

Welcome to the FHLBank Indianapolis 2023 Community Investment Workshops

THE WEBINAR WILL BEGIN SHORTLY

- For the best video & audio experience, we recommend disconnecting from VPN.
- **Please submit questions throughout the presentation by using the Q&A box in Zoom.**
- Time providing, questions will be answered at the end of the session.
- Feel free to use the chat function to connect with other attendees, but we will not be monitoring the chat box for questions.
- Today's webinar will be recorded and posted to our website at: www.fhlbi.com/CIDtraining

2023 Community Investment Workshops

COMPETITIVE AFFORDABLE HOUSING PROGRAM
(AHP)

March 3, 2023

MaryBeth Wott, Mike Recker, Erica Petty-Saunders, Ashlen Sharpe

Today's Agenda

MARCH 3, 2023 | 2:00 – 3:00 PM

Introduction

Affordable Housing Program Overview

- Highlights of the 2022 Program Year
- Eligible Project Types and Costs
- Threshold Criteria
- Scoring
- Member and Sponsor Roles
- Life Cycle of an AHP Project
- 2023 Program Year Timeline
- Example Projects

Next Steps

Live Q&A

Federal Home Loan Bank System

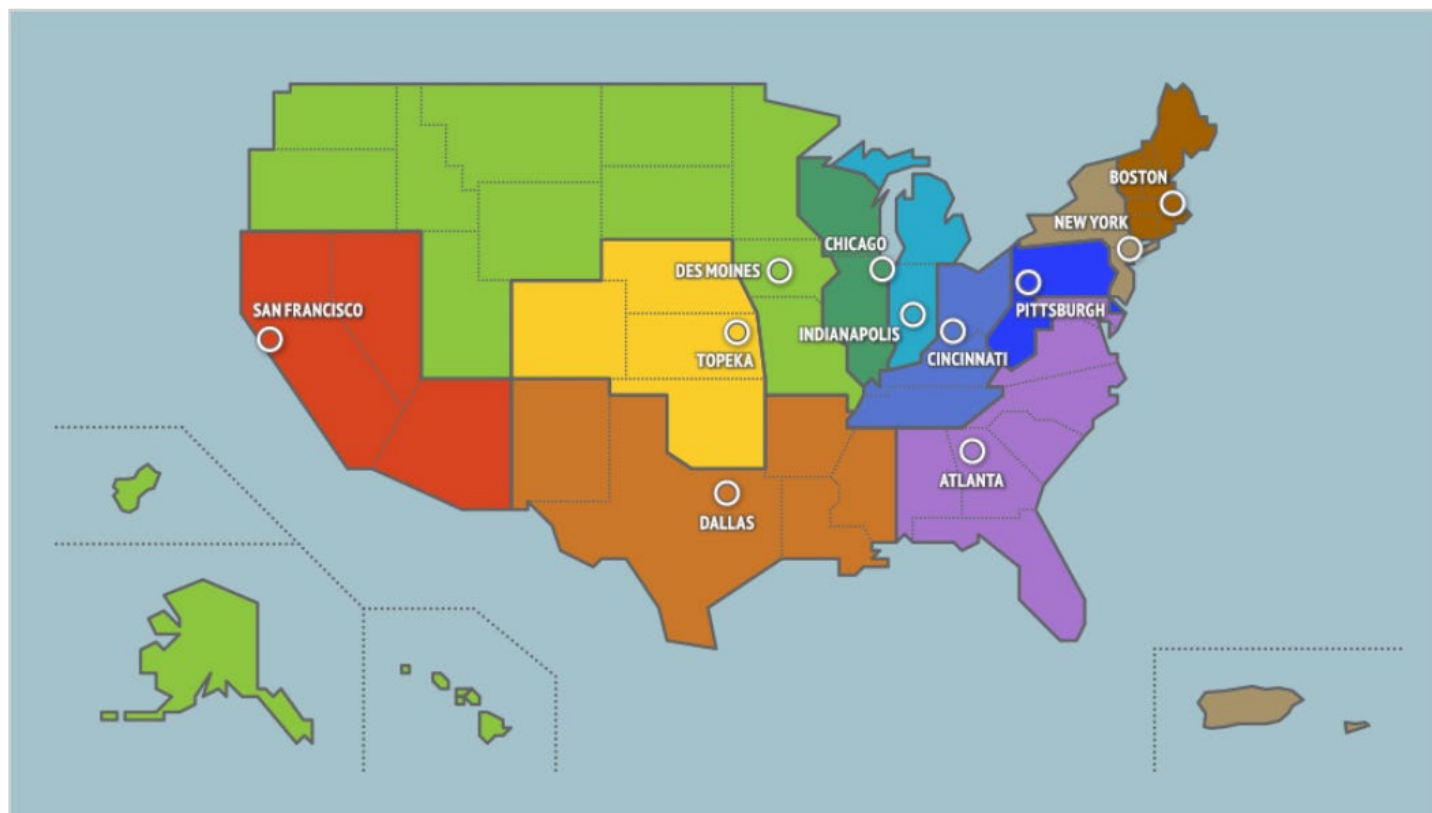
OVERVIEW

- Cooperatives created by Congress in 1932
- 11 regional banks with over \$1 trillion in total assets
- Member owned – only members can access products/services
- Each FHLBank independently managed
- 10% of yearly net earnings from each bank are reinvested into communities

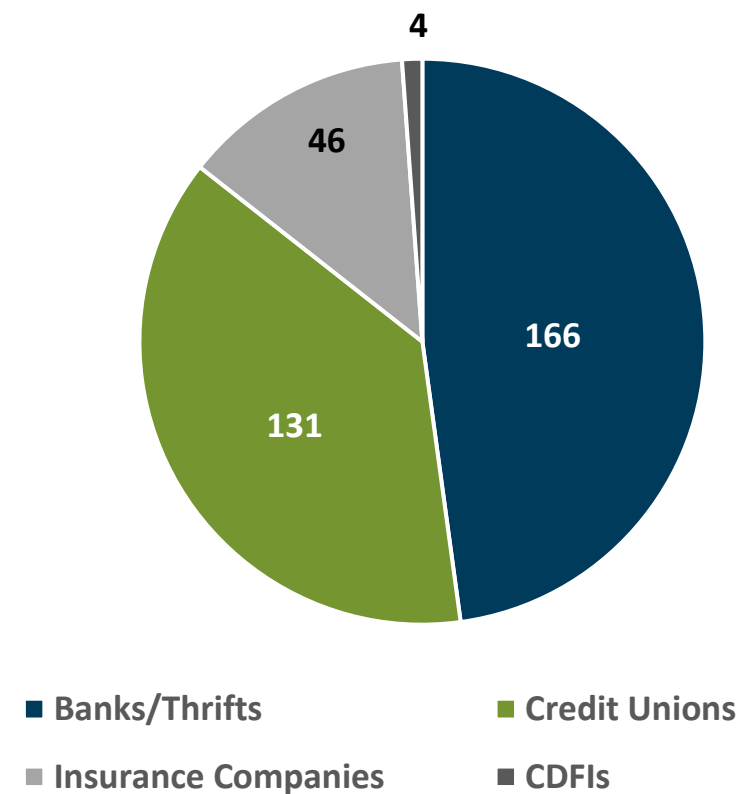


Where are we?

FEDERAL HOME LOAN BANK SYSTEM

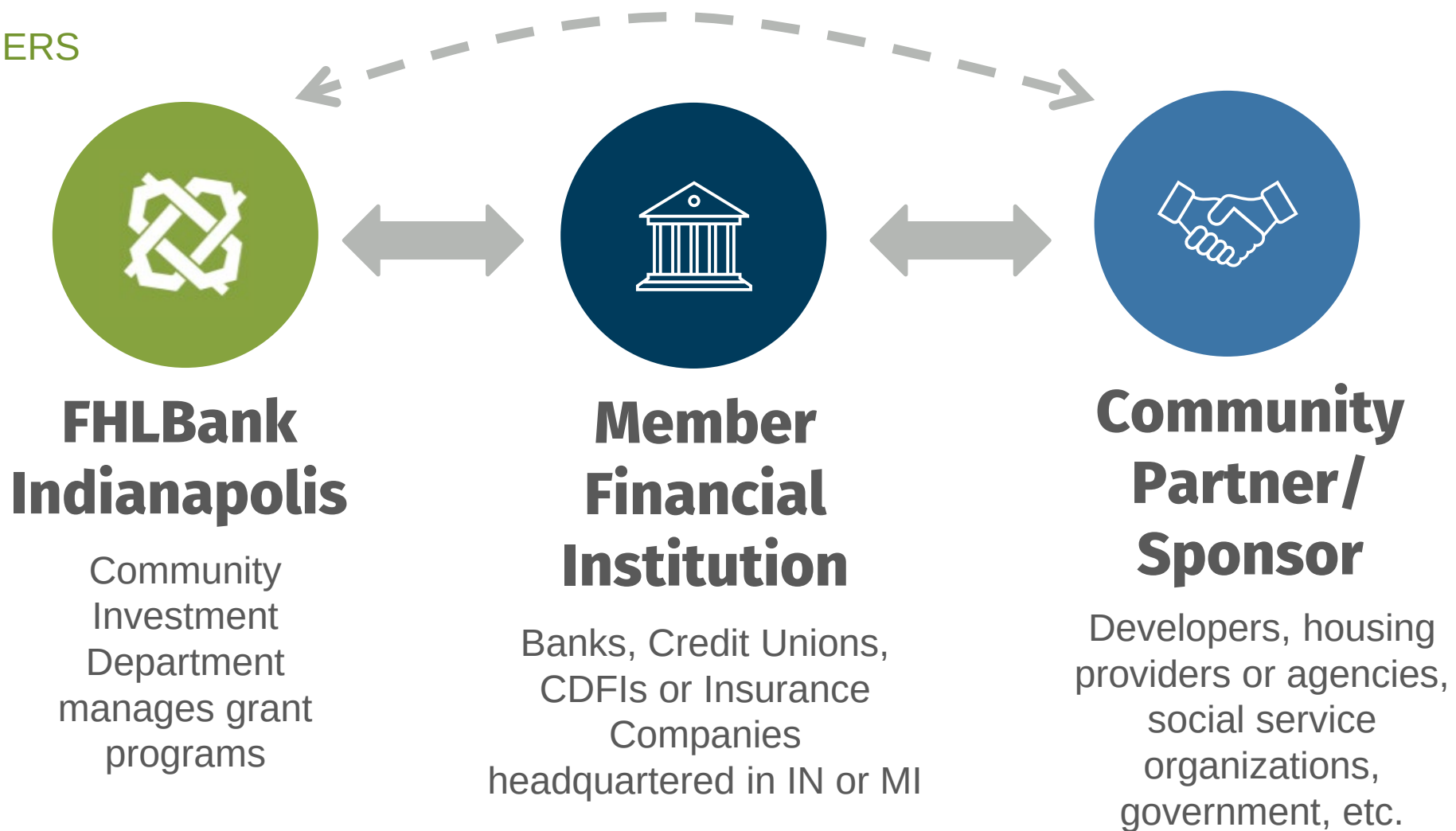


FHLBI MEMBERSHIP AS OF 12/31/22

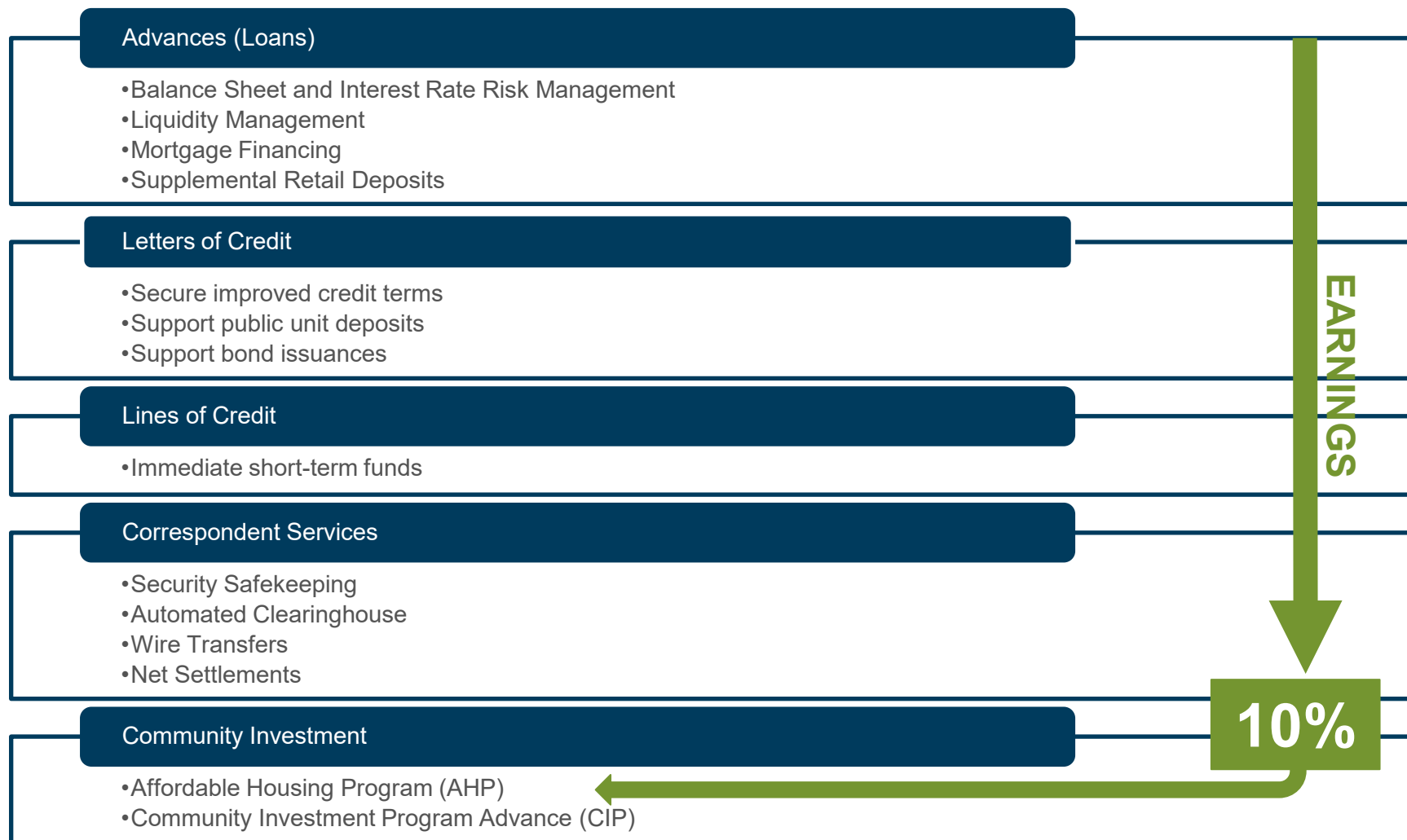


Partnerships are Essential

KEY PARTNERS



Products for Structured Solutions



Stepping Up

COMMITTING 25% MORE FUNDING

The logo features the words "Stepping Up" in a large, blue, sans-serif font. A green line graph with an upward-pointing arrow is positioned behind the word "Up". Below "Stepping Up", the words "COMMUNITY INVESTMENT" are written in a smaller, grey, all-caps, sans-serif font, with wide letter spacing.

Stepping Up

COMMUNITY INVESTMENT

Community Investment Programs

2023 FUNDING

Affordable Housing Program (AHP)



General Allocation
\$12.9M

+

Stepping Up
\$2.5M

Total Allocation
\$15.4M

Homeownership Initiatives



General Allocation
\$6.9M

+

Stepping Up
\$1.3M

Total Allocation
\$8.3M

Elevate Small Business Grant Program



Original Allocation
\$500,000

+

Stepping Up
\$200,000

Total Allocation
\$700,000

Minority Down Payment Assistance Grant



NEW Offering
Coming this Fall!

Stepping Up
\$500,000

Total Allocation
\$500,000

CIP Advance



Target Allocation
\$150M

Community Spirit Award

CONGRATULATIONS TO OUR 2022 COMMUNITY CHAMPIONS



Celeste Spivey

VP, Community Development and CRA Officer

ChoiceOne Bank

Sparta, MI



Becca Murphy

VP, Affordable Lending

Merchants Bank of Indiana

Carmel, IN

Community Investment Workshop Webinars

REGISTER AT [FHLBI.COM/RESOURCES/EVENTS](https://fhlbi.com/resources/events)



Homeownership
Initiatives

FEBRUARY 28
LIVE WEBINAR



Affordable
Housing

MARCH 3
LIVE WEBINAR



Community and
Economic Development

MARCH 6
LIVE WEBINAR

RECORDINGS CAN BE FOUND AT [WWW.FHLBI.COM/CIDTRAINING](https://www.fhlbi.com/cidtraining)

Community Investment In-Person Networking Workshops

REGISTER AT [FHLBI.COM/RESOURCES/EVENTS](https://fhlbi.com/resources/events)

MAR 14

COMMUNITY INVESTMENTS

**Indiana
Community Investment
Networking Workshop**



MARRIOTT INDIANAPOLIS NORTH
10AM – 1PM (LUNCH INCLUDED)

MAR 16

COMMUNITY INVESTMENTS

**Michigan
Community Investment
Networking Workshop**



LANSING COMMUNITY COLLEGE
10AM – 1PM (LUNCH INCLUDED)

Highlights of 2022 Program Year

Competitive AHP

- 58 applications received
- 17 projects awarded
- 4 projects designated as alternates
- Total of \$7.2 million allocated
- Creating 803 affordable units



Affordable Housing Program (AHP)

THE BASICS

- Provides direct grants for the acquisition, rehabilitation, or construction of affordable housing.
- Only FHLBI members may apply for AHP Grant funding.
- Maximum grant is \$600,000
- Project sponsors are housing developers (either for profit or nonprofit) that partner with an FHLBI member to complete the project



AHP: Competitive grants awarded to FHLBI members to support the creation of rental and homeownership opportunities for low- and moderate-income households.

Flexible Development Funding Source

LIMITED TO HOUSING

Eligible Project Types

- Single family - single or scattered-site
- Multi-family - single or scattered-site
- Domestic violence shelters
- Homeless and emergency housing shelters
- Transitional housing
- Permanent supportive housing
- Group homes and congregate living plans

Ineligible Project Types

- Nursing homes
- Assisted living facilities
- Echo or cottage housing units for the elderly
- Commercial development
- Market-rate housing

**Grants of up to
\$600,000 per
project!**

AHP – What can it be used for?

ELIGIBLE PROJECT COSTS

Eligible Project Costs

- Acquisition
- Hard Construction Costs
 - New Construction
 - Rehabilitation
 - Infrastructure & Site Work
 - GR, P, & O
- Soft costs (limited to 20% of AHP)
 - Architect/engineering fees
 - Construction loan interest
 - Survey
 - Developer/consultant fees
- Down payment/closing costs



Ineligible Project Costs

- Processing fees charged by Members
- Certain prepayment and cancellation fees and penalties related to subsidized advances
- Reserves and certain expenses
 - Capitalized reserves
 - Deposits to reserve accounts
 - Operating expenses
 - Supportive service expenses
- Counseling costs
 - Unless associated with purchase of an AHP assisted unit

Eligibility Thresholds

MINIMUM REQUIREMENTS

Thresholds

- Need for subsidy
- Readiness to proceed
- Reasonable & realistic
- Sponsor/owner capacity
- Minimum requirements for targeting
- Housing costs must be affordable
 - Incomes must be validated with third-party documentation*
- AHP subsidy must be used for eligible purpose
- AHP subsidy per unit limit is \$60,000
- Demonstrated market need for housing type

AHP Scoring Summary - 2023

- 5 pts Donated Property
- 7 pts Non-Profit Sponsorship
- 20 pts Targeting
- 4 pts Housing for Homeless
- 4 pts Special Needs
- 3 pts Rural Housing
- 2 pts Large Units
- 3 pts Rental Housing for <30% AMI Households
- 5 pts Creating Economic Opportunity
- 7 pts Community Stability
- 8 pts Member Involvement
- 8 pts Desirable Sites
- 5 pts Readiness to Proceed
- 2 pts Rent Subsidy
- 4 pts Projects Serving Low-Income (LI) Minority Areas
- 3 pts Homeownership Opportunities in LI Minority Areas
- 10 pts AHP Subsidy per Unit



Roles & Expectations

MEMBER CONSIDERATIONS

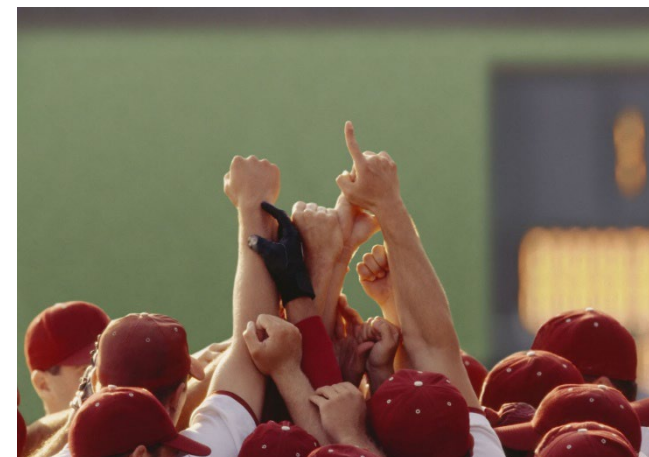
- Community needs
- Member goals
- Understanding the AHP requirements/expectations
- Partnering with sponsors
- Level of financing to the project
- Project oversight during construction and throughout the retention period



Roles & Expectations

SPONSOR CONSIDERATIONS

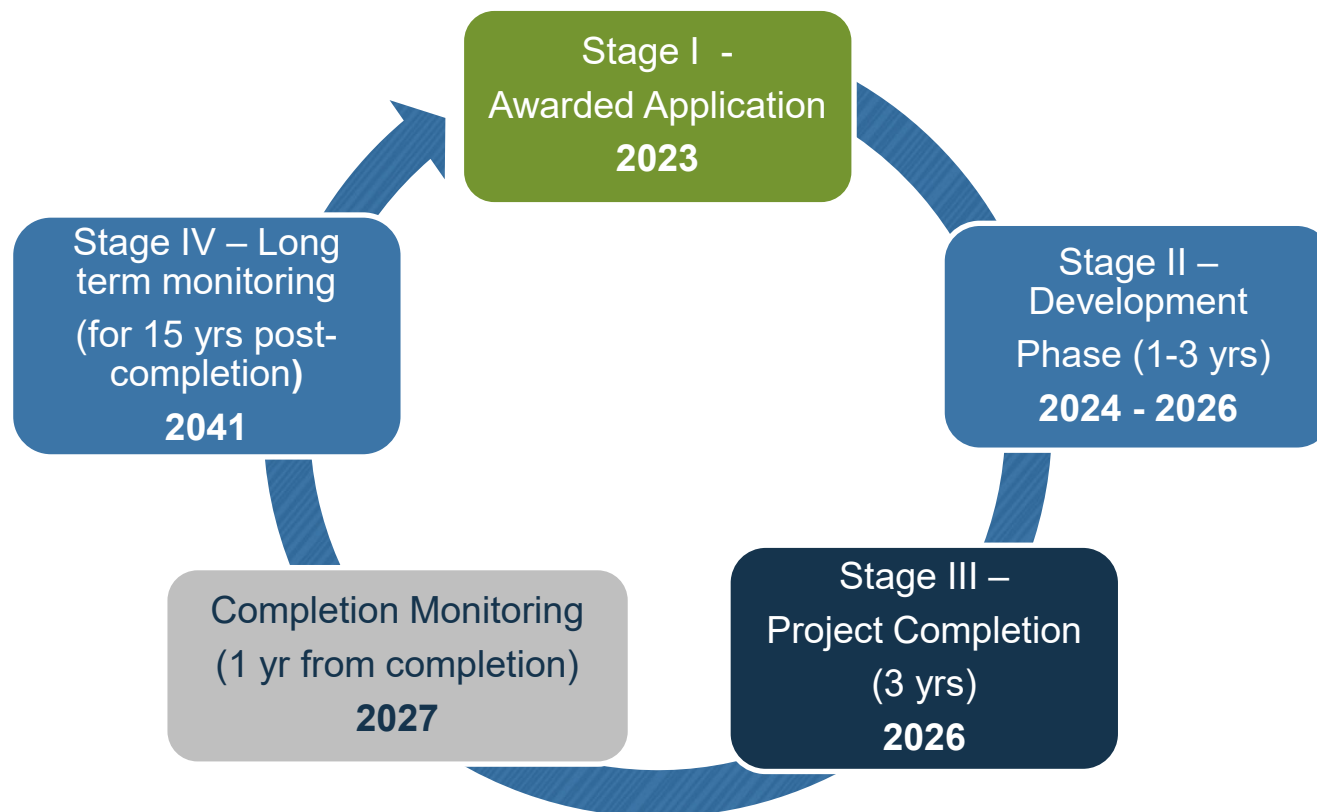
- Fulfill a need or mission
- Partnering with members
- Inform the member and FHLBI when things change
- Assemble a well-documented, realistic application
- Prepare and assemble well documented disbursement requests and compliance reports



Life Cycle of AHP Project

RENTAL PROJECT

FHLBI is involved in each AHP Rental Project for up to 18 years



Life Cycle of AHP Project

REQUIREMENTS

Stage II Development (Years 1 – 3)

- Disbursement Requests
 - Specific deadlines
 - Subsidy need validation
- Semi-Annual Reporting
 - Due June/December each year
- Extensions/modifications

Stage III Project Completion (Year 3)

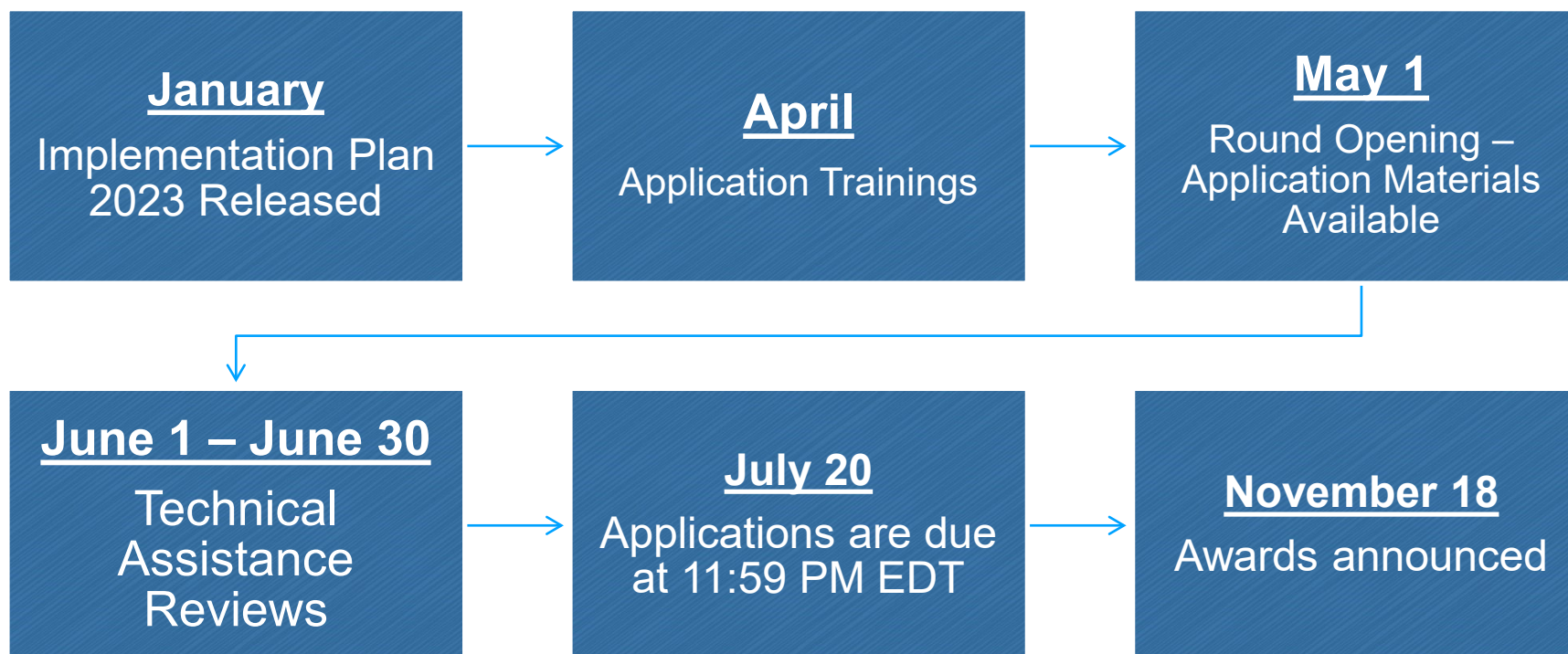
- Final audit of project
 - Verify fulfillment of scoring initiatives
 - Financial feasibility
 - Income/rent compliance
 - Services, activities, set-asides
- Extensions/modifications

Stage IV Long Term Monitoring

- 15 years for rental, 5 years for homeownership (Not owner-occupied rehab)
- Rental projects
 - Annual owner certification reports
 - Due December each year
 - Periodic rent roll reviews
 - Due with annual report
- Modifications
- Homeownership projects
 - No long-term reporting requirements

AHP Application Timeline

2023 PROGRAM YEAR



Byrne Court

Indianapolis, IN

- Sponsor – John H. Boner Community Center
- Member – The National Bank of Indianapolis
- 50 total units
 - 13 \leq 30% AMI
 - 17 \leq 50% AMI
 - 20 at 51 – 80% AMI
- AHP award - \$500,000
- Final TDC = \$7.89 Million
 - Member Construction Loan
 - LIHTC
 - Assumed HUD 223(f) Loan
 - HUD Reserve Funds
 - Deferred Developer Fee



Marwood Apartments

Detroit, MI

- Sponsor – Develop Detroit, Inc.
- Member – Lake Trust Credit Union
- 71 total units
 - 25 \leq 30% AMI
 - 12 \leq 50% AMI
 - 34 at 51 – 80% AMI
- AHP award - \$500,000
- Final TDC = \$18.2 Million
 - City HOME/CDBG
 - LIHTC/HTC
 - MSHDA HTF
 - Permanent Mortgage
 - Deferred Developer Fee



Next Steps

AFFORDABLE HOUSING PROGRAM

- The first step is complete...congratulations!
- Find a member/sponsor
- Review the 2023 Implementation Plan
- Attend an AHP application training – April
- Register for the new FHLBI.GIVES system
- Request a technical assistance review – June 1 – June 30
- Complete an application – Due July 20



Affordable Housing Program Electronic Access Registration - Member

Member Institution:

Main Address:

Program Information

The Affordable Housing Program (AHP) is available to member institutions (each such institution, a "Member") of FHLBank Indianapolis. All functions associated with AHP are handled through the Bank's online site FHLBI.GIVES, a fully integrated online application/award system.

Access to FHLBI.GIVES, specific to AHP, is for those institutions with active AHP projects or those wishing to apply during an open AHP application round. Please read the following information regarding the use of FHLBI.GIVES and provide the individual(s) at your institution needing access to your AHP projects.

FHLBI.GIVES User Registration

All applications, disbursement requests, monitoring and other required actions for the Affordable Housing Program must be submitted through the FHLBI.GIVES electronic platform.

The users designated below may only access the FHLBI.GIVES platform for the purposes of AHP related activities. Member shall not do any of the following, and shall cause each of the designated persons not to do any of the following: (a) directly or indirectly grant access to the FHLBI.GIVES portal to or for the benefit of any third party (including in a time-sharing or service bureau environment); (b) change, modify or alter the FHLBI.GIVES platform; (c) attempt to interfere with or intentionally disrupt use of the FHLBI.GIVES platform; (d) disclose any passwords or other security or authentication device with respect to the FHLBI.GIVES platform to any non-authorized party; (e) use the FHLBI.GIVES platform in any manner which violates applicable laws or regulation, including but not limited to any applicable regulation of the Federal Housing Finance Agency or any successor thereof, or is otherwise fraudulent; (f) harvest or collect any information about other users of the FHLBI.GIVES platform; or (g) remove, conceal or alter any identification, copyright or other proprietary rights, notices or labels located on the FHLBI.GIVES platform. Member is solely responsible for all activity and use of the FHLBI.GIVES platform that occurs under any account or password granted to a designated person designated herein. Member agrees to ensure compliance with this Agreement by each user designated herein and to bear responsibility for any breach of this Agreement by any of them.

Access to the system requires dual authentication via the mobile app DUO®. All users must have a mobile phone to be registered in the system. Member agrees to be solely responsible for obtaining, maintaining and paying for all hardware, software, utilities, network access, facilities, and all telecommunications and other services and equipment (including, but not limited to, any infrastructure necessary to allow its designated users to register and perform dual authentication activities as specified in this paragraph) needed for Member and its users to access and use the FHLBI.GIVES platform and services (collectively, the "Infrastructure") and for ensuring that such Infrastructure meets the minimum requirements specified by the Bank from time to time to allow continued access to FHLBI.GIVES, including but not limited to any security requirements which might be specified by the Bank with respect to such Infrastructure.

Member shall be solely responsible for the provision, completeness and accuracy of all data and other information entered into the FHLBI.GIVES system by or on behalf of Member. Notwithstanding anything to the contrary in this

Federal Home Loan Bank of Indianapolis

(800) 442.2568

AFFORDABLE HOUSING PROGRAM STAFF

AHP Portfolio Manager

Mike Recker – mrecker@fhlbi.com

Sr. Compliance Analyst

Ashlen Sharpe - asharp@fhlbi.com

Sr. Compliance Analyst

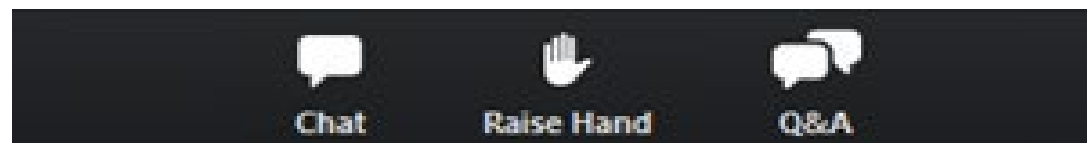
Erica Petty-Saunders – epetty-saunders@fhlbi.com





LIVE Q&A

Please use the Q&A button to submit questions about AHP.



*All questions submitted will be compiled, answered, and then sent to all attendees after the webinar.

Thank You!

TODAYS WEBINAR WAS RECORDED AND
WILL BE POSTED TO OUR WEBSITE.

WWW.FHLBI.COM/CIDTRAINING