



Federal Home Loan Bank
NEW YORK

Affordable Housing Program General Fund 2023 TRAINING SEMINAR

February 9, 2023

2023 AHP General Fund

Subsidy Limits

- Approximately \$38,198,039 available for the 2023 AHP General Fund Round
- Maximum of \$40,000 per AHP targeted unit
- Maximum of \$1,500,000 per project

Timing

- Funding Round will open **Tuesday, February 21, 2023**
- Application submission deadline **Friday, March 31, 2023, at 5:00 p.m. EST.**

Accessing the AHP General Fund

- AHP funds may only be accessed through a participating FHLBNY 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

- Motivation, rules and requirements for all scoring categories
- Application strategy & best practices

3. Financial Review

4. Closing Thoughts and Audience Q&A

- Refer to the 2023 AHP Implementation Plan for the complete scoring criteria and documentation requirements
- Seek technical assistance from FHLBNY as you prepare the application



APPLICATION OVERVIEW & PROJECT ELIGIBILITY



AHP Application Process – The Three Phases



Project Eligibility

- Project must meet minimum eligibility thresholds.



Project Scoring

- All eligible applications are scored and ranked.
- Most reviewed applications receive fewer points than project sponsors expect.



Financial Review

- 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 2018-2022 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 have a realistic development plan
 - Development plan must be able to meet all AHP Life Cycle milestones



PROJECT SCORING



Phase 2 of Application Review – Project Scoring

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 pts

Supportive Housing – 6 pts

Extremely Low Income – 6 pts

Projects in U.S. Territories - 6 pts

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

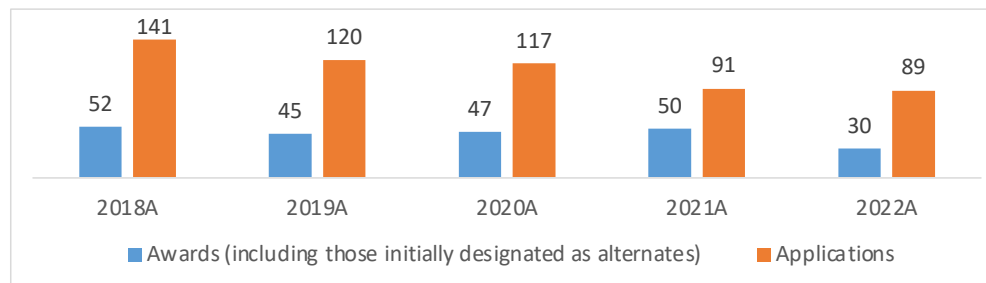
Green Building Innovation – 5 pts

Member Financial Participation – 6 pts

AHP Subsidy per Unit – 5 pts

A Note on Competitiveness

AHP General Fund Applications and Awards



- 30 projects received AHP awards totaling \$25.3 million in subsidy
- The scoring range of successful 2022 projects: 61.55-80.00
- All but 2 awardees received points for non-profit sponsorship
- 86.6% received the maximum 20 points in Targeting
- All but 4 received some points in Underserved Communities and Populations
- 63.3% received points for FHLBNY Member Financial Participation
- We expect another year of competitive applications, but it is difficult to project winning scores

Always 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; make sure your application is well-organized

FHLBNY cannot accept additional documentation to support your score after the deadline

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 involved in a project

- Site control must be demonstrated at the time of application.

Points are awarded as follows:

7 points:

- Not-for-profit sponsor of owner-occupied project that is 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; or not-for-profit sponsor of an owner-occupied project evidences that they will perform certain roles

Income 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

Best Practices

- Narratives detailing the sponsorship/ownership structure and donated properties transactions should be included with the application
- Projects must have a current occupancy that supports the proposed targeting mix
- Targeting mix should be achievable and sustainable as it will be monitored through the 15-year retention period
- Targeting mix must be consistent across all application documents

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
 4. Projects in U.S. Territories [New for 2023]
-

- 6 points (fixed) for reserving at least 20% of units per population
- A **maximum of 12 points** are available
- Applicants whose projects serve all four populations may apply for points in only 2 categories
 - Choose the easiest to document and comply with

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.

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
- Special Needs are defined in our Implementation Plan and include the following populations:
 - 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

Supportive Housing: Best Practices

- A competitive project for Supportive Housing scoring category includes:
 - A detailed social service plan
 - A fully executed social service agreement
- Additional Tips
 - Both the social service plan and social service agreement should include the number of AHP-assisted units reserved for each population if the project will serve multiple special needs populations
 - AHP-assisted units should not be double-counted if the unit qualifies under more than one special needs category
 - Supportive housing commitments should be consistent across application materials and align with other funders and lender underwriting

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

Affordable Housing in US Territories

- **Six (6) points** will be awarded for the financing of housing located in a permanently inhabited U.S. Territory (e.g., Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, and Northern Mariana Islands).

Creating Economic Opportunity

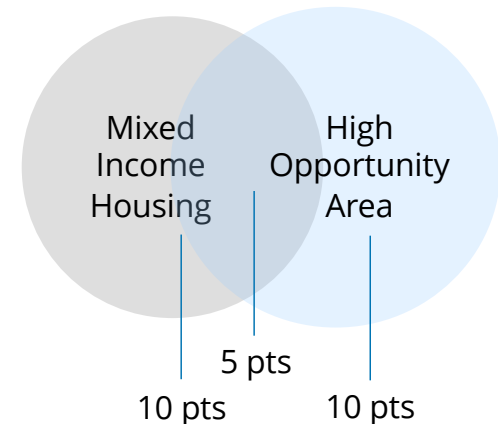
Residential Economic Diversity

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

Community Stability – Preservation of Housing Units

Preservation of Housing – If a project preserves existing occupied housing units or replaces substandard occupied 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

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

Best Practices

- Final Site Plan Approval documentation should come from the municipality and clearly identify the approval status
- As-of-Right documentation should come from a qualified professional or local zoning official and explicitly state the project has obtained as-of-right approval and no additional approvals are needed
- Funding commitments must be unambiguous – project-specific, align with dollar figures throughout the application, consistent with other funder's underwriting, and fully executed

FHLBNY District Priorities

- 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**.
- In-District Projects - Projects that are located in New York, New Jersey, Puerto Rico, or the U.S. Virgin Islands will be awarded **five (5) points**.

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 any of the following four energy efficiency standards. No other energy efficiency programs will receive points.

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. Documentation required includes:

1. Signed contract with a PHIUS or PHI-certified consultant
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

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. Documentation required includes:

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
2. Current resume and description of consultant’s experience in energy efficient construction
3. Written confirmation from the project’s architect or engineer that they will work in conjunction with the energy consultant during

Green Building Innovation

Energy Star Caribbean [new for 2023]

Projects located in the United States Virgin Islands and Puerto Rico may receive five points if certified to the ENERGY STAR Caribbean Program Requirements (Single-Family Homebuilders and Multifamily)

1. ENERGY STAR Partnership Agreement executed by the parties listed in the agreement
2. Identify the Energy Rating Company who will be responsible for completing the third-party verification required for certification
3. Provide confirmation from the project's architect or engineer they will work in conjunction with the Energy Rating Company

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 30%** via renovations to existing structures, defined as changes, additions, or deletions to any system or process that impacts an existing building's energy consumption

Green Building Innovation

Rehabilitation Documentation Requirements

1. Signed contract with energy audit provider, detailing the provider's integral role in the project
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
4. Evidence that the provider is registered, licensed, or approved by a state or territory agency

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
- Documentation Requirements

Members must execute and submit the Member Financial Participation Certification form with their application (both owner and rental projects)

AHP Subsidy Per (AHP-Targeted) Unit (SPU)

- 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
- See the AHP Implementation Plan for the subsidy per unit scoring formula
- For purposes of this scoring criterion, applications for owner-occupied projects and rental projects will be scored separately
- 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
- Average Subsidy Per Unit request for 2022 was \$21,710
- Only units for which the income targeting is $\leq 80\%$ AMI count toward the SPU calculation



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.



CLOSING THOUGHTS



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



Advancing Housing and Community Growth

AHP Mailbox

AHP@fhlbny.com

Max Epstein

Senior Affordable Housing
Program Analyst
Max.Epstein@fhlbny.com

Jahmila Vincent

Affordable Housing Program
Analyst
Jahmila.Vincent@fhlbny.com

Jacob Day

Community Investment
Business Development Officer
Jacob.Day@fhlbny.com

The information provided by the Federal Home Loan Bank of New York (FHLBNY) in this communication is set forth for informational purposes only. The information should not be construed as an opinion, recommendation or solicitation regarding the use of any financial strategy and/or the purchase or sale of any financial instrument. All customers are advised to conduct their own independent due diligence before making any financial decisions. Please note that the past performance of any FHLBNY service or product should not be viewed as a guarantee of future results. Also, the information presented here and/or the services or products provided by the FHLBNY may change at any time without notice.



APPENDIX



Project Lifecycle: Progress Reporting



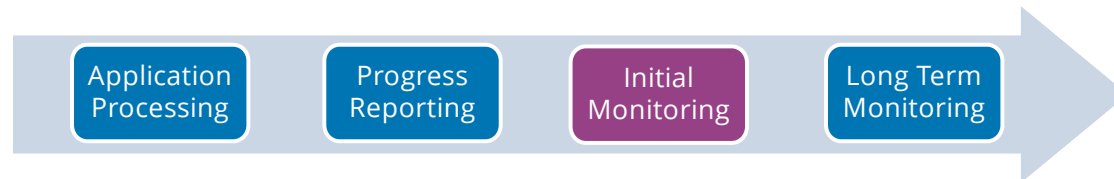
Progress Reporting

- 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

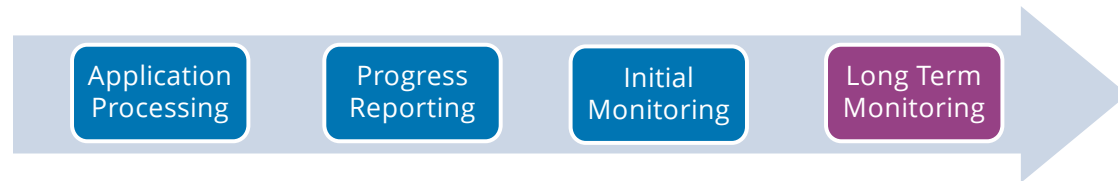
- Gathering and analysis of documentation to determine if
 - satisfactory progress is being made towards occupancy,
 - subsidies were used for eligible purposes,
 - household incomes and rents are in compliance,
 - AHP retention mechanisms are in place,
 - costs were reasonable and
 - services have been 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 owner-occupied projects where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit, 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 ≤ \$50,000	None required	Yes
Project-based rental assistance	6 years	Yes
AHP subsidy > \$50,000 & ≤ \$400,000	6 years	Yes
AHP subsidy > \$400,000 & ≤ \$750,000	4 years	Yes
AHP subsidy > \$750,000	2 years	Yes