



Federal Housing Finance Agency

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Roundtable Recap: Access to the FHLBank System

San Juan, PR | March 8, 2023

This *FHLBank System at 100: Focusing on the Future* roundtable in San Juan, Puerto Rico began with discussion of the housing market in Puerto Rico. As a result of previous experience responding to hurricanes and earthquakes, participants reported that Puerto Rico was in a good position to receive federal funding to assist in reconstruction efforts. However, many challenges persist for rebuilding and repair, including inflation, lack of materials, lack of laborers, and lack of expertise constructing housing. Limited affordable housing inventory and old housing stock in need of repair, increasing interest rates, high utility costs, and low wages exacerbate conditions. Particularly in rural areas, federal funds sometimes cannot be accessed because the properties have been handed down informally for generations and properties' title is clouded. Moreover, there is significant exposure to climate change and families need to be incentivized relocate to safer areas.

The discussion turned to the FHLBank's engagement in Puerto Rico. Participants expressed appreciation for the FHLBank's outreach to Puerto Rico and its charitable contributions, which were acknowledged as much easier to deploy than funds available from other Federal programs. Participants also mentioned ongoing efforts to secure membership in the FHLBank of New York for local Cooperativas, which are integral to the Puerto Rico's financial system. Participants expressed that Cooperativas have similar missions to the FHLBank and they would be able to expand home ownership through access to financing through the FHLBank. Also acknowledged were recent efforts by the FHLBank to understand why organizations in Puerto Rico infrequently apply for and receive Affordable Housing Program (AHP) funding with the intention of making changes to their programs to attract more interest and funding in Puerto Rico.

Participants were asked for suggestions for expanding the FHLBank's role in supporting communities in Puerto Rico. Some ideas shared with respect to lending, notably to CDFIs, included providing capital for funding pre-development, incentivizing micro lending, extending loan terms to 20 years and allowing for prepayment without penalties, reducing the collateral haircut, and removing the physical delivery requirement of whole loan collateral. Other recommendations included streamlining the AHP application process with quicker turnaround time between application submission and funding determination, expanding FHLBank membership to Cooperativas and independent mortgage banks, providing more gap filling for down payment homeownership assistance, and providing program materials in Spanish.

In conjunction with the San Juan roundtable, FHFA staff participated in a site visit hosted by FundaciónMMM, a nonprofit organization that renovates and rehabilitates homes damaged by natural disasters for low-income individuals and families. The site visit featured a tour of a home in Carolina, PR, that had been restored after significant hurricane damage.

Before



After



Photos courtesy of FundaciónMMM

FHFA prepared this roundtable recap to summarize key discussion points. Please [visit the website](#) to view the full roundtable transcript and video recording.