



2018 LOW-INCOME HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES OF THE FEDERAL HOME LOAN BANKS

OCTOBER 2019



Division of Housing Mission and Goals

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Introduction

The Federal Housing Finance Agency (FHFA) was established by the Housing and Economic Recovery Act of 2008 and is responsible for the supervision, regulation, and housing mission oversight of the 11 Federal Home Loan Banks (FHLBanks), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). FHFA's mission is to ensure that these regulated entities operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment. Since 2008, FHFA has also served as conservator of Fannie Mae and Freddie Mac.

This report addresses the FHLBanks' activities to support low-income housing and community development.¹ The FHLBanks support a range of these activities through three programs: the Affordable Housing Program (AHP), the Community Investment Program (CIP), and the Community Investment Cash Advance Program (CICA).² Under these programs, the FHLBanks provide loans (referred to as advances) and grants to their members, and their members then use these funds to benefit very low- and low- or moderate-income households and communities.³

The FHLBanks awarded approximately \$458 million in total AHP funds in 2018, about 15 percent more than in 2017. This funding assisted over 49,000 low- or moderate-income households, including about 25,900 very low-income households. Through the CIP, the FHLBanks funded approximately \$3.1 billion in targeted housing and economic development advances in 2018, about 33 percent less than in 2017. The CIP assisted about 26,000 households in 2018, a decline of approximately 36 percent from 2017. The FHLBanks' CICA funding, which supports targeted economic development, was about \$3.1 billion in 2018, approximately 18 percent less than in 2017.

¹ The Federal Home Loan Bank Act requires FHFA to monitor and report annually to the Advisory Council for each FHLBank the support of low-income housing and community development by the FHLBanks and the utilization of advances for these purposes. See 12 U.S.C. § 1430(j)(12).

² See 12 U.S.C. § 1430(i) and (j). The CICA regulation (12 C.F.R. § 1292.1) defines CICA programs to include AHP, CIP, and targeted economic development advance or grant programs established by an FHLBank. However, because AHP and CIP are specifically required by statute, they are generally described separately from other programs under the CICA umbrella. This practice is followed in this report.

³ Low- or moderate-income households are defined as households with incomes of 80 percent or less of Area Median Income (AMI). Very low-income households are defined as households with incomes of 50 percent or less of AMI.



The FHLBanks also support low-income housing and community development through other activities, including through their non-depository Community Development Financial Institution (CDFI) members. At the end of 2018, 60 non-depository CDFIs were FHLBank members, 12 more than in 2017. The FHLBanks' outstanding advances to the non-depository CDFIs increased as well, from approximately \$161.7 million in 2017 to \$221.5 million in 2018.

Additionally, each FHLBank is subject to housing goals if its Acquired Member Assets (AMA)⁴ purchases exceed an annual volume threshold of \$2.5 billion.⁵ In 2018, only one of the FHLBanks exceeded this volume threshold.

The report is organized into four sections with three appendices. The first section provides program information on the AHP, the second section details the FHLBanks' CIP and CICA performance, the third section describes non-depository CDFI membership in the FHLBank System, and the fourth section discusses FHLBank housing goals and AMA purchases in 2018. The appendices include some highlights from FHLBank Advisory Council Reports submitted to FHFA, as well as AHP historical data and additional data pertaining to projects awarded funding through the AHP competitive program in 2018.

The Affordable Housing Program

The Federal Home Loan Bank Act (Bank Act) requires each FHLBank to establish an AHP.⁶ Under the program, members of the FHLBank apply to the FHLBank for AHP funds. The member provides the funds to approved projects and households to be used for the purchase, construction, or rehabilitation of affordable housing. AHP funds may be in the form of grants or a subsidized interest rate on advances from an FHLBank to its member. For AHP-assisted owner-occupied housing, the eligible household income must be at or below 80 percent of AMI. For AHP-assisted rental housing, at least 20 percent of the project's units must be affordable for and occupied by households with incomes at or below 50 percent of AMI.

The AHP has two approaches to providing funding.⁷ The primary funding approach is a mandatory competitive application program through which FHLBanks provide subsidies either as

⁴ AMA programs include both the Mortgage Partnership Finance Program and the Mortgage Purchase Program. See 12 C.F.R. part 1268.

⁵ See 12 C.F.R. part 1281. These housing goals are separate from the housing goals applicable to Fannie Mae and Freddie Mac. See 12 C.F.R. part 1282.

⁶ See 12 U.S.C. § 1430(j).

⁷ See 12 C.F.R. part 1291.



grants or as advances with a reduced interest rate. The bulk of the AHP funding through this approach takes the form of grants. Applications for proposed projects are approved for AHP funds based on each FHLBank's individual scoring system established pursuant to the general scoring framework in the AHP regulation. The second funding approach is a discretionary homeownership set-aside program under which the FHLBanks approve grants for down payment, closing costs, counseling, or rehabilitation assistance in connection with a household's purchase or rehabilitation of an owner-occupied unit.⁸ Generally, access to set-aside program funds is on a first-come, first-served basis for FHLBank members and eligible households.⁹

On November 28, 2018, FHFA issued a final rule amending the AHP regulation. Among other changes, the final rule provides the FHLBanks additional authority to allocate their AHP funds, authorizes the FHLBanks to establish separate competitive funds that target specific affordable housing needs in their districts, and provides the FHLBanks additional flexibility in designing their project selection scoring systems to address affordable housing needs in their districts. The FHLBanks are required to comply with the final rule on and after January 1, 2021, except that they must comply with the provisions related to owner-occupied retention agreements on and after January 1, 2020. The FHLBanks are allowed to implement any set of related provisions of the final rule ahead of these deadlines.

FHLBank AHP Funding Contributions and Allocations: An FHLBank's annual AHP statutory funding contribution must equal at least 10 percent of its net earnings for the prior year (subject to a \$100 million minimum combined contribution by all of the FHLBanks collectively).¹⁰ Consequently, an FHLBank's statutory contribution to its AHP changes as its earnings change from one year to the next. From 1990 to 2018, the FHLBanks contributed approximately \$5.9 billion to the AHP (see Figure 1).

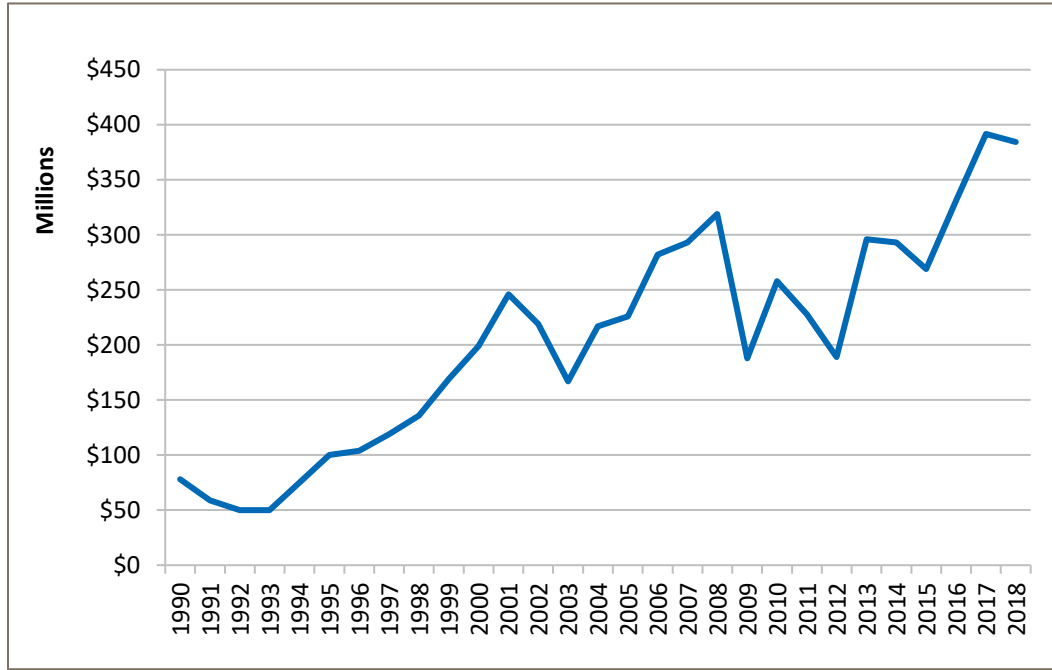
⁸ An FHLBank's annual set-aside program funding allocation may not exceed the greater of \$4.5 million or 35 percent of the FHLBank's annual required AHP statutory contribution. 12 C.F.R. § 1291.2(b)(2).

⁹ FHLBanks generally limit the amount of set-aside funds that each member and household may receive. See 12 C.F.R. § 1291.6(c)(1), (3).

¹⁰ See 12 U.S.C. § 1430(j)(5)(C).



Figure 1: FHLBanks' AHP Statutory Funding Contributions (1990 – 2018)



Source: FHFA¹¹

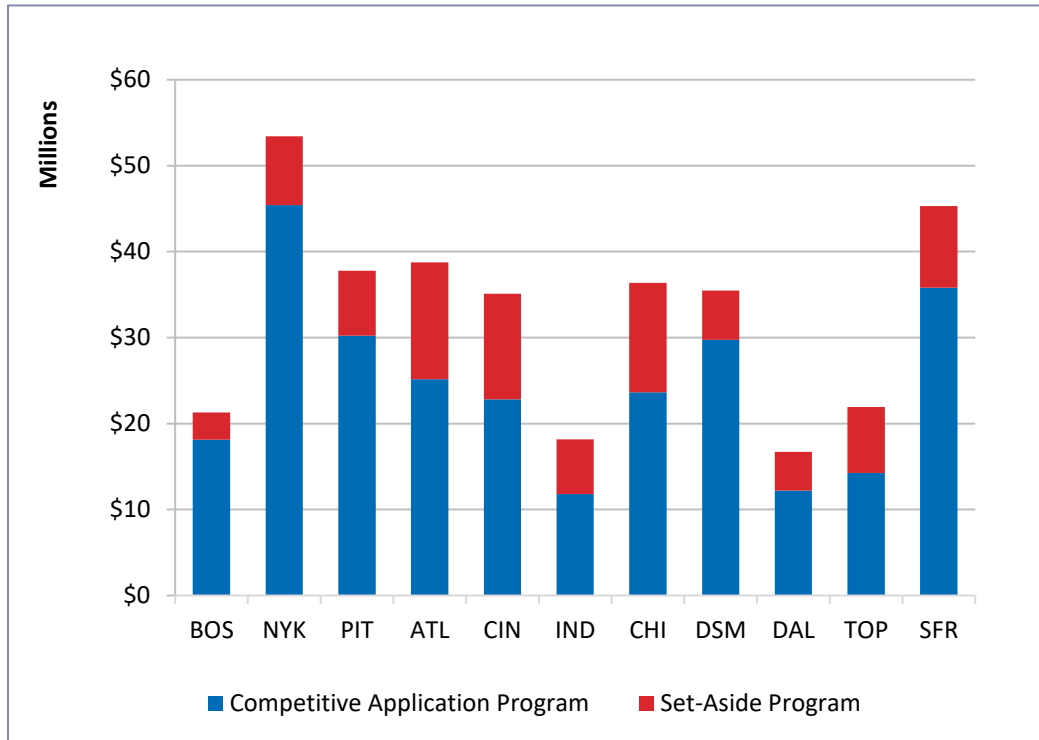
In 2018, the AHP statutory contributions for individual FHLBanks ranged from a low of approximately \$16.7 million by the Dallas FHLBank to a high of approximately \$53.4 million by the New York FHLBank.

Each FHLBank allocates its AHP statutory funding contributions between a mandatory competitive application program and a discretionary homeownership set-aside program (if an FHLBank establishes a set-aside program). All FHLBanks implemented homeownership set-aside programs in 2018. Figure 2 details the FHLBanks' competitive application program and set-aside program funding allocations in 2018.

¹¹ Unless otherwise noted, data contained in all charts and tables in this report were submitted by the FHLBanks as of December 31, 2018, and validated by FHFA. Dollars have been rounded. AHP competitive application program data include only approved, active projects; thus, the data do not include approved but withdrawn projects.



Figure 2: 2018 FHLBank AHP Statutory Funding Allocations



FHLBank Awarded Funds: In 2018, the FHLBanks awarded a total of approximately \$457.9 million through the AHP, with approximately \$345.8 million funding competitive application programs and \$112 million funding set-aside programs. This funding supported 49,271 housing units – 30,604 units in the competitive application program and 18,667 units in the set-aside program.

The amount of funds awarded in a given year may include funding adjustments from prior years or funds accelerated from future years. In these circumstances, an FHLBank’s amount of awarded funds may differ from the statutorily required contribution of funds.

I. AHP Competitive Application Program

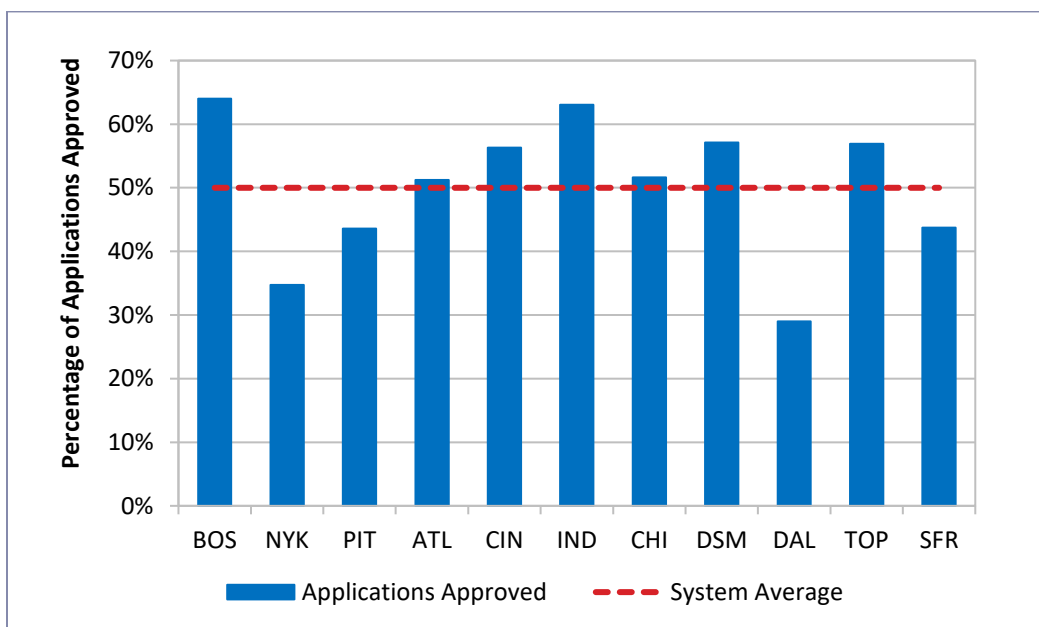
The AHP competitive application program supports very low-income and low- or moderate-income rental and owner-occupied housing projects in rural and non-rural (*i.e.*, urban or suburban) areas. The FHLBanks award funds to projects based on an evaluation of their project applications. Each FHLBank’s evaluation uses a 100-point scoring system that is tailored to meet the affordable housing objectives of that FHLBank, but is also subject to certain criteria for



affordable housing set forth in the AHP regulation. Under the regulation applicable in 2018, an FHLBank was required to allocate a prescribed minimum number of points to each of nine different scoring categories specified in the AHP regulation, and could allocate the remainder of the points in its discretion among the scoring categories, with the total points equaling 100. The FHLBanks also assess projects' developmental feasibility and, for rental projects, operational feasibility, and evaluate projects' satisfaction of other eligibility criteria.

In 2018, the FHLBanks approved, on average, about 50 percent of applications received (see Figure 3), up from 42 percent in 2017.

Figure 3: 2018 AHP Competitive Program Applications Approved



Source: FHFA's Call Report System





Hope Village

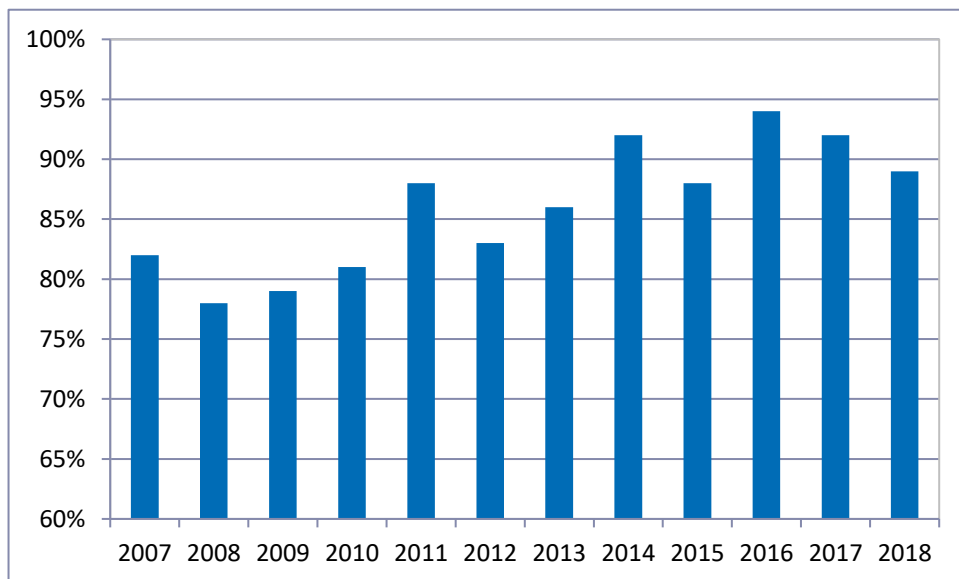
Hope Village consists of five newly constructed, affordable homes for low-income families in the Sharswood neighborhood of Philadelphia, Pennsylvania. The homes, constructed using sustainable methods, have taken the place of what was once blighted and vacant land. (Pittsburgh FHLBank)

Funds Awarded: The competitive application program is the larger of the two AHP programs, both in terms of the number of units supported and the amount of funding awarded. In 2018, the FHLBanks awarded funds to 604 competitive application program projects, ranging in amounts from approximately \$58,000 to \$3.2 million per rental project, and from approximately \$24,000 to \$750,000 per owner-occupied project. Since the competitive application program’s inception in 1990, the FHLBanks have awarded approximately \$5 billion in funding to over 17,800 projects supporting over 709,000 units. Over that period, 74 percent of these units were in urban or suburban areas and 26 percent were in rural areas.¹² Seventy-eight percent of these units were rental units, and 22 percent were owner-occupied units.

¹² FHFA receives data from the FHLBanks that reflect whether an AHP-assisted project received points for the financing of housing in a rural area. This is an optional scoring category, and not every FHLBank has adopted it. Because some projects may be located in rural areas but not be scored on this feature, data reflected herein may understate the percentage of AHP competitive application program projects or units located in rural areas. In addition, an AHP project is considered to be “urban or suburban” for purposes of this report if it did not receive points as a rural project.

The percentage of total competitive application program units that are rental units has varied each year, from 78 percent in 2008 to 94 percent in 2016. In 2018, rental units constituted almost 89 percent of total competitive application program units (see Figure 4).

Figure 4: AHP Competitive Application Program Percentage of Rental Units (2007 – 2018)



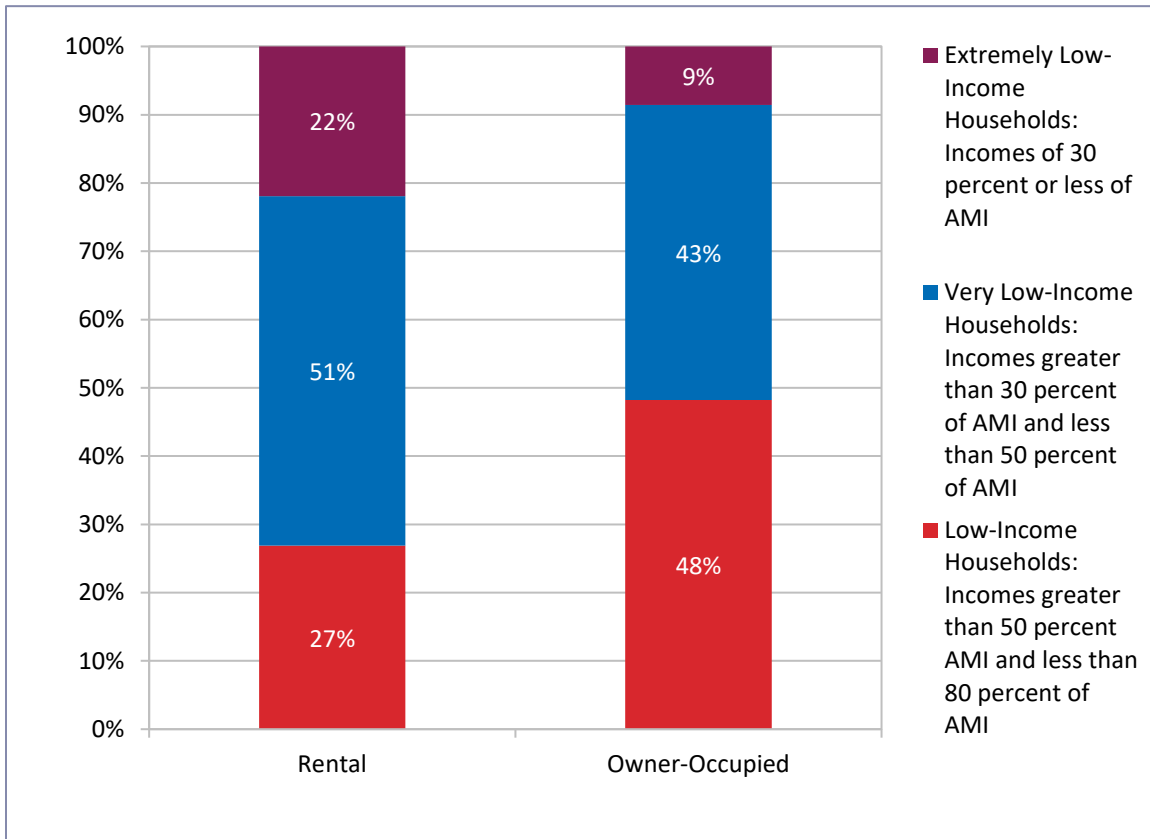
Households Served: By statute, at least 20 percent of a project’s rental units must assist very low-income households or households at lower income levels, and all AHP-assisted owner-occupied units must assist low- or moderate-income households or households at lower income levels.¹³ In 2018, 73 percent of total AHP-assisted rental units and 52 percent of total AHP-assisted owner-occupied units served households at or below 50 percent of AMI (see Figure 5).

In 2018, the percentage of competitive application program units serving extremely low-income households (households with incomes of 30 percent or less of AMI) increased slightly for rental units and remained unchanged for owner-occupied units compared to 2017. Specifically, 22 percent of competitive application program rental units assisted households with incomes of 30 percent or less of AMI in 2018, up from 20 percent in 2017, while 9 percent of competitive application program owner-occupied units assisted households with incomes of 30 percent or less of AMI in 2018, the same percentage as in 2017.

¹³ Generally, the scoring criteria in the AHP regulation provide preferential scoring to project applications that commit to assisting more units for lower income households.



Figure 5: 2018 Household Income Distribution for the Competitive Application Program



Since the program’s inception, approximately 71 percent of total competitive application program units assisted with AHP subsidy (505,603 of 709,587 units) have served very low-income households.

Urban/Rural Demographics: In 2018, urban or suburban projects represented approximately 79 percent of total competitive application program projects and 86 percent of total competitive application program units. Urban or suburban projects averaged 55 units per project, up from 51 units in 2017, while rural projects averaged 33 units per project, up from 28 units in 2017 (see Figure 6). Approximately 87 percent of very low-income units funded in 2018 were urban or suburban units, decreasing slightly from 88 percent in 2017.¹⁴

¹⁴ As stated previously, projects that receive scoring points for rural housing are counted as rural projects for



Figure 6: 2018 Competitive Application Program Urban/Suburban and Rural Projects

	Urban or Suburban Projects		Rural Projects		Total Projects
Total Number of Awarded Projects	477	79%	127	21%	604
Funds Awarded (in \$ million)	\$288.9	84%	\$56.9	16%	\$345.8
Housing Units	26,416	86%	4,188	14%	30,604
Number of Very Low-Income Housing Units	18,187	87%	2,829	13%	21,016
Average Number of Units per Project	55		33		51
Average Subsidy per Unit	\$10,939		\$13,578		\$11,300



Walker Circle

Walker Circle in Grand Rapids, Michigan, is a six-bedroom group home supporting individuals with developmental and/or physical disabilities. (Source: Indianapolis FHLBank)

purposes of this report. This does not capture all AHP competitive application program rural projects, as some of these projects are located in rural areas but are not scored on that feature by some FHLBanks. In addition, an AHP project is regarded for purposes of this report as “urban or suburban” if it did not receive points as a rural project.



Development Costs of Units Receiving Competitive Application Program Funding: AHP funds play an important role in the development of affordable housing by providing a subsidy to “fill the gap” in project development budgets. Figure 7 shows total FHLBank subsidies as a percent of total development costs for 2017 and 2018. Over this time period, the development cost ratio decreased at five FHLBanks. The average development cost per unit for competitive application program projects varies across the FHLBanks based on a number of factors, including local housing costs and the availability of funding sources other than AHP funds.

Figure 7: FHLBank AHP Competitive Application Program Average Subsidy and Development Costs (2017 and 2018)

FHLBank	Average Subsidy Per Unit		Average Development Cost Per Unit		Subsidy/Development Costs	
	2017	2018	2017	2018	2017	2018
Boston	\$14,867	\$9,130	\$205,193	\$203,338	7.2%	4.5%
New York	\$12,710	\$14,639	\$219,895	\$257,737	5.8%	5.7%
Pittsburgh	\$15,275	\$19,691	\$164,974	\$144,195	9.3%	13.7%
Atlanta	\$6,453	\$6,037	\$149,660	\$202,152	4.3%	3.0%
Cincinnati	\$11,931	\$12,709	\$149,487	\$118,268	8.0%	10.7%
Indianapolis	\$12,566	\$11,958	\$168,965	\$176,853	7.4%	6.8%
Chicago	\$11,159	\$11,050	\$202,494	\$191,831	5.5%	5.8%
Des Moines	\$16,901	\$13,735	\$167,400	\$102,316	10.1%	13.4%
Dallas	\$6,325	\$7,634	\$70,342	\$79,042	9.0%	9.7%
Topeka	\$9,204	\$11,485	\$116,920	\$133,775	7.9%	8.6%
San Francisco	\$11,779	\$10,866	\$384,836	\$378,061	3.1%	2.9%

Note: Development costs are those costs proposed at the time of application for AHP subsidy.

Coordination with Other Affordable Housing Activities: The Bank Act requires that the AHP regulation coordinate AHP activities with federal or federally subsidized affordable housing activities to the maximum extent possible.¹⁵ In 2018, approximately 60 percent of AHP projects

¹⁵ See 12 U.S.C. § 1430(j)(9)(G).



obtained funding from at least one other federal housing program, down from approximately 63 percent in 2017 (see Figure 8).

Figure 8: AHP Projects Approved in 2018 Receiving Other Federal Funding

Federal Program	AHP-Assisted Projects with Federal Funding Sources	Percentage of Total AHP-Assisted Projects
Low-Income Housing Tax Credit (LIHTC) Program	267	44%
Home Investment Partnerships (HOME) Program	135	22%
Other Federal Housing Programs	56	9%
Community Development Block Grant (CDBG) Program	51	8%
Federal Housing Administration (FHA) Programs	18	3%
AHP Projects Not Receiving Funding From Federal Sources	243	40%

Note: Projects receiving federal funding will exceed the total number of awarded projects because projects may use more than one federal funding source.





Ida Yarbrough Apartments

Ida Yarbrough Apartments, located in Albany, New York, received AHP competitive application program funds for the construction of 61 units of rental housing in an area identified for urban renewal. A portion of the rental units serves formerly homeless families or those at risk of homelessness. (Source: New York FHLBank)

Homeless and Special Needs Populations: An important contribution of the AHP competitive application program is that a number of projects serve homeless persons and persons with special needs, including the elderly, individuals with disabilities, persons living with HIV-AIDS, and persons recovering from substance or physical abuse. A project may reserve units for more than one special needs population. In 2018, 67 percent of projects (407 projects) served homeless persons or persons with special needs, a slight decrease from 68 percent in 2017 (see Figure 9).



Figure 9: 2018 AHP Competitive Application Program Projects Serving Persons with Special Needs and Homeless Households

Special Needs and Homeless Projects	2018 Projects Serving Persons with Special Needs and Homeless Households		1990-2018 Projects Serving Persons with Special Needs and Homeless Households
	Percentage of Total Projects	Number of Total Projects	
Projects with Units Reserved for Persons with Disabilities ^a	38%	231	4,053
Projects with Units Reserved for Elderly Households ^a	27%	161	3,495
Projects with Units Reserved for Homeless Households ^a	30%	179	5,307
Projects with Units Reserved for both Special Needs and Homeless Households	26%	160	2,751

^a Projects with 20 percent or more of total units reserved for occupancy by such households.
 Note: A project may serve more than one special needs population.



St. Jude Center

St. Jude Center in Dallas, Texas, received AHP competitive application program funds for a 104-unit apartment community serving very low-income seniors who have experienced homelessness. (Dallas FHLBank)

II. AHP Homeownership Set-Aside Program

The FHLBanks' AHP homeownership set-aside programs have helped expand homeownership opportunities for very low- and low- or moderate-income households. FHLBank members apply to their FHLBanks for set-aside funds and then disburse the funds as grants to eligible households.¹⁶ In 2018, the maximum permissible grant was \$15,000 per household. Households may use the grants for down payment, closing costs, counseling, or rehabilitation assistance in connection with the purchase or rehabilitation of an owner-occupied home.¹⁷ Set-aside fund recipients must use the funds for their primary residence and must complete a homebuyer or homeowner counseling program if they are first-time homebuyers. The maximum share of AHP funding an FHLBank may allocate to its set-aside program per year is the greater of \$4.5 million or 35 percent of its overall annual AHP statutory funding allocation. At least one-third of an FHLBank's aggregate annual set-aside allocation must be to assist first-time homebuyers.

An FHLBank may establish one or more AHP homeownership set-aside programs, each with its own designated purpose. For example, some FHLBanks have established targeted set-aside programs to assist with home financing for special needs households, households located in state or federally declared disaster areas, or households that are members of a federally recognized tribe.

FHLBank Set-Aside Program Funding Allocations: From 1995 through 2018, the FHLBanks' set-aside programs provided approximately \$1.2 billion in funding, supporting over 202,000 households. Over 82 percent (167,313) of the households assisted were first-time homebuyers. During this period, the average set-aside subsidy per household was \$5,804.

In 2018, total funding for the set-aside program was approximately \$112 million, an increase from \$98.9 million in 2017. The average set-aside subsidy per household was \$6,002. Set-aside program funds accounted for approximately 25 percent of total AHP funds allocated in 2018, a slight increase from 24 percent in 2017.

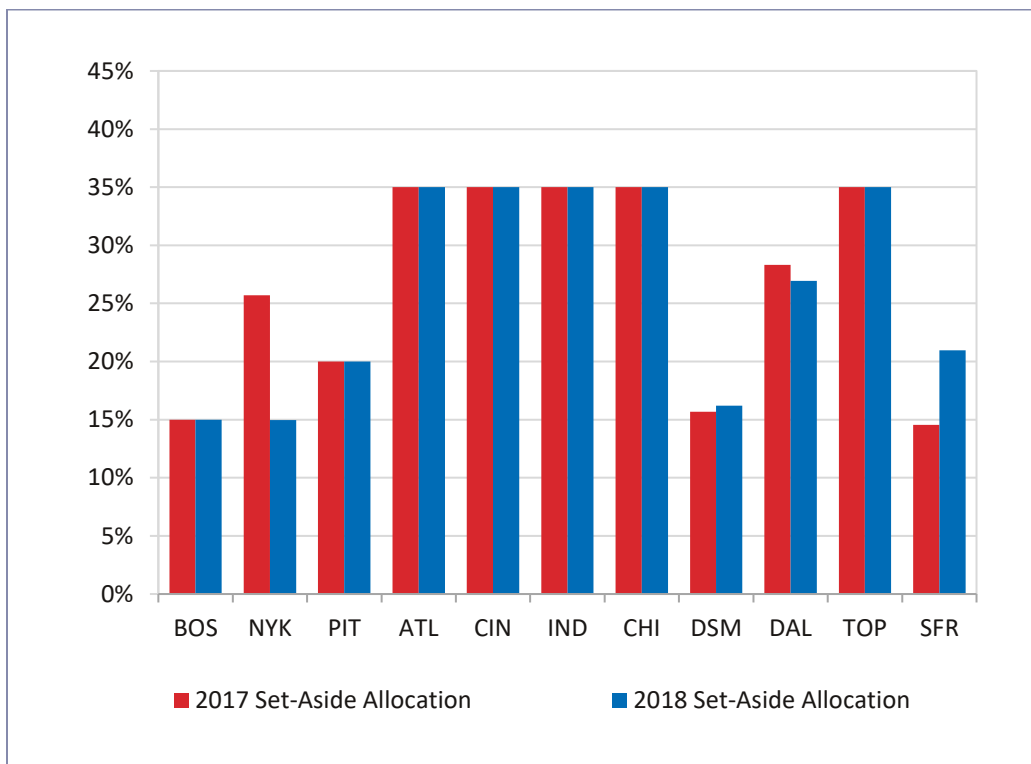
¹⁶ See 12 C.F.R. § 1291.6.

¹⁷ The data that FHFA collects aggregate set-aside funds used for closing costs and down payments. The FHLBanks also separately submit data on home rehabilitation assistance.



Figure 10 shows individual FHLBank set-aside program funding allocations as a percentage of total AHP statutory funding allocations in 2017 and 2018.¹⁸

Figure 10: FHLBank Homeownership Set-Aside Program Funding Allocations as a Percent of Total AHP Funding Allocations (2017 and 2018)



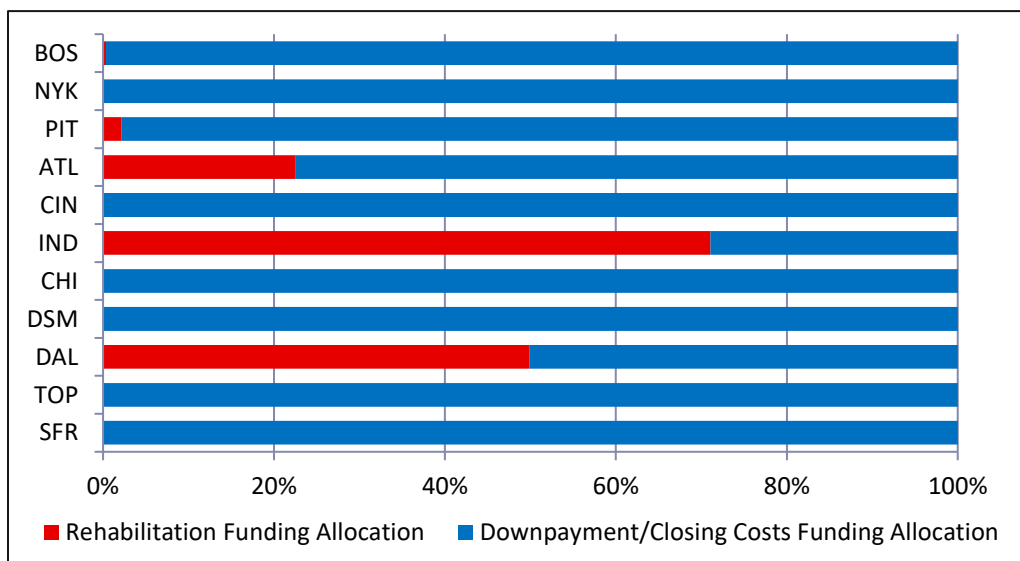
Use of Homeownership Set-Aside Funds: The FHLBanks have flexibility in their approved uses of set-aside funds. Historically, the FHLBanks have allocated the majority of set-aside funds to down payment or closing cost assistance. In 2018, the FHLBanks funded about \$102.8 million in down payment or closing costs, almost 92 percent of total set-aside program funding, up from 90 percent in 2017. In 2018, seven FHLBanks (Atlanta, Boston, Indianapolis, Chicago, Dallas, Des Moines, and Pittsburgh) allocated set-aside funds for rehabilitation (see Figure 11).¹⁹

¹⁸ Because FHLBanks may carry forward returned, uncommitted, or unused AHP funds from prior years, or accelerate AHP funds from future years, allocation totals may differ from actual disbursements.

¹⁹ The FHLBanks of Chicago and Des Moines each allocated approximately 0.1 percent, and the FHLBank of Boston allocated approximately 0.4 percent, of set-aside program funds to rehabilitation. These amounts do not appear distinctively in Figure 11.

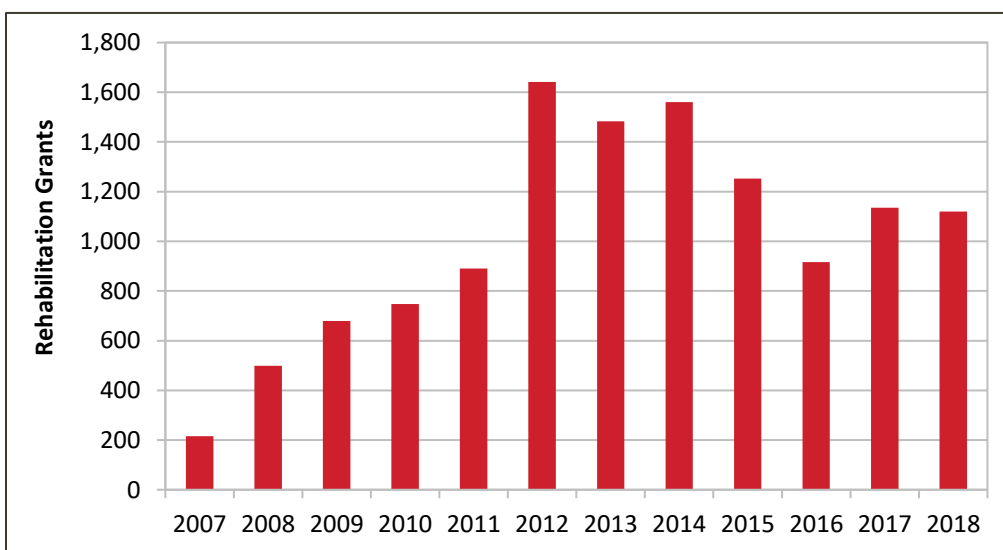
Overall, rehabilitation funding in 2018 was approximately \$9.3 million, or 8 percent of total set-aside program funding, down from 10 percent in 2017.

Figure 11: 2018 AHP Homeownership Set-Aside Program Funding Allocations



The total number of set-aside rehabilitation assistance grants decreased slightly from 1,135 in 2017 to 1,120 in 2018 (see Figure 12).

Figure 12: Number of AHP Homeownership Set-Aside Grants Used for Rehabilitation Assistance (2007 – 2018)





Cottages on Sixth Street

The Cottages on Sixth Street is a community of 544 square-foot energy-efficient tiny homes in Bartlesville, Oklahoma. These rental units, assisted with AHP competitive application program funds, serve residents with low incomes, and offer a range of tenant classes such as financial planning. (Source: Topeka FHLBank)

Households Assisted: Although a set-aside program must target low- or moderate-income households, in a substantial number of cases the FHLBanks provide AHP set-aside grants to households with incomes significantly below the low- or moderate-income threshold. In 2018, the average income of households assisted by the set-aside program, excluding rehabilitation assistance, was about \$42,000 per year, or 60 percent of AMI. The average house price for households assisted by the set-aside program, again excluding rehabilitation assistance, was approximately \$127,000 in 2018, about 2 percent higher than in 2017. Data on the number of households assisted, average household incomes, and average house prices under the set-aside program for each FHLBank in 2018 are shown in Figure 13.



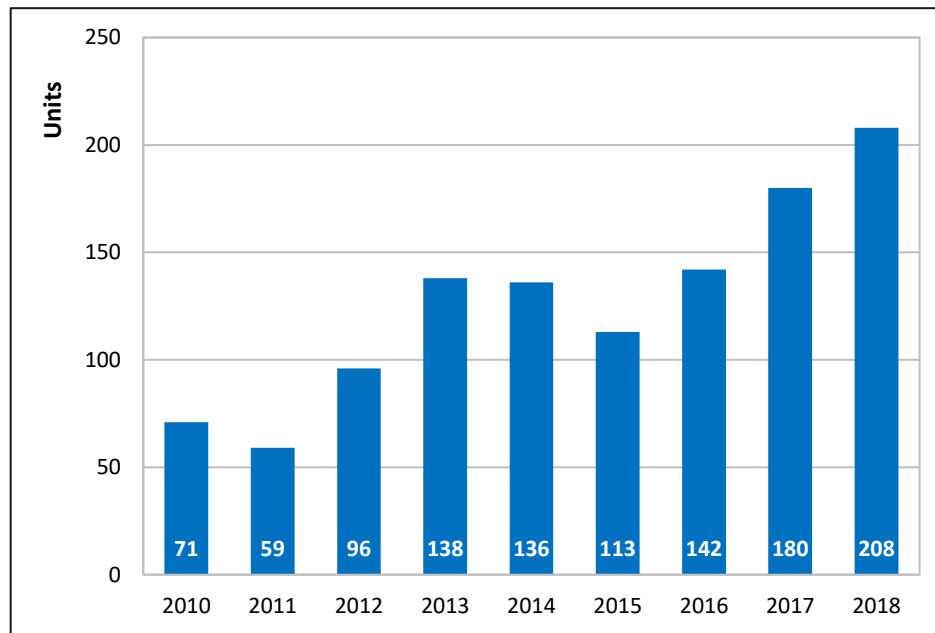
**Figure 13: 2018 Set-Aside Program for Down Payment and Closing Cost Assistance:
Number of Households Assisted, Average Household Incomes, and Average House Prices**

FHLBank	Number of Households Assisted	Average Household Income	Average Household Income as a Percentage of AMI	Average House Price
Boston	297	\$46,930	64	\$163,654
New York	1,570	\$45,403	58	\$127,743
Pittsburgh	1,601	\$40,691	59	\$125,557
Atlanta	2,148	\$49,529	62	\$183,424
Cincinnati	2,553	\$40,989	57	\$106,157
Indianapolis	192	\$35,512	60	\$96,583
Chicago	3,137	\$39,110	61	\$109,211
Des Moines	3,556	\$38,680	62	\$125,625
Dallas	356	\$33,754	60	\$111,032
Topeka	1,595	\$42,341	56	\$99,316
San Francisco	542	\$42,835	64	\$201,833

Manufactured Housing: The set-aside program permits the use of AHP subsidy for down payment, closing costs, counseling, or rehabilitation assistance in connection with a household’s purchase or rehabilitation of housing, including manufactured housing. As shown in Figure 14, the number of manufactured housing units assisted by the set-aside program has increased since 2010. In 2018, 208 manufactured housing units received set-aside program funds.



Figure 14: Number of AHP Homeownership Set-Aside Manufactured Housing Units (2010-2018)



First-Time Homebuyers: As discussed above, an FHLBank must allocate at least one-third of its annual set-aside contribution to assist first-time homebuyers, but FHLBanks often reserve more than one-third of their set-aside program funding for such homebuyers. In 2018, 16,703 first-time homebuyers (89 percent of total set-aside funding recipients) received set-aside funding, approximately 3,000 more than in 2017. The average AHP subsidy provided to these homebuyers was about \$5,900.

First-Time Homebuyers Financing: Figure 15 includes a breakdown, by income group, of first-time homebuyers assisted by the set-aside program in 2018. Approximately 95 percent of first-time homebuyers assisted received fixed-rate first mortgage loans, the same percentage who received fixed-rate mortgage loans in 2017. About 93 percent of these first-time homebuyers received a first mortgage loan originated by an FHLBank member, a tick up from 92 percent in 2017.

Some lower income households, even with a set-aside grant, need additional assistance to purchase a home. In 2018, as was the case in 2017, approximately 15 percent of first-time homebuyers assisted under the set-aside program also obtained a grant or forgivable loan from



other sources to use in conjunction with a set-aside grant.²⁰ However, consistent with previous years, in 2018 fewer of these first-time homebuyers who received set-aside funds also obtained a second mortgage loan (643), and even fewer (100) obtained a combination of a first mortgage loan, second mortgage loan, and non-AHP grant or forgivable loan.

Figure 15: 2018 AHP Homeownership Set-Aside Program: First-Time Homebuyers' Additional Financing Characteristics

First-Time Homebuyer Household Incomes	Fixed-Rate First Mortgage Loans	First Mortgage Loans Financed by FHLBank Members	Non-AHP Grants or Forgivable Loans	Second Mortgage Loans ^a	Non-AHP Grants or Forgivable Loans and Second Mortgage Loans ^a
Incomes at or below 30 percent of AMI	370	383	77	10	0
Incomes greater than 30 percent, to 50 percent of AMI	3,381	3,340	586	123	25
Incomes greater than 50 percent, to 80 percent of AMI	12,111	11,794	1,760	510	75
Total	15,862	15,517	2,423	643	100

^a This financing also includes first mortgage loans.

The Community Investment Program and the Community Investment Cash Advance Program

The FHLBanks' support of low-income housing and community development activities also includes the CIP and CICA programs. FHLBank members can finance eligible targeted housing through the CIP, and eligible targeted mixed-use projects²¹ and economic development projects through both the CIP and CICA programs.²² Unlike the AHP, however, CIP and CICA funding

²⁰ A forgivable loan is a loan where the borrower is not required to pay interest or repay the principal, subject to certain conditions, such as a length of residency requirement. After these conditions are met, the loan effectively becomes a grant.

²¹ Mixed-use projects are projects involving a combination of housing and economic development components, such as commercial or community space. See 12 C.F.R. § 1292.5(b).

²² For mixed-use projects funded under CICA, income targeting is only required for the economic development



is not subject to specific statutory funding allocation requirements. A variety of factors drive FHLBank member demand for these programs, including community needs in FHLBank districts and broader economic dynamics. Figure 16 outlines the program type, eligibility, and awards for the two programs.

Figure 16: CIP and CICA Program: Program Type, Eligibility, and Awards

Program Characteristics		CIP	CICA
Type		Statutorily Required (Bank Act)	Voluntary
Participants		FHLBank members	FHLBank members and housing associates ²³
Eligible Uses		Economic Development, Mixed-Use, and Housing	Economic Development or Mixed-Use
Targeted Income	Housing	Household incomes are 115 percent or less of AMI	N/A
	Economic Development	Household incomes are 80 percent or less of AMI, or activities are located in neighborhoods where at least 51 percent of households are low- or moderate-income	Includes designated redevelopment areas, Empowerment Zones and Champion Communities, ²⁴ and areas where rural households' incomes are 115 percent or less of AMI, or urban households' incomes are 100 percent or less of AMI
Award Type		Advances and Letters of Credit ²⁵	Long-term advances, Letters of Credit, and Grants
Advance Pricing		Cost of funds plus reasonable administrative costs	Regular advance pricing or discounted advance pricing

Amount Funded: In 2018, both CIP and CICA funding decreased. Figure 17a provides details of the CIP and CICA programs and their funding for both 2017 and 2018. As in recent years, CIP generally funded housing projects, while CICA generally funded economic development

portion of the project. For mixed-use projects funded under CIP, both the housing and economic portions of the project must meet the appropriate targeted income levels. See 12 C.F.R. § 1292.5(b).

²³ See 12 U.S.C. § 1430(j)(10); 12 C.F.R. part 1292. Housing associates are defined to include eligible state and local housing finance agencies. Housing associates are not FHLBank members, but FHLBanks may offer them advance products except CIP advances. See 12 U.S.C. § 1430b; 12 C.F.R. part 1264.

²⁴ See 12 C.F.R. § 1292.1. “Champion Community” means a community that developed a strategic plan and applied for designation by either the Secretary of the Department of Housing and Urban Development or the Secretary of the Department of Agriculture as an Empowerment Zone or Enterprise Community, but was designated a Champion Community.

²⁵ Letters of credit issued by an FHLBank guarantee payments made to another entity under stated conditions.



projects. Both programs had a small amount of mixed-use project funding. CIP total advance commitments for both housing and economic projects were almost \$3.1 billion in 2018, a decrease from approximately \$4.7 billion in 2017. Of this amount, CIP advance commitments for housing projects were about \$3 billion in 2018, a decrease from approximately \$4.6 billion in 2017. CIP funding assisted about 26,000 housing units in 2018, approximately 14,600 fewer units than in 2017. As in prior years, the majority of these units were rental units; in 2018, 57 percent of CIP-assisted housing units were rental, up from 52 percent in 2017 (see Figure 17b). Total CICA advance commitments were approximately \$3.1 billion in 2018, a decrease from about \$3.8 billion in 2017. CICA grants in 2018 increased by about \$2.1 million from 2017, and CICA advance commitments for mixed-use projects decreased to approximately \$4.6 million in 2018 from about \$21.1 million in 2017.



Figure 17a: CIP and CICA Overview (2017 and 2018)

		CIP		CICA	
		2017	2018	2017	2018
2018 Total Advance Commitments ^a		\$4,664	\$3,132	\$3,804	\$3,102
	Advance Commitments for Housing Projects	\$4,559	\$3,016	N/A	N/A
	Advance Commitments for Mixed-Use Projects ^b	\$8.4	\$10.5	\$21.1	\$4.6
	Advance Commitments for Economic Development	\$96.9	\$105.1	\$3,783	\$3,097
Grants		N/A	N/A	\$5.5	\$7.6
Letters of Credit (Housing, Mixed-Use, and Economic Development Projects)		\$638.4	\$604.8	\$61.6	\$46.8
Total Projects ^c		505	483	739	610
Total Housing Units		40,402	25,773	N/A	N/A
	Owner-Occupied	19,472	11,001	N/A	N/A
	Rental	20,930	14,772	N/A	N/A

^aTotal advance commitments include CIP advance commitments where an initial disbursement occurred. Exclude rollovers and refinancing of previous advances.

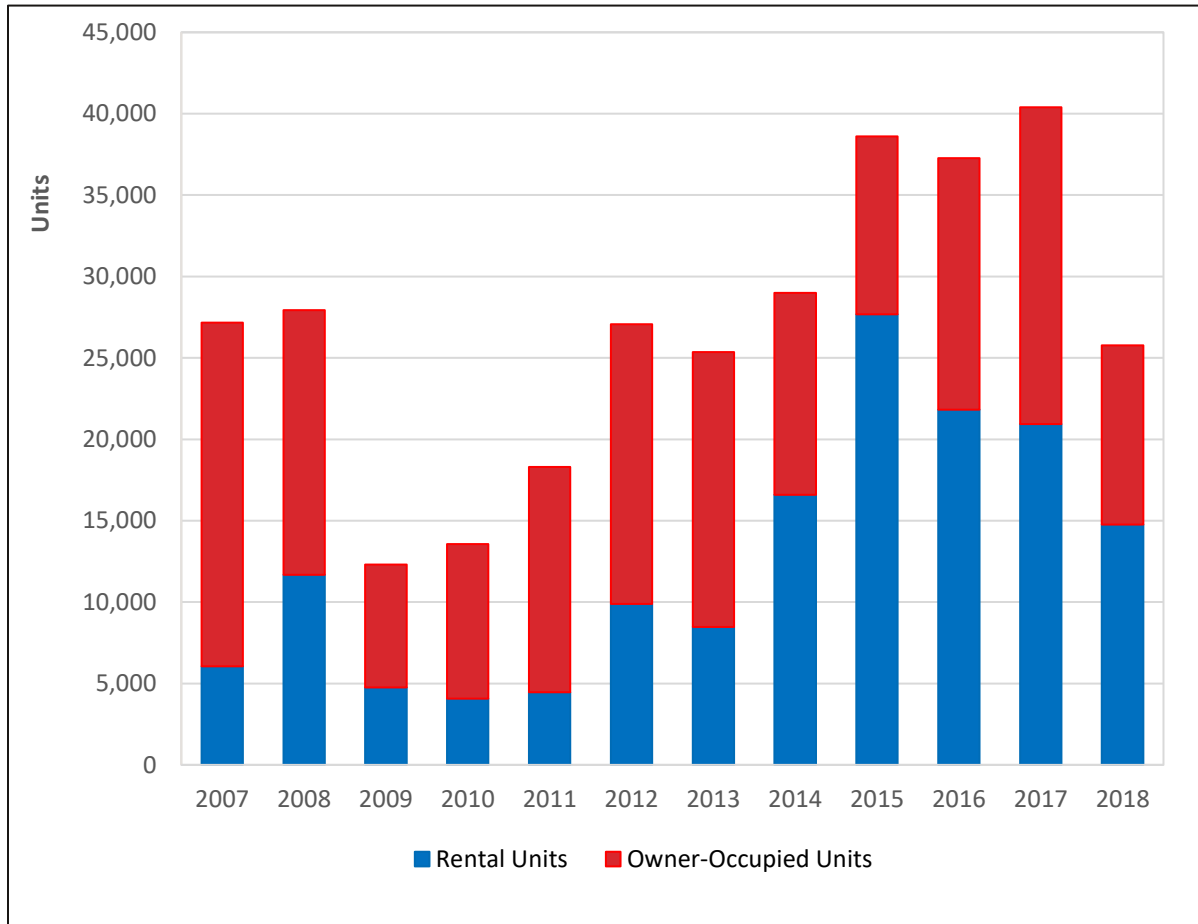
^bCICA funding other than CIP funds may be used for mixed-use projects, but income targeting is only required for the economic development portion of the project. For mixed-use projects funded under CIP, both the housing and economic development portions of the project must meet the appropriate targeted income levels.

^cTotal projects include projects financed with advances and exclude projects financed with grants or letters of credit

Note: Dollars in millions. Data based on FHLBank member projections at the time of application.



Figure 17b: CIP Housing Units (2007-2018)



CIP advance commitments for economic development projects increased from \$96.9 million in 2017 to \$105.1 million in 2018. Economic development projects continue to constitute a minority of total CIP projects. In 2018, only 74 of 483 CIP projects funded with advances were economic development projects. Figure 18 shows that CIP economic development advances declined substantially after 2006, while CICA economic development advances generally have grown since 2007.



Figure 18: CIP Economic Development Advances and CICA Economic Development Advances (2001 – 2018)

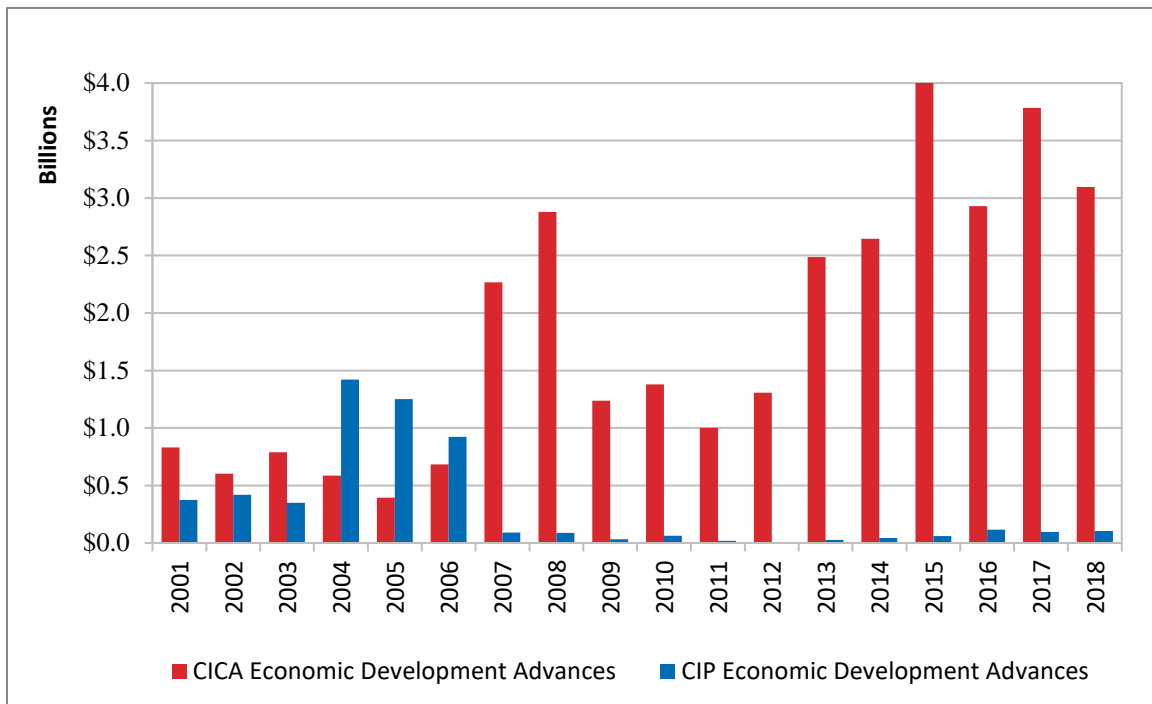


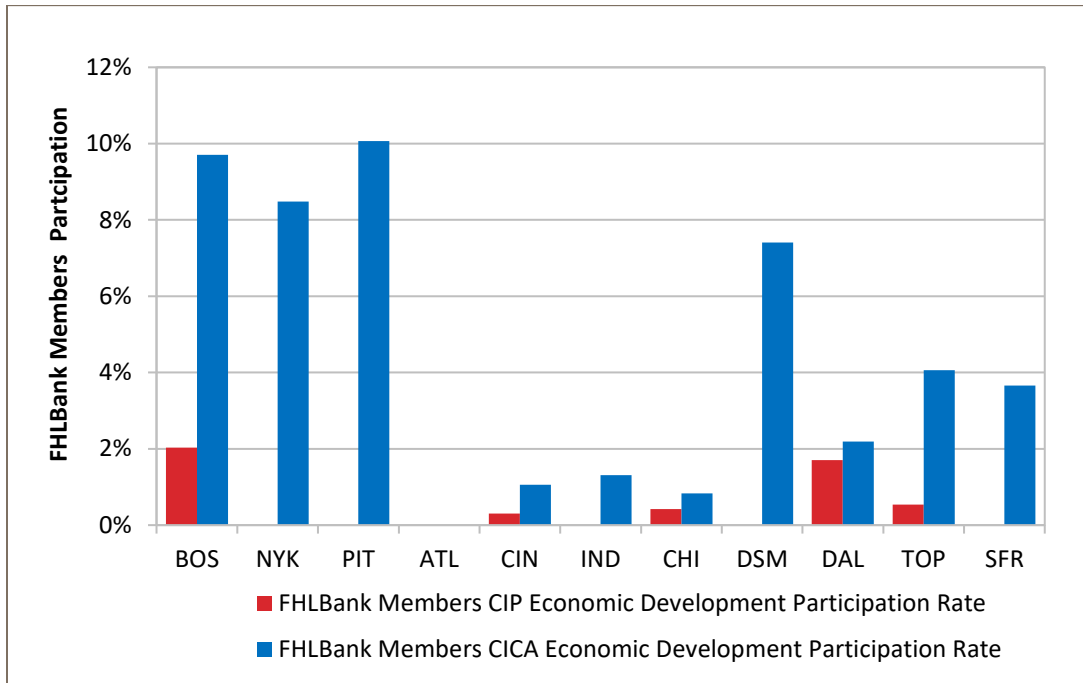
Figure 19 shows that, as was the case in previous years, FHLBank members’ participation in the CIP economic development program in 2018 remained low compared with their participation in the CICA economic development program. In the period between 2007 and 2018, CIP economic development advances have constituted an average of 2 percent of total economic development advances in the CIP and CICA programs.

Figure 20 shows CICA economic development funding for all FHLBanks in absolute figures, but also as a percentage of each FHLBank’s advances daily average, to account for the differences in FHLBank overall advance activity. Generally, larger FHLBanks that provide more regular advances also provide more CICA economic development advances.

Figure 21a details the amount of CIP funds used for housing, which spiked in 2017; 2018 CIP funding for housing was comparable to the amount in 2016. Figure 21b outlines FHLBank members’ participation in the CIP housing advances program in 2018.

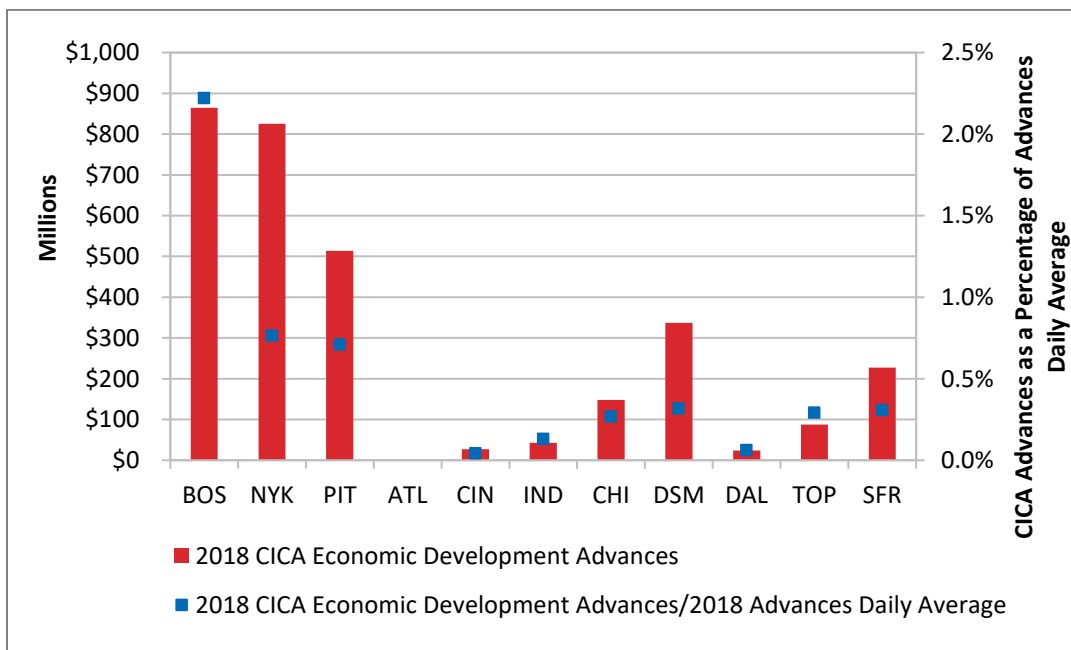


Figure 19: 2018 FHLBank Members' Participation in CIP and CICA Economic Development Program



Source: FHFA Membership System

Figure 20: 2018 CICA Economic Development Funding



Source: Advances daily average data from FHFA's Call Report System



Figure 21a: CIP Housing Funding (2001 – 2018)

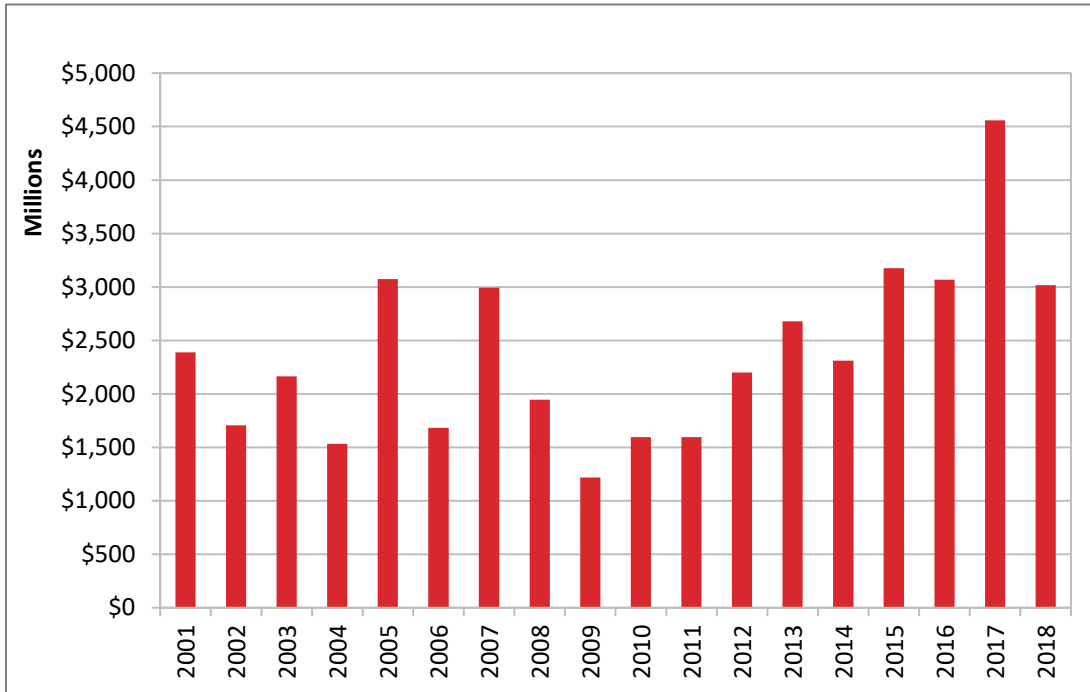
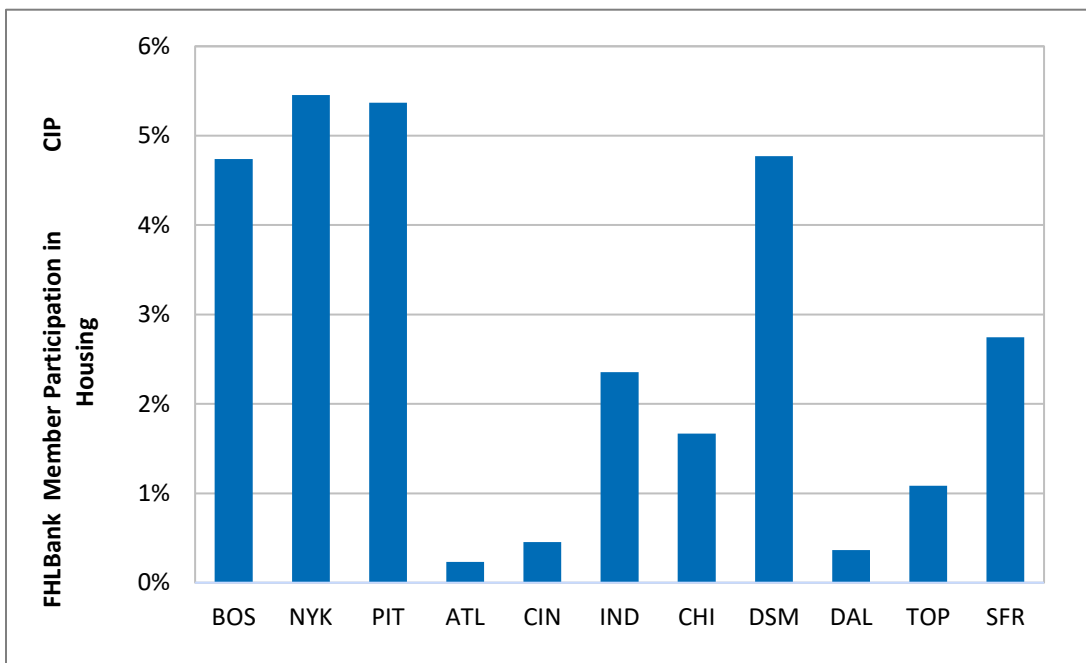


Figure 21b: 2018 FHLBank Members' Participation in CIP Housing Program



Source: FHFA Membership System



Urban/Rural Demographics:²⁶ As reflected in Figure 22, approximately 77 percent of 2018 total CIP and CICA funding, or approximately \$5.3 billion, assisted projects located in urban areas. This is down from 83 percent in 2017. This funding assisted 26,919 urban housing units, about 70 percent of which were rental units. In 2017, about 65 percent of urban units assisted by CIP and CICA funding were rental units.

In 2018, rural projects received approximately 23 percent of total CIP and CICA funding, which constituted approximately \$1.6 billion. This funding supported 4,015 housing units, about 74 percent of which were owner-occupied. In 2017, about 75 percent of rural units assisted by CIP and CICA funding were owner-occupied units.

Approximately 51 percent of CIP and CICA projects were rural projects (636 out of 1,253) and 49 percent (617 out of 1,253) were urban projects. In 2017, 58 percent of CIP and CICA projects were rural projects, and 42 percent were urban projects.

²⁶ As noted earlier, an AHP competitive program project is regarded as “urban or suburban” for purposes of this report if it was not scored as a rural project. This choice is made, in part, because the phrase “urban or suburban” best reflects the manner in which these data were derived; *i.e.*, by subtracting the number of projects scored as rural projects from the number of total AHP projects. In contrast, for the FHLBanks’ CIP and CICA programs, each project is reported to FHFA as either urban or rural. In addition, whereas the AHP regulation does not define “rural area” or “urban area,” providing each FHLBank with discretion to define both terms, the regulation governing the FHLBanks’ CIP and CICA programs defines each term. See 12 C.F.R. § 1292.1. Moreover, for purposes of the CIP and CICA programs, these two terms collectively cover every geographical area in any of the eleven FHLBank districts. Accordingly, although certain CIP or CICA projects may be located in areas conventionally understood as suburban, this report describes CIP and CICA projects only as located in urban areas or rural areas, in accordance with the language and standards provided in the regulation.



Figure 22: 2018 CIP and CICA Program Projects Serving Urban and Rural Areas

	Urban Area Projects ^a				Rural Area Projects ^a				2018 Total
	Housing	Economic Development	Mixed-Use	Total Urban Projects	Housing	Economic Development	Mixed-Use	Total Rural Projects	
Total Approved Projects	278	334	5	617	145	491	0	636	1,253
Total Commitments ^b	\$3,047	2,445	\$15.1	\$5,307	\$370.8	\$1,216	\$0	\$1,587	\$6,894
Projected Number of Rental Housing Units	18,759	N/A	144	18,903	1,030	N/A	0	1,030	19,933
Projected Number of Owner-Occupied Housing Units	8,016	N/A	0	8,016	2,985	N/A	0	2,985	11,001
Projected Number of Housing Units	26,775	N/A	144	26,919	4,015	N/A	0	4,015	30,934
Projected Total Number of Jobs Created or Retained ^c	N/A	11,980	37	12,017	N/A	13,911	0	13,911	25,928

Note: Dollars are in millions. Sums have been rounded.

^a “Urban area” and “rural area” as defined at 12 C.F.R. § 1292.1.

^b Total commitments include advances and grants where an initial disbursement occurred. Total commitments also include letters of credit, but exclude rollovers and refinancing of previous advances. Data based on FHLBank member projections at the time of application.

^c FHLBanks submit data to FHFA pertaining to the amount of jobs created or retained via their economic development programs.



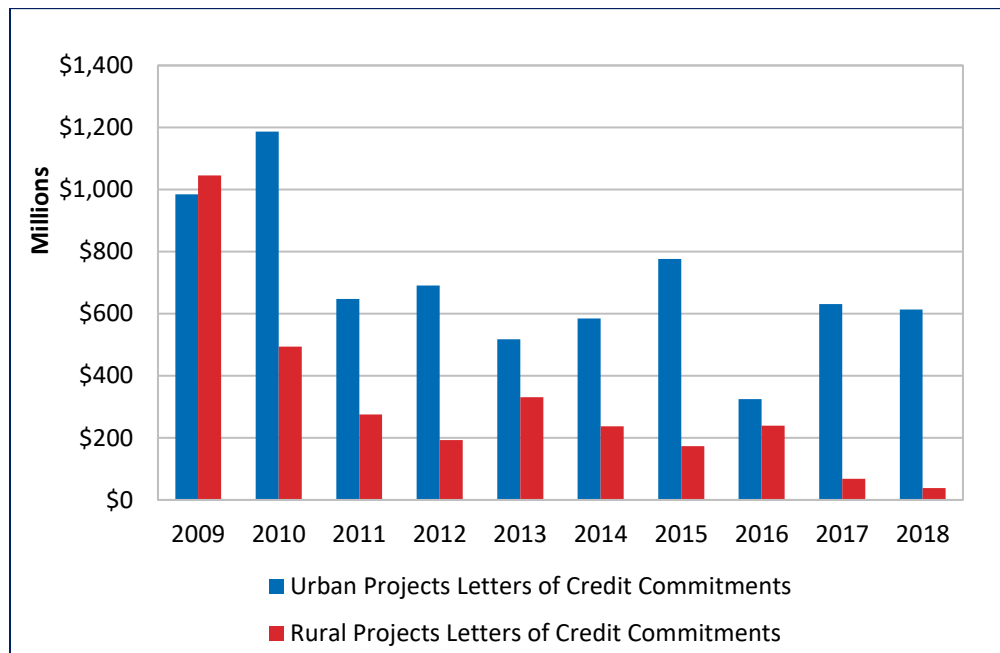
Aurora St. Charles Senior Living

Aurora St. Charles Senior Living, an AHP competitive application program project, is the historic preservation and adaptive reuse of a former hospital into 60 units of rental housing in Aurora, Illinois. (FHLBank Chicago, Photo credit: Evergreen Real Estate Group/Leslie Schwartz Photography)

Letters of Credit: Community developers may use CIP and CICA letters of credit to facilitate financial transactions, including credit enhancements. The use of CIP letters of credit decreased in 2018, from approximately \$638.4 million in 2017 to approximately \$604.8 million in 2018. CICA letters of credit decreased over the same period, from approximately \$61.6 million in 2017 to approximately \$46.8 million in 2018.

Figure 23 shows that the use of letters of credit in 2018 under the CIP and CICA programs to assist projects in urban areas decreased slightly, from approximately \$631.5 million in 2017 to \$613.4 million in 2018. The use of letters of credit under these programs to assist projects in rural areas also decreased from approximately \$68.5 million in 2017 to \$38.2 million in 2018.

Figure 23: CIP and CICA Program Urban and Rural Projects Letters of Credit Commitments (2009 – 2018)



Community Development Financial Institutions

Community Development Financial Institutions (CDFIs) are financial intermediaries certified by the CDFI Fund within the U.S. Department of the Treasury. CDFIs assist underserved communities, and their activities include promoting economic development and affordable housing and providing community development financial services and other basic banking services.

Prior to the enactment of the Housing and Economic Recovery Act of 2008 (HERA), only CDFIs that were federally insured depositories (such as banks, thrifts, and credit unions) were eligible to apply for membership in an FHLBank. HERA authorized FHLBank membership eligibility for non-depository CDFIs, including community development loan funds and venture capital funds that demonstrate a commitment to housing finance and meet other membership eligibility requirements.

Membership in an FHLBank can provide non-depository CDFIs access to long-term FHLBank funding, which can increase their ability to promote economic growth and stability in low- and moderate-income communities. Since FHFA’s issuance of a final rule in 2010 implementing the



HERA membership eligibility requirement for non-depository CDFIs, the number of non-depository CDFI members has increased across the FHLBank System. As of December 31, 2018, 60 non-depository CDFIs were FHLBank members and all FHLBanks had at least two non-depository CDFI members (see Figure 24).

Non-depository CDFI members' total outstanding FHLBank advance balances were approximately \$221.5 million in 2018, an increase from about \$161.7 million in 2017. Figure 25 shows the growth of the number of CDFI members and size of advances to them from 2012 through 2018.

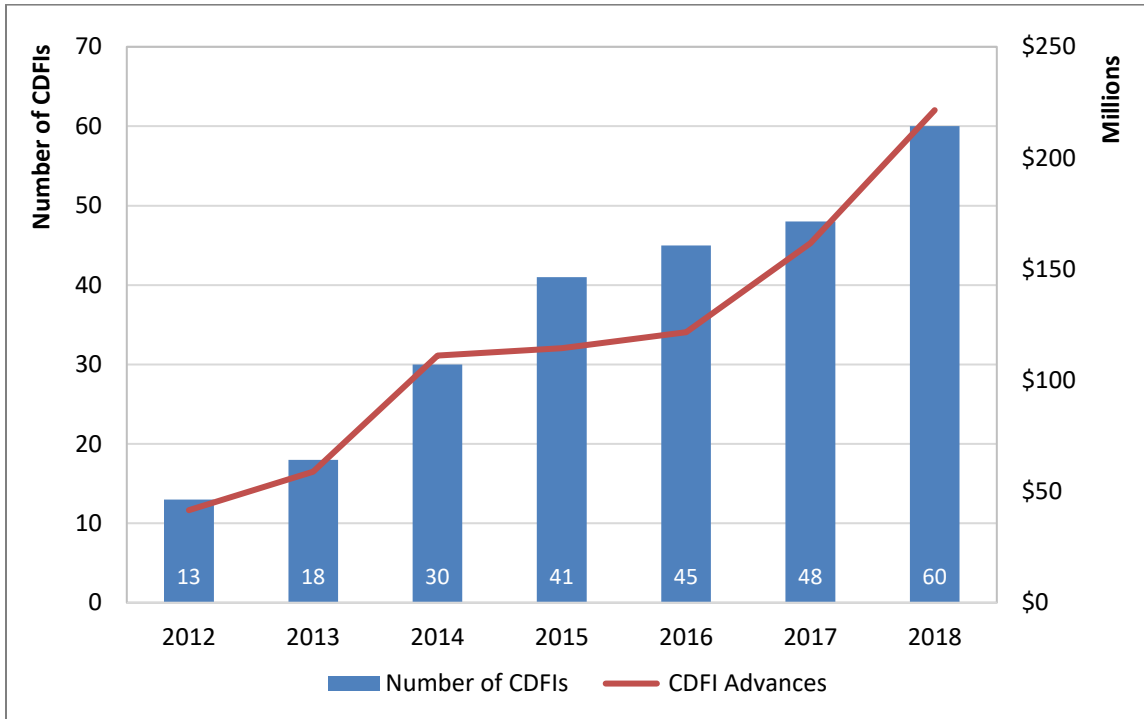
Figure 24: Non-Depository CDFI Members per FHLBank (2017 and 2018)

FHLBANK	2017	2018
Boston	4	4
New York	3	4
Pittsburgh	2	2
Atlanta	7	8
Cincinnati	5	7
Indianapolis	3	5
Chicago	4	6
Des Moines	6	6
Dallas	6	7
Topeka	2	2
San Francisco	6	9
Total	48	60

Source: FHFA Membership System



Figure 25: Non-Depository CDFI Members and Advances (2012 - 2018)



North Park Senior Apartments

North Park Senior Apartments, which received AHP competitive application program funds, is a transit-oriented, 76-unit affordable housing community for low-income seniors in San Diego, California. (San Francisco FHLBank)

Housing Goals

Under FHFA's FHLBank housing goals regulation, each FHLBank is subject to housing goals if its purchases of eligible whole mortgages through its Acquired Member Assets (AMA) programs exceed an annual volume threshold of \$2.5 billion. For each FHLBank that exceeds this \$2.5 billion threshold, FHFA undertakes an evaluation to determine the FHLBank's housing goals performance.²⁷ This evaluation addresses the FHLBank's housing goals performance in four housing goal categories: low-income home purchase, very low-income home purchase, low-income areas home purchase, and low-income refinance. For each category, FHFA evaluates whether the percentage share of the FHLBank's applicable AMA mortgage purchases meets or exceeds a retrospective market comparison level using Home Mortgage Disclosure Act (HMDA) data available the next year.

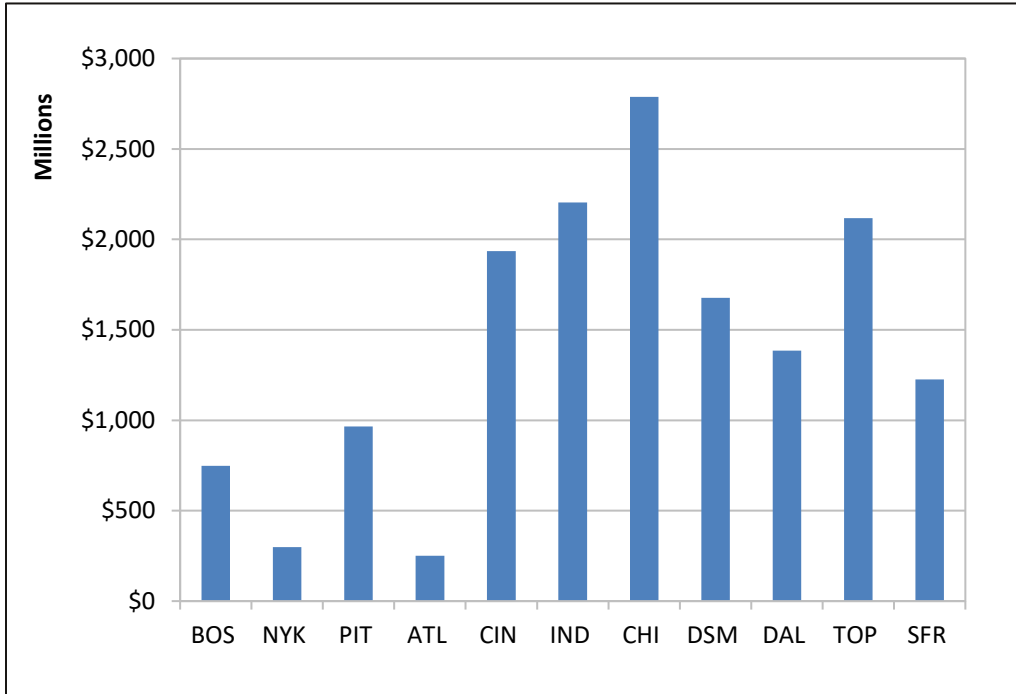
All FHLBanks purchased mortgages through AMA programs in 2018, and one, the Chicago FHLBank, exceeded the volume threshold (see Figure 26). FHFA is in the process of evaluating the Chicago FHLBank's housing goals performance based on its AMA mortgage purchases. FHFA will determine whether the Chicago FHLBank met the housing goal levels for the four goal categories in 2018 after final HMDA data becomes available later in 2019. FHFA has informed the Chicago FHLBank that FHFA will not require the submission of a housing plan based on the FHLBank's performance in 2018.

On November 2, 2018, FHFA proposed amendments to the FHLBank housing goals regulation. The proposed rule would establish a single mortgage purchase housing goal as a share of each FHLBank's total AMA purchases, and would establish a new small member participation housing goal for participation by small institutions. The proposed amendments would provide greater certainty about each year's housing goals expectations by eliminating the volume threshold and establishing the goals prospectively, rather than retrospectively via HMDA data. The proposed rule would also allow FHLBanks to propose different goal levels for mortgage purchases and small member participation, subject to FHFA approval. The public comment period for the proposed rule has closed, and FHFA is evaluating the comments received.

²⁷ See 12 C.F.R. § 1281.11(a).



Figure 26: 2018 FHLBank AMA Purchases



Teton Habitat

Teton Habitat, which received AHP competitive application program funds, will provide 8 single-family condominium homes for low- and moderate-income households in Jackson, Wyoming. (FHLBank Des Moines)

Appendix 1: 2018 FHLBank Advisory Council Reports

Below are highlights from the 2018 FHLBank Advisory Council Reports provided to FHFA by the Advisory Council for each FHLBank. This summary includes brief descriptions of AHP highlights and special FHLBank community initiatives.²⁸

The **Boston FHLBank Advisory Council Report** describes Revitalize Southside, an AHP competitive application program project in Providence, Rhode Island, involving the renovation of 27 existing affordable housing units and the construction of 26 new affordable apartments. The development transformed blighted and vacant lots into safe and stable housing.

The report also highlights two FHLBank voluntary programs: Jobs for New England and Helping to House New England. Jobs for New England offers FHLBank members zero-percent financing to provide below market-rate small business loans that lead to the creation or preservation of jobs, and expand businesses owned by women, minorities, and veterans. The report notes that participating members provided loans to a wide variety of small businesses in New England in 2018, including a brewery, a plant nursery, a home health services company, and a construction company. Over \$33 million was lent in 2018 through the Jobs for New England program, creating or preserving an estimated 1,372 jobs, according to the report. From 2016 through 2018, the FHLBank provided over \$133 million in advances to members through the program, which the Advisory Council credits for creating or preserving an estimated 5,236 jobs.

Helping to House New England provides subsidized funding to the region's state housing finance agencies to support the development and preservation of affordable rental and homeownership housing. State housing finance agencies use the program for workforce housing, multifamily housing loan refinancing, and homeownership loan programs. FHLBank advances for the program totaled approximately \$21 million in 2018, and totaled almost \$91 million from 2016 through 2018, according to the report.

The **New York FHLBank Advisory Council Report** highlights that the FHLBank included a scoring criterion in its AHP competitive application funding round for the first time in 2018 for projects providing supportive housing services to special needs populations. The report notes that

²⁸ See 12 U.S.C. § 1430(j)(12). The statute states that the Director of FHFA shall monitor and report annually to the Advisory Council for each FHLBank on the support of low-income housing and community development by the FHLBanks and the utilization of FHLBank advances for these purposes. The statute further states that the Advisory Councils shall submit analyses on the FHLBanks' low-income housing activities to the Director and such analyses shall be included in the report.



the FHLBank's objective in adding this scoring criterion was to respond to an unmet need in the district and to fund more projects like Walton House, in the Bronx. Walton House, a new construction project with 89 units, received a \$600,000 AHP subsidy. It will serve veterans and the young adult population, two demographics identified by the Advisory Council as vulnerable to homelessness. The report notes that the FHLBank's 2018 AHP competitive application funding round also included for the first time scoring criteria for small projects (those with 25 or fewer units) and owner-occupied projects. According to the report, Advisory Council members, project sponsors, and historical program data analysis provided compelling evidence that these projects were likely to be less competitive in the AHP application scoring process. Habitat for Humanity of Puerto Rico's Habitat Quintana project, a three-unit condominium building in San Juan, is noted as an example of a project receiving points under these scoring categories. The project received a \$45,000 AHP subsidy.

The report also highlights another AHP competitive application program project, the Nyack Point Apartments. These 33 apartments are built on the former site of an underutilized commercial building, and nine units are designated for persons with disabilities and veterans. Supportive services such as case management, transportation, medical services, and employment training are included in the project so that occupants can live as independently as possible. The project received a \$613,000 AHP subsidy.

The **Pittsburgh FHLBank Advisory Council Report** highlights an AHP competitive application program owner-occupied project in Philadelphia, Pennsylvania, which provided 22 new homes in previously vacant and blighted areas of the city. Some of the new homes were built using sustainable construction methods, and some had energy efficient design. The report also notes the FHLBank provided CICA economic development advances to Lackawanna County, Pennsylvania, for county-wide infrastructure improvements. These CICA funds supported a variety of capital projects, including repairs to government buildings, improvements to a bridge and several local roads, and updates to an 840-acre park.

The report also describes the FHLBank's voluntary Home4Good program, which was introduced in 2018 to support homeless services. Home4Good provides grants to projects, programs, and activities that help those who are homeless or at risk of becoming homeless. Funding is offered in partnership with the Delaware State Housing Authority, the Pennsylvania Housing Finance Agency, and the West Virginia Housing Development Fund. Applications are submitted through an annual proposal process, with FHLBank members serving as co-applicants. In 2018, through Home4Good, the FHLBank awarded funding to YWCA Delaware, which provides rapid re-



housing services to help local families who are at risk of homelessness or have recently become homeless.

The **Atlanta FHLBank Advisory Council Report** notes that the FHLBank's board of directors, in consultation with the FHLBank's Advisory Council, approved funding for the voluntary Community Heroes Initiative. This initiative addresses the decreased housing affordability for law enforcement officers, public school educators, firefighters, and other first responders in the communities they serve, who are eligible for FHLBank funds to purchase a home if they live in the FHLBank's district and earn between 80 and 120 percent of AMI. The initiative will combine up to \$4.5 million in FHLBank funding with up to \$13.5 million in funding from local entities (such as local governments or housing finance agencies), for a total of up to \$18 million. The report also notes that the FHLBank's Diversity and Inclusion initiatives include a focus on veterans' housing challenges.

Additionally, the report describes the FHLBank's efforts to restore communities in the aftermath of natural disaster events. The FHLBank's Community Rebuild and Restore Product provides funding of up to \$10,000 for rehabilitation of an existing owner-occupied home located in a Major Disaster Declaration area, as designated by the Federal Emergency Management Agency. The report also notes a number of the FHLBank's outreach and special events held to ensure the accessibility of the FHLBank's rental, homeownership, and CICA products and services.

The **Cincinnati FHLBank Advisory Council Report** notes that the Carol M. Peterson Fund, a voluntary program that provides grants for accessibility rehabilitation and emergency repairs for low- and moderate-income, elderly and special needs homeowners, provided \$1.7 million in grants in 2018, assisting 262 households in the FHLBank's district. The report adds that, in total, the FHLBank has disbursed \$9.3 million on behalf of approximately 1,718 households under this fund. The FHLBank also voluntarily funds its Disaster Reconstruction Program, which helps residents in the FHLBank's district whose homes were damaged or destroyed by natural disasters. According to the report, since its inception in 2012, the Disaster Reconstruction Program has disbursed more than \$3.6 million to assist 220 households. The report also describes the FHLBank's Zero Interest Fund, a CICA program, through which seven FHLBank members accessed \$895,000 to fund predevelopment activities.

The **Indianapolis FHLBank Advisory Council Report** highlights Walker Circle, an AHP competitive application program project in Grand Rapids, Michigan. This six-bedroom permanent supportive housing group home supports individuals with developmental and/or physical disabilities. Also highlighted in the report is Meridian Park, an AHP competitive application program in Kokomo, Indiana. The report states that the apartment project provides a



safe and secure home for 13 physically- and developmentally-disabled adults and offers 24-hour supervision. The units share a common living room, dining room, and laundry room to help foster a sense of community.

The report also notes that 2018 was the inaugural year for the FHLBank's Elevate program, a voluntary small business grant program under which small businesses partner with local financial institutions to compete for FHLBank grants of up to \$25,000 each to use towards capital expenditures, workforce training, and other business needs. In total, in 2018, the FHLBank awarded \$255,595 in Elevate grants to 11 area small businesses. Four grant recipients were located in Michigan, and the remaining seven were located in Indiana.

The **Chicago FHLBank Advisory Council Report** is a summary, with statistics, of the FHLBank's community lending activities, including CIP, CICA, AHP competitive application, and AHP set-aside programs. The report also includes data on the FHLBank's voluntary programs, including disaster relief. In 2018, the FHLBank committed over \$400,000 toward disaster relief, assisting 90 households.

The **Des Moines FHLBank Advisory Council Report** indicates that the Advisory Council conducted tours of AHP-assisted projects in 2018, including a visit to 66 West Apartments, a 39-unit apartment complex in Edina, Minnesota for homeless youth. Additionally, the Advisory Council visited Compass on Dexter in Seattle, Washington, a 74-unit rental project.

The report also details the performance of the FHLBank's Native American Homeownership Initiative (NAHI), an AHP set-aside program. The NAHI program provides equity for down payment, closing cost, counseling, and rehabilitation assistance to eligible Native American, Native Alaskan, or Native Hawaiian households. In 2018, the FHLBank provided down payment assistance for 53 such families. The report also indicates that during the Advisory Council's quarterly meeting, Advisory Council members visited sites around the FHLBank's district, including the Pine Ridge Reservation in South Dakota, where the members attended a full day of training on Native American issues that provided insights about the specific needs of this community.

The **Dallas FHLBank Advisory Council Report** describes AHP competitive application program projects, including the Reserves of Gray Park, a 42-unit apartment community in Greenville, Mississippi, which the report describes as having been "hailed as the Delta's first sustainable community." Another competitive application project highlighted in the report is St. Jude Center, a 104-unit residential complex for low- and very low-income seniors. The St. Jude Center property underwent a complete renovation, including upgraded landscaping and parking, upgraded in-unit kitchens, and upgraded mechanical, electrical, and plumbing systems.



The report also details the FHLBank's voluntary Partnership Grant Program (PGP), which provides grants of up to \$12,000 to help promote and strengthen relationships between community-based organizations and FHLBank members. PGP awards, which are offered once a year through a lottery system to community-based organizations, are matched by the FHLBank to a member's contribution on a three to one basis and range from \$500 to \$4,000. Thirty-two organizations have been assisted by the PGP, with PGP grant funds totaling \$300,000.

The report also notes that the FHLBank presented or participated in four banking conferences and 14 housing-related conferences and conducted 15 educational workshops or webinars in 2018.

The **Topeka FHLBank Advisory Council Report** highlights several AHP competitive application program projects, including 40 West Residences in Lakewood, Colorado. This community consists of 54 one-bedroom units and eight two-bedroom units. Twenty-five of the one-bedroom units are set aside for veterans and are fully furnished. The project also offers on-site case management in partnership with the Veterans Administration. The remainder of the units are reserved for families who earn no more than 60 percent of AMI. The report notes that all residents of the building benefit from supportive services, such as access to food from the Food Bank of the Rockies. Staff at the project visit the food bank twice a week and return with about 1,000 pounds of groceries to help residents. Another AHP competitive application program project highlighted in the report is Cottages on Sixth Street, a project inspired by the tiny home trend, which will provide 23 rental units with 544 square-feet of space each. The energy efficient homes are targeted to low-income renters and include a range of classes for tenants on topics such as financial planning and how to be a good neighbor. The report also cites a lease-to-own competitive application program project in Kansas City, Kansas. The project provides 23 homes that are targeted to households earning 60 percent or less of AMI. Residents earn a 5 percent reduction in the purchase price of a home for every year of residence.

The **San Francisco FHLBank Advisory Council Report** highlights a number of AHP competitive application program projects, including a newly-built 24-unit living community on the edge of the Phoenix Mountain Preserve in Phoenix, Arizona that will offer holistic wellness programming. Additionally, the report discusses a 72-unit complex located in Los Angeles, California targeted to seniors, including formerly homeless seniors, which will also include a community YMCA. The report also mentions a project in Ventura, California that provides 48 units of affordable housing built for very low- and low-income farmworkers. The project's units are designed for energy cost-savings and conservation, featuring solar energy production and a greywater system to meet 100 percent of the project's irrigation needs. The report also highlights a National City, California project that provides senior residents of a 150-unit rehabilitation



project with a dedicated nutrition center where residents can socialize and are provided with a free, healthy meal five days a week.

The report notes that in response to the wildfires in the FHLBank's district, several steps were taken to provide immediate relief. These included direct donations, matching donations for FHLBank members, and raising the FHLBank member limits for CIP and CICA discounted advances used to fund recovery and rebuilding efforts in affected areas.



Appendix 2: Historical AHP Data

AHP Funding Allocations: Figure A shows the percentage of total AHP funding allocated by the FHLBanks to their AHP competitive application and set-aside programs from 2003 to 2018.

Figure A: AHP Funding Allocations to the Set-Aside and Competitive Application Programs (2003 – 2018)

Year	Set-Aside Allocation as a Percentage of AHP Allocation	Set-Aside Allocation (in Millions)	Competitive Allocation as a Percentage of AHP Allocation	Competitive Allocation (in Millions)
2003	17%	\$ 28.5	83%	\$ 138.9
2004	19%	\$ 41.3	81%	\$ 176.2
2005	17%	\$ 38.5	83%	\$ 188.2
2006	18%	\$ 50.9	82%	\$ 232.1
2007	17%	\$ 50.0	83%	\$ 243.9
2008	20%	\$ 63.8	80%	\$ 255.3
2009	22%	\$ 41.4	78%	\$ 146.9
2010	18%	\$ 46.5	82%	\$ 212.0
2011	21%	\$ 47.9	79%	\$ 180.2
2012	27%	\$ 51.1	73%	\$ 138.2
2013	21%	\$ 62.3	79%	\$ 234.5
2014	27%	\$ 79.2	73%	\$ 214.1
2015	26%	\$ 70.0	74%	\$ 199.2
2016	26%	\$ 84.3	74%	\$ 240.0
2017	24%	\$ 91.4	76%	\$ 295.3
2018	25%	\$ 91.1	75%	\$ 269.2

Competitive Application Program Funding: Figure B details rental and owner-occupied competitive application projects from 1990 to 2018. Over this time, approximately 78 percent of all competitive application program units funded were rental units. Additionally, about 82 percent of very low-income household units assisted from 1990 to 2018 were rental units, with 18 percent of units being owner-occupied units.



Figure B: AHP Competitive Application Program Projects Overview (1990 – 2018)

		Rental Projects		Owner-Occupied Projects		Total Projects
Total Number of Awarded Projects		11,108	62%	6,744	38%	17,852
Funds Awarded		\$3.9 billion	78%	\$1.1 billion	22%	\$5 billion
Housing Units		552,819	78%	156,768	22%	709,587
	Very Low-Income Housing Units	413,614	82%	91,989	18%	505,603

Urban/Rural Demographics: Figure C details competitive application program projects located in urban or suburban areas as well as those located in rural areas from 1990 to 2018. Approximately 65 percent of AHP projects awarded were located in urban or suburban areas, and 35 percent of the projects were located in rural areas. Seventy-six percent of very low-income units were located in urban or suburban areas, while 24 percent of these units were located in rural areas. Over the 1990 through 2018 period, on average, urban or suburban projects had more units per project (45) than rural projects (29). Units in rural projects, however, received a higher average AHP subsidy per unit (\$7,859) than units in urban or suburban projects (\$6,784).²⁹

²⁹ As stated previously, FHFA receives data from the FHLBanks on rural projects for those projects that receive scoring points for rural housing. This does not capture all AHP competitive application program rural projects, as some of these projects are located in rural areas but are not scored on that feature by some FHLBanks. In addition, an AHP project is regarded in this report as “urban or suburban” if it did not receive points as a rural project.



Figure C: AHP Competitive Application Program Projects Serving Urban/Suburban and Rural Areas (1990-2018)

	Urban or Suburban Projects		Rural Projects		Total Projects
Total Number of Awarded Projects	11,606	65%	6,246	35%	17,852
Funds Awarded	\$3.6 billion	72 %	\$1.4 billion	28%	\$5.0 billion
Housing Units	526,262	74%	183,325	26%	709,587
Number of Very Low-Income Housing Units	381,904	76%	123,699	24%	505,603
Average Number of Units per Project	45	N/A	29	N/A	40
Average Subsidy per Unit	\$6,784	N/A	\$7,859	N/A	\$7,062

Appendix 3: AHP Competitive Application Program Projects

Figure D outlines each FHLBank’s 2018 scoring point allocations under the competitive application program scoring criteria. These point allocations determine which competitive application program projects the FHLBanks approve for funding. In 2018, the AHP regulation required each FHLBank to allocate 100 scoring points among the following nine scoring criteria:

- 1) Project use of donated or conveyed government-owned or other properties;
- 2) Sponsorship by a not-for-profit organization or government entity;
- 3) Targeting of project’s units to designated lower income households;
- 4) Housing for homeless households;
- 5) Promotion of empowerment;³⁰

³⁰ The housing must be in combination with an empowerment program offering: employment; education; training; homebuyer, homeownership, or tenant counseling; daycare services; resident involvement in decision-making



6) First District priority – Each FHLBank selects one or more priorities from the following priorities identified in the AHP regulation:

- Special needs populations³¹
- Community development
- First-time homebuyers
- FHLBank member financial participation in the AHP project
- Housing in federally declared disaster areas or for households displaced from those areas
- Housing in rural areas
- Urban infill or urban rehabilitation housing
- Projects that promote economic diversity³²
- Housing as a remedy for violations of fair housing laws
- Projects with community involvement
- Projects involving lender consortia of at least two financial institutions
- Projects located in the FHLBank’s district;

7) Second District priority - Each FHLBank selects one or more housing needs in the FHLBank’s district as identified by the FHLBank. The FHLBank is not restricted from selecting from the above list used for the First District priority, provided the First and Second District priorities do not overlap;

8) AHP subsidy per unit; and

9) Community stability.³³

affecting the creation or operation of the project; or other services that assist residents to move toward better economic opportunities, such as welfare to work initiatives.

³¹ This priority covers the financing of housing where at least 20 percent of units are reserved for occupancy by household with special needs, such as the elderly, mentally or physically disabled persons, persons recovering from physical, alcohol or drug abuse, or persons with AIDS; or the financing of housing that is visitable by persons with physical disabilities who are not occupants of such housing.

³² This category includes mixed-income housing in low- or moderate-income neighborhoods, or providing very low-income or low- or moderate-income households with housing opportunities in neighborhoods or cities where the median income equals or exceeds the median income for the larger surrounding area in which the neighborhood or city is located.

³³ The community stability criterion includes rehabilitating vacant or abandoned properties, being an integral part of a neighborhood stabilization plan approved by a unit of state or local government, and not displacing low- or moderate-income households, or assisting households impacted by displacement or if such displacement will occur, assuring that such household will be assisted to minimize the impact of such displacement.



In Figure D, for example, the Boston FHLBank allocated 27.5 points to the First District priority and 7.5 points to the Second District priority.

Figure D: 2018 FHLBank Competitive Application Program Scoring Points Allocations

FHLBank	Government Owned	Non-Profit Sponsor	Targeting	Homeless	Empowerment	District 1	District 2	AHP Subsidy/Unit	Community Stability
Boston	5	5	20	5	10	27.5	7.5	5	15
New York	5	7	20	5	5	15	25	10	8
Pittsburgh	5	5	22	6	10	16	8	8	20
Atlanta	5	5	20	5	5	15	30	10	5
Cincinnati	5	5	20	5	5	28	12	10	10
Indianapolis	5	7	20	5	8	11	22	15	7
Chicago	5	5	20	5	5	16	11	10	23
Des Moines	5	10	20	10	5	10	23	5	12
Dallas	5	5	25	5	5	25	7	10	13
Topeka	5	7.5	20	5	7.5	25	15	7.5	7.5
San Francisco	5	7	20	6	6	19	10	12	15

Source: 2018 FHLBanks' AHP Implementation Plans.

Figure E highlights the specific types of projects serving persons with special needs or experiencing homelessness that were assisted by the AHP competitive application program in 2018.³⁴ For example, the highlighted row in red shows that one project served all program

³⁴ In order to receive scoring points for special needs under the AHP regulation's scoring system, a special needs project must reserve at least 20 percent of units for households with special needs. In order to receive scoring points for homeless households under the AHP regulation's scoring system, a project must reserve at least 20 percent of the total rental units for homeless households, create transitional housing for homeless households permitting a minimum of 6 months occupancy, or create permanent owner-occupied housing reserving at least 20 percent of the AHP-assisted units for homeless households.



special needs and the homeless. The last row in blue shows that 197 projects did not specialize in serving persons with special needs or experiencing homelessness.

Figure E: 2018 AHP Competitive Application Program Projects Serving Special Needs Households and Homeless Households (Detailed)

Persons with Disabilities	Substance Abuse	Homeless	HIV/AIDS	Elderly	Physical Abuse	Total Projects
X						76
X				X		53
X		X				71
X		X			X	1
X		X		X		4
X		X		X	X	1
X		X	X			1
X	X					2
X	X				X	1
X	X			X		1
X	X			X	X	1
X	X	X				9
X	X	X			X	6
X	X	X		X		2
X	X	X	X	X		1
X	X	X	X	X	X	1
					X	4
				X		88
		X				47
		X			X	5
		X		X		7
		X		X	X	1
		X	X			2
	X					1
	X			X	X	1
	X	X				12
	X	X			X	8
						197

