

AHP Disbursements for Tax Credit Projects – Attachments/Financials

2017



1

Webinar Summary

- FHLB underwrites housing projects according to the Feasibility Guidelines contained in Attachment F of the AHP Implementation Plan for the year in which the project was awarded AHP funds.
- Feasibility guidelines are also available in the AHP Tax Credit Rental Disbursement Manual.
- Both resources are available at www.fhlbcin.com.
- Remember the date that you completed this webinar for inclusion in the request package!



2

Rental Feasibility Analysis Report

**Affordable Housing Program
Special Purpose Housing - Group Home Feasibility Analysis**

Application ID:
Project Name:
Project Location:
Sponsor:
Member:
Submission ID:

Criterion	Feasibility Range/Limit	Project Value	Alert
Total Project Costs per Bed	≤ \$10,000	\$17,488.12	Alert: Amount is greater than allowed. Review feasibility exceptions in Request Document Exhibit 1.
Soft Costs as a percentage of Total Development Cost	≤ 10%	21.84%	
Developer Fee as a percentage of Total Development Cost	≤ 15%	14.03%	
Development Fee as a percentage of Total Development Cost of Expense to General Community	≤ 15%		
Land Construction Costs	≤ 15%	\$1,339%	
Capitalized Operating Reserves - Special Purpose Housing (SH) - Historic Downtown Rules	≤ 12 months of operating expenses, after reserves, at replacement market price \$11,100.00/Mo.	\$110,000.00	
Capitalized Operating Reserves - All other projects	≤ 12 months of operating expenses, after reserves, at replacement market price \$124,100.00/Mo.	\$1,241,000.00	
Operating cost per Bed	≤ \$4,000	\$2,294.17	
Annual Replacement - Operating Reserves (see Bed cost table)	≤ \$200	\$174.76	
Management Fee	≤ 10%	8.18%	
Other Operating Costs	≤ 15%	13.11%	
Expense to Sponsor Ratio - Only the Total Project	≤ 80%	81.71%	
Adjusted Net Cash Flow	10% - 10%	108.00%	Alert: This position is only applicable to projects with debt. If your project does not require debt, please contact the project review team please provide an explanation in Request Document Exhibit 1.
Total Cash Flow in Year 11	≤ \$0.00	\$11,412.00	
Total Price Per Bed of Total costs	≤ \$10,000	\$1,000	
AHP subsidy per Bed	≤ \$10,000	\$8,708.76	
Total AHP Subsidy Requested	≤ \$1,000,000	\$1,000,000	

Additional Alerts:

**Affordable Housing Program
Rental Feasibility Analysis**

Application ID:
Project Name:
Project Location:
Sponsor:
Member:
Submission ID:

Criterion	Feasibility Range/Limit	Project Value	Alert
Total Project Costs per Unit	≤ \$135,000	\$133,669.17	
Soft Costs as a percentage of Total Project Costs	≤ 20%	\$1,074%	
Developer Fee as a percentage of Total Development Cost	≤ 10%	5.714%	
Developer Fee as a percentage of Total Development Cost of Expense to General Community	≤ 10%		
Total Construction Costs	≤ 10%	12.500%	
Capitalized Operating Reserves - Special Purpose Housing (SH) - Historic Downtown Rules	≤ 12 months of operating expenses, after reserves, at replacement market price \$16,530.24/Mo.	\$172,480.00	
Capitalized Operating Reserves - All other projects	≤ 12 months of operating expenses, after reserves, at replacement market price \$20,821.00/Mo.	\$2,082,100.00	
Operating cost per Unit	≤ \$1,000	\$1,802.10	
Variable Rate	7% - 10%	3.854%	
Annual Replacement - Operating Reserves (see Unit cost table)	≤ \$400	\$331.13	
Management Fee	≤ 10%	9.02%	
Other Operating Costs	≤ 15%	13.11%	
Expense to Sponsor Ratio - Only the Total Project	≤ 80%	85.07%	
Net Cash Flow	10% - 10%	108.00%	Alert: This position is only applicable to projects with debt. If your project does not require debt, please contact the project review team please provide an explanation in Request Document Exhibit 1.
Total Price Per Bed of Total costs	≤ \$10,000	\$1,000	
AHP subsidy per Unit	≤ \$10,000	\$10,000.00	
Total AHP Subsidy Requested	Lesser of ≤ 1% TPC or \$1,000,000	\$1,000,000	

Additional Alerts:

N/A

Alert: Amount is greater than allowed. Review feasibility exceptions in Request Document Exhibit 1.

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Justifying Feasibility Exceptions

- A project's values must fall within the range or limit of all feasibility parameters in place at the time the AHP application was approved.
- Projects that deviate from these parameters will undergo additional review.
- Justify why FHLB should provide AHP funds to the project and accept any project values outside the guidelines – **VERY IMPORTANT!**
- Justification need not be submitted if the project was approved with an exception to the feasibility parameter at application or modification.



Sources = Uses

- The cost certification must categorize all project expenses and may not include costs not yet expended.
- The cost certification or a separate listing must break out each of the project's permanent funding sources by amount.
- The total of all development costs and sum of all permanent funding sources must be equal.
- AHP will only cover the gap between the total eligible project costs and the sum of all funding sources besides AHP.

Total Project Cost per Unit

$$\frac{\text{Total Project Costs}}{\text{Total Number of Units or Beds}}$$

- Cannot exceed \$185,000 per traditional unit
- Cannot exceed \$50,000 per bed for special purpose housing/group homes/shelters
- Exceptions may be granted for projects with adequate justification.
- Major costs increases from the approved AHP application **require** dialog with FHLB!

Total Soft Cost Percentage

$$\frac{\text{Total Soft Costs}}{\text{Total Project Costs}}$$

- Should not be more than 30%
- Explain what unusual soft cost caused the level of these costs to be so high if the percentage exceeds 30%



SCHEDULE OF SOURCES AND USES OF FUNDS (Cont.)
From Project Inception Through October 31, 2012

	Actual Expenses Costs	Total Project Costs	Project Budget	Agency	Doc#	Classification
Professional Fees						
Architect Fees	\$ 88,000.00	\$ 88,000.00	\$ 4,800.00	Williams Firm	10/19/2009	Pre-design
			\$ 8,000.00	Williams Firm	1/13/2009	Invoice 09-1001-1
			\$ 13,500.00	Williams Firm	1/31/2009	Invoice 09-1001-2
			\$ 22,300.00	Williams Firm	1/19/2010	Invoice 09-1001-3
			\$ 3,000.00	Williams Firm	2/05/2010	Invoice 09-1001-4
			\$ 300.00	Williams Firm	2/09/2010	Invoice 09-1001-5
			\$ 800.00	Williams Firm	1/26/11	Invoice 09-1001-6
			\$ 1,700.00	Williams Firm	2/28/2011	Invoice 09-1001-7
			\$ 1,000.00	Williams Firm	4/6/2011	Invoice 09-1001-8
			\$ 1,000.00	Williams Firm	1/17/2011	Invoice 09-1001-9
			\$ 1,000.00	Williams Firm	1/6/2012	Invoice 09-1001-10
Permits & Fees	\$ 11,883.12	\$ 11,883.12	\$ 119.78	Williams Firm	1/13/2009	Permits/Fees
			\$ 648.03	Williams Firm	1/19/2009	Permits/Fees
			\$ 1,252.50	Williams Firm	12/11/2009	Permits/Fees
			\$ 513.22	Williams Firm	2/26/2010	Permits/Fees
			\$ 721.74	Williams Firm	4/27/2010	Permits/Fees
			\$ 895.00	Williams Firm	6/22/2010	Permits/Fees
			\$ 6,448.78	Williams Firm	2/25/2012	Permits/Fees
			\$ 126.15	Williams Firm	2/28/2011	Permits/Fees
			\$ 176.46	Williams Firm	4/8/2011	Permits/Fees
			\$ 1,092.50	Williams Firm	11/29/2011	Permits/Fees
Other Costs						
Accounting	\$ 205.73	\$ 205.73	\$ 205.73	McDerm Systems	12/23/2009	3702347
Cost Certification	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	Proforma Ultra	10/21/2012	
Legal (not for negotiation)	\$ 4,162.00	\$ 4,162.00	\$ 2,260.00	Wynn, Tarrant & Conble	10/10/2009	191688
			\$ 690.00	Wynn, Tarrant & Conble	11/02/2009	184312
			\$ 470.00	Wynn, Tarrant & Conble	4/17/2010	808812
Construction Utilities	\$ 1,849.72	\$ 1,849.72	\$ 1,060.00	Wynn, Tarrant & Conble	6/14/2012	200071-000408
			\$ 142	Memphis Light Gas & Water	12/20/11	00014-8889-1516-453
			\$ 325.00	Memphis Light Gas & Water	6/15/2011	00014-8889-1516-453
			\$ 225.00	Memphis Light Gas & Water	10/20/2011	00014-8889-1516-453
			\$ 338	Memphis Light Gas & Water	11/19/2011	00014-8889-1516-453
			\$ 337	Memphis Light Gas & Water	13/20/2011	00014-8889-1516-453
			\$ 307.37	Memphis Light Gas & Water	1/12/2012	00014-8889-1516-453
Bid Advertising	\$ 825.00	\$ 825.00	\$ 530.00	Commercial Appeal	10/19/10	10182661
Special Use Permit Fee	\$ 300.00	\$ 300.00	\$ 300.00	MDC Division of Planning	7/8/09	181207
Developer's Fee & Overhead	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		8/14/2012	
Subtotal Soft Costs	\$ 281,237.23	\$ 281,237.23	\$ 281,237.23			
Other Development Costs/Source	\$ 1,236,759.32	\$ 1,236,759.32	\$ 1,236,759.32			

Subtotal Soft Costs:
\$281,237.23

Total Development
Costs/Sources:
\$1,236,759.32

$$\frac{\$281,237.23}{\$1,236,759.32} = 22.74\%$$

**22.74% < 30%, which
meets FHLB's
requirements**

Developer Fee Percentage

$$\frac{(\text{Developer Fee} + \text{Consultant Fee})}{(\text{Total Project Cost} - \text{Developer Fee} - \text{Consultant Fee})}$$

- Maximum is 5% for acquisition-only projects
- Maximum is 15% for new construction/rehabilitation
- Maximum is 20% if owner equity/deferred developer fee exists to cover the amount above 15%
- **FHLB will remove acquisition costs from the denominator of the calculation if they do not represent costs paid to a third party!**



9

AHP Subsidy per Unit

$$\frac{\text{Total AHP Subsidy Requested}}{\text{Number of AHP-assisted Units or Beds}}$$

- Cannot exceed \$50,000 for traditional rental projects
- Cannot exceed \$15,000 for group home/special purpose housing/shelter beds
- If the number of units in the project has changed between the time of AHP award and the time of project completion, submit an AHP Modification Request Form, available at www.fhlbcin.com



10

Total Contractor Costs

$$\frac{(\text{General Requirements} + \text{Construction Mgmt/Overhead} + \text{Contractor's Profit})}{\text{Total Hard Costs} - (\text{General Requirements} + \text{Construction Mgmt/Overhead} + \text{Contractor's Profit})}$$

- Maximum 14%
- Does NOT include acquisition costs as a hard cost
- FHLB does not make exceptions for this feasibility parameter; a violation results in an AHP grant reduction

Capitalized Costs

$$\frac{(\text{Capitalized Replacement Reserve} + \text{Lease-up/Operating Reserves} + \text{Capitalized Asset Management Fee} + \text{Other Capitalized Costs})}{(\text{Operating Expenses} + \text{Debt Service})}$$

Taken from development cost list

Taken from operating budget

- Projects cannot receive more than the annual amount of operating expenses plus debt service payments unless they involve historic rehab or reserve at least 85% of units for households with special needs, then 15 months of costs as reserves is permissible
 - FHLB does not make exceptions to this limit

Quick Quiz #1

What document that you will submit to FHLB will be the basis for analysis of all the feasibility parameters mentioned thus far in this presentation?

A. **The cost certification**

Why should you compare the project's financials to FHLB's ranges and limits prior to submitting a request for AHP funds?

A. **To justify exceptions with the disbursement request and prevent issues**

Itemized 15-year Operating Budget

- List income and expenses by category for the first stabilized year of operations.
- Escalate income and expenses for 15 years at rates that differ by at least 1%, with the escalator for income being lower than the escalator for expenses.
- The income escalator cannot exceed 3% per year.
- Exclude all income and expenses from social service or commercial components of the project.
- Income from rents must match the project's rent and unit schedule for the first stabilized year.
- Hard debt service should match the note.

Vacancy Ratio

$$\frac{\text{Annual Vacancy Loss}}{\text{(Gross Residential Rents + Subsidies)}}$$

- Must be between 5% and 10% for traditional projects
- Can be between 0% and 10% for “Shelter,” “Group home,” or “Special purpose housing” projects

Operating Cost per Unit

$$\frac{\text{Total Operating Expenses*}}{\text{Total Number of Units or Beds}}$$

- Maximum for traditional rental units is \$5,000
- Maximum is \$4,000 for “Shelter,” “Group home,” or “Special purpose housing” beds

*excluding annual replacement reserves

Annual Replacement Reserves

Annual Replacement Reserves
Total Number of Units or Beds

- Must be between \$1 and \$400 per unit per year for traditional rental units
- Must be between \$1 and \$200 per bed per year for “Shelter,” “Group home,” or “Special purpose housing” projects



Annual Replacement Reserves

Project Cash Flow Analysis
Income Expense Statement (Attachment C)

Application ID
Project Name
Project Location
Sponsor
Member
Submission ID

**Net Operating Income =
Net Income – Total Operating Expenses**

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Income																
Accommodations	2.00%															
Concessions																
Ground Rental		\$40,000.00	\$47,000.00	\$47,000.00	\$48,000.00	\$48,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Laundry		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Parking		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Less: Variable		\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Property Operating		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subsidy		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administrative 1		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administrative 2		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Income		\$37,500.00	\$44,500.00	\$44,500.00	\$45,500.00	\$45,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00
Administrative	0.00%															
Management Fee	0.50%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Legal & Audit		\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Advertising		\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Administrative		\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00
Utilities - Common Areas		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities - Apartments		\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Water & Sewer		\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Supplies		\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
Road Estate		\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Total		\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00



Net Cash Flow

Net Operating Income* – Annual Replacement Reserve
– Total Annual Hard Debt Service

- Must be positive in all 15 years of operations
- If Net Cash Flow will be negative in years 12 and later, it will be acceptable if the project can demonstrate that sufficient unrestricted reserves will be available to cover the shortfall

*excluding annual replacement reserves

Adjusted Net Cash Flow

$$\frac{\text{Net Cash Flow}}{(\text{Net Operating Income}^* - \text{Annual Replacement Reserve})}$$

- Must be between 10% and 30% if the project has permanent hard debt
- Not applicable to projects that do not have permanent hard debt
- Justify the amount of debt on the project if this parameter is violated

*excluding annual replacement reserves

Debt Coverage Ratio

$$\frac{(\text{Net Operating Income}^* - \text{Annual Replacement Reserve})}{\text{Total Annual Hard Debt Service}}$$

- Must be between 1.15 and 1.35 in the first stabilized year of operations for projects approved prior to 2017
- Must be less than 1.50 in Year 1 and between 1.0 and 1.1 for projects approved in 2017 and later
- Only applies to projects with permanent hard debt



*excluding annual replacement reserves



Attachment C, Second Page

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Insurance	\$1,000.00	\$1,100.00	\$1,200.00	\$1,300.00	\$1,400.00	\$1,500.00	\$1,600.00	\$1,700.00	\$1,800.00	\$1,900.00	\$2,000.00	\$2,100.00	\$2,200.00	\$2,300.00	\$2,400.00
Pest Control	\$400.00	\$410.00	\$420.00	\$430.00	\$440.00	\$450.00	\$460.00	\$470.00	\$480.00	\$490.00	\$500.00	\$510.00	\$520.00	\$530.00	\$540.00
Maintenance/Repairs	\$4,500.00	\$4,600.00	\$4,700.00	\$4,800.00	\$4,900.00	\$5,000.00	\$5,100.00	\$5,200.00	\$5,300.00	\$5,400.00	\$5,500.00	\$5,600.00	\$5,700.00	\$5,800.00	\$5,900.00
Asset Management Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustment 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustment 2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Operating Expenses	\$6,300.00	\$6,410.00	\$6,520.00	\$6,630.00	\$6,740.00	\$6,850.00	\$6,960.00	\$7,070.00	\$7,180.00	\$7,290.00	\$7,400.00	\$7,510.00	\$7,620.00	\$7,730.00	\$7,840.00
Opening Cash	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00	\$11,195.00
Net Operating Income	\$4,895.00	\$4,785.00	\$4,675.00	\$4,565.00	\$4,455.00	\$4,345.00	\$4,235.00	\$4,125.00	\$4,015.00	\$3,905.00	\$3,795.00	\$3,685.00	\$3,575.00	\$3,465.00	\$3,355.00
Debt Service (Hard Debt)															
1st Mortgage	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00
Principal & Interest	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00
Interest Accrued	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Payable	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00	\$8,066.00
2nd Mortgage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Principal & Interest	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Accrued	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Payable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Replacement Reserve	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00
Net Cash Flow	\$3,095.00	\$2,985.00	\$2,875.00	\$2,765.00	\$2,655.00	\$2,545.00	\$2,435.00	\$2,325.00	\$2,215.00	\$2,105.00	\$1,995.00	\$1,885.00	\$1,775.00	\$1,665.00	\$1,555.00
Social Service Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Scheduled Commercial Repairs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commercial Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DCR (NOI/TDS)	1.34	1.32	1.31	1.29	1.27	1.25	1.23	1.21	1.19	1.17	1.15	1.13	1.11	1.09	1.07

Total Operating Expenses = \$31,195.00

Net Operating Income = \$12,581.00

Total Annual Principal & Interest = \$8,066.00

Annual Replacement Reserve = \$1,800.00

Do not subtract the Annual Replacement Reserve amount from Net Operating Income if the Annual Replacement Reserve is included in Total Operating Expenses.

Expense to Income Ratio

$$\frac{(\text{Total Operating Expenses*} - \text{Annual Replacement Reserve})}{\text{Net Income}}$$

- Must be at least 80% in the first year of stabilized operations
- Only applies to projects without permanent hard debt
- If less than 80%, the project can afford to support debt, and FHLB will make adjustments to the AHP grant amount to account for this

*excluding annual replacement reserves



23

Management Fee Percentage

$$\frac{\text{Management Fee}}{\text{Net Income}}$$

- Cannot exceed 10% of net income
- Must match the management fee identified in the project's partnership or operating agreement



24

Tax Credit Sale Price per Dollar

For Low-Income Housing Tax Credits:

$$\frac{\text{Total Equity Investment}}{(\text{Annual Tax Credit Award} * 10)}$$

- Must be at least \$0.80 per \$1.00 of tax credit received if project was approved prior to 2016; must be at least \$0.90 if awarded AHP funds in 2016 or later
- If sale price is below limit, provide evidence of market conditions at the time of the project's closing

Quick Quiz #2

1. True or false: FHLB requires a copy of the project's current operating budget in FHLB's format, Attachment C, at the time of AHP disbursement.

A. **False**

2. Does "net income" or "net operating income" represent a figure with project expenses removed?

A. **Net operating income**

Rent Affordability

- Determined by the following information:
 - Current-year Multi-family Tax Subsidy Program (MTSP) area median income (as published by HUD) for the county and state in which the project is located,
 - The unit’s targeted income level,
 - The number of bedrooms in the unit, and
 - Contract rent from the project’s occupancy report.*
- Rent affordability need not be calculated for units receiving project-based rental subsidy.
- *Contract rent = tenant rent amount PLUS subsidy paid on behalf of the tenant

MTSP Limits from HUDuser.org

FY 2012 Multifamily Tax Subsidy Project Income Limits Summary

Jackson County was subject to HUD's Hold Harmless Policy in 2007 and 2008.

Section 3009(a)(1)(A) & (ii) of the Housing and Economic Recovery Act of 2008 project was subject to a policy similar to the rules outlined in section 3009(a)(1)(A)(i)(ii) of section 3009. Income limits and their associated rents are defined by the

Denominator for a 2-bedroom unit targeting 50% of AMI

Jackson County, Ohio		FY 2012 MTS Income Limit Category							
FY 2012 MTS Income Limit Area	Median Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Jackson County	\$46,600	60 Percent HERA Special Income Limits							
		\$20,150	\$23,000	\$25,900	\$28,750	\$31,050	\$33,350	\$35,650	\$37,950
		60 Percent HERA Special Income Limits							
		\$24,180	\$27,600	\$31,080	\$34,500	\$37,260	\$40,020	\$42,780	\$45,540

Projects which have not used Income Limits prior to the publication of FY2012 Income Limits for determining income eligibility and maximum rents use the following income limits

Jackson County, Ohio		FY 2012 MTS Income Limit Category							
FY 2012 MTS Income Limit Area	Median Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Jackson County	\$46,600	50 Percent Income Limits							
		\$18,800	\$21,450	\$24,150	\$26,800	\$28,950	\$31,100	\$33,250	\$35,400
		60 Percent Income Limits							
		\$22,560	\$25,740	\$28,980	\$32,160	\$34,740	\$37,320	\$39,900	\$42,480

NOTE: Underlined headings in both the K table link to detailed documentation concerning the calculations of the parameters listed here.

NOTE: Based on paragraph (a)(3)(B) of section 3009 of the Housing and Economic Recovery Act (HERA) of 2008 (Public Law 110-289), projects that used income limits based on the FY2009 publication should use the higher of the FY2009 or FY2011 income limits.

Rent Affordability (cont.)

$$\frac{(\text{Monthly Contract Rent Amount} * 12)}{\text{Annual Area Median Income}}$$

- Use the move-in year's MTSP limits from www.huduser.org.
- Assume one occupant per single-room occupancy (SRO) or efficiency unit and 1.5 persons per bedroom for all units with one bedroom or more.
- Contract rent must be less than 30% of AMI, or FHLB must receive justification of the rent level.

Reminders

- Be sure to assess the project's financials before submitting documentation to FHLB and provide justification for any project values outside of FHLB's ranges or limits.
- FHLB will not accept revised financial documentation once it has been submitted without back-up documentation.
- Request a formal modification to the project if it changes materially from what was submitted in the approved AHP application.

Common Mistakes

- Facts, figures, and documents submitted with the disbursement request contradict other facts, figures, or documents submitted with the disbursement request.
- All of the funding sources included in the approved AHP application or mentioned in the disbursement request documentation do not appear on the funding sources listing.
- Items submitted with the AHP application are resubmitted with the disbursement request.



31

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32