

2021 Affordable Housing Program Scoring Training



Agenda

- AHP Overview
- 2021 Updates
- Site Control
- AHP Scoring – What's New, What's Not
- Answering Your Questions

AHP Overview



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 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

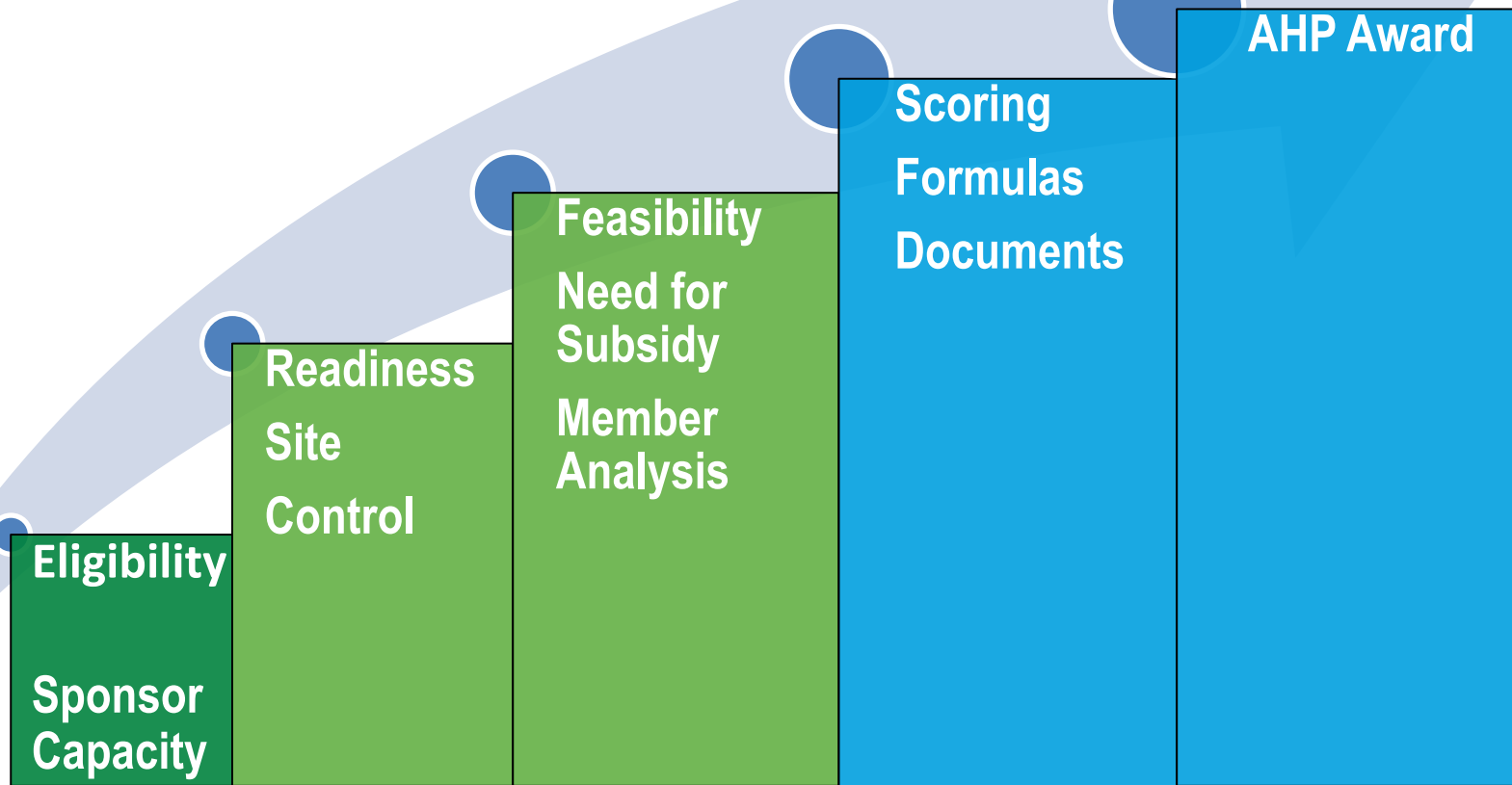
2021 Key Dates

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	Thursday, August 5th @ 3:00 p.m. ET
Award Announcements	Friday, December 10

2021 Round and Member Limits

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

AHP Implementation Plan



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

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

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 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.

AHP Scoring



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.			

Donated: 5 Points (variable)

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

- Minimum: at least 20% of the square footage of the land or units in the initiative must be donated
- **Formula: 5 X % Donated**
- Only arm's length transactions are eligible for points
- Donation must be within 5 years of opening of the AHP round
- **Documentation matters – Appraisal from the time of donation is required**
- For more information – see the IP

Donated: Documentation Needed

- Evidence of donation
- Appraisal required to document market value
- True donation? No appraisal necessary
- Other types of donations - appraisal may be necessary
- What if the donation happened within the prior 5 years and no appraisal ordered?
 - Use tax assessed value
- Donation hasn't occurred yet?
 - Provide donation evidence and the current tax assessment.
 - Will reconfirm at time of sale

Nonprofit Sponsorship: 5 Points (variable)

Rental

- 1 point
- 5 points

Homeownership

- 5 points

RLF

- 5 Points

Targeting-Rental: 20 Points (variable)

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

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

Targeting-Homeownership: 20 Points (variable)

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

# of Units (10 Total Units)	Percentage of Total Units	Points Multiplier	Results
0 units at 50% AMI	0%	20	$20 \times 0\% = 0.00$
4 units at 60% AMI	40%	20	$20 \times 40\% = 8.00$
6 units at 80% AMI	60%	18	$18 \times 60\% = 10.8$
TOTAL POINTS			18.80 Points

Underserved Communities and Populations 10 Points Variable

- **Homeless: 5 Points (Variable)**

Tiers	Points
At least 20 percent to 24.99 percent of the total units are reserved for homeless households	3.0 points
At least 25 percent of the total units are reserved for homeless households	5.0 points

- **Rental Housing for ELI: up to 5 points when a minimum of 20% of units reserved for households up to 30% AMI**

Note: Select either Homeless or ELI, but Not Both

- **Rural: 5 Points for initiatives financing housing in rural areas**

Rental Housing for ELI Households

5 Points Variable

Tiers	Points
Rental initiatives with a minimum of 20 percent of total units reserved and affordable for ELI households	5.0 points
Rental initiatives with greater than or equal to 15 but less than 20 percent of total units reserved and affordable for ELI households	4.0 points
Rental initiatives with greater than or equal to 10 but less than 15 percent of total units reserved and affordable for ELI households	3.0 points

Creating Economic Opportunity

2 points per service – Maximum 8 points

- Services must be available to all residents and lead to economic empowerment of residents.
- Must Use - FHLBank Boston Sponsor and Agency Letter of Commitment Template or
- FHLBank Resident Service Coordinator Letter of Commitment

Workforce
Readiness &
Employment
Opportunities

Homeownership
Readiness &
Economic
Sustainability

Healthcare &
General Resident
Services

Resident
Involvement &
Decision Making

Member Financial Participation: 12 Points (variable)

■ Member Participation

- 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

Commitment letters, letters of interest, term sheets

Letter of interest or subscription agreements for tax credits

Construction loan documents

Inclusion of MWBE's on the Development Team

FHLBank Boston is committed to addressing the disparity in the participation of minorities and women in affordable housing development and preservation.

Tiers	Points
At least three (3) of the five (5) eligible development team roles are performed by an MBE or WBE	5.0
Two (2) of the eligible development team roles are performed by an MBE or WBE	3.5
One (1) of the eligible development team roles are performed by an MBE or WBE	2.0
Or	
Diversity & Inclusion Plan to assemble a diverse project development team meeting the criteria above.	1.5

Community Stability - Up to 20 Points

1. Preservation of Affordable Housing (up to 5 points), Reuse/Historic Rehab or RLF for ownership, only (2.5 points);
2. Smart Growth – Up to 5 points
 - Location and Site (up to 2 points)
 - Housing Density (up to 1.5 points)
 - Transportation Services (up to 1.5)
3. Sustainability and Resiliency – up to 10 points
 - Sustainable Development (up to 2.5 points)
 - Efficient and Healthy Building Operations (up to 5.5 points)
 - Resilience (up to 2.5 points)

Community Stability - Up to 20 Points

Three Options for Smart Growth and Sustainability/Climate Resiliency, only choose ONE

1. Applications achieving Enterprise Green or LEED certifications will earn 15 points from the Smart Growth and Sustainability and Climate Resiliency Categories
2. Applications achieving ENERGY STAR and Passive House certifications will earn 5.5 points in Efficient and Healthy Building operations component of the Sustainability and Climate Resiliency Categories
3. In lieu of formal certifications, letter documentation is required and confirm each element for which points are requested; supporting documentation may be requested

Community Stability - Up to 20 Points

Applications may select **one** of three options below. 5 points (Variable)

1a. Preservation of Affordable Housing

- With use restrictions expiring within 24 months before or after the opening of the round
- Section 8 units where owners can option out of contracts
- Units due to physical distress or foreclosure may not continue to be affordable without new capital or ownership
- Points are based on the percentage of units preserved divided by the total number of original restricted units; evidence of affordability restriction must be provided

1b. Revolving Loan Fund – Owner-occupied housing, 2.5 points (fixed)

- Initiative must use AHP in a program-based initiative; project specific RLF are not eligible for points

Community Stability - Up to 20 Points

1c. Reuse of Existing Buildings or Historic Rehabilitation - 2.5 points (fixed)

- See 2021 AHP of definitions of Reuse and Historic Rehabilitation and required documentation

2. Smart Growth - up to 5 points

a. Location and Site, up to 2 points (5 options)

- Site selection, Brownfield, Infill, Bicycle Facilities, or Location near Diverse Resources; each option is eligible for 1 point

b. Housing Density, up to 1.5 points (based on rural and nonrural location and building type)

c. Transit Access and Transportation Services, up to 1.5 points

- Options for rural and non-rural locations; see IP for specific documentation

Community Stability - Up to 20 Points

3. Sustainability and Climate Resiliency (up to 10 points)

a. Sustainable Development, up to 2.5 points

- Materials – Regional Sourcing (up to .5 points),
- Recycled content (up to 1 point),
- Building Reuse (up to 1 point) includes preservation projects or adaptive re-use
- Passive Solar Design (1.5 points)

b. Efficient and Healthy Building Operations, up to 5 points

- Better Building Envelope (1.5 points)
- High-Efficiency Heating and Cooling (1 point)
- HERS rating or Commissioning (1.5 points)
- Improved Ventilation (1 point)

Community Stability- Up to 20 Points

3. Sustainability and Climate Resiliency (up to 10 points)

c. Resilience (up to 2 points)

- Stormwater Management (1 point)
- Heat Island Mitigation (1 point)
- Broadband and Internet Access (1 point)
- Assessment and Planning (2 points)

For details and documentation, see the 2021 AHP IP

Remaining AHP Scoring Categories

Home purchase by low- or moderate-income buyers, up to 5 points (variable)

- **Number** of AHP units
- **Compared to number** of units new construction or substantial rehab (min. of \$15,000 rehab per unit)
- **Counseling** must be included.
- Up to \$40,000 per unit (NEW)

- **Economic Diversity, 5 points (fixed)**
- Awards points for creation of housing that is part of strategy to end isolation of very low-income households by providing economic diversity
- Compares median family income of the census tract to median family income in MSA/MD; affordable units in high income tracts (100% or MSA/MD) or market units in a moderate-income tract (80% MSA/MD), based on locations (see FFIEC.gov)

Remaining AHP Scoring Categories

Subsidy Per Unit, up to 5 points (variable)

- Rental (\$5,000 to \$65,000 subsidy per unit)
- Owner (\$15,000 to \$40,000 subsidy per unit)

Wrapping Up



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)**

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Your Questions?



Thank You

If you need any assistance, please contact us!

