Federal Housing Finance Agency: FHLBank Affordable Housing Program Competitive Application Process Comments

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- Affordable homeownership has become far less competitive with the current scoring. Although there are points awarded for creating homeownership in Low-Income Minority areas there are several other points or requirements that are elusive or not really functionally possible for most affordable homeownership.

    1. **Income targeting**- Creation of new homeownership has become far more expensive and property values and taxes continue to rise. It is important that households that purchase homes be able to afford to stay in those homes. It is harder and harder, and potentially irresponsible in some cases, to target homes to households making less than 60% AMI. Homeownership scoring should reflect this.

        Additionally, the specific scoring that incentives having <60% households <60% AMI does not align with the Residential Economic Diversity scoring that prioritizes lower income households in higher income neighborhoods, as the property values and thus tax burdens will create added financial pressure on these households with more limited means.

    2. **Residential Economic Diversity:** Most non-profit developers will only be receiving donated land or afford to purchase land in lower income communities. To get Residential Economic Diversity points a developer has to sell those homes to higher income households (and the cap is 80%) or alternately sell homes to lower income households if they are able to secure land in a census tracts with average incomes of 100% or greater AMI. This is rarely possible.

    3. **Underserved Communities and Populations**: Housing for Homeless Households often will not align with homeownership opportunities. This is a tough category for Homeownership projects to attain points and thus functionally not accessible to homeownership projects.

    4. **Special Needs and Military Veterans**: Under fair housing laws it is not legal to hold houses for households with specific characteristics. Habitats bring folks with special needs into our program but they have right of first refusal and thus it is very difficult to ensure a home can be matched to a household with a specific characteristic.

    5. **Creating Economic Opportunity**: This was an area where homeownership organizations were able to bring more value and engineer longer-term success for economic opportunities through Empowerment techniques and make up for some of the inability to access other points as described above. The scoring has been reduced from 10 to 6 total points available.

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- We would like to see limits on the prescribed scoring categories to the requirements in the AHP statute and increase the FHLBanks' ability to determine scoring priorities based on district needs. This could address the comment above.
- It would be beneficial to have additional flexibility to better align AHP with other funding sources who also might require any subsidy's retention agreement hold second position.
- Specifically for Habitat for Humanity affiliates: The Present Value of Mortgage in the capital stack does not represent real funding and capital that can be used during the development of a project. This is not real dollars that we are able to access at time of development. Its presence in the capital stack can make the actual funding gap appear smaller. There have been times where a project may look over-funded with the full realization of the FHLB subsidy, and thus part of that subsidy must be left on the table. Even though we do not actually have the dollars that are represented by the Present Value of Mortgages.
- Refrain from adding new requirements on FHLBanks, which adds complexity for members and AHP sponsors
- Right-sizing AHP requirements to the amount or percentage of AHP dollars in a project. There are times when a smaller subsidy or funding source is all that is needed to fill gap financing on a project. Yet the requirements for both application and especially disbursement are too onerous to justify for a smaller level of funding.