Affordable Housing Products

Competitive Affordable Housing Program and Down Payment Programs

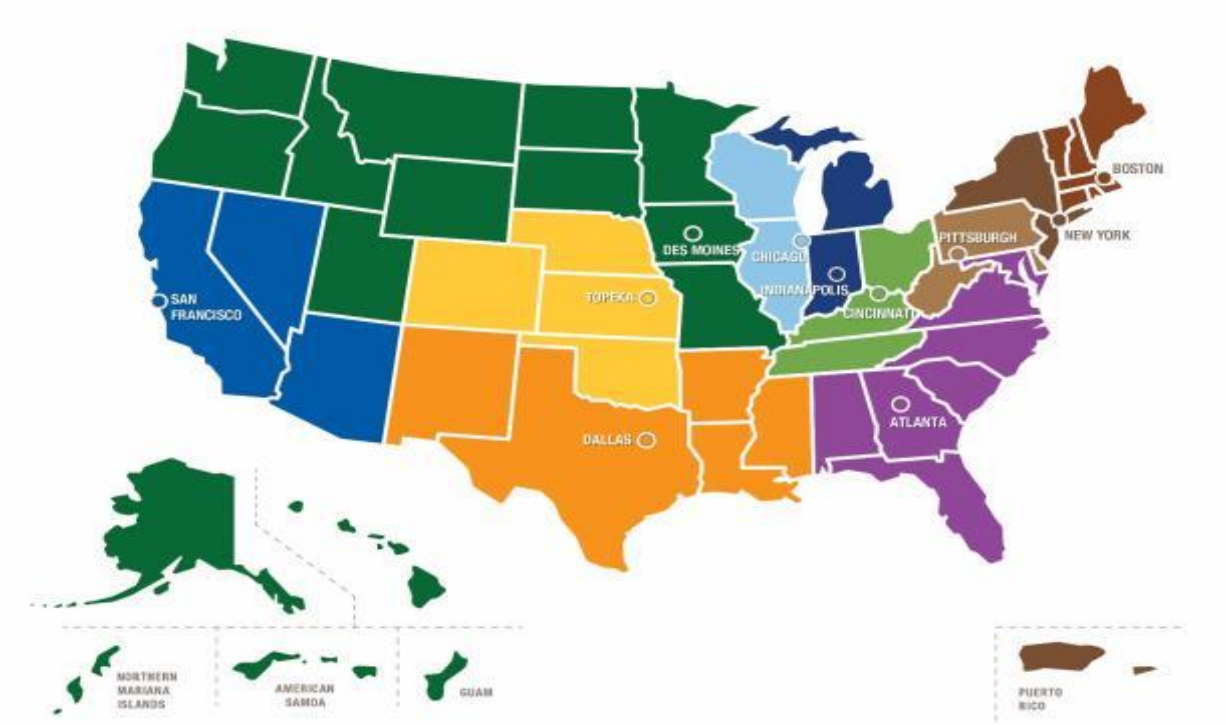
FHLB Des Moines Community Investment Department

Agenda

- Who we are – the Federal Home Loan Banks and the Affordable Housing Program
- Competitive Affordable Housing Program
  - Overview and Project Types
  - Case Studies
  - AHP Application
  - Eligibility, Feasibility, and Scoring
- Down Payment Program
- Contact Information
- Questions

FHLBank System

- A government sponsored enterprise authorized by Congress in 1932.
- 11 regional independent Federal Home Loan Banks.
- Mission: Provide financial products and services to over 7,000 member financial institutions to assist and enhance the financing of housing and improve the local business environment.



The FHLB Des Moines' district includes:

- 11 Midwest/West states
- Alaska
- Hawaii
- Pacific Territories.

Affordable Housing Program

- FHLBanks reserve 10 percent of net income each year for the ***Affordable Housing Program***, a subsidy program for affordable housing projects, making the FHLBanks one of the nation's largest funders of affordable housing.

- ***Competitive Affordable Housing Program (AHP)***
  - $508.2 million in lifetime awards, $52.6 million in 2018
  - Over 80,600 units of housing constructed or rehabilitated

- ***Down Payment Program (DP)***
  - $122.6 million in lifetime awards, $18.5 million in 2018
  - Over 25,000 households assisted

Competitive Affordable Housing Program (AHP)

Competitive AHP Overview

- Competitive subsidy award program subject to scoring criteria, eligibility requirements, and feasibility guidelines.

- Funds available for purchase, construction or rehabilitation of affordable housing units.

- Funds available for rental or homeownership projects.

  - Assists households below 80% of area median income.
  - In rental projects at least 20% of the households must be at or below 50% of median income.

- In 2019 maximum subsidy award is $1,000,000 for a project and up to $50,000 per unit of housing.

- Program guidelines published annually in AHP Implementation Plan. See the ***2019 AHP Implementation Plan*** on our website

AHP Project Types

Rental

- New construction
- Acquisition-Rehabilitation
- Rehabilitation
  - Rental preservation

Homeownership

- Consumer Driven
  - Owner occupied rehabilitation
  - Down payment/closing cost assistance
- Sponsor Driven
  - New construction for resale
  - Acquisition rehabilitation for resale

Case Study: Rental New Construction (Montana)



Funding Sources	
FHLB Des Moines AHP Funds	$45,000
HOME	$325,457
LIHTCs	$688,750
HUD	$127,000
Local Funds	$35,955
Permanent Financing	$102,684
Total	$1,324,846

Fireweed Court is Homeword's first rental property financed with low income tax credit equity, grant funding, and mortgage debt. The 12 unit townhome style development was built in 1998.

Conveniently located in central Missoula, Montana, Fireweed Court features small yards, a design which encourages community and fits into its neighborhood context. Alternative building materials were used including cement composite siding, cellulose insulation made of used newspaper, glass fill underneath the paving, and recycled content carpeting made of PET pop bottles.

Central to the homes is a woonerf, meaning "living street" in Dutch. The kitchen windows face the woonerf pedestrian walkway. The woonerf also serves as the drive for cars, which park next to the homes in a tandem fashion allowing greater site efficiency. To combat noise and traffic hazards of nearby busy Russell Street, Homeword organized building of a strawbale wall to act as a barrier. Fireweed Court residents came together in a community event to build the wall and work with a local artist to create mosaic art that depicted their sense of Home.

Case Study: Rental New Construction (Minnesota)



Funding Sources	
FHLB Des Moines AHP Funds	$273,000
State Deferred Loans	$5,008,303
LIHTCs	$2,993,320
County	$800,000
City TIF	$550,000
Metropolitan Council	$1,300,000
Local Funds	$495,900
Total	$11,420,523

Facing a shortage of housing options for homeless youth, Beacon created 39 units of housing in the Minneapolis suburb of Edina. They did this through an adaptive reuse of an existing commercial building.

In 2016, Beacon developed the 66 West project and teamed up with Edina Community Lutheran Church to offer high quality, permanent housing for 39 homeless young adults. The project site provides access to jobs, transit, and amenities.

Beacon applied a unique approach to build support and lay the groundwork for the project. Beacon achieved this by educating and organizing hundreds of individuals through their congregations. The community rallied behind the project, working with their elected leaders to become true partners in addressing this need. Over 225 people showed up at city-sponsored public hearings, asking their elected representatives to support the land use and funding approvals for 66 West. As a result, the Edina Mayor, and City Council members voted unanimously on land use approvals. They also voted on a City funding commitment of $550,000 through Tax Increment Financing.

Thanks to the overwhelming community effort and partnerships, homeless youth in the area now have a place to call home.

Case Study: Rental Rehabilitation (Wyoming)



Funding Sources	
FHLB Des Moines AHP Funds	$265,000
CDBG	$750,000
HOME	$474,824
Foundations and Donations	$95,425
Total	$1,585,249

The Life Steps Campus was once home to the Wyoming state orphanage and later donated to the City of Casper, Wyoming.

In 1996, Casper Housing Authority (CHA) received $265,000 from FHLB Des Moines Affordable Housing Program to offer housing units for people in need. This included homeless women and families, people with disabilities, homeless teens, and domestic violence victims. It also served as an emergency family shelter. With the help of the FHLB Des Moines grant, the City of Casper, and multiple partners, the Life Steps Campus became a beacon of hope.

Today, the Life Steps Campus has 50 units available. The programs include Health Care for the Homeless, Housing First, Pathfinders, a full gym, a commercial kitchen and dining hall. The Campus also hosts the Cold Weather Shelter for Women, monthly community dinners, and multiple other special events.

Case Study: New Construction Group Home (South Dakota)



Funding Sources	
FHLB Des Moines AHP Funds	$240,000
Grants	$160,000
Private Donations	$261,281
Permanent Loan	$160,000
Owner's Equity	$93,399
Total	$914,680

After receiving an AHP award in 2015, ADVANCE developed The Franklin House to offer affordable housing in a group home setting for low-income adults with intellectual and developmental disabilities in Brookings County. The property is on a large lot in a residential neighborhood on the south side of Brookings, South Dakota. It is also close to several new housing developments in that part of the city.

The house has eight bedrooms and features communal dining and living areas, a sunroom, and two covered outdoor patios. The entire house is accessible to people who use a wheelchair, or have other mobility aides. Staff are available in the house 24-hours a day to offer support services and attend to the care needs of the residents. So far, the project has successfully affected the community.

Case Study: Owner-Occupied New Construction (Utah)



Funding Sources	
FHLB Des Moines AHP Funds	$386,957
USDA-Rural Development	$9,891,865
Home Buyer Down Payment	$72,655
State of Utah – Olene Walker Housing Loan Fund	$135,000
Total	$10,486,477

In 2013, Self-Help Homes received an AHP award and helped 43 lower income families get into affordable homeownership in several Utah communities, including: Heber, Elk Ridge City, and Santaquin Cities through the Mutual Self-Help Housing (MSH) Program.

Groups of families who qualify for the program, help build one another's homes over eight months, working in the evenings and on weekends, while under the direction of a Self-Help Homes construction supervisor. Families provide the labor for up to 70 percent of the homes, including: framing, roofing, painting, installing cabinets, finish plumbing, finish work, exterior rock work, and landscaping. Group sizes vary in between eight to 10 families and no one moves into their home until all the homes in a group are finished.

USDA-RD provides low interest mortgage loan to families and a grant Self-Help Homes to administer the program. Affordable Housing Program funds are used to lower the cost of the land in addition to no general contractor fee being charged to the families and the many hours of "sweat equity" to lower labor costs. Families move into their homes on average with over $20,000 in equity.

Case Study: Owner-Occupied Rehabilitation (Iowa)



Funding Sources	
FHLB Des Moines AHP Funds	$9,000
Donation	$59,437
Habitat Mortgage	$31,262
County Housing Trust Fund	$20,000
Total	$120,599

Many residents of Greater Des Moines struggle daily with a lack of affordable housing. In Polk County alone over 25,000 working families do not earn enough to qualify for a traditional mortgage. Greater Des Moines Habitat for Humanity (GDM Habitat) does many things to address this problem. One project, which received AHP funding in 2014, created five homeownership opportunities for low-income buyers through the acquisition and rehabilitation of five vacant homes in distressed neighborhoods within the City of Des Moines.

When rehabilitating a home for a low-income family, GDM Habitat brings all major components of the house up to like-new condition. This includes new appliances, re-shingling the roof, painting all interior walls, and many other key components. They assess the rest of the home is for its condition. Then they repair or replace remaining deficiencies. These include the foundation, windows and gutters, millwork, interior doors and cabinetry, plumbing fixtures and landscaping and grading at the exterior of the home.

With the work GDM Habitat has done, five families will get to experience homeownership. Something they never would have dreamed of without the support of GDM Habitat.

Sponsor Applicants

- Sponsor organizations that apply for subsidy award are typically non-profits, governments including Native American tribes, or housing authorities that are conducting an affordable housing project.
- To be eligible for scoring, the sponsor must be integrally involved in planning, development, or management of the project.
- For rental projects, sponsors must have controlling ownership interest in the project.
- For-profits may apply but are not awarded points in competitive scoring.
- Sponsors require the support of an FHLB Des Moines member to apply and to receive disbursements.

Member Support for Sponsor Applicants

- All applications require the support of an FHLB Des Moines member financial institution – the member applicant.
- Member provides service to their community in support of FHLB housing mission.
- A membership directory is available on the Bank website.
- Member benefits:
  - Fosters community relationships
  - Expands customer base
  - Provides opportunity for targeted service and lending opportunities
    - ✓ Community Reinvestment Act compliance benefit
  - Housing programs also provide for economic development
  - Leverages local dollars

2019 Application - AHP Round Schedule

Application Start	May 1, 2019
Application End	May 31, 2019, 4:30 PM CT
AHP Awards Announced	**December 2019**

- Application is made through an automated system, ***AHP Online***. Member support is required to initiate an application. System access and manuals are always available on our website.

- Awards are announced in December. Projects that are substantially complete - and in some cases begun prior to - the award date are not eligible.

Application Process

- Sponsor applicant must request support from FHLBDM member.
- Member registers a staff person as an Authorized AHP User in ***eAdvantage,*** our member's proprietary website.
- Sponsor registers AHP Participants in ***AHP Online.***
  - Staff and consultants register individually, creating an AHP User Profile.
  - In creating User Profile, associate with sponsor or consultant organization.
- Sponsor initiates application in ***AHP Online*** and associates with the member.
- Sponsor's registered AHP Participants complete and approve online application
  - Lead Contact (sponsor staff)
  - Input Contact (sponsor staff or consultant)
- Member approves online application to FHLBDM.
- FHLB Des Moines awards funds to applications after examining eligibility, score, and feasibility based on requirements of the ***AHP Implementation Plan.***
- ***AHP Online*** is accessed from Bank's website. Instruction is available in ***AHP Online Guides*** for Sponsor and for Member.

Three Legs of AHP

- Eligibility
- Feasibility
- Scoring



AHP Eligibility Requirements

- Use of Funds: purchase, construction, rehabilitation of affordable housing
- In rental projects at least 20% of the households must be at or below 50% of median income
- Demonstrated need for subsidy
- Timing of Subsidy Use
  - 36 months for rental projects
  - 24 months for homeownership projects
- Compliance with Fair Housing, Anti-predatory and Accessibility Regulation
- Retention of Affordability (Deed Restrictions)
  - 15 years for rental projects
  - 5 years for homeownership projects
  - May require repayment upon sale or refinance of assisted units
- Not be used for refinance or revolving loan funds

AHP Feasibility Guidelines

- Projects must conform to the Bank's feasibility guidelines in regard project costs, revenue and expenses, and affordability of housing.
- Costs or other project features that do not conform to guidelines may disqualify application.
- Feasibility Workbooks and other application exhibits are provided to collect data and determine feasibility. Sponsors must justify costs or project features that do not conform to guidelines.
  - Workbooks will alert applicants to costs that require explanation, including costs in excess of guidelines
  - Explanations are made in ***AHP Online***
- Incomplete or inconsistent applications could disqualify an application.
- See the ***2019 AHP Implementation Plan*** for Rental and Homeownership Feasibility Guidelines.

2019 AHP Scoring Summary

Points

5	**Priority 1**	– Donated or Discounted Property
10	**Priority 2**	– Non-Profit or Government Sponsorship
20	**Priority 3**	– Income Targeting
10	**Priority 4**	– Homeless Households
5	**Priority 5**	– Promotion of Economic Empowerment
15	**Priority 6**	– First District Priority (Special Needs, District Location)
18	**Priority 7**	– Second District Priority (Project Specific)
5	**Priority 8**	– AHP Subsidy Per Unit
12	**Priority 9**	– Community Stability (Project Specific)

100 maximum points

AHP is a competitive application. See the ***2019 AHP Implementation Plan*** for scoring details. Scoring priorities change from year-to-year.

2019 AHP Scoring

Priority 1

Donated/Discounted Property

5 Points Variable

- Any land or units conveyed by the federal government (1 point)

  or

- Land or units donated to the project (minimum 20% donated)
- Land or units purchased at a discount (minimum 20% discount from FMV)

Priority 2

Non-Profit/Government Sponsorship

10 Points Fixed

- Sponsor must be integrally involved in project
- For rental projects, sponsor must have controlling ownership

2019 AHP Scoring

Priority 3

Income Targeting

20 Points Variable

- Sliding scale between 16 and 20 points
- Rental projects where at least 60% of the households are at or below 50% AMI will receive 20 points
- Homeownership projects where at least 20% of the households are at or below 60% AMI will receive 20 points

Priority 4

Housing for the Homeless

10 Points Variable

- Up to 10 points for projects providing permanent housing for the homeless
  - 5 points for 20% of the units for homeless
  - 7 points for 50% of the units for homeless
  - 10 points for 75% of the units for homeless

2019 AHP Scoring

Priority 5

Promotion of Empowerment

5 Points Fixed

- Projects must commit to providing at least one economic empowerment service to all residents
- Proposed program or service must be appropriate for the target population
- Full Menu of services in ***AHP Implementation Plan***

  Services include: Case Management, Education GED, Employment Counseling/Referral, Financial Planning, Vaccination or Health screening, Resident Involvement

2019 AHP Scoring

Priority 6

Special Needs
- 10 Points Variable

District Distribution
- 5 Points Fixed

- Up to 15 points for projects with units for special needs populations and/or District Distribution.

  - 5 points for 20% of the units for special needs
  - 7 points for 50% of the units for special needs
  - 10 points for 75% of the units for special needs

- Special needs includes: elderly, physically or mentally disabled, persons recovering from alcohol, drug or physical abuse, persons with HIV/AIDS

- In-District Distribution (5 points)

2019 AHP Scoring

Priority 7

Second District Priority

18 Points Variable

- Project-Type (10, 12, or 13 points)
  - 13 points for Native Housing
  - 13 points for Farmworker Housing
  - 10 points for Preservation of Federally Assisted Rental Units
  - 10 points for Construction Small Rental Projects (24 units or less)
  - 12 points for Owner-Occupied New Construction

Priority 8

AHP Subsidy Per Unit

5 Points Variable

- The project with the lowest subsidy per unit will receive 5 points
- The project with the highest subsidy per unit will receive 0 points
- Projects in between will receive points on a sliding scale from 0 to 5 points

2019 AHP Scoring

Priority 9

Community Stability

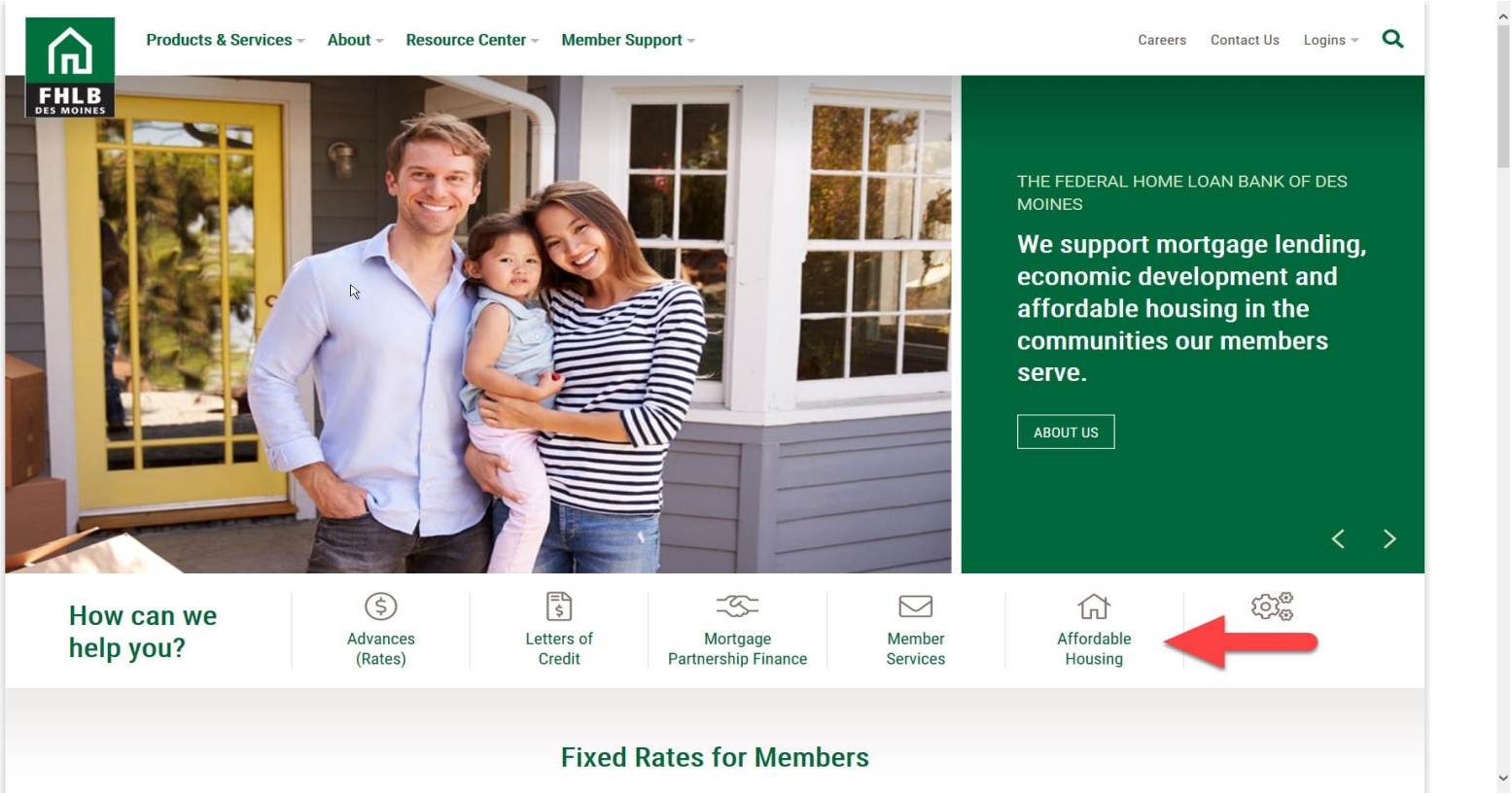
12 Points Variable

For projects where 100% of the units include:

- 5 points for adaptive reuse
- 5 points for rehabilitation, or demolition and new construction on the same site, of vacant or abandoned units
  - Does not apply to bare land
- 5 points for acquisition and rehabilitation of units converting to affordable rental housing
- 12 points for consumer-driven owner-occupied rehabilitation of $15,000 or more per unit
  - Rehabilitation refers to hard cost of rehab, does not include soft costs
  - Sponsor must budget at least 10% more than the minimum threshold to be eligible (demonstrates operational feasibility)

AHP Guidelines and Forms

See the Bank website for dedicated program pages with guidelines and forms.
Go to www.fhlbdm.com



Down Payment Assistance Products

Home$tart

Native American Homeownership Initiative (NAHI)

Program Profile

- Assists households with home purchase
  - Down payment
  - Closing costs
  - Property repairs associated with purchase
- Assists households below 80% median income
- A member's program
  - Funds available to members on a first-come, first-served basis.
  - Members utilize funds on in-house loan originations or pass through to other lenders and non-profits.

Home$tart

Must be first-time homebuyers

- $2.4 million available for Home$tart in 2019
- Individual household award maximum $7,500
- $100,000 member limit

Native American Homeownership Initiative (NAHI)

Assists eligible Native American, Native Alaskan, Native Hawaiian homebuyers in the Bank's 13-state district

- $500,000 available in 2019
- Individual household award maximum $15,000
- $100,000 member limit
- May be used for new construction subject to Bank approval

Contact Information

Competitive Affordable Housing Program/Homeownership

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QUESTIONS?