

Affordable Housing Program

2019 Scoring and Required Documents



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Affordable Housing Program

- Provides direct grants to support the development of ownership and rental housing for very low- to moderate-income households ($\leq 80\%$ AMI)
 - Federally-regulated
 - Guided by the AHP Implementation Plan
- Competitive application process; projects are evaluated based on:
 - Eligibility and threshold requirements
 - Financial feasibility
 - Scoring criteria



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AHP Participants - Sponsor

- Sponsors are housing providers and developers, such as:
 - ❑ Non-profit organizations
 - ❑ For-profit entities
 - ❑ Housing finance agencies
 - ❑ Government agencies
 - ❑ Other types of organizations
- Sponsors must have an eligible ownership interest or be integrally involved in the project to receive points in the AHP scoring system.



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AHP Participants - Member

- Members are financial institutions, such as:
 - ❑ Credit Unions
 - ❑ Commercial Banks
 - ❑ Insurance Companies
 - ❑ Savings Institutions/Thriffs
 - ❑ Community Development Financial Institutions
- All applications need a Member in order to submit an AHP application.
- Find the FHLB Cincinnati Member Directory at www.fhlbcin.com under “Who We Are.”
- Projects can receive points in the AHP scoring system for the Member’s role in the project.



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AHP Application Process

- Sponsor (or application preparer) completes the application and submits it electronically to Member.
- Member reviews and completes the application and submits it electronically to FHLB.
- Sponsor and Member submit required documents to support or explain information in the application.
- “Required Documents” are an integral part of the application, and the application cannot be submitted to the FHLB without all documents.



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AHP Scoring

- AHP projects that are determined to be feasible and that meet FHLB’s eligibility criteria will be scored and ranked according to the scoring system defined in the Scoring Criteria section of the AHP Implementation Plan.
 - ❑ Some of the criteria allow for awarding a variable number of points based on the degree to which a criterion is satisfied.
 - ❑ Other criteria award a fixed number of points if the criterion is satisfied.
 - ❑ A self-score may be altered depending on the supporting documentation submitted.



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AHP Scoring Criteria (100 Point System)

- | | |
|------------------------------|-----------------------------|
| ▪ FHLB Cincinnati Priorities | ▪ All FHLBs |
| □ Member Participation (5) | □ Donated Property (5) |
| □ First-time Homebuyers (5) | □ Sponsorship (5) |
| □ Community Involvement (3) | □ Empowerment (5) |
| □ Projects in OH, KY& TN (5) | □ AHP Subsidy per Unit (10) |
| □ Special Needs Housing (10) | □ Income Targeting (20) |
| □ Housing in Appalachia (3) | □ Homeless Housing (5) |
| □ Funding Commitments (4) | □ Community Stability (10) |
| □ AHP Leveraging (5) | |



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2019 Scoring Changes

- Revised criteria in Outside Funding Commitments category to include permanent loans provided by the Member as an “eligible funding source”.
- Project Sponsorship points will only be awarded if an “Eligible Sponsor” will be the sole provider.
- Revised criteria for Consistent with an approved/current housing assistance/neighborhood stabilization plan to allow certification by a local town, city or county governmental entity.



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2019 Scoring Changes

- Revised the scoring criterion for “Projects located in a Qualified Census Tract” to allow any project creating residential economic diversity where 100% of its units are located in a census tract with an Average Income Factor greater than 60%, OR at least 20% of the project’s units are targeted to households with incomes above 60%. 1 point awarded.



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Member Participation (Max 10 Points)

- Member’s provision of first mortgage permanent loan(s) with term(s) of at least 15 years (2 points).
- Member’s provision of a construction or bridge loan to the project of at least 35% of the project’s construction or rehab costs (1 point).
- Member’s cash contribution of \geq \$500 (1 point).
- Member’s servicing of borrower loans (1 point).



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Member Participation (Cont.)

- Point(s) for a rate at least 0.50% below market on a Member loan:
 - ❑ 1 point for a discount on the construction loan; **OR**,
 - ❑ 2 points for a discount on the permanent loan.
- Member's utilization of a non-subsidized FHLB Advance to finance the project (1 point).



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First-time Homebuyers (Max 5 points)

- Points are based on the proportion of units meeting the FHLB's definition.
- "First-time homebuyer" = an individual or household who has not owned a home during the three-year period prior to the purchase of a home, except that FHLB has provisions for:
 - ❑ Displaced homemakers ❑ Single parents
 - ❑ Individuals or households who own homes that are not intended as dwellings, were lost through natural disaster, or are "Manufactured housing"



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Community Involvement (Max 3 points)

- Projects can receive one point for each:
 - At least eight hours of volunteer landscaping labor that a community organization provides to the project;
 - At least \$500 in goods or services that a community organization donates to the project; and,
 - At least \$500 in fee waivers that the local government makes for the project (i.e. tap, zoning, building permits).
- The community organization involved in these points **cannot** meet FHLB's definition of a "Related party."



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Projects In-district (Max 5 points)

- Projects with all units located in FHLB's Fifth District (consisting of Ohio, Kentucky, and Tennessee) will receive five points in this scoring category.
- Projects with **any** units outside of Ohio, Kentucky, and Tennessee will not receive **any** points in this scoring category.



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Special Needs Housing (Max 10 points)

- Rental and Owner-occupied Rehab scale:

<u>% of Units Reserved for Households</u>	<u>Points</u>
> 85% of units	10.0
> 70% - ≤ 85% of units	8.0
> 50% - ≤ 70% of units	6.0
> 35% - ≤ 50% of units	3.0
> 20% - ≤ 35% of units	2.0
= 20% of units	1.0

- Ownership projects get 5 points for reserving at least 20% of the units for households with special needs.



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Special Needs Definition

- “Special needs” means any person or household member meeting the definition of “elderly” (60 or older) or any person or household member meeting one of the following additional definitions:
 - ❑ Physically disabled
 - ❑ Mentally disabled
 - ❑ Developmentally disabled
 - ❑ Co-occurring disabled
 - ❑ Persons with AIDS
 - ❑ Chemically dependent
 - ❑ Physically or emotionally abused



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Housing in Appalachia (Max 3 points)

- Projects with all units in counties that the Appalachian Regional Commission defines as “Appalachian” will receive three points in this scoring category.
- Projects with some units in Appalachian counties will receive a prorated portion of the three points.



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Outside Funding Commitments (Max 4 points)

- Determined by the amount of “Eligible outside funding” in place at the time of AHP application.
- Projects with less than 25% of funding committed do not receive points.
- “Eligible outside funding” = grants or loans from federal, state, or local governments; grants or loans from private or public foundations; or tax credits.



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AHP Leveraging (Max 5 points)

- Projects can receive three or five points depending on the percentage of total residential costs that AHP represents.
 - ❑ AHP $\geq 1\%$ but no more than 25% earns 5 points
 - ❑ AHP $> 25\%$ but less than or equal to 50% earns 3 points
- These points are awarded based on data entered into the AHP application.



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Donated/Conveyed Property (Max 5 points)

- Points awarded if at least 20% of the units will be transferred to the Sponsor, project, or homebuyer ***within five years*** of August 8, 2019:
 - ❑ Property is “donated” when it is given to a project for free, for a nominal amount, or from the federal government.
 - ❑ Property is “conveyed significantly below market value” when it is transferred for 50% or less of fair market value, which is worth 3 points (related party sales are ineligible).
- Donated property is worth 5 points unless it was donated by a related party, which is worth 1 point.



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Sponsorship (Max 5 points)

- Primary Sponsor that is a 501(c)3 or 501(c)4 organization will receive 2 points.
- If the project's primary Sponsor is an "Eligible Sponsor" they can earn 1 point each for providing one of the following:
 - ❑ A financial contribution of at least \$500
 - ❑ Pre-development activities (*if Sponsor is sole Developer*)
 - ❑ Construction/rehab by Sponsor's employees or volunteers
 - ❑ Marketing/outreach activities (*ownership projects only*)
 - ❑ First mortgage permanent loans (*ownership projects only*)
 - ❑ Property management (*rental projects only*)



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Empowerment (Max 5 points)

- Sponsors providing the following opportunities to tenants or homeowners will earn 1 point each:
 - ❑ Employment training, skills training, or job placement
 - ❑ Daycare
 - ❑ Credit counseling/budgeting
 - ❑ Education Services
 - ❑ Tenant on Sponsor's Board (*rental projects only*)
- Ownership projects providing Homebuyer counseling can earn 2 points.
- Services must be available to all project participants to receive points in this category.



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AHP Subsidy per Unit (Max 10 points)

- The highest number of points are awarded for projects using the least amount of AHP subsidy.
- AHP subsidy ranges:

□ ≤ \$10,000	10 pts.
□ > \$10,000 and ≤ \$13,750	8 pts.
□ > \$13,750 and ≤ \$17,500	6 pts.
□ > \$17,500 and ≤ \$21,250	5 pts.
□ > \$21,250 and ≤ \$25,000	4 pts.
□ > \$25,000	0 pts.



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Income Targeting (Max 20 points)

- Points are based on the weighted average income of households to be served according to the scale below:

	<u>Rental</u>	<u>Owner</u>
□ > 65% and ≤ 80%	10 pts.	15 pts.
□ > 60% and ≤ 65%	12 pts.	17 pts.
□ > 55% and ≤ 60%	14 pts.	18 pts.
□ ≤ 55%	18 pts.	19 pts.
□ 60% of units @ ≤ 50% AMI	20 pts. (rental)	
□ 100% of units @ ≤ 50% AMI	20 pts. (ownership)	
- Rental projects must fill at least 20% of units with households with incomes at or below 50% of median.



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Homeless Housing (Max 5 points)

- Projects creating housing reserved for “Homeless households” will receive points based on the percent of targeted units:

Percent of Units

- | | |
|--|--------|
| <input type="checkbox"/> >85% | 5 pts. |
| <input type="checkbox"/> >50% and ≤85% | 2 pts. |
| <input type="checkbox"/> ≥20% and ≤50% | 1pt. |
- Shelters and other housing types not providing a minimum occupancy of 6 months are not eligible for these points.
 - Occupied projects are not eligible for these points.



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Homeless Household Definition

“Homeless household” means a household made up of one or more individuals, who:

- ☐ Reside in overcrowded housing
- ☐ Are facing loss of their home due to condemnation/eviction
- ☐ Lack a fixed, regular, and adequate nighttime residence
- ☐ Have a primary nighttime residence that is:
 - A supervised publicly or privately operated shelter
 - An institution that provides a temporary residence for individuals intended to be institutionalized;
 - A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings
 - A “ pre-1976 mobile home”



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Community Stability (Max 10 points)

- Up to 5 points available for projects rehabbing vacant property acquired via foreclosure, deed in lieu of foreclosure, or short sale (unless Sponsor was the mortgage holder) on a prorated basis.
- 1 point available for each of the following:
 - ❑ Projects with 100% of its units located in census tract with an Average Income Factor greater than 60% **OR** at least 20% of its units targeted to households with income >60% AMI.
 - ❑ Projects in which all units are consistent with an approved neighborhood stabilization/governmental plan.



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Community Stability (Cont.)

- Up to 5 points available for new constructions projects creating energy-efficient new homes on a prorated basis if projects receives:
 - ❑ LEED certification
 - ❑ HERS rating of 85 or less
 - ❑ REScheck calculation of 15% or better than 2009 code
 - ❑ Enterprise Green Communities certification



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Community Stability (Cont.)

- Up to 5 points available for *one* of the following on a prorated basis:
 - ❑ Adaptive reuse;
 - ❑ Preservation of affordable rental units;
 - ❑ Substantial rehabilitation of at least \$10,000 in construction hard costs per unit; or,
 - ❑ Preservation of owner occupied housing where at least \$5,000 will be used to maintain habitability.



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AHP Scoring - Notes to Remember

- Units occupied at the time of application do not qualify for homeless points.
- Units do not qualify for donated points if any portion of the subject property was purchased.
- Vacant and foreclosed properties that must be razed and reconstructed, or properties where the Sponsor is the mortgage holder do not qualify.
- Income targeting must be consistent throughout all parts of the AHP application.



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Caution: “Just Trying to Score High”

- Do not commit to scoring criteria that you *think* your project can achieve—only commit to what you **know** the project can do **and can document!**
- As a last resort, FHLB can modify a project to remove commitments once an AHP award is made if
 - ❑ The change has good cause; and,
 - ❑ The project’s score would remain in the funded range from year awarded.
- If the project cannot retain a high enough score, **all AHP subsidy will be withdrawn or recaptured.**



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Preliminary Self Score vs. Final Score

- Preliminary self scores will be assigned at the time of AHP application submission to FHLB based solely on responses to specific questions in the online application (if you check the box, you get the points).
- **Final scoring will be based on review of the Required Documents submitted and whether or not the information supports the requested score.**



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Required Documents



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Submitting Required Documents

- Required documents are requested based on how questions are answered in the online application and can be uploaded at the question level,

What is the total residential square footage for the project (not including Non-residential or Commercial space)? Upload Exhibit L4 in conjunction with this question.

8680

Requires Document L4

Uploaded Documents:

File Name	Document	Date Uploaded
201601-0045 All purpose.docx	L4	1/24/2018

[VIEW](#)

or

- Uploaded at the end of the Scoring of the application.

Certifications | Required Documents Review

ASP Application

All Required Documents must be submitted before submitting the application. If you do not believe a specific Required Document applies to this project, upload an explanation of why the document does not apply. The following is a list of documents required for this application. Upload any missing required documents, upload a not true below. Also be sure to check the bottom of this list for any documents where the application has generated and upload any necessary documentation for them as well.

Upload Document A1: Exhibit A1 - Executed "Terms and Conditions for Member" document for the Primary Member in the project (this document is printed under Application (Certifications). This document must be: A. Signed by a representative of the Member authorized to draw funds from the FHLB; and, B. Dated in the current year.

UNLOADED DOCUMENT

Question: Primary Member Name

*This question is missing required documents.



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Submitting Required Documents

- All Required Documents must be uploaded prior to submitting the application to the Member.
- Specific instructions are given on each exhibit explaining what is required.

Upload Document L3a: Exhibit L3a - RENTAL REHAB PROJECTS ONLY: Document the amount of existing reserves the project currently has in place. Provide a copy of the bank statement for the reserve account(s). These funds must appear as a funding source in this application unless adequate justification for excluding them from this application is provided.

UPLOAD DOCUMENT

Question: Project Activity ⓘ
*This question is missing required documents

- Explanation of each exhibit requirement may also be found by clicking on *Full List of Required Documents* in the Application Guidance of the online application.



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Submitting Required Documents

- If you think an Exhibit does not apply to your project, submit an explanation indicating why it doesn't apply in lieu of submitting the Exhibit.
- FHLB will no longer accept required documents in paper form. ALL required documents must be submitted via the online application by the **application deadline, 5:00 P.M. EDT, August 8, 2019.**
- Documentation not submitted properly may result in:
 - ❑ Reduction in points in the AHP scoring system; or
 - ❑ Rejection of the AHP application.



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Required Documents Listing

Housing & Community Investment

2019 Affordable Housing Program

Required Documents

FHLB CINCINNATI

NOTE: This is an all-inclusive list of each required document that may be requested as a result of answers entered into the Federal Home Loan Bank of Cincinnati (FHLB) Affordable Housing Program (AHP) online application. All required documents must be uploaded in OASYS before the application can be submitted to the FHLB.

Exhibit	Description
A1	Executed "Terms and Conditions for Member" document for the Primary Member in the project (this document is posted under Application Guidance). The document must be: A. Be signed by a representative of the Member authorized to draw funds from the FHLB; and, B. Dated in the current year.
A2	Executed "Terms and Conditions for Member" document for each other Member participating in the project as identified in the AHP application (this document is posted under Application Guidance). The document must be: A. Signed by a representative of the Member authorized to draw funds from the FHLB; and, B. Dated in the current year.
A5	Executed "Terms and Conditions for Sponsor" document for the project's Primary Sponsor (this document is posted under Application Guidance). The document must be: A. Signed by the Sponsor's Chief Executive Officer/President/Executive Director or the Sponsor organization's Board Chair; and, B. Dated in the current year.
A6	Executed "Terms and Conditions for Sponsor" document for the Secondary Sponsor identified in the AHP application (this document is posted under Application Guidance). The document must be: A. Signed by the Sponsor's Chief Executive Officer/President/Executive Director or by the Sponsor organization's Board Chair; and, B. Dated in the current year.
A7	Previous award of AHP funds from the FHLB Cincinnati or another FHLB Bank: • Provide a copy of the AHP application and financials previously approved for AHP funding for this project, as well as information about any changes or modifications that have occurred since award of funds.
A8	Completed "Second Sponsor Information Form" document with information about the second Sponsor identified in the AHP application (this document is posted under Application Guidance). • Complete, print and submit all tabs/spreadsheets in the "Second Sponsor Information Form" Excel workbook document.

Full list available under "FAQ" in OASYS application



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Required Document Formatting

- Documents must generally show all of the following:
 - Source of the information (IRS, Member, etc.), often including the signature from the source;
 - Name of the project/AHP project Application ID#;
 - Current year's date (some exceptions apply); and,
 - Content as specified for exhibit.
- Exhibit A documents no longer require that original signatures be sent to FHLB but must still be signed by an authorized signatory.



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Exhibits A1 / A2

Member Terms and Conditions

- Contains acknowledgments, representations and warranties as part of the contract between the Member, Sponsor, and the FHLB.
- Submitted by each Member drawing AHP funds.
- Document must be:
 - ❑ Signed by an individual at the Member institution authorized to draw funds from FHLB; and,
 - ❑ Dated in the current year.



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Exhibits A5 / A6

Sponsor Terms and Conditions

- Executed Terms and Conditions for the Primary Sponsor (A5) and Secondary Sponsor (A6), if applicable.
- Found under “Application Guidance” in the Online Application.
- The document must be:
 - ❑ Signed by Chief Executive Officer /President / Executive Director, Board Chair or another Sponsor officer; and,
 - ❑ Dated within the current year.



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Exhibits A7

Previous AHP Award Documentation

- Required if project received AHP funds from FHLB Cincinnati or other Federal Home Loan Bank.
 - ❑ Provide evidence of award of the AHP award amount, financials for original award, and information on changes to project.
 - ❑ DO NOT submit the entire AHP application.
- **Common Errors**
 - ❑ Previous awards are not disclosed.
 - ❑ Financials are not submitted or incomplete.



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Exhibits A8

Second Sponsor Information Form

- Only required if more than one Sponsor is identified in the AHP application.
 - ❑ Provides information on second Sponsor's experience in Housing.
 - ❑ Sponsor must complete information on all previous projects, staff and Board experience.
- **Common Errors**
 - ❑ Tabs are not filled out completely.
 - ❑ Second Sponsor does not demonstrate adequate experience (*acceptable if Primary Sponsor is experienced*).



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Exhibit B1 - B9

Member Commitments

- A letter from the Member is required. The letter must:
 - ❑ Appear on Member letterhead;
 - ❑ Be fully executed and dated within current year;
 - ❑ Reference the project by name and/or project number; and,
 - ❑ Specifically state the commitment being made to the project.
- Permanent loan fees and debt service must be shown on the development budget, if applicable.
- Below market points will not be given if the requirements are not met for construction or permanent loan points.



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Exhibit B1 - B9

Member Commitments

- Construction loan fees and interest must be shown on the development budget unless Member letter states that fees/interest will be waived.
- Loans serviced by Member must be at no cost to the Sponsor for Ownership projects.
- The percentage of bonds or tax credits directly purchased by Member must be specifically stated and be shown as tax credit equity or bond financing on as a funding source.



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Exhibit B1 - B9

Member Commitments

- Common Errors
 - Member did not specify the term of loan and rate, or rate is not stated as being at least .50% below market.
 - Information on letter conflicts with other documentation.
 - Letter specifies that it does not represent a commitment to lend to project.
 - Loan fees are not shown on the development budget without an explanation in the Member letter.



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Exhibit C4

Community Involvement

- Commitment by local government to waive a fee that will result in savings of at least \$500 to project.
- Provide a resolution or ordinance that is specific to the project or letter from government. Letter must:
 - Be signed by authorized signer, dated in current year;
 - Appear on official letterhead;
 - Specifically state the amount of the waiver; and,
 - Apply to the development of the current project.



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Exhibits D1a

Habitat Status

- Habitats must submit a letter of good standing from the parenting organization.
- The letter must:
 - ❑ Provided on the parenting organizations letterhead;
 - ❑ Be signed by authorized member of the organization; and,
 - ❑ Be dated in the current year.



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Exhibits D3

Sponsor Financial Commitment

- Sponsor commitment to provide cash contribution of at least \$500 to this specific project .
- Commitment must be shown as a funding source.
- Letter submitted must:
 - ❑ Appear on Sponsor letterhead;
 - ❑ Signed by Board Chair, Executive Director or Sponsor officer;
 - ❑ Dated in the current year; and,
 - ❑ Specify cash contribution amount and project name.



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Exhibits D4

Sponsor Predevelopment Commitment

- Sponsor commitment to provide predevelopment activities to the project.
- Sponsor must reference the project and describe activities that will be performed in detail in letter format. Letter submitted must:
 - ❑ Be dated in the current year;
 - ❑ Signed by Board Chair or Executive Director; and,
 - ❑ Appear on Sponsor letterhead.



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Exhibits D5

Sponsor Permanent Financing Commitment

- Applies to Ownership Sponsors who will provide permanent financing to borrowers.
- Sponsor must close at least 51% of loans in their name.
- Mortgage information should be consistent with terms provided in the application.
- Submitted letter must:
 - ❑ Be dated in the current year and reference project;
 - ❑ Signed by Board Chair, Executive Director or Sponsor officer; and,
 - ❑ Appear on Sponsor letterhead.



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Exhibits D5

Sponsor Permanent Financing Commitment

- Common Errors
 - ❑ Mortgage information specified (term, rate, etc.) does not match information entered in online application.
 - ❑ Number of units stated in letter does not match proposed unit count without explanation.
 - ❑ Letter not dated in current year.
 - ❑ Letter not signed by authorized signer, as stated in the Exhibit requirements.
 - ❑ Acquisition Plan states that loans will be closed by Member of other entity.



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Exhibits D6 / D7

Sponsor Management and Marketing

- Applies to rental projects only.
- Sponsor must provide letter committing to manage the property (Exhibit D6) and market the project without the aide of a realtor (Exhibit D7).
- Submitted letter must:
 - ❑ Be dated in the current year and reference project;
 - ❑ Signed by Board Chair, Executive Director or Sponsor officer; and,
 - ❑ Appear on Sponsor letterhead.



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Exhibit E1 - E7

Empowerment

- Provide a brochure or other published material demonstrating Sponsor's provision of a service or activity;
or
- Provide a MOU between the Sponsor and a third party identifying the service or activity that will be provided and a brochure from the service provider.
 - ❑ The MOU must be:
 - Executed within the current calendar year on a current form;
 - Signed by both the Sponsor and the third party;
 - State the service provided, how long it is available to project, where the service will be provided and the cost.



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Exhibit E1 - E7

Empowerment

- Provision of Homebuyer Counseling, Credit Counseling/Budgeting or Financial Literacy (E1/E2)
 - ❑ Financial literacy service must cover the topics provided through the FDIC Money Smart Curriculum.
 - ❑ Homebuyer counseling available for Ownership projects only and should cover Mortgage Financing, Credit Worthiness, Household Budgeting, and Home Maintenance.
- Employment and Skills Training (E3)
 - ❑ Services must be provided by an organization recognized as experienced in employment and/or job skills training.



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Exhibit E1 - E7

Empowerment

- Education Training (E4)
 - ❑ Provided by an organization experienced in education such as GED programs or college/community college placement programs.
- Daycare Services (E6)
 - ❑ Services provided by an organization recognized as experienced in daycare/childcare services.
 - ❑ Elder care services, before/after school programs, and head start programs **do not** qualify.
- Tenant Position on Sponsor's Board (E7)
 - ❑ Certification from Sponsor's Board certifying that a tenant of the project will hold a position on the Board with all rights and responsibilities must be:
 - Signed by the Board Chair or Secretary and be dated within the current year;
 - Indicate the Board action taken for the specific project; and,
 - Outline the procedures for the selection process.



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Exhibit E1 - E7

Empowerment

- Common Errors
 - ❑ MOU is with a referral service and not the organization that provides the service.
 - ❑ The MOU is filled out incorrectly and/or is not signed by all parties.
 - ❑ A brochure is not provided for the empowerment service or the brochure does not adequately address service to be provided.
 - ❑ Service is not appropriate for the population being served.
 - ❑ Service will not be provided in proximity to the project location.
 - ❑ Certification for Tenant on Board is not signed by Board Chair or Secretary.



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MOU - Sample

Must be signed
by Sponsor and
service provider

AFFORDABLE HOUSING PROGRAM MEMORANDUM OF UNDERSTANDING	
BETWEEN	
Life Enrichment Center	
(Third Party Service Provider – Please type or print name)	
AND	
HCL Inc.	
(Sponsor/Owner – Please type or print name)	
THAT IS THE	
SPONSOR/OWNER ENTITY FOR	
HCL HomeL	
(Project Name – Please type or print name)	
<p>The Sponsor/Owner identified above has applied for Affordable Housing Program (AHP) subsidy from the Federal Home Loan Bank of Cincinnati (FHLB) and has made certain representations to the FHLB regarding the provision of affordable housing to very low-, low-, and moderate-income households/tenants and the provision of services to those households/tenants. To further accomplish a better way of life, the Third Party Service Provider identified above desires to make available the following programs and/or services to eligible residents of the proposed AHP project named above:</p>	
What is the name of the services or program?	Adult Education
What is the nature of the services or program?	GED Preparation / test
How many "slots" or households can/will be served?	As many as needed
Over what time period will the services be available?	Continuous and ongoing
Where will the services or program be provided?	At the Center
How much will be charged (or on what basis will a charge be imposed)?	Free
<p>The intent to provide the above outlined programs and/or services is hereby affirmed and agreed to by the Project Sponsor/Managing Partner or Owner and the Third Party Service Provider. Together, we agree that the programs and/or services shall be provided for the benefit of the qualified households/tenants who shall reside in the AHP-assisted units, subject to determination of eligibility and desire of the household to receive and incur the related cost, if any.</p>	
<p>AGREED TO AND SIGNED this 17th day of April, 2017</p>	
<p>Bruce Banner Sponsor/Owner Name (Typed)</p>	<p>George Costanza Third Party Service Provider Name (Typed)</p>
<p><i>Bruce Banner</i> Sponsor/Owner Signature</p>	<p><i>George Costanza</i> Third Party Service Provider Signature</p>
<p>Attach a brochure or other published material which specifically demonstrates that the Third Party Service Provider offers such programs or services as described and committed to above. This MOU must be dated within the current calendar year (2015), and have a brochure or other published material attached in order to receive points.</p>	

Program
stated here
must
coincide
with
brochure



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Exhibit F2 Neighborhood Stabilization Plan

- Submit the *Certification of Consistency with the Consolidated Plan* form found in the Application Guidance of the online application; or
- A fully executed letter from the government entity in whose jurisdiction the project is located certifying that the project is consistent with a neighborhood stabilization or comprehensive plan.
- Project with units in more than one jurisdiction must submit a letter from each jurisdiction.



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Exhibit F3

Adaptive Reuse

- Rental project rehabilitation/conversion of an existing structure into housing units (i.e. school to apartments).
- Structure cannot have previously been used for housing of any type.
- Must submit documentation that clearly states the project's current non-residential use with one of the following:
 - ❑ Local zoning information;
 - ❑ Property Value Assessment data;
 - ❑ Existing building floor plan; or,
 - ❑ Other documentation approved by the FHLB prior to submission.



59

Exhibit F9

Relocation Plan

- Relocation Plan required for all rental rehabilitation projects currently occupied.
- Plan must include all costs associated with relocating displaced residents and match amount stated in the application, or an explanation if there are no costs.
- **Common Errors**
 - ❑ Costs in plan do not match amount shown on budget or no costs are shown with no explanation.
 - ❑ Plan is general and not relevant to proposed project or population.



60

Exhibit G1

Rental Project Occupancy Report

- FHLB occupancy report must be submitted for all currently occupied rental projects.
- The number of units, special needs information, income targeting, unit size, and rent amount must match the information stated in the application. If not, an explanation must be provided.
- Gross income must reflect the households current gross income. Tenants will need to be recertified prior to AHP application submission.



61

Exhibit G1

Rental Project Occupancy Report

- Common Errors
 - ❑ Report shows fewer units than project will contain with no explanation.
 - ❑ Application requests homeless points but report shows that all units are occupied.
 - ❑ Application requests points for special needs or elderly units but report does not indicate that any of the occupied units are special needs or elderly.
 - ❑ Current household incomes exceed the proposed project income targeting.



62

Exhibit G2

Homeless Households Housing Policy

- Policy adopted by Sponsor's Board affirming that homeless households may stay for at least six months in transitional housing.
- The policy must be:
 - ❑ Signed by the Board Chair or Secretary; and,
 - ❑ Dated in current year unless a Board resolution was previously approved.



63

Exhibit H1/H3

Donated Property - Rental Only

- Donated means a property is conveyed without monetary consideration or for a nominal amount.
- Property may be donated by the Federal government or agency thereof, local government entity or unrelated party.
- Verify donation by submitting the final, executed copy of the deed, donor letter, or purchase contract that identifies:
 - ❑ From whom the property was donated;
 - ❑ When the property was donated; and,
 - ❑ That the property was conveyed without monetary consideration.



64

Exhibit H1/H3

Donated Property - Rental Only

- Common Errors
 - ❑ Documentation provided shows a significant amount paid for the property or that a portion of the property was paid for by Sponsor;
 - ❑ Development budget shows a paid land cost.
 - ❑ Deed provides no statement of financial consideration (does not indicate donated).
 - ❑ Documentation is not fully executed.
 - ❑ Documentation does not show the seller of the property or the seller does not qualify (i.e. seller is a related party).
 - ❑ Identified property does not match proposed AHP property.



65

Exhibit H2/H4



- Evidence of primary census tract
 - ❑ Provide screenshot from FFIEC website showing the property address and correct census tract.
- Evidence of congressional district
 - ❑ Provide screenshot from census.gov showing project county with Congressional district; or,
 - ❑ Provide screenshot from the House of Representative website showing project zip code with congressional district.



66

Exhibit H5

Site Control - Ownership

- Ownership projects must provide an acquisition plan that states how acquisition cost were calculated, for example:
 - ❑ Acquisition only will state estimated purchase price for each home.
 - ❑ New construction will state costs of land based on similar prior acquisitions or current market values.



67

Exhibit H5

Site Control - Rental

- Sponsor or ownership entity must have site control at time of application to be eligible for AHP funds.
- Sponsor must provide one of the following that includes the legal description:
 - ❑ A copy of the executed deed or long-term lease with a term of at least 15 years;
 - ❑ An executed purchase option or long-term lease option; Option must be effective for at least 60 days after the AHP award date; or,
 - ❑ An executed settlement statement or purchase contract that shows the purchase price.



68

Exhibit H5

Site Control - Rental

- Deed or contract must include:
 - ❑ Site address or other legal description; and,
 - ❑ Name of current owner of property.
- Common Errors
 - ❑ Property identified does not match the site identified in the application.
 - ❑ The purchase price shown on the documentation differs from costs shown on the development budget.
 - ❑ Purchase option is not valid for at least 60 days after the AHP award date.
 - ❑ AHP Sponsor is the seller of the property so original transaction documentation is needed.



69

Exhibit H6

Vacant and Foreclosed Property

- Projects targeting vacant and foreclosed property must submit the following for each site:
 - ❑ Deed, deed in lieu of foreclosure, evidence of short sale; *and*,
 - ❑ Evidence that the building is vacant through;
 - Photos;
 - Appraisal; or
 - Other documentation deemed appropriate by the FHLB prior to application submission.



70

Exhibit H7: Market Value

- Acquisition costs for land and/or building should not exceed market value. Market value is demonstrated with:
 - A Property Value Assessment (PVA); or,
 - An independent appraisal; *required for related party transactions.*
- Documents must be dated within six months of purchase /conveyance or dated within six months of AHP application due date, if property has not been acquired.
- Documentation must be provided for all portions of a scattered site project.



71

Exhibit H7 Documentation of Value

- Common Errors
 - Purchase price exceeds market value.
 - Documentation of value is not acceptable to FHLB (*i.e., a market value statement from a Realtor*).
 - Documentation not provided for all portion of a scattered site project or documentation does not account for all of site/land.



72

Exhibit J1

Outside Funding Commitment

- Submit letters or grant agreements for all outside funding committed prior to the AHP application due date (*i.e. HOME, local grants, foundations, etc.*).
- The amount committed must be shown on the development budget.
- Letters or agreements must include:
 - ❑ Commitment date and amount awarded; and,
 - ❑ Signature of funder.



73

Exhibit J3/ J4

Tax Credit and Bond Commitment

- Provide a fully executed commitment letter or a carryover allocation from the allocating agency.
- Historic tax credits submit an approved Part 1 or 2; State historic credits submit a signed commitment letter.
- Submit a current and complete pro forma that includes:
 - ❑ Development sources and uses;
 - ❑ 15-year operating budget;
 - ❑ Qualified and eligible basis;
 - ❑ Amount of tax credit award and equity calculations; and,
 - ❑ Rent and unit schedules.



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Exhibit J4a

Tax and Bond Commitment

- Provide summary of changes to explain differences between AHP application and proforma submitted to tax credit agency.
 - ❑ Provide the tax credit agency's underwriting response.
 - ❑ If income targeting for tax credit agency is less restrictive than AHP application, Sponsor must submit a statement indicating that targeting will be changed within the tax credit application to match AHP application, if approved.
 - ❑ AHP application may be rejected or excluded from review if the proforma does not information in the application without explanation.



75

Exhibit J4b

Tax and Bond Commitment

- Provide complete proforma that will be submitted to the tax credit allocating agency.
- Applies to projects that are planning to apply for tax credits. Sponsor should submit:
 - ❑ Development sources and uses;
 - ❑ 15-year operating budget;
 - ❑ Qualified and eligible basis;
 - ❑ Amount of tax credit award and equity calculations; and,
 - ❑ Rent and unit schedules.



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Exhibit J5:

Debt Assumption

- Projects involving the restructuring or assumption of HUD, USDA or RD hard debt may only show outstanding debt that is being paid off, transaction costs or exit taxes (reserves).
- Reasonableness of cost must be verified with:
 - ❑ A copy of the note and mortgage;
 - ❑ Interest credit contract;
 - ❑ Deeds of trust; *and*,
 - ❑ Documentation supporting the estimated transaction costs and exit taxes.



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Exhibit J7

Expiring HUD Project

- Only applies to rental projects with expiring project-based rental assistance or tax credit projects ending compliance period.
- Verify expiring rental assistance contract or expiring tax credit restriction within two years of AHP application with:
 - ❑ A current 8609, HUD Contract, or USDA contract; or,
 - ❑ Copy of Land Use Restriction Covenant or Agreement



78

Exhibit K1 – K7

Rental / Operating Subsidy

- Projects receiving rental or operating subsidies must provide the award notice or current subsidy agreement (i.e. current HAP, PRAC contract, McKinney Award, etc.)
- Agreements must be dated, signed, reference project name and number of units, and any special conditions.
- Amount of subsidy on agreement must match amount shown on Operation budget, or an explanation provided.
- If subsidy is expected but not committed, an explanation must be provided.



79

Exhibit L1

Social Service Budget

- Social services budget must be submitted if the Sponsor will be providing services to the project.
- Budgeted amount must contain the following:
 - ❑ Total costs for services; and,
 - ❑ Funding source for services.
- **Common Errors**
 - ❑ Social services funding is coming from project income.
 - ❑ No funding sources listed.
 - ❑ Expenses exceed funding for the services.



80

Exhibit L3

Detailed Cost Breakdown

- Rental rehab projects must provide a detailed cost breakdown of anticipated rehab costs, activities and existing reserves.
 - ❑ Breakdown of costs and activities must be provided by a licensed or certified third-party architect, building inspector, general contractor, or other qualified individual with prior FHLB approval (*Ownership projects will provide this information at disbursement*).
 - ❑ Total costs must match costs shown in the Feasibility section of the application.



81

Exhibit L3a

Detailed Cost Breakdown

- Rental rehab projects must document the amount of existing project reserves.
 - ❑ Funds must appear as a funding source in application unless justification for exclusion is provided.
 - ❑ Submit a copy of the bank statement for the reserve amount as verification.



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Exhibit L4

Floor Plan

- Rental projects must submit a floor plan that clearly shows each floor of the project, units/beds footprint, and any non-residential/commercial space.
- The total number of units/beds proposed in application should be shown on the floor plan.
- Projects providing beds must show the number of beds in each room.
- Submit plan unbound as 8.5"x11" or 8.5"x14" page.
- Bank must be able to determine layout / scale of project. Please do not submit free-hand drawing.



83

Exhibit L4

Floor Plan

- Common Errors
 - ❑ Plan shows more non-residential/commercial space than identified in application.
 - ❑ Plan identifies different unit types or less/more units than what is indicated in the AHP application.
 - ❑ Nothing provided or plan is not legible.
 - ❑ Layout is not appropriate for the population being served or does not allow enough space for households according to project use.



84

Exhibit N

- Upload any explanations or documents that FHLB should be aware of while reviewing the application.
 - May explain unusual project features or apparent discrepancies between required documents and information entered in the online application
 - Use N to communicate information you expected to be able to answer via questions in the application but could not
- Please do not repeat any documentation/information provided elsewhere in application.



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Reminders

- The Bank assumes no obligation to reconcile conflicting information, accept incomplete information, or seek additional information or clarification that is not provided at time of application.
- The Sponsor or project owner is ultimately responsible for ensuring that financial information is correct and consistent and that the project's financial structure meets the Bank's guidelines, or that any deviations are adequately explained, justified, and documented.



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Reminders

- **The AHP application and all required documents are due August 8, 2019 by 5:00pm EST.**
- Paper copies of required documents are no longer accepted, all documents must be uploaded in OASYS. **NO EXCEPTIONS!**



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Thank You



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