



FEDERAL HOUSING FINANCE AGENCY
Division of Housing Mission and Goals

ADVISORY BULLETIN

AB 2019-02

**IMPLEMENTATION OF STREAMLINED MONITORING
REQUIREMENTS FOR AFFORDABLE HOUSING PROGRAM PROJECTS
FUNDED BY CERTAIN OTHER FEDERAL GOVERNMENT RENTAL
HOUSING PROGRAMS**

May 9, 2019

Purpose

The Federal Housing Finance Agency's (FHFA) Affordable Housing Program (AHP) regulation authorizes streamlined monitoring for AHP-subsidized projects that are also funded by certain other government housing programs and identified by FHFA in separate guidance. This Advisory Bulletin (AB) identifies those programs.

Background

FHFA published a final rule in the *Federal Register* on November 28, 2018 amending the AHP regulation, one component of which permits the Federal Home Loan Banks (Banks) to implement streamlined monitoring for AHP projects funded by certain other government housing programs that FHFA specifies in separate guidance. Specifically, the amended regulation requires that at initial monitoring of AHP projects funded by such other programs, the Banks review rent rolls (in the case of rental projects) and project sponsor certifications, and any other documentation to verify that the projects meet the requirements in 12 C.F.R. §

1291.50(a)(2), but not any other back-up documentation on household incomes or rents.¹ For long-term monitoring of AHP rental projects funded by such other programs, the regulation requires that the Banks review annual project sponsor certifications on household incomes and rents and information on the ongoing financial viability of the projects, but not any other back-up documentation on incomes and rents, including rent rolls.²

Guidance

As discussed in the proposed³ and final⁴ AHP rules, FHFA has analyzed the monitoring standards and practices of several federal government housing programs to identify programs with substantially equivalent rent, income, and retention requirements to the AHP, as well as very low noncompliance rates. FHFA's analysis also focused on each monitoring entity's demonstrated ability to monitor the program effectively.

FHFA found that the following four housing programs meet the criteria identified above:

- HUD Section 202 Program for the Elderly;
- HUD Section 811 Program for Housing the Disabled;
- USDA Section 515 Rural Multifamily Program; and
- USDA Section 514 Farmworker Multifamily Program.

Accordingly, the Banks may implement the streamlined monitoring described above for AHP projects funded by any of these four programs.

Although the final AHP rule became effective on December 28, 2018, the compliance date for implementing the streamlined monitoring practices is January 1, 2021. However, Banks may implement the streamlined monitoring before this compliance date. Banks that opt to do so should provide notice to FHFA pursuant to the email of December 26, 2018, to the Banks from the Deputy Director of the Division of Bank Regulation at DeputyDirector-FHLBanks@fhfa.gov. Banks must also ensure that their AHP Implementation Plans set forth their requirements for monitoring.⁵

Should a Bank identify potential noncompliance with AHP household income or rent requirements in a project that is subject to streamlined monitoring, it should evaluate whether an expansion of its review to include the back-up documentation, including rent rolls, is warranted to verify compliance with AHP requirements.

¹ See 12 C.F.R. § 1291.50(a)(2), (a)(3).

² See 12 C.F.R. § 1291.50(c)(1)(i), (ii).

³ *Affordable Housing Program Amendments*, 83 Fed. Reg. 11344, 11365-11366 (Mar. 14, 2018).

⁴ *Affordable Housing Program Amendments*, 83 Fed. Reg. 61186, 61126-61127 (Nov. 28, 2018).

⁵ See 12 C.F.R. § 1291.13(b)(11).

FHFA will continue to assess the monitoring standards and practices of other government housing programs and may make modifications to this guidance in a subsequent AB as appropriate.

FHFA has statutory responsibility to ensure that the regulated entities carry out their missions consistently with the provisions and purposes of FHFA's statute and the regulated entities' authorizing statutes. Advisory Bulletins describe supervisory expectations in particular areas and are used in FHFA examinations of the regulated entities. For comments or questions pertaining to this AB, contact Ted Wartell at Ted.Wartell@fhfa.gov or by phone at 1-202-649-3157; or Marcea Barringer at Marcea.Barringer@fhfa.gov or by phone at 1-202-649-3275.