



Andrea Osgood
Chief of Real Estate Development
Eden Housing, Inc.
22645 Grand Street
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August 15, 2024

Re: Response to AHP Request for Information 2024

Dear Federal Housing Finance Agency:

Eden Housing is a 56 year-old affordable housing developer, owner, manager and services provider based in Hayward, CA in the San Francisco Bay Area. We have developed or acquired nearly 12,000 homes throughout California, and throughout our history, more than 100,000 people have called an Eden community home.

Nearly 60 Eden projects have used AHP funds, and with nearly 50 new communities in our pipeline, we anticipate leveraging the AHP program many more times in the coming years. AHP is an important piece of our projects' financing plans, complementing other lenders at the state and local level to contribute the last-in dollars necessary to build the project. There is often some alignment between AHP priorities and those of these other funders, and we generally find that these state and local priority projects score well in the competitive process.

With that said, we structure our projects around guidelines from CTCAC, HCD and our local partners, and we find that the AHP application, disbursement and compliance process adds significant complexity and burden to secure these last-in dollars, requiring us to duplicate efforts that we also make for other funders. Our responses below support an overall recommendation to streamline the AHP process to take advantage of the legwork we are already doing for other funders. Our responses to the RFI questions are below.

Thank you for your consideration, and we look forward to continuing our collaboration to fully finance sorely needed affordable housing in California!

Sincerely,

[andrea.osgood \(Aug 15, 2024 20:24 PDT\)](#)

Andrea Osgood





RFI Responses

Question 1	Are there particular components of the FHLBanks' AHP application processes that could be made more effective or efficient, and if so, how?
	<p>Yes. The application workbook is challenging to populate and reflects underwriting policies that are inconsistent with the rest of the industry – particularly around resident services, reserves and the operating pro forma. We think the program would be more efficient if it aligned better with other funders' benchmarks.</p>
	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?
	<p>Yes. We ask that FHLBanks be allowed to accept self-certification commitments in certain areas of application scoring without requiring backup documentation and extensive back and forth questioning. For example, an MOU for empowerment services may not be necessary unless there is some reason to believe services are not being offered. In addition, there is no need to get income documentation from formerly homeless households, as there is a very low chance they will be over the AHP income requirements.</p> <p>In addition, we ask that there is the ability for a cure period to correct clerical errors in applications, such as a missing signature or mixed-up document. This would create a more streamlined process that is less focused on the perfection of documentation, but rather a project's true merits under the scoring criteria.</p>
	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?
	<p>Yes. We also recommend instituting flexible forgiveness options that are prorated based on where the project is in the retention period, as well as pro-rata repayment for non-unit-based noncompliance. Project owners will remain incentivized to remain compliant, but there will be a manageable option to make the program whole in the event of a compliance issue.</p>
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?
	<p>AHP is comparable in scope, complexity and documentation requirements to other providers of gap funding, but with a far smaller level of funding provided. Restrictions are similar to other funders, but additional documentation required is greater. In addition, we find that AHP provides heavier scrutiny to necessary financial aspects of the project such as reserves and cash flow compared to other gap funders that have more leeway for the developer. We recommend reducing the scope and complexity of documentation requirements.</p>



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?
	We have found that AHP's process is duplicative of other funders and does not leverage the work done for other funders' applications because AHP's underwriting guidelines are so distinct. This tends to create the need for additional information and documentation specific to the AHP application.
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?
	Having multiple requirements depending on the project type tends to have a counterproductive effect on application processes. We recommend one simplified set of application requirements for all projects.
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?
	Consultants typically assist staff in updating the project's financial model for the AHP application and filling out the application workbook to match with the model. This is consistent with the way consultants are engaged for tax credit applications and state funding applications. If AHP underwriting was aligned with tax credit underwriting, in-house staff could potentially complete the application without consultant support.
Question 6	Are there effective practices the FHLBanks could implement to coordinate the underwriting review process across multiple funding sources in a project?
	We recommend accepting the benchmarks of other funders without additional justification. If underwriting standards such as those of CTCAC were adopted, FHLBanks could rely on staff evaluation for tax credit allocations to confirm that the project meets benchmarks for an AHP subsidy.
Question 7	What is the single most important change you would recommend for improving the AHP application process?
	The most important change we recommend is to limit the need for subsidy review of the development budget, which would then enable resident services to be underwritten and reduce the burden of compliance with FHLBanks underwriting cash flow.
Question 8	What concrete steps would you recommend for simplifying the AHP application process and why?



We recommend:

- Limiting the need for AHP to scrutinize subsidy levels of the project as well as the project's cash flow beyond whether the project can provide the housing proposed in the application. This would simplify the process and is not necessary since the project's lenders and investors (many of which are member banks) already underwrite the project.
- Allowing the expenses related to the provision of supportive services to be included in the pro forma as a standard operating expense because our projects are generally not feasible without supportive services.
- Deferring underwriting compliance and ongoing monitoring compliance to majority funders, particularly if such funders are state, federal or city organizations.
- Sharing application competitiveness information such as scoring for winning projects and projects not selected so that applicants can better understand competitiveness






AHP Comment Letter_Eden Housing

Final Audit Report

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