



August 19, 2024

Division of Housing Mission & Goals
Federal Housing Finance Agency
400 7th Street SW, 9th Floor
Washington, D.C. 20219

Re: Request for Input on FHLBank Affordable Housing Program Competitive Application Process

To Whom It May Concern,

Thank you for the opportunity to provide input on the FHLBank Affordable Housing Program (AHP) Competitive Application Process.

Cinnaire is a nonprofit, mission-driven community financial institution with a 30-year history of raising equity capital and debt for affordable housing developments, as well as financing impactful community development projects. To date, Cinnaire has raised \$5.7 billion in total investments, supporting the creation or preservation of more than 55,000 affordable housing units in the Midwest and Mid-Atlantic regions. We also have an affiliated CDFI, Cinnaire Lending Corporation, that works to fill lending gaps in the markets we serve. Cinnaire Lending is a member of the Federal Home Loan Bank of Chicago.

We greatly appreciate and value our membership in FHLBank Chicago, which has provided much-needed access to capital to enable us to finance affordable housing developments in our footprint. We also value the AHP program, which helps our partners bring affordable housing to the communities and markets we serve. Since 2015, Cinnaire Lending Corporation has served as the FHLBank Chicago member on 62 AHP awards totaling \$41.4M in subsidy and creating or rehabilitating 2,787 housing units.

We appreciate FHFA's interest in hearing from stakeholders on the AHP application process to ensure that this valuable resource is delivered efficiently and effectively. Our comments reflect our experience providing extensive technical assistance to applicants,

Lansing | Corporate Headquarters
1118 South Washington Avenue
Lansing, Michigan 48910
517 482 8555

Grand Rapids
100 César E. Chávez Avenue, Suite 202
Grand Rapids, Michigan 49503
616 272 7880

Milwaukee
231 E. Buffalo Street, Suite 302
Milwaukee, Wisconsin 53202
517 482 8555

Madison
10 East Doty Street, Suite 617
Madison, Wisconsin 53703
608 234 5291

Detroit
2111 Woodward Avenue, Suite 600
Detroit, Michigan 48201
313 841 3751

Chicago
225 West Washington Street, Suite 1350
Chicago, Illinois 60606
312 957 7283

Indianapolis
320 North Meridian, Suite 516
Indianapolis, Indiana 46204
317 423 8880

Wilmington
100 West 10th Street, Suite 502
Wilmington, Delaware 19801
302 655 1420



reviewing application materials, and managing post-award compliance obligations in partnership with real estate developers, not-for-profit and public sector sponsors, and consultants.

We have provided responses to selected questions below. Our comments are specific to our experience with FHLBank Chicago.

Question 1. Are there particular components of the FHLBanks' AHP application processes that could be made more effective or efficient, and if so, how? Yes. We appreciate FHLBank Chicago's efforts to transition to a new grant management system. In our experience with the current system used by FHLBank Chicago, however, the AHP Online grant application portal is dated, clunky, and routinely crashes or sends error messages. A modernized grants management platform that reliably works would improve efficiency in the following ways:

1. The current system is built for Internet Explorer, which Microsoft no longer supports. Using it with Edge, Chrome, or other browsers causes errors, crashes, and inefficiencies. An upgraded system that runs on current platforms would address these problems.
2. We encourage the ability to provide more than three member financial institution contacts per project. This causes real delays if employees change jobs, are out of office, etc., which can lead to non-compliance.
3. We also encourage allowing consultants to remain as input contacts post-award. Consultants often are the ones preparing compliance reports but cannot upload them on behalf of sponsor contacts. Allowing them access post-award would improve efficiency.
4. In general, it would be valuable for the FHLBanks to invest in adopting user-friendly upgrades. The current system is not intuitive, with many screens to click through and data entry points within sub-screens to complete that are confusing and difficult to navigate.

Question 1 (continued). 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? Items like 90-day timestamps on screengrabs for Rural Housing points are onerous and can unnecessarily hurt application for less experienced applicants in instances where data support a project receiving the

points, but the timestamp is missing. This may be unnecessary since FHLBank staff are verifying this data accuracy during scoring review.

Question 1 (continued). 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? As in the Rural Housing data timestamp example mentioned above, we encourage the FHLBanks to remove extremely detailed application requirements such as 90-day timestamps on exhibits that are verified by FHLBank staff. These requirements have a significant impact on applicant success and more commonly impact less experienced applicants, narrowing the awardee pool to experienced developers and those able to pay consultants for application preparation.

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 AHP process is complex, but in line with the complexity of other gap funders relative to the level of regulation involved and the amount of money awarded.

Question 3. Do the FHLBanks' AHP application processes leverage other funders' applications/requirements? Somewhat. Most developers can reuse the narrative from tax credit applications, etc., but still need to re-enter their development pro forma from the state HFA's model into FHLBank's model, for example.

Question 3 (continued). Are the AHP application processes duplicative or complementary of other funders' underwriting requirements and processes? Duplicative. The same information must be re-entered into FHLBank's format. We encourage relying on exhibits accepted by the state HFA as acceptable documentation.

Question 3. Do the AHP application processes create the need for additional information and documentation? For some scoring categories, yes. For example, Special Needs, Homeless, and PSH categories require significantly more narrative than what is needed for Low-Income Housing Tax Credit (LIHTC) applications. This is onerous, particularly for projects that have already received the points for these services on their LIHTC 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? We support the same application requirements regardless of subsidy percentage. The projects leveraging AHP as the smallest percentage of their capital stack are usually developed by the most experienced, well-capitalized, and well-staffed developers; they have the capacity to complete a complex application or hire a consultant. The projects pursuing AHP as the largest percentage of their funding are generally newer non-profit sponsors who have less capacity to assemble applications and less money to hire a consultant.

Question 5. What role do consultants provide in applying for AHP funds? What are the reasons that an AHP applicant may use a consultant? Consultants provide extensive deal vetting, pre-scoring, and technical assistance; generally prepare 90% of an AHP application; and often complete post-award compliance paperwork. Generally, less-experienced sponsors engage a consultant to increase their chances of an award, or more experienced, well-capitalized developers engage a consultant to reduce workload for their own teams while maintaining their chances of an award.

Question 5. 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? It is consistent. The same consultant generally prepares the LIHTC application, the AHP application, other gap funding sources, and assists with closings.

Question 6. Are there effective practices the FHLBanks could implement to coordinate the underwriting review process across multiple funding sources in a project? AHP plays an important complementary role to the Low-Income Housing Tax Credit program, which is the major driver of the creation and preservation of affordable housing in the United States. Further alignment between these two programs represents an opportunity to improve efficiency and avoid duplication of efforts. For example, the FHLBanks could rely upon underwriting already done by state HFAs and shift application deadlines back to accommodate HFAs' award announcements so that developers are not preparing entire AHP applications for deals that may not get an award.



We also encourage greater coordination with other programs, including the HOME Investment Partnerships program and rental assistance programs.

Question 7. What is the single most important change you would recommend for improving the AHP application process? As noted above, the adoption of a new grants management system would pay significant dividends for users and the program.

Question 8. What concrete steps would you recommend for simplifying the AHP application process and why? See items noted above re: grants management system.

Conclusion

Thank you again for the opportunity to provide comment on this valuable program. If you have questions or would like to discuss with our team, please contact Chris Neary, Senior Vice President – Policy, Research and Advocacy at cneary@cinnaire.com.

Sincerely,

Chris Neary
Senior Vice President – Policy, Research and Advocacy
Cinnaire