

2021 AHP NOTICE OF CHANGES AND INFORMATION

March 31, 2021

Effective for 2021, the Federal Home Loan Bank of Boston made multiple enhancements to the Affordable Housing Program (AHP), realizing a number of efficiencies in our application and monitoring processes. At the beginning of this year, FHLBank Boston fully implemented the new AHP Regulation 12 CFR 1291. Most notably in terms of the 2021 AHP Application and funding round, we enhanced and upgraded our scoring categories. The program updates are summarized below.

For full details, instructions and other information, visit our [website](#) and the [2021 AHP Implementation Plan](#). Contact information for your community investment manager and the entire Housing and Community Investment department is included in this notice. We look forward to working with you.

2021 Application Deadlines

- The AHP funding round opens on Monday, June 7, 2021. Applications are due by 3:00 p.m. on Thursday, July 29, 2021.
- Member financial institutions have a separate extended online application review period. Members must complete the online application review of each of their submitted AHP applications by 3:00 p.m. on Thursday, August 5, 2021.
- Funding awards will be announced by December 31, 2021.
- Applications are submitted through our [Community Lending Portal](#).
- Housing developers, consultants, and lenders new to AHP must first create community lending log-in accounts through the portal linked above.
- We are offering five [online training sessions](#) beginning in May to learn more about this year's changes.

Responding to the Pandemic, Moving Towards Recovery

Beyond the AHP, FHLBank Boston offers a full slate of financial products and services to help our member financial institutions and the communities they serve recover from the pandemic and recession. The housing and community investment programs offered by FHLBank Boston provide targeted and lower-cost capital, including grants and loans, to facilitate housing production, preservation, home purchases, small business assistance, and neighborhood revitalization. Our Housing and Community Investment department staff will provide the technical assistance you need to access our programs effectively to serve your communities. Get started [here](#).

2021 AHP Application and Subsidy Limits

- Because interest rates remain low, FHLBank Boston will not offer AHP subsidized advances or provide AHP subsidy to reduce the borrowing costs for long-term permanent loans.
- The maximum direct subsidy grant per application is \$650,000. This is the maximum amount of subsidy available for any single application.

- The maximum direct subsidy for homeownership has increased to \$40,000 per unit, up from \$30,000 in 2020.
- There is no limit to the number of applications that a member may submit. However, the maximum approval limit per member is 25% of the total AHP subsidy available.

AHP Implementation Plan Changes

FHLBank Boston has made a number of technical changes to both the AHP administration and the 2021 application, notably within the feasibility and cost guidelines and AHP scoring categories.

Affordable Housing Program Application

Project Cost and Feasibility Guidelines (2021 AHP Implementation Plan - Attachment A)

- **Income targeting commitments for rental initiatives occupied at time of application.** An occupied rental initiative which has an eligible relocation plan for current residents does not need to demonstrate that the current residents meet the income targeting commitments at the time of application. Income eligibility can be determined based on initial occupancy after completion of the purchase or rehabilitation. Eligible relocation plans include those approved by one of the federal, state, or local government funders, or separately approved by FHLBank Boston based on detailed standards established in the AHP Implementation Plan, consistent with industry standards regarding relocation plans.
- **Market rates and fees.** FHLBank Boston will assess the interest rates and fees charged by members on both construction and permanent financing extended to an AHP rental or homeownership initiative. Members will be required to explain interest rates and fees outside of a Bank-determined upper limit for a variety of loan maturities – one-, two-, five-, 10-, and 20-year term loans.
- **FHLBank Boston-required 15-year operating proforma template.** In order to standardize our operational feasibility reviews and reduce application errors, rental applications are required to use the FHLBank Boston-provided 15-year operating proforma template. Alternate formats will not be accepted.

Affordable Housing Program Scoring Guidelines (2021 AHP Implementation Plan – Attachment B)

Based on stakeholder input and guidance by the Bank's Advisory Council, FHLBank Boston made several changes to the AHP scoring guidelines.

- **Inclusion of minority- and women-owned business enterprises on the housing development team (new for 2021).** FHLBank Boston is committed to addressing the disparity in the participation of minorities and women in affordable housing development and preservation. Up to five (5) points will be awarded based on the number of diverse enterprises serving in specific development team roles including project owner/sponsor, general contractor, architect, attorney, or accountant. Alternatively, 1.5 points may be awarded based on the lead sponsor's diversity and inclusion plan to partner with diverse business enterprises on the initiative's development team.
- **Community stability, including affordable housing preservation.** FHLBank Boston modernized this scoring category, awarding up to 20 points for housing applications that promote community stability through affordable housing preservation, smart growth, sustainability, and climate resiliency. These changes are based on and consistent with Enterprise Green Communities, LEED, and other industry standards.
 - This includes streamlining the documentation requirements if Enterprise Green Communities, LEED, Energy Star, or Passive House certifications are achieved.
 - FHLBank Boston has updated many of the program elements, definitions, and points awarded in the Smart Growth, Sustainability and Climate Resiliency sections.
- **Income targeting for owner-occupied or homeownership applications.** FHLBank Boston increased the minimum number of points available (18) for initiatives creating homeownership opportunities for households earning between 61% to 80% of the area median income. Additional points will still be awarded for initiatives also serving households earning up to 60% of the area median income. Twenty points remains the maximum number of points in this category.
- **Promotion of empowerment.** We expanded the eligible documentation, adding a new empowerment template for services provided through a resident services coordinator, and streamlined the formula to award points. Two points for each eligible service are now awarded, up to a total of four services or eight (8) points.
- **Rental housing for extremely low-income households (new for 2021).** Rental initiatives can earn up to five (5) points based on the percentage of total units reserved for households earning up to 30% of the area median income (ELI). Full points will be awarded for initiatives reserving a minimum of 20% of total units for ELI households. Applicants receiving points in this category are not eligible to earn points in the housing for homeless households category.
- **Housing for homeless households.** FHLBank Boston simplified this five-point category, awarding either three (3) points to initiatives reserving between 20% and 24.99% of total units for homeless households and five (5) points when at least 25% of the total units are reserved for homeless households.

- **Member financial participation.** This remains a core FHLBank Boston priority and scoring category. Up to 12 points will be awarded based on the extent of the member financial participation. This is a slight reduction in total possible points from prior rounds (12.5). Within this category, the additional points available for long-term, fixed-rate financing was reduced to a maximum of 2.0 points, down from 2.5 points last year. Applications can continue to earn up to 10 points based on the total member financial participation relative to the total AHP subsidy requested.

Affordable Housing Program Monitoring and Administration

- **Modifications of AHP obligations in an event of noncompliance.** Consistent with the AHP Regulation, FHLBank Boston will require a reasonable cure period before a modification may be considered.
- **Streamlined monitoring of resident income eligibility and rental affordability at project completion of housing initiatives funded through federal Low Income Housing Tax Credits, HUD 202 or 811 programs, or the USDA Rural Development 514 and 515 programs.** The AHP Regulation and subsequent regulatory guidance permit FHLBank Boston to exempt these rental housing initiatives from income and affordability documentation requirements beginning with the AHP Closeout Monitoring Review and long-term monitoring.
- **Sponsor certifications at AHP application and disbursement.** Based on internal best practices and regulatory changes, FHLBank Boston now requires a formal certification from the project housing sponsor at application and disbursement that it meets the AHP sponsor qualifications criteria, including but not limited to covered misconduct in the Federal Housing Finance Agency's Suspended Counterparty Program Regulation (12 CFR 1227) and the AHP Implementation Plan.
- **Use of AHP subsidy permitted in Revolving Loan Fund owner-occupied housing initiatives.** After considerable regulatory research and consultation with the Federal Housing Finance Agency, FHLBank Boston has determined that AHP direct subsidy funds can only be effectively used and monitored in Revolving Loan Fund owner-occupied housing initiatives pursuant to the AHP regulatory requirements. The requirements appear to be administratively unworkable and inefficient for members and sponsors of Revolving Loan Fund rental housing initiatives at the present time. FHLBank Boston will continue to research the use of AHP funds in Revolving Loan Fund housing initiatives.
- **Suspensions and debarments.** FHLBank Boston has updated its suspension and debarment policy and appeals process. Debarments are permanent and suspensions are for a minimum of one year. Suspended or debarred parties cannot apply for future AHP or EBP funding. FHLBank Boston reserves the sole discretion to apply temporary suspensions for less than one year in order to resolve delinquent reporting.

Reminders:

- **FHLBank Boston will review all project costs, related expenses, and fees.**
- **Changes to the application cannot be accepted after submission.**
- **FHLBank Boston may compare and review submitted applications with other major funders.**
 - We review applications against our feasibility and eligibility guidelines to determine both developmental and operational feasibility and need for subsidy. We expect all data and documentation to be consistent with the information provided to other funders.
 - Applications or future disbursements may be denied or disqualified for unexplained or excessive costs or fees.

You can reach your Community Investment Managers and the Housing and Community Investment Department by phone or email:

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

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