



Affordable Housing Program

Rental Feasibility Workbook

Instructions

Updated February 8, 2019

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Rental Application Instructions

General Information

A copy of the workbook, labeled Rental Feasibility Workbook can be found on the FHLB Des Moines [website](#). Instructions on how to complete the Workbook is included on the pages to follow. Instructions are also included within the workbook to assist a user.

The Rental Feasibility Workbook includes six separate worksheets (Building Information, Cost Breakdown, Sources and Uses of Funds, Rental Project Worksheet, Residential Pro Forma, Commercial Pro Forma and Rental Project Checklist). You may access each of the worksheets by selecting the tabs at the bottom of the screen. All worksheets must be completed prior to submitting it to the FHLB Des Moines. Users are allowed to enter information in the shaded cells only. There are a number of calculations and automatically entered cells located throughout the workbook. These cells will be locked and not editable by users.

Costs that are not typical for the project's type, size and/or location or that exceed feasibility guidelines may not be eligible for AHP funding. Costs, including any exceptions to feasibility guidelines, should be explained on the Rental Project Checklist worksheet. In order to justify costs that exceed the Bank's guidelines, users must provide reasonable explanations to justify the unique characteristics of the project. FHLB Des Moines staff may request additional information, as needed, in order to justify the level of project costs.

Contact Community Investment at 515.412.2400 if you have questions or need additional assistance with the Workbook.



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Building Information Worksheet

This worksheet includes details of the square footage space of the building(s). Space will be allocated based on the number and size of units by bedroom size.

Building Information				
<i>Input only in the shaded areas of the worksheet. Please ensure the worksheet's accuracy as the information below will be used as the project's official building information.</i>				
Project Name:				
Project Location:				
Total Number of Buildings:				
Number of Stories				
Is there an elevator in the building?	Yes <input type="checkbox"/> No <input type="checkbox"/>			
Gross Floor Area of All Buildings (square feet)	-			
Housing Gross Floor Area (square feet)	-			0.00%
Unit Size	# of Units	Avg. Unit Size	Combined Gross Square Footage	Percent of Total
SRO/0 Bedrooms			-	0.00%
1 Bedroom			-	0.00%
2 Bedroom			-	0.00%
3 Bedroom			-	0.00%
4 or more Bedrooms			-	0.00%
Front Desk				0.00%
Hallways/Corridors/Stairwells				0.00%
Mechanical				0.00%

In addition, users must enter the square footage of various non-housing spaces located in the building. These areas may not be eligible for AHP funding and will require additional review by FHLB staff in order to review proposed costs.

Non-Housing Gross Floor Area (square feet)		-	0.00%
Definition of Space	Gross Square Footage	Percent of Total	
Accessory Buildings		0.00%	
Administration		0.00%	
Commercial		0.00%	
Common Space		0.00%	
Community Building		0.00%	
Congregate Dining		0.00%	
Daycare		0.00%	
Garages		0.00%	
Programmatic/Services		0.00%	
Office		0.00%	
Other		0.00%	
Non-AHP Units (tenant & manager > 80% AMI)		0.00%	



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If included in the building, provide a description of the non-housing space and the unique characteristics of the property in the box provided.

Describe the non-housing space(s), if applicable:



Rental Application Instructions

Cost Breakdown Worksheet

Users must enter cost information by category as shown on this worksheet. If the project includes non-housing cost, they should be separately itemized by category. The costs displayed must be consistent with the Scope of Work. Non-housing costs must be separately itemized from the housing costs of the project, which may be accomplished in one of two ways. First, users may assign direct costs for non-housing spaces (if easily identifiable in contractor estimates or billings). Second, users may allocate a proportion of the total estimated cost per category based on the percentage of housing/non-housing gross square footage. AHP funds may only be used for the direct housing costs of the property.

Contractor's and Owner's Cost Breakdown (Residential Costs Only)				
<i>Input only in the shaded areas of the worksheet.</i>				
Project Name:				
Location:				
Total Number of Units	0			
Housing SF	0			
Non-Housing SF	0			
* Non-housing costs must include all units targeted to incomes above 80% AMI.				
** The Cost Breakdown must not include any soft cost included on the Uses of Funds.				
Line	Description of Work	Housing Cost	Non-Housing Cost *	Total Project Cost
1	Concrete			\$ -
2	Masonry			\$ -
3	Metals			\$ -
4	Rough Carpentry			\$ -
5	Exterior Doors, Windows, Glass			\$ -
6	Waterproofing			\$ -
7	Insulation			\$ -
8	Roofing & Sheet Metal			\$ -
9	Siding			\$ -
46	Total GR, O & P (Lines 43 - 45)	\$ -	\$ -	\$ -
47	Other:			\$ -
48	Other:			\$ -
49	Other:			\$ -
50	Other:			\$ -
51	TOTAL (Lines 42, 46 - 50)	\$ -	\$ -	\$ -
Percentage of Total Cost		0.00%	0.00%	
Residential Construction Cost Per Unit		\$ -		
Residential Construction Cost Per SF		\$ -		
Non-Housing Construction Cost Per SF			\$ -	



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Users must also collect a signed version of the Cost Breakdown from the Contractor and Owner to submit as separate documentation at application, disbursement and initial monitoring.

Contractor Signature:								
Representative's Name								Date
Title								
Contractor Company								
Owner Signature:								
Representative's Name								Date
Title								
Organization								



Rental Application Instructions

Sources and Uses of Funds Worksheet

This worksheet will identify project hard costs, soft costs and the project's funding sources. This worksheet will be used to determine the project's need for AHP funds. The Total Sources must equal the Total Uses. Warning messages will alert the user if Sources and Uses of Funds are not equal. Various other warning messages will alert the user to inconsistent or incomplete information. Follow these warnings to correct issues before submitting the workbook.

Users must enter information in all columns for a respective Source of Funds (type code, term in years, amortization period in years, interest rate, annual debt service, fees, position in title and whether the funds are currently committed). Any payments made on the AHP funds must be returned to the FHLB Des Moines. Type Codes are found on the right side of the Sources table (range from A to Q). Users must select from the codes provided in a dropdown menu. A warning will show if the code does not match one provided. Only permanent sources of financing may be shown in this table. See interim financing below for temporary financing during construction.

Sources and Uses of Funds Statement											
<i>Input is only allowed in the shaded areas of the worksheet.</i>											
Project Name:											
Source of Funds	Residential/ Housing	Non- Housing*	Total	Type Code (see right)	Term (Years)	Amortization (Years)	Interest Rate (APR)	Annual Debt Service *	Fees	Mortgage Position (1st, 2nd, etc.)	Are funds committed?
FHLB Des Moines AHP			\$ -	AHP	15	0	0.00%	\$ -			
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
			\$ -								
TOTAL SOURCES OF FUNDS	\$ -	\$ -	\$ -					\$0.00			

Type Codes
Are located in
Column N of this
worksheet,
ranging from A to
Q.

Type Codes:	
A	Permanent Loan
B	Federal Low-Income Housing Tax Credit
C	State Low-Income Housing Tax Credit
D	State Government Loan
E	State Government Grant (not CDBG)
F	Local Government Grant (not CDBG)
G	Non-LIHTC Owner Equity
H	CDBG
I	HOME
J	McKinney Act
K	Other HUD Funds
L	Charitable
M	Historic Tax Credits
N	FHA
O	Other Federal Program
P	Other Loan
Q	Other Grant



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The information from the Cost Breakdown will be used to compare the Uses of Funds to ensure consistent cost information is presented on both worksheets. Housing and non-housing cost information must be consistent on the Cost Breakdown and Uses of Funds worksheets in order to remove warnings messages.

Use of Funds	Residential/ Housing	Non- Housing **	Total Cost
On-site Improvements			\$ -
Off-site Improvements	\$ 1	\$ 1	\$ 2
Rehabilitation			\$ -
New Construction			\$ -
Appliances			\$ -
Total Hard Costs of Project	\$ 1	\$ 1	\$ 2
Building Acquisition			\$ -
Land Acquisition			\$ -
Demolition			\$ -

The Total on the Cost Breakdown must match the combined costs of On-Site Improvements, Off-Site Improvements, Rehabilitation, New Construction and Appliances.

The difference between the Cost Breakdown and the Uses of Funds is:
 Residential -\$1
 Commercial/Non-Housing -\$1

The Sources of Funds must equal the Uses of Funds. Enter all of the costs to develop the housing units in their corresponding category. Rounding errors will result in no if cents are included in the uses cost.

TOTAL USES OF FUNDS	\$ 1	\$ 1	\$ 2
Percentage of Total Cost	50.00%	50.00%	
Are the Sources and Uses equal?	No	No	No

The Sources and Uses of Funds must be equal for each Column.

Users with LIHTC funding must complete a couple of fields to show the allocation amount and sales price to the purchaser.

Low-Income Housing Tax Credits:	
Annual LIHTC allocation request	
LIHTC sale price per dollar	

Interim Financing represents construction or bridge loans that will be used to finance the construction or rehabilitation of the project. Interim Financing must not be included in the Sources of Funding table. Only permanent sources of funds should be included in Sources of Funding. FHLB staff will review the information to ensure that costs are reasonable.

Interim Financing 1	
Provider	
Months Outstanding (term)	
Interest Rate	
Construction Loan	Amount
Bridge Loan	Fee
Other	Rate

When completing a project, you will want to record any significant changes that occur. If a cost category changes more than 5% of the Total Development Cost, you will want to record the reason for the change to justify at your next project review.



Rental Application Instructions

Rental Project Worksheet

Enter the HUD (or NAHASDA, if applicable) income guidelines for the current year in the spaces provided.

HUD AMI	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person	
50% AMI									Enter current HUD Area Median Income (AMI) limits for 50%, 60%, and 80% of the AMI for 1-person through 8-person households. Half person calculations are made automatically.
half persons:	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
60% AMI									
half persons:	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
80% AMI									
half persons:	\$0	\$0	\$0	\$0	\$0	\$0	\$0		

Enter the number of units for each income category and size by bedroom in the green spaces provided. Then enter the tenant's monthly rent share and average subsidy per unit. Units above 80% AMI must also include the bedroom size of the units. The worksheet will calculate whether the proposed rent passes the 30% test by income. There should be no FAIL noted in the 30% Rent Test column. Monthly and Annual revenue figures will be calculated at the bottom of the table and will be used to populate the revenue on the Residential Pro Forma worksheet.

Targeted Max. AMI	Number of Units	Bedrooms Per Unit (0-SFPO)	Occupancy Per Unit (15 persons)	AMI Adjusted for Family Size	Monthly 30% Rent Max.	Tenant's Monthly Rent Share	30% Rent Test (Pass/Fail)	Subsidy Per Unit Per Month (if applicable)	
50%		0		0	0		N/A		For each unit size, enter the number of project units to be targeted to tenants at/below 50% AMI, the estimated monthly total rent for that level of income and bedroom size, and the estimated total monthly rental subsidy to be received.
		1		0	0		N/A		
		2		0	0		N/A		
		3		0	0		N/A		
		4		0	0		N/A		
60%		0		0	0		N/A		For each unit size, enter the number of project units to be targeted to tenants at/below 60% AMI, the estimated monthly total rent for that level of income and bedroom size, and the total monthly rental subsidy to be received.
		1		0	0		N/A		
		2		0	0		N/A		
		3		0	0		N/A		
		4		0	0		N/A		
80%		0		0	0		N/A		For each unit size, enter the number of project units to be targeted to tenants at/below 80% AMI, the estimated monthly total rent for that level of income and bedroom size, and the total monthly rental subsidy to be received.
		1		0	0		N/A		
		2		0	0		N/A		
		3		0	0		N/A		
		4		0	0		N/A		
> 80%			N/A	N/A	N/A		Enter the number of project units that will NOT be restricted for income, the corresponding bedroom sizes and the tenant's monthly rent payment. AHP funds may not be used to pay for costs related to these units.		
			N/A	N/A	N/A				
	0	AHP Units				\$0	Monthly Rental Revenue		
	0	Non-AHP				\$0	Monthly Subsidy Revenue		
	0	Total Units				\$0	Total Monthly Revenue		
						\$0	Annual Rent *	* These figures are used to automatically populate the Residential Pro Forma Revenue.	
						\$0	Annual Subsidy *		



Rental Application Instructions

Residential Pro Forma Worksheet

Enter the vacancy rates and escalation factors for the project. The warning messages will disappear when issues are corrected. The escalation factors are rates of inflation that will be used to project the growth in revenue and expense for years 2 through 15.

Assumptions:	
Vacancy Rate Year 1:	<input type="text"/>
Stabilized Vacancy Rate Years 2-15:	<input type="text"/>
Revenue Escalator:	<input type="text"/>
Expense Escalator:	<input type="text"/>
Interest Rate on Operating Reserve:	<input type="text"/>

Stabilized Vacancy must be greater than 0% and less than or equal to 10%
The Revenue and Expense Escalators must be equal or greater than 2%

If the property has existing debt, enter the appropriate information in the space provided. This information should match the Debt Service shown at the bottom of the pro forma.

Existing Debt:		If yes, list the existing source(s) of debt and loan terms:					
Does the Proforma reflect debt service payments for any existing or other debt not reflected in the Sources of Funds?	Yes <input type="checkbox"/>	Existing Debt Holder	Outstanding Balance	Annual Debt Service	Remaining Term (Year)	Amortization (Year)	Interest Rate (APR)
	No <input type="checkbox"/>						

Users will only need to enter Other Income and Reserve Draws. Gross Rent and Rental Assistance will be calculated based on information entered on the Rental Project Worksheet.

REVENUE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
+ Gross Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
+ Rental Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
+ Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
+ Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
+ Reserve Draws	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
= Gross Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- (Vacancy)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Users will then enter information for each expense category that corresponds with their project in the first year only. The expenses should be for the first year of operation following project completion, which may occur in the future. Pay particular attention to these figures, as future changes will require additional review by FHLB staff.

OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounting/Audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electric & Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Removal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Snow Removal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grounds Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs/Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elevator Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pest Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Rental Application Instructions

Enter the appropriate debt service information in the respective column and rows. If debt service will change over time, use the Debt Service Payable from Cash Flow. This row allows values in years 2 through 15 be edited to account for such situations. You will also want to show Replacement and Operating Reserve activity in the spaces provided. Operating Reserves must be justified on the Rental Project Worksheet. It will be in the Bank's determination whether to allow Operating Reserve Deposits.

Net Operating Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Annual Must Pay Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Debt Service Payable from Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income Before Reserve Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Coverage Ratio	N/A														
Cash Flow / Gross Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Deposits/Draws	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Rental Application Instructions

Commercial Pro Forma Worksheet

If the property includes leasable non-housing space (for retail, office, warehouse, etc.), the user must indicate Yes on the top of this worksheet.

Will the property lease non-housing space (office, retail, warehouse, etc.)?	Yes <input type="checkbox"/>
	No <input type="checkbox"/>

If the space will be leased and revenue received accordingly, the user must complete the commercial pro forma to display that the revenue supports the level of projected operating expense and debt service. The residential housing units may not be used to support the operations of the leasable commercial space.



Rental Application Instructions

Warning alerts will appear in bright yellow shading in order to alert you that the project does not meet guideline. Additional warning messages will alert users to inconsistent or necessary information that is required to complete the worksheet.

Please enter X next to the applicable project type:	
New Construction Maximum	10.00%
Rehab/Adaptive Reuse Maximum	15.00%
Historic Rehabilitation Maximum	20.00%

Note: Enter an X for the applicable project type in one of the green cells above. The answer below will default to NO if a project type is not selected.