



“AFFORDABLE HOUSING PROGRAM”

OMB NUMBER 3069-0006

SUPPORTING STATEMENT

A. Justification

1. Section 10(j) of the Federal Home Loan Bank Act (Bank Act) (12 U.S.C. § 1430(j)) requires the Federal Housing Finance Board (Finance Board) to promulgate regulations under which each of the 12 Federal Home Loan Banks (Banks) must establish an Affordable Housing Program (AHP) to make subsidized advances to members engaged in lending for long term, low- and moderate-income, owner-occupied and affordable rental housing at subsidized interest rates. Section 10(j) also establishes the standards and requirements for making subsidized AHP advances to Bank members. Part 951 of the Finance Board regulations (12 C.F.R. part 951) implements the statutory requirements and authorizes the Banks to make AHP funding decisions. The Finance Board recently moved the AHP data requirements from part 951 into its Data Reporting Manual (DRM). *See* Resolution Number 2006-13 (available electronically in the FOIA Reading Room: <http://www.fhfb.gov/Default.aspx?Page=59&ListCategory=9#9>).

2. The Banks use the AHP data collection contained in the DRM to determine whether an AHP applicant satisfies the statutory and regulatory requirements to receive subsidized advances or direct subsidies under the AHP. The Finance Board uses the information to ensure that Bank funding decisions, and the use of the funds awarded, are consistent with statutory and regulatory requirements.

3. The information collection uses a low level of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Data submission from the Banks to the Finance Board is through formatted files a Bank can create in a manner it considers most efficient or convenient. The use of improved information technology would have no effect on the burden imposed on Banks and members because the required information is the same regardless of the method of collection.

4. The information collection avoids duplication by requiring the submission of information that already may be available to, or compiled by, AHP applicants for other purposes. For instance, because an AHP applicant is likely to be applying for funding from multiple sources, the applicant may be able to use directly or modify information compiled for use in other funding applications when applying for AHP funds.



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5. The information collection does not have a significant economic impact on a substantial number of small entities. The rule implements statutory requirements applicable to all AHP applicants regardless of their size. The Finance Board does not have the authority to make adjustments to the statutory requirements to accommodate small entities.

6. If the information were not collected at the times specified in the part 951 and the DRM, the Banks would be unable to determine whether an AHP applicant satisfies the statutory and regulatory eligibility criteria to receive AHP funding, and the Finance Board would be unable to determine whether Bank funding decisions, and the use of funds awarded, are consistent with statutory and regulatory requirements.

7. There are no special circumstances that require the Finance Board to conduct the information collection in a manner inconsistent with the guidelines provided in Question 7.

8. In accordance with the requirements of 5 C.F.R. § 1320.8(d), the Finance Board published a request for public comments regarding this information collection in the *Federal Register* on April 26, 2005. *See* 70 Fed. Reg. 21411(April 26, 2005). The 60-day comment period closed on June 27, 2005. The Finance Board received one public comment, which supported establishment of consistent data reporting requirements for the AHP. In addition, the Finance Board consulted with all 12 Banks. The contact person for the Banks is Chris Imming, First Vice-President and Community Investment Officer, Federal Home Loan Bank of Topeka, 785-438-6029.

9. No payments or gifts are provided to any respondent.

10. The Banks and Finance Board maintain the confidentiality of information as required by applicable statute, regulation, or agency policy.

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

12. The Finance Board has analyzed the cost and hour burden for the seven facets of the information collection – AHP applications, AHP modification requests, AHP monitoring agreements, recapture agreements, homeownership assistance program applications, verifications of statutory and regulatory compliance, and Bank Advisory Council reports and recommendations on AHP Implementation Plans. The aggregate total annual cost and hour burden for the information collection is as follows:



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	<u>Finance Board</u>	<u>Banks</u>	<u>Applicants/Members</u>	<u>TOTAL</u>
Cost:	\$10,192	\$1,227,662	\$2,768,592	\$4,006,446
Hours:	208	30,618	72,113	102,939

The method the Finance Board used to determine the annual cost and hour burden is explained in detail below.

I. AHP Application Process

The Finance Board based the calculations upon an annual average of 2,050 AHP applications. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Members/Applicants</u>	<u>TOTAL</u>
Cost:	\$0	\$280,850	\$1,826,550	\$2,107,400
Hours:	0	6,150	49,200	55,350

A. Finance Board's Annualized Burden – AHP Application Process

The Finance Board incurs no costs because applicants and members prepare and the Banks review and decide upon each AHP application.

B. Banks' Annualized Burden – AHP Application Process

The estimated annualized cost to the Banks is \$280,850. The estimated annualized hour burden is 6,150 hours. These estimates are based on the following calculations:

Bank analyst reviews and scores each AHP application.

- Review/processing time: 2 hours
- Total applications: 2,050
- Total hours: 4,100
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Total cost: \$159,900

Bank management reviews staff recommendations and the board of directors acts on AHP applications.

- Review/processing time: 1 hour
- Total applications: 2,050
- Total hours: 2,050
- Hourly rate: \$59 (includes salary, benefits, and overhead)
- Total cost: \$120,950



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C. Members/Applicants' Annualized Burden – AHP Application Process

The estimated annualized cost to members and applicants is \$1,826,550. The estimated annualized hour burden is 49,200 hours. The estimates are based on the following calculations:

Project sponsor/owner and member prepare AHP application.

- Processing time: 24 hours
- Total applications: 2,050
- Total hours: 49,200
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Processing cost: \$1,672,800
- Miscellaneous expenses: \$75 per application
- Miscellaneous costs: \$153,750 (\$75 x 2050 applications)
- Total cost: \$1,826,550

II. AHP Modification Requests

The Finance Board based the calculations upon an annual average of 150 AHP modification requests. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Members/Applicants</u>	<u>TOTAL</u>
Cost:	\$0	\$26,400	\$15,750	\$42,150
Hours:	0	600	375	975

A. Finance Board's Annualized Burden – AHP Modification Requests

The Finance Board incurs no costs because applicants and members prepare and the Banks review and decide upon each AHP modification request.

B. Banks' Annualized Burden – AHP Modification Requests

The estimated annualized cost to the Banks is \$26,400. The estimated annualized hour burden is 600 hours. These estimates are based on the following calculations:

Bank Analyst reviews and analyzes each AHP modification request.

- Review/processing time: 3 hours
- Total requests: 150
- Total hours: 450
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Total cost: \$ 17,550



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Bank management reviews staff recommendations and board of directors acts on each AHP modification request.

- Review/processing time: 1 hour
- Total requests: 150
- Total hours: 150
- Hourly rate: \$59 (includes salary, benefits, and overhead)
- Total cost: \$8,850

C. Members/Applicants' Annualized Burden – AHP Modification Requests

The estimated annualized cost to members and applicants is \$15,750. The estimated annualized hour burden is 375 hours. These estimates are based on the following calculations:

Project sponsor/owner and member prepare AHP modification request.

- Processing time: 2.5 hours
- Total requests: 150
- Total hours: 375
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Processing cost: \$12,750
- Miscellaneous expenses: \$20 per request
- Miscellaneous costs: \$3,000 (\$20 x 150 requests)
- Total cost: \$15,750

III. AHP Monitoring Agreements

The Finance Board based the calculations upon an annual average of 825 AHP monitoring agreements. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Members/Applicants</u>	<u>TOTAL</u>
Cost:	\$0	\$96,525	\$126,242	\$222,767
Hours:	0	2,475	3,713	6,188

A. Finance Board's Annualized Burden – AHP Monitoring Agreements

The Finance Board incurs no costs because the applicants, members, and Banks prepare and enforce each AHP monitoring agreement.



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B. Banks' Annualized Burden – AHP Monitoring Agreements

The estimated annualized cost to the Banks is \$96,525. The estimated annualized hour burden is 2,475 hours. These estimates are based on the following calculations:

Bank staff prepares and implements an AHP monitoring agreement with a member.

- Processing time: 1 hour
- Total agreements: 825
- Total hours: 825
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Total cost: \$32,175

Bank staff reviews documentation from project sponsors/owners and members regarding AHP monitoring agreements.

- Review time: 2 hours
- Total submissions: 825
- Total hours: 1,650
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Total cost: \$64,350

C. Members/Applicants' Annualized Burden – AHP Monitoring Agreements

The estimated annualized cost to members and applicants is \$126,242. The estimated annualized hour burden is 3,713 hours. These estimates are based on the following calculations:

Member prepares and implements AHP monitoring agreement with the project sponsor/owner.

- Processing time: 1 hour
- Total agreements: 825
- Total hours: 825
- Hourly rate: \$34 (includes salary, benefit, and overhead)
- Total cost: \$28,050

Project sponsor/owner prepares reports and certifications required by the AHP monitoring agreement.

- Processing time: 1.75 hours
- Total submissions: 825
- Total hours: 1,444
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Total cost: \$49,096



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Member reviews documentation from project sponsors/owners regarding AHP monitoring agreements.

- Processing time: 1 hour
- Total agreements: 825
- Total hours: 825
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Total cost: \$28,050

Member prepares reports and certifications required by the AHP monitoring agreement.

- Processing time: .75 hours
- Total reports: 825
- Total hours: 619
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Total cost: \$21,046

IV. AHP Recapture Agreements

The Finance Board based the calculations upon an annual average of 825 AHP recapture agreements. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Members/Applicants</u>	<u>TOTAL</u>
Cost:	\$0	\$32,175	\$28,050	\$60,225
Hours:	0	825	825	1,650

A. Finance Board's Annualized Burden – AHP Recapture Agreements

The Finance Board incurs no costs because the Banks prepare and enforce each AHP recapture agreement.

B. Banks' Annualized Burden – AHP Recapture Agreements

The estimated annualized cost to the Banks is \$32,175. The estimated annualized hour burden is 825 hours. These estimates are based on the following calculations:

Bank staff prepares and implements an AHP recapture agreement with a member.

- Processing time: 1 hour
- Total agreements: 825
- Total hours: 825
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Total cost: \$32,175



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C. Members/Applicants’ Annualized Burden – AHP Recapture Agreements

The estimated annualized cost to members and applicants is \$28,050. The estimated annualized hour burden is 825 hours. These estimates are based on the following calculations:

Member prepares and implements AHP recapture agreement with the project sponsor/owner.

- Processing time: 1 hour
- Total agreements: 825
- Total hours: 825
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Total cost: \$28,050

V. Homeownership Assistance Program Applications

The Finance Board based the calculations upon an annual average of 8,000 homeownership assistance program applications. The estimated annualized hour burden is 32,800 hours. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Members/Applicants</u>	<u>TOTAL</u>
Cost:	\$0	\$624,000	\$704,000	\$1,328,000
Hours:	0	16,000	16,000	32,000

A. Finance Board's Annualized Burden – Homeownership Assistance Program Applications

The Finance Board incurs no costs because applicants and members prepare and the Banks review and decide upon each homeownership assistance program application.

B. Banks’ Annualized Burden – Homeownership Assistance Program Applications

The estimated annualized cost to the Banks is \$624,000. The estimated annualized hour burden is 16,000 hours. These estimates are based on the following calculations:

Bank staff processes applications and certifications for homeownership assistance program funds.

- Processing time: 2 hours
- Total submissions: 8,000
- Total hours: 16,000
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Total cost: \$624,000



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C. Members/Applicants Annualized Burden - Homeownership Assistance Program Applications

The estimated annualized cost to members and applicants is \$704,000. The estimated annualized hour burden is 16,000 hours. These estimates are based on the following calculations:

Member prepares homeownership assistance program application and certifies compliance upon disbursement of funds.

- Processing time: 2 hours
- Total submissions: 8,000
- Total hours: 16,000
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Processing cost: \$544,000
- Miscellaneous expenses: \$20 per application
- Miscellaneous costs: \$160,000 (\$20 x 8000 applications)
- Total cost: \$704,000

VI. Verification of Statutory and Regulatory Compliance Submissions

The Finance Board based the calculations upon an annual average of 2,000 submissions to verify compliance with statutory and regulatory requirements at the time of subsidy disbursement. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Members/Applicants</u>	<u>TOTAL</u>
Cost:	\$9,604	\$78,936	\$68,000	\$156,540
Hours:	196	2,024	2,000	4,220

A. Finance Board's Annualized Burden – Verification Submissions

The estimated annualized cost to the Finance Board is \$9,604. The estimated annualized hour burden is 196 hours. These estimates are based on the following calculations:

Finance Board staff reviews Banks’ AHP data submissions for completeness and validation.

- Review time: 80 hours
- Total data reporting submissions: 2
- Total hours: 160
- Hourly rate: \$49 (includes salary, benefits, and overhead)
- Total cost: \$7,840



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AHP Examiners review Banks' AHP data reporting records for completeness and accuracy.

- Review time: 3 hours
- Total records: 12 (1 record per year x 12 Banks)
- Total hours: 36
- Hourly rate: \$49 (includes salary, benefits, and overhead)
- Total cost: \$1,764

B. Banks' Annualized Burden – Verification Submissions

The estimated annualized cost to the Banks is \$78,936. The estimated annualized hour burden is 2,000 hours. These estimates are based on the following calculations:

Bank staff reviews documents verifying statutory and regulatory compliance at the time of subsidy disbursement.

- Processing time: 1 hour
- Total submissions: 2,000
- Total hours: 2,000
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Total cost: \$78,000

Bank staff reviews data reporting records prior to submission to Finance Board for accuracy, completeness, and validation.

- Review time: 1 hour
- Total submissions: 24 (2 submissions per year x 12 Banks)
- Total hours: 24
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Total cost: \$936

C. Members/Applicants' Annualized Burden – Verification Submissions

The estimated annualized cost to members and applicants is \$68,000. The estimated annualized hour burden is 2,000 hours. These estimates are based on the following calculations:

Member prepares and submits to the Bank documents verifying statutory and regulatory compliance at the time of the subsidy disbursement.

- Processing time: 1 hour
- Total submissions: 2,000
- Total hours: 2,000
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Total cost: \$68,000



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VII. Bank Advisory Council Reports and Recommendations on AHP Implementation Plans

The Finance Board based the calculations upon an annual average of 12 Bank Advisory Council Reports. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Members/Applicants</u>	<u>TOTAL</u>
Cost:	\$588	\$88,776	\$0	\$89,364
Hours:	12	2,544	0	2,556

A. Finance Board's Annualized Burden – Bank Advisory Council Submissions

The estimated annualized cost to the Finance Board is \$588. The estimated annualized hour burden is 12 hours. These estimates are based on the following calculations:

Finance Board program analyst reviews Bank Advisory Council Reports.

- Review time: 1 hour
- Total reports: 12 (1 report x 12 Bank Advisory Councils)
- Total hours: 12
- Hourly rate: \$49 (includes salary, benefits, and overhead)
- Total cost: \$588

B. Bank's Annualized Burden – Bank Advisory Council Submissions

The estimated annualized cost to the Banks is \$88,776. The estimated annualized hour burden is 2,544 hours. These estimates are based on the following calculations:

Bank staff and board of directors review Advisory Council recommendations on AHP Implementation Plan.

- Review/processing time: 10 hours
- Total plans: 12 (1 plan x 12 FHLBank Advisory Councils)
- Total hours: 120
- Hourly rate: \$39 (includes salary, benefits, and overhead)
- Review/processing cost: \$4,680
- Miscellaneous expenses: \$40 per plan
- Miscellaneous costs: \$480 (\$40 x 12 plans)
- Total cost: \$5,160



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Bank Advisory Council prepares and submits to the Finance Board a report on the Bank's affordable housing and community development activities.

- Processing time: 200 hours
- Total reports: 12 (1 report x 12 Bank Advisory Councils)
- Total hours: 2,400
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Processing cost: \$81,600
- Miscellaneous expenses: \$60 per report
- Miscellaneous costs: \$720 (\$60 x 12 reports)
- Total cost: \$82,320

Bank Advisory Council prepares and submits to the Bank its recommendations on the AHP Implementation Plan.

- Processing time: 2 hours
- Total plans: 12 (1 plan x 12 Bank Advisory Councils)
- Total hours: 24
- Hourly rate: \$34 (includes salary, benefits, and overhead)
- Processing cost: \$816
- Miscellaneous expenses: \$40 per plan
- Miscellaneous costs: \$480 (\$40 x 12 plans)
- Total cost: \$1,296

C. Members/Applicants' Annualized Burden – Bank Advisory Council Submissions

Members and applicants incur no costs because the Banks' Advisory Councils prepare and the Banks and Finance Board review Advisory Council Reports and recommendations.

13. The Finance Board has not identified any costs to respondents other than the costs discussed in detail under Question 12.

14. The estimated annual cost burden to the federal government is \$10,192 and 208 hours. The method used to determine these costs is discussed in detail under Question 12.

15. The estimated annual number of respondents and the annual reporting and recordkeeping hour burden have changed because demand for downpayment/closing cost assistance by households residing in the United States has resulted in an increase in the number of homeownership applications from 2,400 to 8,000.



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16. The Finance Board will not publish the results of this information collection.
17. The Finance Board plans to display the expiration date for OMB approval.
18. There are no exceptions to the certification statement identified in Item 19.

B. Collection of Information Employing Statistical Methods

The information collection does not employ statistical methods.

Attachments