

Affordable Housing Program (AHP) 2023 General and Nevada Targeted Fund Reference Guide

All applications for the 2023 Affordable Housing Program General Fund and Nevada Targeted Fund must be submitted to the Federal Home Loan Bank of San Francisco, via the Bank's secure portal, by **Thursday, March 9, 2023, 5:00 pm Pacific Time**. To be eligible to submit an application, a secure portal [workspace](#) must be created for each project by **Thursday, March 2, 2023, 5:00 pm Pacific Time**.

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AHP General and Nevada Targeted Funds Summary

Overview

The Affordable Housing Program (AHP) facilitates the development of affordable rental housing and homeownership opportunities for very low-, low-, and moderate-income households. Through a competitive award process in the AHP General and Nevada Targeted Funds (Fund or Funds), the Federal Home Loan Bank of San Francisco (Bank) provides grants or subsidized interest rates on advances to members to finance their affordable housing initiatives.

The AHP is administered in accordance with the Federal Home Loan Bank Act and the applicable regulations and policies of the Federal Housing Finance Agency. All AHP subsidies are governed by these laws and regulations, as amended from time to time. To review the AHP regulations and amendments, visit the [Code of Federal Regulations](#).

The Bank may withdraw its approval of any AHP application at any time and for any reason until the Bank has issued a written confirmation specifying the terms upon which the Bank will disburse the AHP subsidy award. Calculations in the application or exhibits to the application must be free of errors and consistent throughout. Applications with submission errors, omissions or inconsistencies that result in an incomplete analysis of the application may not be accepted. The Bank has ultimate discretion and authority as to the approval and rejection of all AHP subsidies. The interpretation and implementation of scoring criteria and financial standards shall be subject to the Bank's sole discretion.

Members and sponsors who receive AHP subsidies are required to submit periodic project reports to the Bank. In addition, each member that receives an AHP subsidy will be required to certify that the full amount of the subsidy has been passed on to the project and used in accordance with the terms of the AHP application, as approved by the Bank and applicable regulations. If a member or sponsor becomes aware that a subsidy is no longer being used as approved, the member and the sponsor must notify the Bank and must either cure the noncompliance, modify the project, or repay the amount of subsidy that is not used in compliance with the terms of the application.

Projects awarded subsidies must be completed, or have all homebuyer mortgages closed, and have all AHP subsidies disbursed prior to the four-year anniversary of the award; otherwise, the subsidy will be subject to cancellation. If, prior to four years from the award date, the Bank determines that a project has failed to make reasonable progress towards draw down of the subsidy and completion of all proposed units such that it is unlikely to complete the project within four years, the Bank may, in its discretion, cancel up to the entire amount of the AHP subsidy awarded to the project.

For each project that meets the minimum eligibility standards listed below, the Bank evaluates the application based on the extent to which the project meets the priorities and objectives of the AHP relative to the other applications submitted in the competition. The Bank scores and evaluates applications based on pre-established criteria, which are described in Attachment A, B, C and D of the Bank's [AHP Implementation Plan](#). The Bank ranks applications within each Fund based on these scoring processes and awards funds to the highest-ranking feasible projects until it has awarded all funds available, except for any amounts insufficient to fund the next highest scoring application. For the General Fund, projects with identical scores will be ranked in descending order based on scores received in the Project Readiness, In-District, Housing for Households Requiring Large Units, and Community Stability categories. For the Nevada Targeted Fund, projects with identical scores will be ranked in descending order based on scores received in the Project Readiness, Small Rental Projects, Housing for Homeless Households, and Community Stability categories.

General Fund and Nevada Targeted Fund Guidelines & Minimum Eligibility Requirements

1. The AHP subsidy shall be used exclusively for:

The purchase, construction, or rehabilitation of an **owner-occupied** project by, or for, very low-, low-, or moderate-income households. A household must have an income meeting the income targeting commitments in the approved AHP application at the time it is qualified by the sponsor for participation in the project, or for

The purchase, construction, or rehabilitation of a **rental** project, where at least 20 percent of the units in the project are occupied by, and affordable for, very low-income households. For new construction or unoccupied renovation of an existing building, a household must have an income meeting the income targeting commitments in the approved AHP application upon initial occupancy of the rental unit. For projects involving the purchase or rehabilitation of rental housing that is already occupied, households must be income-qualified upon initial occupancy after completion of acquisition or rehab for projects with an approved relocation plan or at the time the application for AHP subsidy is submitted to the Bank for approval for projects without an approved relocation plan.

2. The project must demonstrate developmental and operational feasibility, and need for subsidy, in accordance with the Bank's Feasibility Analysis Standards. In the Bank's [AHP Implementation Plan](#), see Attachment A, Exhibit 1 for Feasibility Analysis Standards for the General Fund and Attachment C, Exhibit 1 for the Nevada Targeted Fund.
3. The project's costs, taking into consideration the geographic location of the project, development conditions, and other non-financial household or project characteristics, must be reasonable, in accordance with the Bank's project cost guidelines, set forth in Attachment A, Exhibit 1 and Attachment C, Exhibit 1 of the Bank's Implementation Plan.
4. The rate of interest, points, fees, and any other charges for all loans that are made to the project shall not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.
5. Some, or all, of the AHP subsidy must be likely to be drawn down by the project or used by the project to procure other financing commitments within 12 months of the date of award approval.
6. AHP subsidies may be used to pay for counseling costs only if such costs are incurred in connection with counseling of homebuyers who actually purchase an AHP-assisted unit, and if the cost of the counseling has not been covered by another funding source, including the member.
7. The project may use AHP subsidies to refinance an existing single-family or multifamily mortgage loan, provided that the refinancing produces equity proceeds and such equity proceeds up to the amount of the AHP subsidy in the project shall be used only for the purchase, construction, or rehabilitation of housing units meeting AHP eligibility requirements.
8. Each AHP-assisted unit in an **owner-occupied** project must be, or is committed to be, subject to a 5-year retention agreement described in the AHP Regulation.
9. Each AHP-assisted **rental** project must be, or is committed to be, subject to a 15-year retention agreement described in the AHP Regulation.
10. A project's sponsor must be qualified and able to perform its responsibilities as committed to in the AHP application by showing that it has sufficient capacity and staff experience to perform project roles and integral responsibilities through the entire AHP retention period. Sponsors that apply to the General Fund must show they have been engaged in the ownership, management, or development of affordable housing for a 3-year minimum, or a 1-year minimum for the Nevada Targeted Fund

11. The project, as proposed, must comply with applicable federal and state laws on fair housing and housing accessibility, including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Architectural Barriers Act of 1969, and must demonstrate how the project will be affirmatively marketed.
12. The maximum subsidy per project is limited to \$1 million.
13. There is no limit on the number of applications a member may submit, but collectively the total amount of subsidy requested by any member cannot exceed \$15 million in each Fund.
14. The project may not use AHP subsidy to pay for processing fees charged by members for providing AHP direct subsidies to a project, capitalized reserves such as operating, replacement, transition, or social service reserves, or for periodic deposits to reserve accounts, operating expenses, or supportive service expenses.
15. Completed projects, defined as projects that have received their final Certificate of Occupancy, Notice of Completion, and/or final building permit sign-off, may not apply for subsidy.
16. Sponsors of projects with existing AHP awards from the Bank, or another Federal Home Loan Bank, may not submit new applications for AHP subsidy on behalf of these projects unless the existing subsidies are canceled and any previously disbursed subsidies are repaid.
17. Units that receive subsidy through the General Fund or Nevada Targeted Fund programs will not be eligible for additional subsidy under the Bank's WISH Homeownership Set-Aside program.
18. If the property owner, lessee, or sponsor acquires the project property from a party, affiliated in any way with the property owner, lessee, sponsor, or any other persons or entities involved in the project, in a non-arm's length transaction, the Bank will consider such acquisition to be a related party transaction. When evaluating related party transactions, the Bank may consider any net cash gain from the transaction as excess sources of funds, unless the gain is: 1) contributed to the project as owner equity, 2) provided to the project as carry-back financing, or 3) used to retire existing debt on the property.
19. In addition to the program guidelines and eligibility requirements listed above, projects applying to the Nevada Targeted Fund must be located in the state of Nevada.

More details on eligibility and program guidelines for the General Fund and Nevada Targeted Fund can be found in the Bank's [AHP Implementation Plan](#).

Please note the following changes to the [AHP Implementation Plan](#) and application materials.

AHP Application Scoring Criteria

Donated Property

Guidance has been revised to codify the existing documentation requirement that if the donation of property has not occurred by the application deadline, documentation of the price and other terms of the future donation must be legally binding in order to receive points.

Project Readiness

Documentation requirements have been updated so that the permit ready letter or permits themselves are no longer required to receive points, just the signed Building Permit Readiness or Issuance form must be submitted.

Community Stability, including Affordable Housing Preservation

Under “Community Revitalization or Economic Development Strategy”, Opportunity Zones are not eligible to receive points as an acceptable Plan as they do not meet the criteria outlined in the Implementation Plan.

AHP General Fund Application Financial Workbooks

The Bank revised the 2023 AHP Rental Application Financial Workbooks to include the following:

- 15 Year Operating Pro Forma worksheet:
 - Under Expense Assumptions and below Net Operating Income, a Residence Services line and a Test Debt Service Coverage Ratio line were added for projects with lender or investor required services.
- AHP Benchmarks worksheet:

An adjustment to the Management Fee benchmark limit where the management fee is now tied more closely with the location of the project. The lower limit of the management fee should be no less than \$30 per unit per month, increased from \$25 in 2022. The upper limit management fee should be:

 - Not greater than \$60 per unit per month for projects located in Arizona
 - Not greater than \$81 per unit per month for projects located in California
 - Not greater than \$68 per unit per month for projects located in Nevada
 - Not greater than \$66 per unit per month for projects located outside of the Bank’s district

Establishment of the AHP Nevada Targeted Fund

The Bank has established the Nevada Targeted Fund, including eligibility, scoring, and financial benchmark guidelines, which are drawn from the General Fund but vary slightly to reflect the needs of Nevada. Additionally, the Bank has outlined the policies, requirements, and parameters of the Nevada Targeted Fund’s Disbursement of Subsidy, Compliance Monitoring, Time Limits on Use of Subsidy, Modification, and Subsidy Recovery processes.

Scoring categories included in the Nevada Targeted Fund will total 100 points and consist of the following:

- Use of Donated or Conveyed Government-owned or Other Properties (5 points)
- Sponsorship by a Not-for-profit Organization or Government Entity (5 points)
- Home Purchase by Low- or Moderate-Income Household (7 points)
- Targeting to Lower-Income Households (20 points)
- Housing for Homeless Households (6 points)
- Housing for Special Needs Populations (5 points)
- Housing for Households Requiring Large Units (3 points)
- Housing in Rural Areas (8 points)

- Community Stability, including Affordable Housing Preservation (17 points)
- Project Readiness (5 points)
- Native Housing (5 points)
- Small Rental Projects (7 points)
- Subsidy per Unit (7 points)

Financial benchmarks are the same as in the General Fund, except for operating cost per unit, which is set at not less than \$4,000 per unit and not greater than \$5,400 per unit.

In the [AHP Implementation Plan](#), more detail about each Category can be found in Attachment D and information on the financial benchmarks can be found in Attachment C, Exhibit 1.

AHP Application Submission Instructions

To submit an application in the 2023 AHP General Fund or Nevada Targeted Fund, the AHP Application and all related documents must be successfully uploaded to the appropriate secure portal workspace by Thursday, March 9, 2023, 5:00 pm Pacific Time. Before documents can be uploaded to the secure portal, a [workspace](#) must be created for each project, and authorized workspace representatives must be identified and authenticated to gain access. Only authorized representatives of the member and sponsor identified on the AHP Secure Portal Workspace Set-up Request will be permitted to submit documents for a specific project. Co-developers and consultants are not permitted access to the secure portal workspace. The electronic submission of the AHP Application will serve as the official AHP Application submission. The Bank cannot accept AHP Applications via USPS, fax, courier, or email.

AHP Application Submission Process

1. Request a secure portal [workspace](#) for the AHP Application by completing and emailing the [AHP Secure Portal Workspace Set-up Request](#) to ahpportal@fhlbsf.com. Secure portal workspace requests must be received by Thursday, March 2, 2023, 5:00 pm Pacific Time.
2. Download the AHP Application Materials from the [Resources](#) section of the Bank's website and complete all required application documents, as shown on the following AHP Application Checklist.
3. Make sure all attachments are clearly referenced in the AHP Application.
4. Complete the Financial Workbook. Review the "Workbook Instructions and Notes" tab first to become familiar with important guidelines for each of the input tabs.
5. Upon completing the AHP Application and AHP Financial Workbook, use the AHP Application Comparison Worksheet in the Workbook to determine if the data entered in the completed Workbook matches the data entered in the completed AHP Application. If there are any inconsistencies, revise the AHP Application and the AHP Financial Workbook and re-run the AHP Application Comparison Worksheet.
6. Upon email confirmation of the creation of a secure portal workspace, upload all required AHP Application documents to the secure portal workspace, keeping in mind the following:
 - Upload AHP Application documents to the appropriate folder.
 - The AHP Application workbook must be uploaded as an .xlsx file and the financial workbook must be uploaded as an .xlsm file.
 - Upload supporting attachments as Adobe Acrobat PDFs.
 - Combine documents to be uploaded to each individual folder into a single file (e.g., all documents supporting responses in the Community Stability scoring category must be combined into one PDF document and uploaded to the Community Stability Features Documentation folder). Only one file is allowed in each individual folder in the secure portal workspace.
 - Do not include encrypted documents, they cannot be imported into our database.
 - Do not rename, move, or delete secure portal workspace folders.
 - Do not create new folders.
 - Do not restore files from the workspace recycle bin.
 - Upload only relevant documents. Do not upload blank ("not applicable") documents (e.g., if your project does not have donated or conveyed property, do not upload any documents to the "Donated or Conveyed Property Documentation" folder).
 - Note that re-uploading files into folders will overwrite previously uploaded files.
 - Exclude personal identifying information (PII), such as complete social security, driver's license, or financial account numbers, on any of the uploaded documents.
 - Ensure all documents uploaded for AHP Application submission are accurate, consistent, and final by the AHP Application deadline, **Thursday, March 9, 2023, 5:00 pm Pacific Time**. Only documents uploaded and submitted by the deadline will be considered.
7. During the review process, the Bank may contact member and sponsor representatives listed on the applications for additional information.

8. Identified representatives of the member and sponsor for each application will be notified of awards via email in mid- to late June 2023 and a list of all awards will be posted on the Bank's website at fhlbsf.com. At that time, the member and sponsor grant recipients will be instructed by the Bank to complete a Direct Subsidy Agreement.

Index of Secure Portal Workspace Contents

An AHP Application workspace should list the project's name at the top. The following folders should appear in your project's AHP Application workspace:

- **AHP Application**
(Upload excel file: AHP 2023 General Fund Application or AHP 2023 Nevada Targeted Fund Application)
- **Benchmark Deviation Documentation**
- **Committed Financing Documentation**
- **Community Stability Features Documentation**
(Upload signed AHP Community Revitalization or Economic Development Plan Area pdf file for General Fund applications, if applicable)
- **Donated or Conveyed Property Documentation**
- **Financial Worksheets**
(Upload excel file: AHP Rental Application Financial Workbook or AHP Owner-Occupied Application Financial Workbook)
- **Homeless Household Documentation**
- **HUD Income Limits**
- **Land Cost Validation**
- **Market Study** (Owner-Occupied AHP Applications only)
- **Native Housing Documentation**
- **Nonprofit Sponsorship Documentation**
- **Promotion of Empowerment Documentation** (General Fund Applications only)
- **Readiness to Begin Construction Documentation**
(Upload signed AHP Application Project Readiness Building Permit pdf file for General Fund applications, if applicable)
- **Rental Subsidy Documentation**
- **Rural Status Documentation**
- **Site Control Documentation**
- **Qualified Buyers Documentation** (Owner-Occupied AHP Applications only)
- **Supplementary Application Materials**
- **Tax Credit Limited Partnership Agreement**

**Do not upload documents to the secure portal workspace that are not applicable. For example, if an item such as Rural Status Documentation does not apply to your project, leave that folder empty.*

For more information, see [How to Upload AHP Documents](#). For questions about uploading documents to the secure portal workspace, email ahpportal@fhlbsf.com, or call (415) 616-2542.

AHP Application Software Requirements

Applicants must use Microsoft Excel 2007 (or later) in order to open, complete, and save the AHP Application. **Note: The file must be uploaded to the secure portal workspace in .xlsx file format.**

Selecting the Project Type to Start the AHP Application

When you have downloaded the AHP Application for the appropriate Fund and are ready to begin, select the project type (Rental or Owner-Occupied), and click “Start Application” on the right side of the screen. Note that once you have clicked the “Start Application” button, you will be taken directly to the AHP Application for the selected project type. You will not be able to return to the landing screen to re-select a project type. If you have selected the wrong project type and you have already saved the document, you will need to download a new AHP Application and begin again.



Navigation

The AHP Application uses links to simplify navigation between various sections. Note that in this reference guide we use screenshots of the General Fund application, however the Nevada Targeted Fund application functions are identical. If you prefer not to scroll through the Application, use the links, generally displayed as **underlined and bolded blue text**, to “jump” to specific sections. You can return to the top of the AHP Application (table of contents) from anywhere in the AHP Application by either clicking the FHLBank San Francisco logo or “Back to Top” in the section headers:

The screenshot shows the top of the AHP Application interface. On the left is the FHLBank San Francisco logo. On the right is the title 'AHP General Fund 2023' and the subtitle 'AHP Application'. Below this is a progress bar for the 'Sample AHP Project' showing '% Complete (Required Fields)' at 100% with a green checkmark. To the right of the progress bar is a button labeled 'Rental Project'. Below the progress bar is a status box labeled 'Status: Complete'.

Completing the AHP Application

After selecting the AHP Application type (Rental or Owner-Occupied) from the landing page, you can begin filling out the AHP Application. The AHP Application is divided into several sections. Within each section are two types of fields: input fields that can be populated as you progress through the AHP Application, and read-only fields that will display information, such as totals, subtotals, counts, and percentages, based on data you have entered in other fields. Read-only fields cannot be edited.

All fields requiring an input are denoted with a small, yellow exclamation point icon () to the right of the box. When a valid input has been entered, the exclamation point icon will automatically change to a green checkmark icon (). A field without an exclamation point icon is considered optional and does not need to be populated in order to complete the AHP Application. Note that a field’s required vs. not required status may change as the AHP Application is populated with information.

There are two types of fields: free-form fields where you type a value, and fields with drop-down menus that display a list of acceptable values to select. For example, most Yes/No questions are presented as a field with a dropdown menu:

New construction	Yes	
Rehabilitation	Yes No	
Acquisition	No	✓
Mixed-use (includes revenue-generating commercial space)	No	✓

Data Validation & Warning Messages

The AHP Application is designed to provide instant feedback on the validity of data entered into each field. All input fields – required or optional – will display a green checkmark icon (✓) once a valid response has been entered:

City
 ✓

Conversely, a red x icon (✗) will be displayed for an invalid entry:

Email Address*
 ✗
Invalid Domain Name

In some cases, the validation error will be a result of entering the wrong type of data into a field. For example, if a field requires a numerical value and you enter a text value, the AHP Application will display an error message that asks you to either change the value or undo the entry.

In other cases, the validation error will be a result of entering invalid information based on other entries made in the AHP Application. For example, if you specify that there are 100 Total Project Units, but enter 100 income-restricted units and 1 non-income restricted unit (making the total project units 101), an error message will display:

Total Number of Units in Project		Units Restricted to 80% AMI or Below		
100 ✗	Must Equal Sum of Income and Non-Income Restricted Units Units Not Restricted to 80% AMI or Below <input type="text" value="1"/> ✓	Row	Number of Units	Target AMI
		1	60 ✓	50.00% ✓
		2	40 ✓	60.00% ✓
		3		
		4		

Note: If the AHP Application contains **any** validation errors, it will not be considered complete.

Error Indicators in the Application Table of Contents

If an AHP Application contains any field-level errors, the Application Table of Contents can be useful in pinpointing exactly where the errors are by displaying an overall status of “Data Error(s)” in the Progress box next to a section name. For example, if there are field-level data validation errors in the Project Location and Member Information sections, the Application Table of Contents will indicate those error conditions:

Application Table of Contents	
1. General Information	Progress
a. Project Location	Data Error(s) ✖
b. Member Information	Data Error(s) ✖
c. Sponsor Information	Not Started

Application Progress

As data is entered into the AHP Application, progress is automatically tracked and refreshed in real-time. Progress is tracked and displayed at both the overall AHP Application level **and** the Application section level. At the overall level, an AHP Application will be considered complete once **all** required fields have been populated with valid data and no fields, whether required or optional, have data validation errors.

Note: Only AHP Applications that are 100% complete should be uploaded to the AHP secure portal workspace.

FHLBank San Francisco		AHP General Fund 2023 AHP Application	
Sample AHP Project	% Complete (Required Fields)	100% ✓	Rental Project

Saving the AHP Application

As with any Microsoft document, the AHP Application can be saved at any time by simply pressing the Save button in Excel or by pressing the Office Button (top-left corner of your Excel window) and clicking “Save.” **All AHP Applications must be saved in .xlsx format and uploaded as Excel files to the AHP secure portal workspace.**

Contact the Community Investment Department at ahpportal@fhlbsf.com, or (415) 616-2542 with questions, or visit the [Affordable Housing Program](#) section of the Bank’s website.

AHP Application Checklist

Use this checklist to ensure the AHP Application package uploaded to the Bank's secure portal workspace is complete. Incomplete packages may be subject to disqualification.

<input type="checkbox"/> AHP Secure Portal Workspace Set-Up Request (submit by Thursday, March 2, 2023)
<input type="checkbox"/> AHP Application
Rental AHP Financial Workbook <ul style="list-style-type: none"> <input type="checkbox"/> Targeting <input type="checkbox"/> Sources & Uses of Funds <input type="checkbox"/> Sources of Funds Summary <input type="checkbox"/> 15-Year Operating Pro Forma <input type="checkbox"/> 15-Year Commercial Operating Pro Forma (if applicable) <input type="checkbox"/> Workbook Comments <input type="checkbox"/> Empowerment Budget (General Fund only) <input type="checkbox"/> Benchmarks <input type="checkbox"/> Targeting Self-Score <input type="checkbox"/> AHP Application Comparison
Owner-Occupied AHP Financial Workbook <ul style="list-style-type: none"> <input type="checkbox"/> Targeting & Financing Sources <input type="checkbox"/> Sources of Funds Summary <input type="checkbox"/> Development Budget <input type="checkbox"/> Discounted Financing (if applicable) <input type="checkbox"/> Empowerment Budget (General Fund only) <input type="checkbox"/> Benchmarks <input type="checkbox"/> AHP Application Comparison
Supporting Attachments <ul style="list-style-type: none"> <input type="checkbox"/> Benchmark Deviation Documentation <input type="checkbox"/> Committed Financing Documentation <input type="checkbox"/> Community Stability Features Documentation (Attachment: Community Revitalization or Economic Development Plan Area for General Fund, if applicable) <input type="checkbox"/> Donated or Conveyed Property Documentation <input type="checkbox"/> Homeless Households Documentation <input type="checkbox"/> HUD Income Limits <input type="checkbox"/> Land Cost Validation <input type="checkbox"/> Market Study (For Owner-Occupied New Construction Projects only) <input type="checkbox"/> Native Housing Documentation <input type="checkbox"/> Nonprofit Sponsorship Documentation <input type="checkbox"/> Promotion of Empowerment Services/Programs Documentation (General Fund only) <input type="checkbox"/> Qualified Homebuyers Documentation (for Owner-Occupied projects only, see Application Project Readiness section, "Identified Homebuyers") <input type="checkbox"/> Rental Subsidy Documentation

AHP Application Checklist

Supporting Attachments continued

- ☐ Readiness to Begin Construction Documentation (Attachment: AHP Application Project Readiness - Building Permit Readiness or Issuance for General Fund, if applicable)
- ☐ Rural Status Documentation
- ☐ Site Control Documentation (for projects with related party property acquisitions, provide an appraisal for the property) **Note: For full site control scoring credit, one of the following documents is required: final settlement statement, executed lease agreement, policy of title insurance, executed disposition and development agreement, or title report.*
- ☐ Supplementary Application Materials (include any necessary supporting documentation not already captured in the items above)
- ☐ Tax Credit Limited Partnership Agreement

Interest Rate Assumptions Guidelines

The following Guidelines are to be used to determine interest rates on permanent loans from a conventional financing source when a quote or loan commitment has not yet been received. If there is a quote or commitment, the rate should be within the range listed in these Guidelines, or an explanation should be provided in the financial workbook. To ensure consistent scoring standards and enhance fairness in the scoring process, the Bank will score and evaluate all AHP projects based on selected interest rates and guidelines. The Bank also considers a project's debt service payments and resulting cash flow when it analyzes a project's need for AHP subsidy. Interest rates on permanent loans directly impact a project's debt service and resulting cash flow; thus, it is important for sponsors and members to use realistic interest rate assumptions for the project's conventional financing.

Changes to interest rates will be taken into account by the Bank when it evaluates the actual amount of AHP subsidy needed by a project at the time the sponsor requests disbursement of the AHP funds or at the time of project initial monitoring. For example, if interest rates have declined since the award was granted, the project may need less subsidy at the time of disbursement because additional cash flow is available for debt service. In that case, the Bank will review current operating pro formas, development budgets, and other relevant information to determine how much, if any, of the subsidy is still needed and will adjust the award accordingly.

For 2023, rates as of December 31, 2022 should be used in the calculation of a project's annual debt service and need for AHP subsidy if you do not have a permanent loan commitment. Please base your rate assumptions on the guidelines and rate tables on the following page or include documentation supporting the lender's interest rate in Committed Financing Documentation if a commitment is in place.

Guidelines

1. If the institution providing the loan has determined an interest rate at the time of Application, that rate may be used, regardless of current rates. Please document the interest rate and include in the Committed Financing Documentation.
2. All indexed rates are based on rates as of December 31, 2022.
3. If the Application states that the loan to the borrower will be based on the Bank's Community Investment Program (CIP) rate plus a spread, please use the CIP rate for the applicable term plus the spread when calculating the project's debt service. (Refer to the CIP rate table on the following page.)
4. If the Application states that the loan to the borrower will price off another index that is published and obtainable for the selected date, please use that index as published for December 31, 2022. **Please document the source of the rate quote and attach a copy of that document to the Application** (e.g., a page from Telerate, Bloomberg, Reuters, or *The Wall Street Journal*).
5. If the Application states that the loan to the borrower will price off the institution's own market rate, to be determined on an unspecified date in the future, on or near the loan's funding date, the rate used for purposes of scoring the application must fall within the range of CIP plus 150 basis points to CIP plus 250 basis points. (Refer to the CIP rate table on the following page.)
6. In cases where major sources of conventional financing are provided by lenders other than the member submitting the application, please follow the same guidelines for rate assumptions.
7. If the loan's maturity is nonstandard, impute a rate from the surrounding terms. For example, if the term is 17.5 years, then the rate assumed must be halfway between 15 and 20 years.
8. If the project proposes the sale of mortgages in the secondary market, and the subsidy is the difference between the market price of the mortgage and the discounted price, please use mortgage price indications as of December 31, 2022. **Please document the source of the price quote and include a copy of that document in Committed Financing Documentation.**
9. No rates shall exceed current market rates.

If you have any questions about these guidelines, please call the Community Investment Department at (415) 616-2542 prior to the application deadline of **Thursday, March 9, 2023**.

The following rates are as of December 31, 2022.

Federal Home Loan Bank of San Francisco				
Rates as of 12/31/22	CIP Rate	CIP Rate + 150 bps	CIP Rate + 200 bps	CIP Rate + 250 bps
1 month	4.56	6.06	6.56	7.06
2 months	4.67	6.17	6.67	7.17
3 months	4.77	6.27	6.77	7.27
4 months	4.84	6.34	6.84	7.34
5 months	4.89	6.39	6.89	7.39
6 months	4.94	6.44	6.94	7.44
1 year	5.01	6.51	7.01	7.51
2 years	4.65	6.15	6.65	7.15
3 years	4.34	5.84	6.34	6.84
4 years	4.22	5.72	6.22	6.72
5 years	4.15	5.65	6.15	6.65
6 years	4.28	5.78	6.28	6.78
7 years	4.41	5.91	6.41	6.91
8 years	4.50	6.00	6.50	7.00
9 years	4.55	6.05	6.55	7.05
10 years	4.55	6.05	6.55	7.05
15 years	5.02	6.52	7.02	7.52
20 years	5.41	6.91	7.41	7.91
30 years	5.27	6.77	7.27	7.77

Selected Market Rates as of December 31, 2022 (Sources: <i>Wall Street Journal</i> , Federal Reserve Bank)	
Index	Rate
Prime Rate	7.50
Fed Funds	4.25
Secured Overnight Financing Rate	4.31
U.S. Treasury Bill – 1 month	3.95
U.S. Treasury Bill – 3 month	4.30
U.S. Treasury Bill – 6 month	4.60
U.S. Constant Maturity Treasury – 5 year	3.99
U.S. Constant Maturity Treasury – 10 year	3.88
U.S. Constant Maturity Treasury – 30 year	3.97
Freddie Mac weekly average for 30-year fixed mortgages	6.42

Owner-Occupied Projects Market Study Guidelines

Owner-occupied new construction projects (excluding self-help construction) are required to submit a market study or analysis to demonstrate the project's feasibility as required in the "Market Feasibility" field in the Project Type and Characteristics section, of the AHP Application.

To meet the minimum requirements, the market study or analysis must have been completed or updated within 12 months of AHP Application submission, and it should:

- **Identify the primary and, if applicable, secondary market areas.**

Provide a description of the boundaries for the primary market area (PMA) and the rationale for the PMA boundaries. The PMA must be the smallest geographic area from which the project will draw the majority of buyers. If there is compelling evidence to support that potential buyers will come from outside the primary market area, a secondary market area (SMA) may be included. If an SMA is included, describe the boundaries for the SMA and provide the rationale for the SMA boundaries.

- **Describe neighborhood conditions.**

Provide a description of neighborhood conditions, including land-uses and, for single-site projects, the use and status of adjacent properties. Include photos of the site, taken from the project site and of adjacent properties to the north, south, east, and west.

- **Provide a summary of the demographic and economic conditions (current conditions, trends and projections) for the PMA and, if applicable, the SMA.**

Include information on the number of households, household size, housing tenure, and income level by tenure; the area's economic and employment trends, including major employers in the immediate area, their status in terms of growth and stability, and approximate number of employees earning income within the income band of affordability.

- **Provide a summary of housing supply for the PMA and, if applicable, the SMA.**

Include information on the number of units targeting the same population that are currently under construction or planned concurrently with the proposed project, including square footage and number of bedrooms and amenities; recent market activity and trends, including sales volume, sales prices and length of time on market for comparable units; age and condition of comparable units, if available; if the project is for first-time homebuyers, the number of comparable rental units, based on bedroom size, monthly rents for comparable rental units, and vacancy rates for comparable rental units.

- **Provide a summary of the project demand for the PMA and, if applicable, the SMA.**

Include sources of demand for new units (renters entering the homeownership market or household growth resulting from natural growth and/or in-migration); the number of households (and renter households if first-time homebuyer) by household size with incomes sufficient to afford the average monthly mortgage payment for proposed units and less than the target AMI indicated on the Owner-Occupied Project Benchmarks worksheet.

- **Provide a copy of the Marketing Plan.**

Describe how the units will be marketed.

- **Describe other factors that may influence the project's success.**

Include the availability of homebuyer education and counseling services, the availability of lenders to provide financing, and the strength of realtors to market units.

- **Provide a summary and a conclusion.**

Include the strengths and weakness of the proposed project; whether demographic and economic conditions point toward a growing or weakening demand for the proposed units; expected absorption period or marketing timeframe, stated as the number of months that it will take to sell all proposed units; and sources of data and information.