

**Federal Home Loan Bank (FHLBank) Affordable Housing Program (AHP)
Proposed Rule (83 Federal Register 11344 (March 14, 2018))
Conference Call of the Federal Housing Finance Agency (FHFA) and the FHLBank of
Topeka
April 10, 2018**

Attendees (by telephone):

FHFA: Marcea Barringer

FHLBank of Topeka: Tom Thull, Mike Borchert, Mark Ward

Summary: On April 10, 2018, the above-listed FHLBank of Topeka staff called FHFA to ask several clarifying questions about the above-referenced proposed rule. FHFA staff encouraged FHLBank staff to submit its comments and suggestions to FHFA in a public comment letter. The following is a summary of the attendees' discussions and reflects solely the statements of the attendees, as captured by FHFA staff.

Calculation of 55 Percent Outcome Measure for Regulatory Priorities

FHLBank staff expressed disapproval of how the 55 percent outcome measure would be calculated under proposed § 1291.48(d). FHLBank staff stated that the proposed calculation would appear to prohibit a FHLBank from receiving credit for Homeownership Set-Aside Program funds provided to households towards satisfaction of the three regulatory priorities enumerated in proposed § 1291.48(d)(1)-(3). FHLBank staff claimed that the calculation would require the FHLBank to “set a very high bar” within its AHP competitive programs to have almost all of those projects meet the proposed regulatory priorities.¹

Regulatory Priority for Very Low-Income Targeting for Rental Units

FHLBank staff objected to the requirement in proposed § 1291.48(c) that 55 percent of all rental units in projects receiving AHP subsidy under the FHLBank's General Fund and any Targeted Funds be reserved for very low-income households (incomes at 50 percent or less of area median income (AMI)). FHLBank staff indicated a preference for a requirement that 55 percent of “AHP units” only, which it defines as units reserved for households at or below 80 percent of AMI, be reserved for very low-income households. The attendees discussed the example of a 100-unit rental project, where 80 units are reserved for households at 80 percent of AMI or below, and 50 of those 80 units are reserved for households at 50 percent of AMI or below. Under the proposed rule, 50 of the 100 units, or 50 percent, would count towards meeting the income targeting requirement. Under FHLBank staff's recommendation, 50 of the

¹ Subsequent to this discussion, FHFA published a notice of correction to proposed § 1291.48(d) that would count eligible awards under the FHLBanks' Homeownership Set-Aside Programs towards satisfaction of the three regulatory priorities. *Affordable Housing Program Amendments; Correction, Extension of Comment Period, and Further Request for Comment*; 83 Fed. Reg. 19188 (May 2, 2018).

80 units, or 62.5 percent, would count. FHLBank staff also stated that their recommendation would encourage more mixed-income projects.

Timing of Evaluation of Satisfaction of Outcome Measures

FHLBank staff asked about the period for which each FHLBank would be evaluated for satisfaction of the proposed outcome measures each year. FHFA staff explained that under the proposed rule, the FHLBanks would be evaluated for the calendar year, and that any awards to projects, including awards to projects as alternates, made during the calendar year would count towards meeting the relevant outcome measures. FHLBank staff stated that the FHLBank approves alternates for funding within one year of the funding round awards, and that evaluating all awards on a calendar year basis would exclude alternates approved after the end of the calendar year from counting towards satisfaction of the outcome measures. FHLBank staff indicated that this timing issue might compress the FHLBank's timeframes for awarding funding to alternates by many months. FHLBank staff noted, for example, that based on its FHLBank's AHP funding schedule, instead of approving all of the alternates for funding by September 2019, the FHLBank would have to approve all of the alternates for funding by the end of December 2018 in order for those funds to count towards meeting the relevant outcome measures.