

2016 AHP Implementation Plan Summary of Changes & Availability of Set-Aside Programs

AHP Implementation Plan Summary of Changes

The Federal Home Loan Bank of Cincinnati (“the FHLB”) Board of Directors has approved changes to the Affordable Housing Program (“AHP”) Implementation Plan (“the IP”) for 2016. The following lists the material changes for the 2016 AHP Competitive offering. Please see a complete copy of the [2016 AHP Implementation Plan](#) available on the FHLB Cincinnati’s website for detailed program requirements.

Scoring Revisions

- The scale by which points are awarded for AHP Leverage based on the amount of subsidy requested as a percent of total residential costs has been revised as follows:
 1. AHP *equal to 1 percent but no more than 25 percent* (5.0 points)
 2. AHP *more than 25 percent but less than 50 percent** (3.0 points)

*The 3 point level has not changed.
- The Income Targeting scale by which points are awarded to Ownership projects has been revised as follows:

<u>Weighted Average</u>	<u>Points</u>
<u>Income</u>	
>65% ≤ 80% AMI	15.0
>60% ≤ 65% AMI	17.0
>55% ≤ 60% AMI	18.0
≤ 55% AMI	19.0

*The scale for Rental projects has not changed.

Monitoring Requirements

- The timing by which Sponsors must complete acquisition of a Rental property or acquisition of the first unit in an Ownership project has been revised from 24 months to 18 months from application approval.

Modification Requirements

- Clarifying language has been added to make clear that a modification is only required when changes to the project’s development and/or operating budgets are greater than 10 percent and the increase causes the project to *no longer meet* the feasibility limits set at application approval. Changes to the project’s development and/or operating budgets greater than 10 percent that do not cause the project to exceed the feasibility limits set at application approval *will require an explanation* at time of disbursement but not a modification.

Definitions

- A new “*Income Eligibility Guide*” has been added as Appendix A to Attachments E and H setting forth guidelines by which Sponsors and Members must qualify households for participation in the AHP and Welcome Home Program. The FHLB will use these

guidelines to confirm income eligibility for all households and will no longer use the HUD Handbook 4350.3 for this purpose.

- Definitions specific to the Welcome Home Program have been added as Appendix B to Attachment H: Requirements for the Welcome Home Program.
- Definitions for “Hard debt,” “Debt coverage ratio,” and “Soft debt” have been revised to clarify that debt repayable to a “Related party” such as a loan from a Sponsor to an ownership entity in which the Sponsor has an “Ownership interest” will not be considered “Hard debt” and will not be included in the “Debt coverage ratio” calculation.

Feasibility Guidelines

- The reasonableness of operating costs requirements have been revised for permanent supportive housing projects to state that site security may appear on Attachment C as a housing expense.
- A feasibility guideline has been added for Hard costs and Soft costs contingencies as a percent of Total Hard Costs where the maximum Hard costs contingency is limited to 10 percent new construction, 15 percent rehabilitation/adaptive reuse, and 20 percent historic rehabilitation, and maximum Soft costs contingency is limited to 10 percent.

Other AHP Program Changes – Disbursement Procedures

- For Rental projects, early disbursement requests will not be accepted more than 6 months after construction loan closing or issuance of work permits has occurred.
- For Ownership projects, disbursement requests will not be accepted for units completed (sold or rehab completed) more than 12 months from submission to the FHLB.
- At the FHLB’s discretion, any disbursement request that has not made adequate progress toward disbursement of funds within six months of submission to the FHLB due to incomplete or missing information may be returned to the Member and Sponsor for resubmission at a later time.

Availability of Set-Aside Programs

The FHLB Cincinnati Housing and Community Investment (HCI) will continue to offer the following set-aside programs in 2016. For complete information on any of these programs, please go to [Community Investment](#) on the FHLB Cincinnati’s website.

Welcome Home Program

The Welcome Home Program offers grants up to \$5,000 for down payment and closing costs assistance to low- and moderate income homebuyers. Eligibility is determined by total household income, as adopted by the appropriate state housing finance agency, adjusted for family size. The program will open for reservations on March 1. Funds are reserved on a first-come, first-served basis as long as funds are available.

Changes for 2016:

- FHLB has developed an Income Eligibility Guide to assist members with calculating household income. We will no longer use HUD Handbook 4350.3.
- All household occupants must be identified by name, age, and relationship to the applicant at time of submission of the Reservation Request.

Carol M. Peterson Housing Fund

This program offers grant of up to \$7,500 for accessibility rehabilitation and emergency repairs for low- and moderate income elderly and special needs homeowners. Eligibility is determined by total household income, as adopted by the appropriate state housing finance agency, adjusted for family size. Verification a household occupant is elderly or meets FHLB's definition of special needs is also required. The Carol M. Peterson Housing fund will open for reservations of June 1. Funds are reserved on a first-come, first-served basis as long as funds are available.

Disaster Reconstruction Program

The Disaster Reconstruction program was established in response to the tornadoes that damaged parts of the Fifth District in 2012. This program offers grant of up to \$20,000 for homeowners and renters who suffered a loss due to a federal or state declared disaster. Applicants must have been residing in their primary residence at the time of the disaster and apply for the grant within 24 months. Eligibility is determined by total household income, as adopted by the appropriate state housing finance agency, adjusted for family size. Funds are reserved on a first-come, first-served basis as long as funds are available. This program is currently open.

Community Investment Program

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

Economic Development Program

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

Zero Interest Fund

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