2019 Affordable Housing Program Application Training

April – July 2019
Learning Objectives

- Bank & Program Overview
- What’s new for 2019?
- Sponsor Capacity
- Site Control & Readiness
- AHP Scoring Framework
- Demonstrating Feasibility & Need for Subsidy
- Answering Your Questions
Bank and AHP Overview
FHLBank Boston = Strategic Partnerships.

- Cooperatively owned, Wholesale Bank
- 440 Member Financial Institutions of all types
- Serving New England and Beyond
FHLBank Boston = Reliable Funding.

- Reliable funding and credit products and services that facilitate housing and economic growth
- Housing and Community Investment (HCI) programs including the Affordable Housing Program (AHP)
- Fund AHP with 10 percent of the Bank’s net earnings

Classification: Public
Housing and Community Investment

- Affordable Housing Program (AHP)
- Equity Builder Program (EBP)
- Community Development Advance (CDA)
- Jobs for New England (JNE)
- Housing Our Workforce (HOW)
- Helping to House New England (HHNE)
- Other Programs
- Plus: Community Development Outreach
Big Changes Ahead for AHP: 2020-2021

- New AHP Regulation, phased implementation in 2020 and 2021
- AHP will look and feel different; same flexible, capital gap funding
- AHP in 2020:
  - Monitoring flexibility, potential other changes
- AHP in 2021:
  - New scoring framework; more monitoring flexibility
  - Possible Targeted Fund
- Plan to participate in FHLBank regional outreach regarding all of these future changes
AHP Overview

- $20.7+ million subsidy available for 2019
- Regulated (12 CFR 1291), Competitive, Online
- Members and sponsors – Partnership is Critical
- 2019 AHP Implementation Plan (12/14/2018)
- AHP funds capital development costs with AHP Grants and Subsidized Loans
Use of AHP Funds

Eligible uses:

- Acquisition, hard and soft construction costs, and rehabilitation
- Down-payment and closing-cost assistance, interest rate buy-down, developer fee, and certain home-buying counseling costs for AHP units

Ineligible uses:

- Nonresidential space, capitalized or other reserves, supportive services, operating costs
- Nonresidential items, such as: furniture, social services, and bank fees
- Predevelopment
Use of AHP Funds

Refinancing of existing single or multi-family mortgage loan:

- Is only permitted when the refinancing generates equity proceeds equal to the total AHP Subsidy (AHP interest rate subsidy and direct subsidies/grant) and these proceeds must only be used for purchase, construction, or rehabilitation of the AHP housing units

- See AHP Implementation Plan

- Call your Community Investment Manager or HCI
AHP Implementation Plan

- Guiding policy document
- Refer to the Plan to get the specifics and details
  - Definitions
  - Eligibility and Readiness
  - Feasibility and Need for Subsidy
  - Scoring formulas
  - Documentation requirements
- Online:
  http://www.fhlbboston.com/communitydevelopment/ahp/03_01_06_implementation.jsp
AHP: What’s New for 2019?
Key Dates – Changes in 2019

- **Application Opens:**
  Monday, June 3, 2019

- **Applications and All Supporting Documentation Due from Sponsor:**
  Thursday July 25, 2019 at 3:00 p.m. EST

- **Member Review Period Ends:**
  Thursday, August 1, 2019 at 3:00 p.m. EST

- **Award Announcements:**
  Friday, December 13, 2019
2019 Round and Member Limits

- **AHP Maximum** (direct subsidy and advance subsidy): $1,000,000 per application
- **AHP Maximum Grant** (direct subsidy): $650,000 per application
- **AHP Maximum for Homeownership** (direct subsidy): $30,000 per ownership unit
- **Member Application Limit:** None
- **Member Approval Limit:** 25% of subsidy available
New for 2019

- Review the 2019 Notice of Changes
- **Sponsor Capacity** – New or Inexperienced Developers
- **Sponsor Capacity** – Role of Co-Sponsors
- **Readiness** – Use or leverage AHP within 12 months, physical completion extended to 36 months
- **Feasibility** – Data, Documentation, Cash Flows
New for 2019

- **Scoring – Technical changes**
  - Second District Priority-
    - Preservation-distress defined (up to 7.5 points)
    - Revolving Loan Funds (5.0 points)
  - Community Stability
    - Sustainable Development Building Practices – 1 other feature
    - Efficient Building Operations-1 other feature
    - No points for low/no VOC or other items
  - Member Financial Participation remains core scoring category (12.5 pts)
The Application – What’s Evaluated?

**Eligibility:**
- AHP Eligible Uses
- Project/Program Description
- Affordability
- Readiness and Federal/State/Local Law

**Feasibility and Need for Subsidy:**
- Sponsor Capacity
- Development costs and funding
- Operating Proforma
- Marketability
- Member Analysis

**Scoring:**
- Targeting (20 pts)
- Community Stability (15 pts)
- Member Financial Participation (12.5 pts)
- Economic Empowerment (10 pts)
The Application – Process & Content

Process

- Sponsor Registration (6/3)
- Invite the Member (6/3)
- Member Accepts (6/3)
- Complete the Online Application (7/25)
- Member Review & Submission (8/1)

Content

- Data & Documentation
- Sponsor Capacity, Development Team
- Eligibility
- Readiness
- Feasibility & Need for Subsidy
- Scoring
AHP Fraud Reporting

- All members and sponsors are responsible for reporting observations of fraud related to approved AHP applications and initiatives, as outlined in the obligations under the AHP Agreement
- May be intentional or unintentional
- Provide prompt written notice to the Bank
- Provide additional information as requested
- Examples of possible fraud:
  - Wording changes in AHP documents, fraudulent documents
  - Undisclosed conflicts of interest
  - Falsifying application information, fraudulent financial statements
  - Failure to notify the Bank of sale/refi/foreclosure
Sponsor Capacity, Site Control & Readiness
Sponsor Capacity – First Things First

• Lead Sponsor
  - Online registration
  - Legal names matter
  - Describe your organization, track record
  - Documentation – resumes, COGS, audited financials
  - FHLBank Boston Sponsor statement of current obligations
  - New Developers must execute a MOU or Letter of Agreement with known, experienced developer & designate as Co-Sponsor
Sponsor Capacity

- **Co-Sponsor**
  - Same online registration
  - Legal names matter
  - Same data, same documentation
Member Underwriting Analysis

- Required regardless of the level of financial participation
- Members analyze and evaluate the sponsor/borrower
- Members analyze the initiative
- Members upload their underwriting summary or analysis and letters documenting their financial participation
  - FYI: responses are confidential and not visible to the sponsor; members will complete this section as they review and submit
  - FHLBank Boston relies on the member’s evaluation
Site Control

- **Site Control is Essential.** The online application starts with the locations you are developing. Fundamental AHP threshold.

- Legal names and affiliations to Sponsor and/or Co-Sponsor must be detailed and documented. Need clear line of sight.

- **Timing of Site Control.** Application contains four categories of site control and the expectation that the purchase or transfer occurs within 12 months of the award.

- **Specific Documentation is Required. Including:**
  - Deed, P&S, Option to Purchase
  - Resolution of local government committing to transfer
  - If foreclosure, notarized agreement
Project Readiness

- **Detailed Development Schedule** - Dates, details match to application
- **Time Limits** – Start within 12 months, finish construction within 36 months
- **Site Control** - Demonstrate site control of 100 percent of the location(s)
- **Funding Commitments** - Demonstrate all funding commitments within 12 months
- **Zoning** - Demonstrate compliance within 12 months
- **Documentation** is required for all Readiness items.
- Please review the AHP Implementation Plan.
Watch Out! Most Common Mistakes

- Sponsor DBA not legal name
- Sponsors/Consultants/Authorized Representatives
- Site Control: Unclear line of sight back to sponsor or co-sponsor
- Site Control: Unclear, incorrect, or incomplete documentation
AHP Scoring: What Do I Need to Know?
AHP Scoring – Data & Documentation

- Data and Documentation Matter
- 12 Scoring Categories, 100 points
- Follow the 2019 AHP Implementation Plan
- Errors or Incomplete documentation will cost you!
  - Donated Properties
  - Empowerment
  - Member Financial Participation
  - Community Stability
- Use the self-scoring sheet available online
## AHP Scoring – Where do you fit?

<table>
<thead>
<tr>
<th>Category</th>
<th>Points</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated Properties</td>
<td>5 Points</td>
<td>(variable)</td>
</tr>
<tr>
<td>Empowerment</td>
<td>10 Points</td>
<td>(variable)</td>
</tr>
<tr>
<td>Economic Diversity</td>
<td>5 Points</td>
<td>(fixed)</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>5 Points</td>
<td>(variable)</td>
</tr>
<tr>
<td>First-time Homebuyer</td>
<td>5 Points</td>
<td>(variable)</td>
</tr>
<tr>
<td>Second District Priority</td>
<td>7.5 Points</td>
<td>(variable/fixed)</td>
</tr>
<tr>
<td>Targeting</td>
<td>20 Points</td>
<td>(variable)</td>
</tr>
<tr>
<td>Rural</td>
<td>5 Points</td>
<td>(fixed)</td>
</tr>
<tr>
<td>Community Stability</td>
<td>15 Points</td>
<td>(variable)</td>
</tr>
<tr>
<td>Homeless Housing</td>
<td>5 Points</td>
<td>(variable)</td>
</tr>
<tr>
<td>Member Financial Participation</td>
<td>12.5 Points</td>
<td>(variable)</td>
</tr>
<tr>
<td>Subsidy Per Unit</td>
<td>5 Points</td>
<td>(variable)</td>
</tr>
</tbody>
</table>
Donated: 5 Points (variable)

Up to five points for land or units donated (true donation or purchase for 50 percent or less of fair market value)

- Minimum: at least 20 percent of the square footage of the building(s), units, or land in the initiative must be donated

- Formula: 5 X % Donated

- Only arm’s length transactions are eligible for points.

- Purchase of Federal government properties are eligible to receive one point, regardless of the acquisition price

- Long-term, nominal-cost leases may qualify

- Donation must be within 5 years of opening of the AHP round
Donated: Documentation Needed

- Evidence of donation
- Appraisal required to document market value
- True donation? No appraisal necessary
- Other types of donations - appraisal may be necessary
- What if the donation happened within the prior 5 years and no appraisal ordered?
  - Use Tax Assessed value.
- Donation hasn’t occurred yet?
  - Provide Donation Evidence and the current Tax Assessment.
  - Will reconfirm at time of sale.
Sponsorship: 5 Points (variable)

Up to five points for ownership, control, or integral involvement by one of the following eligible sponsor organizations:

- Not-for-profit
- State or political subdivision of a state
- State housing agency
- Local housing authority
- Native American tribe
- Revolving loan fund applying for AHP to be used for RLF

Documentation includes 501c3, 501c4, bylaws/cooperative agreement (LHA), or RLF organizational documents, as applicable.
Sponsorship: 5 Points (variable)

Rental projects:

- **1 point** for applications sponsored by a qualifying sponsor organization (prior slide) with an ownership interest

- **An additional 4 points** for applications in which the qualifying sponsor, or wholly-owned or substantially-controlled subsidiary, or substantially-controlled affiliate, has an ownership interest (including any partnership interest or controlling interest) through the entire AHP retention period of 15 years from the completion of the initiative
Sponsorship: 5 Points (variable)

Homeownership projects:

- **5 points** applications sponsored by an eligible organization (prior slide) where the sponsoring organization is integrally involved in an owner-occupied project 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

Revolving Loan Funds:

- **5 points** for applications sponsored by an eligible organization/revolving loan fund where AHP funds will be used in a revolving loan fund
### Targeting-Rental: 20 Points (variable)

**Minimum Eligibility:** 20% of the total units must be targeted to households at or below 50% of AMI

<table>
<thead>
<tr>
<th># of Units (10 Total Units)</th>
<th>Percentage of Total Units</th>
<th>Points Multiplier</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 units at 50% AMI</td>
<td>20%</td>
<td>20</td>
<td>20 x 20% = 4.00</td>
</tr>
<tr>
<td>8 units at 60% AMI</td>
<td>80%</td>
<td>14</td>
<td>14 x 80% = 11.20</td>
</tr>
<tr>
<td>0 units at 80% AMI</td>
<td>0%</td>
<td>8</td>
<td>8 x 0% = 0.00</td>
</tr>
<tr>
<td><strong>TOTAL POINTS</strong></td>
<td></td>
<td></td>
<td><strong>15.20 Points</strong></td>
</tr>
</tbody>
</table>
Targeting-Rental: Other Considerations

- Rental housing units that are occupied at the time of application must meet the targeting commitments made in the application.
- At the time of application, targeting is based on the current incomes of the existing residents.
- Sponsors must complete and upload the FHLBank Boston-provided template spreadsheet showing household incomes for the occupied units.
Targeting-Homeownership: 20 Points (variable)

**Minimum Eligibility:** All units must be affordable for households earning at or below 80% of the area median income.

<table>
<thead>
<tr>
<th># of Units (10 Total Units)</th>
<th>Percentage of Total Units</th>
<th>Points Multiplier</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 units at 50% AMI</td>
<td>0%</td>
<td>20</td>
<td>20 x 0% = 0.00</td>
</tr>
<tr>
<td>4 units at 60% AMI</td>
<td>40%</td>
<td>20</td>
<td>20 x 40% = 8.00</td>
</tr>
<tr>
<td>6 units at 80% AMI</td>
<td>60%</td>
<td>16</td>
<td>16 x 60% = 9.60</td>
</tr>
<tr>
<td><strong>TOTAL POINTS</strong></td>
<td></td>
<td></td>
<td><strong>17.60 Points</strong></td>
</tr>
</tbody>
</table>
Occupied Housing, Targeting, Rent Rolls – Data and Documentation

- Regulatory Standard - Households must have incomes meeting income targeting at initial occupancy of the unit, which will be verified at full occupancy of your project – please see Income Calculation Guidelines
- Applies to both rental and homeownership initiatives with occupied units
- At application, income targeting is based on current residents
- Complete the Bank’s Occupied Units (“Rent Roll”) Excel Spreadsheet
- At its discretion, the Bank may request and review income documentation for current residents to confirm the targeting commitments made at the time of application
- Failure to submit the rent roll, errors, missing data, inability to demonstrate income eligibility of current residents will result in disqualification of your application.
Economic Empowerment: 10 Points (variable)

- **Up to 10 points** for services focused on economic empowerment of the residents

- Services must be offered and available to all residents, absent any program eligibility requirements/criteria

- Basic referral services are not eligible for points.

- If the Resident Service Coordinator provides an eligible service however, this would be eligible and must be documented properly.

- Services must be available within six months of the project’s completion date and will be verified at project completion.
Economic Empowerment: 5 Service Groups

**Workforce Readiness**
- HiSet/TASC
- ESL/Literacy
- Employ. Training
- Micro-business
- Job Placement
- Other

**Homeownership Readiness**
- HB educ/counseling
- Financial Planning
- Credit Counseling
- Sweat Equity
- Landlord Training
- Etc. + Other

**Self Sufficiency**
- Daycare Services
- After-School/youth programs
- Adult Day Health
- Transportation
- Family Self-Sufficiency
- Etc. + Other
Economic Empowerment: 5 Service Groups

Healthcare Services:
- On-site Primary Health
- Substance Abuse
- Mental Health Counseling
- On-site Med. Mgmt
- On-site Nursing
- Other

Resident Leadership:
- Part. On Resid. Council
- Leadership on Resid. Council
- Part. On Sponsor Board
- Homeowner’s Assn.
- Etc. + Other
Economic Empowerment: 10 Points (variable)

- **Two services** from **two groups** must be selected and documented to receive the full **10 points**
- If **two services** from **one group** are selected and documented **five points** will be awarded
- Applicants may request only one “other” service in each of the five service groups.
Community Stability: 15 Points (variable)

- **SMART GROWTH**
  - Reuse
  - Transportation
  - Density
  - Brownfield
  (5 points max, 2.5 points each)

- **SUSTAINABLE BUILDING PRACTICES**
  - Construction Waste Recycling
  - Regional Building Materials
  - Stormwater Management
  - Passive Solar Design
  - Many Other Features
  (3 points max, 1 point each)

- **EFFICIENT OPERATIONS**
  - Large R-Value
  - Water Conserving Features
  - On-Demand Water Heaters
  - Low E- Argon Windows
  - Energy Star Appliances
  - Building Commissioning
  - And More...
  See Implementation Plan
  (7 points max, 1 point each)

Classification: Public
Smart Growth: 5 Points

- **Reuse of existing structures (2.5).** Current copy of tax assessor record confirming existence of structure and its square footage. Must be within six months of AHP Application opening. Hand or electronic annotations are not acceptable.

- **Density (2.5).** Rural – min. of 8 units/acre; all other areas – min 12 units/acre. *Letter documentation* from either the architect, municipal planning official, surveyor, or public engineer will only be accepted.

- **Brownfield (2.5).** Federal or State designated brownfield site. *Documentation* must be provided by the agency that has determined the brownfield site. Address/location must be specified as the site to be developed.
Smart Growth: 5 Points

Transportation - (2.5).

- Option One – Maps or Letter:
  
a) **Provide Google or MapQuest map**
  
  Maps must confirm application addresses of project and transportation service address, and distance between the two to be within ½ mile. Walking or driving directions are recommended. No hand or electronic annotations are allowed; or

b) **Provide Letter from transportation agency/provider**
  
  Letters must confirm address of project and transportation service, distance between the two to be within ½ mile, on letterhead/stationery, signed with a handwritten signature and dated within six months of the opening of the AHP round.
Smart Growth: 5 Points

Transportation – (2.5).

- Option Two – No-cost or low-cost transportation services:
  
a) Provide an **agreement/letter agreement** from the transportation service provider to confirm the no- or low-cost transportation service. This transportation service must be provided onsite or to the doorstep.

b) The letter must be on letterhead/stationery, signed with a handwritten signature and dated within six months of the opening of the AHP funding round.
Sustainable Development Building Practices: 3 Points

- **Data** - select up to **three items** from the list in the application
- **Documentation** - provide architect’s letter, or design team letter specifying **the three items selected**.
  - Stationary
  - Dated
  - Handwritten signature
  - Will be verified again at project completion.
- **2019**: Only one “other”, no borrowing from EBO, identified ineligible features e.g. no/low VOC, durable materials, recycling.
- **Review the AHP Implementation Plan**
Efficient Building Operations: 7 Points

- **Data** - select up to **seven items** from the list in the application

- **Documentation** - provide architect’s letter, or design team letter specifying **the three items selected**.
  - Stationary
  - Dated
  - Handwritten signature
  - Will be verified again at project completion.

- **2019**: Only one “other”, no borrowing from SDBP, identified ineligible features e.g. no/low VOC, durable materials, recycling.

- **Review the AHP Implementation Plan**
Member Financial Participation: 12.5 Points (variable)

- **Data:**
  - Up to 10 points for total financing
  - Extra possible 2.5 points for long-term funding
  - Financing for these AHP income-eligible, affordable units

- **Documentation:**
  - Commitment letters, letters of interest, term sheets
  - Letter of interest or subscription agreements for Tax Credits
  - Construction loan documents
Member Financial Participation: Up to 10 Points (variable)

- Awarded based on the ratio of member financial participation to total AHP subsidy requested
- Includes AHP subsidized advances, construction and permanent loans, investments, and other member grants
- Documentation is required
- Only member financing for the AHP-assisted units will be considered for points
- Minimum term of six months for construction financing, lines of credit
- If there is prior, existing financing in place from the member for the same project in this application, it may be considered at the sole discretion of the Bank based on the remaining term of the loan(s)
Member Financial Participation: Up to 2.5 Points (variable)

- Long-term member financial participation
- Full 2.5 points for terms of 15 years or greater
- Points awarded on declining scale for terms between 5-15 years; 1 point for terms of 5 years minimum
- Financing must equal or exceed the total AHP subsidy requested (direct plus interest rate subsidy)
- Financing must be used to maintain points
- Member Underwriting and Commitment letter with conditions is required (in lieu of conditional commitment, term sheet or letter of intent may be considered) for points
Member Financial Participation: the fine print

- For variable/adjustable rates, the term for which the rate is fixed prior to adjustment will be used. The operating proforma should clearly evidence the potential shock to the interest rate anticipated in the adjustment year(s).

- The Member will be required to provide supporting documentation for their decision to offer a variable rate of interest and what impact this type of financing will have on the project feasibility.
Member Financial Participation: More fine print

- For multiple long-term loans, the principal and terms of the long-term financing will be combined using a weighted average for both the principal and the term.

- If the loan principal of the longest-term loan exceeds the direct subsidy plus the advance subsidy, the points will be awarded based only on the term of that loan.
AHP Subsidized Advance: Match Funding, Two Loans

- Step 1: A reduced interest-rate loan from FHLBank Boston to the member
- Step 2: Member loans funds to the sponsor for the project as permanent debt
- AHP subsidy is used to reduce the interest rate to the member.
- Member adds their spread to the AHP interest rate; reduced rate to project.
- Match funding: the term and amortization of the FHLBank Boston’s advance must match the term and amortization of the member’s loan.
- Terms of 10-20 years, with a maximum 30-year amortization
- Funds must clearly flow through to the project, not exceeding market standards for rate, points, fees or spreads including lending intermediaries.
Member Financial Participation
Subsidized Advance Example

Construction Loan
- Loan Amount
  $1,000,000
- Term
  18 months
- Market rates and fees (not subsidized)

Permanent Loan (AHP Subsidized Advance)
- Loan Amount
  $1,000,000
- Term/ Amortization
  20 years / 30 years
- Desired fixed rate for the project
  2.75%
Subsidized Advance Example

- Requested Rate to Project
  2.75%

- Member’s Spread
  2.5%

- Member’s requested subsidized rate (rate to project minus member’s spread)
  0.25%

- FHLBank Boston Cost of Funds (18-month forward look at application)
  3.54%

- AHP Subsidy Needed
  $339,537
# Member Financial Participation Example

<table>
<thead>
<tr>
<th>MFP Category</th>
<th>Member Participation</th>
<th>AHP Subsidy</th>
<th>Points Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Points for total Participation (max 10)</td>
<td>$2,000,000</td>
<td>$839,537</td>
<td>10.0 Points</td>
</tr>
<tr>
<td>B. Points for long-term participation (Max +2.5)</td>
<td>$1,000,000 20-year term, fixed rate (Subsidized Advance)</td>
<td>$839,537</td>
<td>2.5 Points</td>
</tr>
</tbody>
</table>

**TOTAL POINTS AWARDED**: 12.5 Points
Second District Priority: 7.5 Points (variable/fixed)

Up to 7.5 points will be awarded for the development of housing addressing one of the following needs:

1. **Preservation** of existing affordable units (7.5 variable)
2. Use of **revolving loan fund program-based initiative** (5.0 fixed)
3. **Disaster remediation** for acquisition, construction and/or rehabilitation to restore or replace housing destroyed or damaged in a declared disaster area (7.5 fixed)
Preservation - Data

Existing Affordable Housing Units are those with one of the following:

1. Use restrictions expiring within 24 months before or after the opening of the AHP round;
2. Section 8 units with owner opting out of contract; or
3. Units due to distress or foreclosure that may not continue to remain affordable without new capital or ownership
   - FYI: new definition of physical distress

Points are based on the percentage of total original units preserved.
A reduction in units will result in partial points.
Preservation - Documentation

Documentation must include:

1. The affordability use restriction/covenant such as:
   - HAP contract
   - Deed restriction, LIHTC land use restriction, other

2. Evidence of distress/foreclosure if reason (#3 as applicable) such as:
   - Capital Needs Assessment summary
   - Other documentation of code violations,
   - Foreclosure documentation

Refer to the AHP Implementation Plan for more details about data and documentation.
Second District Priority - Two other options

**Program-based Revolving Loan Funds:**
- 5.0 points will be awarded to program – based Revolving Loan Funds

**Disaster Remediation, Acquisition, Construction or Rehabilitation:**
- 7.5 points will be awarded to initiatives which are:
  - Restoring, replacing housing damaged by a disaster (Federal or state)
  - Relocation or replacement housing destroyed by disaster

Refer to the AHP Implementation Plan for more details about data and documentation.
Remaining AHP Scoring Categories

Housing for Homeless (up to 5 points; minimum of 20%)

- **Data** – Percentage of total units reserved
- **Data** – total # units vacant or new construction
- **Details** - min. 6 month occupancy, describe service/funding plan

First Time Home Buyers (up to 5 points)

- **Data** - # units for FTHB
- **Data** - # units new construction or substantial rehab
- **Details/Documentation** – Counseling checklist or FTHB counseling curriculums if not on the list
Remaining AHP Scoring Categories

Rural Location (5 points)
- **Data** - Based on [USDA-eligible locations](#)

Economic Diversity (5 points)
- Mixed-income or affordable units in high income tracts, based on locations, FFIEC

Subsidy Per Unit (up to 5 points) (less is more)
- Rental ($5,000 to $65,000 subsidy per unit)
- Owner ($9,000 to $30,000 subsidy per unit)
Watch Out! Most Common Mistakes

- Incorrect Empowerment documentation
- Stability – mismatch between what’s checked and architect’s letter
- MFP: Data/loan terms? Forgot LIHTC?
Demonstrating Feasibility & Need for Subsidy
Feasibility - The Basics

- Detailed Development Sources and Uses budgets consistent with those provided to other funders

- Explain any nonresidential space and the source and uses of funding (AHP cannot fund nonresidential)

- Rental applications: provide 15-year operating proforma and demonstrate positive cash flow and need for subsidy throughout 15-year retention period

- Homeownership applications: demonstrate need for subsidy, reasonable mortgage terms. Sales price/mortgage amount can not exceed TDC minus AHP grant and borrower’s down payment.

- Habitat-type initiatives: separate section for below-market or zero-interest-rate first mortgages
Development Feasibility

Development Sources and Uses Budget

- **Data:** Summarize sources and uses in the application
- Break out builder’s overhead, profit, and general requirements from the hard construction costs according to industry standard definition
- **Documentation:** Attach a detailed sources and uses budget with a separate construction budget, if available
- Nonresidential space - explain this in the application and attach a separate budget for the non residential space, as well as a combined budget for residential/nonresidential space (AHP can not fund nonresidential space)
- **Make sure the application summary budget and the detailed sources and uses match!**
Project Cost and Feasibility Guidelines

- Please review the detailed project cost and feasibility guidelines in Attachment A of the Implementation Plan!

- Construction costs are evaluated using industry construction cost data such as RS Means, portfolio or application round data, with adjustment factor for affordable housing

- If a capital needs study has been done, include the executive summary with the application

- Please include both a separate residential and commercial sources, uses and operating proformas and total budgets, if appropriate
Project Cost and Feasibility Guidelines

- Fully explain any deviation from the guidelines using numerical data in the explanation
  
  - Explanations must be quantifiable in relation to the amount by which the guideline is not met
  
  - Explanations must also be detailed which provide logical and measurable reasons for the deviation

- The Bank will consider appropriate exceptions to these guidelines based on the information and documentation provided
Homeownership Feasibility Guidelines

- Sales price and mortgage for each home: AHP subsidy must pass through to the buyer

- Mortgage term: Reasonable to ensure affordability, typically not less than 15 years

- Below-market or zero-interest-rate first mortgages (Habitat-type initiatives) must include discounted value of mortgage payments as a source.
Noteworthy Feasibility Items

- Complex ownership structures (ownership involves subsidiaries or partnerships) will require the submission of an organizational ordeal chart.

- Major wholesale changes to the project or application, sources and uses, the operating pro forma, or other information occurring after the AHP application has been submitted will not be accepted.

- Total Development Cost – TDC will be evaluated for the overall cost per unit, and in comparison to similar projects in the round.

- Cash Flow Per Unit – Evaluated in conjunction with the number of units in the project. Economy of scale is considered.

- Turnkey? Acquisition-only? Check the Implementation Plan and your Community Investment Manager.
Development Feasibility Issues

Sources and Uses - Rental:

Incorrect Data

- Sources and uses data doesn’t track to the budgets
- Not enough detail in Uses – what’s the Builder’s Overhead?

Incorrect or Missing Documentation

- Wrong sources and uses budget or missing construction budget;
- Commercial/nonresidential budget not submitted or does not match application
- Non-cash sources and uses included
Development Feasibility Issues

Sources and Uses - Homeownership:

- Sales price too high – no need for subsidy
- First mortgage does not take into account AHP funds
- Mortgage term less than 15 years
- Housing expense not affordable
- Present value not accounted for in sources (Habitat only)
Operational Feasibility (Rental)

- **Data:** Summarize first full year in the application

- **Documentation:** Attach a detailed 15-year operating proforma, and if commercial or other income supports the AHP project, include this income in the budget

- Show income with trending factors *(explain deviations from standard trending)*, expenses, debt service, cash flow and debt coverage ratio for each year

- Show operating reserves and how they are used during the 15 years to meet shortfalls

- Debt Service Coverage Ratio (DSCR) outside of guidelines

- Cash flow – Explain/document how cash flow is spent
Operational Feasibility Issues

Data:
- Operating Summary Statement doesn’t match to proforma
- Affordable rents?

Documentation:
- Detailed 15-year proforma not submitted or wrong proforma uploaded
- 15-year proforma does not show trending factors, management fee, all expense line items, debt coverage ratio, or use of operating reserve
- Operating proforma goes negative in some later year with no way to cover the shortfall
- Trending factors not the same for all 15 years or unexplained
Operational Feasibility Issues

Documentation:

- Operating proforma goes negative in some later year with no way to cover the shortfall
- Trending factors not the same for all 15 years or unexplained
- Mixed use projects missing commercial-only proforma
Operational Feasibility Issues

- Feasibility threshold issues not explained with actual cost/numbers associated with unusual feature in the development, or explanation is not deemed acceptable
- Budgets are not the same as submitted to other funders
- Turnkey/acquisition only projects: acquisition cost not adequately substantiated by appropriate documentation
- Tax credit project acquisition not adequately documented in terms of what is included in the sale price
Watch Out! Most Common Mistakes

- Sources and Uses don’t match to the attachment
- Uses: Builder’s overhead?
- Missing construction budget
- Operating proforma data online doesn’t match to attachment
Wrap Up
Reminders

- Legal names are important.
- The locations impact Donated, Rural, Economic Diversity, Number of Units and Income Targeting, affects Feasibility.
- The Data and Documentation matter.
- Member Funding: Enter the correct AHP Direct Subsidy, AHP Subsidized Advance, other Member funding including LIHTC.
- Don’t forget: we have a separate Member Analysis and Application Review Period.
- Use the Implementation Plan.
Application and Key Resources

- Online Application: https://housing.fhlbboston.com
- AHP Implementation Plan
- AHP Regulation 12 CFR 1291
- AHP Application information: http://www.fhlbboston.com/communitydevelopment/ahp/03_01_08_forms.jsp
  - Round Announcement
  - Notice of Changes
  - Self-scoring sheet
  - Sponsor letter of current obligations
  - Empowerment – Sponsor- and Agency Letter of Commitment templates
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- **Kaitlyn Mulhern**
  Equity Builder Program Manager, 617-292-9606

- **Paulette Vass**
  Community Development Advance Manager, 617-292-9792
Your Questions?
How Do I Apply?
Usernames and Passwords

- **Log In!** Make sure you have a Community Lending Login username and password
- **Got it? Good.** If you’ve applied for AHP, have an award or used EBP or CDA in the past, your username and password will still work.
  - Your username and password cannot be shared with anyone and is specific to you.
- **New to AHP?** It’s easy to request: [https://housing.fhlbboston.com](https://housing.fhlbboston.com)
- Use the Authorized Representative function to designate a consultant to work on your AHP application.
  - **Watch Out!** Consultants don’t start until you are designated by the Sponsor as Authorized Representative!
Authorizing Your Consultant

Welcome
Add Authorized Representative for sponsor/owner
Remove Authorized Representative for sponsor/owner
AHP Applications
AHP Projects
AHP Disbursements
AHP Closeouts
AHP Reports
AHP Modifications
AHP Extensions
Change Password
Edit Account Profile
Log Out

Authorized Representative

This form will allow you to request access to the Bank's online AHP system for individuals associated with your organization, such as a development consultant or third party property manager.

Your Authorized Representative will have complete access to all of your AHP projects, including Applications, disbursement requests, monitoring, reporting, and extension requests.

You can have a representative sign:
also have the option to allow your Authorized Representative to sign and certify all submissions on behalf of your organization.

If you do not wish to give your authorized representative the authority to sign on behalf of your organization, you (or someone at your organization) will need to login once the authorized representative has completed the report or application, review the work, and digitally sign and submit the project.

Submit Request:
Sponsor/Owner Organization:
Name of Request Signer:

Purpose of Request:
Select Authorized Representative's Organization: Help Topic

> Continue
> Enter a new organization
> Cancel
How Do I Submit my Application?
Scoring Summary and Validation

- The application summarizes the data collected for the scoring categories
- Does not calculate the points but will indicate predicted score based on data entered, subject to Bank review and verification
- Fact-checking for AHP eligibility, readiness, and feasibility
- Prompts for missing data or explanation of variances outside of feasibility ranges/guidelines
Submitting the Application

- Proof your work and double check your uploads
- Consultants may be authorized to sign on behalf of the Sponsor
- If no consultant is signing, then Sponsor needs to sign first, and then the Member signs and submit electronically to FHLBank Boston
- **Applications and All Supporting Documentation**
  - Due from **Sponsor:**
  - Thursday, July 25 at 3:00 p.m. EST
- **Member Review Period Ends:**
  - Thursday, August 1 at 3:00 p.m. EST
- Make sure your member is available to sign when the application is ready to be submitted. Communicate and submit early!
- **PRINT A COPY FOR YOUR RECORDS!**
The Fine Print

- The sponsor cannot edit the application after July 25th.
- Members have the ability to **unsign** a sponsor’s signature prior to July 25th in order for the sponsor to make any corrections.
- **Review is based on the application and documentation submitted.** Major wholesale changes to the project or application during the funding round will not be considered and may result in disqualification.
- Applications are scored against the criteria and the other applications in the round.
Revolving Loan Funds (RLF)

- Must be an eligible and experienced Revolving Loan Fund
- Project or Program?
- See AHP Implementation Plan Attachment E
- Call your Community Investment Manager/HCI to discuss further
Thank You

If you need any assistance, please contact us!