



Affordable Housing Program (AHP)

FHLBI members are encouraged to apply for competitive Affordable Housing Program (AHP) subsidy funds to support affordable housing programs and projects in your community. Member financial institutions typically partner with project “sponsors” (community-based not-for-profit organizations, public entities, for-profit developers, etc.) to apply for AHP funds. AHP is private funding with a public purpose and facilitates the development or preservation of affordable rental housing and homeownership opportunities for very low-, low-, and moderate-income households.

Benefits to Members (Your “Community Dividend”)

- Enables members to maintain or establish new relationships
- Develops lending partnerships with housing developers, community representatives, and government agencies
- Provides critical gap funding to important local projects
- Supports members’ contributions to improve local affordable housing options
- Improves market competitiveness
- Helps achieve community investment goals/CRA outcomes

How to Participate

FHLBI typically holds a single AHP competitive application round to distribute all of the available funds for the year. Applications for 2016 are due by April 27 with awards announced on August 3. Application webinars are held and other technical assistance is offered prior to the application deadline to explain the scoring criteria and application requirements.

A Notification of Intent is encouraged to ensure notification of the various training opportunities conducted by the AHP compliance staff. Housing sponsors seeking an FHLBI member should present their project concept to the member at least six months prior to the application deadline to allow for member review and approval process.

Program Uses

Competitive AHP funds may be used to finance the purchase, construction or rehabilitation of either:

- owner-occupied housing for households with incomes at or below 80% of area median income; or
- rental housing where at least 20% of the units must be occupied by and affordable to households with incomes at or below 50% of area median income.

AHP funds must be used for acquisition, construction, or rehabilitation costs of housing, including some related soft costs, and down payment and closing cost assistance. AHP funds may not be used for capitalized reserves, non-residential space, or to provide supportive services. AHP subsidy benefits must be passed through to the project or the end user.

Other Funding and Technical Assistance

The Community Investment Program (CIP) is a lower cost long-term lending product, not a grant. CIP advances are a continuously available, favorably priced source of funds for first-time homebuyer loans, small business loans, community and economic development initiatives and affordable rental housing. The CIP advance is a great tool to use with AHP projects in need of interim or permanent financing. FHLBI staff is available to help qualify projects.

Information and forms are posted at <https://www.fhlbi.com>

Technical assistance is available by calling FHLBI’s Community Investment staff at 800.688.6697.

Affordable Housing Program

Project Thresholds

- A sponsor must have the capacity and experience to develop or preserve the housing project or partner with an experienced party
- Project readiness must be demonstrated by site control, zoning and the commitment of critical financing (generally 70% of the project funds must be applied for or committed by the application deadline)
- Projects must comply with state and federal fair housing and accessibility laws and regulations
- AHP applications must demonstrate project feasibility and a need for AHP subsidy as determined by analysis of sources and uses of development funds, 15-year operating budgets, and market demand
- AHP-assisted projects are retained as affordable via a recorded retention agreement - 5 years for owner-occupied projects and 15 years for rental project

Member Role

- Conduct usual and customary loan due diligence prior to submission. If there is no lending opportunity because of the deal's financial structure, the member should underwrite the grant as though it were a loan (FHLBI underwriting of a project should not be relied upon by the member or any other funder for lending purposes). Contact the FHLBI to discuss eligibility of project for a CIP advance.
- Review and approve applications, award modifications, project extensions, project progress reports, disbursement requests, and initial and long-term project monitoring reviews
 - Rental projects require a 15 year monitoring requirement for both member and sponsor
- Sign AHP Tri-party Agreement (if awarded funding)
- Review all disbursement requests
- Ensure a legally enforceable retention agreement or mechanism is in place. The retention period for rental projects is 15 years and for homeownership projects 5 years and begins when the last unit in the project is certified for occupancy.
- Discuss with the sponsor any additional reporting requirements and member expectations to meet monitoring requirements

Sponsor Role

- Contact the FHLBI member at least six months in advance of an AHP application round to ensure willingness to participate and understanding of member's expectations
- Review FHLBI AHP Implementation Plan and participate in application webinars and other training opportunities
- Submit Notification of Intent for potential projects per deadlines
- Utilize the FHLBI's grant training tools that include: webinars, training on demand, help lines, technical review of completed application prior to submission
- Thoroughly prepare and submit AHP application to member per member's deadline. Members are encouraged to establish their own deadline to allow time for review and approve funding commitments
- Respond promptly to any requests for additional information during competition
- Sign AHP Tri-party Agreement (if application is awarded)
- Understand and demonstrate how compliance requirements per FHLBI AHP Implementation Plan will be met, including preparation of disbursement requests and initial and long-term project monitoring reviews progress reports semi-annually



Building Partnerships, Serving Communities

The Federal Home Loan Bank of Indianapolis (FHLBI) is one of 11 regional banks that make up the Federal Home Loan Bank System. FHLBanks are government-sponsored enterprises created by Congress to ensure access to low-cost funding for their member financial institutions. FHLBanks are privately capitalized and funded, and receive no Congressional appropriations. The FHLBI is owned by its financial institution members, which include commercial banks, credit unions, insurance companies, and savings banks headquartered in Indiana and Michigan. For more information about the FHLBI and its affordable housing programs, visit FHLBI.com.