



“AFFORDABLE HOUSING PROGRAM”

OMB NUMBER 2590-0007

SUPPORTING STATEMENT

A. JUSTIFICATION

1. Circumstances Necessitating the Collection of Information

Section 10(j) of the Federal Home Loan Bank Act (Bank Act) requires FHFA to promulgate regulations under which each of the 11 Federal Home Loan Banks (Banks) must establish an Affordable Housing Program (AHP) to provide subsidy to the Bank’s member institutions to finance: (1) homeownership by households with incomes at or below 80 percent of the area median income (low- or moderate-income households); and (2) the purchase, construction, or rehabilitation of rental housing in which at least 20 percent of the units will be occupied by, and affordable for, households with incomes at 50 percent or less of the area median income (very low-income households).¹ Section 10(j) also establishes standards and requirements for providing such subsidized funding to Bank members and requires each Bank to contribute 10 percent of its previous year’s net earnings to its AHP annually, subject to a minimum annual combined contribution by the 11 Banks of \$100 million.²

FHFA’s AHP regulation, which implements the statutory AHP requirements, is set forth at 12 CFR part 1291. The regulation requires that each Bank establish and fund an AHP and sets forth the parameters within which the Banks’ programs must operate. The regulation permits the Banks a degree of discretion in determining how their individual programs are to be implemented and requires that each Bank adopt an AHP Implementation Plan setting forth the specific requirements for that Bank’s program.³

The AHP regulation requires each Bank to establish a General Fund, which is a competitive application program under which the Bank accepts applications for AHP subsidized advances or direct subsidies (grants) submitted by its members on behalf of non-member entities having a significant connection to the projects for which subsidy is being sought (project sponsors).⁴ The AHP regulation also authorizes each Bank, in its discretion, to establish, on a phased-in basis, up to three Targeted Funds, which are competitive application programs under which funds are targeted

¹ See 12 U.S.C. 1430(j)(1) and (2).

² See 12 U.S.C. 1430(j)(5)(C).

³ 12 CFR 1291.13(b).

⁴ 12 CFR 1291.21. Under the regulation, an AHP project sponsor may be an entity that either: (1) has an ownership interest in a rental project; (2) is integrally involved in an owner-occupied project, such as by exercising control over the planning, development, or management of the project, or by qualifying borrowers and providing or arranging financing for the owners of the units; (3) operates a loan pool; or (4) is a revolving loan fund. 12 CFR 1291.1 (definition of “sponsor”).

to address specific affordable housing needs within the Bank's district that are either unmet, have proven difficult to address through the Bank's General Fund, or align with the objectives identified in the Bank's strategic plan.⁵ Each Bank accepts applications for AHP subsidy under its competitive application program(s) during a specified number of funding periods each year, as determined by the Bank.⁶ A Bank must determine for each application it receives whether the proposed project meets applicable AHP regulatory eligibility requirements.⁷ The Bank must score each application according to AHP regulatory and Bank-specific scoring guidelines, and approve the highest scoring projects within that funding period for AHP subsidy.⁸

The regulation provides that, prior to each disbursement of AHP subsidy for a project approved under a Bank's competitive application program(s), the Bank must verify that the project continues to meet applicable AHP regulatory eligibility requirements, as well as all commitments made in the approved AHP application.⁹ As part of this process, Banks typically require that the member and project sponsor provide documentation demonstrating continuing compliance. In the event of project noncompliance, a project sponsor is required to make a reasonable effort to cure the noncompliance within a reasonable period of time.¹⁰

If the project sponsor cannot cure the noncompliance within a reasonable period of time, the regulation permits a Bank to approve a modification to the terms of an approved application that would change the score that the application received for the funding period in which it was originally scored and approved, had the changed facts been operative at that time. Before a Bank approves a modification: (i) the project, incorporating the changes, must continue to meet the regulatory eligibility requirements; (ii) the application, as reflective of the changes, must continue to score high enough to have been approved in the funding period in which it was originally scored and approved; and (iii) there must be good cause for the modification, and the analysis and justification for the modification must be documented by the Bank in writing.¹¹

The regulation requires generally that a Bank monitor owner-occupied and rental projects receiving AHP subsidy under its competitive application program(s) prior to and after project completion. During the initial monitoring period, a Bank must determine whether the project is making satisfactory progress towards completion, in compliance with the commitments made in the approved application, Bank policies, and applicable AHP regulatory requirements. Following project completion, the Bank must determine whether satisfactory progress is being made towards occupancy of the project by eligible households.¹² Within a reasonable period of time after project completion, the Bank must determine whether the project meets applicable AHP regulatory requirements and the commitments made in the approved application.¹³ During the long-term 15-year monitoring period for rental projects, subject to certain exceptions in the AHP regulation, the

⁵ 12 CFR 1291.20(b).

⁶ 12 CFR 1291.22(a).

⁷ 12 CFR 1291.22(b)(1).

⁸ 12 CFR 1291.22(c).

⁹ 12 CFR 1291.30(c).

¹⁰ 12 CFR 1291.60(b)(1).

¹¹ 12 CFR 1291.29(a).

¹² 12 CFR 1291.50(a)(1).

¹³ 12 CFR 1291.50(a)(2).

Bank must determine whether the household incomes and rents in the project comply with the income targeting and rent commitments made in the approved application.¹⁴ For both the initial and long-term monitoring, a Bank must review appropriate documentation maintained by the project sponsor.

Homeownership Set-Aside Programs

The AHP regulation also authorizes each Bank, in its discretion, to allocate up to the greater of \$4.5 million or 35 percent of its annual required AHP contribution to establish homeownership set-aside programs for the purpose of promoting homeownership for low- or moderate-income households.¹⁵ Under these homeownership set-aside programs, a Bank provides AHP direct subsidies to its members who, in turn, provide the subsidies as grants to eligible households for down payment, closing cost, counseling cost or rehabilitation assistance in connection with the household's purchase of a primary residence or rehabilitation of an owner-occupied residence.¹⁶ Prior to the Bank's disbursement of a direct subsidy under its homeownership set-aside program(s), the member must agree that the subsidy will be provided in compliance with all applicable AHP regulatory eligibility requirements.¹⁷

AHP Information Submitted by Banks to FHFA

FHFA's Data Reporting Manual (DRM) requires each Bank to submit to FHFA aggregate AHP information.¹⁸ Specifically, the DRM requires each Bank to submit to FHFA project-level information regarding its competitive application program(s) and household-level information regarding its homeownership set-aside program(s) semi-annually. The information the Banks are required to submit to FHFA under the DRM is derived from the documentation submitted by Bank members and project sponsors that is described above.

2. Use of Data

The Banks use the AHP information collected from Bank members and project sponsors to determine whether: (1) projects for which Bank members and project sponsors are seeking subsidies under the Banks' competitive application programs satisfy the applicable statutory and regulatory requirements and score highly enough in comparison with other applications submitted during the same funding period to be approved for AHP subsidies; (2) projects approved under the Banks' competitive application programs continue to meet the applicable AHP regulatory requirements and comply with the commitments made in the approved applications each time AHP subsidy is disbursed by the Banks, through their members, to the project sponsors; (3) requests for modifications of projects approved under the Banks' competitive application programs meet the

¹⁴ 12 CFR 1291.50(c)(1).

¹⁵ 12 CFR 1291.12(b); 1291.40.

¹⁶ 12 CFR 1291.42(d).

¹⁷ 12 CFR 1291.15(a).

¹⁸ The AHP reporting requirements are located in chapter 5 of the DRM, which is available electronically on FHFA's public website at <http://www.fhfa.gov/SupervisionRegulation/FederalHomeLoanBanks/Documents/FHFB-Resolutions/2006/2006-13-Attachment.pdf>.

AHP regulatory requirements for approval; (4) during the initial monitoring period, projects approved under the Banks' competitive application programs are making satisfactory progress towards completion, are making satisfactory progress towards occupancy of the projects by eligible households after completion, and, within a reasonable period of time after completion, are in compliance with the commitments made in the approved applications, Bank policies, and applicable AHP regulatory requirements; (5) during the long-term 15-year monitoring period, completed rental projects continue to comply with the household income targeting and rent commitments made in the approved applications; and (6) applications for direct subsidy under Banks' homeownership set-aside programs were approved, and the direct subsidies disbursed, in accordance with applicable AHP regulatory requirements.

FHFA uses the information required to be submitted by the Banks under the DRM to verify that the Banks' funding decisions, and the uses of the funds awarded, were consistent with statutory and regulatory requirements.

3. Use of Information Technology

All of the Banks now accept AHP competitive and homeownership set-aside program applications, as well as related certifications, compliance submissions, and monitoring submissions, electronically. Most of the Banks require members to submit all AHP documentation electronically through a dedicated secure portal. The Banks provide for various methods of electronic submission, depending on the policies of the particular Bank and the type of documentation. These methods include: the entry of data directly into online forms; the completion of fillable electronic documents in various formats, which are then uploaded to the Bank's portal; and the uploading to the Bank's portal of electronic documents that have been created by the member or project sponsor (either electronically in the first instance or by scanning paper documents).

The Banks submit AHP data to FHFA as required under the DRM through formatted electronic files that FHFA then uploads into its AHP electronic database.

4. Efforts to Identify Duplication

This information collection avoids duplication by permitting the submission of information that may already be available to, or have been compiled by, members and project sponsors for other purposes. For example, AHP project sponsors are likely to be applying for funding from multiple sources and may be able to submit information compiled for use in other funding applications when applying for AHP subsidy.

5. Impact on Small Entities

This information collection does not have a significant economic impact on a substantial number of small entities.

6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction

If the Banks did not collect the required information from members and project sponsors at the times specified in part 1291, the Banks would be unable to make timely determinations as to whether AHP applicants satisfy the statutory and regulatory criteria to receive and retain AHP subsidies. If FHFA did not collect from the Banks the required AHP data at the times specified in the DRM, the agency would be unable to verify on a timely basis whether Bank funding decisions, and the uses of funds awarded, were consistent with statutory and regulatory requirements.

7. Circumstances Requiring Special Information Collection

There are no special circumstances that require FHFA to conduct the information collection in a manner inconsistent with the guidelines provided for this Item 7.

8. Solicitation of Comments on Information Collection

In accordance with the requirements of 5 CFR 1320.8(d), FHFA published a request for public comments regarding this information collection in the *Federal Register* on August 5, 2022.¹⁹ The 60-day comment period closed on October 4, 2022. FHFA received no public comments.

9. Provision of Payments or Gifts to Respondents

No payments or gifts are provided to any respondent.

10. Assurance of Confidentiality

The Banks and FHFA maintain the confidentiality of the information collected as required by applicable statute, regulation, and agency policy.

11. Questions of a Sensitive Nature

There are no questions of a sensitive nature in the information collection.

12. Estimates of the Hour Burden of the Information Collection

FHFA has analyzed each of the six facets of this information collection in order to estimate the hour and cost burdens that the collection will impose upon Bank members and AHP project sponsors annually over the next three years. Based on that analysis, FHFA estimates that the total annual hour burden will be 92,599 hours and that the total annual cost associated with this burden will be \$6,011,990. The method FHFA used to determine the annual hour burden and associated cost for each facet of the information collection is explained in detail below.

¹⁹ See 87 FR 48023 (August 5, 2022).

I. AHP Competitive Applications

The estimated annualized hour burden on Bank members and project sponsors in connection with the preparation and submission of AHP competitive applications is 30,000 hours. The estimated annualized cost associated with this burden is \$2,652,000. The estimates are based on the following calculations:

Financial analysts prepare application and supporting materials.

- Time per application: 19.2 hours
- Total applications: 1,250
- Total hours: 24,000
- Hourly rate: \$86 (includes salary, benefits, and overhead)
- Total cost: \$2,064,000

Chief Executive Officer reviews and approves application and supporting materials.

- Time per application: 2.4 hours
- Total applications: 1,250
- Total hours: 3,000
- Hourly rate: \$161 (includes salary, benefits, and overhead)
- Total cost: \$483,000

Administrative assistant assists in compiling documentation and submitting application and supporting materials to Bank.

- Time per application: 2.4 hours
- Total applications: 1,250
- Total hours: 3,000
- Hourly rate: \$35 (includes salary, benefits, and overhead)
- Total cost: \$105,000

II. Compliance Submissions for Approved Competitive Application Projects at AHP Subsidy Disbursement

The estimated annualized hour burden on Bank members and project sponsors in connection with the preparation and submission of documents verifying that projects approved under the Banks' AHP competitive application programs continue to comply with applicable regulatory eligibility requirements and all commitments made in the approved applications at the time each AHP subsidy is disbursed is 345 hours. The estimated annualized cost associated with this burden is \$28,427. These estimates are based on the following calculations:

Financial analyst prepares documents.

- Time per submission: 0.88 hours
- Total submissions: 345
- Total hours: 303.6
- Hourly rate: \$86 (includes salary, benefits, and overhead)
- Total cost: \$26,109

Chief Executive Officer reviews and approves documents.

- Time per submission: 0.02 hours
- Total submissions: 345
- Total hours: 6.9
- Hourly rate: \$161 (includes salary, benefits, and overhead)
- Total cost: \$1,111

Administrative assistant assists in compiling documentation and submitting documents to Bank.

- Time per submission: 0.1 hours
- Total submissions: 345
- Total hours: 34.5
- Hourly rate: \$35 (includes salary, benefits, and overhead)
- Total cost: \$1,207

III. Modification Requests for Approved Competitive Application Projects

The estimated annualized hour burden on Bank members and project sponsors in connection with the preparation and submission of requests for modifications to projects that have been approved under the Banks' AHP competitive application programs is 795 hours. The estimated annualized cost associated with this burden is \$67,296. These estimates are based on the following calculations:

Financial analyst prepares documents.

- Time per request: 2.125 hours
- Total requests: 318
- Total hours: 675.75
- Hourly rate: \$86 (includes salary, benefits, and overhead)
- Total cost: \$58,114

Chief Executive Officer reviews and approves documents.

- Time per request: 0.125 hours
- Total requests: 318
- Total hours: 39.75
- Hourly rate: \$161 (includes salary, benefits, and overhead)

- Total cost: \$6,400

Administrative assistant assists in compiling documentation and submitting documents to Bank.

- Time per request: 0.25 hours
- Total requests: 318
- Total hours: 79.5
- Hourly rate: \$35 (includes salary, benefits, and overhead)
- Total cost: \$2,782

IV. Initial Monitoring Submissions for Approved Competitive Application Projects

The estimated annualized hour burden on Bank members and project sponsors in connection with the preparation and submission of documentation required by the Banks as part of their initial monitoring of in-progress and recently completed projects approved under their AHP competitive application programs is 1,325 hours. The estimated annualized cost associated with this burden is \$93,677. These estimates are based on the following calculations:

Financial analyst prepares documents.

- Time per submission: 3.5 hours
- Total submissions: 265
- Total hours: 927.5
- Hourly rate: \$86 (includes salary, benefits, and overhead)
- Total cost: \$79,765

Administrative assistant assists in compiling documentation and submitting documents to Bank.

- Time per submission: 1.5 hours
- Total submissions: 265
- Total hours: 397.5
- Hourly rate: \$35 (includes salary, benefits, and overhead)
- Total cost: \$13,912

V. Long-Term Monitoring Submissions for Approved Competitive Application Projects

The estimated annualized hour burden on Bank members and project sponsors in connection with the preparation and submission of documentation required by the Banks as part of their long-term monitoring of completed projects approved under their AHP competitive application programs is 9,534 hours. The estimated annualized cost associated with this burden is \$625,410. These estimates are based on the following calculations:

Financial analyst prepares documents.

- Time per submission: 1.8 hours
- Total submissions: 3,178
- Total hours: 5,720
- Hourly rate: \$86 (includes salary, benefits, and overhead)
- Total cost: \$491,920

Administrative assistant assists in compiling documentation and submitting documents to Bank.

- Time per submission: 1.2 hours
- Total submissions: 3,178
- Total hours: 3,814
- Hourly rate: \$35 (includes salary, benefits, and overhead)
- Total cost: \$133,490

VI. Homeownership Set-aside Program Applications and Certifications

The estimated annualized hour burden on Bank members in connection with the preparation and submission of applications and required certifications for AHP direct subsidies under the Banks' homeownership set-aside programs is 50,600 hours. The estimated annualized cost associated with this burden is \$2,545,180. These estimates are based on the following calculations:

Financial analyst prepares application and related certification.

- Time per application: 1.5 hours
- Total applications: 10,120
- Total hours: 15,180
- Hourly rate: \$86 (includes salary, benefits, and overhead)
- Total cost: \$1,305,480

Administrative assistant assists in preparing application and related certification, compiling documentation, and submitting documents to Bank.

- Time per application: 3.5 hours
- Total applications: 10,120
- Total hours: 35,420
- Hourly rate: \$35 (includes salary, benefits, and overhead)
- Total cost: \$1,239,700

13. Estimated Total Annualized Cost Burden to Respondents

FHFA has not identified any costs to respondents other than the hourly personnel costs detailed under Item #12.

14. Estimated Cost to the Federal Government

The estimated annualized hour burden to the federal government is 160 hours. The estimated annualized cost to the federal government associated with this burden is \$18,240. These estimates are based on the following calculations:

Senior policy analyst reviews Banks' AHP data submissions for completeness and validation.

- Time per submission: 80 hours
- Total submissions: 2 (by all Banks combined)
- Total hours: 160
- Hourly rate: \$114 (includes salary, benefits, and overhead)
- Total cost: \$18,240

15. Reasons for Change in Burden

As in the prior Supporting Statement, Item #12 herein addresses six different types of collections under this control number. FHFA has decreased the estimated total annual burden hours to 92,599 from the 118,905 hours that were shown in the Supporting Statement submitted in connection with the 2018 renewal of this information collection. The decrease is attributable to reductions in the amount of funds available for both competitive and non-competitive AHP awards during the review period. For example, the amount of funds available for AHP awards in 2022 is 36 percent less than the amount awarded in 2021. The amount of AHP funds available in 2023 is projected to be 47 percent less than the amount awarded in 2021. As a result, the estimated number of competitive and non-competitive AHP awards were reduced to reflect the reductions in the amount of funds available for AHP awards (under item #12, collection II., Compliance Submissions for Approved Competitive Application Projects at AHP Subsidy Disbursement and collection VI., Homeownership Set-aside Program Applications and Certifications.) The reduction in the estimated total annual burden hours is also attributed to the implementation of regulatory revisions in 2021 that streamlined the initial and long-term monitoring requirements for rental projects. The implementation of these streamlining requirements has reduced the burden associated with preparing and submitting documentation required to monitor rental projects (under item #12, collection IV., Initial Monitoring Submissions for Approved Competitive Application Projects and collection V., Long-Term Monitoring Submissions for Approved Competitive Application Projects.)

16. Plans for Tabulation, Statistical Analysis and Publication

FHFA will not publish the results of this information collection.

17. If Seeking Approval to Not Display the Expiration Date for OMB Approval of the Information Collection, Explain the Reasons Why Display Would Be Inappropriate

FHFA plans to display the expiration date of OMB approval.

18. Explain Each Exception to the Topics of the Certification Statement Identified in

“Certification for Paperwork Reduction Act Submission.”

There are no exceptions to the topics of the certification statement identified in the “Certification for Paperwork Reduction Act Submission”.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This information collection does not employ statistical methods.