Affordable Housing Program Implementation Plan Summary of Changes and Availability of Other FHLB Programs

AHP Implementation Plan Summary of Changes

The Federal Home Loan Bank of Cincinnati’s (the “FHLB”) Board of Directors has approved changes to the Affordable Housing Program (“AHP”) Implementation Plan (“the IP”) for 2020. The following lists material changes for the 2020 AHP Competitive offering. Please see a complete copy of the 2020 AHP Implementation Plan that will be made available on the FHLB website for detailed program requirements. FHLB will also cover these changes in the AHP workshops to be held April 30 through May 15.

Main Body of Implementation Plan/Definitions

- Set the AHP online application opening date to June 1 and the closing date to July 31
- Removed the need to collect information about the calculation of acquisition costs at the time of AHP application for ownership projects
- Specified that any entities involved in the project may establish site control for a rental project, not just the project’s Sponsor or ownership entity
- Lowered the maximum interest rate to 7.50 percent
- Removed language indicating that FHLB will identify alternates to awarded projects
- Identified requirements for relocations plans assessed at the time of AHP application

Scoring Criteria

- **Member Financial Participation** - Revised the criteria to allow construction loans funded by bonds to receive points in this category; eliminated the ability of permanent loans to receive points in this category if funded by consortiums, loan pools or participations, and/or projects for which a Member purchases the bonds but does not provide the permanent financing; removed the stipulation for the construction or bridge loan point so that no minimum principal is required; and, finally, removed the minimum term stipulation for the non-subsidized FHLB advance point
- **Special Needs Housing** - Added “persons aging out of foster care, an orphanage, or other residential facility” as a component of the definition of “Special needs”
- **Empowerment** - Allows homeowners’, not just homebuyers’, counseling to receive the two points for mandatory counseling
- **Project Sponsorship** - Clarified that points are only awarded for construction/rehabilitation or first mortgage permanent loan points when an “Eligible Sponsor” will fulfill the individual criterion as the sole provider, not a provider of at least 51% of the activity
Community Stability - Revised the way projects qualify for the Average Income Factor point by reducing the percentage of units required to receive the point (to 20%) but increasing the factor those units would have to achieve (to 120%); limited the economic diversity via income targets point to only rental projects; and added passive house, Energy Star, and other third-party certifications with the prior approval of FHLB to qualify as rating programs eligible for energy-efficient new construction points.

Tie-Breaker - Added tie-breaking scoring categories and rearranged the order in which they are applied.

Compliance Requirements

- Changed all references from “monitoring” to “compliance”
- Lessened audit requirements for projects that also received funds from USDA 514/515 programs, the sale of Low Income Housing Tax Credits, or other programs specified by regulatory guidance in accordance with updates to the AHP regulation
- Require prompt written notice to the FHLB if a project is in material and unresolved noncompliance with the requirements of another funding source

Project Modifications

- Indicated that the Sponsor/Owner must provide detail as to the efforts made to cure noncompliance and the reason(s) why the cure was not successful or attempted in order to receive a modification to a project

Project Feasibility Guidelines

- Includes “homeowners association dues, lot rent, leasehold payments, mortgage insurance premiums, and any other predetermined housing expenses” as components of a household’s monthly payments when calculating affordability
- Increased the maximum operating cost per unit feasibility parameter for non-permanent supportive housing projects to $5,500 and for permanent supportive housing projects to $6,000

Retention Agreement Requirements

- Modified the owner and rental retention language to align with the revised AHP regulation
- Removed the requirement that rental projects receiving over $750,000 in AHP funds use a note and mortgage instead of a deed restriction as the FHLB retention mechanism

Other Housing and Community Investment Programs

The FHLB will continue to offer the following programs in 2020. For complete information on any of these programs, please go to the Community Investment section of the FHLB’s website.

Welcome Home Program

The Welcome Home Program offers grants up to $7,500 for down payment and closing cost assistance to low- and moderate-income homebuyers. Eligibility is determined by total household income relative to limits adopted by the appropriate state housing finance agency, adjusted for family size. The program
will open for reservations on March 2, 2020. Funds are reserved on a first-come, first-served basis as long as funds are available. Changes to this program for 2020 include:

- Decreasing the maximum first mortgage interest rate to 7.50 percent,
- Adding homebuyers who are in the United States National Guard, military reserves, and surviving spouses of military personnel to active duty military personnel and honorably discharged veterans as those eligible for grants of up to $7,500 (all other homebuyers are eligible for up to $5,000), and
- Removing the minimum loan term for a permanent loan used by a homebuyer receiving funds.

Disaster Reconstruction Program

The Disaster Reconstruction Program provides grants up to $20,000 for homeowners and renters who suffered a loss due to a federal- or state-declared disaster. Applicants must have been residing in their primary residence at the time of the disaster and apply for the grant within 24 months. Eligibility is determined by total household income relative to limits adopted by the appropriate state housing finance agency, adjusted for family size. Funds are reserved on a first-come, first-served basis as long as funds are available. This program is currently open.

Carol M. Peterson Housing Fund

The Carol M. Peterson Housing Fund provides grants up to $7,500 for accessibility rehabilitation and emergency repairs for elderly households and those with special needs. Eligibility is determined by total household income relative to limits adopted by the appropriate state housing finance agency, adjusted for family size. The program will open for reservations on June 1. Funds are reserved on a first-come, first-served basis as long as funds are available.

Community Investment Program

The Community Investment Program offers discounted advances to Members to finance the purchase, construction, or rehabilitation of housing and economic development projects in areas with qualifying income or demographic factors. This program is currently open.

Economic Development Program

The Economic Development Program offers discounted advances to finance commercial, industrial, agricultural, small business, public facilities, day care, and infrastructure projects in areas with qualifying income or demographic measures. This program is currently open.

Zero Interest Fund

The Zero Interest Fund is a revolving $2 million fund offering loans of up to $100,000 to finance upfront infrastructure and acquisition costs in an effort to promote housing and economic development. This program is currently open.

Please contact the Housing and Community Investment Department at 888-345-2246 with any questions.

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