FHLB Atlanta - AHP Competitive Program

Wednesday, January 13, 2016
TOOLS YOU CAN USE
South Florida Community Development Coalition

Joel Brockmann, Rental Production Manager
Our Discussion Today

- FHLBank Atlanta Overview
- AHP Competitive Program
  - Overview
  - Value and Benefits
  - Scale and Impact of AHP
  - Scale and Impact of AHP in Supportive Housing
- How To Apply for AHP Competitive Funding
- Dispelling the Myths
- Q & A
FHLBank Atlanta Overview
# FHLBank System Overview

FHLBank Atlanta is one of 11 district banks in the Federal Home Loan Bank System.

The FHLBanks are government-sponsored enterprises, or “GSEs,” created by the Federal Home Loan Bank Act of 1932.

FHLBank Atlanta’s district comprises Alabama, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and the District of Columbia.
Unique Offering to Shareholder and Community

- Like every “dividend,” predicated upon earnings
- “Equity-like” capital for real estate transactions
- Direct and indirect benefits to shareholders, developers, homebuyers, tenants, and the community
What is the Affordable Housing Program?
Unique Offering to Shareholder and Community

AHP Competitive Program
- Reservation of up to $500,000 for rental or ownership projects for up to 18 months or 36 months
  - Minimum of 65 percent of the Bank’s AHP funds are used for Competitive
  - $692 million since 1990 - 109,600 units
- Commercial Loan Officers
- New construction
- Rehabilitation
- Multifamily
- Single-family

AHP Set-aside Program
- A suite of products for fast allocation of downpayment or closing cost assistance or home rehabilitation assistance for Veterans
  - Maximum of 35 percent of the Bank’s AHP funds are used for Set-aside
  - $160.3 million since 1997 – 23,508 units
- Single-family Products
- First-time Homebuyer
- Community Partners
- Foreclosure Recovery
- Veterans Suite
- Structured Partnerships

*As of 12/31/2015*
Value to Your Business AND Your Community

Affordable Housing Program (AHP)

**AHP Competitive – rental and ownership**
- New construction/rehabilitation
- Single-family/multi-family
- Acquisition/owner-occupied

**AHP Set-aside – ownership only**
- First-time Homebuyer Product (FHP)
- Community Partners Homebuyer Product (CPP)
- Foreclosure Recovery Homebuyer Product (FRP)
- Veterans Product Suite (VPP, RVPP, VRP, RVRP)
- Structured Partnership Products (SPP)

**Community Investment Program (CIP)/ Economic Development Program (EDP)**
- Discounted advance products for residential or economic development projects
AHP Competitive Program
AHP Competitive Program (Rental)

- **Rental transactions**
  - Types
    - Low-Income Housing Tax Credit (LIHTC)
    - Non-LIHTC multi-family
    - Mixed-Use
  - Reduces project debt service
    - Which thereby permits a reduction in project rents to enable affordability
- **Use of Funds**
  - Acquisition
  - Rehabilitation
  - New Construction and/or
  - Permanent funding

- **Supportive Housing transactions**
  - Social service residential facilities

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**La Joya Villages, Lake Worth, FL**
Community & Southern Bank
$500,000 AHP Subsidy
55 rental units

**Waterfront Rescue Mission – Pensacola, FL**
$500,000 AHP Subsidy
100 rental units
Rental Example:
Extend Credit and Reduce Loan Risk

Multi-family Rental, New Construction
Winter Haven, FL 84 units

<table>
<thead>
<tr>
<th></th>
<th>Total Costs</th>
<th>AHP</th>
<th>Shareholder</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>$590,000</td>
<td></td>
<td></td>
<td>$590,000</td>
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<tr>
<td>Construction</td>
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<td>$0</td>
<td>$134,988</td>
<td>$9,025,294</td>
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<td>Soft Costs</td>
<td>$1,716,414</td>
<td>$65,000</td>
<td>$106,161</td>
<td>$2,063,862</td>
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<td>Other Costs</td>
<td>$2,143,311</td>
<td>$547,815</td>
<td>$858,851</td>
<td>$3,014,288</td>
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<td>Total Development Budget</td>
<td>$13,610,007</td>
<td>$612,815</td>
<td>$1,100,000</td>
<td>$11,897,192</td>
</tr>
</tbody>
</table>

- Total Debt – First Mortgage: $1,100,000
- Member Loan-to-value (LTV/Cost): 8.1%
- AHP Competitive: $612,815
- Total Debt if AHP converted to Debt: $1,712,815
- Member LTV/Cost if AHP converted to Debt: 12.6%
- DCR: 1.36
- DCR if AHP converted to Debt (7% for 15 years): 0.71
FHLBank Atlanta AHP Scale and Impact

$692.6 Million
competitive funds awarded to create over 109,600 rental and homeownership opportunities for moderate-, low- and very low-income households since 1990.
AHP Competitive Leverage Ratio – 1:13

$160.3 Million
funded through AHP Set-aside products and supporting more than 23,500 units since 1997.
AHP Set-aside Purchase Leverage Ratio – 1:20

$7.5 Billion
low-cost CICA advances supporting community economic initiatives and affordable housing development.

*As of 12/31/15
FHLBank Atlanta LIHTC AHP Cumulative Scale and Impact (1990-2015)

1:19 Leverage

56,087 LIHTC Units awarded AHP Funds

Total Development Budget
All LIHTC Deals
$6.43 billion
$323.6 million LIHTC/AHP

Grand Total $6,431,007,491

• 39% of all Awarded AHP projects are LIHTC projects
• 47% of all awarded AHP subsidy was awarded to LIHTC projects
• 51% of all awarded AHP units are LIHTC units
FHLB Atlanta Supportive Housing Defined

Housing projects that include low-to-moderate income units reserved for individuals and families that are homeless, mentally or physically disabled, recovering from physical or substance abuse, or have HIV/AIDS.

Accessible Space, Inc.
Anderson-Fischer Apartments
$95,000 AHP Subsidy
Mobile, AL
20 Rental Units for Supportive Housing
Supportive Housing
Rental LIHTC vs. Rental Non-LIHTC, 2010-2015

Over the last 6 years, 48.1% of all rental projects awarded include supportive housing units.

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Total # Projects 2010-2015</th>
<th># Projects With Supportive Housing 2010-2015</th>
<th>% Total Projects With Supportive Housing 2010-2015</th>
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<tbody>
<tr>
<td>Rental - LIHTC</td>
<td>203</td>
<td>64</td>
<td>32%</td>
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<tr>
<td>Rental Non-LIHTC</td>
<td>105</td>
<td>84</td>
<td>80%</td>
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<tr>
<td>Total</td>
<td>308</td>
<td>148</td>
<td>48.1%</td>
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## FHLBank Atlanta Supportive Housing Awards by State 1990-2015

<table>
<thead>
<tr>
<th>Project State</th>
<th># Projects</th>
<th># Units</th>
<th>$ AHP</th>
<th>$ Dev Budget</th>
<th>Leverage</th>
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<tr>
<td>GA</td>
<td>201</td>
<td>14,213</td>
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<td>FL</td>
<td>140</td>
<td>9,166</td>
<td>$52,501,025</td>
<td>$635,007,010</td>
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<tr>
<td>NC</td>
<td>176</td>
<td>6,707</td>
<td>$47,751,812</td>
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<tr>
<td>MD</td>
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<td>SC</td>
<td>135</td>
<td>5,983</td>
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<td>VA</td>
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<td>4,677</td>
<td>$30,190,315</td>
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<tr>
<td>AL</td>
<td>89</td>
<td>3,823</td>
<td>$27,462,427</td>
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<td>MS</td>
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<td>WV</td>
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<tr>
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<td>IA</td>
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<tr>
<td>DE</td>
<td>1</td>
<td>26</td>
<td>$50,000</td>
<td>$1,436,902</td>
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</table>

**Grand Total** | 1,147 | 59,078 | $360,219,962 | $4,747,520,030 | 1:12
How To Apply for AHP Competitive Funding
# How to Apply for AHP Competitive Funding

**FHLBank Atlanta AHP Competitive 3-YEAR APPLICATION SCHEDULE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Open</th>
<th>Deadline</th>
<th>Award Decision</th>
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<tbody>
<tr>
<td>2016</td>
<td>JAN</td>
<td>FEB</td>
<td>MAR</td>
</tr>
<tr>
<td>2017</td>
<td>JAN</td>
<td>FEB</td>
<td>MAR</td>
</tr>
<tr>
<td>2018</td>
<td>JAN</td>
<td>FEB</td>
<td>MAR</td>
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</table>
How to Apply for AHP Competitive Funding

Getting Started

All applications include a FHLBank Atlanta Member and a Sponsor

Members are the financial institutions that are part of the Federal Home Loan Bank of Atlanta
- Member list is on the FHLBank Atlanta website
- Call if you would like assistance on reaching the right person

Sponsors are housing developers, public entities, contractors, community builders, and other organizations engaged in housing construction, rehabilitation, and development of affordable rental or owner-occupied housing

Sponsors drive the application process; members review and approve applications
How to Apply for AHP Competitive Funding

1. Detailed webinars are offered to review the actual application content
2. Application is submitted through AHPOnline, accessed on the home page of the FHLBank Atlanta website
3. Sponsor submits application to member for review and approval
4. FHLBank Atlanta member approves application and submits to FHLBank Atlanta the supporting documents via electronic media by sponsor
Intake, Processing, Underwriting and Approval

Intake
- AHP Online
  - Application (input data & docs):
    - Threshold doc review
    - Scoring initiated
  - April 7th Application Deadline

Underwriting
- Assigned to Analyst
  - Process data & documents:
    - Additional documentation
    - Clarification
    - Validation
  - April 7th – June 20th
- Underwriting & Analysis:
  - Financial feasibility
  - Development feasibility
  - Cash flow analysis

Approval
- CIS Director Recommendation
- CIS Committee Recommendation
- Affordable Housing Advisory Council Consultation
- Board of Directors Approval
  - July 12th
  - July 26th
  - July 27th – 28th

Top 150% scores relative to available funding

Quality Control:
- UW Consistency
- Market viability
- Fraud mitigation

Affordable Housing Advisor
CIS Committee
Consultation

CIS Director
Recommendation

Board of Directors Approval
How to Apply for AHP Competitive Funding

Review Criteria

Threshold
• Application Certification
• Site Control
• 20% of Funding Sources Committed prior to application
• Sponsor is Qualified and Able

Scoring
• Meets criteria to receive points

Project Feasibility and Cost Guidelines
• Development Budget
• Pro forma (Rental only)

Note: Sponsors should carefully read the AHP Implementation Plan for detailed requirements.
# How to Apply for AHP Competitive Funding

## 2016 Scoring

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<tr>
<th>CATEGORY</th>
<th>POINTS</th>
<th>NOTES</th>
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<tr>
<td>Donated Government-Owned or Other Property</td>
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<td>Variable</td>
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<tr>
<td>Nonprofit or Government Sponsor</td>
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<td>Variable</td>
</tr>
<tr>
<td>Targeting</td>
<td>20</td>
<td>Variable</td>
</tr>
<tr>
<td>Housing for Homeless Households</td>
<td>5</td>
<td>Fixed</td>
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<tr>
<td>Empowerments</td>
<td>5</td>
<td>Variable</td>
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<tr>
<td><strong>First District Priority</strong></td>
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<td></td>
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<tr>
<td>Member Participation</td>
<td>15</td>
<td>Fixed</td>
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<tr>
<td><strong>Second District Priority</strong></td>
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<tr>
<td>Project Readiness</td>
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<tr>
<td>Veterans</td>
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<td>Fixed</td>
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<tr>
<td>Leveraging</td>
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<td>Fixed</td>
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<tr>
<td>Connecting AHP to Core Business</td>
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<td>Variable</td>
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<tr>
<td>AHP Subsidy per Unit</td>
<td>10</td>
<td>Variable</td>
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<tr>
<td>Community Stability</td>
<td>5</td>
<td>Fixed</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
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</tbody>
</table>
Dispelling the Myths
Myth: The AHP Competitive schedule is consistently adverse with my state’s LIHTC application schedule.

- FHLBank Atlanta’s district includes eight LIHTC-administrating HFAs with varying application schedules.

- To ensure that there is fair access to AHP Competitive funds:
  - Rotating 3 year application schedule
  - Amended scoring criteria
    - Proposed LIHTC projects can get 5 points for having an eligible submission of their project application to their state’s LIHTC administrator.

- Projects that were awarded LIHTC after the AHP Competitive application deadline the previous year are in a position to get Readiness points in a 2016 AHP application.
Myth: Projects from rural markets are at a disadvantage in the AHP Competitive application.

- Rural projects awarded at a rate equivalent to the rate of rural applications submitted. For example, over the past five years:
  - 31% (264 of 845) of all applications submitted were for rural projects
  - 31% (93 of 301) of applications awarded were for rural projects

- Beginning with the 2015 AHP awarded projects, the Bank will use the greater of several household income calculation methodologies. Under this new methodology, for example using an average four-person household, 91% of counties within FHLBank Atlanta’s district are positively impacted.

- Using the state median family income will expand availability of AHP to areas where the county-level limit is lower than the state limit.
Expanding Your Eligible Customer Base

New! FHLBank Atlanta AHP Income Limit Methodology & Calculator

Selects the greatest of four calculation methodologies

Point-and-click Calculator automatically provides the highest income limit

548 of 599 counties in the Bank’s district (91%) now have a higher income limit!

Clarke County, AL – Example, 4 person household

<table>
<thead>
<tr>
<th>Old Methodology (80%)</th>
<th>Highest of New Methodology (80%)</th>
<th>% Higher than Old Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>$38,800</td>
<td>$44,400</td>
<td>14%</td>
</tr>
</tbody>
</table>

FHLBank Atlanta Income Calculator Tool
https://cis.fhlbatl.com/ahp/utilities.portal
Myth: **AHP Competitive cannot be used to pay for project costs overruns**

- A project in construction at the time of AHP Competitive application submission is eligible to apply.

- The project must still demonstrate the need for subsidy and the costs must still be reasonable.

- These projects are more likely to receive Readiness points, which would increase their competitiveness.
Myth: Certain member institutions that have experience and expertise in the AHP application process have an inherent competitive advantage.

- There are absolutely no scoring, underwriting, or award determination factors related to the experience, expertise, or identity of the member.

- In fact, in two of the last five years, new members* actually had a higher winning success rate than experienced members.

*Note: Experienced members are defined as having submitted an AHP Competitive application within the prior two years; new members are defined as having not submitted an AHP Competitive application within the prior two years.
Myth: Only LIHTC applications can be competitive in AHP

- Since 1990, the Bank has awarded more than $672.8 million to 2,170 AHP projects.
  - 37% of the projects awarded were Ownership
  - 63% of the projects awarded were Rental
    - 60% of the rental projects awarded were LIHTC
    - 40% of the rental projects awarded were Non-LIHTC

- Additionally, since 1990, 61% of rental projects awarded include supportive housing

- Of the total 258 rental projects awarded over the past five years, 50% include supportive housing
  - LIHTC: 33% of 173 projects awarded over the past five years include supportive housing
  - Non-LIHTC: 84% of 85 projects awarded over the past five years include supportive housing
Myth: AHP Competitive funds are not disbursed in a timely manner

- Over the last seven years, FHLBank Atlanta has adopted a metric-driven culture in its pipeline management
  - Speed and responsiveness of staff in managing developer funding request.
  - Outcomes are tracked on a daily basis and internally reported monthly

- For example, in 2014, 89.5% of the requests for funding by developers in AHP Competitive were funded within the established six-day metric, with an overall average of 4.3 days

- Additionally, FHLBank Atlanta established a metric defining the reasonable disposition of awarded funds within a certain time period
  - In 2014, 101% of this fund disposition metric was met
Myth: Developers/Sponsors only have 12 months to receive a disbursement of AHP Competitive funds

- **18 months disbursement time deadline** (not including a possible six month extension) for:
  - rental projects
  - ownership projects that are using AHP for “development” uses (prior to homebuyer closing)

- **36 months disbursement time deadline** for:
  - ownership projects in which AHP funds are disbursed at homebuyer closing
Myth: The AHP Competitive application is too paperwork intensive

- Application generally requires the same information as other debt or equity providers in the affordable housing
- Shifted timing of the request for information to the application stage to facilitate the timely disbursement of funds after award. This is commensurate with having a more ready project
Myth: FHLBank Atlanta knows the minimum score that is needed to win an AHP award in each round

- AHP Competitive application is comparatively scored in parts

- The minimum winning score is unknown until the completion of the application underwriting process

- Changes from year to year such as the total amount of AHP funds available for that round make it impossible to predict the score an application must earn to win an AHP award
Myth: FHLBank Atlanta’s AHP Competitive dictate a lower developer fee than most HFAs permit

- FHLBank Atlanta’s AHP Competitive guidelines state that we may defer to published guidelines from the HFA if the project is utilizing funding from the HFA
Letter of Credit Products
Letters of Credit
Confirming Letter of Credit

A Confirming LOC – sometimes called a ‘wrap’ – can help secure improved credit terms for community-focused bonds, enhancing the bond’s credit rating, reducing borrowing costs, and improving marketability.
Using Letters of Credit to Enhance Housing and Economic Development

• The debt is structured as **taxable (non-residential projects)** or **tax-exempt or taxable (residential)**

• Eligible bond activities include:
  ✓ General
  ✓ Education
  ✓ Transportation
  ✓ Housing
  ✓ Development
  ✓ Utilities
  ✓ Electric Power
  ✓ Public
  ✓ Healthcare
  ✓ Environmental
FHLBank Atlanta
Shareholder Testimonial – Letter of Credit

Shareholder: THE BANK OF TUSCALOOSA, A DIVISION OF SYNOVUS BANK
Letter of Credit: CONFIRMING

FHLBank Atlanta issued a confirming letter of credit on behalf of The Bank of Tuscaloosa (a division of Synovus Bank) to provide credit support for construction of a $31 million LEED-certified building that houses the offices of The Bank of Tuscaloosa. The building is part of the Tuscaloosa Riverfront Development, which connects downtown Tuscaloosa with its scenic riverwalk area.

“From an interest rate standpoint, FHLBank Atlanta’s letter of credit was extremely important to the financial viability of the project. It allowed us to finance the building favorably for the long term.”

MARK SULLIVAN, DIVISION PRESIDENT OF THE BANK OF TUSCALOOSA
Contact Us For More Information
(800) 536-9650, Option 3, Option 0
Visit our website at www.fhlbatl.com

RENTAL TEAM
Joel Brockmann – Rental Production Manager
Don Billingsley
James Monaghan
Richard Mauney
Glenn Stewart
Clarissa Weaver

OWNERSHIP TEAM
Maxima Sims – Ownership Production Manager
Michael Thimsen
Pearlie Jackson
Cassandra Madden

PUBLIC FINANCE
Patrick Rutledge – Public Finance Relationship Manager