



Federal Home Loan Bank
NEW YORK

Affordable Housing Program General Fund

FHLB NY Application Training
2022 Round



2022 AHP Funds Available & Who can Access AHP

- **AHP General Fund: Approximately \$22 million available**
 - No more than \$40,000 per AHP targeted unit, and
 - No more than \$1,500,000 per project
- Round deadline will be 45 days from when package is made available
- Announcement will be in the Fall

Before you ask, the scoring range of successful 2021 projects: 58.19-74.55

AHP funds may only be accessed through a participating member

- For list of FHLBNY members see www.fhlbny.com and click on “Members”
- AHP Applications must be submitted to the FHLBNY via the Bank’s secure portal
- There is no limit to the number of applications a member or a sponsor may submit



Training Roadmap

1. Application overview & project eligibility

2. Project scoring

The motivation, rules and requirements for all scoring categories

Application strategy & best practices

3. Financial review

4. Closing thoughts and audience Q&A

5. Online submission portal training

When in doubt, consult the 2022 AHP Implementation Plan and reach out to the AHP team for technical assistance.



APPLICATION OVERVIEW & PROJECT ELIGIBILITY



AHP Application Process – The Three Phases



Project Eligibility

- 98% Success Rate
- Project must meet minimum eligibility thresholds.



Project Scoring

- 40% Success Rate Historically (>50% in 2021)
- All eligible applications are scored and ranked.
- Most reviewed applications receive fewer points than project sponsors expect.



Financial Review

- Over 90% Success Rate
- Highest ranking projects are subject to the financial review phase.
- Highest scoring, financially feasible applications are awarded subsidy.

Phase 1 of Application Review - Project Eligibility

- Use of funds for acquisition, construction or rehabilitation

Is AHP for me?

Award-winners in 2018-2021 ranged from...

2 units - 490 units

\$65,000 - \$246 million in total development cost

- Rental Housing
 - Permanent rental units or transitional housing
 - At least 20% of the units must be reserved for households that earn 50% or less of the area median income
- Owner-Occupied Housing
 - Single family, two-family, condos, co-ops
 - All units for households earning 80% or less of the area median income
- Project sponsor must demonstrate site control
 - Except for owner occupied rehabilitation projects (required at drawdown)
- Sponsor must be qualified
 - Must have a realistic development plan



Site Control Narrative

Projects with complicated site control histories must be clearly explained and documented or may be rejected.

See Site Control Documentation

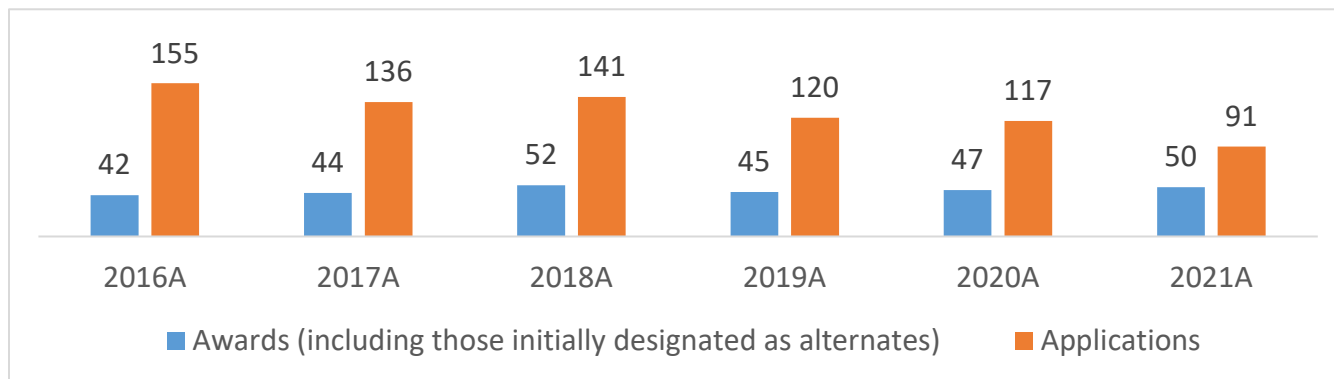


PROJECT SCORING



A note on competitiveness

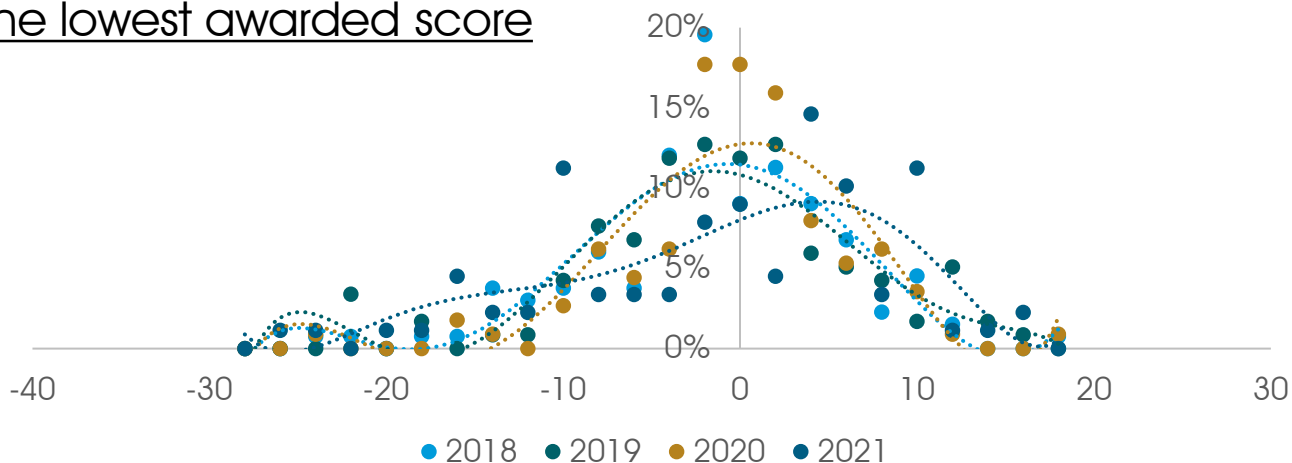
AHP General Fund applications and awards



➤ Yes, applications were down in 2021 – due to pandemic-related cost increases and delays

➤ But...the pool of available funds in 2022 will be significantly smaller, whereas project costs keep rising

Difference between the score of applications and the lowest awarded score



➤ Given how close decisions have been in recent years, we expect another round of tightly bunched, deserving applications from well-prepared sponsors



Scoring framework instituted in 2021 (unchanged)

Use of donated or conveyed government-owned or other properties – 5 pts

Sponsorship by a not-for-profit organization or government entity – 7 pts

Targeting – 20 pts

Underserved Communities and Populations – max. 12 pts

Homeless Households – 6

Supportive Housing – 6

Extremely Low Income – 6

Creating Economic Opportunity:
Residential Economic Diversity

Mixed Income Housing – 10 pts

High Opportunity Area – 10 pts

Community Stability: Preservation of Affordable Housing – 10 pts

District Priorities – max. 36 pts

Project Readiness – 10 pts

Owner-Occupied Projects – 5 pts

Small Projects – 5 pts

In-District – 5 pts

Green Building Innovation – 5 pts

Member Financial Participation – 6 pts

AHP Subsidy per Unit – 5 pts



Any scoring strategy should focus on documentation

- Two important facts about scoring:
 - Analysts evaluate a project against the requested score in its application; they can take points away from, but not add to, this pre-score; and
 - Looked at another way, all applications begin the scoring phase with zero *proven* points
- Analysts may not be familiar with your municipality or your project partners; a narrative can be a great tool for each category even if the documentation seems self-explanatory to you
- When assigning points to a project, an analyst cannot make assumptions or inferences



Donated Property

Donated Property – The creation of housing using at least 20% of units or land:

- conveyed at any price by the Federal government or any agency or instrumentality thereof within five (5) years of the application deadline; or
- donated for a nominal price (\$1,000 or less) or conveyed at a price significantly below fair market value by any other party. For properties donated, or conveyed at a nominal price, or at a price significantly below market value within five (5) years of the application deadline, points awarded are based on the project meeting the applicable criteria.

Points are awarded as follows:

- 5 points:** Property is donated or conveyed for less than or equal to 10% of FMV, or for less than or equal to \$1,000
- 3 points:** Property is conveyed for greater than 10% and less than or equal to 50% of FMV
- 1 point:** Property is donated or conveyed at any price by the federal government or an instrumentality of the federal government



Sponsorship by a not-for-profit organization or government entity

Entity Type – Eligible projects are sponsored by either a private, not-for-profit corporation, as designated under the IRS Code, or by a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American Tribe, an Alaskan Native Village, or the government entity for Native Hawaiian Home Lands.

Ownership – A project sponsor is defined as an organization that has ownership interest (including any partnership interest) or an organization that is integrally involved in a project or an organization that is integrally involved in a project

Points are awarded as follows:

7 points:

- Not-for-profit sponsor of owner-occupied project that is integrally involved in the development of the project; or
- Not-for-profit sponsor of a rental project that owns or will own the land and/or the building(s) that comprise the project; or
- Not-for-profit sponsor of a rental project that is utilizing Low-Income Housing Tax Credits (“LIHTC”) and has or will have a majority ownership interest (e.g. 51% ownership interest or greater of the general partner / managing member) within the final ownership structure of the project

3.5 points:

- Not-for-profit sponsor of a rental project that is utilizing LIHTC and will hold an ownership interest in the project, other than being a general partner, or holds a minority share of the general partner interest within the final ownership structure/limited partnership.



Targeting

➤ Rental Projects

- FHLBNY shall confirm the percentage of units that a particular rental project has proposed to reserve for households who earn \leq 50% of area median income ("AMI"), adjusted for family size:
 - If the percentage is less than 20%, the project cannot meet the AHP statutory minimum requirement and shall be eliminated from the competition.
 - If the percentage is greater than or equal to 60%, the project receives the maximum 20 point score.

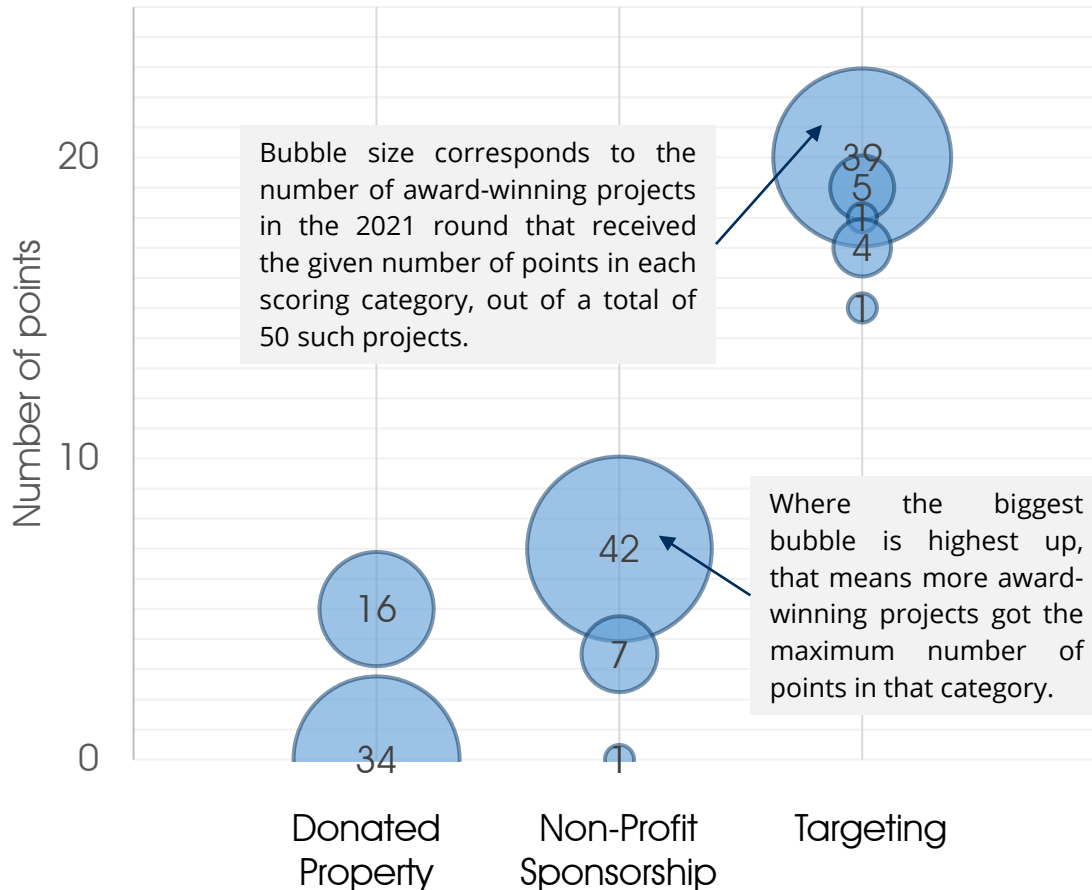
➤ Owner-Occupied Projects

- Owner-occupied project applications must be for units that are targeted only to households who earn 80% or less of AMI.
- If 60% or more of units are reserved for \leq 50% AMI households, 20 points will be awarded



Considerations for Donated, Sponsorship & Targeting

2021 award-winning projects



- Targeting and Sponsorship are the foundation of project scoring – without all of those 27 points, projects need to be exceptional in other ways
- Donated Property, if relevant, can be a differentiator, but the tricky part is **arms-length** – please document and explain the conveying party's role in the ownership entity and project



Underserved Communities and Populations

1. Housing for Homeless Households
 2. Supportive Housing for Persons with Special Needs
 3. Rental Housing for Extremely Low Income Households
- 6 points (fixed) for reserving at least 20% of units per population
 - A maximum of 12 points are available
 - Applicants whose projects serve all three populations may apply for points in only 2 categories
 - Choose the easiest to prove with documentation



Housing for Homeless Households

- Six (6) points fixed for 20% or more of units
- The financing of rental housing, excluding overnight shelters, reserving at least 20% of the units for homeless households; or
- The creation of transitional housing for homeless households permitting a minimum of six months occupancy; or
- The creation of permanent owner-occupied housing reserving at least 20% of the units for homeless households.
- Households must meet the FHLBNY's definition of homeless (examples below):
 - Lacks a fixed, regular adequate nighttime residence; or
 - Has primary nighttime residence that is not designated for regular sleeping accommodation; or
 - Will imminently lose their housing; or
 - Families with children who have experienced long-term periods without living independently in permanent housing; or
 - Fleeing domestic violence or other life threatening conditions in current housing situation.
- Ineligible if currently imprisoned or otherwise detained



Supportive Housing for Persons with Special Needs

Six (6) points will be awarded for the financing of housing in which **at least 20 percent** of the units are reserved for occupancy by households with special needs. A supportive housing project should have a social services plan that addresses the unique needs of the identified special needs population(s), including a staffing plan, AND a fully executed agreement with a social service provider

- *Physically and/or mentally disabled*
- *Developmentally disabled*
- *Persons recovering from domestic abuse (physical or emotional abuse)*
- *Persons recovering from chemical dependency*
- *Formerly incarcerated*
- *Persons with HIV/AIDS*
- *Youth aging out of foster care*



Rental Housing for Extremely Low Income Households

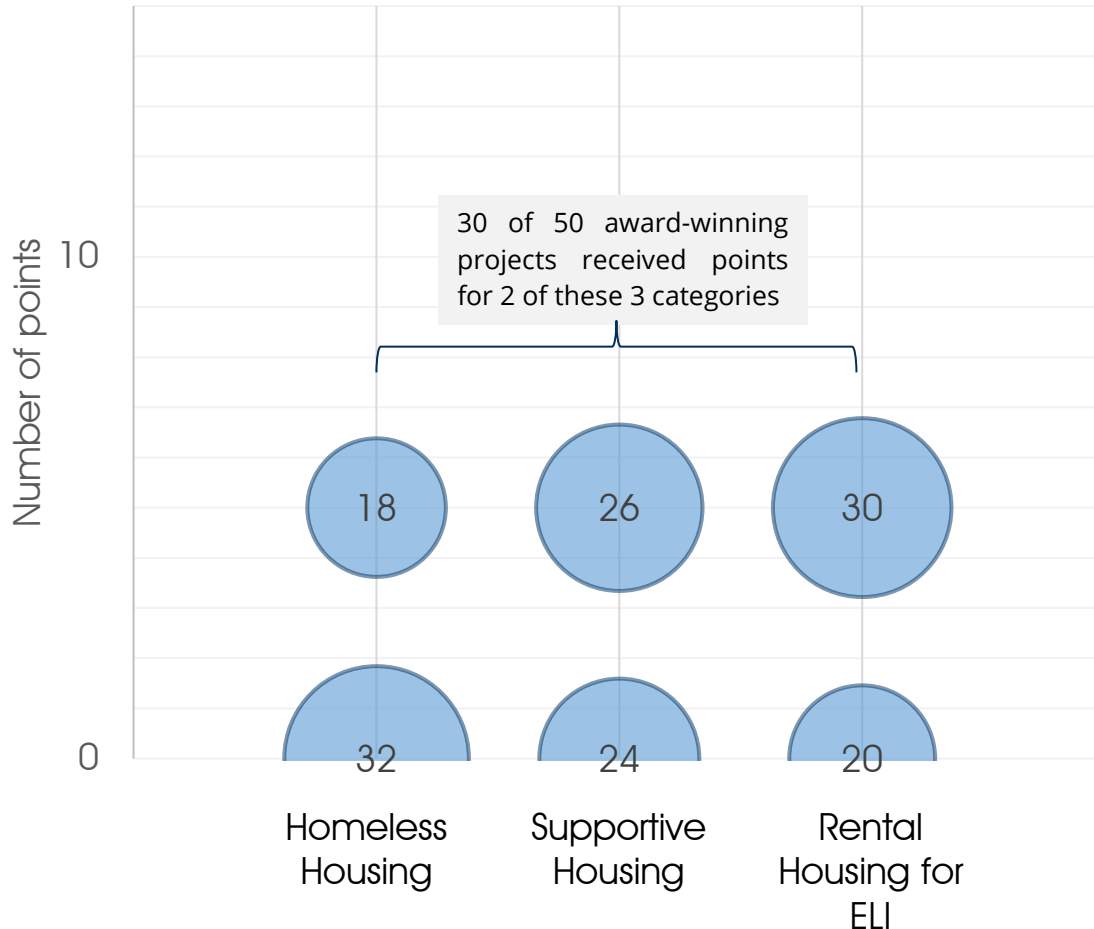
Six (6) points for rental projects in which **20% or more** of the AHP-assisted units are reserved for households who earn \leq **30% of area median income ("AMI")**

- Targeting goals must be consistent across all documentation
- Must commit to reserving these units for the entire 15-year AHP retention period
- Must be consistent with targeting goals set by other funders



Considerations for Underserved Communities

2021 award-winning projects



- Projects apply for up to two sub-categories, even if all three are relevant
- Choose the two that you can document and explain most persuasively – and those you will commit to for the duration of the retention period
- For Supportive Housing, the social services agreement must be **project-specific**, and the plan must address the targeted population's needs



Creating Economic Opportunity

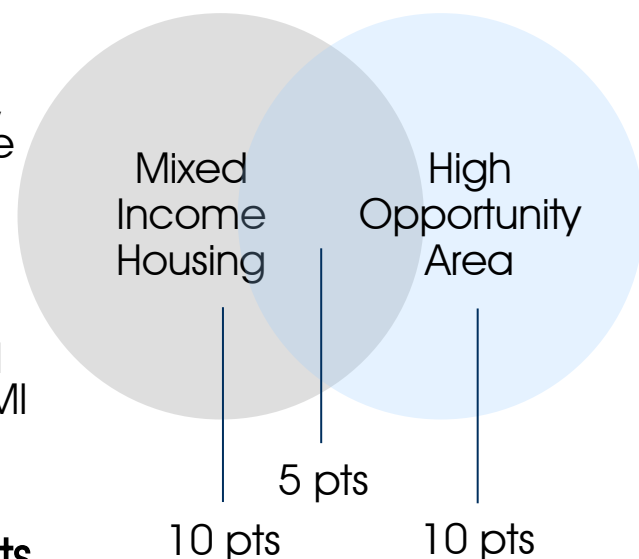
Residential Economic Diversity

Projects that provide either affordable housing in a high opportunity area or Mixed Income housing will receive up to ten (10) points.

- A rental or owner-occupied project with at least 75 percent of its low and very low income AHP-assisted units, combined, located in a high opportunity area will receive **ten (10) points**

OR

- Either a rental or owner-occupied project must have at least 20 percent of its AHP-assisted units that are targeted to households with income greater than 60 percent of AMI
 - ≥ 20 percent of units reserved for households with income greater than 60 percent of AMI and located in a high opportunity area: **5 points**
 - ≥ 20 percent of units reserved for households with income greater than 60 percent of AMI and not located in a high opportunity area: **10 points**



High Opportunity Area

- High Opportunity Area means a **census tract** with a median family income that is equal to or greater than **120 percent** of the median family income of the **state or territory** in which the tract is located
- For states, Washington D.C., and Puerto Rico, tract and state/territory median family income will be determined from the 5-year estimate from the Census Bureau (as specified in the application package)
- U.S. Virgin Islands will be determined by the tract and territory at the time of the 2015 V.I. Community Survey
- All properties in the project must be known and identified



Creating Economic Opportunity Documentation

- The necessary documentation will be provided in the application package; use only those data

- Federal Financial Institutions Examination Council (FFIEC) Documentation Example



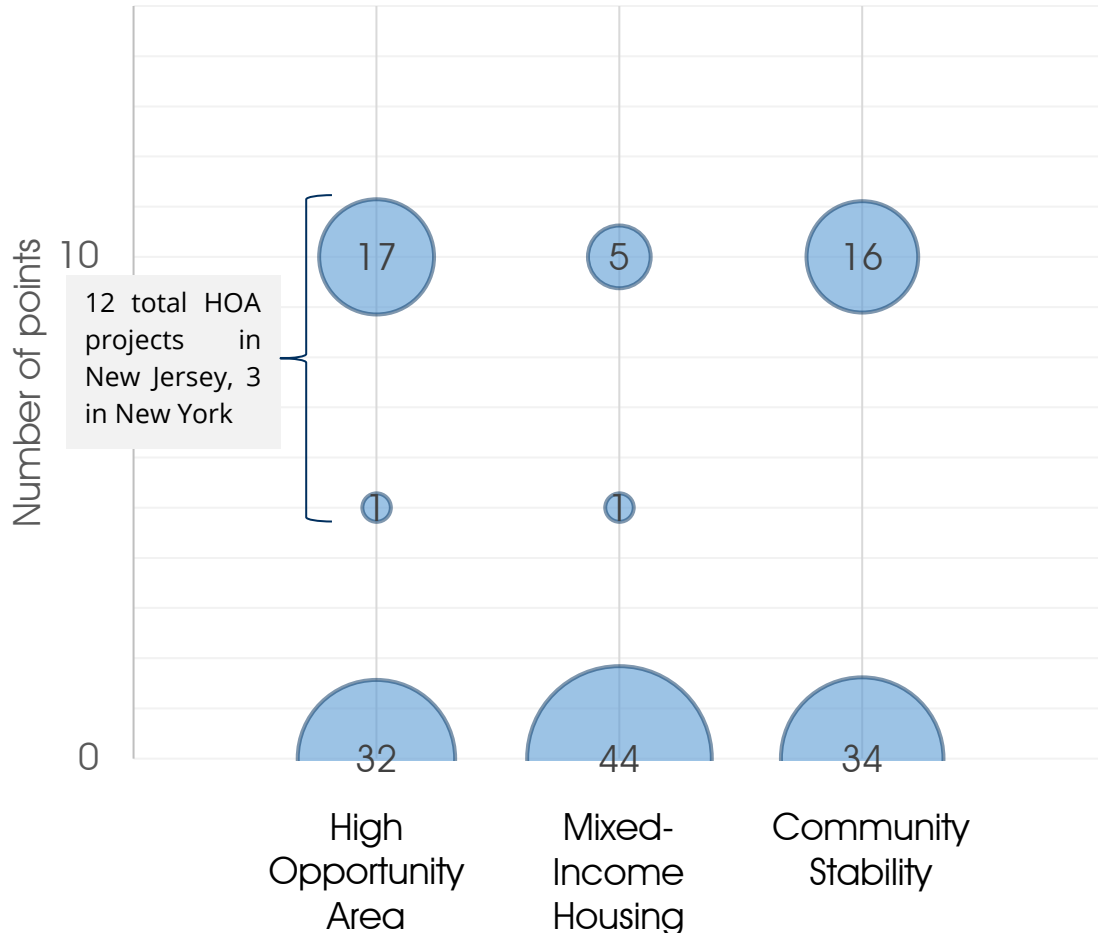
Community Stability – Preservation of Housing Units

- Preservation of Housing – If a project preserves existing occupied housing units, **ten (10) points will be awarded**, subject to a project's satisfaction of the following conditions:
 - Rental Projects –
 - Confirmation that the rental project is operational (e.g., 50% occupied)
 - The project will undergo rehabilitation of at least \$15,000 per unit for rental projects
 - The rehabilitation work must be sufficient to achieve the Housing Quality Standards established by HUD
 - No tenant displacement without formal relocation plan
 - Owner-occupied –
 - Confirmation that the project involves the rehabilitation of dwellings that are owned and occupied by existing homeowners
 - The cost of rehabilitating the average project unit must be at least \$10,000
 - The rehabilitation work for each dwelling must be sufficient to address all local building code requirements
 - The remaining economic life of the major building systems must survive the project's or dwelling's compliance period



Considerations for Economic Opportunity & Preservation

2021 award-winning projects



- Historically, there were many high-value, all-or-nothing point categories, but these are the only ones remaining
- If relevant to your project, pay attention to the simple and easy requirements so you don't miss out



FHLBNY District Priorities

Project Readiness – A project that demonstrates readiness in accordance with the following criteria will qualify for a maximum of ten (10) points:

- Approvals: If the sponsor/developer has obtained final site plan approval or evidences that the project may be developed as-of-right **five (5) points** will be awarded.
- Other Funding Commitment Procurements: **five (5) points** will be awarded to sponsors who have procured or closed on at least 75% of a project's proposed permanent funding sources.

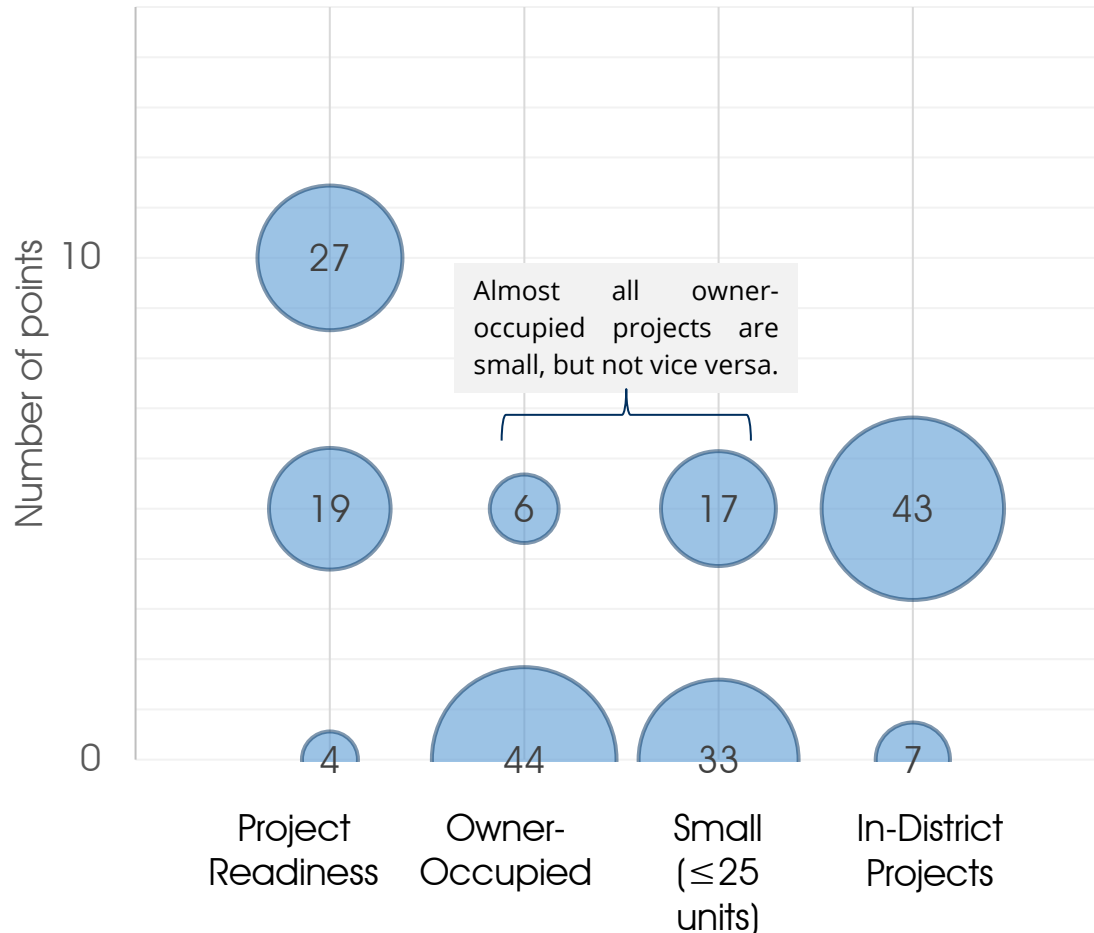
Owner-Occupied Projects – **Five (5) points** for projects in which 100% of the primary units in the project are owner-occupied units.

Small Projects – Projects with 25 units or less are defined as small projects and will qualify for **five (5) points**.



Considerations for Readiness, Owner & Small Projects

2021 award-winning projects



- These categories help level the playing field for projects often led by smaller sponsors
- Owner-occupied projects are indeed eligible for Project Readiness – 5 of 6 had as-of-right or final site plan approval
- Funding commitments must be unambiguous – project-specific, align with dollar figures throughout the application, fully executed



Green Building Innovation

Green Building Innovation– **Five (5) points maximum** will be awarded to project sponsors who can demonstrate their projects are designed to meet either of the following two energy efficiency standards:

Passive House Design

Each building in the project is participating in either the Passive House Institute U.S. (“PHIUS”), or the Passive House Institute (“PHI”) programs. Building(s) must be designed to meet the latest version of either Passive House Building Standard based on the construction timeframe.

1. Signed contract with a PHIUS or PHI-certified consultant
 - integral role in the projects’ design, construction, and final energy efficiency testing stages
 - consultant will perform regular on-site inspection and interim testing
 - consultant will conduct final blower-door test
2. A copy of the consultant’s certification from the PHIUS or PHI
3. Written confirmation from the project’s architect or engineer that they will work in conjunction with the energy consultant during all stages of the development process



Green Building Innovation

Achieving Net Zero

Design each building in the project to U.S. Department of Energy (“DOE”) Zero Energy Ready Home (“ZERH”) program specifications and install renewables and/or procure source renewable energy that will result in the building(s) producing enough renewable energy to meet their own annual energy consumption requirements.

1. Signed contract with an energy efficiency consultant confirming the project is designed to ZERH standards and will install renewables and/or procure source renewable energy

- consultant will perform regular on-site inspection and interim testing
- consultant will conduct a final Home Energy Rating System (“HERS”) test upon project completion

2. Current resume and description of consultant’s experience in energy efficient construction, including successful project examples

3. Written confirmation from the project’s architect or engineer that they will work in conjunction with the energy consultant during all stages of the development process



Green Building Innovation

Rehabilitation (Gut rehab or adaptive use projects are not eligible for this category.)

- Rehab projects may engage in Passive House or Net Zero

OR

- be designed to reduce a building's projected energy usage by at least 35% via renovations to existing structures, defined as changes, additions, or deletions to any system or process that impacts an existing building's energy consumption
- work with a provider to conduct a comprehensive energy audit using industry best practices and standards
- all performance assumptions made in the energy audit are translated into bid and construction documents



Green Building Innovation

Rehabilitation Documentation Requirements

1. signed contract with energy audit provider, detailing the provider's integral role in the project's design, construction, and final energy savings testing stages
2. completed energy audit highlighting needed improvements and expected costs
3. confirmation from the project's architect or engineer that they will work in conjunction with the provider during all stages of the development process
4. evidence that the provider is registered, licensed, or approved by a state or territory agency to provide the services described



Member Financial Participation

Member Financial Participation - up to six (6) points will be awarded to projects whose FHLBNY member institution financially participates in the project, excluding pass-through of the AHP subsidy and loan pools (or similar financing structures)

Rental Projects

- Permanent Loan – six (6) points
- Construction Loan – six (6) points
- Cash Contribution – two (2) points
 - minimum value not less than the lesser of \$10,000 or 1% of the total project costs
 - must be shown on the AHP development budget



Member Financial Participation

Owner-Occupied Projects

- Construction Loan – Six (6) points
- Cash contribution to the project with a minimum value not less than the lesser of \$30,000 or 5% of the total project costs – Six (6) points
- Cash contribution to the project with a minimum value not less than the lesser of \$10,000 or 1% of the total project costs – Two (2) points
 - Commitments must be firm at application
 - Commitments should show loan terms, interest rates, executed by a member representative
 - A general “letter of interest,” financing proposals, or borrower term sheets are not adequate to demonstrate member financial participation



Considerations for Green Building & Member Participation

- As expected, few award-winning projects in 2021 received points for Green Building Innovation – most projects were “fully baked” by the time of the application
- The projects that were successful in that category had language in their supporting documentation that clearly and unambiguously corresponded to the requirements – no assumptions about our industry/technical knowledge
- For Member Financial Participation, more projects than expected earned points – 20 rental projects got a loan or grant (included in the capital stack) and 3 of 6 owner-occupied projects got a small grant
- We expect even more member participation in 2022, now that members and sponsors understand the competitive advantage and have had the time to build partnerships earlier in project development



AHP Subsidy Per Unit

- An applicant can request any subsidy amount within the stated guidelines – up to \$40,000 per AHP-targeted unit.
- A maximum of five (5) points (variable) will be awarded for projects requesting less subsidy per unit
- For purposes of this scoring criterion, applications for owner-occupied projects and rental projects will be scored separately.

AHP Subsidy Requested	\$300,000
AHP Targeted Units	20

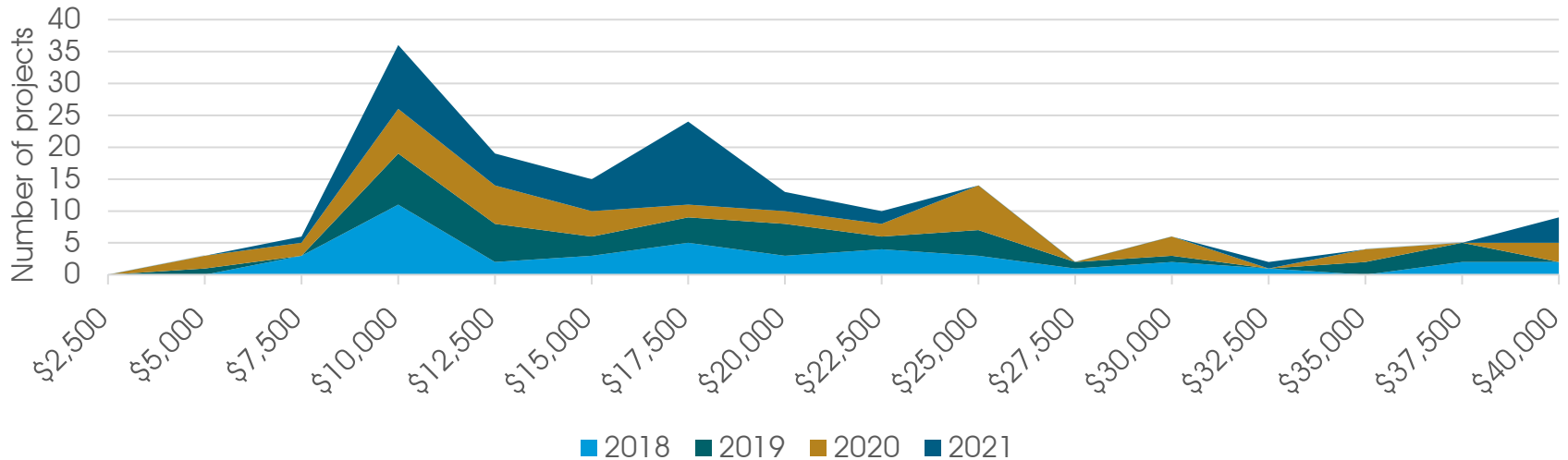
Max AHP subsidy per unit request	\$40,000
Min SPU for scoring (Rental)	\$9,523
Min SPU for scoring (Owner)	\$15,000
Subsidy Per Unit	\$15,000.00

Score (Rental)	4.10
Score (Owner)	5.00



Considerations for SPU Request

Subsidy-per-unit request for award-winning rental projects (2018-2021)



- For many projects, this is perhaps the category with the greatest degree of flexibility by the time of the application period
- Strategies like deferring more developer fee or putting in more equity may bring down your request and earn you crucial fractions of a point
- But...as elsewhere in the application, you will have to live with your commitments



FINANCIAL REVIEW



Phase 3 of Application Review– Project Financial Review

- Each project must demonstrate a need for AHP subsidy and confirm that it will be operationally feasible
- Depending on the type of project, the application scoring tabs will specify the required documentation
- The FHLBNY will cross reference submitted information with data in the Rental or Owner Project Workbooks
- The FHLBNY may contact the Sponsor at this stage for additional information. The Sponsor is required to respond immediately.



AHP Financial Feasibility Guidelines

See documentation examples.





Federal Home Loan Bank
NEW YORK

Advancing Housing and Community Growth

Questions or additional information:

(212) 441-6850

AHP@fhlbny.com

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CLOSING THOUGHTS



How to think of project scoring strategically

To what extent can you tailor your project to maximize AHP scoring?

Donated Property: Little to no ability at this stage

Homeless Housing: Some ability depending on availability of operating subsidies

Non-Profit Sponsorship: Some ability if for-profit developers can identify suitable non-profit partners

Targeting: Some ability depending on operational feasibility and commitments to other project funders

Extremely Low Income: Some ability depending on availability of operating subsidies

Preservation: Little to no ability at this stage

Green Buildings: Some ability for rehab projects

In-District Projects: None

Mixed Income Housing: Some ability depending on operational feasibility and commitments to other project funders

High Opportunity Area - none

Project Readiness: Some ability if pending AHP round deadline can nudge other funders

Owner-Occupied Projects: None

Small Projects: Some ability if reducing project size is possible

Supportive Housing: Some ability depending on availability of operating subsidies

Member Participation: Some depending on ability to secure funding commitments

AHP Subsidy per Unit: Some ability depending on other sources of funds (and developer equity & fee)



What does a winning AHP Project Look Like?

- The application will be well documented, orderly and clearly “tell the story” about what the housing initiative is trying to accomplish
- The project will adhere to all of the AHP eligibility requirements such as site control, subsidy per unit limits, sponsor capacity & feasibility of development
- All financial attributes that are above or below the AHP financial feasibility criteria are adequately explained and supported with back-up documentation
- The project will clearly demonstrate that it will be constructed, financed, and occupied within the AHP milestone requirements
- The development is needed in the community that it will serve



APPENDIX



Project Lifecycle: Progress Reporting



Progress Reporting

- Periodic review of the progress made by the project; review and approval of drawdown requests; and determination of project modifications.
- After the issuance of the commitment, the project enters the progress reporting phase:
 - 6 month progress reporting intervals
 - Milestones are reviewed to ensure the project is making progress towards completion and occupancy
- There are a total of eight (8) milestones for rental projects and six (6) milestones for owner-occupied projects that must be achieved during the Progress Reporting phase of the AHP Lifecycle.

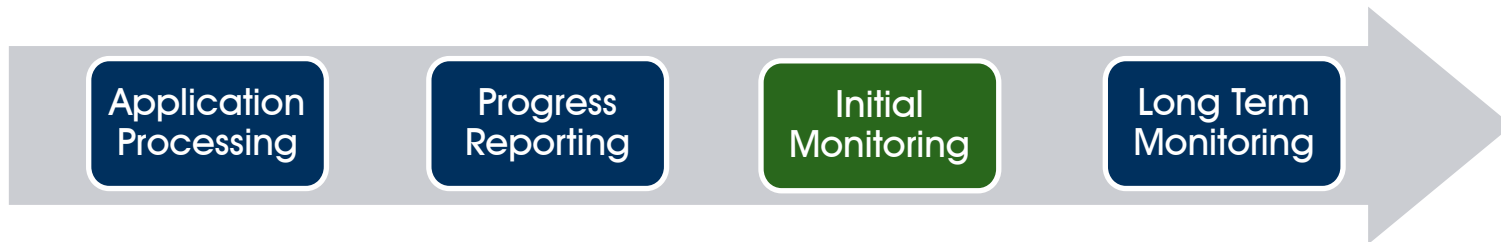


Drawdown Review

- Draws must be submitted no later than the 24th month from receiving an AHP commitment
- The project must demonstrate a continued need for AHP subsidy, confirm that it will be operationally sustainable and meet the AHP's financial feasibility requirements.
- The following milestones must be met prior to submitting a drawdown requisition:
 - The sponsor has ownership of the site(s);
 - All of the building permits have been obtained;
 - All of the project's construction and permanent financing in place; and,
 - The sponsor can demonstrate that enough construction work has been completed to warrant reimbursement.
- The FHLBNY will cross reference submitted information with data in the updated Rental or Owner Project Workbooks



Project Lifecycle: Initial Monitoring



Initial Monitoring

- Gathering and analysis of documentation to determine if satisfactory progress is being made towards occupancy, subsidies were used for eligible purposes, costs were reasonable and services have been provided.



Initial Monitoring

Time to reconcile the completed project with the Application

- AHP owner-occupied and rental projects under the competitive application program enter the initial monitoring phase once:
 - the entire approved AHP subsidy has been fully drawn,
 - the project is fully constructed and
 - the project is at least 80% occupied.

- All Initial Monitoring requirements must be satisfied within 18 months after the completion of construction and lease-up.

- Areas of review will include:
 - The AHP subsidies were used for eligible purposes
 - The household incomes and rents comply with the income targeting and affordability
 - The project's actual costs were reasonable in accordance with the Bank's project cost guidelines, and the AHP subsidies were necessary for the completion of the project
 - Each AHP-assisted unit is subject to AHP retention agreements; and
 - The empowerment activities committed to in the approved AHP application have been provided.



Project Lifecycle: Long Term Monitoring



Long Term Monitoring

- Periodic gathering of information to verify that household incomes and rents comply with the income targeting and rent commitments, respectively, made in the approved AHP application.
- The Bank is required by regulation to monitor rental projects for 15 years and homeowner projects for 5 years.



Long-Term Monitoring

We are in this together for a long time!

- Reports must be provided by the project sponsor beginning in the second year after project completion (or after the project enters long term monitoring) and annually thereafter until the end of the project's retention period.

Long Term Monitoring Documentation Schedule		
Project Characteristics	Status Report Frequency	Annual Certifications
LIHTC allocation	None required	No
AHP subsidy \leq \$50,000	None required	Yes
Project-based rental assistance	6 years	Yes
AHP subsidy $>$ \$50,000 & \leq \$400,000	6 years	Yes
AHP subsidy $>$ \$400,000 & \leq \$750,000	4 years	Yes
AHP subsidy $>$ \$750,000	2 years	Yes

