

**Federal Home Loan Bank Affordable Housing Program (AHP)
Proposed Rule (83 Federal Register 11344 (March 14, 2018))
Conference Call of the Federal Housing Finance Agency (FHFA) and Federal Home Loan
Bank of New York (FHLBank)
July 19, 2018; 2:00 p.m. Eastern Standard Time**

FHFA Attendees: Chris Curtis, Sharon Like, Ted Wartell, Marcea Barringer, Gwen Grogan, Eric Howard, Tiffani Moore, Adam Pecsek, and Danielle Safran

FHLBank Attendees: Jennifer Alberto, Paul Heroux, Holly Kelly, Brian Loeb, Cynthia Palladino, and Kelly Seifert

Summary:¹ On July 19, 2018, during a conference call with the FHLBank on another matter, FHFA staff solicited the FHLBank attendees' views on the AHP proposed rule preamble's discussion of, and request for comments on, possible proxies for subsequent purchaser income as a means of providing a reasonable basis to assume that such purchaser is low- or moderate-income. The current regulation provides for an exception to subsidy repayment where the subsequent purchaser is a low- or moderate-income household.

FHFA staff asked specifically about the following potential proxy described in the proposed rule preamble: the location of the AHP-assisted unit in a census tract or block group where at least 51 percent of the households are low- or moderate-income. According to the FHLBank attendees, this proxy would be inappropriate and unhelpful because, although the relevant census data would allow the FHLBank to determine the number of households in the applicable geographical area whose incomes fall within a particular set of ranges (e.g., \$70,000 – 79,999, \$80,000 – 89,999, etc.), it would not allow the FHLBank to reliably determine whether at least 51 percent of the households qualify as low- or moderate-income. FHFA staff noted that, under some circumstances, this data would permit the FHLBank to determine whether the relevant proxy would apply. For example, if at least 51 percent of the households fall within income ranges with an upper limit that does not exceed 80 percent of area median income (AMI), the FHLBank could conclude that at least 51 percent of the households would qualify as low- or moderate-income. The FHLBank attendees acknowledged this, but emphasized that this analysis would be imprecise in many circumstances and that a similar, but far easier proxy to administer would be the location of the AHP-assisted household in a geographic location where the median income does not exceed 80 percent of AMI.

¹ This is a summary of the discussion described herein, and reflects solely the views of the FHFA and FHLBank attendees, as captured by FHFA attendees.