



Understanding Long-Term Monitoring and Compliance for Rental Projects

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Introductions



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Firm Overview

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Session Outline



- Crash Course – FHLBank + AHP
 - 2025 AHP Implementation Plan
- AHP: How does it work?
- PCR: How does it work?
- Long-term Monitoring and Compliance 101
 - LTCs
 - LTMs
- Rent/Income Monitoring: How does it work?
- Exceptions
- Retention Expiration
- Case Studies & Real-World Examples
- Questions

Crash Course – FHLBank + AHP



Federal Home Loan Bank Act of 1932

Federal Home Loan Bank Act created a system to support mortgage lending and homeownership, particularly during the Great Depression, and continues to play a role in providing liquidity and financial assistance to financial institutions for housing and community development purposes

FHFA – Affordable Housing Program

AHP aims to increase the supply of affordable housing for low and moderate-income families. It does this by providing funding, through grants and subsidized advances, to finance the purchase, construction, or rehabilitation of owner-occupied and rental housing.

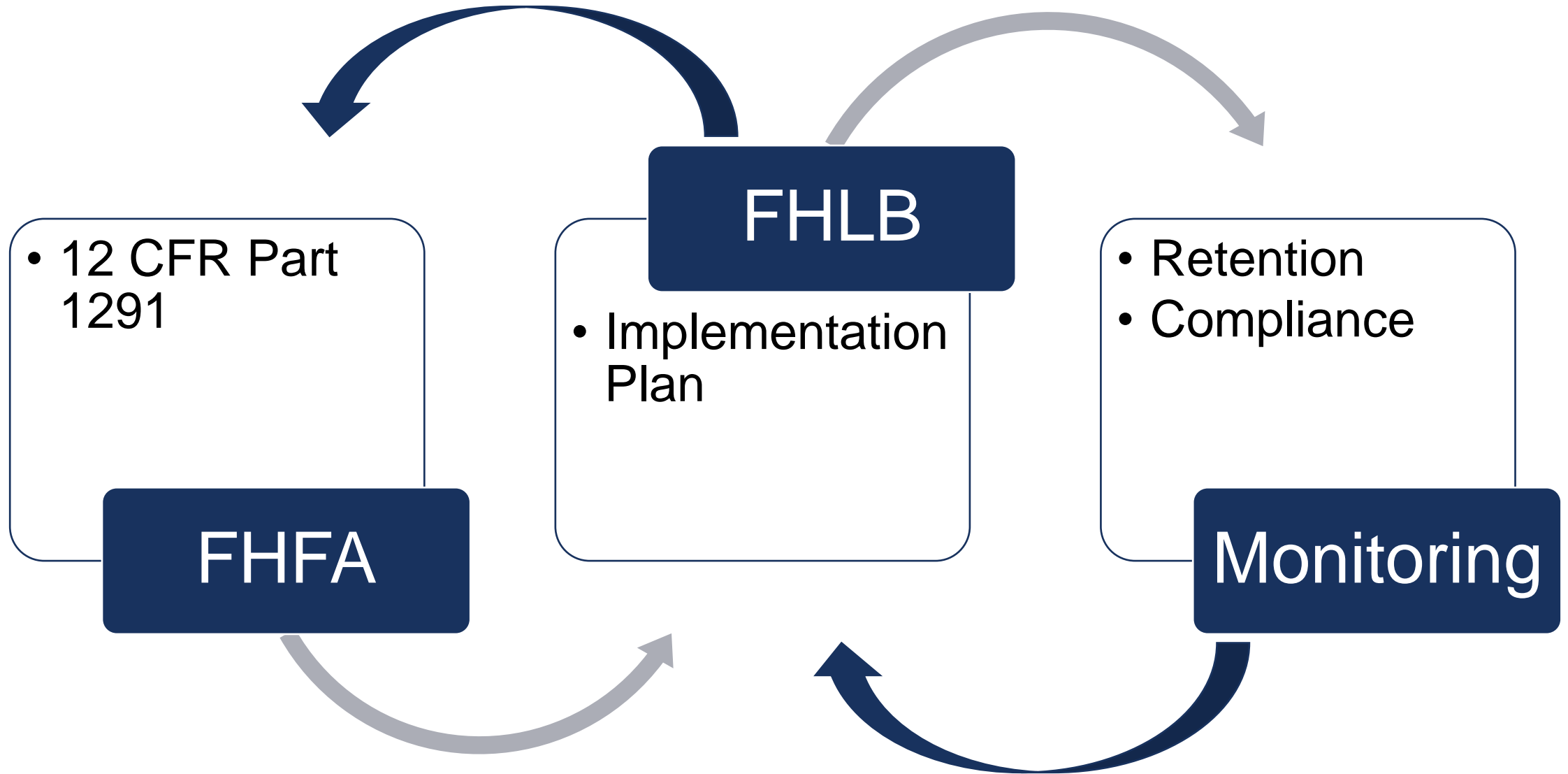
FHLBank PGH – AHP

FHLBank Pittsburgh provides essential financial resources that enable the development of affordable housing.

AHP Implementation Plans

An Affordable Housing Program (AHP) Implementation Plan outlines the specific actions, tasks, and responsibilities required to successfully implement a project or program aimed at providing affordable housing. It details how the program's goals will be achieved, including resource allocation, timelines, and milestones.

Monitoring – Why?



AHP: How does it work?



- Application



- Award



- Rehab/Construction



- Disbursements



- Project Completion



- Monitoring



- Retention Expiration



Project Completion Report



SCORING



FEASIBILITY

Long-Term Monitoring and Compliance 101

Project Type	Retention Period
Homeownership	5 years (for-sale projects only)
Rental	15 years

Rental project:

- Construction and/or rehabilitation complete on all units
- All AHP funds disbursed
- At a minimum, 75% of units occupied

REQUIRED BY REGULATION!

Monitoring and Compliance: LTCs

- Annual long-term certifications
 - Required annually
 - Project awarded prior to 2019 – projects provide certification as a PDF – usually due by April 30
 - Current projects (2019+) certify in AHP ONLINE – based on dates established by the PCR approval; each project has its own “window”
 - Note: Projects should keep sponsor contacts up to date in AHP ONLINE since that’s how the requirement emails are generated. If there is a staffing change, please reach out.

Long-term Certification

Sponsor Certification

This certification is to be made to the Federal Home Loan Bank of Pittsburgh in connection with the Affordable Housing Program (AHP) project referenced above (Project).

By checking the following boxes, I hereby certify that I am an authorized representative of the Project Owner and possess the requisite legal authority to make this certification.

For and on behalf of the Project Owner, I hereby certify as follows:

- ☒ The tenant rents and incomes for the Project are in compliance with the rent and income targeting commitments made in the Project's approved AHP application.
- ☒ The Project Owner maintains documentation regarding tenant rents and incomes for the Project to support this certification that is available for review by the Member and Bank.
- ☒ The Project is operationally viable.
- ☒ The Project is financially viable and has a consistent revenue stream and adequate reserves or other funding to support the Project in the event of unforeseen expenditures.
- ☒ All property taxes incurred by the Project are current.
- ☒ Both the Project Owner and the Project are current and not delinquent on any and all of its loan/other repayment obligations and not in default of any conditions, covenants, or other agreements imposed in connection with same.
- ☒ The Project's annual average vacancy rate is below 30% for projects with 30 or less units and 20% for projects with more than 30 units. In the event that the annual average vacancy rate exceeds this amount, the project must notify the Bank.
- ☒ Both the Project Owner and the Project are in compliance with all commitments to other funding sources.
- ☒ The Project is in compliance with all applicable governmental occupancy codes and laws.

By indicating acceptance below, the Project Owner certifies the information provided is true, complete, and accurate.

Provide an explanation for each item to which you are unable to certify:

By indicating its acceptance below, Project Owner certifies that it is authorized to make the representations contained herein, that the information provided is true, complete, and accurate, and that it understands that the bank has a duty to invoke sanctions pursuant to the AHP Regulations in the event that this certification is found to be invalid or there is non-compliance with the terms of the AHP application and any subsequent modifications as approved by the Bank.

Monitoring and Compliance: LTMs


MONITORING FREQUENCY		
<u>AHP Subsidy</u>	<u>AHP as a % of TDC</u>	<u>Risk Category</u>
< \$100,000	< 20%	Minimal
< \$100,000	> 20%	Low
\$100,001 - \$250,000	< 20%	Low
\$100,001 - \$250,000	> 20%	Moderate
\$250,001 - \$1,500,000	< 20%	Moderate
\$250,001 - \$1,500,000	> 20%	High

Low = Every 6 years

Moderate = Every 4 years


High = Every 2 years

Rent/Income Monitoring: How does it work?

- 
- Tenant Income Workbook (TIW) Requested
 - TIW Reviewed
 - TIW Clarification
 - 20% Sample Requested
 - 20% Sample Provided
 - FHLB Analyzes and Clarifies
 - FHLB Completes Reports

Tenant Income Workbook

- Tenant Income Workbook



Affordable Housing Program

Tenant Income Workbook
(AHP VHGR MON 119)

Read the "Instructions" tab prior to completing.

Complete yellow fields

State:	PA	<- e.g. PA
County:	Allegheny	<- e.g. Allegheny
TIW Year:	2025	

Project Name:	FAKE PROJECT
Project Number:	2019A10123
Date Prepared:	6.4.2025
Name of Preparer:	SPONSOR CONTACT
Email:	SPONSOR EMAIL
Telephone No.:	SPONSOR ##

CID Analyst:	Queen of Monitoring
Review Date:	Today

<=50% AMI:		3
<=30% AMI:		3
>50% AMI to <=60% AMI:		1
>60% AMI to <=80% AMI:		0
>80% AMI:		0
Total AHP Units		4
Total Units		4

<=50% AMI:		4
<=30% AMI:		3
>50% AMI to <=60% AMI:		1
>60% AMI to <=80% AMI:		0
>80% AMI:		0
Vacant Units		0
Total Occupied AHP Units		5
Total Occupied Units		5
Total Project Units		5
Vacancy Rate		0.0%

By submitting the completed Tenant Income Workbook to FHLBank Pittsburgh, the Preparer mentioned above certifies that all information is correct.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Unit No.	Current Tenant First and Last Name	Date of Move-in or at Application	Household Size	No. of Bedrooms	Household Income at Move-In or Application	Year of Income in Column F	Unit Targeting (%AMI) represents max income bucket	HUD Income Limit	Qualify as Special Needs?	Qualify as Homeless?	Current Rent Paid By Tenant	Current Third Party Rental Payments	Total Rent (Columns H+I)	Min AHP Rent (15% Monthly Income)	FHLBank USE ONLY Max AHP Rent Per TIW Year	FHLBank USE ONLY Compliance?
1	Bob	1/2/2020	1	1	\$ -	2020	30.00	\$ 17,450.00	Y	Y	\$ -	\$ 500.00	\$ 500.00	\$ -		
2	Mary	5/16/2023	2	1	\$ 5,000.00	2023	30.00	\$ 24,100.00	N	N	\$ 250.00	\$ 250.00	\$ 500.00	\$ 62.50		
3	Sue	8/9/2024	3	2	\$ 23,000.00	2024	30.00	\$ 27,350.00	N	N	\$ 375.00	\$ 125.00	\$ 500.00	\$ 287.50		
4	James	12/1/2010	4	2	\$ 40,000.00	2025	60.00	\$ 64,380.00	N	N	\$ 500.00	\$ -	\$ 500.00	\$ 500.00		

Third-Party Income Documentation

- [Income Guidelines](#)
 - [AHP Income Calculation Form](#)
- For rental household income calculations, the effective [AHP Income Calculation Form](#) must be used and supported by third-party income documents, as outlined in the Annual Income Inclusions section below. HUD or state housing agency calculation forms may be used in lieu of the AHP Income Calculation Form if they are substantively equivalent to the AHP Income Calculation Form and are signed by both the project sponsor and tenant. The calculation of income must be completed in accordance with the Income Guidelines and must be clearly documented so that the calculation can be easily recalculated and confirmed by FHLBank.

Evidence of Rent

- Original lease and/or rent calculation notices





LIHTC Deals

Annual long-term certifications

× NO!

Rent monitoring

× NO!

Income monitoring

× NO!

Streamlined Monitoring

- AB 2016-03



FEDERAL HOUSING FINANCE AGENCY
Division of Housing Mission and Goals

ADVISORY BULLETIN

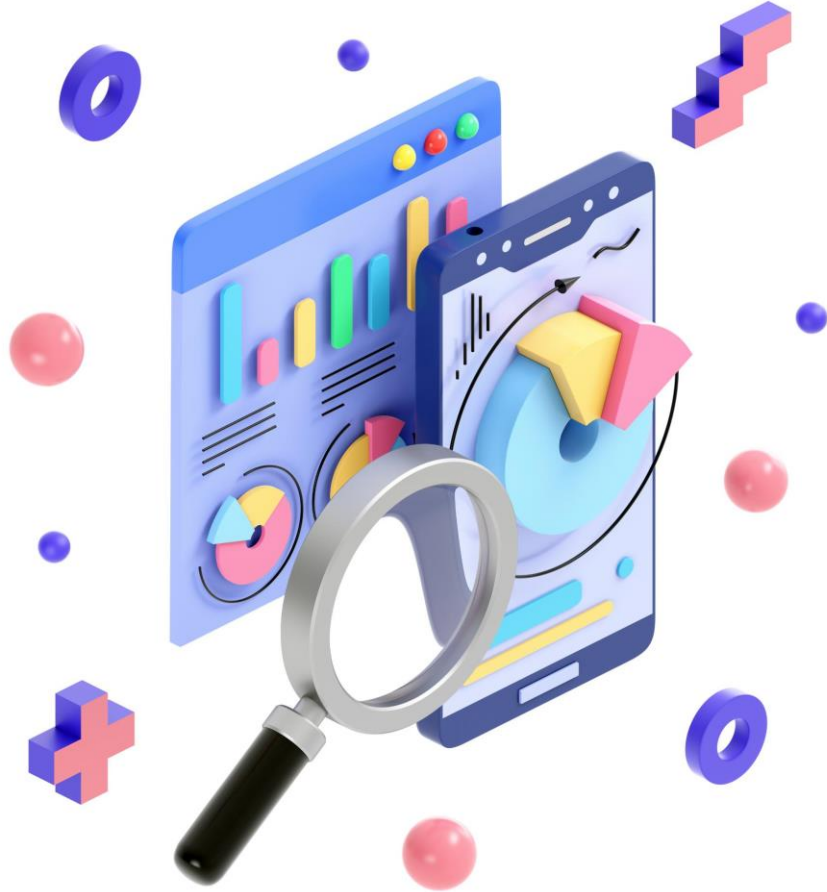
AB 2016-03

**AFFORDABLE HOUSING PROGRAM: MONITORING OF
INCOME ELIGIBILITY AND RENTS FOR SHELTERS FOR THE
HOMELESS AND VICTIMS OF DOMESTIC VIOLENCE**

Retention Expiration

Project Type	Retention Period
Homeownership	5 years (for-sale projects only)
Rental	15 years

Importance of Long-Term Monitoring



Assessing Project Performance

Long-term monitoring allows for ongoing assessment of project performance, ensuring goals are met effectively.

Regulatory Compliance

Continuous monitoring ensures that all projects adhere to regulatory requirements and standards.

Maximizing Community Impact

Effective long-term monitoring helps to maximize the positive impact of funding on local communities.

Sustaining Project Viability

Long-term monitoring plays a crucial role in ensuring the sustainability and viability of projects over time.

Key Takeaways: How to be Successful During Monitoring

- Keep contacts up to date in AHP ONLINE
- Have a sustainability plan or succession plan
- Always maintain original documentation from move-in
- Loop us in early



Case Studies & Real-World Examples

Non-LIHTC: Golden Rule



Belington, WV	
\$1.5 million TDC	\$650,000 in AHP Funds
Adaptive Reuse 10 units	2 reserved for homeless, 2 reserved for special needs
<u>Sponsor:</u> Woodlands Development Group	<u>Member:</u> Citizens Bank of WV
<u>Other Funding:</u> - Historic Tax Credits - Deferred Developer Fee - Community Works Loan	<u>Other Funding:</u> - Belington Revitalization Committee Donation - REAP Grant - Permanent Loan

FHLBank Monitoring Requirements until 15 retention expires:

- Semi-annual monitoring
- Project Completion Report (PCR)
- Annual Certifications
- Rent and Income Reviews every 2 years (as AHP is >\$250,000 and is 43% of total development costs – “high” risk per Implementation Plan)

LIHTC: Roberto Clemente



Philadelphia, PA	
Total development cost of \$17.4M creating 38 homes for rental project	\$650,000 in AHP Funds
First floor commercial space, close to bus lines, grocery store & park	Adaptive reuse of a blighted former middle school
Sponsor: Nueva Esperanza	Member: PNC Bank
Assets include a secured playground, parking, 100% visitable and 4 units for individuals with sensory impairments	Funding sources: <ul style="list-style-type: none">- LIHTC- City of Philadelphia- LISC- FHLB New York- Philadelphia Housing Authority

FHLBank Monitoring Requirements until 15 retention expires:

- Semi-annual monitoring
- Project Completion Report (PCR)
- N/A – Defer to PHFA; *Sponsor must self-report in event of noncompliance*



Questions?



Contact Information



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Upcoming Events



July 31 Webinar

The Summer Series
Continues!

Property Management
101

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Affordable Housing Seminar



SAVE THE DATE!

**Join us on October 23rd
for our fall seminar led
by A. J. Johnson!**

Location: Members 1st FCU
Corporate Office

Time: 9am - 3:30pm