

DECISION MEMORANDUM OF THE HOUSING FINANCE BOARD  
ACTING WITHOUT A QUORUM

Date: February 21, 1995  
No. 95-DM -11

ISSUE:

The Federal Home Loan Bank of Pittsburgh (FHLBank) has requested Federal Housing Finance Board (Housing Finance Board) approval of an increase in Affordable Housing Program (AHP) funds awarded to First Empire Federal Savings and Loan Association (First Empire) on behalf of Covenant House, Inc., (Covenant House) for the Covenant House project (Project) in order to pay for changes in the financing of the project.

FACTORS CONSIDERED:

Subsection 10(j) of the Federal Home Loan Bank Act (Bank Act) (12 U.S.C. § 1430 (j)) requires that each Federal Home Loan Bank (Bank) establish an AHP.

The Housing Finance Board has adopted a regulation for the operation of the AHP by each Bank, codified at 12 C.F.R. Part 960. The AHP regulation requires that the Housing Finance Board determine which applications for AHP awards are to be funded (12 C.F.R § 960.5(f)).

On June 18, 1991, the Housing Finance Board approved an AHP application forwarded by the FHLBank for First Empire for \$11,144 in AHP subsidy to subsidize a \$50,000 advance used for the Project. Subsequent to the approval of the AHP award, there have been unanticipated changes in the sources of financing available to the Project. The FHLBank of Pittsburgh, First Empire, and Covenant House have requested a modification in the AHP award made to the Project to maintain the feasibility of the project. First Empire requested an additional \$5,000 in AHP direct subsidy for the project to compensate for the unanticipated reduction from \$10,000 to \$5,000 in the funds provided by the City of Charleston, West Virginia.

The proposed modification would result in the average AHP subsidy per unit of the Project increasing from \$3,715 to \$5,381 per unit. The AHP subsidy increase would reduce the effectiveness score of the application from 12 to 10 points and would reduce the total score of the application from 94 points to 92 points. This would reduce the rank of this application from the third to the sixth application out of ten applications recommended for funding in Round One of 1991.

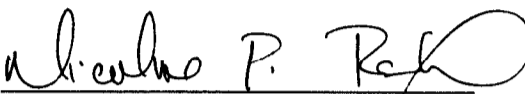
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The Housing Finance Board has determined that the request to increase the AHP award was in accordance with the Bank Act, the AHP regulation, and existing policy.

DECISION:

Based on the factors set forth above and the authority provided in 12 C.F.R. § 960.5(f), the increase in AHP funds from \$11,144 to \$16,144 to pay for unanticipated changes in the financial structure of the Project is approved.

  
Nicolas P. Retsinas

  
Lawrence U. Costiglio