that they are acceptable.

More broadly, HopeBUILDERS is a member of a national coalition of 150+ non-profits organizations that provide home repairs, aptly named the [Coalition for Home Repair](#) (CHR). CHR members pursue funding from many sources, ranging for individual donors to local/state/federal grants. While some CHR members actively use FHLBank funding, others have commented that they avoid FHLBank funding as they considered it “difficult money”, more so than federal funding, typically HUD or CDGB; this may be reflective of their particular FHLBank districts.

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 requirements and scoring criteria?

HB Response: It is understood that the scoring approach allows each FHLBank to emphasize their local priorities. A sponsors’ application committing to those scoring areas should be sufficient, when accompanied by appropriate narrative to support their ability to fulfil those commitments.

Question 2. How do the FHLBanks’ AHP application processes compare to those of other providers of gap funding with respect to scope, complexity, and documentation requirements?

HB Response: For HopeBUILDERS and our rehabilitation focus, the FLHBank process is more complicated. Each of our funding rounds have range from 20 to 100 units over the life of that funding round. That said, the complexity could be commensurate with the level of funding; FHLBank is our largest program funding.

Question 3. Do the FHLBanks’ AHP application processes leverage other funders’ applications/ requirements? Are the AHP application processes duplicative or complementary of other funders’ underwriting requirements and processes? Do the AHP application processes create the need for additional information and documentation?

HB Response: Not applicable to HopeBUILDERS. Although HopeBUILDERS may layer funding for specific units, we do not attempt to do so at the project level.

Question 4. Should the AHP regulation allow the FHLBanks to differentiate their AHP application requirements for projects requesting subsidy that constitutes a small percentage of the total funding in the project? If yes, why? Do other gap funders differentiate their application requirements for smaller projects?

HB Response: Not applicable to HopeBUILDERS. Same basis as Question 3.

Question 5. What role do consultants provide in applying for AHP funds? What are the reasons that an AHP applicant may use a consultant? To the extent that applicants are using the services of consultants to apply for AHP subsidy, how does the practice compare to the use of consultants for other sources of gap funding?

HB Response: HopeBUILDERS has not used consultants for any FHLBank application.

Question 6. Are there effective practices the FHLBanks could implement to coordinate the underwriting review process across multiple funding sources in a project?

HB Response: Not applicable to HopeBUILDERS. Same basis as Question 3.

Question 7. What is the single most important change you would recommend for improving the AHP application process?

HB Response: Given the need for conformity, verification and compliance, it difficult to suggest any one change, particularly when our focus is only rehabilitation of owner-occupied units. Obviously, any streamlining of the commitment basis and documentation would be helpful, especially for smaller organizations trying to navigate the application for the first time.

Question 8. What concrete steps would you recommend for simplifying the AHP application process and why?

HB Response: No specific suggestions to offer at this time.

Execution Feedback: In reviewing AHAC's letter to FHFA, they touched on items that we would consider to be more regulatory or execution related, rather than just the application process. To that end, we offer the following points, at least for the owner-occupied rehabilitation space.

- Allow work to be self-performed with staff and/or qualified volunteers. HopeBUILDERS has extensive experience using staff and volunteers for numerous home repair projects, when a permit is not required. Doing so, has allowed us to leverage limited funds (doing more with less) for many years. This approach is allowed by one district and discouraged by the other.
- Simplify documentation for rehab reimbursement. Our current rounding of funding with FHLBank – Topeka is for 100 unique units (homes). We submit for reimbursement at the completion of each unit. As such, any reduction or simplification of documentation is helpful.
- Streamlined reviews of reimbursement requests. Obviously, reviews are required to confirm compliance and that proper documentation has been provided. One district is

exceptionally quick with review and payment disbursements in 7-14 days. The other district is not. When proper documentation is submitted, reimbursement requests are processed within 30 days and payment shortly follows. However, when clarifications are required, it generally adds at least 30 days to processing after the clarification(s) is/are submitted. This situation imposes a significant cash flow burden when these reimbursements are in the \$10,000 to \$15,000 range.

- More consistency in compliance with commitments during the life of the grant. It is the sponsor's contractual obligation to comply with the agreed commitments by the end of the grant period. One district allows some flexibility in the compliance during the course of grant, which are monitored with periodic progress reports. The other district requires that compliance must be maintained throughout the grant period; this created a six-month delay getting our first project started due to this interpretation.

In closing, we echo AHAC's comment that the national affordable housing crisis has placed significant pressure on housing market, including parties working to preserve existing older housing inventory. In a climate where every effort needs to be made to support those organizations and their ability to serve low- and moderate-income communities, seemingly benign requirements, in fact, add complexity and cost – all of which create barriers to preserving housing.

Sincerely,
Gregory Wayne
Founder and Executive Director