

Resolution No.: 96- 59
Date: July 25, 1996

FEDERAL HOUSING FINANCE BOARD

Increase in Affordable Housing Program (AHP) Subsidy
for Casa Heiwa

WHEREAS, 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;

WHEREAS, the Federal Housing Finance Board (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 Finance Board determine which applications for AHP awards are to be funded (12 C.F.R. § 960.5(f));

WHEREAS, on December 21, 1994, the Finance Board approved an AHP application of Bank of America for an AHP direct subsidy of \$390,000 from the Federal Home Loan Bank of San Francisco (San Francisco Bank) to help reduce the cost of constructing Casa Heiwa (the Project), a rental housing project in Los Angeles, California sponsored by the Little Tokyo Service Center, a non-profit corporation (See Decision Memorandum No. 94-DM-57);

WHEREAS, on December 21, 1994, the Finance Board also approved an AHP application from First Nationwide Bank for an AHP subsidy of \$654,300 from the Federal Home Loan Bank of San Francisco (San Francisco Bank) to subsidize the interest rate on a bridge loan in the amount of \$10 million to California Equity Fund (CEF). CEF is to purchase low-income housing tax credits with the AHP subsidized bridge loan and provide the equity to complete seven rental housing projects;

WHEREAS, CEF has identified the Project as one of its seven rental projects and is providing the equity necessary to complete the Project. The amount of AHP subsidy attributed to this Project from the CEF AHP award is \$220,000 (See Decision Memorandum No. 94-DM-57);

WHEREAS, the San Francisco Bank is requesting approval of a modification in the AHP subsidy for the Project in the amount of \$220,000 which would increase the total amount of AHP subsidy received by the Project from \$390,000 to \$610,000. The proposed modification would result in the AHP subsidy per unit of the Project increasing from \$3,900

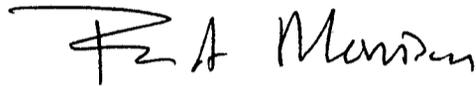
to \$6,100. The increase in the subsidy will reduce both the effectiveness and total scores of the Project, but the Project will continue to score high enough to have been funded in its original AHP funding round;

WHEREAS, the increase in AHP subsidy from \$390,000 to \$610,000 for the Project is necessary because the Project cannot remain feasible without the equity infusion; and

WHEREAS, the Finance Board has determined that the Project, as modified by the requested increase in AHP subsidy, will be in accordance with the Bank Act, the AHP regulation, and existing Finance Board policy;

NOW, THEREFORE, BE IT RESOLVED, that based on the factors set forth above and the authority provided in 12 C.F.R. § 960.5(f), the Finance Board approves the increase in AHP subsidy from \$390,000 to \$610,000 to allow the Project to receive the equity from the CEF.

By the Board of Directors of the
Federal Housing Finance Board

A handwritten signature in black ink, appearing to read "B&e A. Morrison". The signature is written in a cursive style with a large initial "B&e" and a smaller "A Morrison".

B&e A. Morrison, Chairman