

Affordable Housing Program (AHP) General Fund

Tribal Nations Opportunities Forum
April 15, 2021

FHLBank
San Francisco

Agenda

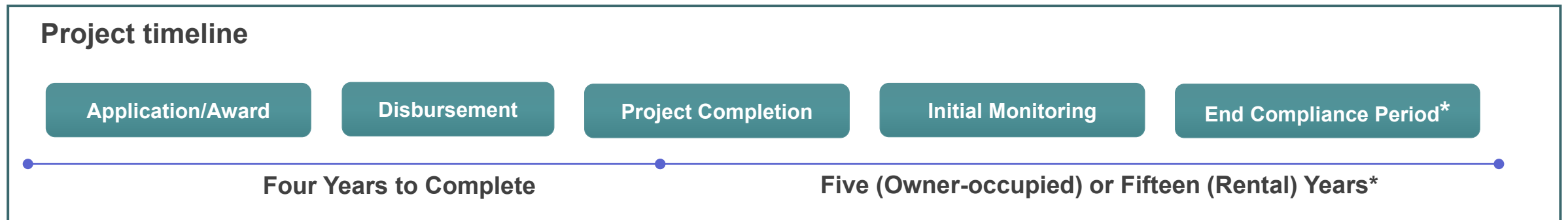
- General Program Information
- Application and Scoring
- Need for Subsidy and Feasibility
- Award & Disbursement
- Compliance Monitoring
- Questions & Answers



AHP General Fund Overview

Project Timeline

- Annual Funding Competition (March deadline)
- Awards Announced (June)
- Mandatory Compliance Webinar
- Disbursements/Modifications
- Progress Reporting via Semi-annual Surveys (SAS)
- Project Completion (must be within 4 years of award)
- Initial Monitoring
- Retention Period/Long Term Monitoring



AHP General Fund Overview

Program Information

- \$1.25 million maximum per project
- Member and sponsor apply together
- Subsidy is a forgivable loan with a 5 or 15-year retention period
- Restricted to households at or below 80% AMI
- Rental and homeownership projects compete together
- Subsidy for purchase, construction, or rehabilitation of rental housing *or* owner-occupied housing
- Utilize AHP within 12 months of approval
- Completed projects are ineligible to apply AHP funds

Project Sponsor Eligibility

- Sponsor has been engaged in the ownership, management, or development of affordable housing for a minimum of three years.
- Sponsor has sufficient capacity to perform project responsibilities.
- Sponsor must be able to certify that their organization has not engaged in covered misconduct as defined in the Federal Housing Finance Agency's Suspended Counterparty Program regulation.
- **Owner-occupied:** Sponsor must be integrally involved in the project such as by exercising control over planning, development, or management, or by qualifying borrowers and arranging financing for owners of the units.
- **Rental:** Sponsor must have an ownership interest in the project and be integrally involved in project responsibilities such as project planning, project development, construction, property management, and securing funding commitments.

Scoring Overview

Scoring Categories and Point Allocation

Targeting	20	Rural Housing	5
Donated Property	5	Empowerment	5
Nonprofit Sponsorship	7	Community Stability	14
Home Purchase	6	Project Readiness	7
Homeless Housing	6	In-District Projects	5
Special Needs	5	Subsidy Per Unit	12
Large Units	3	Total Points	100

Targeting (up to 20 points)

Rental

- Full 20 points when at least 60% of units are very low-income (50% AMI)
- Where < 60% of units are very low-income, scored on declining scale
- At least 20% of units must be very low-income

Owner

- If 20% or more of the units are at or below 65% AMI = 20 points
- If less than 20% of the units are at or below 65% AMI = 18 points

Targeting (Maximum Points: 20) Back to Top ^

Status: Not Started

Unit income targeting information provided in this section must match the unit income targeting information on the financial worksheets.

Total Number of Units in Project

Units Not Restricted to 80% AMI or Below

Income-Restricted Units

Total Manager Unit(s)

Units Restricted to 80% AMI or Below		
Row	Number of Units	Target AMI
1	<input type="text"/>	
2	<input type="text"/>	
3	<input type="text"/>	
4	<input type="text"/>	
5	<input type="text"/>	
6	<input type="text"/>	
7	<input type="text"/>	
8	<input type="text"/>	
9	<input type="text"/>	
10	<input type="text"/>	
11	<input type="text"/>	
12	<input type="text"/>	

2020 Average Approved Score: Full points

Donated Property (up to 5 points)

Scoring

- At least 20% of total units must be *donated or conveyed* to qualify
- Points are pro-rated
- Points awarded:
 - Third party donation or long-term annual lease for a \$1,000 or less (up to 5 points)
 - Conveyance from a Federal instrumentality (1 point)
 - Acquisition at significant discount, a conveyance of 20% or less of FMV may qualify for points as follows:
 - ❖ 20% or less of FMV = 1 point
 - ❖ 15% or less of FMV = 2 points
 - ❖ 10% or less of FMV = 3 points
 - ❖ Price is > \$1,000 but ≤ 5% of FMV = 4 points

2020 Average Approved Score: 0.10 points

Nonprofit Sponsorship - Rental (up to 7 points)

Scoring

- Qualified nonprofit sponsor (threshold requirement)
 - i.e., 501c3, Housing Authority, Tribal Entity
- Percentage of ownership interest (up to 4 points)
 - For Low Income Housing Tax Credit (LIHTC) projects, % of GP interest
- Percentage of developer fee received (3 points)
 - Minimum of 25% of all available project developer fee

Documentation

- Evidence of tax exempt status
- Organizational chart of project ownership structure

2020 Average Approved Score: 6.72 points

Nonprofit Sponsorship - Owner (up to 7 points)

Scoring

- Qualified nonprofit sponsor (threshold requirement)
 - i.e., 501(c)(3), Housing Authority, Tribal Entity
- Degree of Integral Involvement (up to 4 points)
 - Meet at least 4 of 8 responsibilities
 - Percentage of developer fee received (3 points)
 - Minimum of 25% of all available project developer fee

Documentation

- Evidence of tax-exempt status

2020 Average Approved Score: 6.72 points

Home Purchase – Owner Only (up to 6 points)

Scoring

- At least 20% of total units must be reserved to qualify
- Points are pro-rated

Definition

A homebuyer is a First-time Homebuyer if they:

- Have not owned a principal residence in the last three years,
- Are a single parent who only owned a home with a former spouse,
- Are a displaced homemaker who only owned a home with a spouse,
- Only owned a principal residence not affixed to a permanent foundation, or
- Only owned a property not in compliance with building codes and compliance would be greater than new construction costs

2020 Average Approved Score: 0 points

Homeless Housing (up to 6 points)

Scoring

- At least 20% of total units must be *reserved* for homeless households to qualify
- Three points awarded for reserving first 20% of the units
- Next three points pro-rated for additional reserved units
- Manager units are excluded from the calculation (rental)
- Units must be consistent on both the application and Targeting worksheet in financial workbook

2020 Average Approved Score: 4.05 points

Homeless Definition

Definition

1. An individual or family who lacks a fixed, regular, and adequate nighttime residence;
2. An individual or family who will imminently lose their primary nighttime residence;
3. Unaccompanied youth under 25 years of age;
4. Any individual or family who is fleeing domestic violence who has no other residence and lacks the resources to obtain housing;
5. An individual with a serious mental illness or emotional disorder who would otherwise be considered at-risk of homeless who will reside in a unit funded by a government agency that specifically defines and serves this type of household.

Points will not be awarded if reserved units are for those who are considered at risk of homelessness, such as those living in overcrowded conditions, living in the home of another individual because of economic hardship, living in a hotel or motel not paid for by charitable funds, or otherwise living in housing that has characteristics associated with instability

2020 Average Approved Score: 4.05 points

Special Needs (up to 5 points)

Scoring

- At least 20% of total units must be reserved to qualify
- Points are pro-rated
- Eligible households
 - Seniors
 - Mentally or physically disabled
 - People living with AIDS or who are HIV-positive
 - People recovering from physical abuse
 - People recovering from substance abuse

2020 Average Approved Score: 2.93 points

Large Units (3 points)

Scoring

- At least 25% of total units must have three or more bedrooms to qualify
- For example, if 12 of 45 total project units have three or more bedrooms, the calculation would be:
 - 12 (three or more bedroom units) divided by 45 (total project restricted and non-restricted units) equals 27% , or 3 points.

New category in 2021 round.

Rural Housing (up to 5 points)

Scoring

- At least 20% of total units must be reserved to qualify
- Points are pro-rated
- Units located in specific areas designated as rural by a Federal or State agency

Documentation

- Verification from designating entity

2020 Average Approved Score: 0.40 points

Promotion of Empowerment (5 points)

Features

- Training and Education
- **Pre and post homeownership counseling**
- **Sweat equity contribution**
- Health care services or programs
- On-site child daycare
- After school programs
- Bona fide service coordinator/social worker available

Scoring

- Financially empower project residents or homebuyers
- Each feature is worth five points and no partial points awarded
- Services must be provided to all residents

2020 Average Approved Score: Full points

Community Stability (up to 14 points)

Scoring

- Measures the project's contribution to its neighborhood
- Six sub-categories for a maximum of 14 points
 - **Revitalizing Neighborhoods (up to 3 pts)**
 - **Community Revitalization or Economic Development (2 pts)**
 - Proximity to Transit and Amenities (up to 4 pts)
 - Sustainable Developments (up to 4 pts)
 - Homeownership and Economic Integration (up to 2 pts)
 - **Preventing or Minimizing Household Displacement (1 pt)**
- Select from a list of community stability features in each subcategory

2020 Average Approved Score: 10.05 points

Project Readiness (up to 7 points)

Scoring

- Points are awarded sequentially and are pro-rated
- **Scattered site/downpayment assistance project (3.5 points), or**
- Site control (up to 3.5 points)
 - Full title / ownership (3.5 points)
 - Sole right to purchase (2 points)
- Building permit issuance or permit ready (up to 3.5 points)
- **Buyers identified, income-qualified (up to 3 points)**

Documentation

- Executed and valid documentation: Final Settlement Statement, Title Insurance Policy, executed DDA, and/or Title Report
- Building Permit Readiness form and supporting documentation
- List of identified, ready, and qualified buyers

2020 Average Approved Score: 6.72 points

In-District Projects (5 points)

Scoring

- All project units must be located in the Bank's district
 - Arizona
 - California
 - Nevada
- No partial credit will be awarded

2020 Average Approved Score: 5 points

Subsidy Per Unit (up to 12 points)

Scoring

- Subsidy requested divided by the number of income-restricted units that are less than or equal to 80% AMI
- Maximum project subsidy amount is \$1.25 million
- Subsidy per unit range (rental)
 - \$15,000 - \$40,000
- Subsidy per unit range (owner)
 - \$25,000 - \$45,000

2020 Average Approved Score: Full points

Application Score Summary

Score Summary		Back to Top ^
Estimated scores are provided as reference only. The final application score shall be determined upon review by the Bank. The interpretation and implementation of scoring criteria shall be subject to the Bank's sole discretion.		
Category	Maximum Points	Estimated Score
Targeting to Lower-Income Households	20	20.00
Use of Donated or Conveyed Government-owned or Other Properties	5	5.00
Sponsorship by a Not-For-Profit Organization or Government Entity	7	7.00
Home Purchase by Low- or Moderate-Income Household	6	6.00
Housing for Homeless Households	6	0.00
Housing for Special Needs Populations	5	0.00
Housing for Households Requiring Large Units	3	3.00
Housing in Rural Areas	5	5.00
Promotion of Empowerment	5	5.00
Community Stability, Including Affordable Housing Preservation	14	9.50
Project Readiness	7	7.00
In-District Projects	5	5.00
Subsidy per Unit	12	12.00
Estimated Final Score:		84.50

How to **Stand Out** from the Crowd, or Scoring Characteristics of Approved Projects - 2020

Scoring Criteria	Maximum Score (Pts.)	Average Score of Approved Rental Projects	Results
Homeless	6	4.02	- 43 of 50 (86%) of approved projects received points - 12 projects (24%) received full 6 points
Special Needs	5	2.93	- 42 of 50 (84%) approved projects received points
Community Stability	13	10.05	- Average score of top 20 approved projects was 10.35 points
Project Readiness	10	7.81	- Average score of top 20 approved projects was 8.05 points - 18 of 50 (36%) approved projects received full 10 points
- Targeting - Empowerment - Subsidy per unit	<ul style="list-style-type: none"> - Generally speaking, most approved projects receive the full points in these categories - Targeting: If project will be targeting <60% of units to very low-income households, it will need to pick up points elsewhere - Empowerment: No partial points; if you receive no points in this category it's hard to compete 		

If a project does not receive points in Homeless or Special Needs, points for Rural housing or Donated Property can be difference makers

Tribal Land Project Performance in Previous AHP Competitions

Scoring profiles of 4 projects on tribal land that were approved since 2011

Scoring Criteria	Project #1	Project #2	Project #3	Project #4
Targeting	Full points	Full points	Full points	Full points
Promotion of Empowerment	Full points	Full points	Full points	Full points
Subsidy per unit	Full points	Full points	Full points	Full points
Homeless	No points	No points	No points	No points
Special Needs	20% of units reserved	20% of units reserved	20% of units reserved	80% of units reserved*
Community Stability	Below average score of approved projects	Below average score of approved projects	Below average score of approved projects	Below average score of approved projects
Project Readiness	Full points*	Full points*	Full points*	Full points*
Rural Housing	Full points*	Full points*	Full points*	Full points*

*Difference maker

Need for Subsidy and Project Feasibility

Financial Review

Areas of Review

- Need for subsidy
 - Demonstrate financing gap
- Financial feasibility
 - Demonstrate financial feasibility during development and throughout AHP retention period
- Financial benchmarks
 - Evaluates the project's financing gap and feasibility

Note: *Cost savings and fluctuations in interest rates, permanent debt, and rental subsidy payments can impact a project's need for subsidy. A project must demonstrate need for subsidy and financial feasibility at application, disbursement, and compliance monitoring in order to maintain the full AHP subsidy.*

Evaluating Need for Subsidy/Financial Feasibility – Rental

Review Criteria

- Sources must equal eligible uses
- Cash flow must be adequate
- Operating deficits must be addressed
- Excessive debt coverage ratio or cash flow may be ineligible
- Development costs should be reasonable and customary
- Expenses should be consistent with the application's narrative
- All benchmark deviations must be explained

AHP Development Budget (Uses of Funds)

FHLBank
San Francisco

Development Budget - Comparison of Uses of Funds
Version 4.10 Updated 4/30/19

Project Name	Affordable Housing Apartments	Project #	19A11111	Total Units	20	Building Type	Apartments	Rehab?	No
Date	07/01/19	At Application	Project Complete	Variance (increase/decrease)		Comments			
				\$	%				
Residential Square Footage	36000	37511		NA	4.20%				
LAND COST/ACQUISITION									
Land Cost	500	500		-	0.00%				
Holding Costs									
Demolition									
Legal (incl. closing costs)	15,000	23,000		8,000	53.33%				
Total Land Cost	15,500	23,500		8,000	51.61%				
Existing Improvements									
Off-Site Improvements									
Total Land & Acquisition Cost	15,500	23,500		8,000	51.61%				
NEW CONSTRUCTION / REHAB									
Site Work	378,883	130,463		(248,420)	-65.57%				
Structures	7,600,000	10,635,046		3,035,046	39.93%				
General Requirements	775,000	748,650		(26,350)	-3.40%				
Contractor Overhead	360,000	672,575		312,575	86.83%				
Contractor Profit									
Prevailing Wages		34,000		34,000	1000.00%				
General Liability Insurance	130,495	275,660		145,165	111.24%				
Environmental Remediation									
Hard Cost Contingency	924,438			(924,438)	-100.00%				
Total New Construction / Rehab Costs	10,168,816	12,496,394		2,327,578	22.89%				
ARCHITECTURAL & ENGINEERING FEES									
Design	139,116	350,782		211,666	152.15%				
Supervision	185,489	186,582		1,093	0.59%				
Survey & Engineering	100,000	120,199		20,199	20.20%				
Total Architectural & Engineering Costs	424,605	657,563		232,958	54.86%				
CONSTRUCTION INTEREST & FEES									
Construction Loan Interest	490,508	175,187		(315,321)	-64.28%				
Origination Fee	98,261	89,192		(9,069)	-9.23%				
Credit Enhancement & Application Fee									
Bond Premium									
Taxes	50,000	40,367		(9,633)	-19.27%				
Insurance	60,000	65,940		5,940	9.90%				
Title & Recording	30,000	16,481		(13,519)	-45.06%				
Other		15,000		15,000	1000.00%				
Total Construction Interest & Fees	728,769	402,167		(326,602)	-44.82%				

Use drop down menu

Explain any significant changes

Provide description of Other line items

AHP Development Budget (Sources of Funds)

FHLBank
San Francisco

Development Budget - Comparison of Sources of Funds

Version 4.10 Updated 4/30/19

Project Name	Affordable Housing Apartments	Project #	19A11111	Total Units	20	Tax Credit Project?	Yes	Tax Credit Sales Price	
Date	07/01/19	At Application \$	Project Not Complete	Variance (increase/decrease)		Comments			
				\$	%				
1st Loan (If Applicable)		500,000	500,000	-	0.00%				
City of San Francisco		500,000	750,000	250,000	50.00%				
Infill Grant			500,000		100.00%				
HCD TOD Funding		2,500,000	2,500,000	-	0.00%				
LIHTC Proceeds		8,811,000	10,262,168	1,451,168	16.47%				
Deferred Developer Fee		626,400	717,126	90,726	14.48%				
Owner Equity		100	100	-	0.00%				
Subtotal Sources (Excluding AHP)		12,937,500	15,229,394	2,291,894	17.72%				
Gap Financing Needed (AHP)		1,000,000	1,000,000	-	0.00%				
Total Sources		13,937,500	16,229,394	\$ 2,291,894	16.44%				
Total Development Costs (Uses of Funds)		13,937,500	16,229,394	2,291,894	16%				

Gap Financing Needed should always equal subsidy amount

Hard Debt Service (includes debt with required repayment, e.g., bond financing and conventional permanent loans)					
Conventional Loan 1 Amount	500,000	500,000	\$	-	0.0%
Amortization period (years)	15	15			
Term (years)	15	15			
Interest Rate	4.75%	4.75%			
Initial rate assumption (%)	4.75%	4.75%			
Annual debt service (year 1)	46,670	46,670	\$	-	0.00%
Adjustable rate loan (Y / N)?					
Year of rate reset if adjustable loan					
Rate adjustment cap (%)					

Conventional Loan 2 Amount			\$	-	
Amortization period (years)					
Term (years)					
Interest Rate					
Initial rate assumption (%)	0.00%	0.00%			

AHP 15 Year Operating Pro Forma

FHLBank
San Francisco

15-Year Operating Pro Forma
Version 4.10 Updated 4/30/19

15-Year Operating Pro Forma
Version 4.10 Updated 4/30/19

Project Name	Affordable Housing Apartments	Project #	19A11111	Total Units	20
--------------	-------------------------------	-----------	----------	-------------	----

INCOME ASSUMPTIONS	Rate of Increase	2.5%	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
Gross Residential Rents-Restricted Income Units			136,308	139,716	143,209	146,789	150,459	154,220	158,075	162,027	166,078	170,230	174,486	178,848	183,319	187,902	192,600
Gross Residential Rents-Restricted Income Units Rental Subsidy			85,452	87,588	89,778	92,022	94,323	96,681	99,098	101,576	104,115	106,718	109,386	112,120	114,923	117,797	120,741
Less: Vacancy and Bad Debt	% of Gross Rents	5.0%	(11,088)	(11,365)	(11,649)	(11,941)	(12,239)	(12,545)	(12,859)	(13,180)	(13,510)	(13,847)	(14,194)	(14,548)	(14,912)	(15,285)	(15,667)
Commercial Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry, Parking			3,456	3,542	3,631	3,722	3,815	3,910	4,008	4,108	4,211	4,316	4,424	4,535	4,648	4,764	4,883
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Effective Gross Income			214,128	219,481	224,968	230,592	236,357	242,266	248,323	254,531	260,894	267,417	274,102	280,954	287,978	295,178	302,557
EXPENSE ASSUMPTIONS	Rate of Increase	3.5%															
Management Fee:	Dollars per Unit/Mo.	\$ 63	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,900	22,666	23,459	24,280
Legal & Audit			4,436	4,591	4,752	4,918	5,090	5,269	5,453	5,644	5,841	6,046	6,257	6,476	6,703	6,938	7,181
Advertising			1,025	1,061	1,098	1,136	1,176	1,217	1,260	1,304	1,350	1,397	1,446	1,496	1,549	1,603	1,659
Gas & Electric			13,456	13,927	14,414	14,919	15,441	15,982	16,541	17,120	17,719	18,339	18,981	19,645	20,333	21,045	21,781
Water, Sewer, Waste Removal			14,758	15,275	15,809	16,362	16,935	17,528	18,141	18,776	19,433	20,114	20,818	21,546	22,300	23,081	23,889
Supplies			8,200	8,487	8,784	9,091	9,410	9,750	10,110	10,493	10,898	11,326	11,776	12,248	12,743	13,261	13,802
Payroll			75,000	77,625	80,342	83,154	86,065	89,077	92,191	95,408	98,730	102,158	105,693	109,336	113,088	116,949	120,920
Insurance			4,750	4,916	5,088	5,266	5,450	5,640	5,836	6,038	6,246	6,460	6,680	6,906	7,138	7,376	7,620
Pest Control			3,000	3,105	3,214	3,326	3,441	3,560	3,682	3,807	3,935	4,066	4,200	4,338	4,479	4,624	4,772
Maintenance / Repair			5,000	5,175	5,356	5,544	5,736	5,933	6,135	6,342	6,554	6,771	6,993	7,220	7,452	7,689	7,931
Operating Reserves	Dollars per Unit	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserves	Dollars per Unit	\$ 400	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Real Estate Taxes (exempt if in CA)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local & State Assessments			2,500	2,588	2,678	2,772	2,869	2,969	3,073	3,181	3,292	3,407	3,526	3,650	3,778	3,910	4,047
Partnership Management Fee (tax credits only)			10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Mandatory Debt Fee Payments (e.g., CA MHP, TOD, MHSA)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	Operating Cost/Unit	\$ 8,256	165,125	170,624	176,316	182,207	188,305	194,610	201,131	207,877	214,849	222,047	229,481	237,161	245,097	253,307	261,790
Net Operating Income			49,003	48,857	48,652	48,385	48,053	47,651	47,176	46,624	45,991	45,271	44,462	43,557	42,552	41,441	40,220
Debt Service (Hard Debt Only from S&U Statement)			46,670	46,670	46,670	46,670	46,670	46,670	46,670	46,670	46,670	46,670	46,670	46,670	46,670	46,670	46,670
Debt Service Coverage Ratio			1.05	1.05	1.04	1.04	1.03	1.02	1.01	1.00	0.99	0.97	0.95	0.93	0.91	0.89	0.86
Cash Flow			2,333	2,187	1,982	1,715	1,383	981	506	(46)	(679)	(1,399)	(2,208)	(3,113)	(4,118)	(5,229)	(6,450)
Operating Grant			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Grant			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residual Receipts Pymt to			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residual Receipts Pymt to			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residual Receipts Pymt to			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow			2,333	2,187	1,982	1,715	1,383	981	506	(46)	(679)	(1,399)	(2,208)	(3,113)	(4,118)	(5,229)	(6,450)

DSCR must fall between 1.05 and 1.45

Net cash flow must break even or remain positive throughout 15 years

AHP Benchmarks (Operating Pro Forma)

OPERATING PRO FORMA					
Pro forma assumptions for income compared to expense increases: Expense increase minus income increase =	1.00%	Expenses increase 1% faster than revenues e.g., 4% cost increase versus 3% income increase	Expenses increase 2% faster than revenues; e.g., 5% cost increase versus 3% income increase	Yes	
Vacancy and bad debt ratio: residential	5.00%	Projects with <u>No</u> Project-Based Rent Subsidy 5%	All Projects	Yes	
		Projects with Project-Based Rent Subsidy 3%	10%		
Vacancy and bad debt ratio: commercial	0.00%	10%	50%	N/A	
Management fees per unit per month	\$63	\$25	\$65	Yes	
Operating reserves per unit per year	\$0	\$0 If \$0, must have adequate cushion built into debt service coverage ratio	\$300	Yes	
Annual replacement reserves per unit per year	\$400	\$250	\$600	Yes	
Operating cost per unit per year	\$8,256	\$4,000	\$8,000	No	
Debt service coverage ratio (net operating income divided by debt service payment)	1.05	1.05	1.45	No	
Net cashflow in Year 1	\$2,333	\$0	Not to exceed 10% of gross income in year one unless cashflow is needed by project to cover deficits throughout the retention period, or in order to meet minimum underwriting requirements for other lenders. 10%	Yes	
	1.09%				
Net cashflow in Years 1 through 5	\$9,600	\$0	Not to exceed the amount of the subsidy request. \$1,000,000	Yes	
Partnership management fees (tax credits only)	\$10,000	\$0	\$10,000 in year 1 (annual increases not to exceed 3.5%)	Yes	
Term of permanent financing	15	Not less than 15 Years		Yes	
Interest rate assumptions	4.75%	To ensure consistent and reasonable rate assumptions, interest rates and spreads should be set in accordance with the Interest Rate Assumptions Guidelines included in the application package			

Evaluating Need for Subsidy/Financial Feasibility - Owner

Review Criteria

- **Total financing sources (mortgages + down payment + grants) should equal home sales prices**
- **Home sales prices should equal total development costs**
- Development costs should be reasonable and customary
- Benchmark deviations must be explained
- **Current market study required for new construction projects which are not self-help**

AHP Development Budget (Uses of Funds)

FHLBank
San Francisco

Development Budget - Comparison of Uses of Funds

Version 4.1 Updated 6/30/18

Project Name	AHP Affordable Homes		Project #	18A11111	Total Units	2	Building Type	Single Family Homes
Date Prepared	07/01/19							
DEVELOPMENT BUDGET LINE ITEMS (Note: Do not include non-cash "costs," e.g. donated or appraised value of land, volunteer labor, pro-bono services, fee waivers, or expenses to be reimbursed.)	At Application	At Application per Home	Project Complete	Current/Final per Home	Variance per Home (increase / decrease)		Comments	
Average Square Footage per Home	1,250		1,250		\$	%		
ACQUISITION COSTS					N/A	0.00%		
Land Cost (cash cost of vacant, unimproved land only)	250,000	125,000	250,000	125,000	-	0.00%		
Purchase of Existing Home								
Other:	22,300	11,150	15,750	7,875	(3,275)	-29.37%		
Other:								
Subtotal Acquisition Costs:	272,300	136,150	265,750	132,875	(3,275)	-2.41%		
Demolition								
Liens & Taxes								
Holding Period Interest								
Local Permits / Fees	25,183	12,592	14,847	7,423	(5,168)	-41.05%		
Architecture / Engineering	16,923	8,462	8,590	4,295	(4,167)	-49.24%		
Survey								
Construction Bond Premium								
Rehabilitation Construction - Labor and Materials								
New Construction - Labor and Materials	718,900	359,450	653,864	326,932	(32,518)	-9.05%		
Hard Cost Contingency	70,958	35,479			(35,479)	-100.00%		
Site Work	22,900	11,450	15,800	7,900	(3,550)	-31.00%		
Off-site Improvements								
Construction Loan Fee	18,789	9,395	40,814	20,407	11,012	117.22%		
Construction Loan Interest	101,163	50,582	50,114	25,057	(25,524)	-50.46%		
Real Estate Taxes	16,245	8,123	26,874	13,437	5,314	65.43%		
Appraisal	6,000	3,000	3,650	1,825	(1,175)	-39.17%		
Legal								
Construction Management (sponsor managed and project specific)								
Construction Management (outsourced and paid to a third party)	45,000	22,500	46,750	23,375	875	3.89%		
Environmental								
Closing Costs (Charged to Builder / Developer)	4,726	2,363	7,083	3,542	1,179	49.87%		
Other: Soft Cost Contingency	25,000	12,500			(12,500)	-100.00%		
Other:								
Other:								
Other:								
Developer Fee	150,000	75,000	150,000	75,000	-	0.00%		
Subtotal Development Costs:	1,221,787	610,894	1,018,385	509,193	(101,701)	-16.65%		
Total Uses of Funds:	1,494,087	747,044	1,284,135	642,068	(104,976)	-7.0%		
Total Sources from Home Buyer Information Worksheet	900,000	450,000	890,000	445,000	(5,000)	-0.6%		
Difference Between Sources and Uses (must = zero)	(594,087)		(394,135)					

Use drop down menu

Explain significant changes

Explain if sources do not equal to uses

Please provide an explanation below if sources do not equal uses. Projects with Sponsor provided discounting financing, use the Discounted Financing Worksheet.

AHP Benchmarks

FHLBank
San Francisco

AHP Benchmarks

Version 4.1 Updated 6/30/18

Project Name	AHP Affordable Homes		Project #	18A11111		
CRITERION	Per Schedules	Feasibility Benchmark	Oversubsidization Benchmark	Within Benchmark?	Explanation if outside of specified range	Check
Construction costs per square foot (excluding land costs and soft costs)	Single Family Homes \$261.55	To ensure consistent and reasonable cost assumptions, the per square foot construction cost should not be greater than the gross residential square footage cost estimates provided by the RSMMeans Company. Calculation divides labor & materials expense by the average square footage per home. Site work, off-site improvements, and hard cost contingency expenses cannot be used to explain benchmark deviation.			Third party supporting documentation must be provided for benchmark deviations explanations.	
Total developer fee	\$150,000	\$0	Not greater than 12% of total residential development costs (including developer fee, but excluding all capitalized reserves)	Yes		
Total developer fee as percentage of total residential development costs	11.68%					
Term of 1st mortgages (number of units for which term of first mortgage is less than 15 years)	0	Not less than 15 Years		Yes		
Interest rate assumptions	3.50%	Must be consistent with single-family mortgage rates in effect at the time the mortgage is funded. To ensure consistent and reasonable rate assumptions, interest rates and spreads should be set in accordance with the Interest Rate Assumptions Guidelines.				
	3.50%					
Number of units for which housing payment (including principal, interest, taxes, insurance, and homeowners' dues payment) as percentage of gross income is greater than 35%	0	35%	N/A	Yes		

Disbursement

Disbursement Request

Requirements

- Go to Bank website for disbursement request instructions and forms:
<https://www.fhlbsf.com/sites/default/files/2020-08/AHP-Rental-Project-Disbursement-Request.pdf>
- Project must meet threshold conditions:
 - Full site control
 - Imminent start of construction
 - All financing sources secured
- Provide information and documentation about financing commitments, project readiness, and ability to complete project within the 4 year timeline
- Continue to demonstrate need for subsidy and financial feasibility

Disbursement Request - Rental

- Limited partnership and development agreement
- Sample tenant income verification for occupied rehabilitation projects without HUD or LIHTC financing

For complete projects

- Certificate of occupancy or notice of completion
- Final cost certification
- Evidence of affirmative marketing
- Promotion of empowerment and community stability
- Tenant income documentation, current rent documentation, special needs (senior documentation), and homeless verification

Disbursement Request - Owner

- Land cost validation
- 10% household sample documentation
- Estimated settlement statements for homebuyers in escrow
- Final closing statements and retention documents for closed homes

For Complete Projects

- 100% sponsor construction management cost validation
- 35% development cost validation (excluding land/const. mgmt.)
- Source documentation (if budget shows a deficit)
- Certificate of Member
- Promotion of Empowerment and Community Stability validation

AHP Retention Documents

- Projects must have a deed restriction or other legally enforceable retention mechanism requiring AHP restrictions remain on property during retention period
- Template Note and Rider to Deed of Trust are available for use on the Bank's website: <https://www.fhlbsf.com/resources>
- HUD Rider to AHP Deed of Trust for HUD 202 or 811 projects
- HUD Subordination Agreement and HUD Rider to Restrictive Covenants, as approved by HUD, for 211(d)(4) or 223(f) projects

Compliance Monitoring

Initial Monitoring (IM)

- AHP regulation requires monitoring of all projects
- Members and Sponsors agree to monitoring requirements in the Direct Subsidy Agreement.
- Projects are monitored after completion (subsidy fully disbursed and habitability approved)
- Bank will send instructions to project contacts for documents and next steps at time of Initial Monitoring.

Initial Monitoring Preparation

- Create an AHP file
- Keep copies of all required documentation
- Communicate all program requirements to your asset/property management and compliance staff
- Review AHP Household Income Qualification Guidelines:
https://www.fhlbsf.com/sites/default/files/2020-08/AHP-Household-Income-Qualification-Workbook_0.xlsx

Initial Monitoring Documentation

- Original AHP Application
- Direct Subsidy Agreement
- Disbursement Request Form
- Modification Documentation
- Certificate of Occupancy (rental)
- Final Cost Certification (rental)
- Final Construction Draw
- Land Cost Validation
- Third Party Funding Source Documentation
- Marketing Materials
- Evidence of Subsidy Delivery
- AHP Promissory Note and Deed of Trust with Rider
- Promotion of Empowerment Documentation
- Community Stability Documentation
- Limited Partnership Agreement and Development Agreement (rental)
- Homeless Housing Documentation (if applicable)
- Household Income Documentation (see [AHP Income Qualification guidelines](#))

Initial Monitoring Materials

- Validation of scoring categories
 - Targeting
 - Nonprofit Sponsorship
 - Empowerment: <https://www.fhlbsf.com/sites/default/files/2020-08/Acceptable-Forms-of-Verification-for-Promotion-of-Empowerment.pdf>
 - Homeless Housing Certifications
 - Specials Needs: Seniors
 - Community Stability: <https://www.fhlbsf.com/sites/default/files/2020-08/Acceptable-Forms-of-Verification-for-Community-Stability.pdf>
- Final Initial Monitoring Excel workbook: <https://www.fhlbsf.com/sites/default/files/2020-08/AHP-Disb-IM-Rental-Financial-Workbook.xlsx>
 - Third-party documentation to support workbook
- Other materials

Household Income Qualification Worksheet (HIQW)

Calculate all income by at least two methods and choose the highest income

IV. Household Income Qualification*				If Hourly Data Available Use this Calculation:			If income per pay period available**, choose one pay period (D, E, F or G) and complete H. Total Number of Pay Periods per Year:					TOTAL INCOME per Household Member
Household Member	Household Member (Auto-Fills)	Income Source (Drop-Down)	Income Document (Refer to Acceptable Verification)	A Hourly Wage or Overtime Rate***	B Average Hours (Regular/OT) Worked per Week	C Total Weeks Worked Per Year	D Weekly Pay	E Bi-Weekly Pay (Every Two Weeks)	F Monthly Pay	G Annual Amount	H Total Number of Pay Periods per Year	
1	John Doe	Employment	VOE	\$ 16.00	40.00	52.00						\$ 33,280.00
1	John Doe	Overtime	VOE	\$ 24.00	10.00	52.00						\$ 12,480.00
2	Jane Doe	Employment	Paystubs							\$ 20,110.50	1	\$ 20,110.50
4	Mary Doe	Zero Income	Zero Income Certificate									\$ -
												\$ -
												\$ -
												\$ -
												\$ -

NOTES: Please explain any discrepancies

V. Total Household Income as Percentage of HUD AMI	
Total Income Earned	\$ 65,870.50
Total Income from Assets	\$ 2.25
Total Household Income	\$ 65,872.75
100% HUD AMI for Current Year	\$ 161,200
Household % of HUD AMI	40.86%

Remember to indicate in Section III whether or not household had assets.

VI. Certification of Household Income Information (print, sign, and date)						
Head of Household Name	Signature	Date	Project Sponsor (Competitive) or Member (SAP)	Representative Name	Signature	Date

*If more space is needed, please use additional form.
 **Please refer to instructions for guidance on how to calculate amount per pay period.

Modification

- Changes in project characteristics may affect project score and eligibility
- Project must continue to score as high as the lowest approved score
- Project modifications may be made to categories including, but not limited to:
 - Donated Property
 - Nonprofit Sponsorship
 - Targeting
 - Homeless Housing
 - Promotion of Empowerment
 - Special Needs
 - Rural
 - Subsidy per Unit
 - Community Stability

<https://www.fhlbsf.com/sites/default/files/2020-08/AHP-Award-Modification.pdf>

Noncompliance

- Lack of documentation
- Reduction in score that disqualifies project
 - Examples: Targeting, # of units
- Modifications not approved by FHLBank San Francisco
- Need for subsidy not demonstrated
 - Sources greater than uses, unexplained benchmark deviations
- AHP retention documents do not meet requirements

Long-Term Monitoring - Rental

- Project ownership certification every year, monitoring every three years for non-Tax Credit projects
 - Targeting and affordability
- Long-Term Monitoring Excel workbook
 - Move-in income and current rent documentation reviewed
 - Income guidelines on the Bank's website

Long-Term Monitoring Rent Roll

FHLBank
San Francisco

Use drop down menu
for Project Subsidy

Rent Roll & Targeting

Version 4.1 Updated 12/13/18

Project Name	AHP Supportive Housing	Project #	19A11111	Total Units	20	Project-Based Rental Subsidy?								No
		Household Size			1	2	3	4	5	6	7	8		
Date	07/01/19	50% AMI (HUD Very Low - Attach Income Limits)			56,450	64,500	72,550	80,600	87,080	93,500	99,950	106,400		
AMI Year	2019	100% AMI			112,900	129,000	145,100	161,200	174,160	187,000	199,900	212,800		
HUD MSA	San Francisco	State	CA	Half-Person	120,950	137,050	153,150	167,680	180,580	193,450	206,350	212,800		

ID #	Unit Number	Tenant Name (For transitional housing projects, enter the household for the occupied units, and any vacant units)	Emergency Shelter Unit?	Bedrooms per Unit	Assumed Occupancy per Unit	Actual Family Size	Target AMI %	Actual Family Income	Actual Family Income as % of AMI	Reserved for Target Incomes 50%/80%	30% Rent Cap	Total Rent Received for Unit	Rental Subsidy:	Rent Paid by Household	Rent vs. Income Test	30% Rent Test
													VASH			
								\$		\$	\$	\$	\$			
1	101	Tenant Name	No	0	1.0	1	30%	0	0%		847	900		900	Fail	Fail
2	102	Tenant Name	No	0	1.0	2	30%	5,000	4%		847	700	650	50		
3	103	Tenant Name	No	0	1.0	1	30%	0	0%		847	700	700	-		
4	104	Tenant Name	No	0	1.0	1	30%	0	0%		847	700	700	-		
5	105	Tenant Name	No	0	1.0	2	30%	10,000	8%		847	700	550	150		
6	106	Tenant Name	No	0	1.0	1	30%	500	0%		847	700	700	-		
7	107	Vacant	No	0	1.0		30%		0%		847	700		700		
8	108	Vacant	No	0	1.0		30%		0%		847	700		700		
9	109	Vacant	No	0	1.0		30%		0%		847	700		700		
10	110	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
11	111	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
12	112	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
13	113	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
14	114	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
15	115	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
16	116	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
17	117	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
18	118	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
19	119	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
20	120	Tenant Name	Yes	0	1.0	1	30%	0	0%		847	-		-		
21					0.0				0%		-			-		
22					0.0				0%		-			-		

Use drop down menu
to show shelter units

Enter AMI % as of
Rent Roll Date

Failed due to income less than rent, and rent
charged exceeds 30% of target income

Richards Crossing



Member: Charles Schwab Bank
Sponsor: Nevada Rural Housing Authority
Award: \$390,000
Location: Carson City, NV

Richards Crossing is an affordable housing project in rural Carson City, the capital of Nevada. The 39-unit project includes eight units set aside for veterans, supported through a unique partnership between HUD and the US Department of Veterans Affairs.

Sunset Springs Self-Help



Member:	Mechanics Bank
Sponsor:	Coachella Valley Housing Coalition
Award:	\$179,000
Location:	Desert Hot Springs, CA

Sunset Springs consists of 9 affordable homeownership units for families participating in the USDA's Section 502 self-help sweat equity program. Families contributed at least 500 hours to the construction of their homes. Designed to exceed the state's minimum green building standards, homes include energy saving features important for living in a hot climate such as evaporative coolers, high efficiency light fixtures, tile flooring, and radiant floor barriers.

Contact Information

For questions regarding the AHP General Fund, contact:

Robert Stegall

stegallr@fhlbsf.com
(415) 616-2631

Rose Wirtz

wirtzr@fhlbsf.com
(415) 616-2652

Alyssa Thunberg

thunbera@fhlbsf.com
(415) 616-2687

Sofia Castillo

castills@fhlbsf.com
(415) 616-2701

Thank you.

