



“AFFORDABLE HOUSING PROGRAM”

OMB NUMBER 2590-0007

SUPPORTING STATEMENT (REVISED 11/21/2018)

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.”¹ 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).² 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.³

¹ 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.

² *See* 12 U.S.C. 1430(j)(1) and (2).

³ *See* 12 U.S.C. 1430(j)(5)(C).

The Existing AHP Regulation

FHFA's AHP regulation, which implements the statutory AHP requirements, is located 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.⁴

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).⁵ 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.⁶ A Bank must determine for each application it receives whether the proposed project meets the AHP regulatory eligibility requirements.⁷ 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.⁸

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.⁹ 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

⁴ See 12 CFR 1291.3.

⁵ 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").

⁶ See 12 CFR 1291.5(b)(1).

⁷ See 12 CFR 1291.5(c).

⁸ See 12 CFR 1291.5(d).

⁹ See 12 CFR 1291.5(g)(3).

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.¹⁰ Banks typically 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.¹¹ 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.¹² 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.¹³ 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.¹⁴ 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.¹⁵

AHP Information Submitted by Banks to FHFA

FHFA's Data Reporting Manual (DRM) requires each Bank to submit to FHFA aggregate AHP

¹⁰ See 12 CFR 1291.5(f).

¹¹ See 12 CFR 1291.7(a)(1).

¹² See 12 CFR 1291.7(a)(4).

¹³ See 12 CFR 1291.2(b)(2); 1291.6.

¹⁴ See 12 CFR 1291.6(c)(4).

¹⁵ See 12 CFR 1291.7(b)(2).

information.¹⁶ 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 submit to FHFA under the DRM is derived from the documentation submitted by Bank members and project sponsors that is described above.

Final Rule Revising the AHP Regulation

Following the publication of a proposed rule on March 14, 2018,¹⁷ FHFA has now published a final rule that makes a number of substantive revisions to part 1291, as well as reorganizes and renumbers the various provisions of the part.¹⁸ As proposed, the final rule eliminates the requirement that each Bank establish a Competitive Application Program. As revised, part 1291 now requires each Bank to establish a General Fund and authorizes each Bank to establish up to three Targeted Funds (subject to a phase-in period), each of which is subject to a competitive application process similar to the process that has been required for the Banks' existing Competitive Application Programs. Projects funded under a Banks' General Fund and any Targeted Funds established will 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 final rule, however, makes some minor, yet material, changes to the information collection requirements in those areas.

The final rule makes no changes to the information collection requirements associated with the Banks' Homeownership Set-Aside Programs. Substantively, the final rule increases from \$15,000 to \$22,000 (adjustable annually to reflect increases in FHFA's Housing Price Index) the maximum permissible direct subsidy that a Bank can provide to a household under its Homeownership Set-Aside Program. The final rule does not, however, increase the maximum percentage that a Bank may allocate to its Homeownership Set-Aside Program from 35 to 40 percent of the Bank's annual required AHP contribution, as was proposed. Specifically, the final rule stipulates that each Bank may allocate a maximum of 35 percent of its annual required AHP to the Homeownership Set-Aside Program. The effect of the revisions implemented by the final rule on the burden estimates, as well as the relevant differences between the proposed and final rules, are discussed in detail below under Items #12 and 15.

2. Use of Data

The Banks will use the information collected under revised part 1291 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

¹⁶ 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>.

¹⁷ See 83 Fed. Reg. 11344 (Mar. 14, 2018).

¹⁸ See 83 Fed. Reg. 61186 (Nov. 28, 2018).

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, 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 will 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, are 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 final rule decreases 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, 2018.¹⁹ Although the proposed rule initially provided for a 60-day comment period, the comment period was subsequently extended by an additional 30-days and closed on June 12, 2018.²⁰

As required by 5 CFR 1320.11(b), FHFA submitted an analysis of the revised collection of information to OMB for review in conjunction with the publication of the proposed rule. On June 6, 2018, OMB issued a Notice of Action stating that: (1) the terms of the prior PRA approval remain in effect; (2) OMB had not yet approved the revisions; and (3) prior to publication of the final rule, FHFA should provide to OMB a summary of all comments received on the PRA aspects of the proposed rule and identify any changes made in response to those comments. Aside from the Notice of Action filed by OMB, FHFA received no comment letters on the PRA aspects of the proposed rule.

¹⁹ See 83 Fed. Reg. at 11370.

²⁰ See 83 Fed. Reg. 19188 (May 2, 2018).

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

In its Supporting Statement for the existing clearance, 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 final rule, part 1291 no longer requires that each Bank establish a Competitive Application Program, but instead requires each Bank to establish a General Fund and authorizes each Bank to establish up to three Targeted Funds (subject to a phase-in period), all of which will be subject to information collection requirements similar to those that have applied 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 will occur under revised part 1291 in order to estimate the hour and cost burdens that they will impose upon Bank members and AHP project sponsors annually over the next three years. Based on those analyses, FHFA estimates that the total annual burden will be 118,905 hours and that the total annual cost associated with this burden will be \$6,351,659. To derive hourly costs, FHFA used as a base the May 2017 mean hourly wage for the occupation of the person performing each task,²¹ then adjusted that amount for a 2.8% increase in employer costs for wages and salaries between June 2017 and June 2018,²² then added approximately 47.7 percent to those amounts to account for the cost of benefits.²³

²¹ FHFA used the mean hourly wages reported in the National Occupational Employment and Wage Estimates for May 2017 published by the Bureau of Labor Statistics (BLS), the most recent data available. *See* https://www.bls.gov/oes/current/oes_nat.htm.

²² BLS's Employment Cost Index for wages and salaries for all civilian workers increased from 128.3 to 131.9 between June 2017 and June 2018. *See* <https://www.bls.gov/news.release/eci.t08.htm>.

²³ FHFA made these adjustments based on data reported in Employer Costs for Employee Compensation for June 2018 published by the BLS, which indicated that for management, professional and related occupations 67.7 percent of total compensation was in cash, while 32.3 percent was in benefits. *See* <https://www.bls.gov/news.release/ecec.t01.htm>.

The analyses FHFA used to determine the annual hour burden and associated costs for each collection are discussed in detail below.

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

FHFA estimates that Banks will receive an annual average of 1,485 competitive applications for subsidy from Bank members and project sponsors under their General and Targeted Funds over the next three years and that it will take an average of 24 hours to prepare and submit each application. Thus, FHFA estimates that the annual burden for this IC will be 35,640 hours and that associated costs will be \$2,690,820. The burden and cost 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: \$73
- Total cost: \$2,081,376.00

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: \$144
- Total cost: \$513,216.00

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: \$27
- Total cost: \$96,228.00

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

FHFA estimates that Banks will receive an annual average of 715 submissions over the next three years from Bank members and project sponsors 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 of subsidy disbursement and that it will take an average of one hour to prepare each submission. Thus, FHFA estimates that

the annual burden for this IC will be 715 hours and that associated costs will be \$49,921.30. The burden and cost 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: \$73
- Total cost: \$45,931.60

Chief Executive Officer reviews and approves documents.

- Time per submission: 0.02 hours
- Total submissions: 715
- Total hours: 14.3
- Hourly rate: \$144
- Total cost: \$2,059.20

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: \$27
- Total cost: \$1,930.50

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

FHFA estimates that Banks will receive an annual average of 290 requests from Bank members and project sponsors for modifications to projects that have been approved under the Banks' AHP competitive application programs over the next three years and that it will take an average of 2.5 hours to prepare each request. Thus, FHFA estimates that the annual burden for this IC will be 725 hours and that associated costs will be \$52,163.75. The burden and cost 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: \$73
- Total cost: \$44,986.25

Chief Executive Officer reviews and approves documents.

- Time per request: 0.125 hours
- Total requests: 290
- Total hours: 36.25
- Hourly rate: \$144
- Total cost: \$5,220.00

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: \$27
- Total cost: \$1,957.50

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

FHFA estimates that Banks will receive an annual average of 510 submissions from Bank members and project sponsors 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 over the next three years and that it will take an average of 4.5 hours to prepare each submission. Thus, FHFA estimates that the annual burden for this IC will be 2,295 hours and that associated costs will be \$135,864.00. The burden and cost 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: \$73
- Total cost: \$117,274.50

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: \$27
- Total cost: \$18,589.50

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

FHFA estimates that Banks will receive an annual average of 4,900 submissions from Bank members and project sponsors of documentation required by the Banks as part of their long-term monitoring of completed projects approved under their General Funds and Targeted Funds over the next three years and that it will take an average of 2.7 hours to prepare each submission. Thus, FHFA estimates that the annual burden for this IC will be 13,230 hours and that associated costs will be \$717,850.00. The burden and cost 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: \$73
- Total cost: \$572,320.00

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: \$27
- Total cost: \$145,530.00

VI. Homeownership Set-Aside Program Applications and Certifications

FHFA estimates that Banks will receive from Bank members an annual average of 13,260 applications and required certifications for AHP direct subsidies under their Homeownership Set-Aside Programs and that it will take an average of 5 hours to prepare each submission. Thus, FHFA estimates that the annual burden for this IC will be 66,300 hours and that associated costs will be \$2,705,040.00. The burden and cost estimates are based on the following calculations:

Financial analyst prepares application and related certification.

- Time per application: 1.5 hours
- Total applications: 13,260
- Total hours: 19,890
- Hourly rate: \$73
- Total cost: \$1,451,970.00

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

- Time per application: 3.5 hours
- Total applications: 13,260
- Total hours: 46,410
- Hourly rate: \$27
- Total cost: \$1,253,070.00

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
- 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 118,905 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 final rule will decrease information collection burdens somewhat on a per-submission basis. Nonetheless, FHFA anticipates that the total burden associated with this information collection will increase slightly 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 are made by the final 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 as a result of projected higher Bank incomes.

FHFA has increased its estimate as to the annualized costs associated with the burden estimates from \$5,984,898 to \$6,351,659. 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. The estimated annual costs incurred by FHFA remain unchanged.

The reasons for the changes in burden estimates (from those on which the current PRA clearance is based) for each of the six information collection categories identified in Item #12 are discussed in detail below. The burden estimates for ICs #I through #V are the same as those that appeared in the PRA notice for the proposed rule. As discussed in more detail below, the burden estimate for IC #VI is lower than that reflected in the proposed rule PRA notice due to differences between the proposed and final rules with respect to the allocation of funds to the Banks' Homeownership Set-Aside Programs.

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

The final rule allows 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 Banks will likely also revise their application requirements to reflect the new criteria. In addition, Banks that establish one or more Targeted Funds will 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 will establish under the revised regulation. Because of the greater flexibility the Banks now have under the final rule, it is not possible at this point to determine precisely how the Banks' competitive application processes will change or to estimate with accuracy the effect that any such changes will have on the average amount of time needed to complete the competitive application process.

The final rule, to a minor extent, requires the Banks to obtain from Bank members and project sponsors applying for AHP subsidies certain information when evaluating AHP applications that they were not expressly required to evaluate under the former regulation. Under the final rule, the Banks are required to obtain from all AHP applicants information needed to evaluate whether the project sponsor is able to perform the responsibilities committed to in the AHP application, as well as information needed to provide assurance that the sponsor has not engaged in certain types of misconduct. 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. Accordingly, 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 is permitted under the final 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 will 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 will increase from 32,400 to 35,640.

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

The final rule adds 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 has 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 will increase slightly from 700 to 715.

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

The final rule will 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 final rule adds requirements 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 will decrease 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 final rule retains 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 final rule also includes 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 final rule removes 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 have previously been required to review on a risk basis.

The final rule also provides that, for AHP projects funded by certain other government programs specified in separate FHFA guidance, the Banks are required to obtain and review only project sponsor certifications and rent rolls at the initial monitoring stage. For such projects, the Banks are not required to review any back-up documentation for incomes and rents, as is generally required at the initial monitoring stage. FHFA estimates that these revisions will 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 will decrease from 2,500 to 2,295.

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

The final rule implements a number of changes to streamline certain aspects of the long-term monitoring process. Under the final rule, as under the former regulation, project sponsors of LIHTC projects are not required to submit compliance reports for such projects to the Bank during the 15-year AHP retention period. The final rule, however, adds 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 final rule also provides that, for AHP projects funded by certain other government programs, the Banks are required to review only project sponsor certifications each year during the long-term retention period. The Banks are not 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 final rule codifies 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 will 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 will decrease from 14,400 to 13,230.

VI. Homeownership Set-Aside Program Applications and Certifications

The final rule has 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 have increased 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 the final rule, the maximum allocation percentage remains at 35 percent and the alternative maximum amount remains at \$4.5 million. The final rule includes the proposed rule provision increasing the maximum permissible direct subsidy amount that a Bank could provide to a household from \$15,000 to \$22,000, which is to be adjusted annually to reflect increases in FHFA's Housing Price Index.

In the PRA notice for the proposed rule, FHFA estimated that the increase in the maximum allocation percentage from 35 to 40 percent, in combination with generally higher Bank incomes, would lead to an increase in the number of Homeownership Set-Aside Program applications and certifications from 13,000 to 15,000 annually. Because the final rule does not implement the proposed maximum allocation percentage increase, FHFA is merely increasing its estimate by two percent—from 13,000 to 13,260—to only reflect anticipated higher Bank incomes over the next three years. Thus, FHFA estimates that the annual average number of burden hours associated with this collection will increase slightly from 65,000 to 66,300.

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.