

# Affordable Housing Program (AHP)

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2024 APPLICATION TRAINING

PRESENTED BY:  
AFFORDABLE HOUSING PROGRAM STAFF



# Agenda

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- **AHP Round Timeline**
- **Eligible Project Types/Costs**
- **Life Cycle of an AHP Project**
- **Member-Sponsor-FHLBank Indianapolis Relationship**
- **Threshold Review**
- **Scoring Summary**
- **Application Submission**





# 2024 AHP Round Timeline

Round Opening – April 1  
Application Available – April 22

Rental Application Training – May 7  
Homeownership Application Training – May 9

Technical Assistance Reviews – May 28 – June 21

Notification of Intent Due – June 6

AHP Application Due – June 27

AHP Award Announcements – November 22



# Eligible / Ineligible Project Types

## Eligible Project Types

- Multi- or single-family rental
- Lease-purchase
- Domestic violence shelters
- Homeless and emergency housing shelters
- Transitional housing
- Permanent supportive housing
- Group homes and congregate living plans

## Ineligible Project Types

- Market-rate housing
- Commercial development
- Assisted-living facilities
- Nursing homes
- Dormitory style housing



# Eligible : Ineligible Project Costs

## Eligible Project Costs

- Acquisition
- Down payment assistance and closing costs
- Hard construction costs
  - New Construction
  - Rehabilitation
  - Infrastructure & Site Work
  - GR, P, & O
- Soft costs (limited to 20% of AHP)
  - Architect/engineering fees
  - Construction loan interest
  - Developer/consultant fees
  - Other

## Ineligible Project Costs

- Processing fees charged by member
- Certain prepayment and cancellation fees/penalties related to subsidized advances
- Reserves and certain expenses
  - Capitalized reserves
  - Deposits to reserve accounts
  - Operating expenses
  - Supportive serving expenses
- Counseling costs
  - Unless associated with purchase of an AHP assisted unit



# Life Cycle of an AHP Project

- **Construction Phase (Years 1 – 3)**

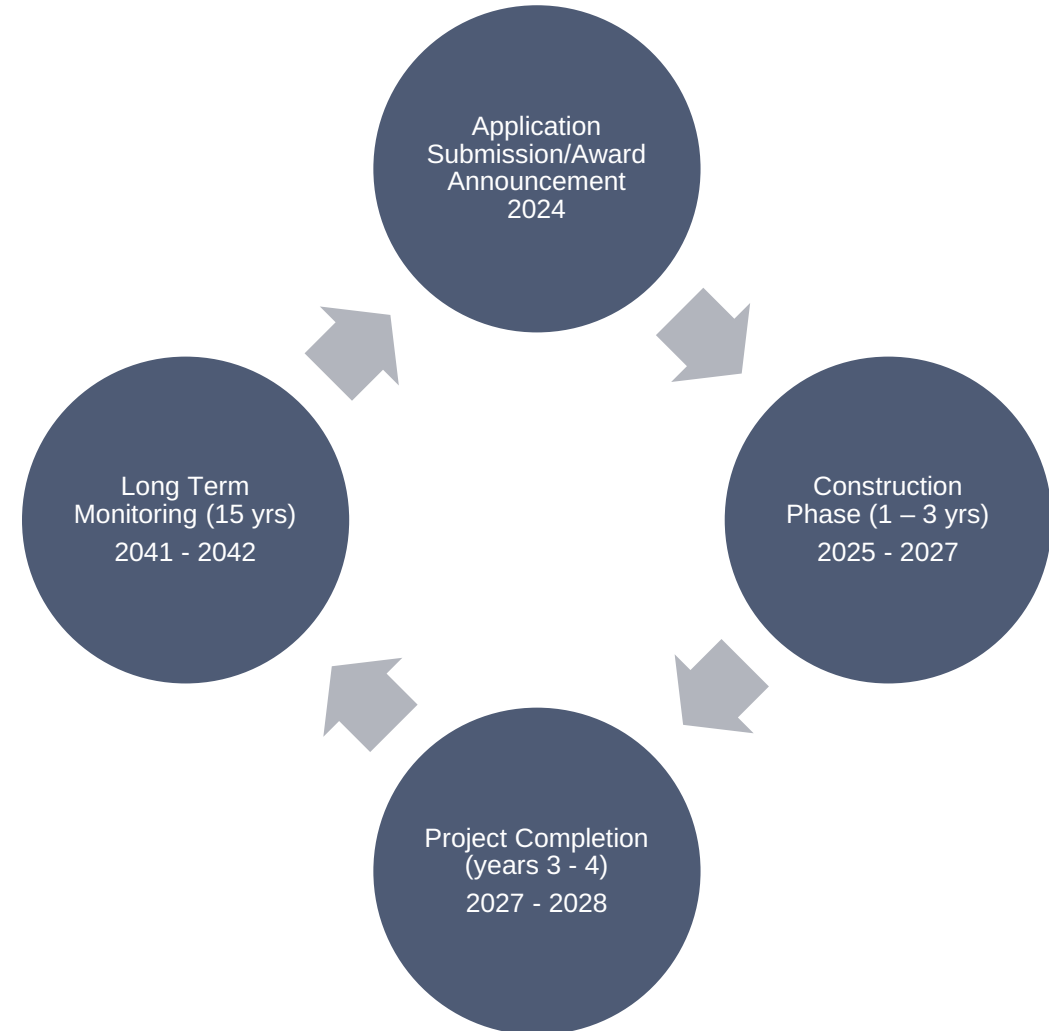
- Conditions of funding
- Disbursement requests
- Semi-annual progress report
- Extensions

- **Project Completion (Years 3 - 4)**

- Report Complete
- Initial Monitoring review

- **Long Term Monitoring**

- For 15-years post-completion
  - Annual Certification
  - Income/rent roll reviews



# **Sponsor-Member- FHLBank Indianapolis Relationship**

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# Sponsor Considerations



Fulfill a need or mission



Partnering with members



Inform the member and FHLBI when things change



Prepare and assemble well-documented applications, disbursement requests, and compliance reports.



Submit things on time.



Sponsor still needs to be involved even if utilizing a consultant.





# Member Considerations



Community Needs



Member Goals



Understanding the AHP requirements/expectations



Partnering with sponsor



Level of financing to the project



Project oversight during construction and through the retention period

# Threshold Criteria



# Threshold Criteria

- Partner with member financial institution
- Performance on existing awards
  - Initial monitoring review
  - Delinquent reporting
  - Extensions
  - Watch List
- Readiness to Proceed
- Market support
- AHP subsidy need
- Cost Validation
- Sponsor/owner capacity
- Minimum requirements for targeting
  - At least 20% of units at or below 50% AMI
- Housing costs must be affordable
  - Rents may not exceed 30% of targeted income level
- Other Feasibility Guidelines



# Threshold Criteria

## Existing Award Impact

- Initial Monitoring Review (IMR)
  - 1 or more AHP awards pending completion of the IMR and more than 1 year has passed since the certified completion date.
- Delinquent Reporting
  - 1 or more AHP awards with a past due report such as a semi-annual progress report, annual owner certification, and/or rent roll sample.
- Extensions
  - 1 or more AHP awards with a pending or approved extension past the 3-year project completion deadline.
- Watch List
  - 1 or more AHP awards on the FHLBI AHP Watch List **AND** they have a severity level classification of **High**.



# Threshold Criteria

## Readiness to Proceed

Readiness to Proceed Components	Threshold Requirements
<b>Site Control</b>	<ul style="list-style-type: none"><li>▪ Current, verifiable evidence from a 3<sup>rd</sup> party source that shows control of the proposed project site has been obtained or is likely to be within 6 months following approval of application</li></ul>
<b>Financing Commitments</b>	<ul style="list-style-type: none"><li>▪ All financing sources identified at time of application submission and equal to total development costs</li><li>▪ Funding source documentation available at the time of application should be submitted with the application.</li><li>▪ Funding commitments not required at application submission but will impact your readiness to proceed score.</li><li>▪ Funding commitments not in place at the time of application will be expected to be received within 12 months of award date.</li></ul>
<b>Required Approvals</b>	<ul style="list-style-type: none"><li>▪ Verifiable evidence that the project has acquired zoning, environmental, and other municipal, state or federal approvals or that such approval are pending or likely to be granted.</li></ul>



# Threshold Criteria

## Readiness to Proceed

Time Limit from Award Announcement	Required Action
12 months	<ul style="list-style-type: none"><li>AHP subsidies are required to have a draw within 12 months of the date of approval or no later than <b><u>December 1, 2025</u></b></li></ul>
36 months	<ul style="list-style-type: none"><li>The project must be completed and fully disbursed within 36 months of the date of approval or no later than <b><u>December 1, 2027</u></b></li></ul>



# Threshold Criteria

## Demonstrated Market Need for Housing type

- A comprehensive, independent third-party market study (or an update to an existing study) is required within 12 months of the application deadline.
- Sufficient demand in the market for the development must exist and based on reasonable predications, must continue to exist during the term of the affordability period for the number of units to be developed or renovated.
- Such study should be relevant in breadth and scope for the housing population to be served.
- Supportive housing and shelter-type projects
  - May complement market demand materials with occupancy history (of an existing housing facility or shelter), waitlists, evidence of referral pipeline
- Agreements with referring organizations

# Threshold Criteria

## New Construction Projects



- Submission of plans and specs
  - Full specs are not required
- Construction cost trade payment breakdown or equivalent
- Preliminary floor plans and architectural drawings are sufficient



# Threshold Criteria

## Rehabilitation Projects



- Capital Needs Assessment/Scope of Work
  - Estimated dollar amount of those renovations
- Rehab projects requires deep renovations
- Disclosure of existing reserve accounts, and availability of those funds



# Application Considerations

- **General Tips**

- Reasonable and realistic
- Use resources available
- Stage in development
- Completeness
- Aligns with other stakeholders
- Competitiveness (Quick Smart Score)
- Understand scoring commitments being made



# Scoring Summary

Donated Property  
5 points

Non-Profit Sponsorship  
up to 7 points

Targeting  
up to 20 points

Supportive Housing for the Homeless  
up to 4 points

Supportive Housing for Persons with Special Needs  
up to 4 points

Native American Housing  
2 points

Rural Housing  
4 points

Large Units  
2 points

Rental Housing for Extremely Low-Income Individuals  
2 points

Creating Economic Opportunity  
5 points

Community Stability  
7 points

Member Financial Involvement  
up to 8 points

Desirable Sites  
up to 8 points

Readiness to Proceed  
5 points

Project Serving Low-Income Minority Areas  
4 points

Homeownership Opportunities in Low-Income Minority Areas  
3 points

AHP Subsidy per Unit  
up to 10 points

# Donated/Discounted, Government-Owned Properties



## 5 POINTS

- Minimum of 50% of the total units or land area wherein ownership is obtained through charitable donation within the preceding 10 years
  - Donation must be arms-length transaction
  - Long-term ground lease – Must extend past retention period and have an annual lease fee no greater than \$100/year
- Minimum of 50% of the properties conveyed by the federal government or agency or instrumentality thereof
- Properties conveyed at a discount from fair market value of at least 50%
  - Requires an independent 3<sup>rd</sup> party appraisal dated within 12 months of application

# Not-for-Profit / Government Sponsorship



## Up to 7 Points

- Must be the managing general partner or owner
- Must materially participate in the acquisition, development, ownership, and ongoing operation of the property

7 points	4 points	1 point
100% general partner or ownership interest	49 - 99.9% general partner or ownership interest	25 - 48.9% general partner or ownership interest
100% interest in the developer fee	49 - 99.9% interest in the developer fee	25 - 48.9% interest in the developer fee

# Targeting

## Up to 20 Points



- Required: Projects must have at least 20% of the units targeted to households  $\leq$  50% AMI

20 points	19.9 – 0 points (sliding scale)
At least 60% of the units targeted to households $\leq$ 50% AMI	Total units targeted for households $\leq$ 50% AMI, 51 – 80% AMI, and $>$ 80% AMI

- Should be supported by market study
- Should be consistent with commitments to other stakeholders

# Supportive Housing for the Homeless



## Up to 4 points

- Transitional housing projects must have a minimum six month stay
- Overnight shelters are not eligible for points
- Requires a social services plan

4 points	0.1 – 3.9 points	0 points
>= 80% of eligible units reserved	20 - 79.9% of eligible units reserved	0 – 19.9% of eligible units reserved

**Note:** Projects receiving points in this criterion will not also receive points for the same units in the Supportive Housing for Persons with Special Needs criteria

# Supportive Housing for Persons with Special Needs



## Up to 4 points

- The financing of housing reserved for households with specific special needs such as:
  - Elderly
  - People with disabilities
  - Formerly incarcerated persons
  - People recovering from physical abuse or alcohol or drug abuse
  - Victims of domestic violence, dating violence, sexual assault, or stalking
  - People with HIV/AIDS
  - Unaccompanied Youth
- Requires a social services plan

4 points	0.1 – 3.9 points	0 points
>= 80% of eligible units reserved	20 - 79.9% of eligible units reserved	0 – 19.9% of eligible units reserved

**Note:** Projects receiving points in this criterion will not also receive points for the same units in the Supportive Housing for the Homeless criteria



# Native American Housing

2 points



- Developed by a federally recognized tribe, a tribally designated housing entity, or other tribally owned entity.
- Tribe or tribally owned entity must be a general partner or managing member in the project.
- Development must be within the service area of the tribe or its Tribally Designated Housing Entity (TDHE).
- Must set-aside at least 20% of the total units for households with at least one tribal member or descendant of a tribal member.



Projects located in a designated rural area, as identified by the 2010 Rural-Urban Commuting Area (RUCA) last updated 7/3/2019 (or an update thereto), or a rural community located within the boundary of a metropolitan statistical area (MSA).

- A census tract outside of a metropolitan statistical area (MSA) as designated by the Census Bureau and has a RUCA code of 4-10. To determine the RUCA code, visit the data sets page at: [USDA ERS - Rural-Urban Commuting Area Codes](#).
- A city or town located within an MSA that has a population of 15,000 or less based on 2019 Census Bureau population estimates found at: [City and Town Population Totals: 2010-2019 \(census.gov\)](#).

# Large Units

## 2 POINTS



- Projects constructing or rehabilitating units of 3 bedrooms or more.
  - At least 20% or more of the units must be three bedrooms or greater to qualify for points.
  - A market study, housing needs assessment, or similar documentation must articulate existing demand for the number of large units committed.
  - Architectural drawings or related write-ups will document the construction or rehabilitation of three- or more bedroom units.



# Rental Housing for Extremely Low-Income Individuals



## 2 points

- A minimum of 20% of the units are set-aside for households  $\leq 30\%$  AMI
  - Market study should support the need for the  $\leq 30\%$  AMI units
  - Should be consistent with commitments to other stakeholders
  - Requires both income and rent restriction to be  $\leq 30\%$  AMI for the duration of the retention period.

# Creating Economic Opportunity

## 5 POINTS



- Projects located in a census tract(s) where the median income meets or exceeds 100% of the area median income (AMI).
  - As demonstrated in a FFIEC Geocode printout.
- ~OR~
- Projects in which 20% or more of the units are targeted to households earning more than 80% of the AMI.
  - The need for the greater than 80% AMI units must be supported in an independent, third-party market study
  - Should be consistent with commitments to other stakeholders
  - The greater than 80% AMI units are non-assisted units and excluded from the subsidy per unit calculation
  - The development sources must include an eligible funding provider for the > 80% AMI units

# Community Stability



## 7 points

- **Preservation Initiative**
  - The acquisition and/or rehab of existing affordable housing or existing market rate housing that will become affordable, income restricted units
    - Requires hard construction costs in excess of \$20,000 per unit
- **Stabilization**
  - The creation of new housing on infill lots where a physical structure has been razed in the past five years or will be razed as part of the project scope
    - Infill new construction units must comprise at least 50% of the total units
- **Blight Elimination**
  - Rehabilitating vacant and abandoned properties
    - Requires at least 50% of the total units meeting this criterion
- **Main Street Revitalization**
  - Restoring main street assets to the tax roll through façade and store front revitalization and include the creation of new housing units or restoration of housing units that may be currently occupied or vacant and/or are currently repurposed for non-housing uses
- **Investment Area**
  - An area that has had recent and/or ongoing investments; OR
  - Projects that are located within the boundary of a designated Opportunity Zone

# Member Financial Involvement

Up to 8 points



Type of Financing	Max Points	Points	Requirements
Tax Credit Investment	4	N/A	See I-Plan for commitment letter requirements
Permanent Financing	4 – if lead lender	2 – if participating lender	<ul style="list-style-type: none"><li>• See I-Plan for commitment letter requirements</li><li>• Minimum term of 120 months</li><li>• 5% or more of TDC</li></ul>
Intermediate Financing	3 – if lead lender	1.5 – if participating lender	See I-Plan for commitment letter requirements
Financial donation	3	N/A	Equal to the greater of \$10,000 or 1% of TDC
CIP advance product	1	N/A	<ul style="list-style-type: none"><li>• Member determination</li><li>• Contingency will be applied</li></ul>

# Desirable Sites

Up to 8 points



Desirable Site Type	Points Available	Conditions	Requirements
Proximity to Transportation	Up to 2 points	<ul style="list-style-type: none"><li>• Located within ½ mile of a public transportation stop</li><li>• Access to no-cost or low-cost door-to-door transportation services</li></ul>	<ul style="list-style-type: none"><li>• Site map indicating location of public transportation stop in proximity to project site</li><li>• Letter from transportation service provider</li></ul>
Healthy/Nutritional Food Facilities	Up to 2 points	Located with one mile of a healthy/nutritional food facility	Site map indicating location of healthy/nutritional food facility in proximity to project site
Educational Institutions	Up to 2 points	Located within one mile of a public, accredited educational institution	Site map indicating location of educational institution in proximity to project site
Medical Facilities	Up to 2 points	Located within one mile of a pharmacy or medical facility	Site map indicating location of medical facility in proximity to project site



# Readiness to Proceed

5 POINTS



Points will be awarded to projects demonstrating readiness to proceed based upon the following benchmarks:

- **Funding Commitments:** 85% or more of total funding sources committed exclusive of AHP.
- **Site Control:** Demonstrate site control of 100% of the project site location(s).
- **Zoning & Site Plan:** Evidence from the municipality that the proposed site is already zoned for the intended use; AND evidence by the municipality affirming the proposed site has received site plan approval (if new construction).

# Projects Serving Low-Income Minority Areas



## Up to 7 points

- To be considered for 4 points projects must meet the following criteria:
  - Low-income area
    - Low-income area – At least 51% of all households in the census tract where the project is located earns  $\leq$  80% of the area median income
  - Minority area
    - Minority area – (i) The census tract total percentage of minority persons is at least 20% higher than the total percentage of minority persons in the county where the project is located; OR (ii) Has a minority population of 50% or more.
  - Community Plan/Housing Need
    - Community Plan/Housing Need – Utilizing the FHLBI certificate of consistency, projects must certify to consistency with neighborhood, community, or local planning efforts.
- Projects creating homeownership opportunities in low-income minority areas and meeting the criteria above are eligible for an additional 3 points



# AHP Subsidy per Unit

UP TO 10 POINTS

- Points shall be awarded to projects that propose to use the least amount of subsidy per AHP-targeted unit as follows:

AHP Subsidy Per Unit	Points
$\leq \$12,500/\text{unit}$	10 points
\$12,501 - \$37,499/unit	9.99 – 0.01 points (sliding scale)
$\geq \$37,500/\text{unit}$	0 points

$$\text{Points} = (37,500 - \text{Subsidy per unit}) / 2,500$$

**NOTE:** Projects in which the funding gap results in AHP subsidy per unit in excess of \$100,000 are ineligible.



- Register all users who will need access to the system
- Once you receive your user credentials and log-in instructions be sure to log-in
- Utilize online user guides
- Utilize recorded trainings
- The first person to select a task under the My Tasks screen will be assigned the task
- Submit supporting documentation in the Documents tab of the related task
- Sponsors let your member know when a task has been submitted
- Ask questions if uncertain of something
- Submit things on time
- Be on the lookout for additional document requests and respond promptly

# Question & Answer



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