

2021 Affordable Housing Program Members Only Webinar



FHLBank Boston

Federal Home Loan Bank of Boston
www.fhlbboston.com

Agenda

- Bank & Program Overview
- What's new for 2021?
- Sponsor Capacity
- Site Control & Readiness
- New AHP Scoring Framework
- Demonstrating Feasibility & Need for Subsidy
- Answering Your Questions

Bank and AHP Overview



FHLBank Boston

Strategic Partnerships

Reliable Funding

Supporting Communities

Housing and Community Investment

Affordable
Housing
Program (AHP)

Equity Builder
Program (EBP)

Community
Development
Advance (CDA)

Jobs for New
England (JNE)

Housing Our
Workforce
(HOW)

Helping to
HouNewse
England (HHNE)

Other Programs

Plus: Community
Development
Outreach

Members: Moving Towards Recovery

- Serving your customers
- Managing the impacts
- Supporting COVID recovery and job growth
- Mortgage refis; new purchases

Accessing JNE
to support
small business
lending

Leverage EBP
and HOW
grants to
support
homebuyers

Using
CDA/CDA Plus
Advances to
support
communities

Managing your
existing AHP
and affordable
housing
investments

AHP: Critical Development Capital

- Need for affordable housing is even greater now
- Community lending involves commitment
- Harder to make the numbers work
- Critical gap funding
- Planning for the future, longstanding community investments
- CRA investments
- **AHP supports Impact Investing**

AHP in 2021

- **\$12.75 million** subsidy available for 2021
- Regulated (12 CFR 1291), competitive, online
- **Members and sponsors – Partnership is Critical**
- **2021 AHP Implementation Plan**
- AHP funds capital development costs with **direct subsidy**

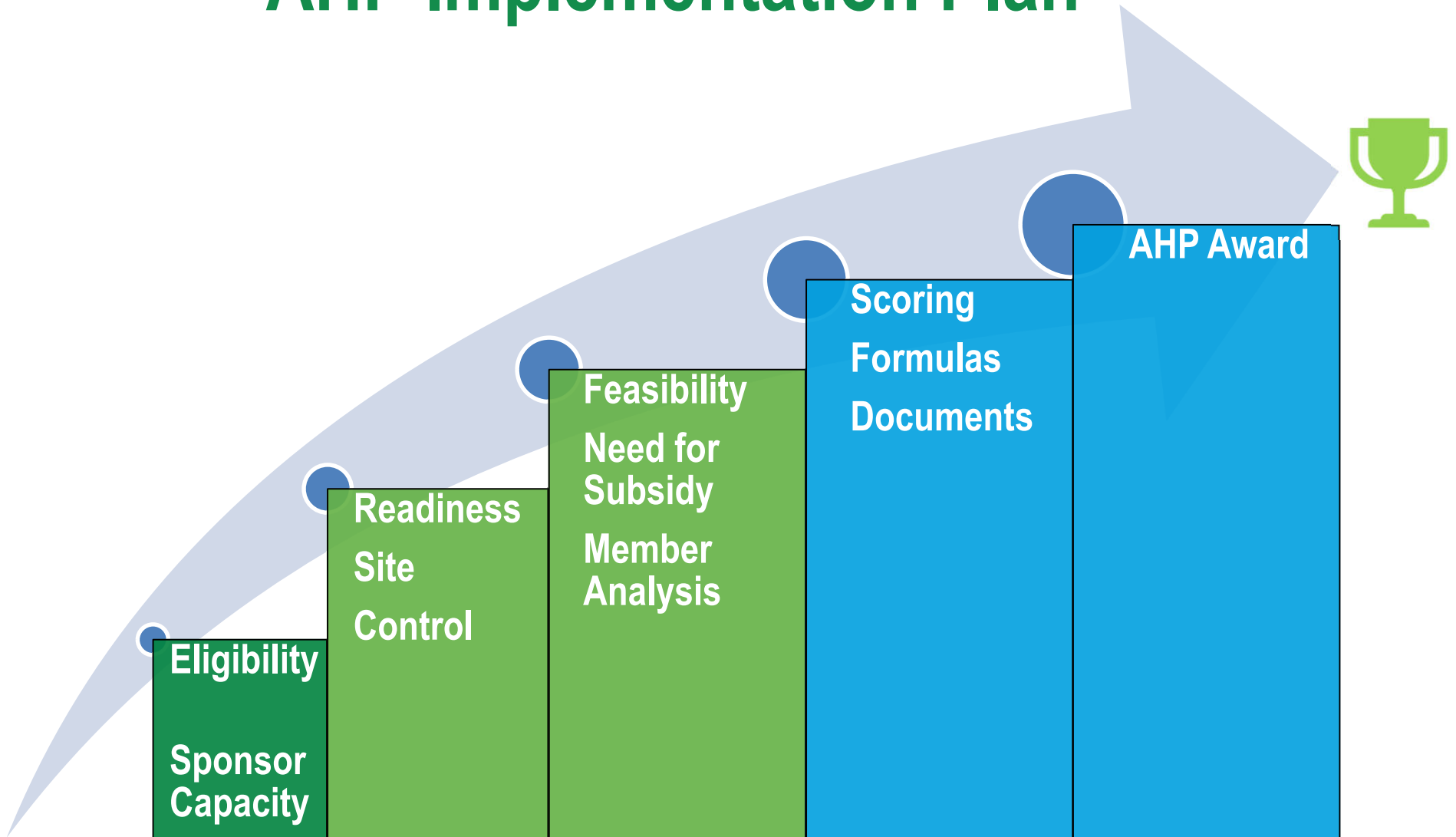
AHP in 2021

- **New AHP Regulation fully implemented in 2021**
- **Same flexible, capital gap funding**
- **Consistent standards remain:**
 - For program eligibility, sponsor capacity
 - Developmental and operational feasibility
 - Need for AHP subsidy
- **The 2021 scoring framework incorporates feedback from the 2020 listening sessions.**

2021 Key Dates

Application Opens	Monday, June 7 @ 9:00 a.m. EST
Online AHP Trainings	AHP Scoring, Feasibility & Application
Online Due Date for Sponsors	Thursday, July 29 @ 3:00 p.m. ET
Member Online Review Period Ends	Thursday, August 5 @ 3:00 p.m. ET
Award Announcements	Friday, December 10

AHP Implementation Plan



Download: 2021 AHP Implementation Plan [here](#)

2021 Round and Member Limits

AHP Maximum Grant per application (direct subsidy)	\$650,000
AHP Maximum Grant per Homeownership Unit (direct subsidy)	\$40,000
Member Application Limit	None
Member Approval Limit	25% of subsidy available

AHP: Direct Subsidy

Eligible uses:

- Acquisition, construction, rehabilitation, soft costs

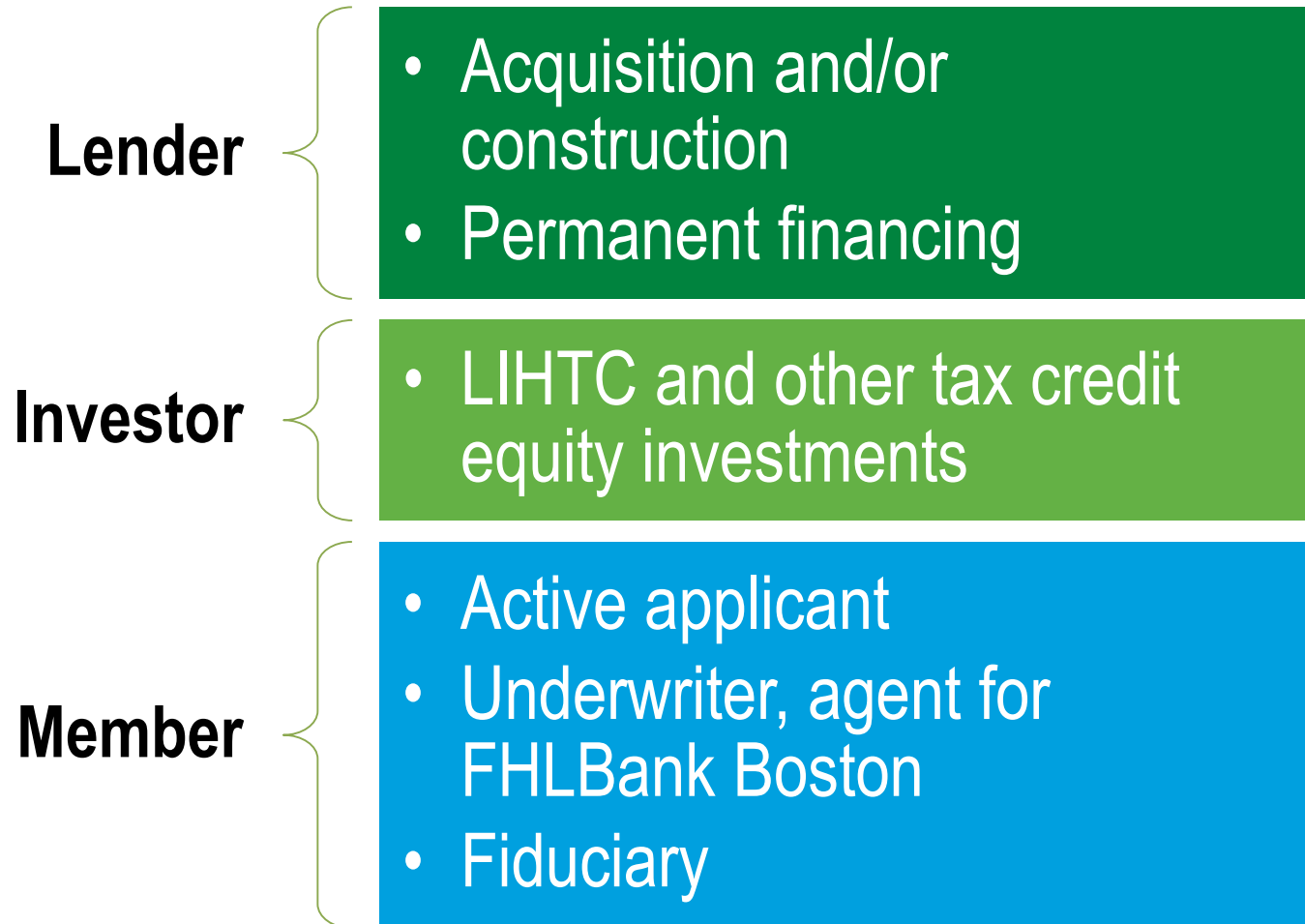
Ineligible uses:

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

Refinancing of existing single- or multifamily mortgage loan:

- Permitted; must generate equity proceeds = AHP

Member Involvement



AHP: What's New for 2021?



2021 AHP Notice of Changes

Important to review full Notice of Changes on our website for more details

- Scoring changes
- Important dates
- Moving towards recovery
- Feasibility – operating proforma, market rates/fees
- Detailed explanation of scoring changes
- Streamlined monitoring and administration, including changes to modifications.

2021 AHP Notice of Changes

Income Targeting – Occupied Projects

- Projects with an eligible relocation plan for current residents do not need to demonstrate income targeting commitments at application
- Eligible relocation plans include those approved by one of the federal, state, or local government funders or by FHLBank Boston based on detailed standards in the AHP IP and industry standards
- If you have an occupied project and an eligible relocation plan, income eligibility will be reviewed at initial occupancy following the completion of the purchase or rehabilitation
- Occupied projects without a relocation plan will base income targeting on current occupancy and income status. Please use our rent roll spreadsheet.

2021 AHP Notice of Changes

Market Interest Rates and Fees

- As part of the AHP Regulatory obligation we will review interest rate and fees charged by members on both construction and permanent financing
- Market rates will be based on a minimum of 400 basis points over our regular Classic Advance rates
- Market rates for origination fees: 1% of principal amount
- Members will explain any high interest rates and fees as part of the member funding and analysis sections during the member review period

2021 AHP Notice of Changes

Affordable Housing Program Monitoring and Administration

- **Modifications:** Consistent with the AHP Regulation, FHLBank Boston will require a reasonable cure before a modification may be considered.
- The Bank has defined **noncompliance** as the sponsor/owner has not adhered to the approved application commitments.

2021 AHP Notice of Changes

AHP Regulation stipulates three criteria to approve:

- The project incorporating any such changes would meet the eligibility requirement;
- The application continues to score high enough to have been approved in the funding round in which it was originally scored; and
- There is good cause for the modification.

The Application – What’s Evaluated?

Eligibility

Feasibility & Need for
Subsidy

Scoring

AHP Fraud Reporting

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

Sponsor Capacity, Site Control & Readiness



FHLBank Boston

Federal Home Loan Bank of Boston
www.fhlbboston.com

Sponsor Capacity – First Things First

Who's leading?

Register online

Describe the organization

Need a co-sponsor?

Sponsor Capacity

- FHLBank Boston has further defined both “inexperienced sponsors” and “known” or experienced sponsors.
- Sponsors must be qualified and able to fulfill the commitments made in the application.
- A known or experienced development sponsor is a sponsor entity which, at a minimum, has a proven seven-year track record of development and occupancy of income-restricted (“affordable”) rental or homeownership housing.
- FHLBank Boston has added specificity to the required Memorandum of Understanding (MOU) or Letter of Agreement (LOA) required to document the partnership between the inexperienced and known sponsors.

Revolving Loan Funds (RLF) Sponsors

- Must be an eligible and experienced Revolving Loan Fund
- Lending AHP into an owner-occupied, program-based initiative.
- See AHP Implementation Plan Attachment E
- Call your Community Investment Manager/HCI to discuss further

Project Readiness

Site Control
Zoning
Funding
START!

12 Months

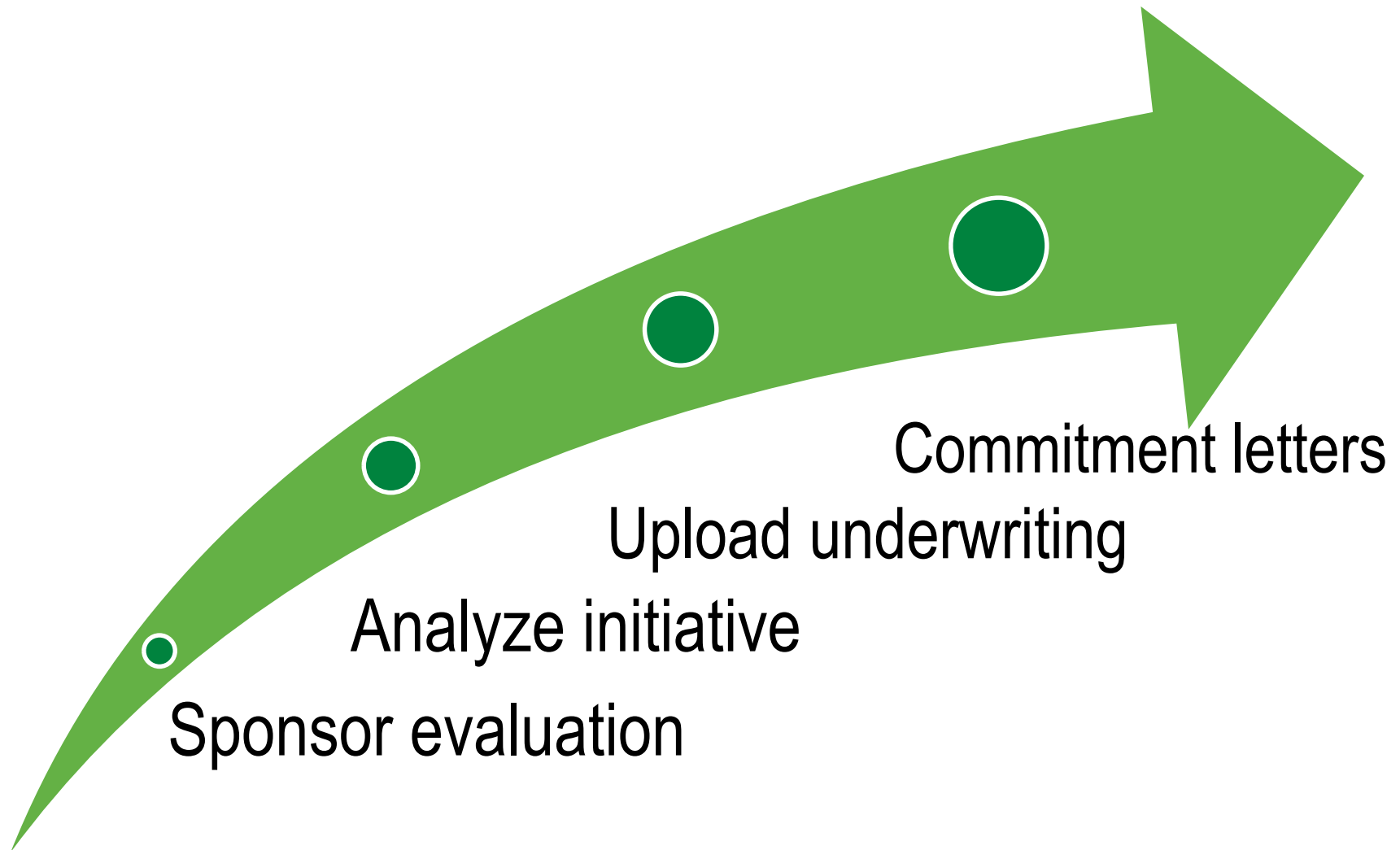
Complete
Construction
Occupancy!

36 Months

Member Analysis & Review Period



Member Underwriting Analysis



Member Review Period

Separate period of time to allow members to review the online application and:

- Confirm past or present member involvement in the property e.g., REO
- Confirm the request for AHP direct subsidy
- Upload any funding commitment letters, intent letters, etc.
- Respond to questions about market interest rates and fees
- Complete the analysis section and upload your underwriting analysis

AHP Scoring Framework



FHLBank Boston

Federal Home Loan Bank of Boston
www.fhlbboston.com

AHP Scoring

Scoring Categories		2021 Points	2020 Category	2020 Points
A.	Use of Donated or Donveyed Government-owned or Other Properties	5	Yes	5
B.	Sponsorship by a Not-For-Profit Organization or Government Entity	5	Yes	5
C.	Home Purchase by Low or Moderate-Income Households	5	yes	5
D.	Income Targeting	20	Yes	20
	Targeting- Rental		Yes	
	Targeting- Homeownership		Yes	
E.	Underserved Communities and Populations	Up to 10 (3 subcategories)		
	1. Housing for Homeless Households	5	Yes	5
	2. Housing in Rural Areas	5	Yes	5
	3. Rental housing for Extremely Low-Income Households	5	New (either HH or ELI)	
F.	Creating Economic Opportunity	Up to 13 (2 subcategories)		
	1. Promotion of Empowerment	8	Category Change	10
	2. Residential Economic Diversity	5	Yes	5

AHP Scoring

G.	Bank District Priorities	Up to 22 (3 subcategories)		
	1. Member Financial Participation	12	Point Change	12.5
	Program-based revolving loan funds	<i>moved to Preservation</i>	Yes	
	2. Inclusion of Minority- and Women-owned Business Enterprises on Development Team	5	New	
	3. Effectiveness/Subsidy per Unit	5	Yes	5
H.	Community Stability	Up to 20		
	1. Preservation of Existing Affordable Housing or Reuse/Historic Rehabilitation or RLF	5 or 2.5	Point Change	7.5/2.5
	2. Smart Growth	5	Category Change	5
	2.a Location and Site	up to 2	new	
	2b. Housing Density	up to 1.5	Point Change	2.5
	2c. Transportation Services	up to 1.5	Point Change	2.5
	Brownfield	<i>included in Location</i>		2.5
	3. Sustainability and Resiliency	10	Category Change	10
	3a. Sustainable Development	2.5	new	3
	3b. Efficient and Healthy Building Operations	5.5	new	7
	3c. Resilience	2	new	
	Total Points Available	100		100
	<i>Disaster Remediation - Removed</i>			
	Blue means same as 2020. Yellow indicates change in points, formula, or new category.			

Member Financial Participation: 12 Points (variable)

Commitment
letters, letters of
interest, term
sheets

Letter of interest or
subscription
agreements for Tax
Credits

Existing loan
documentation

- Direct subsidy only. No subsidized advances in 2021
- Up to 12 points based on member's level of involvement.
- 10 points when member loan or investment is equal to the subsidy request.
- Up to 2 points available for long-term fixed-rate financing
 - 1 Point – 5-year term
 - 2 Points – 15-year term

Demonstrating Feasibility & Need for Subsidy



Feasibility - The Basics for All Applications

- **Please review the detailed project cost and feasibility guidelines in Attachment A of the Implementation Plan!**
- Detailed development sources and uses budgets demonstrating need for AHP subsidy
- Include separate construction budget to verify your hard costs and hard cost/sf
- Break out builder's overhead, profit, and general requirements from the hard construction costs according to industry standard definition
- 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 assessment has been done, include the executive summary with the application

Project Cost and Feasibility Guidelines

Development guidelines	Construction/Rehabilitation Costs	Range/Guideline as a % of TDC
Developer's fee		up to 12.5%
Soft construction costs		15-30%
Hard cost contingency (new)		5-10%
Hard cost contingency (rehab)		7.5-15%
Builder's overhead, profit and General Requirements		up to 16%

Fully explain any deviation from the guidelines

- Explanations must be quantifiable in relation to the amount by which the guideline is not met
- Explanations must also be detailed which provide logical and measurable reasons for the deviation

Homeownership Feasibility Guidelines

Sales price and mortgage for each home:

- AHP subsidy must pass through to the buyer
- Reasonable first-mortgage term to ensure affordability (typically 15 years or greater)
- Sales price/mortgage amount cannot exceed TDC minus AHP grant and borrower's down payment
- Below-market or zero-interest-rate first mortgages
- Habitat-type initiatives must include discounted value of mortgage payments as a source

Operational Feasibility (Rental)

- **Data:** Summarize first full year in the application
- **FHLBank Boston Template for 15-year proforma MUST be used**

Rental - Operating Guidelines	
Income trending	1-3%
Expense trending	2-4%
Vacancy rate (with section 8)	up to 5%
Vacancy rate (without section 8)	up to 10%
Replacement reserves	\$250-650
Debt service coverage ratio	1:0:1 - 1:30:1
Distribution of cash flow	up to 15%

Submitting the Online Application



FHLBank Boston

Federal Home Loan Bank of Boston
www.fhlbboston.com

Submitting the Application

- Sponsors sign first
- Applications and all supporting documentation
Due from sponsor:
Thursday, July 29, 2021, at 3:00 p.m. ET
- **Members review and submit last**
- **Member Review Period:** Complete your review and upload all supporting documentation by:
Thursday, August 5, 2021, at 3:00 p.m. ET
- Don't forget to print a copy for your records

AHP Awards and Next Steps

- Once awarded, our partnership with member and sponsor begins
- Next Steps webinars/meetings are scheduled
- Retention for affordability
(5 years Homeownership/15 years Rental)
- Standardized Retention Documents on [FHLBank Boston website](#)
- AHP Monitoring and Reporting dependent on type of project

Application and Key Resources

- Online Application: <https://housing.fhlbboston.com> or click [here](#)
- To access the 2021 Implementation plan, click [here](#)
- AHP Regulation 12 CFR 1291
- To access the AHP application information, click [here](#)
 - Round Announcement & Notice of Changes
 - Self-scoring sheet
 - Sponsor letter of current obligations
 - Empowerment – Sponsor and Agency and Resident Service Coordinators Letter of Commitment templates
 - Occupied Units Spreadsheet
 - **15-year operating proforma template (Mandatory for Rental)**

Your Questions?



FHLBank Boston

Federal Home Loan Bank of Boston
www.fhlbboston.com

Housing & Community Investment Staff

Connecticut, Rhode Island and Southeastern Massachusetts (including Barnstable, Bristol, Dukes, Nantucket, Norfolk, and Plymouth counties)

Kathleen Amonte

Senior Community Investment Manager

Kathleen.amonte@fhlbboston.com

617-425-9413

Maine and Eastern Massachusetts (including Essex, Middlesex and Suffolk counties)

Tobi Goldberg

Senior Community Investment Manager

Tobi.Goldberg@fhlbboston.com

617-292-9653

New Hampshire, Vermont, and Central and Western Massachusetts (Berkshire, Franklin, Hampden, Hampshire, and Worcester counties) as well as those outside New England

Michael Pingpank

Senior Community Investment Manager

Michael.pingpank@fhlbboston.com

617-425-9564

Affordable Housing Program Manager

Theo Noell

AHP and Outreach Manager

Theodore.Noell@fhlbboston.com

617-262-9668

Housing & Community Investment Staff

(continued)

- **Kenneth Willis**, Senior Vice President/Director, 617-292-9631
- **Livia Bourque**, HCI Operations Manager, 617-292-9607
- **Ivette Morillo**, HCI Analyst, 617-425-9582
- **Kevin Ryan**, HCI Analyst, 617-292-9646
- **Kaitlyn Mulhern**, Homeownership Set-Aside Programs Manager, 617-292-9606
- **Paulette Vass**, Community Development Advance Manager, 617-292-9792

Thank You

If you need any assistance, please contact us!

