



Federal Home Loan Bank  
NEW YORK

# Community Investment Programs

FHLBNY Webinar

January 19, 2021



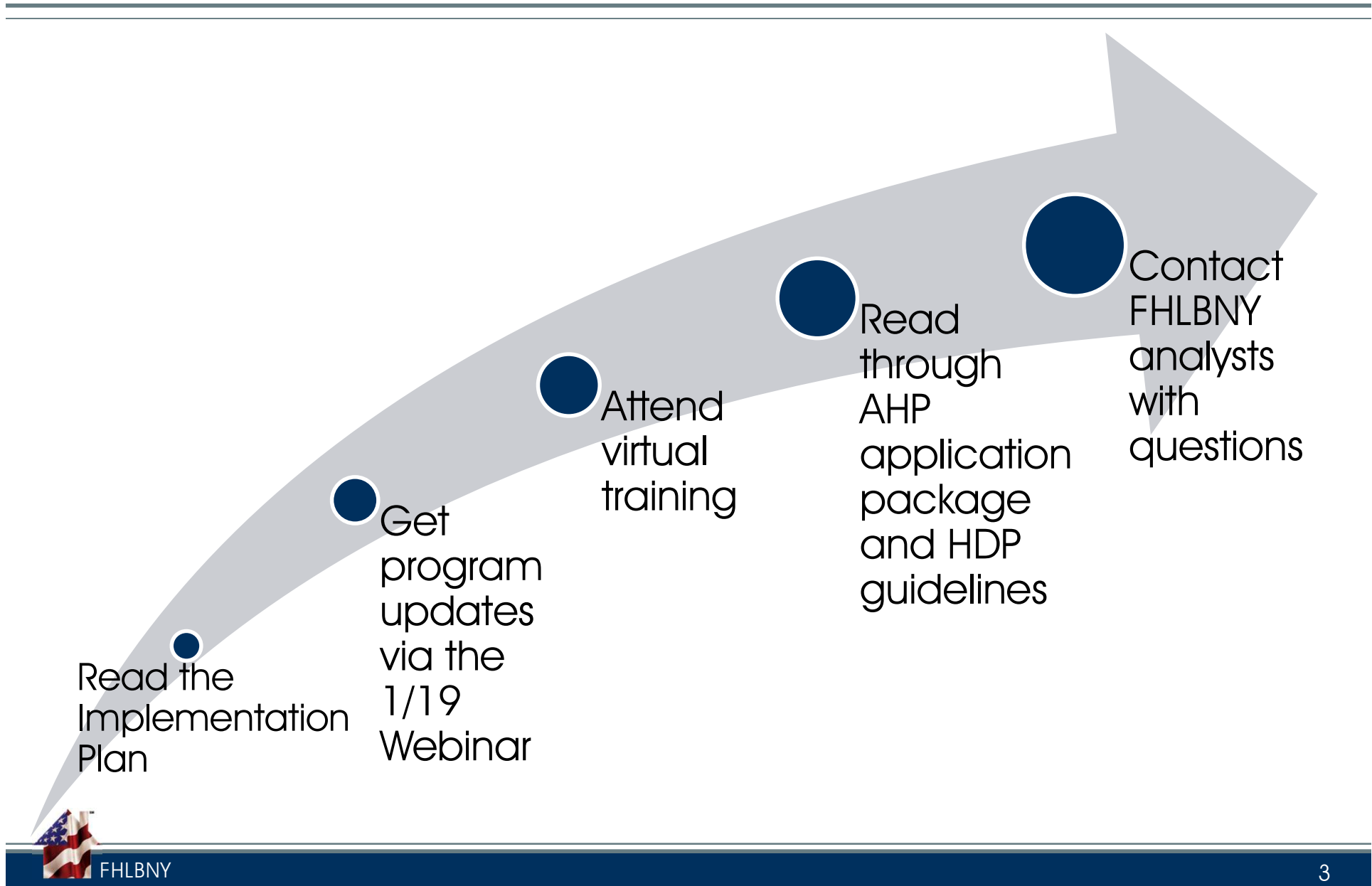
# Agenda

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1. Updates to the Affordable Housing Program (AHP) Scoring Framework
2. Homebuyer Dream Program (HDP) changes
3. Recapture Process and the AHP – 153
4. Community Lending Program (CLP) Updates
5. Questions and Answers



# Path To Success



# Upcoming Training

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- Virtual Presentations
  - Wednesday, February 24<sup>th</sup>
  - Wednesday, March 3<sup>rd</sup>
  - Wednesday, March 10<sup>th</sup>
  - Wednesday, March 17<sup>th</sup>
  
- Morning session will be on AHP and the afternoon session will be on HDP
  
- AHP Application package and HDP guidelines available in the 1<sup>st</sup> Quarter
  
- Both AHP and HDP Rounds expected to launch in the 2<sup>nd</sup> Quarter



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# AFFORDABLE HOUSING PROGRAM

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# Introducing New Scoring Categories

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- Rental for Extremely Low-Income Households (6 points)
  - 20% of units for families at 30% AMI
  
- High Opportunity Areas (10 points)
  - Development in tracts over 120% statewide AMI
  
- Green Building Innovation (5 points)
  - Passive House, Net Zero, significant energy reduction on rehab
  
- Member Financial Participation (6 points)
  - FHLBNY members who lend or invest in AHP projects



CATEGORY	POINTS	
Use of donated or conveyed government-owned or other properties	5	Variable
Sponsorship by a not-for-profit organization or government entity	7	Variable
Targeting	20	Variable
Underserved Communities and Populations (max 12 points)		
• Homeless Households	6	Fixed
• Supportive Housing	6	Fixed
• Rental Housing for Extremely Low Income Households	6	Fixed
Creating Economic Opportunity: Residential Economic Diversity		
• Mixed Income Housing or	10	Variable
• High Opportunity Area	10	Fixed
Community Stability	10	Fixed
• Preservation of Affordable Housing		
District Priorities		
• Project Readiness	10	Variable
• Owner-Occupied Projects	5	Fixed
• Small Projects	5	Fixed
• In District	5	Fixed
• Green Building Innovation	5	Fixed
• Member Financial Participation	6	Variable
• AHP Subsidy per Unit	5	Variable



# AHP 2021 Overview

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- The 2021 round is expected to launch in Q2, a bit later than in previous years
- The application window is 45 days, same as always
- The AHP Implementation Plan, with the technical details of the program, is now available at [fhlbny.com/community](https://fhlbny.com/community)
- When in doubt, reach out to the team of AHP analysts at [AHP@fhlbny.com](mailto:AHP@fhlbny.com)





## 2020 Round Highlights

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- 47 projects received AHP awards totaling \$38.5 million in subsidy
  - 117 applications
  - Average award of \$818,000
- Awardee scores ranged between 68.23 and 85.58
- 34% of units reserved for homeless, up from 27% in 2019
- Greater share of new construction in upper-income areas
- 16 projects in NJ; 28 in NY; 1 in PR; 2 out of district



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# HOMEBUYER DREAM PROGRAM

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# Updates to 2021 Homebuyer Dream Program® Round

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## Introduction of an Individual Member Allotment Approach

- ❑ Allotments replace First Come, First Served approach
- ❑ Members must re-certify to participate in HDP or they will not receive an allotment
- ❑ Individual member allotments are based on historical commitments
- ❑ One annual round will be open for members to submit Reservation Requests
- ❑ Members who fully exhaust allotments will be given priority if additional funds are available

## Maximum Grant Amount

- ❑ Reduced from \$15k → \$10k per household



# Changes to 2021 HDP Round

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## Initial Member Allotments:

- Issued approximately 30 days before 2021 Round

## The 2021 HDP Round:

- Expected to open 2<sup>nd</sup> quarter



## Re-Allotments:

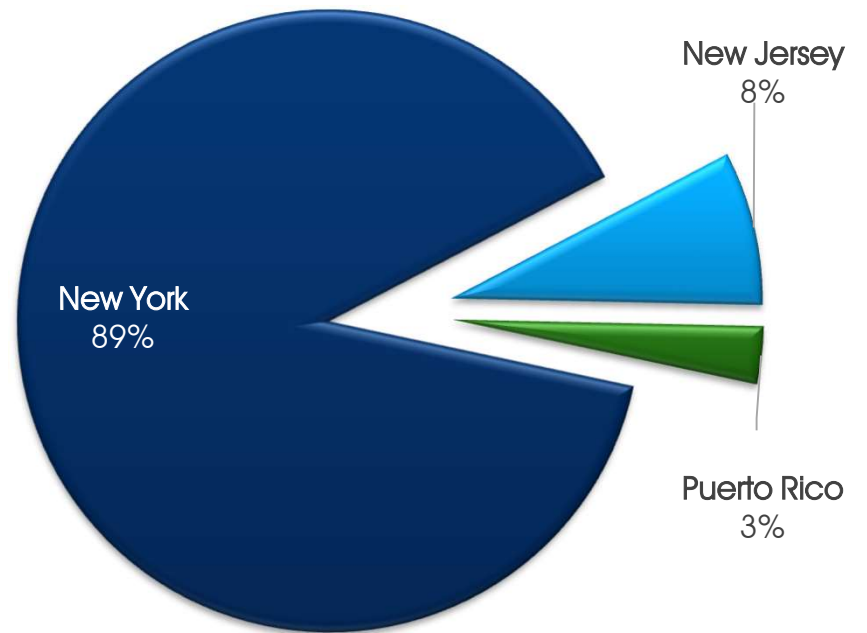
- If additional funds are available, begin in mid / late 3<sup>rd</sup> quarter



# 2020 AHP Set-Aside Data

- ❑ \$17.8M Committed to Low/Moderate Income Households
- ❑ 1,479 Commitments were Issued to 64 Members
- ❑ 98% Commitment Success Rate

## Geographic Distribution of 2020 HDP Commitments



## 2020 HDP Household Demographics

Region	Median Purchase Price	Median Household Income
New York	\$141,246	\$53,443
New Jersey	\$229,055	\$64,952
Puerto Rico	\$84,728	\$21,835



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# RECAPTURE PROCESS

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# Recapture of AHP funds – as of Jan. 1 2021

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- Rental projects in the AHP General Fund now have a more regimented set of procedures if they fall out of compliance with program rules – the new approach is fully described in the AHP Implementation Plan.
- The changes in procedure are much more substantial for owner-occupied projects in AHP and households in the Homebuyer Dream Program or First Home Club. A recapture may be required if the household sells or refinances during the 5-year retention period.
- The FHLBNY's new recapture form (AHP-153) is straightforward and thorough: it will guide the member through the process of determining if a recapture is necessary or if the household is exempt.
- There is already a detailed two-part tutorial on the new form available on the FHLBNY website:  
<https://www.fhlbny.com/community/housing-programs/hdp/forms>
- When in doubt, reach out to the AHP or HDP/FHC teams.



# Exemptions from recapture

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- The member can determine and document that the subsequent purchaser is also a low- or moderate-income household.
- The household sells the property for a price at or below a HUD-established limit for the county and year (i.e. a proxy test that the purchaser is low- or moderate-income).
- Either of these two calculations is equal to \$2,500 or less:
  - The initial subsidy, reduced on a pro-rata basis by month
  - The net proceeds minus household investment from the sale or refinancing

May appear overwhelming at first, but the information is readily available from standard documents held by the household and member. Some simple guidance to the household can make the process even easier.





# Recapture Request Form at a glance

Recapture amount is the lesser of these two calculations (if both exceed \$2,500).

3. Pro Rata Calculation	
AHP Subsidy Amount Disbursed to Borrower	\$4,000.00
Original Loan Closing Date	8/12/2020
Anticipated Date of Non-Compliance/ Pay off	7/18/2021
Subsidy pro rata reduction	\$733.33
<b>Amount of Subsidy Reduced on a Pro Rata Basis</b>	<b>\$3,266.67</b>

4. Net Proceeds Minus Household Investment Calculation	
<b>Net Proceeds</b>	
Principal Amount of the New Mortgage	\$150,000.00
Current Transaction Closing Costs	\$5,757.57
Prepays at Refinance	\$2,125.12
Escrows at Refinance	\$576.95
Other Ineligible Costs	\$3,000.00
Eligible Transaction Closing Costs	\$55.50
Principal Amount of the Refinanced Mortgage	\$128,973.82
<b>Net Proceeds</b>	<b>\$20,970.68</b>

Household Investment	
Original Purchase Closing Costs	\$7,191.89
Prepays at Original Purchase	\$410.19
Escrows at Original Purchase	\$387.14
Other Ineligible Costs	\$0.00
Eligible Original Purchase Closing Costs	\$6,394.56
Original Down Payment	\$5,700.00
Capital Improvements	\$754.96
Total Principal Paid Until This Transaction	\$3,526.18
<b>Total Household Investment</b>	<b>\$16,375.70</b>

Calculation Results	
<b>Net Proceeds Minus Household Investment</b>	<b>\$4,594.98</b>

Visit the website for the form and the tutorials!



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# COMMUNITY LENDING PROGRAM

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# CLP Requirements

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- Community Lending Program (“CLP”) is a suite of advances that serve as economical funding for member institutions to help increase the availability of housing and community development finance for low-to-middle income families and communities.
- Member caps are the lesser of 3% of asset size or \$100 million. There is a floor of \$25 million for members where 3% of assets is less than \$25 million
- Comprised of three (3) distinct advances:
  - Community Investment Program (“CIP”) - primarily supports residential lending
  - Rural Development Advance (“RDA”) - supports economic development activity in rural areas
  - Urban Development Advance (“UDA”) - supports economic development activity in urban areas
- Tenor is 1 to 5 years



# Eligible CLP activity

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- **Eligible Member Lending Activity** – Loans originated within 90 days of receiving funding may be submitted as support for advances related to financing of housing or economic development activities to targeted beneficiaries.
- **Housing and Economic Activities**
  - *Purchase, construction, rehabilitation or refinancing of, or predevelopment financing for individual owner-occupied housing units, projects involving multiple units of owner-occupied housing, rental housing, or manufactured housing parks, as defined in the [CICA Regulation](#)*
  - *Economic development activities include commercial, industrial, manufacturing, social service, public or private facility and infrastructure activities, such as roads, utilities, and sewers*

