



NEWS

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FEDERAL HOUSING FINANCE BOARD PROPOSES IMPROVEMENTS TO THE AFFORDABLE HOUSING PROGRAM

The Federal Housing Finance Board (Finance Board) today approved a [proposed rule](#) containing a number of changes designed to improve the oversight and effectiveness of the Affordable Housing Program (AHP).

In general, the proposed changes remove overly prescriptive requirements, clarify certain operational requirements, and otherwise streamline and reorganize the regulation.

Finance Board Director Franz S. Leichter stated, “In the early years of the AHP, Finance Board regulations governing the program reflected a very prescriptive approach, which was appropriate for rules implementing a newly created initiative. However, as the program has matured and the Federal Home Loan Banks and program participants have learned to successfully utilize the AHP, the Finance Board has revised the AHP regulations on a number of occasions, in part to provide greater responsibility to the Banks in managing the program and in part to implement improvements based on lessons learned in overseeing the operation of the program. Today’s proposed rule is a continuation of that important trend to ensure that the AHP is most effectively and efficiently meeting its statutory purpose.”

On March 18 of this year, the Finance Board released a System-wide review of the Federal Home Loan Banks’ Affordable Housing Program. Since the inception of the AHP, the Banks have awarded more than \$2 billion in AHP grants. Between 1990 and 2004, nearly 430,000 housing units have been subsidized with AHP funds. In 2004 alone, \$229 million was made available by the Banks to subsidize 39,802 units of owner-occupied or rental housing.

The AHP provides direct subsidies or loans at subsidized rates to FHLBank System members to finance the purchase, construction, or rehabilitation of affordable housing for very-low, low, and moderate-income household. The FHLBank System contributes the greater of 10 percent of net earnings or \$100 million per year to the program.

The proposed rule is expected to be published in the Federal Register and will be open for public comment for 120 days following publication.

The Federal Housing Finance Board is an independent agency in the executive branch that oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>