

**FHFA Request for Input: FHLBank Affordable Housing Program Competitive Application Process**

**August 15, 2024**

Name: Jacqueline Jones

Organization: Vineland Housing Authority

Question 1	Are there particular components of the FHLBanks' AHP application processes that could be made more effective or efficient, and if so, how? 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? 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?
Response 1 No Comment.	
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?
Response 2 No Comment.	
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?
<p>Response 3</p> <p>No. Some information requested may be duplicative. AHP application processes do not create the need for additional information or documentation – the information just needs to be submitted based on the funders’ format and method,</p>	
<p>Question 4</p>	<p>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?</p>
<p>Response 4</p> <p>No.</p>	
<p>Question 5</p>	<p>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?</p>
<p>Response 5</p> <p>Consultants play a large role in the application process. This is due to the lack of capacity and knowledge in applying for funding. The use of consultants in applying for AHP fund is not unlike using consultants for other sources of gap funding.</p>	
<p>Question 6</p>	<p>Are there effective practices the FHLBanks could implement to coordinate the underwriting review process across multiple funding sources in a project?</p>
<p>Response 6</p> <p>Probably not. Funding sources have different requirements.</p>	

Question 7	What is the single most important change you would recommend for improving the AHP application process?
Response 7 No Comment.	
Question 8	What concrete steps would you recommend for simplifying the AHP application process and why?
Response 8 No Comment.	

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Name: Jeffrey Crum

Organization: Novo Impact Developers

Question 1	Are there particular components of the FHLBanks' AHP application processes that could be made more effective or efficient, and if so, how? 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? 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?
Response 1	For non-LIHTC applications, reducing required documentation could assist in deploying more funds to these types of projects. I see a benefit in providing more subsidy to non-LIHTC and homeownership projects, which may require less documents and modified scoring.
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?
Response 2	Significantly more documentation. Other subsidies (HOME, CDBG, state subsidies) will frequently provide award letters or commitments prior to the full capital stack being secured.
Question 3	Do the FHLBanks' AHP application processes leverage other funders' applications/requirements? Are the AHP application processes duplicative or

	<p>complementary of other funders' underwriting requirements and processes? Do the AHP application processes create the need for additional information and documentation?</p>
Response 3	<p>It depends on the type of project. For LIHTC, most of the requirements are complementary. However, for homeownership and small non-LIHTC projects, a fair amount is a lot more work.</p>
Question 4	<p>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?</p>
Response 4	<p>Yes, differentiating requirements could be helpful. I'm not aware of other gap funders differentiating their application requirements.</p>
Question 5	<p>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?</p>
Response 5	<p>I think this depends on the sophistication of the applicant. I believe most small nonprofits use consultants.</p>
Question 6	<p>Are there effective practices the FHLBanks could implement to coordinate the underwriting review process across multiple funding sources in a project?</p>
Response 6	<p>This is a good idea. Unfortunately, I cannot provide examples of other effective practices.</p>

Question 7	What is the single most important change you would recommend for improving the AHP application process?
Response 7	Having separate scoring/review process for non-LIHTC applications
Question 8	What concrete steps would you recommend for simplifying the AHP application process and why?
Response 8	Allow non-LIHTC projects to apply on a rolling basis and receive more forward commitments (meaning AHP is not the final funding source)

## **FHFA Request for Input: FHLBank Affordable Housing Program Competitive Application Process**

**August 15, 2024**

Name: Shelley Jacobs

Organization: St. Regis Mohawk Tribe

I want to share my thoughts on the Federal Housing Finance Agency's "FHLBank System at 100: Focusing on the Future" report, particularly concerning the Affordable Housing Program (AHP) General Fund application process. As a member of the Saint Regis Mohawk Tribe and several boards dedicated to community development and housing, I have firsthand experience with the challenges that our community faces in securing funding for affordable housing projects. I have read all the materials provided and I am concerned about the difficulty of initiating the application process due to the lack of a sponsor for tribal communities.

The AHP General Fund aims to support a diverse range of housing initiatives, but there are critical barriers that disproportionately impact tribal communities. Finding sponsors is a primary obstacle we face in the AHP application process. The unique status of tribal land creates complexities that many potential sponsors are unwilling or unable to navigate, effectively preventing us from accessing the funding necessary to develop affordable housing for our community, despite the clear need and the availability of Section 184 loan guarantees.

It is particularly challenging that we cannot even initiate the application process without a sponsor. This initial barrier is a significant impediment to progress and underscores the need for systemic changes to facilitate more inclusive participation.

I believe that targeted outreach and education campaigns could inform potential sponsors about the specific nuances and opportunities associated with sponsoring projects on tribal land. This could include webinars, informational sessions on how to be a qualified Section 184 lender, and collaboration with tribal housing authorities. Streamlining the application process for projects on tribal land could reduce the administrative burden and make it more feasible for sponsors to engage with these projects. In addition, establishing formal partnerships with tribal entities and organizations could facilitate better communication and understanding of the unique challenges faced by tribal communities.

By implementing these recommendations, FHLBNY can play a pivotal role in ensuring that the Affordable Housing Program fulfills its mission of supporting diverse and inclusive housing initiatives. It is essential that all communities, including those on tribal land, have equal opportunities to benefit from these critical resources.

Thank you for considering these suggestions. I am confident that, with thoughtful adjustments, the AHP General Fund can better serve tribal communities and help us achieve our shared goals of affordable, accessible housing for all.

**FHFA Request for Input: FHLBank Affordable Housing Program Competitive Application Process**

**August 15, 2024**

Name: Monica McCullough

Organization: MM Development Advisors

<b>Question 1</b>	<b>Are there particular components of the FHLBanks' AHP application processes that could be made more effective or efficient, and if so, how? 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? 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?</b>
Response 1	One of the primary ways FHLB could make the application more efficient for applicants is by allowing more flexibility in the documentation that can be submitted to verify scoring and eligibility requirements. For example, many projects are already under construction when they apply for FHLB and have AIA Pay Applications signed by the general contractors and architects. It would cut out a lot of work for the development team if applicants could submit the signed Pay App as third-party documentation of costs instead of having to complete and execute an entirely new form (the Project Construction Form). AHP also has very prescriptive requirements regarding what can be submitted as evidence of site control. Many municipalities have differing methods of documenting site control, so it would be helpful if applicants could provide whatever documentation is



	<p>available to FHLB with a narrative explanation, rather than having to jump through hoops to get the exact documentation that FHLB requires.</p> <p>The Rental Project Workbook could also be streamlined, as many of the questions requiring narrative explanation and backup documentation will not have sufficient responses until closer to closing on the funds.</p> <p>*Specifically, as it relates to FHLB NY, there are improvements that could be made to the new online submission portal that would vastly improve the efficiency of application submission. For example, a Save and Continue button on each page would prevent applicants from losing work they have already completed because they forgot to Save and Exit the application before moving to the next page. It would also be helpful if applicants could click through the entire application without completing the previous tab. Currently, you have to answer every question and upload every document before moving to the next page. The portal could also use longer periods before it times out, as users often lose work before they have a chance to save. Finally, the portal did not have specific places to upload all of the required documentation, such as the Project Construction Form, leading to confusion and additional work for users.</p>
<p><b>Question 2</b></p>	<p><b>How do the FHLBanks' AHP application processes compare to those of other providers of gap funding with respect to scope, complexity, and documentation requirements?</b></p>
<p>Response 2</p>	<p>The AHP application requires certain documentation for all projects that other funders only require in specific circumstance or don't require until after funding award. For example, AHP requires projects to submit an appraisal, which most other funders only require if their funding is being used toward the acquisition costs. FHLB also requires a</p>

	<p>Third-Party Market Study for all projects, which is not a good source of determining need for 100% homeless projects. A market study is an unnecessary expense for small projects or for projects with a large proportion of rental subsidy. Most other funding sources will allow applicants to write a narrative justification of need using data sources more applicable to homeless projects or for smaller projects.</p>
<p><b>Question 3</b></p>	<p><b>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?</b></p>
<p>Response 3</p>	<p>The AHP application process is not complementary of other funders’ underwriting requirements, nor does it leverage other funders’ applications. AHP requires completely different forms, budget formatting, etc. For example, some other funders require supportive services to be integrated with project revenue sources for permanent supportive housing, but there is not an easy way to demonstrate this structure in an AHP application. It would be preferable if other application requirements could be leveraged, especially when FHLB is serving as a gap funder.</p>
<p><b>Question 4</b></p>	<p><b>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?</b></p>
<p>Response 4</p>	<p>Yes, if projects are requesting a small subsidy from AHP or the subsidy constitutes a small percentage of the total project funding, it</p>

	<p>makes sense to differentiate the AHP application requirements. Specifically for projects where AHP is serving as a gap funder, FHLB could defer to the largest funder’s requirements for reviews of project feasibility, underwriting, site control, etc. If another funder is providing multi-millions of dollars to a project, it can be expected that their application requirements will cover anything that would be important to FHLB’s review.</p> <p>In New York State, there are specific state funding sources that are open to smaller projects (20 units or less) and have simpler application processes than funding sources typical in larger projects (9% or 4% applications).</p>
<p><b>Question 5</b></p>	<p><b>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?</b></p>
<p>Response 5</p>	<p>Consultants are often used in applying for AHP funds because nonprofit Sponsor organizations do not always have the time and/or the technical capacity necessary to devote to the in-depth application process. Additionally, because AHP typically serves as gap funding, the development projects being submitted for funding are often of a scale that even large, high-capacity organizations work with development consultants to lead the process, including securing funding sources. Even though AHP is a gap source, if a consultant is leading funding development for the entire project, it makes most sense for them to take the lead on the AHP application as well.</p>
<p><b>Question 6</b></p>	<p><b>Are there effective practices the FHLBanks could implement to coordinate the</b></p>

	<b>underwriting review process across multiple funding sources in a project?</b>
Response 6	If AHP is serving as gap funding on a project, it would make sense for FHLB to defer to the underwriting review requirements of the largest funding source.
<b>Question 7</b>	<b>What is the single most important change you would recommend for improving the AHP application process?</b>
Response 7	The single most important change we would recommend is implementing a two-phase application process. The first phase would include a threshold review and scoring documentation. If applicants score in a range to be funded, they would move on to a second, more detailed application phase. This would prevent applicants from devoting a wealth of time and resources to preparing applications that will be screened out early in the process due to threshold or scoring issues. It is a better use of limited time resources for second round applicants to provide thorough information about their projects, knowing that they are already in the scoring range to be funded if they supply the details needed in a timely manner.
<b>Question 8</b>	<b>What concrete steps would you recommend for simplifying the AHP application process and why?</b>
Response 8	See Response 7.

Outside of the application process, MMDA has the following recommendations that would make AHP more accessible and effective as a gap funding source for applicants:

- If FHLB NY wants to encourage small projects and supportive housing projects, it may be appropriate to reflect on the member bank scoring. Projects that do have conventional construction or perm debt are at a serious disadvantage. It is very challenging to obtain a bank donation, which is the only option for a project that does not have a conventional loan. Also FHLB NY should be mindful that in some cases, the selection of a member bank as a construction lender drives up project costs because of the very limited member

bank options. A project that could otherwise obtain a lower-cost, better-termed conventional loan will work with a member bank in order to achieved these points. That may be the intention of the scoring, but it is not beneficial for the project or from an overall cost containment perspective.

- The requirement that preservation projects maintain 50% occupancy is problematic for small projects that are most in need of preservation funding. In some cases, units are in such disrepair that a Sponsor is not able to occupy them until they are rehabilitated, even though other units in the project are still operating. For example, in a four unit building that is 30 years old and in desperate need of resources, it is not out of the question that 2 units could be vacant due to property conditions that prevent the unit from being leasable. This is not a circumstance in which a project should be disqualified from being considered a preservation project.
- It would be helpful if there was more flexibility and ease regarding what FHLB funds can be used for, such as soft costs and construction loan interest.

As a final note, we greatly appreciate FHLB's transparency in scoring and the responsiveness of the TA team during the application process. Those two things set FHLB apart from other funders.