

For stakeholders who have applied for AHP subsidy, please share your experience in applying for the subsidy when responding to the questions below. Also, please indicate whether the application was successful.

Although we did not submit a full application this round (therefore, not a successful application), below are answers to the questions based on our experience.

Question 1: Are there particular components of the FHLBanks' AHP application processes that could be made more effective or efficient, and if so, how?

The Sponsor Documents for the application could be in a more conspicuous location. Currently, the document button is on the left-hand side and is not readable until clicked on. Additionally, the checklist for required documents could follow the order that is dictated in the body of the application (per the document button).

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?

Sponsor Documents that are a duplicate of what is already being entered into the application should not be additionally entered on an FHLB form. As an example, the Building Information tab requests the information that is already being filled out on the Project Construction form. Since the Project Construction Form is completed by a "qualified individual," possibly have this information populate in the appropriate places in the application where this data is repeated for ease of review.

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?

The current documentation request is necessary to determine if financing is adequate to complete the development and the readiness of the financing to be closed. Also, the scoring documentation is not excessive and is necessary for accurate allocation of points.

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 Bank's AHP application process is similar to other gap funders application processes. Many require the same documents and information the Bank requests.

Question 3: Do the FHLBanks' AHP application processes leverage other funders' applications/requirements?

Given the short time frame between application and award (approximately 6-7 months) the AHP process does leverage other funders. This is achieved by providing points for readiness (9% reservation, building permits, work in progress, etc.). The one downside is that AHP funds are typically awarded to a project that has had its capital stack, costs and debt service already approved by a third party – meaning the transaction has been accepted and can be closed based on projected rents, expenses and other operating metrics. This may lessen the ability for the AHP to impact affordability. The high scoring (20%) for targeting lower income families is a good motivator, however, the overall scoring does place the AHP funds in a category to assist deals that have already been successfully underwritten.

Are the AHP application processes duplicative or complementary of other funders' underwriting requirements and processes?

Complimentary. See above.

Do the AHP application processes create the need for additional information and documentation?

No.

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?*

This may benefit large scale transactions while not necessarily impacting the amount and affordability of the “AHP” units. The weighted scaling of AHP dollars per unit is effective in determining the AHP’s yearly impact on the affordable housing stock.

Do other gap funders differentiate their application requirements for small projects?

See above. All transactions should be subject to same review and submittal to ensure AHP dollars are allocated in a consistent manner.

Question 5: *What role do consultants provide in applying for AHP funds?*

Consultants are typically engaged to assist firms with limited staffing or development experience in order to assist with submitting a complete and competitive application.

What are the reasons that an AHP applicant may use a consultant?

See above.

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?

Data not available to accurately respond.

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

As stated above, AHP funds are being added to a transaction that has been successfully underwritten by a third party. By imposing a ceiling on the DSCR, limiting reserves, and favoring affordability in scoring, AHP is well positioned to ensure transactions are not being funded in excess of what is necessary to meet the goal of providing quality affordable housing.

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

Many of these applications are worked on by multiple people (construction, property management, development, etc.) and, therefore, it would help to have a printable version that could be shared.

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

If any, eliminate the need for providing the same data more than once.