

# 2024 Affordable Housing Program Feasibility and Application Training

June 6, 2024



# Agenda

- Bank Values, HCI Team
- AHP Overview & 2024 Updates
- Sponsor Capacity & Readiness
- Demonstrating Feasibility & Need for Subsidy
- Member Analysis & Member Application Review Period
- Answering Your Questions

# Our Mission

- To provide highly **reliable wholesale funding, liquidity**
- Deliver the best **financial products, services, and expertise**
- Support **home financing, affordable housing, and community development**, including programs targeted to lower-income households



# Priorities for 2024

- Build partnerships with members and communities
- Leverage our HCI Programs
- Expand the available capital and usage of our Voluntary Programs
- Work with CDFIs to expand access to capital with our members
- Network with Native American Tribal communities
- Help households and communities of color purchase homes, build wealth and home equity
- Support climate-resilient buildings and neighborhoods



## 2024 Targeted Community Lending Plan



# AHP Overview & 2024 Updates



# AHP Resources

- [FHLBank's AHP Page](#)
  - 2024 AHP Implementation Plan Effective **12/08/2023**
- Your Community Investment Managers



**Kathleen Amonte**  
Sr. Community Investment Manager  
CT, RI, + Southeastern MA



**Tobi Goldberg**  
Sr. Community Investment Manager  
ME + Eastern MA



**Theo Noell**  
AHP Outreach Manager



**Michael Pingpank**  
Sr. Community Investment Manager  
NH, VT, + Central/ Western MA



# 2024 AHP Funding

## Available AHP Funding:

- \$24.3 Million allocated
  - **\$1.2 Million in total subsidy per application**
  - **\$850,000 maximum direct subsidy**
  - **Up to \$75,000 subsidy per homeownership unit**
- 25%-member approval limit



# Online Application – Dates/Deadlines



- [Complete Online Application](#)
- [Opens](#): June 3<sup>th</sup>
- [Closes](#): July 18<sup>th</sup>, 3 PM ET
- [Member Review](#):  
August 1<sup>st</sup>, 3 PM ET
- [Register](#) & attend webinar trainings



# AHP: Key Points

- Direct grant and interest rate subsidy
- Subsidized permanent debt (rental only)
- Gap funding
- Competitive, online: <https://housing.fhlbboston.com>
- [AHP Implementation Plan \(12/8/23\)](#)
- 2024 Notice of Changes
- Regulated (12 CFR 1291)

# Core Components

- Program Eligibility
  - Income eligibility – up to 80% AMI
  - Site control
  - **Fair Housing Plan - New**
- **Readiness**
- **Sponsor capacity**
- **Feasibility**
- **Need for Subsidy**
- AHP Scoring



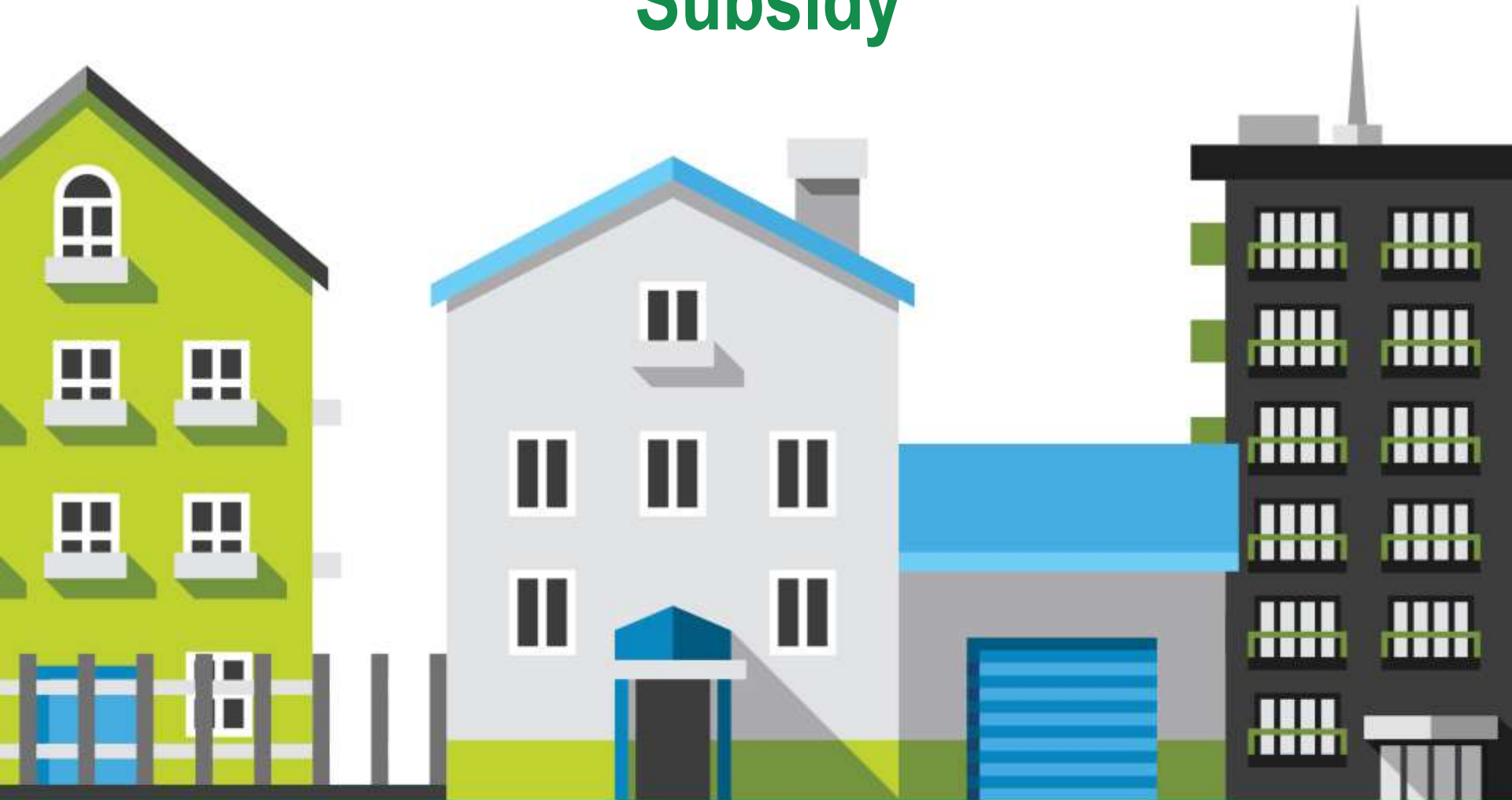
# AHP Fraud Reporting

- All members and sponsors are responsible for reporting observations of fraud related to approved AHP applications and initiatives, as outlined in the obligations under the AHP Agreement
- May be intentional or unintentional
- Provide prompt written notice to the Bank
- Provide additional information as requested
- Examples of possible fraud:
  - Wording changes in AHP documents, fraudulent documents
  - Undisclosed conflicts of interest
  - Falsifying application information, fraudulent financial statements
  - Failure to notify the Bank of sale/refi/foreclosure

# New Feasibility Elements - 2024

- **Acquisition** – break out of component costs, documentation
- Multi-phase developments
- **Rental Sources and Uses Development Budget Template**
- **Social Services and Operating Proforma Template**
- Documentation required for higher deviations from our Feasibility Guidelines
  - AHP Implementation Plan – Attachment A

# Demonstrating Feasibility & Need for Subsidy



# Sponsor Capacity

- Online sponsor registration (all sponsors and co-sponsors)
- Legal names matter
- Organization and track record
- New developers must execute a MOU or Letter of Agreement with known, experienced developer & designate as co-sponsor; new MOU requirements

## Documentation:

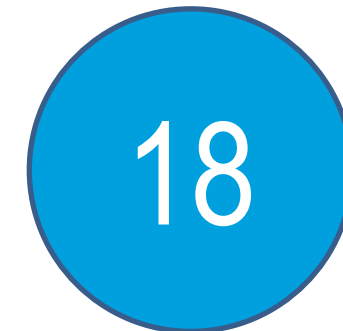
- Resumes
- Certificate of Good Standing
- Audited Financials
- Statement of Current Obligations – FHLBank Boston Template

# Project Readiness

- **Site Control** – at application
- **Zoning** – 12 months
- **Funding Commitments** – 12 months
- **Time Limits** – 12/18/36 Months



12



18



36

# AHP – Flexible Capital Subsidy

## Eligible uses:

- Acquisition, construction, rehabilitation, soft costs

## Ineligible uses:

- Nonresidential space, capitalized or other reserves, supportive services, operating costs
- Nonresidential items, such as: furniture, social services, and bank fees
- Predevelopment

## Refinancing of existing single- or multifamily mortgage loan:

- Permitted; must generate equity proceeds = AHP

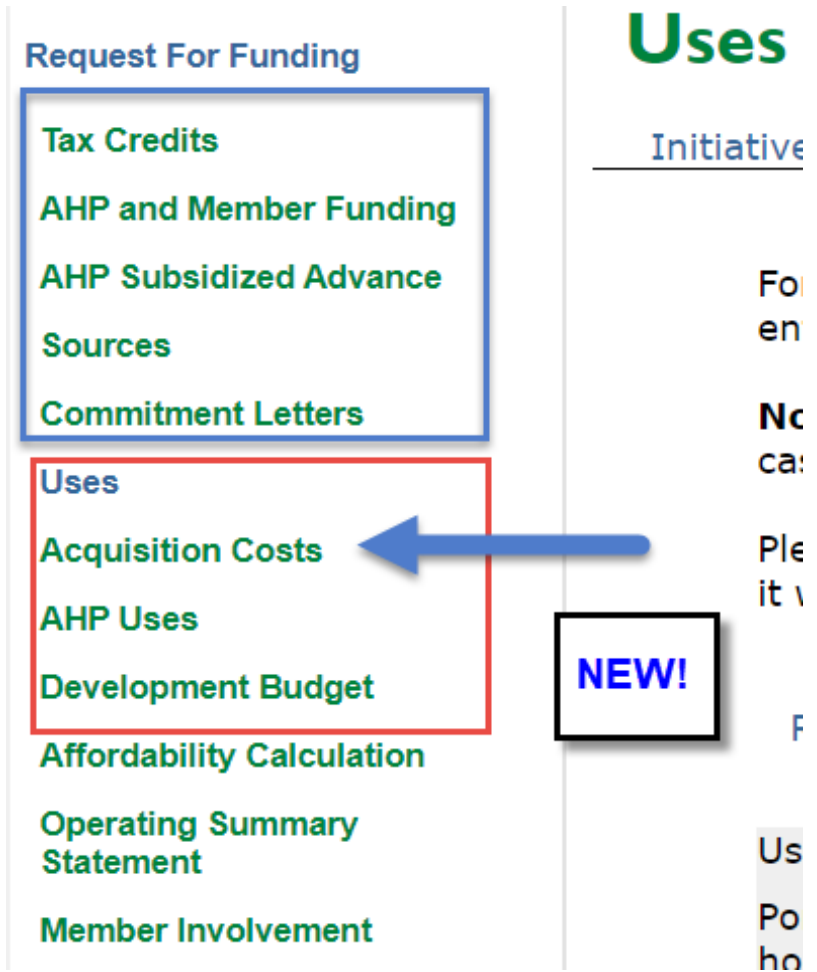


# Developmental Feasibility Guidelines

1. Total Hard Construction costs per s.f. exceed RS Means comparable average based on zip code?
2. Total builder's overhead/profit/general requirement – 10-16% total hard costs?
3. Total Developer's fee > 15% Total Development Cost Net of Fee?
4. Interest rates on the member debt and any other private debt exceed AHP-established maximums as of 6/3/2024?
5. Origination fees exceed 1% of the principal amount of each loan?
6. Detail Acquisition costs and document

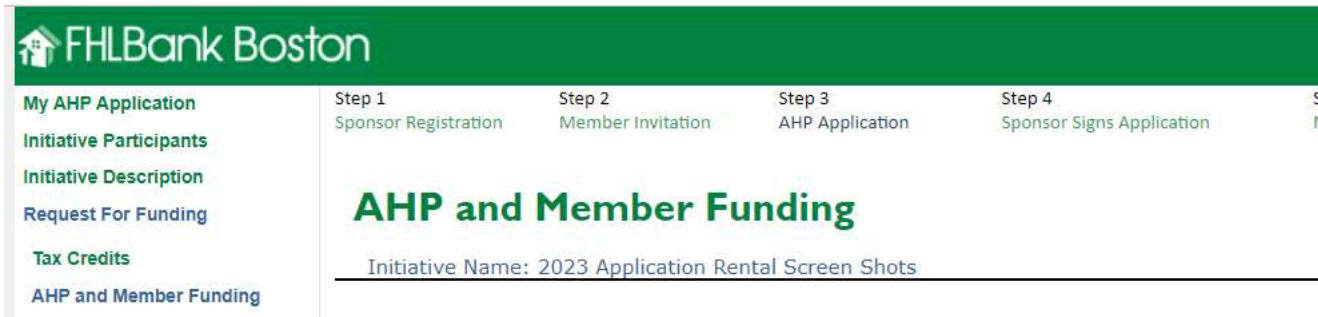
**Reference: Attachment A – AHP Implementation Plan**

# Request for Funding



- **Developmental Feasibility & Need for Subsidy**
  - Capital gap?
  - Documentation
  - Feasible/Need Subsidy?
  - **Acquisition**
- **Operational Feasibility & Need for Subsidy**
  - Affordability
  - Income/Expenses/Debt Service/ Cash Flow
  - Documentation
  - Feasible/Need Subsidy?

# How to enter Member Data - Request for Funding – AHP & Member Funding Screen



For each member participating in the project, use the links below to complete the funding proposed by each member. Each loan or grant marked as a permanent cash source will be carried to the Sources page. [Help Topic](#)

1. **NOTICE: All member partner funding should be entered through this screen, otherwise points may not be awarded!**
2. **Reminder: All members should adhere to the FHLBank Boston's Anti-Predatory Lending Policy for Collateral and Acquired Member Assets when entering into transactions under AHP. This pertains to all funding provided by the member to this initiative, not just the AHP Direct Subsidy and the AHP Subsidized Advance. The policy is available on the FHLBank Boston's [website](#).**

- > [Enter an AHP grant](#)
- > [Enter an AHP-subsidized loan](#)
- > [Enter other member loan or grant](#)
- > [Enter other member financial participation](#)

# AHP & Member Funding – Build the Table

indicates required fields

## Direct Subsidies/Grants

Member	Direct Subsidy	
		\$850,000
Total		\$850,000

## AHP-Subsidized Loans and Subsidies

Member	Type	Amount	Origination Fees	Term	Amort	Date	Rate to Mem	Std BP	Act BP	Rate to Sponsor	Advance Subsidy
	Permanent Loan	\$1,000,000	\$7,500	240	240	06/06/23	1.00%	300	250	3.50%	\$160,538
Total		\$1,000,000									\$160,538

## Other Member Grants/Loans

Member	Type	Amount	Term	Adjust Term	Amort	Origination Fees	Date	Rate to Sponsor	Perm Cash Source
	Construction Loan	\$1,000,000	12	0	0	\$5,000	06/06/23	7.00%	N
Total		\$1,000,000							

## Other Member Financial Participation (not included in sources)

Member	Type	Value	Explanation
	Tax Credit Purchase	\$2,500,000	This is an example
Total		\$2,500,000	



# AHP Subsidized Advances

## AHP Subsidized Advance

Initiative Name: 2023 Application Rental Screen Shots

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Will the member lend the AHP Subsidized Advance to another financial intermediary that will be the permanent lender?\*

Yes  No

If yes, identify the planned lender:

Detail the proposed interest, points, fees, spreads for both the individual and combined loans:

The purpose of this screen is to disclose if the member is lending the subsidized advance to an intermediary e.g. state housing finance agency or other entity which will use the debt to fund its permanent loan to your initiative.

Identify who the intermediary is. Explain the transaction, member spread, intermediary spread, term, amortization, total rate and fees for both the individual and combined loans.

# Sources – Build the Table

5. All required fields (\*) need to be completed. Enter 0 for anticipated rate and term if not a loan.

Source	Total Amount	Residential	Non-Residential	Type	Rate	Term	Origination Fee	Annual P&I	Commit Date
Direct Subsidy (15348)	\$850,000	\$850,000		\$0 Grant	0	0	\$0	\$0	-
AHP-Subsidized Loan (15348)	\$1,000,000	\$1,000,000		\$0 Loan	3.5	240	\$7,500	\$69,595	06/2023
	\$1,850,000	\$1,850,000		\$0				\$69,595	

- Permanent Sources Only.

- Enter each source separately.

- Break out Residential (AHP) vs. Commercial.

- Type
- Description

Source: \* Help Topic

Note: Do NOT enter member partner funding unless it is funding the commercial/ nonresidential portion of the project.

Dollar amount of total amount to housing/residential: \*

Dollar amount of total amount to commercial/nonresidential: \*

Type: \* Help Topic

Description: \* Help Topic

Anticipated rate: \* Help Topic  %

Term: \* Help Topic  (months)

Origination Fee: \*

Expected commitment date: \* Help Topic  (example: 12/2023)

If deferred, enter date payments will begin:  (example: 06/2023)

> Add a source/another source

**Build the Sources table.**

Enter each Source - not AHP, Not Tax Credits or Member Debt.

## Other Permanent Debt?

Enter Type = Loan; Description = Other Financing. Enter Rate, Term, Origination fees

# Uses – Build the Table

## Uses

Initiative Name: 2023 Application Rental Screen Shots

\* Indicates required field

For each use/expense category in the initiative's development budget, choose a "Use Type" from the list. Then enter all Residential and Non-Residential/Commercial uses.

**Note:** When you are done, the total of the "Total" column must equal \$2,850,000 (the total amount of permanent cash sources for the initiative as entered on the sources screen).

Please complete each field below for each use. Then click "Add another use" to enter another. When you are done, it will look like [this example](#).

Use Type: \* [Help Topic](#)

Acquisition

Portion of total amount to housing/residential: \*

\$500,000

Portion of total amount to commercial/nonresidential: \*

\$0

What is included in this amount and where does this dollar amount correspond to the line item(s) listed in the sources and uses development budget? \*(Please limit to 200 characters)

Example

Again, build the Table of Uses. Use Type: Drop Down List e.g. Acquisition, Construction/Rehab, Builder's Overhead

Separate out Residential vs. Commercial

Total Hard Costs per Gross SF Residential > RS Means Average?

> [Add a use/another use](#)

# Acquisition Costs – Need for Subsidy

- Identify the elements of the Acquisition Cost
- Document
- Must be consistent with Site Control documentation, Donation
- Appraised Amount or tax assessed value?
- Validation: 1 +2 +3 = Acquisition Use**

## Acquisition Costs

Initiative Name: 2023 Application Rental Screen Shots

\* Indicates req

Explain how the dollar amount for the Acquisition Use is determined. This dollar amount should track to the appraised and/or assessed values listed in the Locations section, the data fields below, and the Acquisition Use entered under the Uses section.

Negotiated or actual purchase price if there is a P&S or if the property has been purchased:

Appraised or tax-assessed value if the property has not yet been purchased or is under an option:

Carrying costs:

Other costs related to acquisition:

Please upload documentation to confirm the purchase price, carrying costs and other acquisition costs.\*

> [Return to previous section](#)  
> [Continue to next section](#)

Explain Acquisition cost and how this amount was determined. What elements make up Acquisition?

Upload documentation.

Expect documentation to match to Site Control and/or Donation.

1

2



[Attach File](#)

3



# Dev. Budget & Multiphase Projects?

Is this initiative part of a multi-phased development Initiative?\*

If yes, please acknowledge:\*

**NEW FOR 2023! Need for Subsidy analysis - development costs and sources must be properly allocated to each phase.**

**No AHP cross subsidization of future project/phase e.g. infrastructure**

Is this phase or site funded with any previous AHP subsidy?\*

If yes, explain:\*

Yes  No



Required fields to be entered



I acknowledge this application is a phase in a multi-phase development initiative. I confirm the following:

- The sources, uses, and any operating income, expenses, debt service, and cash flows must all be specific to and limited to this current phase.
- All listed capital funding sources are clearly delineated to this phase.
- AHP funding is solely for this phase.
- All listed Uses are strictly apportioned costs for this phase.
- I understand that this phase cannot pay for any costs or uses benefitting a prior or future phase in this development.

Yes  No

# Developmental Feasibility Issues

## Sources and Uses - Rental:

### **Incorrect Data**

- Sources and uses data doesn't track to the budgets
- Not enough detail in uses – what's the builder's overhead? Explain details in the text boxes.
- Please include both a separate residential and commercial sources, uses and operating proformas and total budgets, if appropriate

### **Incorrect or Missing Documentation**

- Wrong sources and uses budget or missing construction budget
- Commercial/nonresidential budget not submitted or does not match application
- Non-cash sources and uses included
- Nonresidential/Commercial space –unclear Sources and/or Uses

# Explain hard construction costs per s.f. above RS Means

Lack of a full explanation makes it difficult for us to proceed.

For example:

- Guideline provided in application indicates \$299 per square foot
- Calculated cost per square foot based on input is \$324/sq. ft.
- Verify that numbers tie back to development and construction budgets
- If the data is correct, below is an example of an explanation:
- Exceeds guideline by \$25/sq. ft due to:
  - \$12/sf as a result of Davis Bacon
  - \$8/sf attributed to historic preservation requirements
  - \$5/sf due to additional excavation cost resulting from ledge

# Feasibility Issues

- Feasibility threshold issues not explained with actual cost/numbers associated with unusual feature in the development, or explanation is not deemed acceptable
- Budgets are not the same as submitted to other funders
- Tax credit project acquisition not adequately documented in terms of what is included in the sale price
- Turnkey/acquisition only projects: acquisition cost not adequately substantiated by appropriate documentation

# Homeownership Feasibility Guidelines

- Sales price and mortgage for each home:
  - **AHP subsidy must pass through to the buyer**
  - Reasonable mortgage term to ensure affordability (typically 15 years or greater)
  - **Sales price/mortgage amount cannot exceed TDC minus AHP grant and borrower's down payment.**
  - Below-market or zero-interest-rate first mortgages?
  - If yes, then Habitat-type initiatives must include discounted value of mortgage payments as a source

# Habitat for Humanity/ Seller Financing

- Habitat for Humanity and others developing homeownership housing and providing below-market seller financing
- Separate out in-kind sources and uses from cash sources and uses
- Enter the total expected first mortgage debt on all of your homes – we'll use this to calculate the discounted present value of these loans
- **This screen will calculate the amount of AHP Direct Subsidy Funding you can apply for** (FYI: this comes before the AHP and Member Funding Screen)

# Affordability Calculation: Ownership

	House 1 split edit	House 2 split edit	Total
Number of houses	1	1	2
Number of beds	3	3	
Persons per unit	4.5	4.5	
Percent AMI target	60%	80%	

## Construction/development [Help Topic](#)

Total development costs	\$350,000	\$350,000	\$700,000
<b>Less:</b> total AHP direct subsidy used to reduce development costs	\$30,000	\$30,000	\$60,000
<b>Less:</b> Total other grant (exclude any inkind)	\$219,500	\$219,500	\$439,000
<b>Equals:</b> total sales price	\$100,500	\$100,500	\$201,000

## Mortgage programs (downpayment/closing-cost assistance, other) [Help Topic](#)

Total sales price	\$100,500	\$100,500	\$201,000
Less: total AHP direct subsidy used for mortgage assistance	\$0	\$0	\$0
Less: total other grant	\$0	\$0	\$0
<b>Equals:</b> net sales price	\$100,500	\$100,500	\$201,000
Less: owner downpayment/equity	\$500	\$500	\$1,000

## Total monthly housing expense [Help Topic](#)

Mortgage loan amount	\$100,000	\$100,000	\$200,000
Rate (APR)	0.0	0.0	
Term (months)	360	360	
Monthly mortgage payment (P&I)	\$277	\$277	
Estimated taxes, insurance, association fees	\$400	\$500	
<b>Equals:</b> total housing expense	\$677	\$777	

## Ownership subsidy calculation and affordability [Help Topic](#)

Maximum family income	\$77,700	\$100,100	
Total housing expense as a percent of targeted income	10.47%	9.32%	

# Affordability Calculation: Rental

- **Edit** rents to enter in total rent and tenant-payments
- **Split** units if you need to break out units of the same income targeting/bedrooms with different rent structures

Enter the Proposed Monthly Rent and Tenant-Paid Rent into the Table Below:

	Number of Units	Bedrooms/ Beds per Unit	Persons per Unit	% AMI Target	Max Family Income		Proposed Monthly Rent (excluding utilities)	Estimated Tenant-Paid Rent	Proposed Monthly Rent as a % of Monthly Targeted Income
<b>edit units</b>	10	1	1.5	50%	\$28,000	<b>edit rents</b>	\$0	\$0	0%

How many units have Section 8 operating assistance:

How many units have other project-based funding operating assistance:

If there is rent subsidy, does the project have a firm commitment from the subsidizing agency:

Yes  No

What is the total contract amount:

What is the duration of the contract:

(months)

This screen calculates :

- Affordability
- Total gross potential rental income
- Rental subsidy amounts



# Social Services – New for 2024

- **New for 2024 Rental Applications**
- Separate screen in Application
- Separate tab in Social Services & Operating Proforma Template
  - Social Service Expenses and Income feed into Operating Data
- Essential to confirm Need for AHP Subsidy
  - **AHP cannot fund social services**
- **Break out:**
  - **Social Service expenses by type, year 1**
  - **Social Services funding year 1**

# Operating Summary Statement

### Operating Summary Statement

Initiative Name: 2023 Application Rental Screen Shots

**Instructions:**  
 Enter Operating data (e.g. income, expenses, debt service, and cash flows) based on the first full year of operations. Data should be broken out for housing/residential and/or commercial/nonresidential as applicable. This data should match to the data in the 15-year operating proforma to be uploaded with your application. Discrepancies, errors or variations in the data entered when compared with the applicable data in the proforma may result in disqualification of your application. Please proof your data entry prior to electronic submission of this application.

**First year Income** [Help Topic](#)

	Housing/ Residential	Commercial/ Nonresidential	Total
Gross rent:			
Gross rent override: <a href="#">Help Topic</a>			
Less vacancy/loss percent:	%	%	
Gross rent less vacancy loss:		\$0	
Other income:			
Total gross income:		\$0	
Contribution from operating reserve:			
Effective gross income:		\$0	

**Expenses** [Help Topic](#)

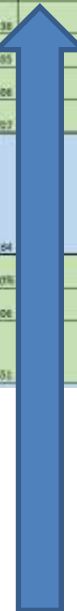
**First year**

Management fee:		
All other operating expenses:		
Contribution to operating reserve:		
Contribution to replacement reserves:		
Total expenses:	\$0	\$0 \$0
<b>Net operating income:</b>		\$0
Debt service payments:		\$0
Debt service payment override: <a href="#">Help Topic</a>		
Cash flow (uses overrides):		\$0
Cash flow adjusted for contribution to operating reserve:		\$0
Debt coverage ratio:		0.00
Debt coverage ratio adjusted for contribution to/from operating reserve:		0.00
Subordinate/Deferred Debt:		
Debt coverage after deferred debt:		

# Rental Operating Data and Proforma

- Use our Proforma Template
- Enter data in the **yellow fields** only
- Follow the instructions in column D
- Reserve contributions to income?
- Funding into reserves?
- Same data to all funders

Calendar Year:	To be Entered into Online Application	Values and Data Entry Instructions	First Full Year of Operations			
			Year 1	Year 2	Year 3	Year 4
<b>INCOME:</b>						
Income Annual Inflation Factor		enter as percentage e.g. 2.00%		2.00%	2.00%	2.00%
Low-Income, Below 30%		enter dollar amount	\$ 1,000	\$1,000	\$1,000	\$1,000
Low-Income, Below 31 - 50%		enter dollar amount	\$ 333	\$333	\$333	\$333
Low-Income, Below 51 - 60%		enter dollar amount	\$ 300	\$300	\$300	\$300
Low-Income, Below 61-80%		enter dollar amount	\$ 400	\$400	\$400	\$400
Market Rate		enter dollar amount	\$ 700	\$700	\$700	\$700
Subtotal: Gross Potential Residential Income	Enter as Gross Rent Override if applicable. Online Application calculates Gross Rents automatically based on Affordability Calculation page	Automatic subtotal do not edit	\$ 2,133	\$ 2,134	\$ 2,134	\$ 2,134
Residential Vacancy Rate		enter as percentage e.g. 2.00%	5.00%	5.00%	5.00%	5.00%
Residential Income net Residential Vacancy	<b>Net Rent After Vacancy</b>	Automatic calculation do not edit	\$ 2,018	\$ 2,006	\$ 2,006	\$ 2,006
Other Residential Income:	Other Residential Income (e.g. laundry; not commercial income)	enter dollar amount	\$ 30	\$30	\$30	\$30



# Rental Operating Data & Proforma: Expenses

<b>Expenses Help Topic</b>	<b>First year</b>	<b>EXPENSES:</b>			
Management fee:	<input type="text"/>	Expenses Annual Inflation Factor	enter as percentage e.g. 2.00%		3.00%
All other operating expenses:	<input type="text"/>	Management Fee	<b>Enter Management Fee</b> enter dollar amount	\$ 1,000	\$1,030
Contribution to operating reserve:	<input type="text"/>	Housing Operating: Administrative	enter dollar amount	\$ 1	\$1
Contribution to replacement reserves:	<input type="text"/>	Housing Operating: Maintenance including supportive services	enter dollar amount	\$ 2	\$2
Total expenses:	\$0	Housing Operating: Resident Services	enter dollar amount	\$ 3	\$3
<b>Net operating income:</b>	\$0	Housing Operating: Security	enter dollar amount	\$ 4	\$4
Debt service payments:	<input type="text"/>	Housing Operating: Electrical	enter dollar amount	\$ 5	\$5
Debt service payment override: <a href="#">Help Topic</a>	<input type="text"/>	Housing Operating: Natural Gas or Oil (heat)	enter dollar amount	\$ 6	\$6
Cash flow (uses overrides):	<input type="text"/>	Housing Operating: Water & Sewer	enter dollar amount	\$ 7	\$7
		Housing Operating: Real Estate Taxes	enter dollar amount	\$ 8	\$8
		Housing Operating: Other Taxes	enter dollar amount	\$ 9	\$9
		Housing Operating: Insurance	enter dollar amount	\$ 10	\$10
		Housing Operating: MIP	enter dollar amount	\$ 11	\$11
		Housing Operating: Other:	enter dollar amount	\$ 12	\$12
		<i>Subtotal: All Other Operating Expenses, excluding Management</i>	<b>Enter Housing Operating Expenses</b> <i>Automatic subtotal do not edit</i>	\$ 78	\$0
		Contribution to Operating Reserve	<b>Enter Operating Reserve Contribution for each year. Include annual inflation if</b>	\$ 100	\$ 100
		Replacement Reserve	<b>Enter Replacement Reserve Contribution for each year. Include annual inflation if</b> <i>This should match to Total Automatic</i>	\$ 200	\$ 200

- Keep management fee separate from your other housing/residential operating expenses
- All other operating expenses is a subtotal excluding management fee, operating reserves, replacement reserves

# Rental Operating Data and Proforma

1.

<b>NET OPERATING INCOME</b>	This should match to Net Operating Income in Online Application	Automatic calculation do not edit	\$ 1,553	\$ 1,578	\$ 1,603	\$ 1,627
<b>Debt Service</b>	This should match to Debt Service Override in Online Application	enter dollar amount	\$ 700	\$ 700	\$ 700	\$ 700
<i>Debt Coverage Ratio</i>	This should match to DSCR calculation in Online Application	Automatic calculation do not edit	2.22	2.25	2.29	2.32
Contributions from Operating Reserves	This should correspond to the value in the Online Application	enter dollar amount	\$ -	\$ -	\$ -	\$ -
Project Cash Flow	This should match to the Cash Flow in the Online Application	Automatic calculation do not edit	\$ 853	\$ 878	\$ 903	\$ 927

2.

Cash Flow as Percentage of Effective Gross Income	FYI: this is a calculated field for FHLBank Boston review purposes; no corresponding value in Online Application	Automatic calculation do not edit	27.95%	28.19%	28.42%	28.63%
Cash Flow as Percentage of Net Operating Income	FYI: this is a calculated field for FHLBank Boston review purposes; no corresponding value in Online Application	Automatic calculation do not edit	54.94%	55.64%	56.32%	56.98%

3.

Capitalized Operating Reserve Balances, Contributions and Draws	These fields below are for FHLBank Boston review purposes only					
Starting Year Balance: Operating Reserve		enter dollar amount	\$ 150	\$ 200	\$ 301	\$ 403
Annual Operating Reserve Contributions	From Expenses above	Automatic calculation do not edit	\$ 100	\$ 100	\$ 100	\$ 100
Interest earned	Enter interest earned on Operating Reserve balance annually, if applicable.	enter dollar amount	\$ -	\$ 1	\$ 2	\$ 3
Operating Reserve draws/contributions to Income	From Income Above	Automatic calculation do not edit	\$ -	\$ -	\$ -	\$ -
Other Operating Reserve Draws	enter as negative number	enter negative dollar amount	\$ (50)	\$ -	\$ -	\$ -
Year Ending Balance: Operating Reserves	REPORT THE 15-YEAR ENDING BALANCE IN THE ONLINE APPLICATION	Automatic calculation do not edit	\$ 200	\$ 301	\$ 403	\$ 506

# Operating Data, Residential Services

## Resident, Supportive or other Social Services in the Operating Expenses

If Resident Services are listed in the Operating Budget and included in the Housing/Residential "all other operating expenses" field above, input the amount of Resident Services here. Resident Services include the full cost of the services themselves, including personnel (such as resident services coordinator), training, travel, supplies and materials, contracts, and any other direct costs.

FYI: this dollar amount should match to the uploaded FHLBank Boston AHP 15-year operating proforma-Housing Operating Resident Services (row 35).

Resident Services:

\$75,000



Describe the resident services paid for in the operating budget and proforma:

Example

- Need for Subsidy- calculate housing operating costs net of residential/social/supportive services
- Range: \$6,000 - \$10,000 per unit per year

# Operational Feasibility (Rental)

- **Data:** Summarize first full year in the application
- **FHLBank Boston template of proforma MUST be used**

Rental - Operating Guidelines	
Income trending	1-3%
Expenses trending	2-4%
Vacancy rate	3-10%
Replacement reserves	\$250-650
Debt service coverage ratio	1.0x to 1.30x
Distribution of cash flow	up to 15% of NOI

# Operational Feasibility Issues

## Data:

- Operating Summary Statement doesn't match to proforma
- Affordable rents?

## Documentation:

- Operating proforma goes negative in some later year with no way to cover the shortfall
- Trending factors not the same for all 15 years or unexplained



# Application Issues

- Explanations required for each deviation
- AHP Feasibility Guidelines
- Need quantifiable explanations

- Request For Funding
- Scoring
- Letter Instructions
- Application Issues
- Application Issues
- Validate and Submit
- Printable Version
- Verify File Uploads
- Save & Exit

## Application Issues

Initiative Name: 2023 Application Rental Screen Shots

\* Indicates require

All application issues result from deviations to the Bank's Feasibility Guidelines. Please fully explain all significant components and dollar amounts that contribute to the differences listed below, if any. (Include related reasons: costs, project features, significant site work, other.)

New construction cost exceeds \$409 per square foot (for Apartments in zip codes that start with 021 in MA)

*This project's construction cost per square foot of gross residential space is \$1833*

(Residential Construction Contingency Cost + Residential Construction/Rehab + Residential Builder OH/Profit/General Requirements)/(Total Square Footage - Commercial Square Footage)

Your initiative exceeds our guideline by 50% or more. We require a detailed explanation quantifying the elements which are responsible for this overage. Your explanation should list key items and the dollar and s.f. costs.

Example. Calculates Hard construction costs on a SF gross residential basis and compares vs. current RS Means weighted average for zipcode.

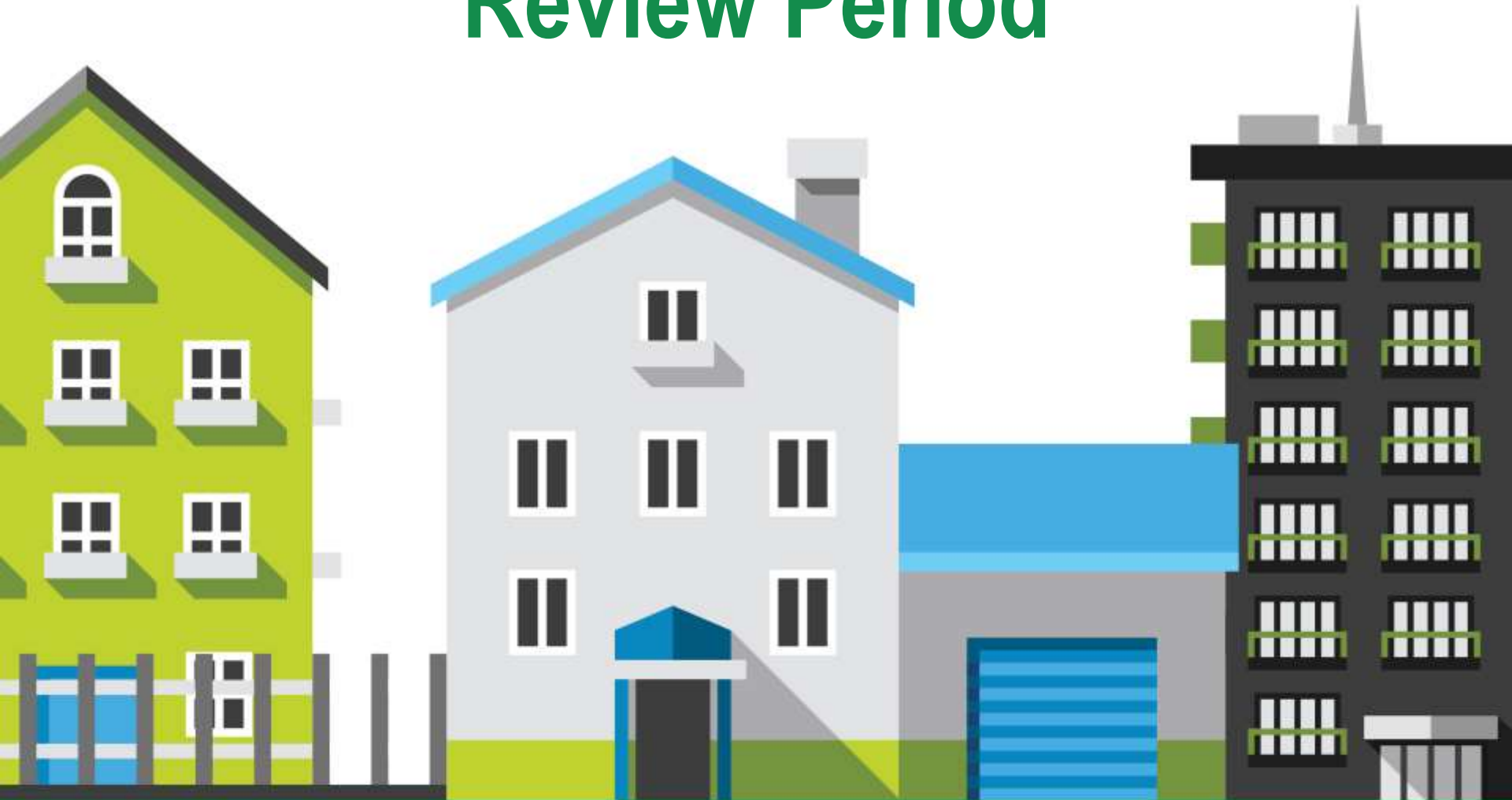
Explain by identifying the overages by use and \$ amount. See Yellow Highlighted Text. High deviations must be fully explained and quantified.



# Common Validation Errors

- TDC, including Commercial on Units screen does not equal total Sources or Uses.
- When you edit your location, you reset your Affordability Calculation and Total Gross Rents.
- Any missing required fields or documentation.
- Missing explanation for any high interest rate and/or origination fees on Other Private Debt.
- Homeownership – making sure the cash TDC in the Habitat Screen tracks to the Sources, Uses, Affordability Calculation.
- Homeownership: Affordability Calculation screen uses average costs per unit by income category.

# Member Analysis & Application Review Period



# Member Application Review Period

- Separate period from July 18 to August 1
- Members will complete their portions of the AHP Application including:
  - Member funding
  - Member analysis
- **Validations on market interest rates and fees**
  - Sponsors entered the data in the AHP & Member Funding Screens
  - Members will explain fees greater than 1% of loan principal
  - Members will explain interest rates exceeding FHLBank Boston AHP benchmarks

# Key Reminders

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Sources and Uses must match to development Budget

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Explain and document Acquisition costs

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Operations: detail residential services

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Application Issues – explain all deviations with quantifiable numbers/data

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Upload all required documentation

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Eligibility, Feasibility and Need for Subsidy



# HCI Team



**Kathleen Amonte**  
Sr. Community Investment  
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AHP (CT, RI, Southeastern MA) & JNE



**Livia Bourque**  
AVP, HCI Operations Manager  
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CDA, NEF & GNP



**Kenneth Willis**  
Sr. Vice President, Director of HCI  
JNE & Lift Up



✓ Outreach focused



✓ Member centric



✓ Housing enthusiastic

# Your Questions?



# Thank You

If you need any assistance, please contact us!

