

2016 Affordable Housing Program Application Training

Federal Home Loan Bank of Boston

May – August 2016

FHLBBoston

Agenda

- FHLB Boston Overview
- AHP Overview and 2016 AHP Changes
- AHP Basics
- Getting Started
 - Community Lending Login Account Set Up
 - Creating an Authorized Representative
 - Sponsor Registration
 - Member Invitations
- Scoring
- Development and Operational Feasibility
- Submitting the Application
- Questions and Answers

FHLB Boston Overview

FHLB Boston



- A cooperatively owned, wholesale bank
- Serving shareholders since 1932; 446 members
- Members consist of thrifts, community banks, commercial banks, credit unions, insurance companies, and CDFIs
- \$58.1 billion in assets (12/31/2015)
- Performs critical function by providing reliable funding, liquidity, and credit products and services that facilitate housing and economic growth

FHLB Boston

- Administers Housing and Community Investment programs such as the Affordable Housing Program
- Funds the AHP through 10 percent of the Bank's net earnings
- AHP provides grants and subsidized interest rates on advances for investment in affordable housing that serves very low-, low-, and moderate-income families

All HCI Programs

- Affordable Housing Program (AHP)
- Equity Builder Program (EBP)
- Community Development Advance (CDA)
- New England Fund (NEF)
- Grants for New England Program (GNP)
- Jobs for New England (JNE)
- Helping to House New England (HHNE)

AHP Overview

Terminology

CIM - Community Investment Manager

FHFA – Federal Housing Finance Agency

FHLB Boston - Federal Home Loan Bank of Boston

HCI – Housing and Community Investment Department

Member – FHLB Boston Member Financial Institution

QC - Qualifying Characteristics (scoring awarded)

Sponsor - Developer/Owner of AHP Initiative

2016 AHP Overview

- Approximately \$27.2 million of subsidy available
- Members and Sponsors partner together to submit application
- Member's role is essential in reviewing and underwriting the project
- Communication between the member and sponsor is key
- 2016 AHP Implementation Plan is on Bank's website and critical to a successful application (3/18/2016)

2016: Key Dates & Applying

- Application Opens:
Monday, July 25, 2016
- Applications Due:
Tuesday, September 13, 2016 by 5:00pm EST
- Award Announcements:
Friday, December 16, 2016

To apply, please visit:

- <https://housing.fhlbboston.com>
- Other materials are available at:
http://www.fhlbboston.com/communitydevelopment/ahp/03_01_08_forms.jsp

AHP Funding Types

- As a **grant** (direct subsidy)
- As a **loan** (subsidized advance)
 - A reduced interest rate loan made to the member to reduce the interest rate on the project's permanent debt
- As a **combination using both** a direct subsidy and subsidized advance

2016 Round and Member Limits

- AHP Maximum (direct subsidy and advance subsidy):
\$1,500,000 per application
- AHP Maximum Grant (direct subsidy):
\$750,000 per application
- AHP Maximum for Homeownership (direct subsidy):
\$30,000 per ownership unit
- Member Application Limit:
None
- Member Approval Limit:
25% of subsidy available
- The AHP limits have been increased for 2016 only!

New for 2016

- **Scoring** – Changes/clarifications in:
 - Donated
 - Homeownership Targeting
 - Housing for Homeless
 - Economic Empowerment
 - First-time Homebuyers
 - Member Financial Participation
 - Second District Priority
 - Subsidy per unit

- **Feasibility** – Added income and expense trending guideline

For more information, please review the AHP Implementation Plan revised March 18, 2016 for detailed requirements

Refer to the Notice of Changes included in your package and on the Bank's website for details.

AHP Fraud Reporting

- All are responsible for reporting observations of fraud related to approved AHP initiatives, as outlined in the obligations under the AHP Agreement
- Some examples of possible fraud: Language changes in AHP Agreement, Mortgage and Note templates, undisclosed conflict of interest, fraudulent documents, falsifying application, project or budget information. failure to notify Bank of sale/refi/foreclosure, fraudulent Financial statements or audits
- May be intentional or unintentional
- Provide prompt written notice to the Bank
- Provide additional information as requested

AHP Basics

What is an AHP Subsidized Advance?

- A reduced interest rate loan from FHLB Boston to member
- AHP subsidy is used to reduce the interest rate
- The member adds their spread to the AHP interest rate
- The member loans funds to the sponsor for the project.
- The subsidized advance must match the term and amortization of the loan to the project
- Funds must clearly flow through to the project. Individual loans or combined loans may not exceed the standard market rate for interest, points, fees or spreads for similar loans

What is an AHP Subsidized Advance?

- Terms of 10 to 20 years, with up to a 30-year amortization
- Interest subsidy is calculated based on an 18-month forward rate cost of funds and is a fixed amount which can not be increased
- Optional forward rate commitments for future disbursement are available with a mandatory take down
- Interest rate is not guaranteed. However, the rate, principal, and term may be adjusted, if warranted

Subsidized Advance Example

The sponsor is in need of the following loan:

- Loan Amount - \$1,550,000
- Term - 20 years
- Amortization - 30 years
- Desired fixed rate for the project – 3.5%

Subsidized Advance Example

Requested Rate to Project	3.5%
Member's Spread	2.5%
Member's requested subsidized rate (rate to project minus member's spread)	1.0%
FHLB Boston Cost of Funds (18-month forward look at application)	4.5%
AHP Subsidy Needed	\$289,987

Revolving Loan Funds

How Does RLF Initiative Work?

- Must be an eligible and experienced Revolving Loan Fund
- Either an initial project or a program; FYI: addresses are not required for program applications
- May apply for Direct Subsidy to be loaned to initial eligible projects
- Initial lending must meet AHP eligibility and Application commitments for the full AHP retention period
- Monitoring done for re-lending to ensure AHP eligibility and compliance, but no retention
- See AHP Implementation Plan Attachment E

The Application – What's Evaluated?

Sponsor Capacity	AHP Eligible Uses
Project Definition	Feasibility
Affordability	Need for Subsidy
Project Readiness & Federal/State/Local Law	Current AHP Projects
Marketability	Member Analysis

Project Readiness

At the time of Application:

- **Time Limits** - Must provide a development schedule that demonstrates the ability to start the project within 12 months, complete the project within 24 months and attain occupancy within a reasonable time period
- **Site Control** - Demonstrate site control of 100 percent of the location(s)
- **Funding Commitments** - Demonstrate that all funds from all sources will be committed within 12 months of the AHP award
- **Zoning** - Demonstrate that the project does or will comply with all current zoning within 12 months of the award

Documentation is required for all Readiness items-please review the AHP Implementation Plan for acceptable 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
- FHLB Boston relies on the member's evaluation

Getting Started

Username and Passwords

- Prior to starting your application, make sure you have an FHLB Boston Community Lending Login username and password (potential changes coming)
- If you have participated in AHP, Equity Builder Program or Community Development Advance Program in the past, your username and password are the same
- This applies to the sponsor/developer, any consultant, and the member financial institution representative
- Your username and password cannot be shared with anyone and is specific to you
- If you do not have a username and password, please use the following link to request one:

Apply today - <https://housing.fhlbboston.com>

Requesting Username & Password

- Here is the screen you will use to request or reset your username and password :

Community Lending Login

Username:
Password: (case-sensitive)

Login



If you are a first-time user, [click here](#) to create an account.

If you forgot your password, [click here](#) to reset it.

If you forgot your username, [click here](#) to retrieve it.

Your account will be locked out after three incorrect logon attempts. If you're having trouble accessing the site, please contact Paulette Vass, community development advance manager, at 617-292-9792 or paulette.vass@fhliboston.com, or Mary Ellen Jutras, vice president / deputy director of housing and community investment, at 617-292-9607 or mary.ellen.jutras@fhliboston.com.

Notice:

This system is subject to the provisions of the Computer Fraud and Abuse Act ("CFAA"). In accordance with the CFAA, any attempt to intentionally access this system without authorization, exceed authorized access, or upload and/or change information without authorization is strictly prohibited and subject to prosecution, fines and imprisonment under Title 18 U.S.C. 1030.

Authorizing Your Consultant

FHLBoston

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

LOG OUT

Building New England

New Authorized Representative

* Indicates required fields

This form will allow you to request access to the Bank's online AHP system for individuals associated with, but not directly employed by 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 AHP Applications, disbursement requests, monitoring, reporting, and extension requests.

NOTE: You 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 power 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.

Sponsor/Owner Organization:

Name of Request Signer:

Title:

Date of Request:

Select Authorized Representative
Organization: [Help Topic](#)

Organization Name

Requestor Name

Requestor Title

Date of Request

- Select -

- > [Continue](#)
- > [Enter a new development organization](#)
- > [Cancel](#)

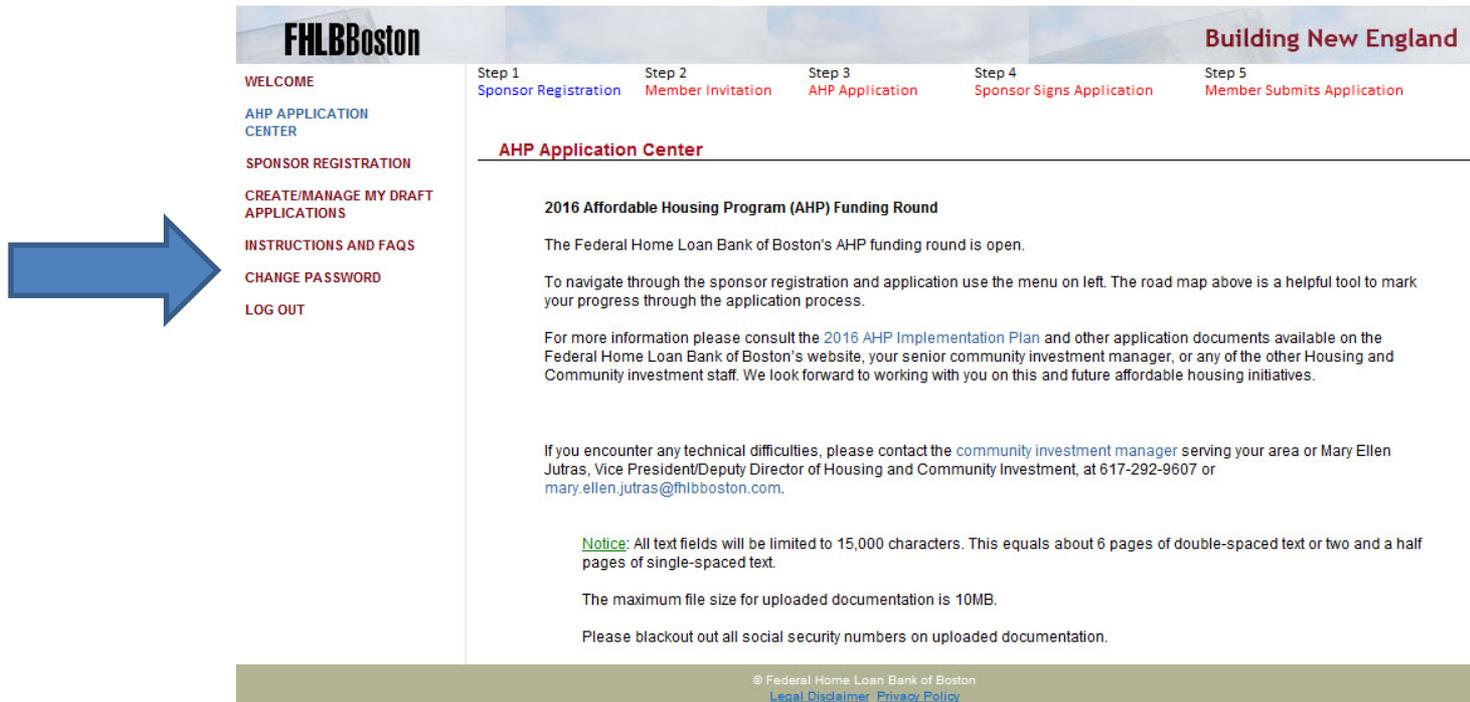
FHLBoston

Sponsor Registration

- Prior to starting the AHP Application, you must complete the Sponsor Registration
- This section includes information about the sponsor's organization and the development team members
- Certain documentation must be attached to the Sponsor Registration, including:
 - Resumes of key team members
 - 501(c)(3) Designation Letters (housing authorities and for-profits have different documentation)
 - Most recent audited financial statement, if your organization is required to have an annual audit

Sponsor Registration

- Here is the screen you will see to start your Sponsor Registration:



The screenshot displays the FHLBBoston website interface. At the top, the logo 'FHLBBoston' is on the left and 'Building New England' is on the right. Below the logo is a navigation menu with the following items: WELCOME, AHP APPLICATION CENTER, SPONSOR REGISTRATION, CREATE/MANAGE MY DRAFT APPLICATIONS, INSTRUCTIONS AND FAQs, CHANGE PASSWORD, and LOG OUT. A blue arrow points to the 'SPONSOR REGISTRATION' link. Above the main content area is a progress bar with five steps: Step 1 Sponsor Registration (highlighted in blue), Step 2 Member Invitation, Step 3 AHP Application, Step 4 Sponsor Signs Application, and Step 5 Member Submits Application. The main content area is titled 'AHP Application Center' and contains the following text:

2016 Affordable Housing Program (AHP) Funding Round

The Federal Home Loan Bank of Boston's AHP funding round is open.

To navigate through the sponsor registration and application use the menu on left. The road map above is a helpful tool to mark your progress through the application process.

For more information please consult the [2016 AHP Implementation Plan](#) and other application documents available on the Federal Home Loan Bank of Boston's website, your senior community investment manager, or any of the other Housing and Community investment staff. We look forward to working with you on this and future affordable housing initiatives.

If you encounter any technical difficulties, please contact the [community investment manager](#) serving your area or Mary Ellen Jutras, Vice President/Deputy Director of Housing and Community Investment, at 617-292-9607 or mary.ellen.jutras@fhlbboston.com.

Notice: All text fields will be limited to 15,000 characters. This equals about 6 pages of double-spaced text or two and a half pages of single-spaced text.

The maximum file size for uploaded documentation is 10MB.

Please blackout out all social security numbers on uploaded documentation.

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[Legal Disclaimer](#) [Privacy Policy](#)

Beginning the Application

- Once you have completed and submitted the Sponsor Registration, you may begin the application
- Follow the screens from the beginning
- The information required is sequential and essential for the screens that follow. Please read everything
- Upload or fax all required documentation by the deadline; use the bar-coded cover sheet
- Don't send anything that is not asked for
- Save every 20 minutes

AHP Scoring System

AHP Scoring System

Donated Properties 5 Points (variable)	Empowerment 10 Points (variable)	Economic Diversity 5 Points (fixed)
Sponsorship 5 Points (variable)	First-time Homebuyer 5 Points (variable)	Second District Priority 5 Points (variable/fixed)
Targeting 20 Points (variable)	Rural 5 Points (fixed)	Community Stability 15 Points (variable)
Homeless Housing 5 Points (variable)	Member Financial Participation 15 Points (variable)	Subsidy Per Unit 5 Points (variable)

Donated: 5 Points (variable)

- Up to five points for land or units conveyed for an amount significantly below market value – Defined as a true donation or purchase for 50 percent or less of fair market value

For Points:

- At least 20% of the square footage of the building(s), units, or land in the initiative is donated
- Donations or conveyances are considered for points only for arm's length transactions, defined as transactions between parties that are not affiliated through co-sponsorship of the AHP Application, ownership, or control.
- Purchase of Federal government properties are eligible to receive one point, regardless of the acquisition price
- Long-term, nominal-cost leases may qualify
- (NEW!) Must be within 5 years of opening of the AHP round.



What Documentation is Needed for Donated Category?

- Evidence of donation
- Outright donations – no appraisal necessary
- Other types of donations- appraisal may be necessary
- **Appraisal** from a state licensed or certified appraiser that is no older than six months prior to the date of closing/transfer, with documentation of sale such as recorded deed, letter from donating entity stipulating donation and sale price

What Documentation is Needed for Donated Category?

- If property was transferred **within five years** prior to the AHP funding round, and no appraisal was done, provide the tax assessment establishing **the market value at time of purchase** along with HUD Settlement Statement or other document evidencing actual purchase price
- **If property has not been transferred prior to AHP application, and appraisal has not been ordered**, site control documentation such as P&S Agreement or Option Agreement, and the tax assessed value must be submitted. Price and value will be reviewed at time of sale to ensure continued eligibility for points

Donated: Why Are Points Lost In This Category?

- Not a true arms length transaction
- No appraisal submitted or appraisal is older than 6 months prior to transfer
- Tax assessment not provided for properties transferred within 5 years without appraisal
- Value is not substantiated by the appraisal or assessment
- (NEW!) Donation occurred more than 5 years prior to the opening of the AHP round
- Donated properties from which, prior to the AHP application, the sponsor has generated income or derived other benefit



Sponsorship: 5 Points (variable)

For-profits may apply but are not eligible for these points, unless there is a not-for-profit partner. For points, eligible sponsoring organizations include:

- 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

Sponsorship: 5 Points (variable)

Rental projects:

- **1 point** for applications sponsored by a nonprofit organization, or other organizations mentioned in previous slide, with an ownership interest
- **An additional 4 points** for rental 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 a not-for-profit organization, or other organization mentioned in previous 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

What Documentation is Needed for Sponsorship Category?

- Not-for-profits – 501(c)(3) designation letter, or other state not-for-profit designation letter, such as 501(c)(4) designation
- Housing Authorities – Cooperative agreement with city or bylaws establishing the housing authority
- Other Government Entities – Documentation which evidences the organization as a government entity
- Revolving Loan Fund – Documentation which evidences that the organization is a RLF

Sponsorship: Why Are Points Lost in This Category?

- Sponsor's organizational documentation not provided
- Sponsor Statement of Obligations not signed by the board chair
- Rental projects - Ownership interest not demonstrated in partnership description or documentation, not clear, or does not show direct link between sponsor and the owner of the property



Targeting-Rental: 20 Points (variable)

1. Minimum Eligibility: 20% of the total units must be targeted to households at or below 50% of area median income
2. Full 20 points will be awarded if 60% of the total units are targeted at or below 50% of area medium income
3. If less than 60% of total units are targeted to households at or below 50%, points are awarded on a declining scale based on the percentage of units targeted at or below 50% of area median income and on the percentage of remaining units targeted below 80% of area median income (see page 5 of Attachment B for calculation methodology)
4. 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**

Targeting-Rental: 20 Points (variable)

- If targeting less than 60% of total units at 50% of AMI points are awarded as follows:
 - a. 20 points x % of units at 50% AMI
 - b. 14 points x % of units at 60% AMI
 - c. 8 points x % of units at 80% AMI
- The total points are calculated by adding a, b, and c together

Calculating Your Rental Targeting Points

# of units (10 total units)	Percentage of Total Units	Point Multiplier	Result
2 units at 50% AMI	20%	20	$20 \times 20\% = 4.00$ points
8 units at 60% AMI	80%	14	$14 \times 80\% = 11.20$ points
0 units at 80% AMI	0%	8	$8 \times 0\% = 0.00$ points
TOTAL POINTS			15.20 Points

Targeting-Rental: 20 Points (variable)

- 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, **a current rent roll will be required showing household incomes for the occupied units**
- 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

Targeting-Homeownership: 20 Points (variable)

1. Minimum Eligibility: All units must be affordable for households earning at or below 80% of the area median income.
2. Twenty points will be awarded if 60% of the total units are targeted to households at or below 60% of area median income
3. Projects targeting less than 60% of total units at or below 60% of area median income will be awarded points on a declining scale based on the percentage targeted at or below 60% of area median income, and on the percentage of the remaining units with incomes at or below 80% of area median income

Targeting-Homeownership: 20 Points (variable)

- If targeting less than 60% of total units at 60% of AMI points are awarded as follows:
 - a. 20 points x % of units at 60% AMI
 - b. 16 points x % of units at 80% AMI
- The total points are calculated by adding a and b together

NOTE: The factor in example b has been reduced from 18 to 16. (NEW!)

Calculating Your Ownership Targeting Points



# of Units (assumes 10 total units)	Percentage of Total Units	Points Multiplier	Result
0 units at 50% AMI	0%	20	0.00 points
4 units at 60% AMI	40%	20	8.00 points
6 units at 80% AMI	60%	16 (NEW!)	9.60 points
TOTAL POINTS			17.60 Points

Targeting: Why Are Points Lost In This Category?

- Minimum eligibility of 20% of total units targeted at 50% AMI not met
- Error in number of units entered into income targeting group
- Mismatch between occupied project rent roll and what is entered into application
- Rent roll is incomplete, unclear or not on FHLB Boston template



Homeless Housing: 5 Points (variable)

- Minimum Threshold – Set aside 20% of the total units to homeless households throughout the retention period
- **5 points** multiplied by the percentage of total units designated, in which **at least half the units** are vacant or new construction; or
- **2.5 points** multiplied by the percentage of total units, in which **less than half of the units** are vacant or new construction
- Six-month occupancy required to qualify for this category
- Overnight shelters are eligible for AHP funding, but do not qualify for points in this category

Homeless Housing: 5 Points (variable)

- Households must be able to be certified by a third-party agency specializing in homeless services as homeless
- The application must document a specific outreach plan for recruiting and serving the homeless, which includes any operating subsidy and supportive services as applicable
- Definition of homeless is based on the McKinney-Vento Homeless Assistance Act amended by the Homeless Emergency Assistance and Rapid Transition Act of 2009 (24 CFR Parts 91,582 and 583)
- See AHP Implementation Plan for general overview of homeless definition

Homeless Housing: Why Are Points Lost In This Category?

- Minimum 20% of total units set aside for homeless not achieved
- Documentation showing how rent subsidy for homeless units not submitted
- Documentation or description of services to be provided for homeless residents not submitted



Economic Empowerment: 10 Points (variable)

- All service providers **MUST** sign the appropriate FHLB Boston Form Letter, including for services provided by Sponsor or Agency
- **(NEW!)** All signatures must be handwritten
- Points are awarded in this category to projects providing housing in combination with a service program
- Services must be offered and available to **all residents, absent any program eligibility requirements/criteria**
- Services must lead to economic empowerment of the residents
- Basic referral services are not eligible for points

Economic Empowerment: 10 Points (variable)

- There are five empowerment service groups available from which to choose services. (NEW! Services have been added and other have been updated.)
- **Two services** from **two groups** must be selected and documented to receive the full **10 points**
- If two services from one service group are selected and documented **five points will be awarded**
- (NEW!) Applicants may request only one “other” service in each of the five service groups.
- FHLB Boston’s **Agency** Letter of Commitment template must be executed for services provided by a third party and signed both sponsor and services provider
- FHLB Boston’s **Sponsor** Letter of Commitment template must be executed by the sponsor for services provided by the sponsor’s staff/independent contractors

Economic Empowerment Cont.

- Letters of Commitment must list all services offered and match the services selected in the application
- Letters of Commitment must be signed appropriately, and dated within six months of the application date.
- (NEW!) All signatures must be handwritten
- Services or programs must be available within six months of the project's completion date, and be evidenced at the project's AHP Closeout Monitoring Report
- If using a resident service coordinator (RSC), identify the service(s) offered in the "Other" category and execute **The Sponsor or Agency** Letter of Commitment with each service provider, as appropriate. **NOTE** that basic referral services remains an ineligible activity.

Economic Empowerment Service Groups

Workforce Readiness

(5 points max)

GED

ESL

Employment Training

Job Placement, or Employment Opportunities

Micro-Business

Other

Homeownership Readiness & Sustainability

(5 points max)

Homebuyer Counseling/ Education

Financial Planning & Budgeting

Credit Counseling

Sweat Equity

Landlord Training

Other

Self Sufficiency

(5 points max)

Daycare Services

After-school, Weekend & Summer Programs

Adult Day Health

Transportation

Family Self-sufficiency

Welfare to work

Fraud Avoidance Training

Meals, housekeeping

Healthcare Services

(5 points max)

Primary Health Care

Substance Abuse Programs

Mental Health

Medication Management

Nursing Services

Other

Resident Leadership

(5 points max)

Resident Council

Representative on Board of Directors

Homeowners Association

Mutual Housing

Other

Economic Empowerment: Why Are Points Lost In This Category?

- Required template letters not submitted
- Template letters not signed, dated, or dated within 6 months of the opening of the AHP round
- Template letter does not list same services listed in application
- Only one service selected in a service group
- Services coordinated by service coordinator not substantiated by agency template letter
- Services are not available for all residents
- Services are not appropriate for the resident population



First-Time Homebuyers: 5 Points (variable)

- Up to 5 points awarded based on the percentage of total AHP units that are new or are rehabilitated units that meet the minimum rehabilitation threshold of \$15,000 per unit
- First-time homebuyers defined per 42 U.S.C. sec. 12704(14)
- Homebuyer counseling/education must be provided and the counseling agency should be approved by Massachusetts Homeownership Collaborative, National Industry Standards for Homeownership Education and Counseling, or the Department of Housing and Urban Development

First-Time Homebuyers: 5 Points (variable)

- The homebuyer counseling/ education must include:
 - **Pre-purchase** counseling/education
 - **Post-purchase** counseling/education
- A list of approved agencies will be available in the application. Copies of the counseling curriculum no longer need to be submitted if the sponsor is using an approved agency
- Sponsors may submit the counseling curriculum from agencies not on the approved list for review
- Education/counseling should follow accepted industry standards regarding the purchase and ownership, including maintenance, of the home.
- (NEW!) Although a minimum is not required, the Bank recommends a minimum of eight hours of home buyer education with a counseling component

First-time Homebuyers: Why Are Points Lost In This category?

- Minimum Threshold of 20% of total units set aside for first-time homebuyers not met
- If counseling agency not in application list, pre- and post-purchasing counseling curriculum not provided for review



Member Financial Participation: 15 Points (variable)

- **Up to 10 points** 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 and/or lines of credit
- (NEW!) 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: 15 Points (variable)

- **Up to an additional 5 points for long-term member financial participation**
- Full 5 points for terms of 15 years or greater
- Points awarded on declining scale for terms between 5-15 years; 2 points 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**

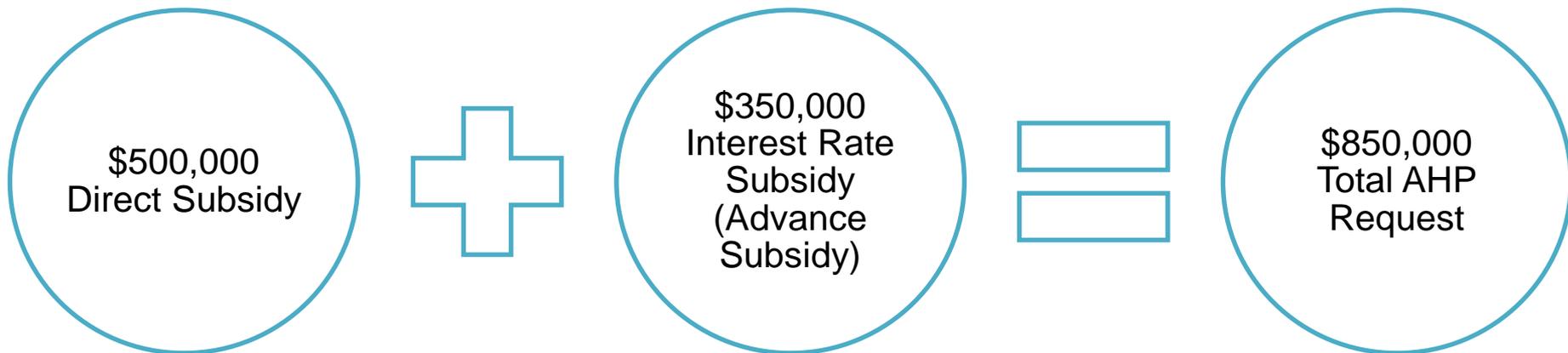
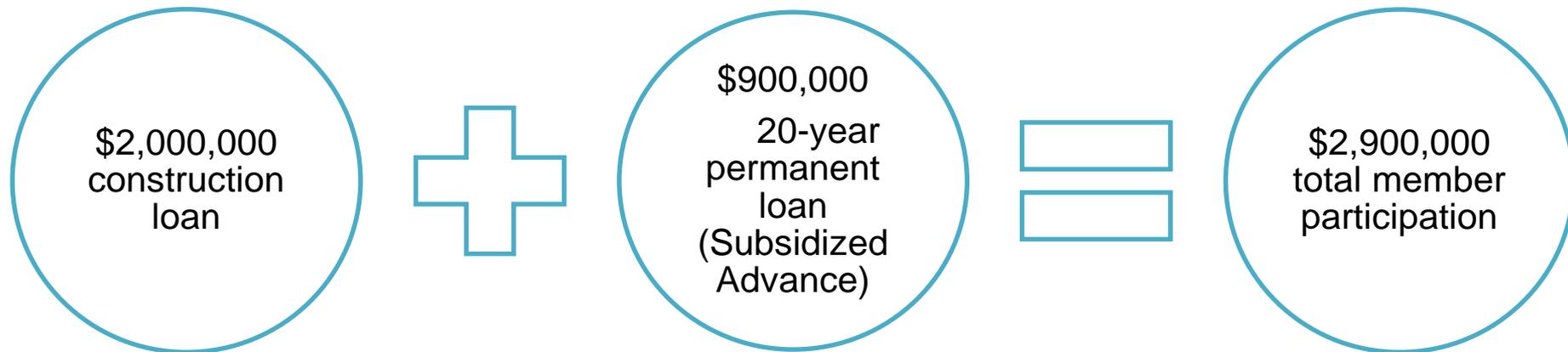
Member Financial Participation: 15 Points (variable)

- 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: 15 Points (variable)

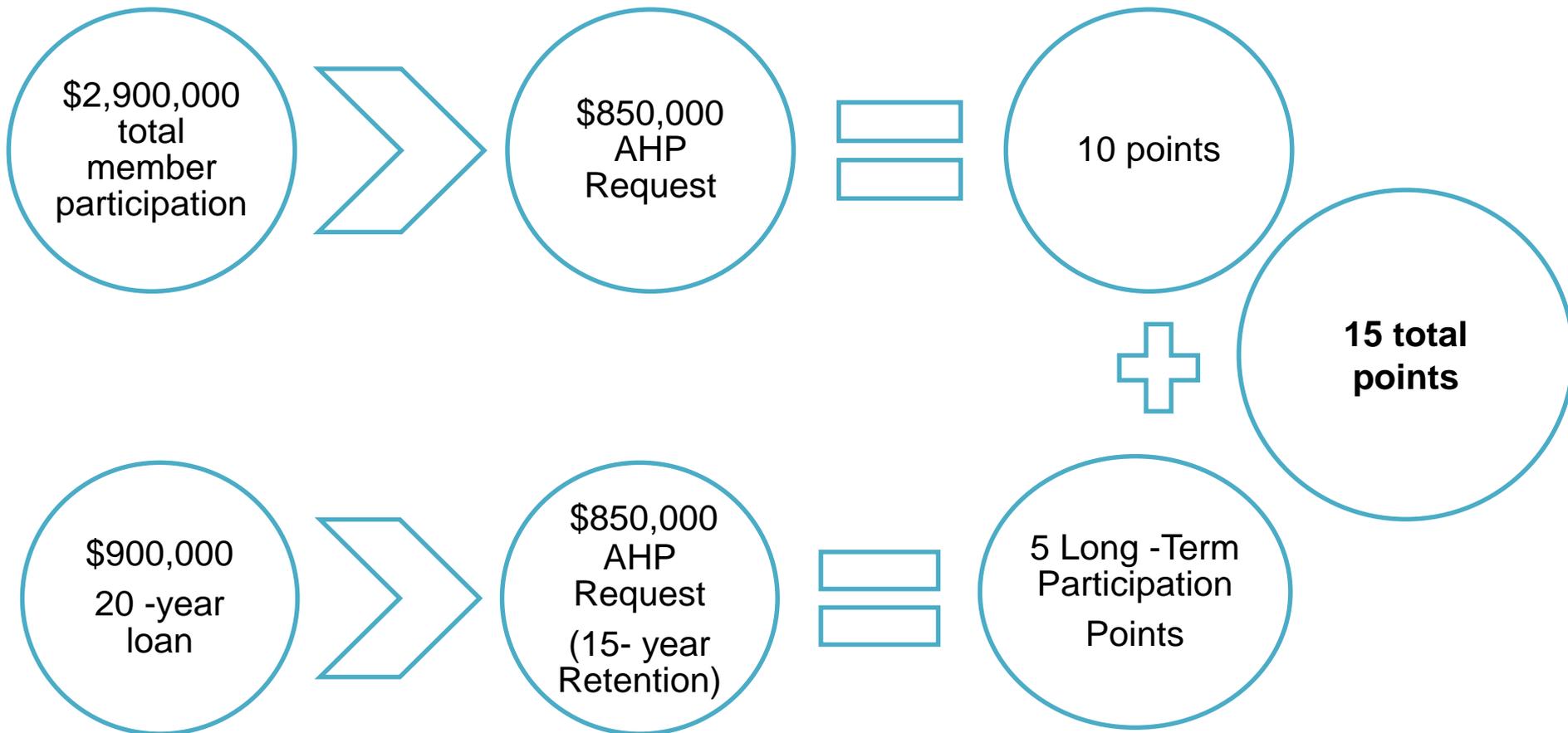
- For multiple long-term loans, the principal and terms of the long-term financing will be combined using a weighted average for both the principal and the term.
- If the loan principal of the longest-term loan exceeds the direct subsidy plus the advance subsidy, the points will be awarded based only on the term of that loan

Member Financial Participation Example



Member Financial Participation Example

Score:



Member Financial Participation: Why Are Points Lost In This Category?

- Total member loans are not equal to or greater than the AHP subsidy requested
- No underwriting, commitment letter, term sheet, or detailed letter of intent submitted
- Permanent Loan is adjustable and may only receive partial points
- Line of Credit is not specifically for the project



Rural: 5 Points (fixed)

- Points will be awarded for housing developed in areas meeting USDA's definition of rural
- **All** of the addresses in the application must qualify as rural to get the points
- Unknown addresses or statewide initiatives do not qualify
- To check addresses - please visit:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Economic Diversity: 5 Points (fixed)

- **MARKET UNITS IN LOW-INCOME TRACT:**

At least 20 percent of the units developed are market (unrestricted) and the project is located in a census tract where the median income is 80 percent or less of the Metropolitan Statistical Area or Metropolitan District (MSA/MD)

- **LOW-INCOME UNITS IN HIGH-INCOME TRACT:**

At least 20 percent of the units are reserved for households earning less than 80 percent of AMI and are located in a census tract where the median income is at least 100 percent of the MSA/MD

Economic Diversity: 5 Points (fixed)

- Compares tract median income to the median income of the larger surrounding area such as a Metropolitan Statistical Area or Metropolitan District (MSA/MD)
- Points not awarded for “unintended” diversity as a result of targeting changes for occupied units
- To find the tract median income and percentage comparison visit:

<https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>

Second District Priority: 5 Points (variable/fixed)

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

1. Preservation of existing affordable units
2. Use of properties that have been foreclosed upon
3. Use of revolving loan fund program-based initiative
4. Disaster remediation for acquisition, construction and/or rehabilitation to restore or replace housing destroyed or damaged in a declared disaster area

Preservation of Existing Housing Units



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

Points are based on the percentage of total units preserved

A small reduction in units is acceptable if it is proven to benefit the project

Documentation must include (1) the contract evidencing the Affordability use restrictions; and (2) distress/foreclosure, as applicable.

Foreclosed Properties



- Property which has been taken due to non-payment of mortgage, tax or other payments and not utilized for any purpose since foreclosure
- Evidence of foreclosure or foreclosure initiation is required
- If property is not transferred directly from foreclosure to sponsor, and an intermediary is used, additional documentation is required
- Points are calculated based on the number of units foreclosed on, divided by total original number of units multiplied by 5 points
- Properties foreclosed on more than 5 years prior to AHP Application round opening will not be eligible for points

Revolving Loan Fund Program-Based Initiative

5 points will be awarded for the following:

1. Sponsor must be a designated Revolving Loan Fund organization
2. Application can be for direct subsidy only
3. Must be program-based initiative. Applications for project-specific revolving loan funds are not eligible for points
4. The Bank reserves the right to make final determination of the type of initiative being applied for.

Disaster Remediation, Acquisition, Construction, Rehabilitation



5 points will be awarded for the following:

- Restores or replaces housing destroyed or damaged by a disaster, through acquisition, construction or rehabilitation
- (NEW!) Disaster must be declared by federal, state or other federal agency within 60 months of the AHP Application start date
- Relocation or replacement of housing from the disaster location to another location to avoid future disaster is also eligible
- New housing to be built in a disaster area, but unrelated to the disaster, is not eligible

Disaster Remediation, Acquisition, Construction, Rehabilitation



Documentation Required for this Category:

1. Qualifying Federal-, State- or other Federal Agency declaration of the disaster areas. Documentation must be within 60 months from the opening of the AHP funding round
2. Proof of ownership/line of ownership
3. Proof that disaster damaged or destroyed the housing
4. Evidence of insurance claim, FEMA claim, or Federal Agency claim

Second District Priority: Why Are Points Lost In This Category?

- **Preservation** – Existing affordable housing restrictions not documented, and/or evidence of distress not provided
- **Foreclosed Properties** – Foreclosure not evidenced, or occurred more than 5 years prior to application date
- **RLF** – Appropriate agency documentation not provided
- **Disaster** – Not evidenced by fed, state or other federal agency declaration, housing being developed not related to disaster address/location, no insurance/FEMA claim made



Community Stability: 15 Points (Variable)

Smart Growth

(5 points max, 2.5 points each)

Reuse

Transportation

Density

Brownfield

Sustainable Building Practices

(3 points max, 1 point each)

Construction Waste Recycling

Regional Building Materials

Stormwater Management

Low VOC

Many Other features

Efficient Operations

(7 points max, 1 point each)

Large R-value

Water conserving features

On-Demand Water Heaters

Low E- argon windows

Energy Star Appliances

Building commissioning

And More... See Implementation Plan

Community Stability: 15 Points (variable)

Smart Growth Documentation Required:

- **Reuse** – 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** – Rural projects must demonstrate a minimum of 8 units per acre, and all other projects must demonstrate a minimum of 12 units per acre. Documentation evidencing the acreage must be provided.
- **Brownfield** – 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.

Community Stability: 15 Points (variable)

Smart Growth Documentation (continued):

Transportation

- **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, signed with a handwritten signature and dated within six months of the opening of the AHP round.

Community Stability: 15 Points (variable)

Transportation

- **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, signed with a handwritten signature and dated within six months of the opening of the AHP funding round

Community Stability: 15 Points (variable)

Sustainable Building Practices Documentation Required:

- Select up to three items from the list in the application
- Provide architect's letter, or design team letter specifying the three items selected. Letter must be on letterhead, signed with a handwritten signature and dated within six months of the opening of the AHP round.
- Flyers or product specification sheets are not acceptable
- Will be verified again at project completion. A letter from the architect may be required to verify what was incorporated into the building.

Please review the AHP Implementation Plan for more information as to what is required!

Community Stability: 15 Points (variable)

Efficient Building Operations Documentation Required:

- Select up to seven items from the list in the application
- Provide architect's letter, or design team letter specifying the three items selected. Letter must be on letterhead, signed with a handwritten signature and dated within six months of the opening of the AHP round.
- Flyers or product specification sheets are not acceptable
- Will be verified again at project completion. A letter from the architect may be required to verify what was incorporated into the building.

Please review the AHP Implementation Plan for more information as to what is required!

Community Stability: Why Are Points Lost In This Category?

Smart Growth

- **Reuse** - Tax assessor card not submitted
- **Density** - Acreage is more than sponsor calculated, undevelopable/restricted land not properly evidenced by restricting agency, or evidence of lot size not provided (new requirement)
- **Density** – Each location is not densely developed



Community Stability: Why Are Points Lost In This Category?

- **Brownfield** - Not evidenced by a federal or state documentation
- **Transportation - Map** does not show both addresses, or distance between the two addresses to be within ½ mile, starting address in map is not consistent with address/location as entered in application, map has been altered, or, map is not obviously Google or Mapquest. If **letter** is used, the letter is not signed, dated, on letterhead or does not identify the addresses and distance



Community Stability: Why Are Points Lost In This Category?

Sustainable Building Practices

- Some other evidence besides a letter from a design team member used
- Letter is not signed, dated, or does not describe the same features as selected in the application



Community Stability: Why Are Points Lost In This Category?

Efficient Building Operations:

- Some other evidence besides a letter from a design team member used
- Letter is not signed, dated, or does not describe the same features as selected in the application



AHP Subsidy Per Unit: 5 Points (variable)

- The full 5 points are awarded to the application(s) using less than or equal to the minimum subsidy per unit based on the rental and owner-occupied ranges
- The application(s) using subsidy per unit within the per unit ranges will receive a pro rata amount of points
- Application using subsidy per unit equal to or exceeding the maximum rental or ownership range will receive zero points

AHP Subsidy Per Unit: 5 Points (variable)

- Ownership Range - \$9,000 (Min) to \$30,000 (Max)
- Rental Range - \$7,500 (Min) to \$97,500 (Max)
- Formula:

Max – Requested times 5 points = Points

Max – Min

NOTE: Rental range increased from \$5,000 (Min) to \$65,000 (Max) for 2016 ONLY!

AHP Subsidy Per Unit: 5 Points (variable)

- **Homeownership Example**

Application requesting \$15,000 AHP per unit:

$$\frac{(\$30,000 - \$15,000)}{(\$30,000 - \$9,000)} = \frac{\$15,000}{\$21,000} = .714286$$

$$(\$30,000 - \$9,000) = \$21,000$$

$$.714286 \times 5 \text{ points} = 3.5714 \text{ points}$$

AHP Subsidy Per Unit: 5 Points (variable)

- **Rental Example**

Application requesting \$45,000 AHP per unit:

$$\frac{(\$97,500 - \$45,000)}{(\$97,500 - \$7,500)} = \frac{\$52,500}{\$90,000} = .583333$$

$$(\$97,500 - \$7,500) = \$90,000$$

$$.583333 \times 5 \text{ points} = 2.9167 \text{ points}$$

Development and Operational Feasibility

Development Feasibility-The Basics

- Provide detailed development and operating budgets consistent with those **provided to other funders**
- For rental projects, provide 15-year operating proforma and demonstrate positive cash flow and need for subsidy throughout 15-year retention period
- Explain any nonresidential space and the source and uses of funding (AHP cannot fund nonresidential)
- For homeownership projects, demonstrate need for subsidy, reasonable mortgage terms. Sales price/mortgage amount can not exceed TDC minus AHP grant and borrower's down payment.
- Separate section for below-market or zero-interest-rate first mortgages (Habitat-type initiatives)

Homeownership Feasibility Guidelines



- Sales price and mortgage for each home: AHP subsidy must pass through to the buyer
- Front-end ratio (total monthly housing expense) to buyer must be affordable
- 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.

Development Feasibility

Development Sources and Uses Budget

- Summarize sources and uses in the application
- Attach a detailed sources and uses budget with a separate construction budget, if available
- Break out builder's overhead, profit, and general requirements from the hard construction costs according to industry standard definition
- If there is 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 it 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**
- The Bank will consider appropriate exceptions to these guidelines based on the information and documentation provided.

Operational Feasibility (Rental)

Operating Budget – Please see Implementation Plan!

- Summarize first full year in the application
- Attach a detailed 15-year operating proforma, and if commercial or other income supports the AHP project, include this income in the budget
- (NEW!) 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
- Cash flow – Explain/document how cash flow is spent

Noteworthy Feasibility Items

- Turnkey, substantially completed, acquisition-only, related party, and tax credit recapitalization deals must have acquisition cost substantiated by an appraisal or other documentation acceptable to the Bank, such as AIA Form G702 Final Certificate of Payment, or CPAs Final Cost Certification
- Developer fee for acquisition-only deals is limited to five percent of the TDC, net of the fee
- Complex ownership structures (ownership involves subsidiaries or partnerships) will require the submission of an organizational or deal chart
- (NEW!) 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.

Noteworthy Feasibility Items Cont.

- 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.

Development Feasibility Issues

Sources and Uses-Rental:

- Detailed budget not submitted
- Detailed budget does not match what is in application
- Sources and uses are not equal
- Uses not detailed enough
- Commercial/nonresidential budget not submitted or does not match application
- Non-cash sources and uses included
- DSCR outside of guidelines



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 Issues

15-Year Operating Proforma:

- Detailed 15-year proforma not submitted
- 15-year proforma does not show trending factors, management fee, all expense line items, debt coverage ratio, or use of operating reserve
- Trending factors not the same for all 15 years



Operational Feasibility Issues

- Operating proforma goes negative in some later year with no way to cover the shortfall
- First year in proforma does not match application
- Mixed use projects missing commercial-only proforma
- Trending factors no uniform and/or not explained



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



Submitting the Application

Scoring Summary and Validation



- The application will summarize 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 all work and input one last time
- 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 FHLB Boston
- **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

- All documentation is due by September 13, 2016 at 5:00 pm. EST. Call **888-424-3863** to confirm.
- Once the member has made the final submission, no changes can be made
- **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

Resources

- www.fhlbboston.com
- AHP Implementation Plan (dated March 2016)
- AHP Regulation: 12 CFR 1291
- HUD income limits:
<https://www.huduser.gov/portal/datasets/il.html>
- LEED for Homes— www.usgbc.org
- Enterprise Green Communities --
www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities/criteria

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Thank You!



If you need any assistance, please call us!