



Affordable Housing and Community Lending Programs

Affordable Housing Program

AHP is a subsidy program that supports the development of affordable housing

- Target households at or below 80 percent of area median income (AMI)
- Direct subsidy (grants) up to \$650,000 or low-interest loan options
- AHP funds are applied for by a participating FHLBank member on behalf of a project sponsor
 - Applicant = FHLBank member
 - Sponsor = Nonprofit, for-profit, public entity

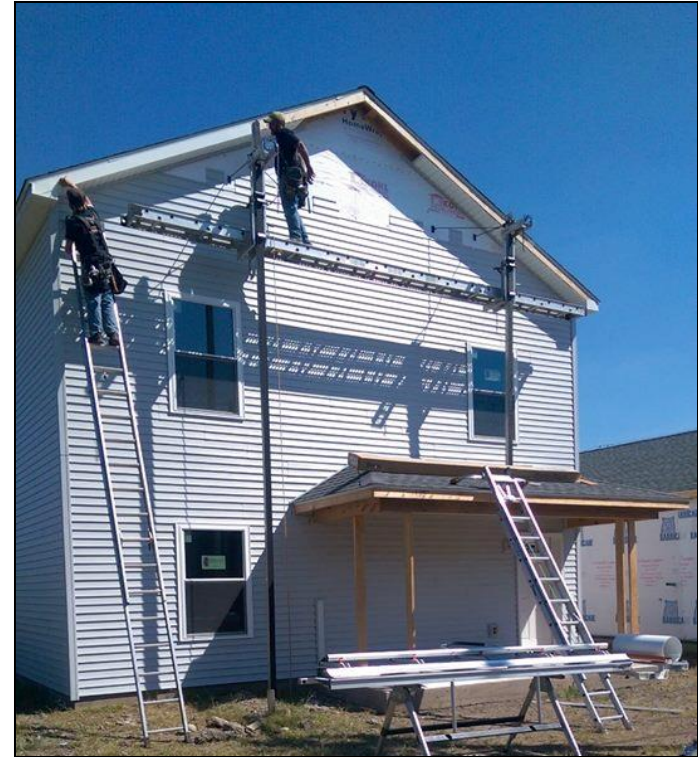
AHP Eligible Uses

- Homeownership, Rental or Lease-purchase
- Single-family or Multi-family
- Rehabilitation, Including Owner Occupied Rehab
- New Construction
- Single Site or Scattered Site
- Special Needs/Homeless Housing

From Blight to Homeownership

LaSalle Street Gateway Project: Berwick, PA

First Columbia Bank and Trust



Units: **4**

AHP Grant: **\$250,000**

Total Development Cost: **\$1.1 million**

LaSalle Street Gateway

Family Income

- Family of 4 in Columbia County with income at 60% AMI = \$45,000
- PITI at 30% of gross monthly income = \$1,125
- \$925 available for principal and interest after allowing \$200 for taxes and insurance
- With 4.5% interest and a 30 year term the family could afford a maximum mortgage of \$185,000

Development Cost

- Total development cost per unit = \$275,000
- Less \$2,750 in owner equity
- Less \$24,750 County HOME funds
- Less \$62,500 in AHP funds
- Balance of \$185,000 financed with a conventional mortgage

Community Lending Program

- CLP offers a flexible source of funding to FHLB member institutions for “qualified” projects.
- Available with variable rates and terms that can be structured to fit the transaction, including fixed rates up to 30 years:
 - FHLBank lends to members at its cost of funds
 - Member lends to a qualified project at a spread above CLP rate
 - The FHLBank’s cost of funds is typically 20+ basis points lower than standard advance rates
- Permanent, construction and bridge financing funding source
- CLP loan benefits:
 - Readily available, simple, non-competitive application process
 - Quick approval process
 - No monitoring/compliance reporting required

Community Lending Program Examples

<u>Member Name</u>	<u>CLP Terms</u>	<u>CLP Funds (\$000's)</u>	<u>Background</u>
Brentwood Bank	8 year advance, 2.60%	\$3,400	Pittsburgh, PA: Medical Office Building. The member refinanced this building retaining 4 jobs. CLP Qualification: Small business
First Citizens Community Bank	7 year advance, 2.37%	\$2,800	Potter County, PA: Regional Hospital. The member refinanced a bond issue originally used to construct surgical unit addition to this rural hospital. The hospital employs 743. CLP Qualification: Targeted census tract
Asian Bank	2 year advance, 0.73%	\$900	Philadelphia, PA: 15 Unit apartment building. Loan for the purchase of an urban apartment building. CLP Qualification: Rent is affordable to low to moderate income families

704 Poplar Place

- 56 units, new construction in Milwaukee, Wisconsin. TDC = \$10,395,661
- Financing sources:
 - LHTC equity \$5,890,961
 - Deferred payment loan \$445,000
 - Permanent loan \$2,510,000 with 5.75% interest, 15 year term/30 year amortization
 - City CDBG funds \$725,000
 - Deferred developer fees \$299,700
 - AHP grant \$525,000
- Annual debt service on permanent loan = \$175,776
- Annual debt service on comparable loan funded with CLP = \$157,116
- Borrowing capacity increased by \$290,000

Contact Information

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