

Affordable Housing Program (AHP)

COMMUNITY INVESTMENT
WORKSHOP WEBINAR



FEBRUARY 29, 2024



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SVP, COMMUNITY INVESTMENT
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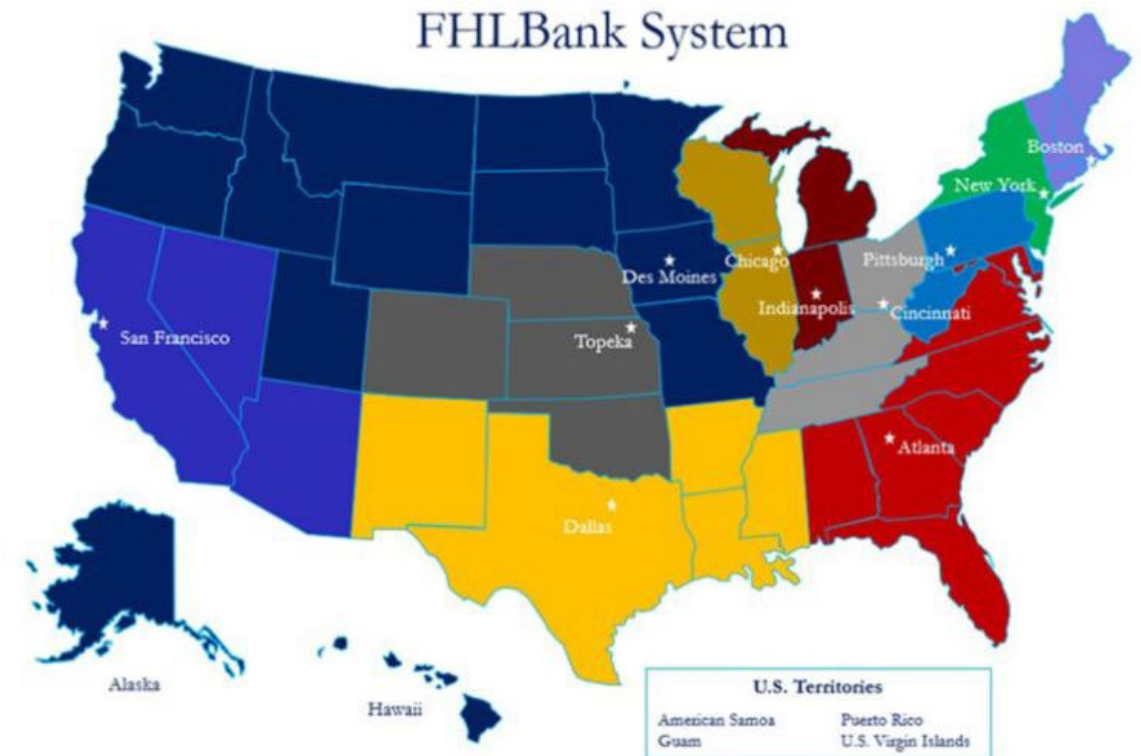
FHLBank Introduction

Part of a National System

- Created by Congress in response to Great Depression
- \$800 billion system to provide lendable funds to other financial institutions¹
- Not a bank in the traditional sense

FHLBank Indianapolis

- 1 of 11 regional banks
- District includes Indiana and Michigan



Source: FHLBanks.com



FHLBank Indianapolis Members

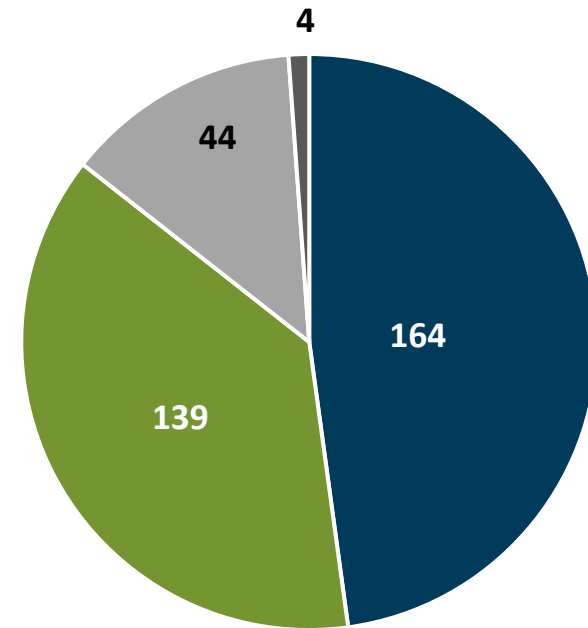
Banks, credit unions, insurance companies, and CDFIs are all eligible.

Must have a charter or principal place of business in our district of Michigan or Indiana.

351

**Financial Institution
Members in District**

As of 2/23/2024



■ Banks/Thrfts ■ Credit Unions ■ Insurance Companies ■ CDFIs

As of 2/23/2024



FHLBank – A Cooperative



ADVANCES \$



IN & MI Members

LOANS \$



- Mortgage Loans
- Funds for Lending
- Funds for Growth
- Asset/Liability Management
- Community Development Loans and Grants



FHLBank – Community Investment

Current Requirement: We are required by regulation to return **10%** of our net earnings back into the form of affordable housing grants.

What's Changing: In 2024, FHLBank Indianapolis has committed to providing **5%** of our net earnings back into “voluntary” grants.





2024 Required Grant Dollars

Affordable Housing Program (AHP) Competitive Grants

Total Allocation
\$28,526,023

Down Payment Assistance and Home Repair Programs First Come, First Served Grants

Total Allocation
\$15,360,166





2024 Voluntary Grant Allocations

Elevate: Small Business Grant – **\$1,000,000**

Tribal Nations Housing Development Assistance Program – up to **\$3,000,000**

Community Mentors Program – **\$100,000**

Money Masters Program – **\$100,000**

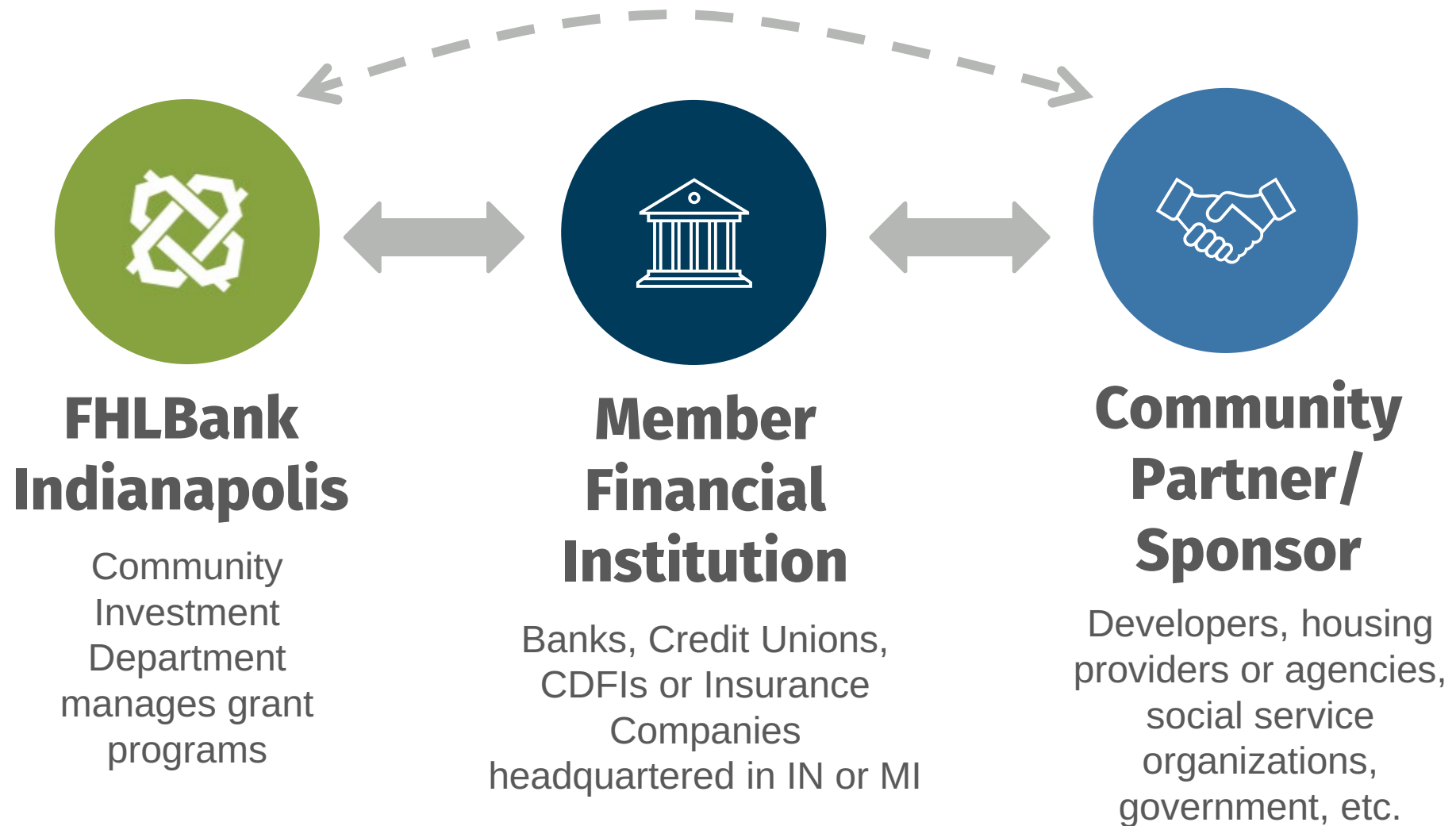
Stepping Up Grant – up to **\$1,024,999**

HomeBoost: Minority DPA – **Stay tuned!**



Watch out for more exciting announcements in 2024!

Partnerships are Essential





In-Person Networking Events

SAVE THE DATES

Community Investment Networking Workshops



2024



APRIL 11
THE MONTAGE
Indianapolis

9:30 a.m. - 1:30 p.m.
(Eastern)



APRIL 16
THE GREWAL
Lansing

1- 5:00 p.m.
(Eastern)





Mike Recker

AVP, AHP PORTFOLIO MANAGER





Highlights of 2023 Program Year

Competitive AHP

- 71 applications received
- 32 projects awarded
- 4 projects designated as alternates
- Total of \$15.12 million allocated
- Creating 1,199 affordable units





2024 AHP Round – What's New?

More Funds – Allocation of **\$28,526,023**

Max Award = The lesser of **\$1,000,000**
or 75% of total housing development
costs

Max AHP Subsidy per Unit = **\$100,000**





2024 AHP Round Timeline

Round Opening – April 1
Application Available –
April 29

Application Trainings -
May

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

- Single-family homeownership
 - Including owner-occupied rehabilitation
- 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
- Echo or cottage housing units for the elderly



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



Threshold Criteria

- Partner with member financial institution
- Performance on existing awards
 - Initial monitoring review
 - Delinquent reporting
 - Extensions
 - Watch List
- Market support
- AHP subsidy need
- Cost Validation
- Sponsor/owner capacity
- Readiness to Proceed
- Minimum requirements for targeting
 - At 20% of units at or below 50% AMI
- Housing costs must be affordable
 - Rents may not exceed 30% of targeted income level
 - Household's monthly PITI may not exceed 40%
- Other Feasibility Guidelines



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



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



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.

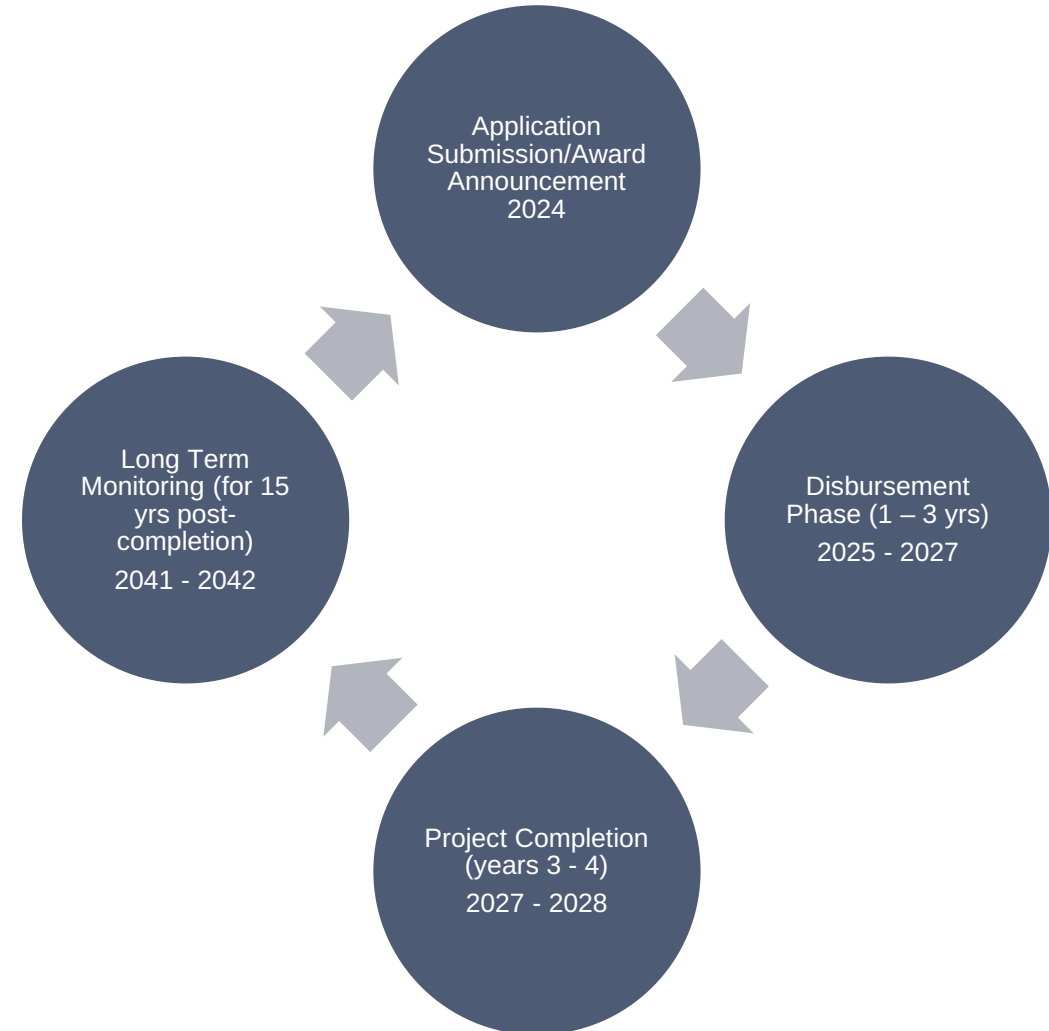


Sponsor still needs to be involved even if utilizing a consultant.



Life Cycle of an AHP Project

- **Disbursement Phase (Years 1 – 3)**
 - Conditions of funding
 - Disbursement requests
 - Semi-annual progress report
 - Extensions
- **Project Completion (Years 3 – 4)**
 - Report Complete
 - Initial Completion Monitoring
- **Long Term Monitoring**
 - 15-years for rental
 - Annual Certification
 - Income/rent roll reviews
 - 5 years for homeownership (except for owner-occupied rehab)
 - No long-term reporting requirements





Hilltop View Apartments



- Sponsor – Avalon Housing, Inc.
- Member – Chelsea State Bank
- Location – Dexter, MI
- Project Type - Rental
- AHP Award - \$400,000
- Total Units – 24



Enterprise Pointe

- Sponsor – Brightpoint
- Member – Old National Bank
- Location – Angola, IN
- Project Type - Rental
- AHP Award - \$500,000
- Total Units - 50





Next Steps

- The first step is complete...congratulations!
- Find a member/sponsor
- Review the 2024 Implementation Plan
- Attend an AHP application training - May
- Register for FHLBI.GIVES
- Request a technical assistance review – May 28 – June 21
- Submit a notification of intent – Due June 6
- Submit an application – Due June 27



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**OUTREACH
PARTNERS**