



## “AFFORDABLE HOUSING PROGRAM”

OMB NUMBER 2590-0007

### SUPPORTING STATEMENT

#### A. JUSTIFICATION

##### 1. Circumstances Necessitating the Collection of Information

The Federal Home Loan Bank System consists of eleven regional Federal Home Loan Banks (Banks) and the Office of Finance (a joint office of the Banks that issues and services their debt securities). The Banks are wholesale financial institutions, organized under authority of the Federal Home Loan Bank Act (Bank Act) to serve the public interest by enhancing the availability of residential housing finance and community lending credit through their member institutions and, to a limited extent, through eligible non-member “housing associates.”<sup>1</sup> Each Bank is structured as a regional cooperative that is owned and controlled by member financial institutions located within its district, which are also its primary customers.

##### Statutory Requirements

Section 10(j) of the Bank Act requires the Federal Housing Finance Agency (FHFA) to promulgate regulations under which each of the eleven Banks must establish an Affordable Housing Program (AHP) to provide subsidy to the Bank’s member institutions to: (1) finance homeownership by households with incomes at or below 80 percent of the area median income (low- or moderate-income households); and (2) to finance 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 earning 50 percent or less of the area median income (very low-income households).<sup>2</sup> 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 eleven Banks of \$100 million.<sup>3</sup>

##### The Existing AHP Regulation

FHFA’s AHP regulation, which implements the statutory AHP requirements, is located at 12 CFR

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<sup>1</sup> Certain non-member entities are permitted by statute to engage in limited business activities with a Bank. See 12 U.S.C. § 1430b. FHFA’s regulations refer to these entities as “housing associates.” See 12 CFR part 1264.

<sup>2</sup> See 12 U.S.C. 1430(j)(1) and (2).

<sup>3</sup> See 12 U.S.C. 1430(j)(5)(C).

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.<sup>4</sup>

### *Competitive Application Programs*

The existing AHP regulation requires each Bank to establish a Competitive Application Program under which the Bank accepts applications for AHP subsidies 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).<sup>5</sup> Each Bank accepts applications for AHP subsidy under its Competitive Application Program during a specified number of funding periods each year, as determined by the Bank.<sup>6</sup> A Bank must determine for each application it receives whether the proposed project meets the AHP regulatory eligibility requirements.<sup>7</sup> The Bank must score each application according to an AHP regulatory and Bank-specific scoring methodology, and approve the highest scoring projects within that funding period for AHP subsidy.<sup>8</sup>

The regulation provides that, prior to each disbursement of AHP subsidy for a project approved under a Bank's Competitive Application Program, the Bank must confirm that the project continues to meet the AHP regulatory eligibility requirements, as well as all commitments made in the approved AHP application.<sup>9</sup> As part of this process, Banks typically require that the member and project sponsor provide documentation demonstrating continuing compliance.

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 in the funding period in which it was originally scored and approved, had the changed facts been operative at that time. In order to be considered for 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.<sup>10</sup> Banks typically

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<sup>4</sup> See 12 CFR 1291.3.

<sup>5</sup> See 12 CFR 1291.5. 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").

<sup>6</sup> See 12 CFR 1291.5(b)(1).

<sup>7</sup> See 12 CFR 1291.5(c).

<sup>8</sup> See 12 CFR 1291.5(d).

<sup>9</sup> See 12 CFR 1291.5(g)(3).

<sup>10</sup> See 12 CFR 1291.5(f).

require the member and project sponsor requesting a modification to provide a written analysis and justification as part of their modification request.

The regulation requires generally that a Bank monitor each owner-occupied and rental project receiving AHP subsidy under its Competitive Application Program prior to and after project completion. For initial monitoring, a Bank must determine whether the project is making satisfactory progress towards completion, in compliance with the commitments made in the approved AHP application, Bank policies, and the AHP regulatory requirements. Following project completion, the Bank must determine whether satisfactory progress is being made towards occupancy of the project by eligible households, and whether the project meets the regulatory requirements and the commitments made in the approved AHP application.<sup>11</sup> For long-term monitoring of rental projects, subject to certain exceptions, a Bank must determine whether, during the 15-year retention period, the household incomes and rents comply with the income targeting and rent commitments made in the approved application.<sup>12</sup> 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.<sup>13</sup> Under these Homeownership Set-Aside programs, a Bank provides to its members AHP direct subsidies, which are provided by the members to eligible households as grants to pay 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.<sup>14</sup> Prior to the Bank's disbursement of a direct subsidy under its Homeownership Set-Aside Program, the member must provide a certification that the subsidy will be provided in compliance with all applicable regulatory eligibility requirements.<sup>15</sup>

#### *AHP Information Submitted by Banks to FHFA*

FHFA's Data Reporting Manual (DRM) requires each Bank to submit to FHFA aggregate AHP information.<sup>16</sup> The DRM requires each Bank to submit to FHFA project-level information regarding its Competitive Application Program and household-level information regarding its Homeownership Set-Aside Program semi-annually. The information the Banks are required to

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<sup>11</sup> See 12 CFR 1291.7(a)(1).

<sup>12</sup> See 12 CFR 1291.7(a)(4).

<sup>13</sup> See 12 CFR 1291.2(b)(2); 1291.6.

<sup>14</sup> See 12 CFR 1291.6(c)(4).

<sup>15</sup> See 12 CFR 1291.7(b)(2).

<sup>16</sup> 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>.

submit to FHFA under the DRM is derived from the documentation submitted by Bank members and project sponsors that is described above.

### *Proposed Rule Would Revise the AHP Regulation*

FHFA has published a proposed rule that would make a number of substantive revisions to part 1291, as well as reorganizing and renumbering the various provisions of the part.<sup>17</sup> The proposed rule would eliminate the requirement that each Bank establish a Competitive Application Program. As revised, part 1291 would instead require each Bank to establish a General Fund and authorize each Bank to establish up to three Targeted Funds (subject to a phase-in period), each of which would be subject to a competitive application process similar to that required for the Banks' Competitive Application Programs under the existing regulation. Projects funded under a Banks' General Fund and any Targeted Funds established would be subject to requirements regarding subsidy disbursements, modification requests, and initial and long-term monitoring that are similar to those that currently apply to their Competitive Application Programs. The proposed rule, however, would make a number of minor, yet material, changes to the information collection requirements in those areas. Those changes and their effects on the burden estimates are discussed in detail below in Items #12 and 15.

The proposed rule would also increase the maximum permissible percentage allocation amount for each Bank's Homeownership Set-Aside Program from 35 to 40 percent of the Bank's annual required AHP contribution, while retaining the existing alternative maximum permissible allocation amount of \$4.5 million. In addition, the proposed rule would increase the maximum permissible direct subsidy that a Bank could provide to a household from \$15,000 to \$22,000, which would be adjusted annually to reflect increases in FHFA's Housing Price Index. While the proposed rule would make no changes to the information collection requirements associated with the Homeownership Set-Aside Programs, FHFA anticipates that the above-described regulatory revisions may increase the number of applications for AHP direct subsidies under those programs. The effect of these revisions on the burden estimates are discussed in detail below under Items #12 and 15.

## **2. Use of Data**

The Banks would use the information collected under part 1291, as revised by the proposed rule, to determine whether: (1) projects for which Bank members and project sponsors are seeking subsidies under the Banks' General Funds and Targeted Funds 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' General Funds and Targeted Funds continue to meet the applicable requirements and to comply with the commitments made in the approved AHP applications each time subsidy is disbursed; (3) requests for modifications of projects approved under the Banks' General Funds and Targeted Funds meet the regulatory requirements for approval; (4) projects approved under the Banks' General Funds and Targeted Funds are making satisfactory progress towards completion,

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<sup>17</sup> See 83 Fed. Reg. 11344 (Mar. 14, 2018).

and following project completion, are making satisfactory progress towards occupancy of the project by eligible households, in compliance with the commitments made in the approved AHP applications, Bank policies, and the regulatory requirements (initial monitoring); (5) during the 15-year retention period, completed rental projects under the Banks' General Funds and Targeted Funds continue to comply with the household income targeting and rent commitments made in the approved AHP applications (long-term monitoring); and (6) applications for direct subsidy under Banks' Homeownership Set-Aside Programs were approved, and the direct subsidies disbursed, in accordance with the regulatory requirements.

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

### **3. Use of Information Technology**

All of the Banks accept AHP 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. As explained below in Item #15, the proposed rule would decrease the amount of documentation that Bank members and project sponsors are required to submit in connection with projects that have also been approved for Low-Income Housing Tax Credits and for funding under certain other Federal government programs.

### **5. Impact on Small Entities**

This information collection does not have a significant economic impact on a substantial number of small entities. The regulation implements statutory requirements applicable to all AHP applicants regardless of their size. FHFA does not have the authority to make adjustments to the statutory requirements to accommodate 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, as revised, 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 use of funds awarded, are consistent with statutory and regulatory requirements.

## **7. Circumstances Requiring Special Information Collection**

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

## **8. Solicitation of Comments on Information Collection**

In accordance with the requirements of 5 CFR 1320.8(d)(3), FHFA included a request for public comments regarding this information collection in the Supplementary Information to the proposed rule that was published in the *Federal Register* on March 14, 2018.<sup>18</sup> The 60-day comment period closes on May 14, 2018.

## **9. Provision of Payments or Gifts to Respondents**

No payments or gifts would be 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**

In its prior Supporting Statement, submitted in 2016, FHFA identified six different categories of collections under this control number. Five of those collections related to various aspects of the Banks' Competitive Application Programs—that is, applications, subsidy disbursement, modification requests, short-term monitoring, and long-term monitoring. The sixth category related to the Banks' Homeownership Set-Aside Programs. As revised by the proposed rule, part 1291 would no longer require that each Bank establish a Competitive Application Program, but

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<sup>18</sup> See 83 Fed. Reg. at 11344.

would instead require each Bank to establish a General Fund, and would authorize each Bank to establish up to three Targeted Funds (subject to a phase-in period), all of which would be subject to information collection requirements similar to those that currently apply to the Banks' Competitive Application Programs. For purposes of the burden estimates below, FHFA has retained the existing six collection categories, but has replaced references to "Competitive Application Projects" with references to "General Fund and Targeted Fund Projects" where appropriate.

FHFA has analyzed each of the six types of collections that would occur under part 1291, as revised by the proposed rule, in order to estimate the hour and cost burdens that they would impose upon Bank members and AHP project sponsors annually over the three years following the enactment of a final rule. Based on that analysis, FHFA estimates that the total annual hour burden will be 127,605 hours and that the total annual cost associated with this burden will be \$6,635,236.55. 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.

I. Competitive Applications for AHP Subsidy under General Funds and Targeted Funds

The estimated annualized hour burden on Bank members and project sponsors in connection with the preparation and submission of competitive applications for AHP subsidy under the Banks' General Funds and Targeted Funds is 35,640 hours. The estimated annualized cost associated with this burden is \$2,601,720.00. The estimates are based on the following calculations:

Financial analysts prepare application and supporting materials.

- Time per application: 19.2 hours
- Total applications: 1,485
- Total hours: 28,512
- Hourly rate: \$70 (includes salary, benefits, and overhead)
- Total cost: \$1,995,840.00

Chief Executive Officer reviews and approves application and supporting materials.

- Time per application: 2.4 hours
- Total applications: 1,485
- Total hours: 3,564
- Hourly rate: \$141 (includes salary, benefits, and overhead)
- Total cost: \$502,524.00

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

- Time per application: 2.4 hours
- Total applications: 1,485
- Total hours: 3,564
- Hourly rate: \$29 (includes salary, benefits, and overhead)
- Total cost: \$103,356.00

## II. Compliance Submissions for Approved General Fund and Targeted Fund 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' General Funds and Targeted Funds continue to comply with the regulatory eligibility requirements and all commitments made in the approved AHP applications at the time each AHP subsidy is disbursed is 715 hours. The estimated annualized cost associated with this burden is \$48,133.80. These estimates are based on the following calculations:

Financial analyst prepares documents.

- Time per submission: 0.88 hours
- Total submissions: 715
- Total hours: 629.2
- Hourly rate: \$70 (includes salary, benefits, and overhead)
- Total cost: \$44,044.00

Chief Executive Officer reviews and approves documents.

- Time per submission: 0.02 hours
- Total submissions: 715
- Total hours: 14.3
- Hourly rate: \$141 (includes salary, benefits, and overhead)
- Total cost: \$2,016.30

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

- Time per submission: 0.1 hours
- Total submissions: 715
- Total hours: 71.5
- Hourly rate: \$29 (includes salary, benefits, and overhead)
- Total cost: \$2,073.50

## III. Modification Requests for Approved General Fund and Targeted Fund 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 725 hours. The estimated annualized cost associated with this burden is \$50,351.25. These estimates are based on the following calculations:



Financial analyst prepares documents.

- Time per request: 2.125 hours
- Total requests: 290
- Total hours: 616.25
- Hourly rate: \$70 (includes salary, benefits, and overhead)
- Total cost: \$43,137.50

Chief Executive Officer reviews and approves documents.

- Time per request: 0.125 hours
- Total requests: 290
- Total hours: 36.25
- Hourly rate: \$141 (includes salary, benefits, and overhead)
- Total cost: \$5,111.25

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

- Time per request: 0.25 hours
- Total requests: 290
- Total hours: 72.50
- Hourly rate: \$29 (includes salary, benefits, and overhead)
- Total cost: \$2,102.50

#### IV. Initial Monitoring Submissions for Approved General Fund and Targeted Fund 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 General Funds and Targeted Funds is 2,295 hours. The estimated annualized cost associated with this burden is \$132,421.50. These estimates are based on the following calculations:

Financial analyst prepares documents.

- Time per submission: 3.15 hours
- Total submissions: 510
- Total hours: 1,606.5
- Hourly rate: \$70 (includes salary, benefits, and overhead)
- Total cost: \$112,455.00

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

- Time per submission: 1.35 hours
- Total submissions: 510
- Total hours: 688.5
- Hourly rate: \$29 (includes salary, benefits, and overhead)
- Total cost: \$19,966.50

V. Long-Term Monitoring Submissions for Approved General Fund and Targeted Fund 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 General Funds and Targeted Funds is 13,230 hours. The estimated annualized cost associated with this burden is \$705,110.00. These estimates are based on the following calculations:

Financial analyst prepares documents.

- Time per submission: 1.6 hours
- Total submissions: 4,900
- Total hours: 7,840
- Hourly rate: \$70 (includes salary, benefits, and overhead)
- Total cost: \$548,800.00

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

- Time per submission: 1.1 hours
- Total submissions: 4,900
- Total hours: 5,390
- Hourly rate: \$29 (includes salary, benefits, and overhead)
- Total cost: \$156,310.00

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 75,000 hours. The estimated annualized cost associated with this burden is \$3,097,500.00. These estimates are based on the following calculations:

Financial analyst prepares application and related certification.

- Time per application: 1.5 hours
- Total applications: 15,000
- Total hours: 22,500
- Hourly rate: \$70 (includes salary, benefits, and overhead)
- Total cost: \$1,575,000.00

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

- Time per application: 3.5 hours
- Total applications: 15,000
- Total hours: 52,500
- Hourly rate: \$29 (includes salary, benefits, and overhead)
- Total cost: \$1,522,500.00

### **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 \$15,200. 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: \$95 (includes salary, benefits, and overhead)
- Total cost: \$15,200.00

### **15. Reasons for Change in Burden**

FHFA has increased its estimate as to the total annual average number of burden hours to 127,605 from the 115,750 that were shown in the Supporting Statement submitted in connection with the 2017 renewal of this control number. On balance, FHFA anticipates that the proposed rule would decrease information collection burdens somewhat on a per-submission basis. Nonetheless, FHFA anticipates that the total burden associated with this information collection would increase due to: (1) an expected increase in the number of AHP competitive applications received by the Banks as a result of some of the revisions that would be made by the proposed rule; and (2) an expected

increase in the number of AHP competitive projects and Homeownership Set-Aside direct subsidies approved because of anticipated higher required annual AHP contributions arising from projected higher Bank incomes.

FHFA has increased its estimate as to the annualized costs associated with the burden estimates from \$5,984,898.00 to \$6,635,236.55. This increase arises primarily from the estimated increase in burden hours, but also to a minor extent from slight increases in the national mean hourly wages for the relevant occupational categories, as reflected in the Occupational Employment Statistics data for May 2016 published by the Bureau of Labor Statistics (as compared to the May 2015 data used for FHFA's prior Supporting Statement for this control number) and adjusted to reflect an overall increase of 3.2 percent in the Consumer Price Index for All Urban Consumers since that time. The estimated annual costs incurred by FHFA remain unchanged.

The reasons for the changes in burden estimates for each of the six information collection categories identified in Item #12 are discussed in detail below.

### I. *Competitive Applications for AHP Subsidy under General Funds and Targeted Funds*

The proposed rule would allow the Banks substantially more flexibility to devise their own competitive application scoring criteria for selecting the projects to be approved for AHP subsidies under their General Fund and any Targeted Funds established. In revising the scoring criteria for their General Funds, the Bank would likely also revise their application requirements to reflect the new criteria. In addition, Banks that establish one or more Targeted Funds would likely also develop application requirements for each of those Funds that are different from both their current competitive application requirements and the General Fund application requirements they would establish under the revised regulation. Because of the greater flexibility the Banks would have under the proposed rule, it is not possible at this point to determine precisely how the Banks' competitive application processes would change or to estimate with accuracy the effect that any such changes would have on the average amount of time needed to complete the competitive application process.

The proposed rule would, to a minor extent, require the Banks to obtain from Bank members and project sponsors applying for AHP subsidies certain information when evaluating AHP applications that they are not expressly required to evaluate under the current regulation. Under the proposed rule, the Banks would be required to obtain from all AHP applicants information needed to evaluate whether the project sponsor (including all affiliates and team members such as the general contractor) is able to perform the responsibilities committed to in the AHP application, as well as information needed to provide assurance that those parties have not engaged in certain types of misconduct. The proposed rule would also require the Banks to obtain from applicants for rental project subsidies the project's operating pro forma (in addition to the project's development budget, which is expressly required under the current regulation) for use in confirming the need for the AHP subsidy. FHFA anticipates that these submission requirements may be met with materials that have already been prepared for other purposes and that, therefore, they will not materially add to the time required to prepare an AHP competitive application. Therefore, the estimate for the average preparation time for each application remains at 24 hours.

To the extent that Banks choose to establish Targeted Funds, as would be permitted under the proposed rule, they could see an increase in AHP applications in connection with projects that would have been unlikely to be approved under the existing scoring criteria for their Competitive Application Programs. Based on this expectation, FHFA estimates that the number of AHP competitive applications received by the Banks annually would increase by 10 percent—from 1,350 to 1,485. Thus, FHFA estimates that the annual average number of burden hours associated with this collection would increase from 32,400 to 35,640.

## II. Compliance Submissions for Approved General Fund and Targeted Fund Projects at AHP Subsidy Disbursement

The proposed rule would add a requirement that, prior to each AHP subsidy disbursement, Banks obtain and review certifications and other information needed to provide assurance that the project sponsor (including all affiliates and team members such as the general contractor) have not engaged in certain types of misconduct since providing similar information at the application stage or in connection with a prior subsidy disbursement. FHFA anticipates that these additional requirements will not materially add to the time required to prepare a compliance submission. Therefore, the estimate for the average preparation time for each submission remains at 1 hour.

FHFA is increasing its estimate as to the annual average number of compliance submissions made by Bank members, on behalf of project sponsors, from 700 to 715 to reflect anticipated higher amounts of funds being available for the AHP due to higher projected Bank incomes (and therefore more projects approved and more compliance submissions needed). Thus, FHFA estimates that the annual average number of burden hours associated with this collection would increase slightly from 700 to 715.

## III. Modification Requests for Approved General Fund and Targeted Fund Projects

The proposed rule would have no effect on the amount of time needed to prepare and submit a modification request and any supporting materials. Therefore, the estimate for the average preparation time for each submission remains at 2.5 hours.

The proposed rule would add a requirement that before a Bank may approve a modification request, it must have first requested that the project cure any AHP noncompliance and that the cure was unsuccessful after a reasonable period of time. FHFA estimates that this revision will result in about five percent fewer approved AHP projects requesting modifications. However, FHFA also estimates that there will be a two percent increase in the number of approved projects due to higher projected Bank income. Taking into account the combined effect of these two factors, FHFA has decreased its estimate as to the annual average number of modification requests made by Bank members, on behalf of project sponsors, from 300 to 290. Thus, FHFA estimates that the annual average number of burden hours associated with this collection would decrease slightly from 750 to 725.

## IV. Initial Monitoring Submissions for Approved General Fund and Targeted Fund Projects

In the case of approved projects that also receive funding through Low-Income Housing Tax Credits (LIHTC), the proposed rule would retain the initial monitoring requirement that project sponsors certify to the Banks that the residents' incomes and the rents comply with the income-targeting and rent commitments in the approved AHP application. The proposed rule would also include a requirement, consistent with Bank practice, that the Banks obtain and review the project's rent rolls, a type of back-up documentation. However, the proposed rule would remove the requirement that the Banks obtain and review other back-up documentation on incomes and rents, such as W-2 forms, at initial monitoring for LIHTC projects, which they are currently required to review on a risk basis.

The proposed rule would also provide that, for AHP projects funded by certain other government programs specified in separate FHFA guidance, the Banks would be required to obtain and review only project sponsor certifications and rent rolls at the initial monitoring stage. For such projects, the Banks would not be required to review any back-up documentation for incomes and rents, as is generally required at the initial monitoring stage. FHFA estimates that these proposed revisions would decrease the average amount of time needed for Bank members and project sponsors to prepare and submit materials related to the initial monitoring of approved projects by ten percent—from 5 hours to 4.5 hours.

Additionally, FHFA has increased its estimate as to the annual average number of submissions related to the initial monitoring of in-progress and recently completed AHP projects from 500 to 510, which reflects an estimated two percent increase in the number of approved projects due to projected higher Bank incomes. Thus, FHFA estimates that the annual average number of burden hours associated with this collection would decrease from 2,500 to 2,295.

#### V. Long-Term Monitoring Submissions for Approved General Fund and Targeted Fund Projects

The proposed rule would implement a number of changes to streamline certain aspects of the long-term monitoring process. Under the proposed rule, as under the existing regulation, project sponsors of LIHTC projects would not be required to submit compliance reports for such projects to the Bank during the 15-year AHP retention period. The proposed rule, however, would add a requirement that the members' AHP agreements with project sponsors include a provision requiring the party to notify the Bank if a LIHTC project is noncompliant with the LIHTC income-targeting or rent requirements at any time during the AHP 15-year retention period. The proposed rule would also provide that, for AHP projects funded by certain other government programs, the Banks would be required to review only project sponsor certifications each year during the long-term retention period. The Banks would not be required to review any back-up documentation for incomes and rents, including rent rolls, for those projects, as they are generally required to do on a risk basis.

The proposed rule would codify existing Bank best practices that require submission by project sponsors of annual project certifications during the AHP 15-year retention period that include not only the required household income and rent information, but also information on the ongoing

financial viability of the project, such as whether the project is current on property taxes and loan payments, what is its vacancy rate, or whether it is in compliance with its commitments to other funding sources. Although the latter change could result in a moderate increase in burden in particular cases, FHFA estimates that the net effect of the above-described revisions would be to decrease the average amount of time needed for Bank members and project sponsors to prepare and submit materials related to the long-term monitoring of approved projects by ten percent—from 3 hours to 2.7 hours.

FHFA has increased its estimate as to the annual average number of submissions related to the long-term monitoring of completed AHP rental projects from 4,800 to 4,900, which reflects an estimated two percent increase in the number of approved projects due to projected higher Bank incomes. Thus, FHFA estimates that the annual average number of burden hours associated with this collection would decrease from 14,400 to 13,230.

#### *VI. Homeownership Set-Aside Program Applications and Certifications*

The proposed rule would have no effect on the amount of time needed to prepare and submit Homeownership Set-Aside Program applications and certifications. Therefore, the estimate for the average preparation time for each set of submissions remains at 5 hours.

The proposed rule would increase the maximum permissible percentage allocation amount for each Bank's Homeownership Set-Aside Program from 35 to 40 percent of the Bank's annual required AHP contribution, while retaining the existing alternative maximum permissible allocation amount of \$4.5 million. In addition, the proposed rule would increase the maximum permissible direct subsidy amount that a Bank could provide to a household from \$15,000 to \$22,000, which would be adjusted annually to reflect increases in FHFA's Housing Price Index. While adoption of the proposed higher subsidy limit could result in fewer households receiving set-aside subsidies, Banks could choose to offset this by increasing the maximum amount of AHP funds they allocate to their Homeownership Set-Aside Programs from 35 to 40 percent. Notwithstanding that the Banks would be authorized to adopt a higher subsidy limit than is permitted under the current regulation, FHFA expects that most Banks will continue to establish lower subsidy limits in order to serve a greater number of households. Accordingly, FHFA anticipates that the proposed regulatory revisions (related to an increase in the set-aside allocation amount) may cause the Banks to provide a higher number of set-aside subsidies annually.

In addition to the effects of the proposed rule, FHFA also anticipates an increase in the number of AHP direct subsidies approved under the Banks' Homeownership Set-Aside Programs due to projected higher Bank incomes making more funds available for each Bank's AHP. Taking into account the combined effect of these factors, FHFA has increased its estimate as to the annual average number of applications and required certifications for AHP direct subsidies under the Banks' Homeownership Set-Aside Programs from 13,000 to 15,000. Thus, FHFA estimates that the annual average number of burden hours associated with this collection would increase from 65,000 to 75,000.

### **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 Submissions”.

**B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

This information collection does not employ statistical methods.