

2019 AHP NOTICE OF CHANGES AND INFORMATION

April 2, 2019

Federal Home Loan Bank of Boston has made several updates to the Affordable Housing Program (AHP) to streamline the application process. Updates and key elements are highlighted below. For instructions and other information, including specific guidelines, please visit the 2019 AHP Implementation Plan, dated December 14, 2018, on the Bank's website at:

http://www.fhlbboston.com/communitydevelopment/ahp/03_01_06_implementation.jsp.

Application Deadlines Have Changed

The AHP funding round opens on Monday, June 3. Applications are due by 3:00 p.m. on Thursday, July 25.

Similar to last year, member financial institutions will have a separate extended online application review period. Members must complete the online application review of each of their submitted AHP applications by 3:00 p.m. on Thursday, August 1.

Applications are to be submitted online at <https://housing.fhlbboston.com/>.

Funding awards will be announced by December 31, 2019.

AHP Trainings and Webinars

To learn more about the AHP, please attend one of our webinars and/or upcoming trainings scheduled throughout New England. You can register for any of these on our events page:

<http://www.fhlbboston.com/events/index.jsp>.

2019 AHP Application and Subsidy Limits

- The maximum direct subsidy grant per application is \$650,000.
- The maximum total AHP subsidy per application, including direct subsidy grants and AHP advance interest-rate subsidy, is \$1,000,000.
- There is no limit to the number of applications that a member may submit, however, the maximum approval limit per member is 25 percent of the total AHP subsidy available.
- The maximum direct subsidy for homeownership remains unchanged at \$30,000 per unit.
- AHP details, application information, and documentation templates, can be found at the AHP forms and applications page of the Bank's website:
http://www.fhlbboston.com/communitydevelopment/ahp/03_01_08_forms.jsp.

AHP Implementation Plan Changes

Primary highlights include, but are not limited to:

Feasibility and Cost Guidelines (2019 AHP Implementation Plan – Attachment A)

- The Bank will review all project costs, related expenses, and fees. Applications (or future disbursements) may be denied or disqualified for unexplained or excessive costs or fees.
- Applications that vary from the AHP guidelines will be evaluated further to establish the reasonableness of the variation, at the sole discretion of the Bank.
- The Bank expects all data and documentation provided with the AHP application to be generally consistent with the information provided to other funders and proposed funders.
- Members should adhere to the Bank's Anti-Predatory Lending Policy when entering into AHP transactions (http://www.fhlbboston.com/members/faqs/05_06_01_anti_pred_lending_faq.jsp).

New for 2019:

- **Sponsor Capacity.** Demonstrated development and organizational capacity on the part of the sponsor and the related development team, including property management for rental initiatives, is vital for successful AHP development.

Sponsors with limited housing development experience or limited exposure to the Bank's AHP, must partner with a known development organization willing to co-sponsor the AHP application. Inexperienced sponsors must provide a fully executed memorandum of understanding or letter agreement with the experienced development co-sponsor. The Bank will review and make determinations at its sole discretion.

- **Readiness.** Responding to funding and development conditions, the Bank has extended the development timeframe to achieve completion to 36 months from 24 months. Applications must provide a development schedule demonstrating that the initiative will be completed, including the use of all AHP funds, within 36 months of the award. Applications must demonstrate drawing AHP funds or using AHP funds to leverage other capital funding within 12 months of the award.
- **Site Control.** This remains a threshold requirement. The sponsor or ownership entity must demonstrate site control of 100 percent of the location(s) in the initiative. The documentation must identify the parties and explain related parties, affiliations, controlling interests, or managing entities to clearly demonstrate that the sponsor or ownership entity possesses site control. The Bank reserves the right to set aside any application which fails to fully demonstrate site control. See the AHP Implementation Plan for details.
- **Cash Flows and Operational Feasibility.** Rental initiatives must demonstrate how excess cash flows are used and controlled. See the AHP Implementation Plan for details.

Reminders:

- **Application Comparison.** The Bank may compare and review submitted information with other major funders. Moreover, the Bank expects all data and documentation provided with the AHP application to be generally consistent with the information provided to all other funders and prospective funders.
- **Application Changes After Submission.** 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. While clarifications may be accepted, any significant changes or revisions occurring during the funding round will not be considered and may result in disqualification.
- **Mixed-Use Initiatives and Others with Nonresidential Space.** The Bank reminds applicants that initiatives with commercial space or nonresidential spaces should provide sources and uses development budgets, documentation, and operating proformas, when applicable, for both the housing-only space and the total project. Please consult the AHP Implementation Plan for more details.

Scoring Categories (2019 AHP Implementation Plan – Attachment B)

Changes for 2019:

- **Second District Priority – Preservation of Existing Units.** Within this category points may be awarded for preserving existing affordable, income-restricted properties which are in physical distress. The Bank has clarified the term ‘distress’ to be defined as “units at risk of loss due to physical condition including the probable condemnation within four years, significant code/safety issues or extensive capital needs which threaten the long-term viability and affordability of the property.”
- **Second District Priority – Program-based Revolving Loan Funds.** The Bank has reduced the points for program-based revolving loan funds to 5.0 points (fixed) from 7.5 points.
- **Community Stability – Sustainable Development Building Practices and Efficient Building Operations.**
 - The Bank has clarified that applicants can designate only one other feature within each of these two subcategories. The application must clearly describe how such ‘other’ features are a specific sustainable development building feature or contributes to efficient building operations, respectively.
 - Please consult the AHP Implementation Plan for the list of eligible items and the documentation requirements. Please also note that the Bank will not award points for items previously recognized, such as low- or no-VOC paint, primers, adhesives, and sealants.
- **Member Financial Participation.** No change from 2018. This remains a core scoring category. Members providing development capital for the affordable units in the application may earn up to 12.5 points.
- **Promotion of Empowerment.** Please consult the AHP Implementation Plan for a detailed description of the category, the eligible activities and services, and the required

documentation. Failure to provide and fully execute the correct documentation is the most common error applicants make, resulting in a loss of up to 10 points.

For more information on any of these changes and the Affordable Housing Program, please see the [2019 AHP Implementation Plan](#), dated December 14, 2018, on the Bank's website or contact your Community Investment Manager or any member of the Housing and Community Investment staff.

Additional information is available at <http://www.fhlbboston.com/communitydevelopment/index.jsp>. You can reach your community investment manager at:

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Program management, long-term monitoring and reporting, refinancing, completion of AHP affordability obligations, as well as other programmatic and regulatory questions

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