

**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 on the AHP Proposed Rule  
May 8, 2018; 11:00 a.m. Eastern Standard Time**

**Attendees (by telephone):**

FHFA: Marcea Barringer, Eric Howard, Sharon Like, Tiffani Moore, Adam Pecsek, Danielle Safran

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

**Summary:** On May 8, 2018, FHFA staff held a conference call with FHLBank of Topeka staff to discuss questions raised by FHLBank staff about the above-referenced proposed rule in a May 4, 2018 email to FHFA (attached). The following is a summary of the attendees' discussions and reflects solely the statements of the attendees, as captured by FHFA staff.

**Presentation Materials for April 27, 2018 Meeting on Proposed AHP Rule**

FHLBank staff requested that FHFA provide more information about the formulas and data used to generate the charts in the materials FHFA staff presented at the April 27, 2018 meeting with the FHLBanks, FHLBank Affordable Housing Advisory Council members, and Council of the FHLBanks staff. FHFA staff explained that it used Data Reporting Manual data submitted to FHFA by the FHLBanks in connection with their approved AHP projects and households as of December 31, 2017. FHFA staff described the data as incorporating specific year funding allocations, recaptured funds and reallocated funds, and excluding withdrawn funds.

FHLBank staff stated that slides 15 and 17 in the presentation materials appear to be very similar, as do slides 16 and 18. FHFA staff stated that slides 17 and 18 were partially duplicative of slides 15 and 16, respectively, and were inadvertently included in the April 27 presentation. FHFA staff explained that the denominator used in calculating the percentage figures in slides 15 and 16 was the FHLBank's total AHP contribution for 2017, and confirmed that the figures in these two slides accurately reflect the FHLBank's 2017 performance measured against the identified outcome requirements in the proposed rule. FHFA staff also noted that it had corrected slide 11 to reflect 2017 AHP awards made by the FHLBank to projects with nonprofit or government sponsorship. FHFA staff committed to sending the revised presentation materials to identified attendees of the April 27 meeting by close of business, May 8, 2018. FHFA staff also indicated that it would use the revised materials in future presentations.

**Outcome Requirements**

Meeting Statutory and Regulatory Priorities

In response to a question from FHLBank staff about the use of the word “threshold” in the proposed rule, FHFA staff explained that the proposed rule would not require that each project meet each of the statutory and regulatory priorities in proposed § 1291.48. FHFA staff noted that there may be projects that would not meet any of these priorities but would still be eligible for funding.

#### Percentage Threshold for Units Reserved for Targeted Populations in a Project

FHFA staff indicated that, as discussed in the proposed rule preamble, the agency is also specifically interested in receiving comments on the proposed increase from 20 percent to 50 percent of units in a project that must be reserved for targeted housing populations in order for the project to meet the specified housing need under the Underserved Communities or Populations regulatory priority, including whether a different percentage threshold would be preferable and why.

#### Counting Set-Aside Funds Towards the 55 Percent Outcome Requirement for Regulatory Priorities

FHFA staff confirmed, in response to a FHLBank staff question, that because first-time homebuyers receiving Homeownership Set-Aside Program funds must complete a homebuyer or homeowner counseling program under the current regulation and proposed rule, set-aside funds awarded to such households would meet the Promotion of Empowerment housing need under the Creating Economic Opportunity regulatory priority in proposed § 1291.48(d)(2). FHFA staff also noted that where a FHLBank, in its discretion, requires non-first-time homebuyers to receive such counseling, which most FHLBanks do, set-aside funds provided to those households would also meet the Promotion of Empowerment housing need. Additionally, FHFA staff indicated that set-aside funds provided for owner-occupied rehabilitation would meet the proposed Affordable Housing Preservation regulatory priority.

FHFA staff pointed out that including 2017 FHLBank set-aside home purchase funds in the corrected calculation of the proposed 55 percent outcome requirement would have resulted in approximately 90 percent of the FHLBanks’ AHP funds meeting at least two of the three proposed regulatory priorities, in the aggregate, which is well above 55 percent. FHFA staff reiterated the intent of the proposed rule, as stated in the preamble, to provide the FHLBanks with additional flexibility to target district housing needs, while at the same time ensuring that FHFA meets the statutory requirement that it establish priorities for the use of the AHP funds, which FHFA proposed to achieve through the outcome requirements. FHFA staff stressed the importance of the FHLBanks understanding how the outcome requirements would work and that they should not be difficult to meet based on FHFA’s back-testing. FHFA staff also emphasized the proposed new authority for the FHLBanks to establish their own competitive scoring systems to meet the outcome requirements as well as target additional housing needs in their districts. .

**From:** [Barringer, Marcea](#)  
**To:** [Moore, Tiffani](#); [Wartell, Ted](#); [Howard, Eric](#); [Safran, Danielle](#)  
**Subject:** Fwd: A few questions  
**Date:** Friday, May 4, 2018 5:17:11 PM

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FYI.

Begin forwarded message:

**From:** Tom Thull <[Tom.Thull@FHLBTopeka.com](mailto:Tom.Thull@FHLBTopeka.com)>  
**Date:** May 4, 2018 at 5:08:28 PM EDT  
**To:** "Barringer, Marcea" <[Marcea.Barringer@fhfa.gov](mailto:Marcea.Barringer@fhfa.gov)>  
**Subject:** A few questions

Marcea,

You all did a very nice job in Cincy last week. I hope you don't feel like you were completely ambushed.

I left Cincy with a few questions and my managers have come up with a few more.

1. Is it possible to get the formulas and the data source for the charts in the PowerPoint?
2. There is some confusion around the use of the word Threshold. Can you clarify when threshold impacts eligibility, scoring, outcomes and priorities?
3. As you recall, our Set-aside is limited to First-time homebuyers with Homebuyer Education required, can we use the totals for set-aside in the numerator of the calculation? (I believe Ted answered this in your phone conversation with Damon today.)
4. How are slide 15 17 different? Are Special (15) and Targeted (17) synonymous? Also, Preservation is included on slide 15 and slide 17 includes Energy Efficiency Improvements (EEI). I see that EEI is one of the Housing Preservation criterion. There are different numbers in the column titled AMI 30%<Rental, on slide 15, Topeka has 26%, while on slide 17, the Topeka has 56%.
5. I believe that all but one of our 2017 awardees were nonprofit. I think Mike identified that four applicants failed to mark the correct box to indicate nonprofit sponsorship, and some others are Public Housing Authorities. I mention this in the event Public Housing Authorities are identified in DRM, but were not included in the data used for the numbers for the chart on slide 11.

Sorry for so many questions on a Friday afternoon.

Have a great weekend.

Tom

**J. Thomas "Tom" Thull**

FHLBank Topeka | First V. P. Community Investment Officer, Director of Housing and Community Development

**DIRECT** 785.478.8056 | **FAX** 785.234.1765 | **CELL** 316.288.6372

500 SW Wanamaker Road, | PO Box 176 | Topeka, KS 66601-0176

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