



STRONG COMMUNITIES FUND
FHLB DES MOINES

2016 Competitive Affordable Housing Program

Tony Montgomery – Rental Housing Manager



Agenda

- FHLBank System
- Competitive Affordable Housing Program (AHP)
- Q&A Session
- Contact Information



FHLBank System

- Federal Home Loan Bank system Authorized by Congress in 1932 as a Government Sponsored Enterprise.
- There are 11 regional independent Banks.
- Federal Home Loan Bank of Des Moines merged with the Federal Home Loan Bank of Seattle in 2015.





Mission and Members

- The mission of the FHLBanks is to provide liquidity and stability to the nation's financial system and promote housing and economic development in communities.
- Over 8,000 commercial banks, credit unions, thrifts, and insurance companies are cooperative members of the FHLBanks.
- Member borrow funds from the FHLBanks to finance loans and investments.
- As part of the mission, the FHLBanks reserve 10 percent of net income each year for the Affordable Housing Program, making the FHLBanks one of the nation's largest private funders of affordable housing.



Competitive Affordable Housing Program (AHP)



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AHP Overview

- Competitive subsidy award program
- Funds available for the purchase, construction or rehabilitation of affordable housing units
- Funds available for affordable rental and homeownership projects
- Maximum subsidy award \$500,000 for a project, and maximum subsidy of \$30,000 per unit in a project
- See the *AHP Implementation Plan* on the Bank website for program guidelines



AHP Project Types

Rental

- New Construction
- Acquisition-Rehabilitation
- Rehabilitation
 - Rental preservation
- Consumer Driven
 - Owner occupied rehabilitation
 - Down payment/closing cost assistance
- Sponsor Driven
 - New construction for resale
 - Acquisition rehabilitation for resale

Homeownership



AHP Projects



Apsaalooke Warrior Apartments
Crow Agency, Montana

North Dakota Projects

2015

Jeremiah Program, Fargo-Moorhead

2014

Fargo Housing Rehab Program, Fargo

Fayes Albert Transitional Housing Facility, Belcourt

Cavalier Housing Rehabilitation Program, Cavalier



Habitat for Humanity Iowa



Affordability Requirements

- Households must be at or below 80% of Area Median Income (AMI)
 - *In rental projects, at least 20% of households must be at or below 50% of area median income*
- Affordability must be maintained
 - *Retention period/Deed Restriction*
 - *Homeownership = 5 years*
 - *Rental = 15 years*



Sponsor Organizations

- Sponsor organizations are typically non-profits, governments including Native American tribes, or housing authorities conducting an affordable housing project
- For rental projects, sponsors must have controlling ownership interest in the project
- For all projects, to be eligible for scoring, the sponsor must be integrally involved in planning, development, or management of the project
- For-profits may apply but are not awarded points in competitive scoring



FHLB Des Moines Member Support

- For a sponsor to apply and conduct a project, they must have the support of an FHLB Des Moines member financial institution
- Sponsor-member partnerships strengthen community bonds
- A membership directory is available on the Bank website



Application Process

- Sponsor applicant must request support from FHLBDM member
- Member registers a staff person as an Authorized AHP User in *eAdvantage*, our member's proprietary website
- Sponsor registers AHP Participants in *AHP Online*, our automated application
 - Staff and consultants register individually, creating an AHP User Profile
- Sponsor initiates application in *AHP Online* and associates with the member
- Sponsor's registered AHP Participants complete and approve online application
 - Lead Contact (sponsor staff)
 - Input Contact (sponsor staff or consultant)
- Member approves online application to FHLBDM
- FHLB Des Moines awards funds to applications after examining eligibility, score, and feasibility based on requirements of the *AHP Implementation Plan*
- *AHP Online* is accessed from Bank's website. Instruction is available in *AHP Online Guides* for Sponsor and for Member



2016 AHP Round Schedule

Pre-Application Start	March 1, 2016
Pre-Application End	March 31, 2016
Application Start	May 16, 2016
Application End	June 30, 2016, 4:30 pm Central
Member Institution Approval End	June 30, 2016, 4:30 pm Central
AHP Awards Announced	December 2016

- No applications will be accepted after the AHP deadline.
- No project should be substantially complete before the AHP awards are announced
- Homeownership projects including owner-occupied rehab and down payment should not be initiated before AHP awards are announced



Three Legs of AHP

- Eligibility
- Scoring
- Feasibility





Eligibility

- Uses of funds: purchase, construction, rehabilitation of affordable housing
- Timing of Subsidy Use: 36 months, rental; 24 months, homeownership
- Retention of affordability (Deed Restrictions)
- Fair housing, Anti-predatory and Accessibility requirements
- Not be used for any refinance or revolving loan funds



Priority 1

Donated/Discounted Property

5 Points Variable

Priority 2

Non Profit/Government
Sponsorship

10 Points Fixed

2016 AHP Scoring

- Land or units donated to the project
- Land or units purchased at a discount ($\geq 20\%$ below fair market value)
- Land or units conveyed by the federal government

- Sponsor must be integrally involved in project
- For rental projects, sponsor must have controlling ownership



2016 AHP Scoring

Priority 3

Income Targeting

20 Points Variable

- Sliding scale between 16 and 20 points
- Rental projects where at least 60% of the households are at or below 50% AMI will receive 20 points
- Homeownership projects where at least 20% of the households are at or below 60% AMI will receive 20 points

Priority 4

Housing for the Homeless

10 Points Variable

- Up to 10 points for projects providing permanent housing for the homeless
 - 5 points for 20% of the units for homeless
 - 7 points for 50% of the units for homeless
 - 10 points for 75% of the units for homeless



Priority 5

Promotion of Empowerment

5 Points Fixed

Priority 6

Special Needs

10 Points Variable

2016 AHP Scoring

- Projects must commit to providing at least one economic empowerment service to all residents
- Proposed program or service must be appropriate for the targeted population
- Menu of services in *AHP Implementation Plan*

- Up to 10 points for projects with units for special needs populations
 - 5 points for 20% of the units for special needs
 - 7 points for 50% of the units for special needs
 - 10 points for 75% of the units for special needs



Priority 7

Second District Priority

25 Points Variable

Priority 8

AHP Subsidy Per Unit

5 Points Variable

2016 AHP Scoring

- District Distribution (5 or 13 points)
- Project-Type (8 to 24 points)
 - Native Housing, Farmworker, Preservation of Federally Assisted, Small Rental New Construction, Sponsor Driven Owner Occupied New Construction
- The project with the lowest subsidy per unit requested will receive 5 points
- The project with the highest subsidy per unit requested will receive 0 points
- Projects in between will receive points on a sliding scale from 0 to 5 points



Priority 9

Community Stability

10 Points Variable

2016 AHP Scoring

- 5 points for 100% adaptive reuse
- 5 points for 100% rehabilitation, or demolition and new construction on the same site, of vacant, abandoned, or unsafe units
- 5 points for acquisition and rehabilitation of units converting to affordable rental housing
- Up to 5 points for projects in which 100% of the units are consumer-driven owner-occupied rehabilitation
 - 3 points if rehab \geq \$10,000 but less than \$15,000
 - 5 points if rehab \geq \$15,000



2016 AHP Scoring Summary

Points

- 5** **Priority 1** – Donated or Discounted Property
- 10** **Priority 2** – Non-Profit or Government Sponsorship
- 20** **Priority 3** – Income Targeting
- 10** **Priority 4** – Homeless Households
- 5** **Priority 5** – Promotion of Economic Empowerment
- 10** **Priority 6** – First District Priority (Special Needs Households)
- 25** **Priority 7** – Second District Priority (District Location, Project Specific)
- 5** **Priority 8** – AHP Subsidy Per Unit
- 10** **Priority 9** – Community Stability

100 maximum points

Scoring priorities change from year-to-year. Keep up-to-date with the scoring criteria by reviewing the *AHP Implementation Plan* each year.



Feasibility Requirements

- Critical element of the AHP application.
- Projects must conform to the Bank's feasibility guidelines in regard costs, revenue and expenses, and affordability.
- Costs or other project features that do not conform to guidelines could disqualify an application.
- Feasibility Workbooks are provided to collect data. Sponsors must explain and justify all costs or project features that do not conform.
- Incomplete or inconsistent Workbooks could disqualify an application.
- A pre-application is provided to receive assistance with Workbooks and feedback on project feasibility.



Sponsor and Member Roles

- Member and sponsor enter into Subsidy Agreement with FHLBDM describing commitments of the AHP application and program requirements.
- Sponsor conducts project and submits Subsidy Transfer Request to member and FHLBDM in *AHP Online* to obtain funds.
- FHLBDM reviews monitoring documentation from sponsor to approve the disbursement of funds.
- FHLBDM disburses funds to member. Member provides funds to sponsor.
- Member and sponsor have fiduciary responsibility to ensure the project is completed as described in the AHP application.
- Sponsor has 12 months to request disbursement of funds and 24-36 months to complete the project, depending on project type.



Q&A Session



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Contact Information

Rick Bloxham

Homeownership Manager
800-544-3452, ext. 1198
rbloxham@fhlbdm.com

Tony Montgomery

Rental Manager
800-544-3452, ext. 1073
tmontgomery@fhlbdm.com

DeAnna Poling

Down Payment Products Manager
206.340.2429
dpoling@fhlbdm.com



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Thanks!



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