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 Des Moines (FHLBank)
August 20, 2018; 3:00 p.m. Eastern Standard Time

FHFA Attendees: Marcea Barringer, Lauren Boyd, Gwen Grogan, Tiffani Moore, Adam Pecsek, and Ted Wartell

FHLBank Attendees: Gary Dodge, Richard Bloxham, Jennifer Ernst, DeAnna Poling, and Jane Severson

Summary:[1] On August 20, 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, as well as retention agreements on owner-occupied units generally. The current regulation provides for an exception to subsidy repayment where the subsequent purchaser is a low- or moderate-income household.

FHLBank staff expressed preference for a proxy that would be easy to administer and rely on readily available data. FHLBank staff stated that the location of the unit in a census tract where the median income does not exceed 80 percent of area median income could be easily administered as a proxy, although FHLBank staff also noted that some lenders might be unfamiliar with the use of census-tract-related data. FHLBank staff also claimed that a proxy based on Mortgage Revenue Bond Program purchase price limits could be easily administered. FHLBank staff stated that a proxy based on median home price in the area, as referenced in the preamble to the proposed rule, might be difficult to administer, as the necessary information might not be readily available.

FHLBank staff restated the opinion, reflected in the comment letter jointly submitted by all eleven Federal Home Loan Banks, that the FHLBank would prefer the authority to use or eliminate retention agreements at its discretion. FHLBank staff stated that the risks associated with potential property flipping are greater in connection with its competitive application program, where the subsidy limits are higher than the current regulatory subsidy limit of $15,000 for Homeownership Set-Aside Programs. FHLBank staff also indicated that awardees under its competitive application program frequently impose their own, separate retention agreements that partially duplicate the AHP retention agreement.

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[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.