



Housing Authority
of the
City of Alameda

PHONE: (510) 747-4300
FAX: (510) 522-7848
TTY/TRS: 711

701 Atlantic Avenue • Alameda, California 94501-2161

August 8, 2024

Re: Response to AHP Request for Information 2024

Dear Federal Housing Finance Agency,

We are a small developer in California that is grateful to have been successful in various AHP rounds for affordable housing funding. We appreciate the opportunity to comment. We are very appreciative that in this challenging funding environment that takes multiple rounds of state competition, AHP allows up to four years to utilize an award. Your staff is also always very helpful with the Members and documents during closings.

Please see our comments on the questions in the Federal Home Loan Bank AHP Competitive Application Process Request for Information released on June 20, 2024 below.

Question 1	Are there particular components of the FHLBanks’ AHP application processes that could be made more effective or efficient, and if so, how?
	<ol style="list-style-type: none"> 1) Exceeding RS Means benchmarks – Documenting the costs differential between market rate and affordable new construction is very cumbersome. We encourage AHP to reduce the need for these explanations by setting a % such as TCAC does – if the project does not exceed the benchmark by 50%, for instance, no explanation is needed. 2) Exceeding operating cost benchmarks – Operating costs are skyrocketing and comparison to a backward-looking index may require a great deal of explanation. In addition, special needs projects should not have to explain why their need for security costs, higher turnover costs, insurance, etc., are necessary. Again, we believe that larger funders can take the lead on approving operating costs.
	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 believe that the justifications above are not necessary for AHP to review. Many other major funders in a project will be looking at these very closely.</p> <p>Also, we recommend a limit on AHP’s need for subsidy review to look at the development budget, not cash flow. Many other public lenders will underwrite cash flow to make sure it is not excessive. Cash flow is also typically repaid to soft lenders, if available, or used to</p>

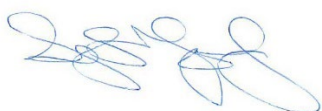


	pay deferred developer fee. We encourage AHP to allow larger scale funders to take the lead on monitoring cash flow at closing.
	Are there ways to streamline the application process while maintaining the FHLBanks' ability to verify applicants' compliance with the AHP eligibility requirements and scoring criteria?
	See above.
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?
	The workbook is very understandable, and easy to input. It is one of the more streamlined applications and requires relatively little documents (on services for instance).
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?
	Please see the answer to Question 6. AHP does not create additional documentation needs, but they do require duplicative reviews.
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?
	Yes, this would be helpful. A comparison is HOME/CDBG, which tend to only fund \$1-2 million of a project costs. They do not look at cash flow and rely on the tax credit investor and commercial bank lender for overall feasibility. They are mostly concerned with their regulatory covenants and federal provisions.
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?
	The AHP application has reduced need for consultants for experienced developers. AHP training is excellent preparation, and the opportunity to debrief applications is very helpful.
Question 6	Are there effective practices the FHLBanks could implement to coordinate the underwriting review process across multiple funding sources in a project?
	If AHP would defer reviewing cash flow and items such as operating cost benchmarks to larger funders, we believe that long-term feasibility would be sustained rather than

	needing multiple levels of review. Projects change a great deal from application to closing stage, and additional reviews are very cumbersome.
Question 7	What is the single most important change you would recommend for improving the AHP application process?
	<p>Land donation – The current land donation time limit is 5 years. With projects being delayed from lack of funding, we request that this time be unlimited. We also think that a de minimus rent payment/year ground lease should also qualify for this point. The State of California is making a tremendous effort to direct Surplus Land Act properties to affordable housing development, but those transfers would not qualify under the current definition of land donation. A public agency disposition through SLA, or a de minimus rent payment/year ground lease with a public agency (55+ years terms), should both qualify as donations for this point.</p> <p>We also recommend allowing service funding to be a qualified operating cost, as services strongly benefit the communities that we serve are required for public funding programs that are providing major development funding.</p>
Question 8	What concrete steps would you recommend for simplifying the AHP application process and why?
	Please see above.

Thank you for this opportunity to provide feedback on the Affordable Housing Program.

Sincerely,



Sylvia Martinez

Director of Housing Development