



August 19, 2024

Federal Housing Finance Agency (FHFA)
Division of Housing Mission and Goals
400 7th St., S.W.
Washington, D.C. 20219

Re: Federal Home Loan Bank Affordable Housing Program Competitive Application Process RFI

Dear Sir or Madam:

The Low Income Investment Fund (LIIF) is pleased to provide input in response to the Federal Housing Finance Agency's Request for Information on the Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) Competitive Application Process. As a member of the FHLB San Francisco and a national community development financial institution (CDFI), and with a mission of advancing racial equity by driving \$5 billion toward opportunity-rich communities, we see this request for information as vital to ensuring the FHLB System remains dedicated to its charter of supporting community investment and economic development.

For over 11 years, LIIF has been a member of FHLB San Francisco. We joined when FHLB first opened its membership to CDFIs and wanted access to lower-priced credit facilities. Since becoming a member, we have benefitted from that access. For example, LIIF was recently a recipient of an AHP grant. The grant was a part of a \$16.8 million award from the FHLB San Francisco for AHP grants earmarked for California, Nevada and Arizona to spur the creation of 4,000 units. LIIF intends to use the vital AHP grant for our Aloe Palm Canyon Apartments project in the Coachella Valley. This development is part of our We Lift: The Coachella Valley's housing Catalyst Fund partnership.

Our work aligns closely with FHLB's mission of supporting affordable housing and community investment, and we appreciate the opportunity to share our input on improving the AHP application process.

1. Effectiveness and Efficiency of the AHP Application Process

The feedback we have received from borrowers indicates that the AHP application process is generally smooth, quick and consistent from year to year; however, LIIF recommends reflecting the scores of candidates to enhance transparency and aid applicants. This would allow applicants to understand where they excelled and where they fell short, helping to improve the quality of future applications.



2. Comparison with Other Gap Funding Application Processes

The AHP application process is similar in scope and complexity to that of most California gap-financing agencies. This consistency helps streamline the application experience for borrowers who are familiar with these processes.

3. Leveraging Other Funders' Requirements

The AHP application process is largely complementary to other funders' requirements, particularly in California, where many of the items needed for gap funders are also required for AHP applications. The only significant difference noted is the use of RS Means for construction cost per square foot, which is not typically required by other funders.

4. Differentiating Application Requirements for Smaller Projects

The borrowers we consulted did not express a strong understanding of the need to differentiate application requirements based on the size of the subsidy requested. It was noted that while some gap funders in California have "rural set-asides," there is no significant differentiation between small and large projects.

5. Use of Consultants in the AHP Application Process

None of the borrowers we spoke with used a consultant to assist with their AHP application. This suggests that the current application process is manageable without external assistance, at least for the borrowers in our network.

6. Coordination of Underwriting Review Process

There is potential for greater coordination between the FHLBanks and other federal funding streams, such as HUD, USDA and VA. Streamlining applications across these funding streams could be beneficial; however, such an effort would require significant coordination at the federal level.

7. Recommendations for Improving the AHP Application Process

The most important change we recommend is increasing transparency by providing applicants with their scores, as noted in our input for question one. Additionally, we suggest developing a web-based platform that goes beyond merely uploading documents to the cloud. This platform could generate initial scores, allow applicants to gauge the likelihood of their application being funded, and serve as a central source for both FHLB underwriters and applicants.



In conclusion, LIIF values our longstanding relationship with FHLB San Francisco and the broader FHLB System. We believe that the suggested improvements to the AHP application process would enhance the effectiveness and transparency of the program, making it even more beneficial for the communities we serve. We are eager to continue our partnership with FHFA and the FHLB System to ensure that the AHP remains a vital tool in advancing affordable housing and community development.

Sincerely,

Daniel A. Nissenbaum
Chief Executive Officer
Low Income Investment Fund (LIIF)