



AHP FAQs FOR RENTAL PROJECTS

GENERAL QUESTIONS

Q: What is the source of Affordable Housing Program ("AHP") funds?

A: The AHP is fully comprised of private funds that are solely derived from a portion of the previous year's net income of the Federal Home Loan Bank of New York ("FHLBNY"). They are neither appropriated from the federal budget nor through taxpayer dollars. Therefore, AHP-assisted projects are not inherently subject to the Davis-Bacon Act or other prevailing wage legislation.

Q: Who may apply for AHP funds?

A: Only banking institutions or insurance companies who are FHLBNY stockholders in good standing ("Members") may submit AHP applications on behalf of private not-for-profit corporations, a state or a political subdivision of a state, state housing agencies, local housing authorities, or for-profit developers. (Please note that competitive scoring will vary depending on the governmental or non-profit status of the project's primary sponsor.)

Q: When are AHP applications due?

A: The FHLBNY customarily accepts competitive AHP application rounds on a semi-annual basis. The deadlines for submission of AHP applications are typically the first business day of April and again on the first business day of October.

Q: What is the maximum amount of AHP subsidy that the FHLBNY provides to a rental project?

A: \$20,000 per unit (including any AHP subsidy that the FHLBNY previously awarded to the project) or 10% of the total pool of AHP subsidy offered for a given competitive round, whichever is less.

Q: How can a rental project use AHP funds?

A: AHP funds may be used either for acquisition (in certain situations, subject to the consent of the FHLBNY), hard costs associated with the rehabilitation or construction of residential units, certain soft costs (see [AHP/APP-108](#), tab A for further details) or a developer's retention.

Q: What is considered an eligible rental property?

A: Single- and multi-family residences, apartment houses, single room occupancy facilities, group homes, shelters and transitional residences are eligible. At least 20% of all units within the project must be targeted to households who earn 50% or less of the area median, adjusted for family size.

Q: May a sponsor apply to more than one FHLB for AHP subsidy for the same project?

A: Yes. However, the sponsor should disclose on the application form how much AHP subsidy has been requested from each FHLB and reflect all AHP allocations on the Development Budget (see Worksheet A under [AHP/APP-108](#)). If any AHP applications are pending, the project will need to demonstrate a continued need for each award if every AHP application is approved for funding.



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GENERAL QUESTIONS (CONTINUED)

Q: Can the AHP subsidy funds be used with other grant programs?

A: Yes, AHP funds may be used in conjunction with other grant programs and are customarily used to leverage all types of funding sources.

PROJECT-SPECIFIC QUESTIONS

Q: Does the FHLBNY include the superintendent's unit(s) when determining the project's occupancy goals and AHP subsidy per unit?

A: No. The superintendent's unit(s) is(are) customarily excluded from the proposed targets and the average amount of AHP subsidy per unit.

Q: Can a property management agent receive points as a non-profit sponsor even if they will not purchase the project until all funding sources have been procured?

A: To qualify for points under the Sponsorship category, the sponsor must submit appropriate evidence that they satisfy the definition of a government entity or not-for-profit corporation (see [AHP/APP-106](#) and [107](#)) as well as site control as of the date of the AHP application. For projects that are utilizing low-income housing tax credits, the primary sponsor must satisfy the definition of a government entity or not-for-profit corporation and have an ownership interest in the partnership structure (also see [AHP/APP-106](#) and [107](#)) in order to qualify for points in this category.

Q: Can AHP subsidy be used to pay rehabilitation costs for older projects?

A: Yes, provided that the proposed renovations do not pre-date the AHP application. Please also note that the application for such initiatives must include financial documentation that verifies the amounts available in the project's replacement reserve accounts and any limitations on their use. A contribution from the reserves should be listed as a source on the project's development budget.

Q: Can AHP subsidy be used to pay refinance debt for older projects?

A: No. Older projects may only use AHP subsidy to finance renovations or other capital improvements, including the creation of new affordable units.

Q: What are the limits on the amount of rent that can be charged in an AHP-assisted project?

A: Use Rental Projects Worksheets Tab B ([AHP/APP-108](#)) to calculate the maximum rent that can be charged which is 30% of the income of a household earning the maximum income in each targeting band for the household size given on the worksheet for each bedroom-type. If a tenant receives some type of rental assistance, a higher rent level (such as the Fair Market Rent) may be used for the unit, subject to the consent of the agency that has agreed to provide the rental assistance.



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PROJECT-SPECIFIC QUESTIONS (CONTINUED)

Q: In a special needs project, how are the number of units determined?

A: For projects in which all residents are unrelated individuals who may share a room or a unit, the number of units is, in fact, the *total number of beds*. In other words, the targets must correspond to the total number of residents served. For projects that serve an adult with one or more dependents in which the household may share a room or unit with other households, the sponsor will need to estimate the minimum number of households they anticipate they may serve. For example, if the project will have 10 beds, the project may serve 5 households which have a total of 5 dependents at most or 3 households with 3 to 4 children per household. Three should be used as the number of units in order to ensure that the project remains in compliance throughout the Retention Period.

AHP FUNDING REQUISITION QUESTIONS

Q: When can a primary sponsor begin to draw down committed AHP funds?

A: Once the FHLBNY approves a project for an allocation of AHP funds, the FHLBNY issues an AHP commitment package to the Member, which includes a tri-party *AHP Subsidy Agreement and Memorandum of Understanding* ([AHP-109](#)) which an authorized representative of the project's primary sponsor must execute along with the Member. Once the FHLBNY receives all necessary AHP commitment agreements, the primary sponsor may requisition the AHP funds by submitting all required forms and supporting documentation specified in the AHP Application Drawdown Package ([AHP-122 through AHP-126](#)).

Q: Does the FHLBNY disburse funds directly to the project sponsor?

A: No. AHP funds are credited to the Demand Deposit Account ("DDA") that a Member maintains at the FHLBNY. The Member, in turn, should disburse the AHP funds to the project sponsor or related entity thereof within a 30-day period.

Q: How long does the FHLBNY maintain AHP funding reservations?

A: The initial AHP commitment is issued for a period of approximately six months. Thereafter, subject to adequate supporting documentation that the sponsor has procured all necessary financing and the development of the project is satisfactorily progressing, the FHLBNY may, in its sole discretion, approve subsequent extensions of the AHP commitment for a period of time not to exceed six months. If the AHP funds have not been fully drawn within 3 years of the issuance date of the AHP commitment, the FHLBNY reserves the right to cancel the AHP commitment.



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THE AHP COMPLIANCE RETENTION PERIOD FOR RENTAL PROJECTS

Q: How long will the FHLBNY have an interest in AHP-assisted projects?

A: AHP-assisted projects must comply with the federal AHP regulation for a period of 15 years ("Retention Period"). The Retention Period begins on the date that the Certificate of Occupancy is issued. (For projects that are being rehabilitated, the AHP retention period customarily commences with the issuance date of a certificate of substantial completion.) The Member must publicly record an AHP subordinate lien against the property for a 15-year term (see [AHP-113 through AHP-121](#)).

Q: In what position will the AHP lien be?

A: The AHP lien may be subordinate to other funding sources, as required by the other lenders. The AHP lien is customarily subordinate to all loans and other repayable debt. It should be positioned in accordance with its value compared with the project's funding sources, including other grants.

Q: Who pays the cost of recording the AHP long term retention documents?

A: AHP funds may not be used to finance the cost of recording the AHP subordinate lien or related retention agreements. The Member and the sponsor have the discretion to determine whether such costs will be borne by the Member, the sponsor, or the project's development budget.

Q: If the owner of the project sells the project site prior to the conclusion of the Retention Period, how much AHP subsidy must be repaid?

A: In the event that the property is sold to a party or entity that does not agree to assume the long-term affordability restrictions and other AHP regulatory requirements during the balance of the Retention Period, the entire amount of the AHP subsidy must be repaid.

Q: What happens if the owner of project wants to alter the rank of the AHP subordinate lien?

A: Both the FHLBNY and the Member must consent to such a request. In such cases, FHLBNY staff must receive an updated sources and uses of funds statement, along with a revised operating pro forma. If the new financial statements confirm the rationale for a restructuring of the project's debt, as well as the project's continued need for AHP subsidy, the FHLBNY may, in its sole discretion, authorize the Member, as the AHP lien holder, to execute a subordination agreement. (Either the Member or an agent of the project's sponsor or owner must prepare such an agreement.)

Q: Who prepares a discharge of the AHP lien at the conclusion of the Retention Period?

A: If the project has been duly managed in accordance with the requirements of the AHP regulation, the project sponsor or owner may request the Member to prepare and execute a legal release that discharges the AHP subordinate lien upon completion of the Retention Period.



AHP FAQs FOR RENTAL PROJECTS

HOUSEHOLD ELIGIBILITY QUESTIONS

Q: Is this an asset-based program?

A: No. Eligibility is based solely on income. As such, earnings derived from assets (such as interest or dividends) and imputed income from assets such as real estate must be added to other income sources in order to determine income eligibility. Please refer to *Guidelines for Determining Income Eligibility* ([AHP-103](#)) for further details.

Q: When is a household's income calculated to determine eligibility for AHP assistance?

A: If a project is to be rehabilitated and existing tenants currently occupy the units, the sponsor should certify tenant incomes as of the AHP application date in order to ensure that the proposed income targets set forth in the AHP application are realistic and feasible. In all other cases, household income is determined at the time that the household is approved to occupy a unit within the project.

Q: What if a household's income increases over the program's allowable income level threshold after the household has moved in?

A: Once a household's income is initially certified, their income level remains in effect throughout the Retention Period or until they vacate the unit. Annual re-certifications are not required.

Q: What if a household's size increases or decreases after the household has been approved to occupy a unit but before the household moves in?

A: In this event, the sponsor or property manager must re-evaluate the household's income to make appropriate adjustments based on the family members who will occupy the unit.

Q: Should a household's income calculation include court-ordered monthly child support payments, even if the estranged parent is in default for non-payment of such support?

A: Yes.

Q: Is a student eligible to occupy an AHP-assisted rental unit?

A: Any student who is still a dependent child, whom a parent or guardian continues to claim on their federal income tax return, is not eligible to execute a lease agreement to rent an AHP-assisted unit. The only students who may occupy an AHP-assisted unit are dependents of an income-qualified tenant or participants in a project that has been approved to target individuals who are aging out of foster care. Children under the age of 18 who are wards of state are not eligible to occupy an AHP-assisted rental unit.



AHP FAQs FOR RENTAL PROJECTS

AHP MONITORING QUESTIONS

Q: What are the initial monitoring requirements for rental projects?

A: Much of the required documentation is submitted with the drawdown package. Any remaining documentation that was not available at that time is due at the time of initial monitoring. In addition, a final project certification form that has been duly executed by authorized representatives of the project sponsor and the member must be submitted along with evidence of timely disbursement of the AHP subsidy from the Member to the project sponsor or its affiliate. Kindly refer to the *AHP Compliance Monitoring Guidelines* ([AHP-102](#)) for complete details.

Q: What are the long term monitoring requirements for rental projects?

A: In the second year after project completion and annually thereafter until the end of the project's Retention Period, the project sponsor must submit certifications in accordance with the reporting requirements set forth in the *AHP Compliance Monitoring Guidelines* ([AHP-102](#)). In addition, more detailed reports and site visits may be required periodically depending on the amount of AHP subsidy that the project received or if the project was financed with proceeds from the sale of low-income housing tax credits. Kindly refer to *AHP Compliance Monitoring Guidelines* ([AHP-102](#)) for further details.

Q: How will a sponsor know when to submit AHP monitoring reports?

A: The FHLBNY will initiate the request by sending out a letter or e-mail that specifies which items are due and sets a submission deadline. Kindly refer to the *AHP Compliance Monitoring Guidelines* ([AHP-102](#)) and *AHP Compliance Late Receipt Policy* ([AHP-104](#)) for complete details of the cycle for submission of various items.

Q: How long should tenant income documentation be retained?

A: Sponsors and property managers should maintain income source documentation for at least one year following the intake process for any newly-certified tenants who appear on the rent roll. The FHLBNY reserves the right to periodically request such documentation, in accordance with the long-term monitoring requirements of the federal AHP regulation. Kindly refer to *AHP Compliance Monitoring Guidelines* ([AHP-102](#)) for further details. In any case, it is best to contact other funders and verify their requirements prior to discarding any income source documents.

Q: If more than one tenant moves in and out of a unit between annual income certifications, does the FHLBNY require income verifications on each tenant who occupied the unit during the year?

A: No. You only need to report the initial occupancy date and income as of that date for all tenants in occupancy on the date the annual report is prepared. It is recommended that sponsors and their property managers maintain available income source documentation for all new tenants who moved in during the year, including any who moved in and out during the same reporting period.



AHP FAQs FOR RENTAL PROJECTS

MEMBER CONCERNS

Q: What are the benefits to Members who participate in the AHP?

A: The benefits include receiving service award credits during the Member's CRA examination for serving as a conduit for the AHP grants; investment credit if they originate construction or permanent mortgages to the project assisted with AHP; the opportunity of new business with the sponsor and assisted tenants to open new accounts or receive construction, permanent or personal loans; the possibility of positive publicity; and enhanced political and community relations.

Q: What are the risks to Members who participate in the AHP?

A: Generally, the only risks include that the grants the Member served as a conduit for may be classified as "contingent liabilities" and thus impact the Member's balance sheet; and the time and expense that may be associated with resolving an event of non-compliance. In the worst case, the FHLBNY could debit the Member's DDA for the amount due in that event, but the Member is only responsible to transmit the amount recovered through reasonable collection efforts, as long as the AHP retention agreements have been duly executed and placed on public record.

Q: Is a Member expected to participate in a project's long-term AHP monitoring activities?

A: No. Once a project has been placed into service and the FHLBNY is in receipt of all required supporting documentation required under the initial AHP reporting requirements, all long-term monitoring is handled directly between the FHLBNY and the sponsor, or its designated management entity.