



2016 Affordable Housing Program Application Training

**Homeownership Application Webinar
May – September 2016**

FHLBBoston

Agenda

- AHP Overview and 2016 AHP Changes
- AHP Basics
- Getting Started
 - Community Lending Login Account Set Up
 - Invitations
 - Authorized Users and
 - Sponsor Registration
- Scoring
- Development Feasibility
- Submitting the Application
- Questions and Answers

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

Sponsor - Developer/Owner of AHP Initiative

AHP 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

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
- Direct subsidy through a Revolving Loan Fund (RLF)

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

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

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 Underwriting |

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 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
- If you have participated in AHP, EBP or CDA in the past, your username and password is 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@fhlbboston.com, or Mary Ellen Jutras, vice president / deputy director of housing and community investment, at 617-292-9607 or mary.ellen.jutras@fhlbboston.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](#)

Authorized Representative Organization Name

Authorized Representative Contact

Authorized Representative Title

05/16/2014

- Select -

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

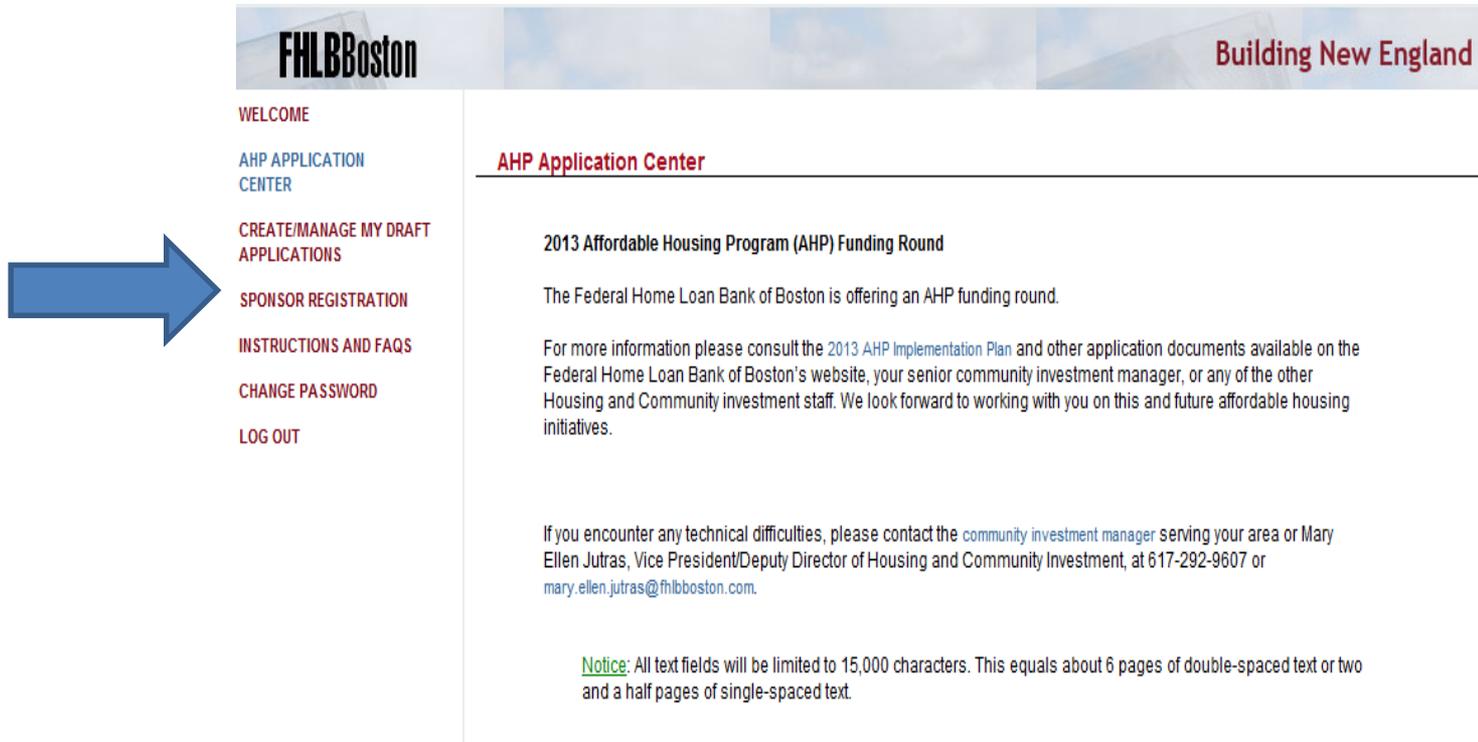
FHLBoston

Sponsor Registration

- Prior to starting the AHP Application, you must complete the Sponsor Registration
- This section includes information about the sponsor's organization, and any 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 Letter of Commitment
 - Certificate of Good Standing

Sponsor Registration

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



The screenshot shows the FHLBBoston website interface. The header includes the FHLBBoston logo and the tagline "Building New England". The left navigation menu contains the following links: WELCOME, AHP APPLICATION CENTER, CREATE/MANAGE MY DRAFT APPLICATIONS, SPONSOR REGISTRATION (highlighted with a blue arrow), INSTRUCTIONS AND FAQs, CHANGE PASSWORD, and LOG OUT. The main content area is titled "AHP Application Center" and features the following text:

2013 Affordable Housing Program (AHP) Funding Round

The Federal Home Loan Bank of Boston is offering an AHP funding round.

For more information please consult the [2013 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.

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?

- Outright donations – no appraisal necessary
- Other types of donations:
 - **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

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)

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



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

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 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 lines of credit, 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

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 and 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 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
- **Required for points:** Member financing must clearly flow to the initiative, and the residential uses to demonstrate the member's participation in the initiative

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:

<http://www.ffiec.gov/geocode/>

Second District Priority: 5 Points (variable/fixed)

The Bank will award up to five points for the development of housing addressing one of the following needs:

1. Preservation of existing affordable units
2. Use of properties that have been abandoned or 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 housing units are those with one of the following:

1. Use restrictions expiring within 24 months
2. Section 8 units with owner opting out of contract
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 the contract evidencing the use restrictions, and the distress/foreclosure

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

Points will be awarded for the following:

1. Sponsor must be a designated Revolving Loan Fund organization
2. Application can be for direct subsidy or subsidized advance
3. Must be program-based initiative. Applications for project-specific revolving loan funds are not eligible
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:

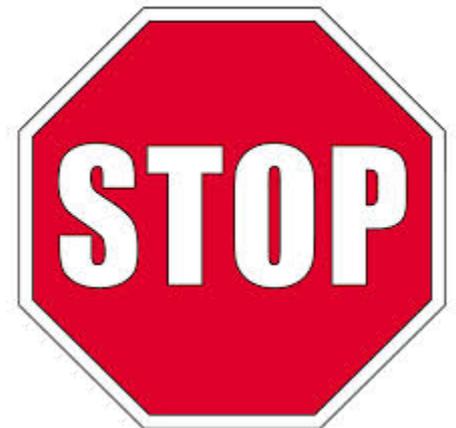
- Select up to seven items from the list in the application
- Provide architect's letter, or design team letter specifying the seven items selected. Letter must be on letterhead, signed with a handwritten signature and dated within six months of the opening of the AHP round.
- Flyers or product specification 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)

- Formula:

Max – Requested times 5 points = Points

Max – Min

AHP Subsidy Per Unit: 5 Points (variable)

- **Homeownership Example**

Application requesting \$15,000 AHP per unit:

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

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

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

Development and Operational Feasibility

Development Feasibility-The Basics

- Provide detailed development budgets
- For homeownership projects, demonstrate need for subsidy, reasonable mortgage terms. Sales price/mortgage amount can not exceed TDC minus AHP grant and borrower's downpayment
- 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)-will 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 and profit from the hard construction costs. Habitats may enter their fees as they are the builder as well as the sponsor.
- **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
- Fully explain any deviation from the guidelines using numerical data in the explanation

AHP Feasibility - Zero Interest First Mortgage

- Applies to all sponsor-provided, below market-rate permanent financing and most Habitat for Humanity
- Identify the **in-kind** sources and uses
- Identify **cash** sources and uses
- The application will calculate the present value of the 0% mortgage
- Future (discounted) income from the payments is considered a source of funds
- AHP Direct Subsidy is the gap between cash sources (including present value) and cash uses

Affordability/Pass Through

Subsidy Calculation

Total Development Cost per unit type

Less: AHP direct subsidy for development

Less: Other grants/subsidies

Equals: Sales Price to home buyer

Less: AHP direct subsidy for down payment

Less: Buyer downpayment, other grants

Equals: Mortgage Amount

PITI or PITIA (\$ and as % of income)

FYI: This will need to foot with Sources/Uses/Zero interest first mortgages and the attached development budget

Development Feasibility Issues

Sources & 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

- 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



Submitting the Application

Scoring Summary and Validation

- The application will summarize the data collected for the scoring categories
- Will calculate points based on inputted data
- Fast-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
- Member signs and submit electronically to FHLB Boston
- **MAKE SURE YOUR MEMBER IS AVAILABLE TO SIGN WHEN THE APPLICATION IS READY TO BE SUBMITTED**
- **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:
<http://www.huduser.org/portal/datasets/il.htm>
- 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!