AFFORDABLE HOUSING PROGRAM
GENERAL FUND

SHANJ
JANUARY 9, 2023
APPLICATION OVERVIEW & PROJECT ELIGIBILITY
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
   • Must be able to meet all AHP Lifecycle requirements
PROJECT SCORING
Project Scoring Framework

- **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
  - Supportive Housing – 6
  - Extremely Low Income – 6
  - Projects in U.S. Territories – 6
- **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
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 integrally involved in a project or an organization that is integrally involved in a project.

Points are awarded as follows:

**7 points:**
- Not-for-profit sponsor of owner-occupied project that is integrally 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.
Targeting

➢ Rental Projects

- FHLBNY shall confirm the percentage of units that a particular rental project has proposed to reserve for households who earn ≤ 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 ≤ 50% AMI households, 20 points will be awarded.
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. Affordable Housing in U.S. Territories

- 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 prove with documentation
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.

➢ Ineligible if currently imprisoned or otherwise detained
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.

- **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**
Six (6) points for rental projects in which 20% or more of the AHP-assisted units are reserved for households who earn ≤ 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 U.S. 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)
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
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.

Owner-Occupied Projects – **Five (5) points** for projects in which 100% of the primary units in the project are owner-occupied units. This includes owner-occupied rehab or new construction.

Small Projects – Projects with 25 units or less are defined as small projects and will qualify for **five (5) points**.
Green Building Innovation—**Five (5) points maximum** will be awarded to project sponsors who can demonstrate their projects are designed to **meet either of the following two** energy efficiency standards:

**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. Building(s) must be designed to meet the latest version of either Passive House Building Standard based on the construction timeframe.

1. Signed contract with a PHIUS or PHI-certified consultant
   - integral role in the projects’ design, construction, and final energy efficiency testing stages
   - consultant will perform regular on-site inspection and interim testing
   - consultant will conduct final blower-door test

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 during all stages of the development process
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 that will result in the building(s) producing enough renewable energy to meet their own annual energy consumption requirements.

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

   • consultant will perform regular on-site inspection and interim testing

   • consultant will conduct a final Home Energy Rating System (“HERS”) test upon project completion

2. Current resume and description of consultant’s experience in energy efficient construction, including successful project examples

3. Written confirmation from the project’s architect or engineer that they will work in conjunction with the energy consultant during all stages of the development process
Green Building Innovation

**Energy Star Caribbean**

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

1. ENERGY STAR Partnership Agreement for Single-Family Homebuilders and Multifamily Builders and Developers 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 during all stages of the development process
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 35% via renovations to existing structures, defined as changes, additions, or deletions to any system or process that impacts an existing building’s energy consumption

➢ work with a provider to conduct a comprehensive energy audit using industry best practices and standards

➢ all performance assumptions made in the energy audit are translated into bid and construction documents
Green Building Innovation

Rehabilitation Documentation Requirements

1. signed contract with energy audit provider, detailing the provider’s integral role in the project’s design, construction, and final energy savings testing stages

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 during all stages of the development process

4. evidence that the provider is registered, licensed, or approved by a state or territory agency to provide the services described
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
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

  - Members must execute and submit the Member Financial Participation Certification form with their application
AHP Subsidy Per Unit

- 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.
- Projects with lower subsidy per unit requests will receive a higher score.
- For purposes of this scoring criterion, applications for owner-occupied projects and rental projects will be scored separately.
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.
APPENDIX
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
Initial Monitoring

➢ Gathering and analysis of documentation to determine if satisfactory progress is being made towards occupancy, subsidies were used for eligible purposes, 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.
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 homeowner projects 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.

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<thead>
<tr>
<th>Project Characteristics</th>
<th>Status Report Frequency</th>
<th>Annual Certifications</th>
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<tbody>
<tr>
<td>LIHTC allocation</td>
<td>None required</td>
<td>No</td>
</tr>
<tr>
<td>AHP subsidy ≤ $50,000</td>
<td>None required</td>
<td>Yes</td>
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<tr>
<td>Project-based rental assistance</td>
<td>6 years</td>
<td>Yes</td>
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<tr>
<td>AHP subsidy &gt; $50,000 &amp; ≤ $400,000</td>
<td>6 years</td>
<td>Yes</td>
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<tr>
<td>AHP subsidy &gt; $400,000 &amp; ≤ $750,000</td>
<td>4 years</td>
<td>Yes</td>
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<tr>
<td>AHP subsidy &gt; $750,000</td>
<td>2 years</td>
<td>Yes</td>
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