



2021 LOW-INCOME HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES OF THE FEDERAL HOME LOAN BANKS

SEPTEMBER 2022



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 (HERA) 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 statutorily-mandated Affordable Housing Program (AHP), the statutorily-mandated Community Investment Program (CIP), and the voluntary Community Investment Cash Advance Program (CICA).² Under these programs, the FHLBanks provide loans (referred to as advances) or grants to their members or housing associates, as applicable, who use these funds to assist very low- and low- or moderate-income households and communities.³

The FHLBanks awarded approximately \$352.4 million in total AHP funds in 2021, approximately 10 percent less than in 2020,⁴ targeted to assist over 32,000 low- and moderate-income households, including over 17,000 very low-income households. Through the CIP, the FHLBanks funded approximately \$1.7 billion in targeted housing and economic development

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 FHLBank advances for these purposes. *See* 12 U.S.C. § 1430(j)(12).

²² *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. The AHP is governed separately by FHFA's AHP regulation. 12 C.F.R. part 1291. Some FHLBanks also provide voluntary community development and housing subsidy programs that do not fall under this statutory and regulatory framework.

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.

⁴ The Federal Home Loan Bank Act requires that the AHP be funded annually by 10 percent of the net earnings of the FHLBanks in the previous year. 12 U.S.C. 1430(j)(5)(C). Because the FHLBanks' net earnings decreased in 2020, the AHP statutory contributions in 2021 decreased as well. Note that the amount of funds awarded annually 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.



advances in 2021, about 44 percent less than in 2020. The CIP assisted about 8,000 households in 2021, a decrease of approximately 64 percent from 2020. All FHLBanks' CIP funding decreased from 2020 to 2021, except for the San Francisco FHLBank. The FHLBanks' CICA funding in 2021, which also supports targeted economic development, was approximately \$1 billion in 2021, about 71 percent lower than in 2020. All FHLBanks' CICA funding decreased from 2020 to 2021, except for the Topeka FHLBank.

The FHLBanks also support the financing of low-income housing and community development through other activities, including through advances to their non-depository Community Development Financial Institution (CDFI) members. At the end of 2021, 68 FHLBank members were non-depository CDFIs, four more than in 2020. The FHLBanks' outstanding advances to these non-depository CDFIs at the end of 2021 were \$289.6 million, a decrease from \$297.2 million at the end of 2020.

Additionally, under the Community Support Program (CSP), FHLBank members subject to community support review must meet certain standards of community investment established by FHFA's CSP regulation to maintain access to long-term FHLBank advances.⁵ Members subject to CSP review must submit to FHFA a Community Support Statement every two years identifying their community investment activities that meet the CSP standards. In 2021, 6,220 FHLBank members submitted Community Support Statements to FHFA, with over 99 percent satisfying the CSP standards.

Finally, in 2021, each FHLBank was subject to housing goals if it made mortgage purchases through an Acquired Member Assets (AMA) program.⁶ These goals included an annual mortgage purchase goal under which a specified percentage of an FHLBank's annual AMA mortgage purchases must be for some combination of very low-income families, low-income families, and families in low-income areas, as well as an annual community-based AMA user goal, under which a specified percentage of an FHLBank's annual AMA users must have assets at or below a threshold defined in FHFA's FHLBank housing goals regulation.⁷ That threshold, which adjusts annually, was \$1.239 billion in 2021. Ten FHLBanks purchased AMA mortgages in 2021, and each met the mortgage purchase and community-based AMA user goals for 2021.

⁵ 12 U.S.C. § 1430(g)(1); 12 C.F.R. part 1290.

⁶ The FHLBanks' AMA programs are governed by FHFA's AMA regulation. See 12 CFR part 1268. AMA programs include the Mortgage Partnership Finance Program, the Mortgage Purchase Program, and the Mortgage Asset Program.

⁷ 12 CFR part 1281.



This report is organized into five sections with three appendices. The first section provides program information on the AHP; the second section details the FHLBanks' CIP and CICA activities; the third section addresses non-depository CDFI membership in the FHLBank System; the fourth section covers the CSP; and the fifth section discusses the FHLBanks' housing goals performance. The appendices include some highlights from the 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 application program in 2021.

The Affordable Housing Program

The Federal Home Loan Bank Act (Bank Act) requires each FHLBank to establish an AHP.⁸ Under the program, members of the FHLBank may apply to the FHLBank for AHP funds which the members provide to approved projects and households to be used for the purchase, construction, or rehabilitation of owner-occupied and affordable rental housing. AHP funds may be in the form of grants or subsidized interest rates on advances from an FHLBank to the member. For AHP-assisted owner-occupied housing to be eligible for funding, household income must be at or below 80 percent of Area Median Income (AMI). For AHP-assisted rental housing to be eligible for funding, at least 20 percent of the project's units must be affordable⁹ for and occupied by households with incomes at or below 50 percent of AMI.

The AHP has two funding programs.¹⁰ The primary funding program is a mandatory competitive application program through which FHLBanks provide subsidies either as grants or as reduced interest rates on advances. The bulk of the AHP funding through this program takes the form of grants. Applications for funds from proposed projects are approved based on each FHLBank's individual scoring system established pursuant to the general scoring framework in the AHP regulation. The second funding program is a discretionary homeownership set-aside program under which the FHLBanks approve grants that are provided by their members to eligible households for down payment, closing costs, counseling, or rehabilitation assistance in connection with the households' purchase or rehabilitation of owner-occupied units.¹¹ Generally, access to

⁸ See 12 U.S.C. § 1430(j).

⁹ The Bank Act defines "affordable for very low-income households" to mean that rents charged to tenants for units made available for occupancy by low-income families shall not exceed 30 percent of the adjusted income of a family whose income equals 50 percent of the income for the area (as determined by the Secretary of Housing and Urban Development) with adjustment for family size. 12 U.S.C. § 1430(j)(13)(D). See also 12 C.F.R. § 1291.1 (definition of "affordable").

¹⁰ See 12 C.F.R. part 1291.

¹¹ 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. § 1291.12(b).



set-aside program funds is on a first-come, first-served basis for FHLBank members and eligible households.¹²

On November 28, 2018, FHFA issued a final rule amending the AHP regulation. Among other changes, the final rule provided the FHLBanks additional authority to establish separate competitive funding programs that target specific affordable housing needs in their districts, and provided the FHLBanks additional flexibility in designing their project selection scoring systems under their competitive funding programs to address affordable housing needs in their districts. As of January 1, 2021, the FHLBanks were required to comply with all the provisions in the final rule.

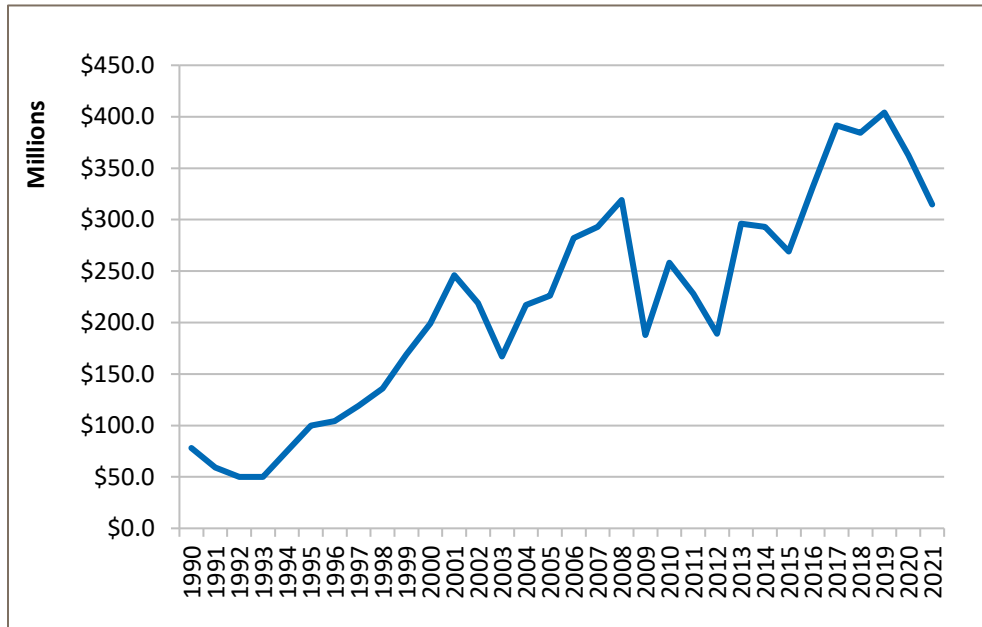
FHLBank AHP Funding Contributions and Allocations: An FHLBank’s annual AHP statutory funding contribution must equal at least 10 percent of its net earnings for the prior year (subject to a \$100 million minimum combined contribution by the FHLBanks collectively).¹³ Consequently, an FHLBank’s statutory contribution to its AHP changes each year as its annual earnings change. From 1990 to 2021, the FHLBanks contributed approximately \$7 billion to the AHP (see Figure 1).

¹² The AHP regulation requires the FHLBanks to establish allocation criteria for the disbursement of AHP set-aside funds to members and establishes a maximum AHP subsidy limit per household. FHLBanks generally limit the amount of set-aside funds that each member may receive, and adopt subsidy limits per household, pursuant to these regulatory requirements. See 12 C.F.R. § 1291.42(a), (c).

¹³ See 12 U.S.C. § 1430(j)(5)(C).



Figure 1: FHLBanks' AHP Statutory Funding Contributions (1990 – 2021)



Source: FHFA¹⁴

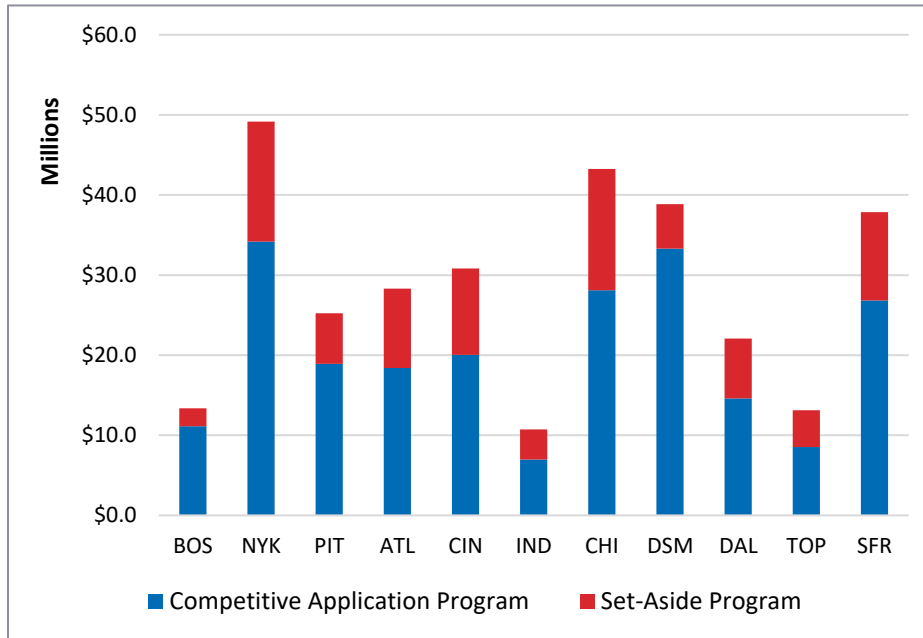
In 2021, the AHP statutory contributions for individual FHLBanks ranged from approximately \$11 million by the Indianapolis FHLBank to approximately \$49 million by the New York FHLBank.

Each FHLBank allocates its AHP statutory funding contributions between the mandatory competitive application program and the discretionary homeownership set-aside program (if an FHLBank establishes a set-aside program). All FHLBanks offered homeownership set-aside programs in 2021. Figure 2 details the FHLBanks' competitive application program and set-aside program funding allocations in 2021.

¹⁴ Unless otherwise noted, data contained in all charts and tables in this report were submitted by the FHLBanks 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: 2021 FHLBank AHP Statutory Funding Allocations



FHLBank Awarded Funds: In 2021, the FHLBanks awarded a total of approximately \$352.4 million through the AHP, with approximately \$262.6 million for competitive application programs and \$89.8 million for set-aside programs. This funding is targeted to support 32,771 housing units – 19,785 units in the competitive application program and 12,986 units in the set-aside program.¹⁵

I. AHP Competitive Application Program

The AHP competitive application program supports very low-income and low- and 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 project applications. Each FHLBank’s evaluation uses a 100-point scoring system that is tailored to address the affordable housing needs and other objectives of that FHLBank but is also subject to certain statutory and regulatory scoring criteria set forth in the AHP regulation. Under the regulatory requirements applicable starting in 2021, an FHLBank is required to allocate a

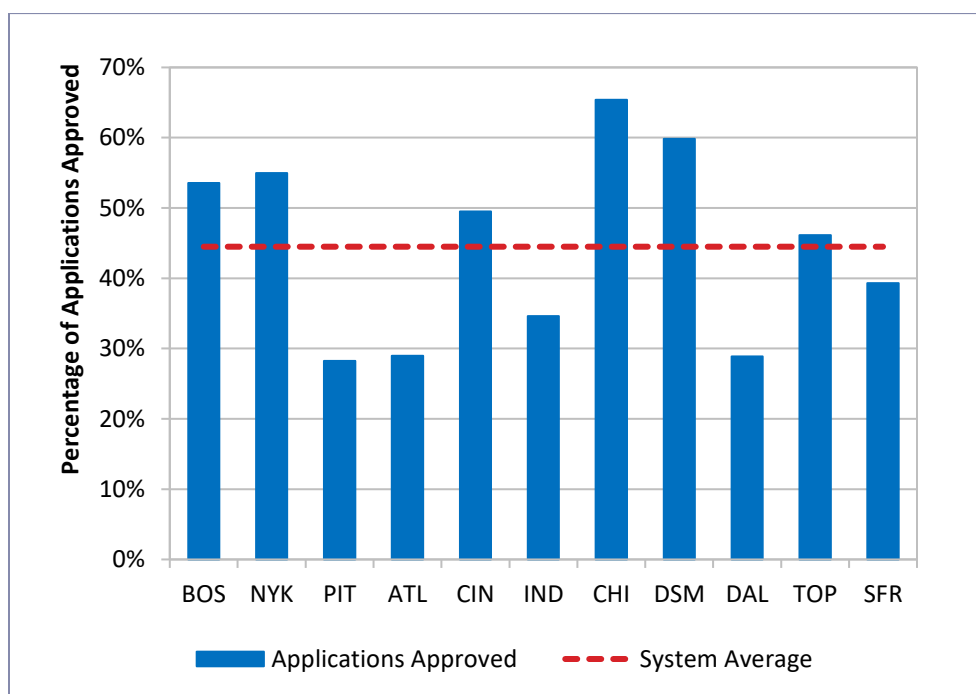
¹⁵ The amount of funds awarded annually may include funding adjustments from prior years or funds accelerated from future years. In these circumstances, an FHLBank’s amount of awarded funds may differ from the statutorily required contribution of funds



prescribed minimum number of points for scoring categories specified in the AHP regulation and may allocate the remainder of the points in its discretion among the scoring criteria, with the total points equaling 100. The FHLBanks are also required to assess projects' satisfaction of specified regulatory eligibility criteria, including their developmental feasibility and, for rental projects, their operational feasibility.

With the AHP funds available in 2021, the FHLBanks approved, on average, about 45 percent of applications received (see Figure 3), up from 43 percent in 2020.

Figure 3: 2021 AHP Competitive Program Applications Approved



Source: FHFA's Call Report System

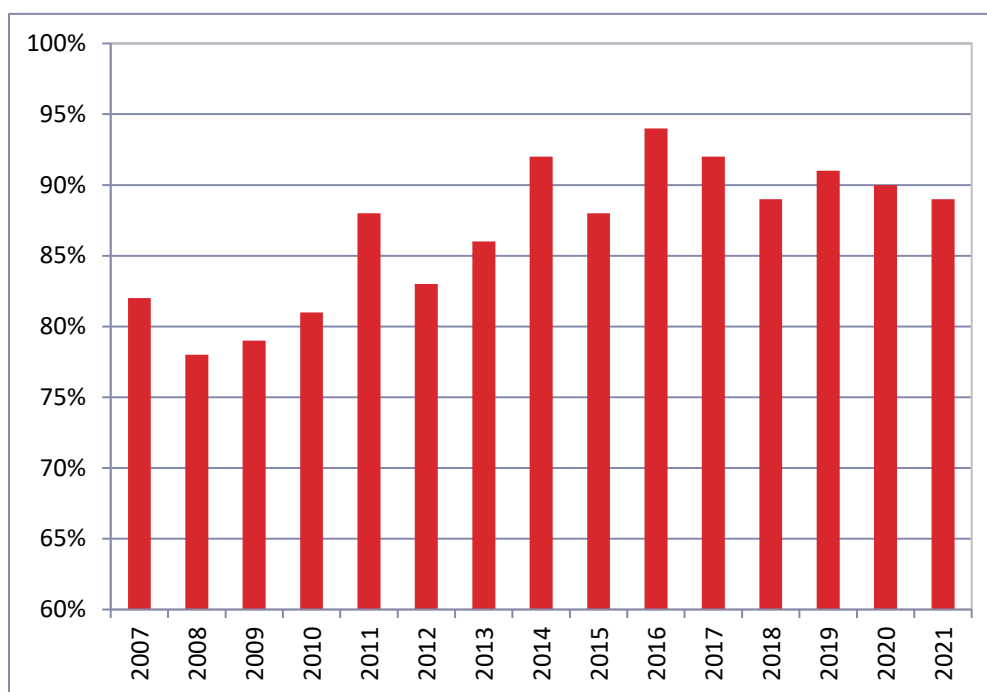
Funds Awarded: The competitive application program is larger than the set-aside program, both in terms of the number of units supported and the amount of funding awarded. In 2021, the FHLBanks awarded funds to 426 competitive application program projects, ranging in amounts from approximately \$65,000 to \$2.5 million per rental project, and from approximately \$38,000 to \$2 million per owner-occupied project. AHP subsidy per unit for rental projects was about \$12,500, and AHP subsidy per unit for owner-occupied projects was about \$19,400. Since the competitive application program's inception in 1990, the FHLBanks have awarded approximately



\$5.8 billion in funding to over 19,100 projects supporting over 773,000 units. Over that period, 75 percent of these units were in urban or suburban areas, and 25 percent were in rural areas.¹⁶

The percentage of total competitive application program units that are rental units has varied each year, from a low of 78 percent in 2008 to a high of 94 percent in 2016. In 2021, rental units constituted about 89 percent of total competitive application program units, down slightly from 90 percent in 2020 (see Figure 4).

Figure 4: AHP Competitive Application Program Percentage of Rental Units (2007 – 2021)



¹⁶ 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, therefore, some FHLBanks may not have adopted it. Because some projects may be located in rural areas but not be scored on this feature, data reflected in this report 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.





Acacia Heights

Acacia Heights, which received AHP competitive application program subsidy, is new construction of a 78-unit apartment building for seniors 62 years and older. The building features a community room and other common spaces, and includes emergency services, elder outreach, and home health care. (Source: San Francisco FHLBank)

Households Served: By statute, at least 20 percent of a rental project’s units must serve very low-income households, and all AHP-assisted owner-occupied units must serve low- or moderate-income households.¹⁷ In 2021, 71 percent of total AHP-assisted rental units and 42 percent of total AHP-assisted owner-occupied units were targeted to households with incomes at or below 50 percent of AMI (see Figure 5). In 2020, these figures were 74 percent and 47 percent, respectively.

¹⁷ Generally, the scoring criteria in the AHP regulation provide additional scoring points to projects that provide more units for lower income households.



In 2021, the percentage of competitive application program units serving extremely low-income households (households with incomes of 30 percent or less of AMI) increased for rental units but fell for owner-occupied units compared to 2020. Specifically, 25 percent of competitive application program rental units were targeted to households with incomes of 30 percent or less of AMI in 2021, up slightly from 24 percent in 2020, while 8 percent of competitive application program owner-occupied units were targeted to households with incomes of 30 percent or less of AMI in 2021, down from 14 percent in 2020.

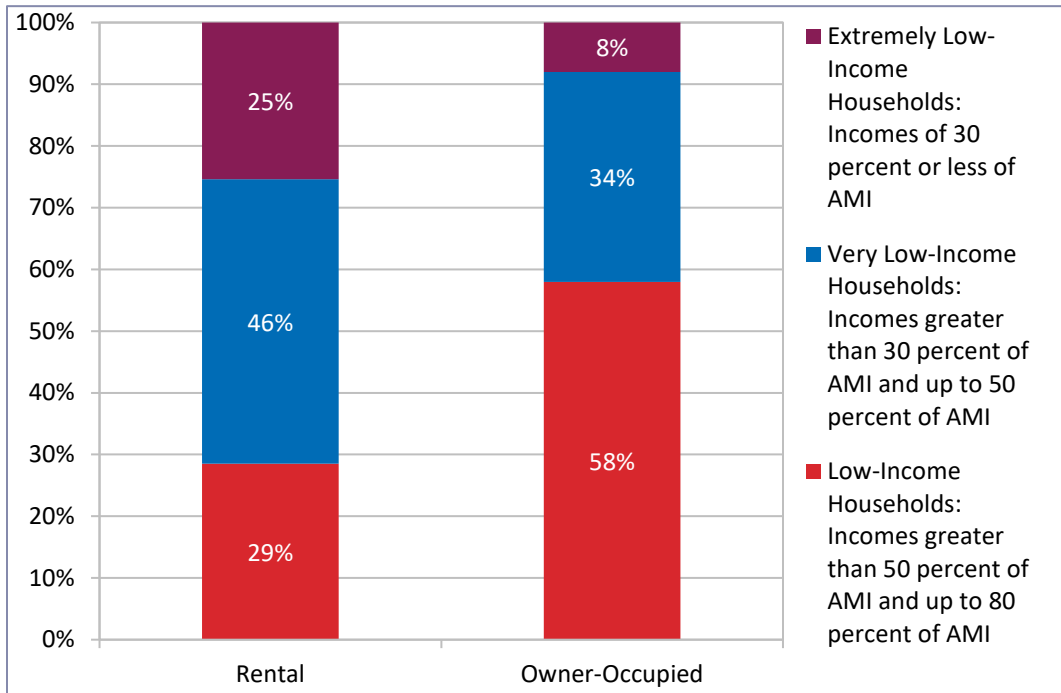


Frame Park Commons

Frame Park Commons, which received AHP competitive application program subsidy, is new construction of a 72-unit development in Waukesha, Wisconsin. It is near downtown, adjacent to the Fox River, and accessible to nearby facilities and services. (Source: Chicago FHLBank)



Figure 5: 2021 Household Income Distribution for the Competitive Application Program



Casa Indiana

Casa Indiana received AHP competitive application program subsidy. The new construction project is in the Fairhill neighborhood of Philadelphia, Pennsylvania. The area serves as the city’s center of Hispanic and Latino life and culture and has unmet affordable housing needs. The project created 50 affordable senior housing units. (Source: Pittsburgh FHLBank)

Since the competitive application program's inception in 1990, approximately 71 percent of total competitive application program units (548,230 of 773,476 units) have been targeted to very low-income households.

Urban/Rural Demographics: In 2021, urban or suburban projects represented approximately 84 percent of total competitive application program projects and 87 percent of total competitive application program units (see Figure 6). Rural projects represented approximately 16 percent of total competitive application program projects and 13 percent of total competitive application program units. Urban or suburban projects averaged 48 units per project, down from 57 units in 2020, while rural projects averaged 38 units per project, up from 36 units in 2020. The average subsidy per unit for rural projects was \$14,956, up from \$13,782 in 2020, and the average subsidy per unit for urban or suburban projects was \$13,073, up from \$11,175 in 2020. Approximately 88 percent of units serving very low-income households in projects approved in 2021 were urban or suburban units, increasing slightly from 86 percent in 2020.¹⁸ Approximately 12 percent of units serving very low-income households in projects approved in 2021 were rural units, decreasing slightly from 14 percent in 2020.

¹⁸ As stated previously, projects that receive scoring points for rural housing are counted as rural projects for purposes of this report. However, the FHLBanks are not required to include rural housing as a scoring priority. Therefore, this may not capture all AHP competitive application program rural projects, as some projects may be 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.



Figure 6: 2021 Competitive Application Program Urban/Suburban and Rural Projects

	Urban or Suburban Projects		Rural Projects		Total Projects
Total Number of Awarded Projects	357	84%	69	16%	426
Funds Awarded (in \$ million)	\$224.7	86%	\$37.9	14%	\$262.6
Housing Units	17,188	87%	2,597	13%	19,785
Number of Housing Units Serving Very Low-Income Households	11,613	88%	1,658	12%	13,271
Average Number of Units per Project	48		38		46
Average AHP Subsidy per Unit	\$13,073		\$14,956		\$13,273

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 competitive application program subsidies as a percent of total development costs for 2020 and 2021. Over this period, the subsidy/development cost ratio decreased at four FHLBanks. The average development cost per unit for competitive application program projects varies across the FHLBanks based on several 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 (2020 and 2021)

FHLBank	Average Subsidy Per Unit		Average Development Cost Per Unit		Subsidy/Development Costs	
	2020	2021	2020	2021	2020	2021
Boston	\$ 16,686	\$11,946	\$ 269,693	\$301,284	6.2%	4.0%
New York	\$ 12,018	\$14,097	\$ 371,504	\$314,655	3.2%	4.5%
Pittsburgh	\$ 23,576	\$36,276	\$ 221,736	\$234,018	10.6%	15.5%
Atlanta	\$ 6,572	\$8,534	\$ 244,430	\$265,597	2.7%	3.2%
Cincinnati	\$ 11,967	\$12,466	\$ 152,149	\$147,257	7.9%	8.5%
Indianapolis	\$ 8,277	\$8,010	\$ 150,414	\$179,604	5.5%	4.5%
Chicago	\$ 11,570	\$12,629	\$ 205,057	\$229,531	5.6%	5.5%
Des Moines	\$ 18,625	\$18,688	\$ 151,301	\$151,239	12.3%	12.4%
Dallas	\$ 7,053	\$8,755	\$ 154,751	\$207,296	4.6%	4.2%
Topeka	\$ 11,721	\$12,424	\$ 134,465	\$82,456	8.7%	15.1%
San Francisco	\$ 10,566	\$14,145	\$ 507,402	\$600,905	2.1%	2.4%

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.¹⁹ In 2021, approximately 61 percent of AHP projects obtained funding from at least one other federal housing program (see Figure 8), down from 66 percent in 2020.

¹⁹ See 12 U.S.C. § 1430(j)(9)(G).



Figure 8: AHP Projects Approved in 2021 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	202	47%
Home Investment Partnerships (HOME) Program	82	19%
Community Development Block Grant (CDBG) Program	23	5%
Federal Housing Administration (FHA) Programs	8	2%
Other Federal Housing Programs	45	11%

Note: Projects may use more than one federal funding source.



Enterprise Pointe

Enterprise Pointe, in Angola, Indiana, received AHP competitive application program subsidy. The new construction provides 50 two-bedroom affordable apartments for local artists and entrepreneurs and provides workspace to accommodate artist needs. Residents will also have access to a business incubator, which will help promote businesses by providing services to residents, including assisting residents with post-secondary education and trade skills development. (Source: Indianapolis FHLBank)



Persons Experiencing Homelessness, Special Needs Populations, and Housing for Other Targeted Populations: An important contribution of the AHP competitive application program is the number of projects that serve persons experiencing homelessness²⁰ and persons with special needs, including the elderly, individuals with disabilities, persons living with HIV-AIDS, persons recovering from substance, physical, or domestic abuse, formally incarcerated persons, and unaccompanied youth.²¹ A project may reserve units for more than one special needs population. In 2021, 72 percent of projects approved (308 projects) were targeted for persons experiencing homelessness and/or persons with special needs, a decrease from 78 percent in 2020. Figure 9a shows that 42 percent of projects approved in 2021 were targeted for persons with disabilities, 37 percent for persons experiencing homelessness, and 26 percent for elderly households.

²⁰ The AHP regulation includes a scoring criterion for housing for persons experiencing homelessness. [See](#) 12 CFR 1291.26(e)(1).

²¹ The AHP regulation includes a scoring criterion for housing for special needs populations. [See](#) 12 CFR 1291.26(e)(2).



Under the AHP regulation as amended in 2018, a Housing for Other Targeted Populations scoring criteria was also created.²² Figure 9b outlines the projects approved in 2021 that were targeted for these other populations.

Figure 9a: 2021 AHP Competitive Application Program Projects Serving Persons with Special Needs and/or Persons Experiencing Homelessness

Projects Serving Persons with Special Needs and/or Persons Experiencing Homelessness	2021 Projects Serving Persons with Special Needs and/or Persons Experiencing Homelessness		1990-2021 Projects Serving Persons with Special Needs and/or Persons Experiencing Homelessness
	Percentage of Total Projects	Number of Total Projects	
Projects with Units Reserved for Persons with Disabilities ^a	42%	177	4,590
Projects with Units Reserved for Elderly Households ^a	26%	110	3,835
Projects with Units Reserved for Persons Experiencing Homelessness ^a	37%	156	5,782
Projects with Units Reserved for More than One Special Need or Persons Experiencing Homelessness ^a	41%	174	3,612

^a Projects with 20 percent or more of total units reserved for occupancy by such households.

Note: Projects may serve more than one special need.

²² This scoring category is for the “financing of housing in which at least 20 percent of the units are reserved for households specifically in need of housing, such as agricultural workers, military veterans, Native Americans, households requiring large units, or kinship care households in which children are in the care of cohabitating relatives, such as grandparents, aunts or uncles, or cohabitating close family friends.” 12 CFR 1291.26(e)(3).



Figure 9b. 2021 AHP Competitive Application Program Projects Serving Other Targeted Populations

Projects Serving Other Targeted Populations	Percentage of 2021 Total Projects	Number of 2021 Total Projects
Projects with Units Reserved for Agricultural Workers ^a	0.2%	1
Projects with Units Reserved for Military Veterans ^a	6%	25
Projects with Units Reserved for Native Americans ^a	4%	16
Projects with Reservations for Large Units ^{a,b}	14%	60

^a Projects with 20 percent or more of total units reserved for occupancy by such households.

^b Projects having units with three or more bedrooms available for occupancy.

Note: Projects may serve more than one targeted population.



Laurel Creek Apartments

Laurel Creek Apartments, in Austin, Texas, is new construction that provides 88 units for special needs populations. (Source: Atlanta 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.²³

The 2018 AHP final rule raised the maximum permissible set-aside grant amount per household from \$15,000 to \$22,000 as of January 1, 2021. In 2021, only one FHLBank, the San Francisco FHLBank, increased its maximum permissible grant amount per household to greater than \$15,000, to \$22,000.

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.²⁴ 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 annual AHP statutory funding contribution. At least one-third of an FHLBank's aggregate annual set-aside allocation must be to assist first-time homebuyers or households for owner-occupied rehabilitation, or some combination of both.

An FHLBank may establish one or more AHP homeownership set-aside programs, each with its own designated population type. For example, some FHLBanks have established targeted set-aside programs to assist with home rehabilitation 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 2021, the FHLBanks' set-aside programs provided approximately \$1.5 billion in funding, supporting over 251,000 households. Almost 84 percent (211,999) of the households assisted were first-time homebuyers. During this period, the average set-aside grant per household was \$5,992.²⁵

²³ See 12 C.F.R. §§ 1291.41, 1291.42.

²⁴ 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.

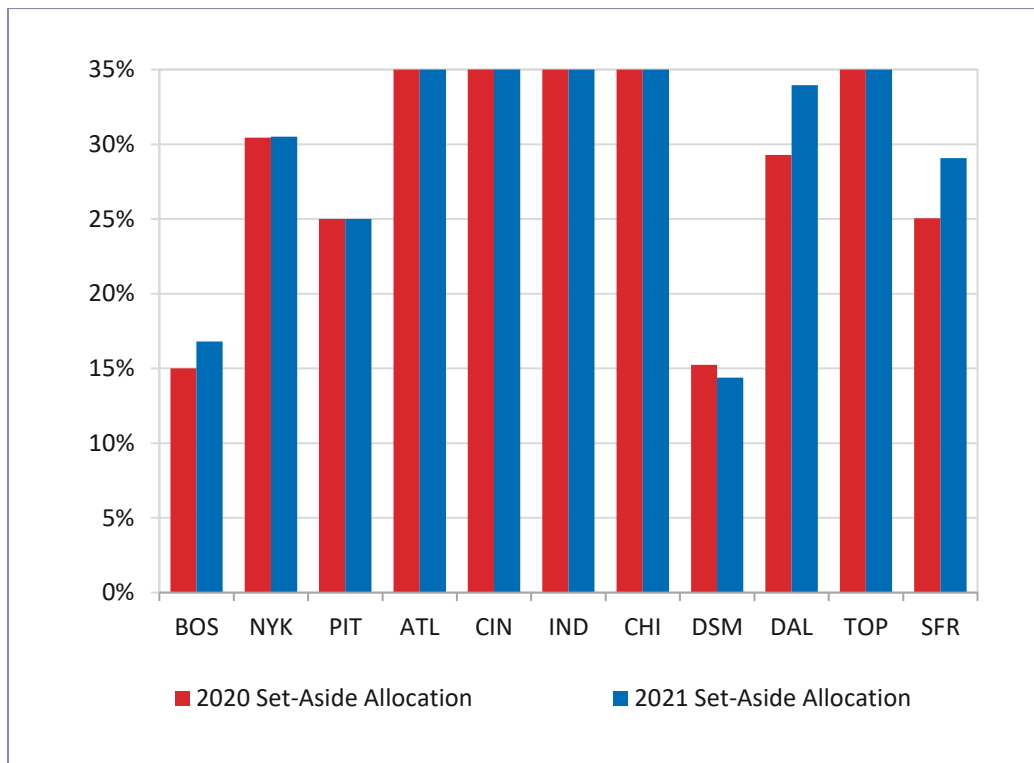
²⁵ The AHP set-aside program was authorized by regulation in 1995, in part, to promote more balance between the funding of rental and owner-occupied units assisted by the AHP.



In 2021, total funding for the set-aside programs was approximately \$89.8 million, a decrease from approximately \$101 million in 2020. The average set-aside grant in 2021 was \$6,915 per household, about \$200 more than in 2020. Set-aside program funds accounted for approximately 29 percent of total AHP funds allocated in 2021, an increase from 28 percent in 2020.

Figure 10 shows individual FHLBank set-aside program funding allocations as a percentage of total AHP funding allocations in 2020 and 2021.²⁶

Figure 10: FHLBank Homeownership Set-Aside Program Funding Allocations as a Percent of Total AHP Funding Allocations (2020 and 2021)



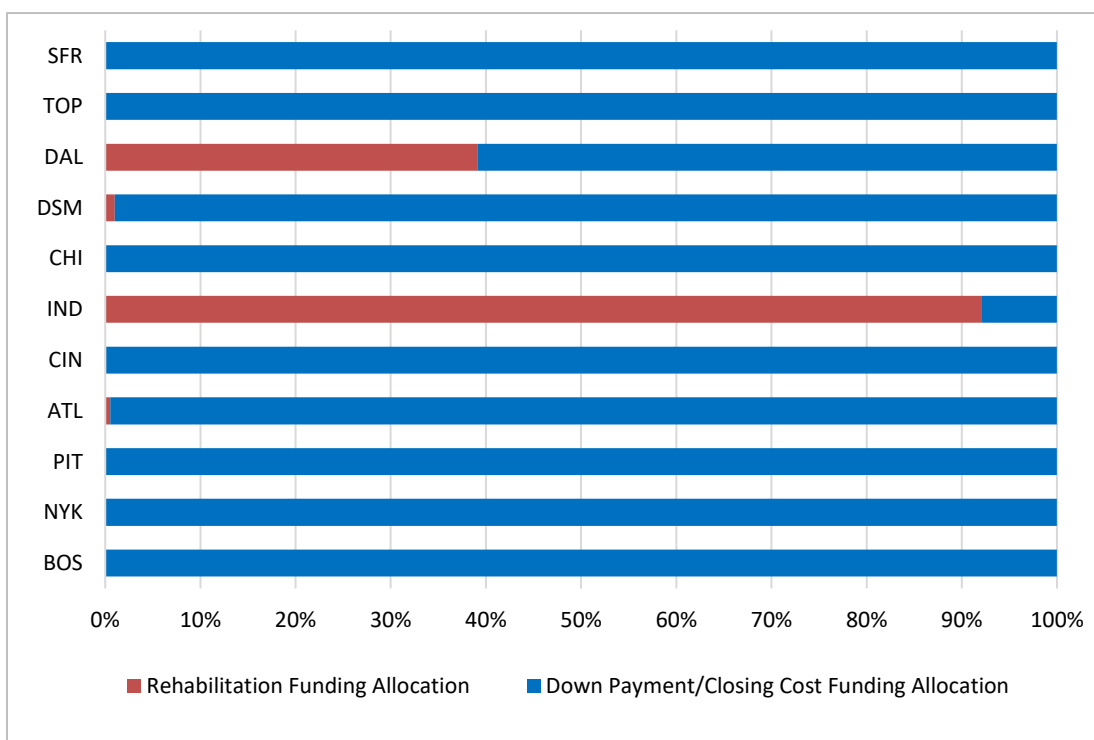
Use of Homeownership Set-Aside Funds: The FHLBanks have flexibility in their approved uses of set-aside funds. Historically, the FHLBanks have allocated the majority of set-aside funds to down payment or closing cost assistance. In 2021, the FHLBanks funded about \$83.8

²⁶ Because the 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.



million in down payment or closing costs, approximately 93 percent of total set-aside program funding, which was a decrease from 95 percent in 2020. In 2021, five FHLBanks (Atlanta, Cincinnati, Indianapolis, Dallas, and Des Moines) allocated set-aside funds for rehabilitation (see Figure 11).²⁷ Overall, rehabilitation funding in 2021 was approximately \$6 million, or 7 percent of total set-aside program funding, up from 5 percent in 2020.

Figure 11: 2021 AHP Homeownership Set-Aside Program Funding Allocations

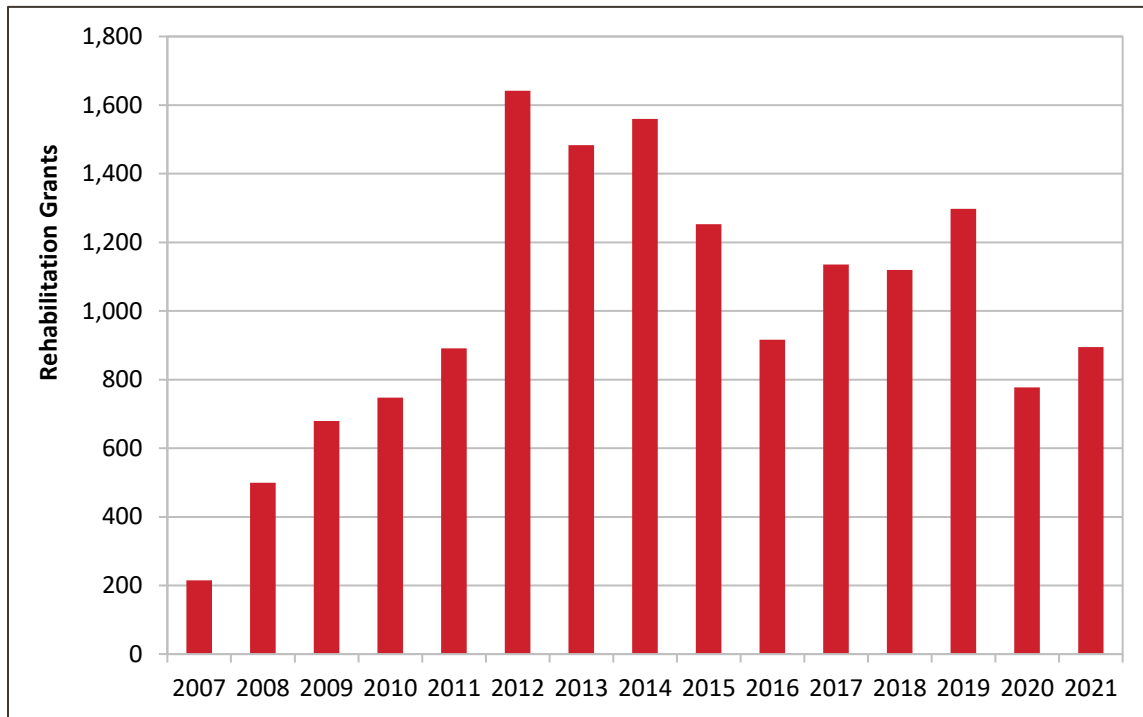


The total number of set-aside rehabilitation assistance grants increased to 895 in 2021 from 777 in 2020 (see Figure 12).

²⁷ The FHLBank of Cincinnati allocated set-aside program funds to rehabilitation in 2021, but the allocations totaled 0.1 percent of total set-aside funds and, therefore, does not appear distinctively in Figure 11.



Figure 12: Number of AHP Homeownership Set-Aside Grants Provided for Rehabilitation Assistance (2007 – 2021)



Set-aside program subsidy assisted a first-time homebuyer in Tuscaloosa, Alabama. (Source: Atlanta FHLBank)



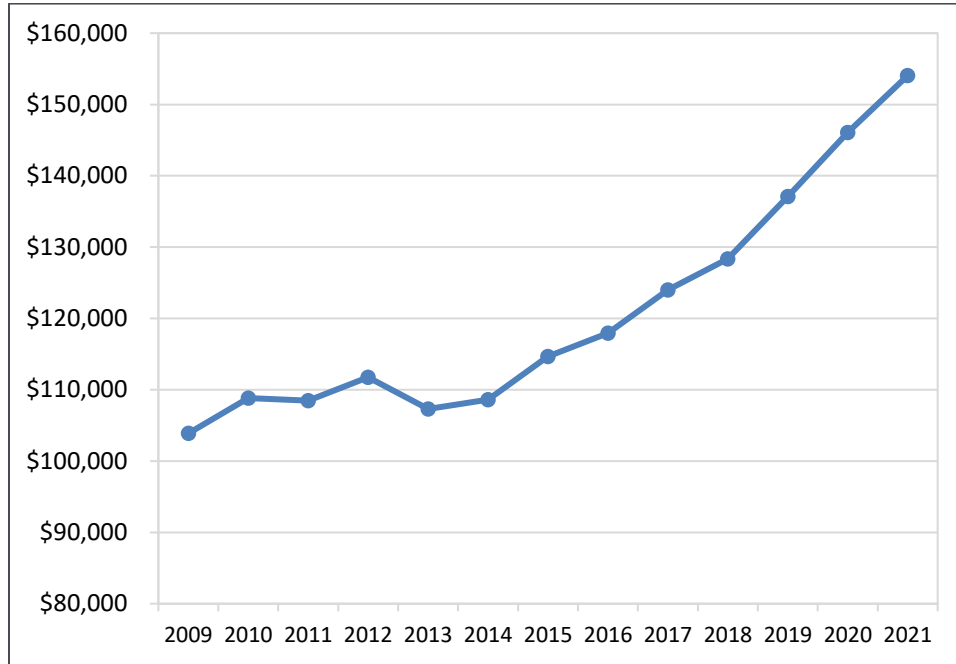
Households Assisted: Although the set-aside programs must target low- or moderate-income households, in a substantial number of cases the FHLBanks provide AHP set-aside grants to households with incomes significantly below the low- or moderate-income threshold (*i.e.*, significantly below 80 percent of AMI). In 2021, the average income of households assisted by the set-aside programs, excluding rehabilitation assistance, was about \$45,000 per year, or 59 percent of AMI. Data on the number of households assisted, average household incomes, and average house prices under the set-aside programs for each FHLBank in 2021 are shown in Figure 13a. The average house price for households assisted by the set-aside programs, again excluding rehabilitation assistance, was approximately \$154,000 in 2021, about 5 percent higher than in 2020. The average house price has increased almost 50 percent since 2009 (see Figure 13b).

Figure 13a: 2021 Set-Aside Programs 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	165	\$52,735	64	\$209,713
New York	1,255	\$54,644	58	\$160,858
Pittsburgh	1,411	\$44,011	57	\$164,397
Atlanta	1,555	\$52,766	62	\$219,540
Cincinnati	2,052	\$44,908	55	\$134,881
Indianapolis	56	\$36,947	59	\$121,057
Chicago	2,992	\$40,878	60	\$128,084
Des Moines	772	\$40,997	61	\$133,761
Dallas	557	\$35,720	58	\$142,160
Topeka	930	\$43,167	57	\$118,507
San Francisco	346	\$50,469	64	\$270,010



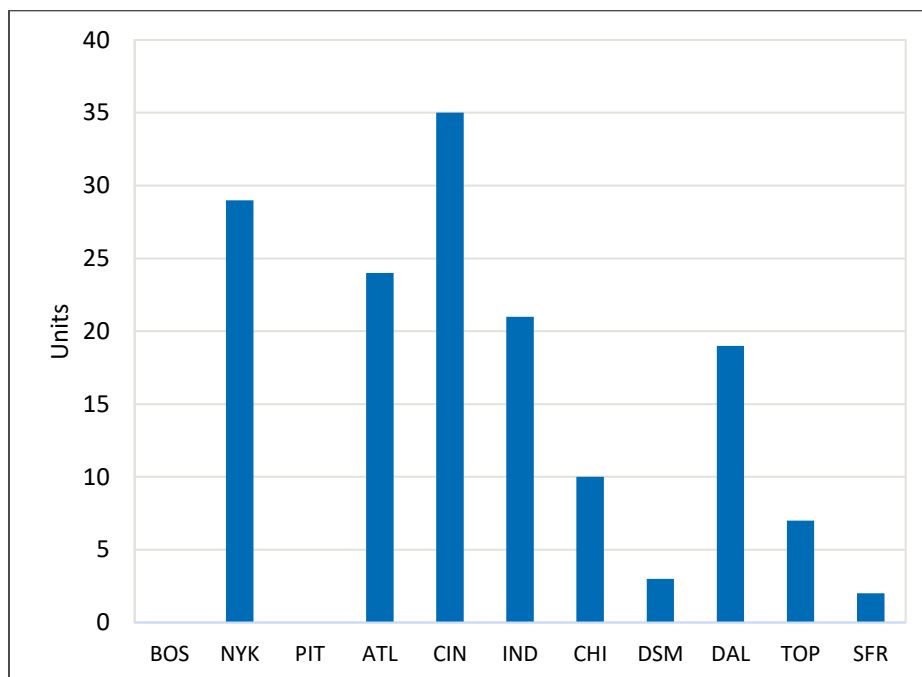
Figure 13b: Set-Aside Program Average House Prices (2009-2021)



Manufactured Housing: Under the set-aside programs, AHP subsidies may be used for down payment, closing cost, counseling, or rehabilitation assistance in connection with a household’s purchase or rehabilitation of housing, including manufactured housing. Figure 14 details manufactured housing units assisted by AHP set-aside subsidy in 2021.



Figure 14: Number of 2021 AHP Homeownership Set-Aside-Assisted Manufactured Housing Units



First-Time Homebuyers and Owner-Occupied Rehabilitation: As discussed above, an FHLBank must allocate at least one-third of its annual set-aside funding contribution to assist first-time homebuyers or homeowners for owner-occupied rehabilitation, or some combination of both. The FHLBanks often allocate more than the required minimum for first-time homebuyers. In 2021, the FHLBanks provided funding for 12,595 units that were either first-time homebuyers or owner-occupied rehabilitation units.²⁸ The average AHP subsidy provided to these homebuyers was about \$6,900.

First-Time Homebuyers Financing: Figure 15 includes a breakdown, by income group, of first-time homebuyers assisted by the FHLBank set-aside programs and additional financing characteristics in 2021. Approximately 94 percent of first-time homebuyers assisted received fixed-rate first mortgage loans, down slightly from 95 percent in 2020. About 81 percent of these first-time homebuyers received a first mortgage loan originated by an FHLBank member, down from 91 percent in 2020.

²⁸ In 2021, 10 units assisted with set-aside subsidy were for both first-time homebuyers and owner-occupied rehabilitation.



Some lower income households, even with a set-aside grant, need additional financing assistance to purchase a home. In 2021, approximately 18 percent of first-time homebuyers assisted under the set-aside programs also obtained a grant or forgivable loan from other sources to use in conjunction with the set-aside grant, up slightly from 15 percent in 2020.²⁹ However, consistent with previous years, in 2021, fewer of these first-time homebuyers who received set-aside funds also obtained a second mortgage loan (477), and even fewer (94) obtained a combination of a first mortgage loan, second mortgage loan, and non-AHP grant or forgivable loan.

Figure 15: 2021 AHP Homeownership Set-Aside Programs: 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	Non-AHP Grants or Forgivable Loans and Second Mortgage Loans ^a
Incomes at or below 30 percent of AMI	260	246	50	6	1
Incomes greater than 30 percent, to 50 percent of AMI	2,556	2,231	489	100	19
Incomes greater than 50 percent, to 80 percent of AMI	8,169	7,041	1,425	371	74
Total	10,985	9,518	1,964	477	94

^a The column total is a subset of the previous two columns.

²⁹ 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 ownership requirement. After these conditions are met, the loan effectively becomes a grant.



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 may finance eligible targeted housing through the CIP, and eligible targeted mixed-use projects³⁰ and economic development projects through both the CIP and CICA programs.³¹ Unlike the AHP, however, CIP and CICA funding is not subject to specific statutory funding contribution requirements.^{32,33} A variety of factors drive FHLBank member demand for these programs, including community needs in FHLBank districts and broader economic dynamics. The income targeting requirements for CICA economic development projects are generally less restrictive than for CIP economic development projects, which may also drive program participation. Figure 16 outlines the program type, eligibility, and funding type for the two programs.

³⁰ 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).

³¹ For mixed-use projects funded under CICA, 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 portions of the project must meet the appropriate targeted income levels. See 12 C.F.R. § 1292.5(b).

³² FHLBanks may, however, cap the amount of funding that is available.

³³ By statute, the CIP is a mandatory program, while the CICA program is not.



Figure 16: CIP and CICA Programs: Program Type, Eligibility, and Funding Type

Program Characteristics		CIP	CICA
Type		Statutorily Required (Bank Act)	Voluntary
Participants		FHLBank members	FHLBank members and housing associates ³⁴
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, ³⁵ and areas where rural households' incomes are 115 percent or less of AMI, or urban households' incomes are 100 percent or less of AMI
Funding Type		Advances and Letters of Credit ³⁶	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: Figure 17a provides details of the CIP and CICA programs and their funding for both 2020 and 2021. As in recent years, CIP generally funded housing projects, while CICA generally funded economic development projects. CIP total advance commitments for both housing and economic development projects were about \$1.7 billion in 2021, a decrease from approximately \$3 billion in 2020. Of this amount, CIP advance commitments for housing projects were about \$1.6 billion, a decrease from approximately \$2.9 billion in 2020. CIP funding also assisted fewer units in 2021, funding 8,067 units, 14,180 units fewer than in 2020. In prior years, most of these units were rental units, but that has changed recently. In 2020, 60 percent of CIP-assisted housing units were owner-occupied, and in 2021, 70 percent of CIP-assisted units were owner-occupied (see Figure 17b).

³⁴ 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.

³⁵ 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.

³⁶ Letters of credit issued by an FHLBank guarantee payments made to another entity under stated conditions.



Total CICA advance commitments were approximately \$1 billion in 2021, down from about \$3.6 billion in 2020. CICA advance commitments for mixed-use projects were approximately \$3 million in 2021, down from about \$45.5 million in 2020.

Figure 17a: CIP and CICA Overview (2020 and 2021)

		CIP (\$ million)		CICA (\$ million)	
		2020	2021	2020	2021
Total Advance Commitments ^a		\$2,957	\$1,652	\$3,630	\$1,036
	Advance Commitments for Housing Projects	\$2,913	\$1,620	N/A	N/A
	Advance Commitments for Mixed-Use Projects ^b	\$0.0	\$0.4	\$45.5	\$3.0
	Advance Commitments for Economic Development Projects	\$43.8	\$32.2	\$3,584	\$1,033
Grants		N/A	N/A	\$8.1	\$8.7
Letters of Credit (Housing, Mixed-Use, and Economic Development Projects)		\$473.4	\$596.0	\$12.1	\$1.4
Total Projects ^c		371	151	579	150
Total Housing Units		22,247	8,067	N/A	N/A
	Owner-Occupied	13,258	5,671	N/A	N/A
	Rental	8,989	2,396	N/A	N/A

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

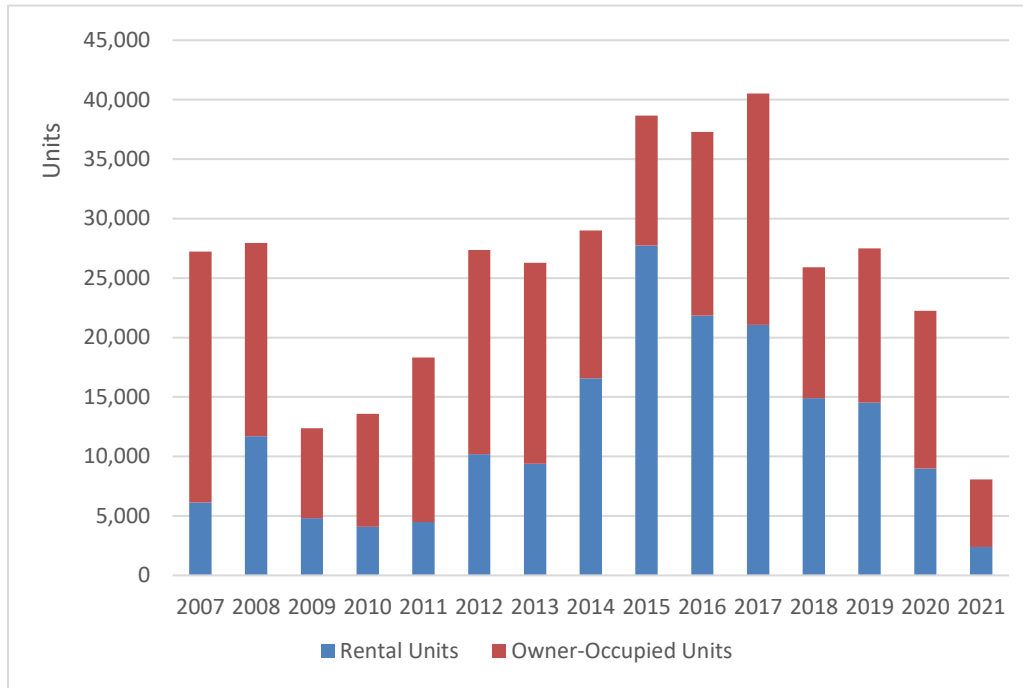
^aTotal advance commitments include CIP advance commitments where an initial disbursement occurred. Excludes rollovers and refinancings of previous advances.

^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



Figure 17b: CIP Housing Units (2007-2021)



Envisioning Green

Envisioning Green, located in Caseyville, Illinois, is a family-owned landscape construction company that received CIP economic development advances to finance equipment. (Source: Chicago FHLBank)



CIP advance commitments for economic development projects decreased from \$43.8 million in 2020 to \$32.2 million in 2021. Economic development projects continue to constitute a minority of total CIP projects. In 2021, only 39 of 151 CIP projects were economic development projects.

Figure 18 shows that CIP economic development advances declined substantially after 2006, and CICA economic development advances generally have grown since 2007.

Figure 18: CIP Economic Development Advances and CICA Economic Development Advances (2001 – 2021)

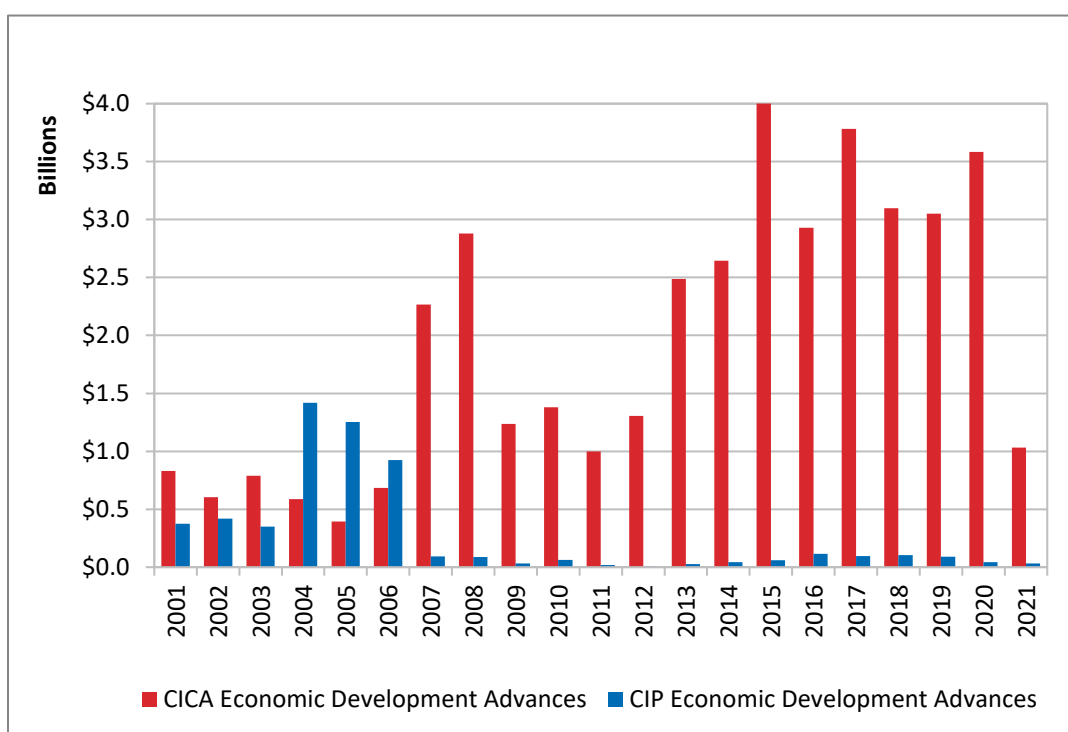


Figure 19 shows that, as was the case in previous years, FHLBank members’ participation in CIP economic development in 2021 generally remained low compared with their participation in CICA economic development (although in 2021, the Chicago FHLBank had a greater participation rate in CIP economic development than CICA economic development). In the period between 2007 and 2021, CIP economic development advances have constituted an average of approximately 2 percent of total economic development advances in the CIP and CICA programs.

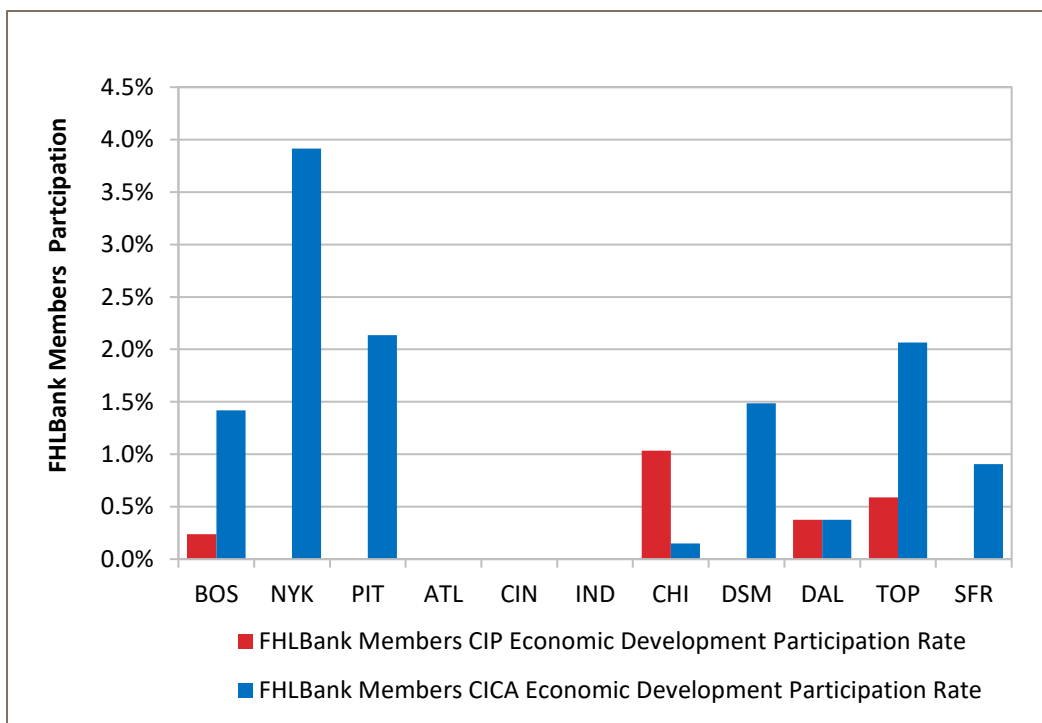
Figure 20 shows CICA economic development funding for all FHLBanks in absolute figures, and as a percentage of each FHLBank’s advances daily average, to account for the differences in



FHLBank overall advance activity. Generally, larger FHLBanks that provide more regular advances also tend to provide more CICA economic development advances.

Figure 21a shows the amount of CIP funds used for housing, which spiked in 2017. CIP housing funding in 2021 was about \$1.3 billion lower than CIP housing funding in 2020. Figure 21b shows FHLBank members’ participation in CIP housing advances in 2021.

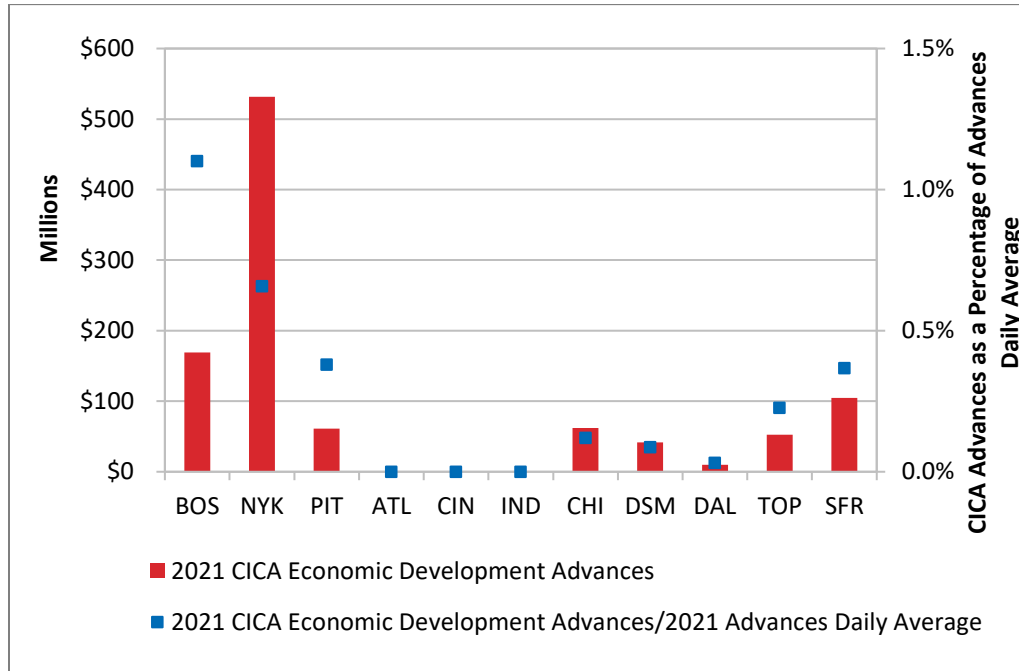
Figure 19: 2021 FHLBank Members’ Participation in CIP and CICA Economic Development



Source: FHFA Membership System



Figure 20: 2021 CICA Economic Development Funding



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

Figure 21a: CIP Housing Funding (2001 – 2021)

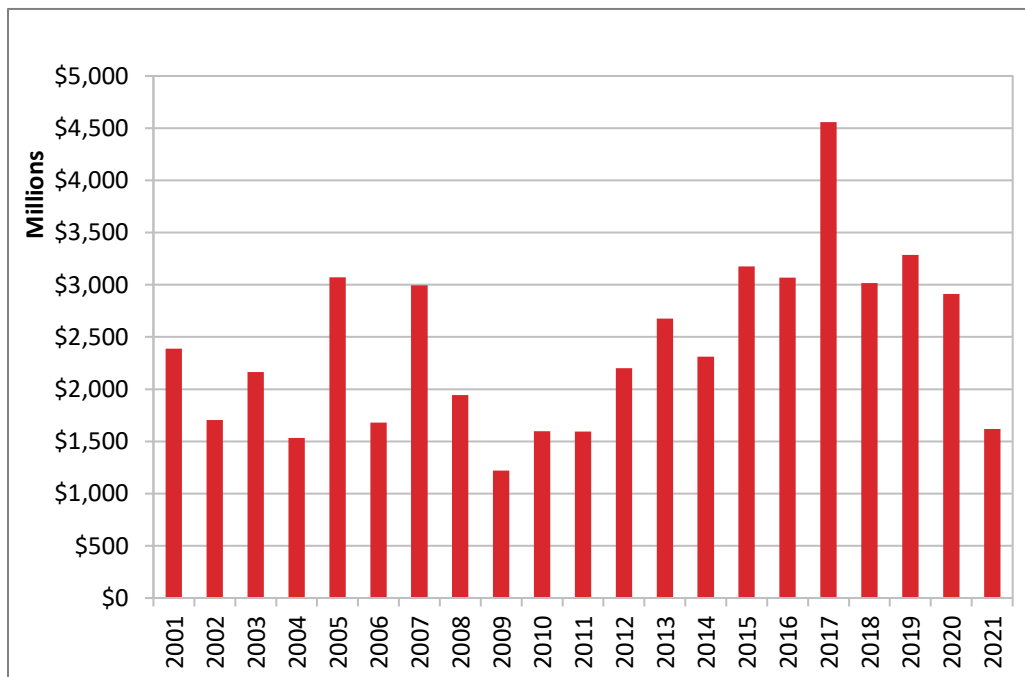
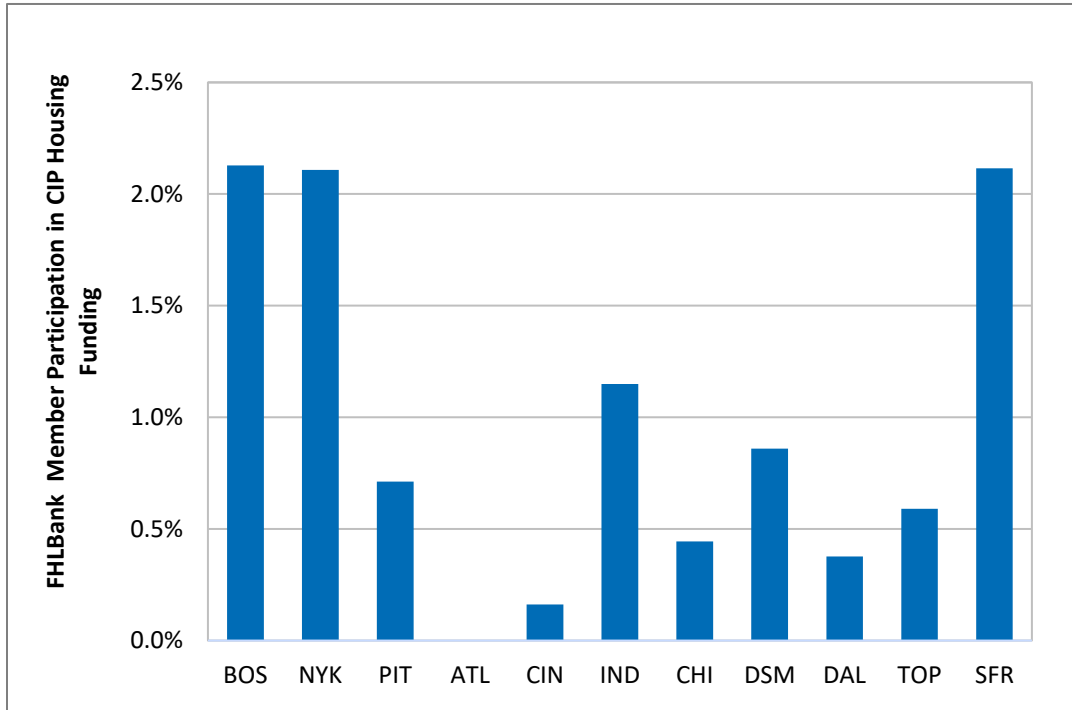


Figure 21b: 2021 FHLBank Members' Participation in CIP Housing Funding



Source: FHFA Membership System

Note: The Atlanta FHLBank did not issue CIP housing advances in 2021



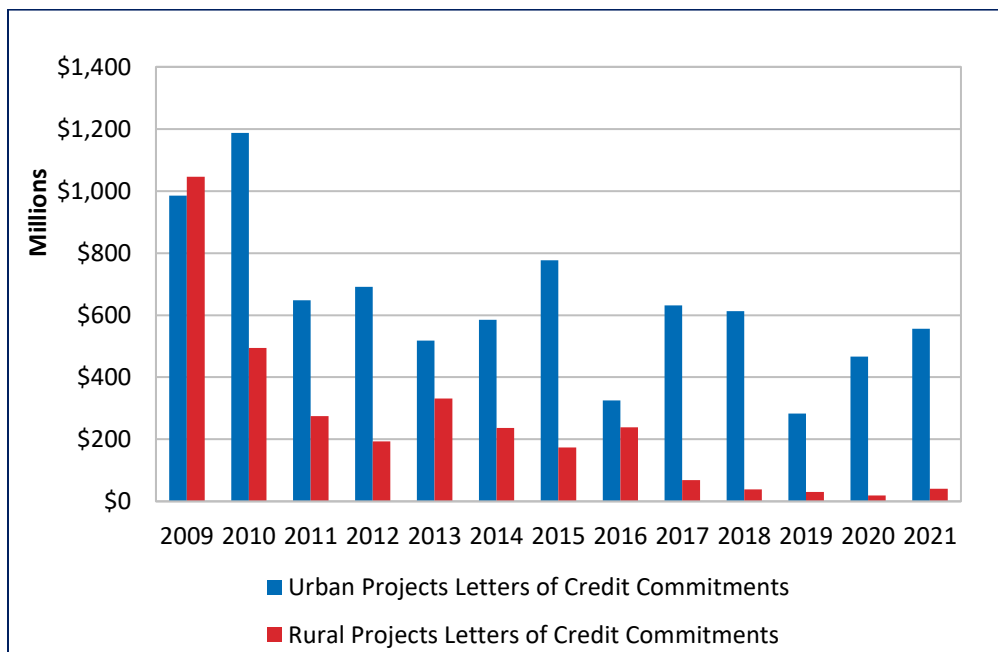
Harmony House

Harmony House, which received AHP competitive application program subsidy, is a three-story, dormitory-style facility for working men experiencing homelessness, just north of downtown Houston, Texas. Amenities include a community kitchen, computer lab, and health clinic. (Source: Dallas FHLBank)

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 increased from approximately \$473.4 million in 2020 to approximately \$596 million in 2021. CICA letters of credit, however, decreased over the same period, from approximately \$12.1 million in 2020 to approximately \$1.4 million in 2021. The increase in CIP letters of credit was driven mostly by increases from 2020 to 2021 at the Indianapolis and San Francisco FHLBanks, and the decline in CICA letters of credit was driven mostly by declines from 2020 to 2021 at the Dallas FHLBank. Not all FHLBanks issued CIP and CICA letters of credit in 2021. The Dallas FHLBank was the only FHLBank to issue CICA letters of credit in 2020, and was one of only two FHLBanks (the other being the New York FHLBank) to issue CICA letters of credit in 2021.

Figure 23 shows that the use of CIP and CICA letters of credit to assist projects in urban areas increased from approximately \$466.2 million in 2020 to \$556.4 million in 2021. The use of CIP and CICA letters of credit to assist projects in rural areas increased from approximately \$19.4 million in 2020 to \$41.1 million in 2021.

Figure 23: CIP and CICA Urban and Rural Projects Letters of Credit Commitments (2009 – 2021)



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 HERA in 2008, 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, 2021, 68 non-depository CDFIs were FHLBank members (all FHLBanks had at least two non-depository CDFI members). This is an increase from 64 members in 2020 (see Figure 24).

Non-depository CDFI members' total outstanding FHLBank advance balances were approximately \$289.6 million at the end of 2021, a decrease from about \$297.2 at the end of 2020. Figure 25 shows the growth of the number of CDFI members and size of advances to them from 2012 through 2021.



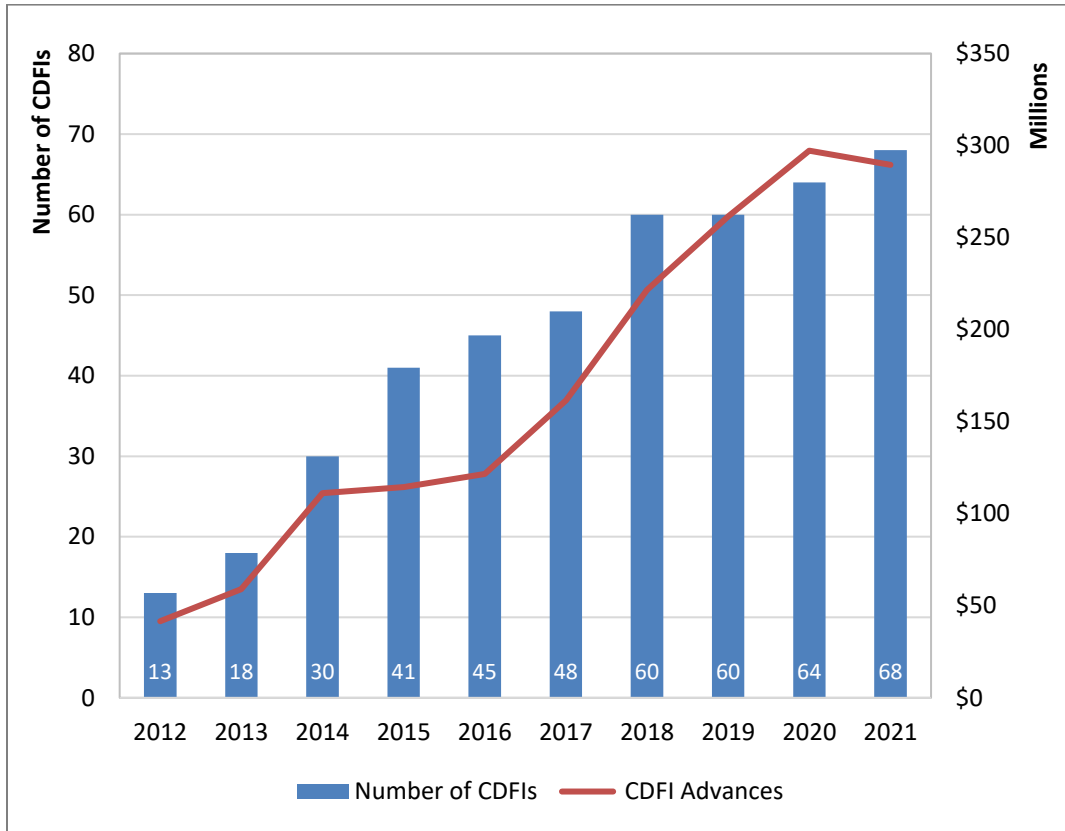
Figure 24: Non-Depository CDFI Members per FHLBank (2020 and 2021)

FHLBANK	2020	2021
Boston	4	4
New York	5	8
Pittsburgh	2	2
Atlanta	13	13
Cincinnati	6	7
Indianapolis	4	4
Chicago	6	6
Des Moines	6	6
Dallas	7	7
Topeka	4	4
San Francisco	7	7
Total	64	68

Source: FHFA Membership System



Figure 25: Non-Depository CDFI Members and Advances (2012 - 2021)



Community Support Program

The Bank Act requires FHFA to adopt regulations establishing standards of community investment or service that FHLBank members (*i.e.*, commercial banks, credit unions, insurance companies, savings associations, and savings banks) must meet in order to maintain access to long-term advances.³⁷ The Bank Act further requires that the regulations take into account factors such as a member’s performance under the Community Reinvestment Act of 1977 (CRA) and the member’s record of lending to first-time homebuyers.³⁸ FHFA’s Community Support Program (CSP) regulation implements these statutory provisions by establishing standards and procedures for review by FHFA of FHLBank members’ community support performance.³⁹

³⁷ 12 U.S.C. § 1430(g)(1).

³⁸ 12 U.S.C. § 1430(g)(2).

³⁹ 12 CFR part 1290.



Under the CSP regulation, every two years, members subject to review must submit to FHFA a Community Support Statement (CSS) providing their latest CRA ratings, if applicable, and, also if applicable, identifying activities supporting first-time homebuyers.^{40, 41} Based on its review of each member's CSS, FHFA determines whether the member has complied with the regulation's community support standards and whether the member's access to long-term advances and to the FHLBank's AHP, CIP, and CICA Programs will be restricted due to noncompliance.

Pursuant to the two-year review cycle, 6,220 FHLBank members submitted a CSS in 2021. Of these members, over 99 percent satisfied the community support standards.⁴²

FHLBank Members' CRA Ratings: Among FHLBank members subject to community support review during the 2021 review cycle, 68 percent were also required to submit their CRA ratings (*i.e.*, Outstanding, Satisfactory, Needs to Improve, or Substantial Noncompliance) to FHFA.⁴³ Of these members, about 11 percent received an Outstanding rating, about 89 percent received a Satisfactory rating, and less than 1 percent received either a Needs to Improve or Substantial Noncompliance rating.

FHLBank Members' Activities Supporting First-Time Homebuyers: During the 2021 CSP biennial review, FHFA reviewed FHLBank members' CSS responses to determine how they supported first-time homebuyers in the period after the prior biennial review, which was conducted in 2019. Members may demonstrate their support for first-time homebuyers by reporting the number and dollar amount of mortgage loans made to first-time homebuyers, or by demonstrating other financial support for or participation in programs, products, services, or investments that directly or indirectly assist first-time homebuyers.

Overall, members supported first-time homebuyers through a mix of mortgage lending, investments, services, and other activities. Of the members that reported making mortgage loans to first-time homebuyers, approximately 54 percent were commercial banks, approximately 31

⁴⁰ All FHLBank members were required to submit a CSS for the 2021 biennial review unless: the member had been a member of a FHLBank for a total of less than one year as of March 31, 2021; the member had been certified as a CDFI by the CDFI Fund (other than a member that is also an insured depository institution or a CDFI credit union); or the member was to have been merged, acquired, or otherwise withdrawn from FHLBank membership with an effective date after October 31, 2021.

⁴¹ A member is presumed to be in compliance with the requirement to support lending to first-time homebuyers and is, therefore, not required to specify any first-time homebuyer activities, if its most recent CRA rating is "Outstanding." 12 CFR 1290.3(c)(1). In addition, certain FHLBank members are not subject to community support review. 12 CFR 1290.2(d), (e). Finally, not all members are subject to the CRA.

⁴² Less than one percent of FHLBank members were not in compliance with the community support standards and were placed on CSP restriction.

⁴³ The remaining 30 percent of FHLBank members were not subject to CRA requirements.



percent were credit unions, approximately 6 percent were savings associations, approximately 9 percent were savings banks, and less than 1 percent were insurance companies.

In addition to mortgage lending, members reported on their financial support for or participation in programs, products, services, or investment activities that directly or indirectly assist first-time homebuyers, as listed on the CSS Form. These activities included: participating in the FHLBanks' AHP, CIP, and CICA Programs; participating in nationwide Fannie Mae or Freddie Mac first-time homebuyer programs; offering homebuyer education; or investing in mortgage-backed securities. For example, approximately 26 percent of commercial bank members reported participating in an FHLBank AHP or other targeted community investment or development program, approximately 45 percent of credit union members reported participating in or supporting special counseling or homeownership education that benefits, serves, or is targeted to first-time homebuyers, and about 93 percent of insurance company members reported having held mortgage-backed securities that may include a pool of loans to low- and moderate-income homebuyers.

Housing Goals

On June 25, 2020, FHFA published a final rule amending the FHLBank housing goals regulation. The regulation established new housing goals, applicable beginning with loans purchased in 2021, with an initial three-year enforcement phase-in period. Prior to the final rule, an FHLBank was subject to housing goals only if it purchased more than \$2.5 billion in AMA mortgage loans during the year being measured. Those housing goals were measured retrospectively, by comparing an FHLBank's performance in certain categories against market performance, based on data collected pursuant to the Home Mortgage Disclosure Act (HMDA). The housing goals established requirements with respect to AMA purchase money mortgages for very low-income families, low-income families, and families in low-income areas, as well as a separate refinance mortgage goal for low-income families.

The 2020 final rule removed the \$2.5 billion threshold so that each FHLBank will be subject to the housing goals requirements regardless of its AMA mortgage purchase volume. In addition, the final rule combined the four above-referenced housing goals categories into a single mortgage purchase housing goal under which purchase money and refinancing mortgages are no longer distinguished, established an annual prospective target percentage for this goal rather than the retrospective market comparison level derived from the HMDA data, and established a new annual community-based AMA user goal.



To comply with the new mortgage purchase housing goal, each FHLBank must ensure that at least 20 percent of its AMA mortgage purchases are for some combination of low-income households, very low-income households, or households in low-income areas, provided that no more than 25 percent of the AMA mortgages counting towards this 20 percent are for borrowers with incomes in excess of 80 percent of AMI. To comply with the community-based AMA user goal, each FHLBank must ensure that, of the participating financial institutions from which it purchases at least one AMA mortgage loan in the year being measured, the proportion with total assets below a threshold established via the regulation must be the lower of 50 percent or 3 percent more than the FHLBank’s performance from the prior year. Finally, the final rule allows an FHLBank to propose an alternative target percentage for FHFA approval for the mortgage purchase housing goal, community-based AMA user goal, or both.

Ten FHLBanks purchased mortgages through AMA programs in 2021, and they all met the new mortgage purchase housing goal requirement (see Figure 26a) as well as the community-based AMA user goal (see Figure 26b).

Figure 26a: 2021 FHLBank Mortgage Purchase Housing Goal Performance

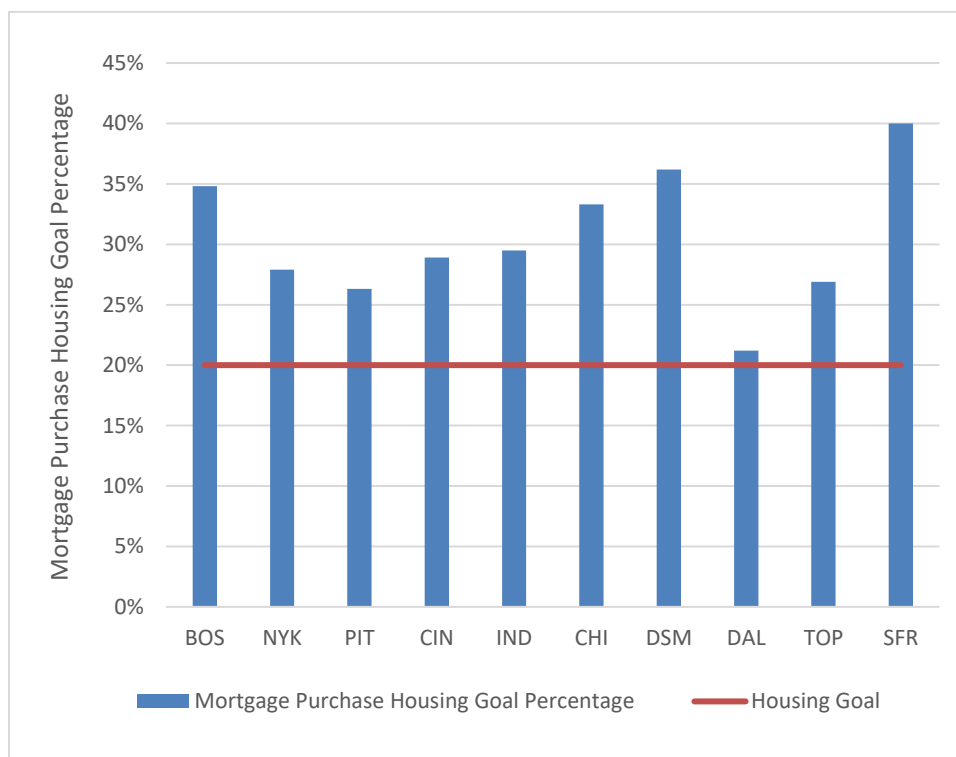
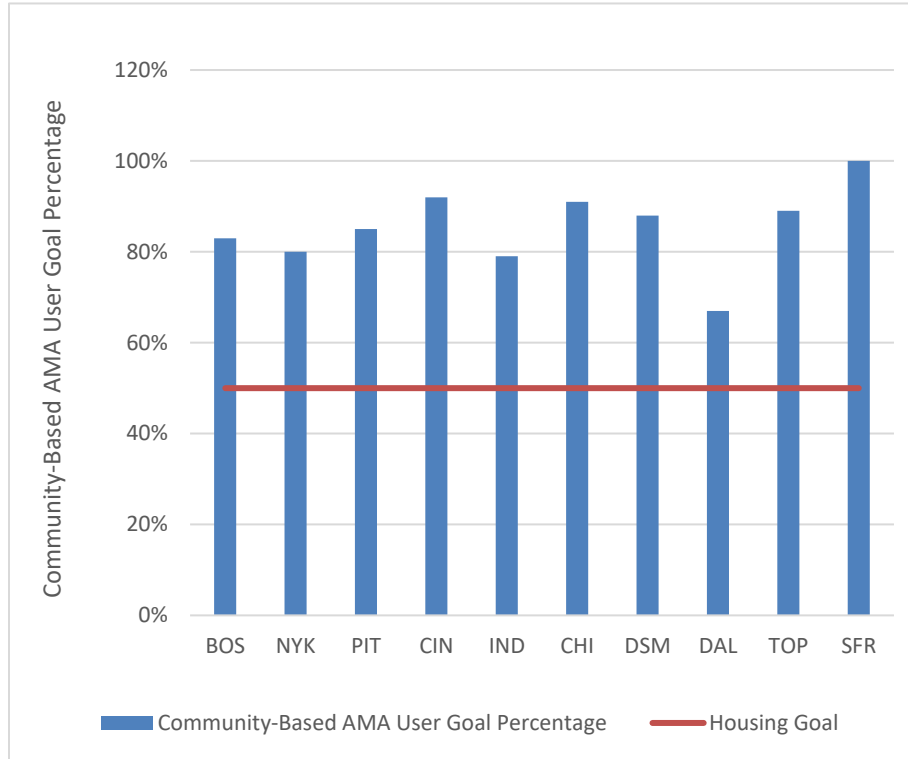


Figure 26b: 2021 FHLBank Community-Based AMA User Goal Performance



Appendix 1: 2021 FHLBank Advisory Council Reports

Below are selected highlights from the 2021 FHLBank Advisory Council Reports provided to FHFA by the FHLBanks' Advisory Councils. This summary includes brief descriptions of AHP projects, CICA projects, and voluntary non-AHP FHLBank community initiatives highlighted in the Reports.^{44, 45}

The **Boston FHLBank Advisory Council Report** highlights Community Living at Lloyd's Hills in Bethlehem, New Hampshire, which received an AHP competitive application program subsidy. Lloyd's Hills is a mixed-income community of 28 townhouse-style apartments that includes seven market-rate units, 14 units for those earning below 50 percent of AMI, and seven units for those with incomes below 60 percent of AMI. The development features a community building and large solar array. The report states that the demand for the project has been brisk, with all units becoming fully occupied within six months after construction was complete in early 2021. The report also highlights Anchor Point, a CIP housing advance recipient. Anchor Point, Phase 1 provides 38 two- and three-bedroom homes for households earning between 30 percent and 60 percent of AMI in Beverly, Massachusetts.

The report also details the FHLBank's annual voluntary non-AHP Affordable Housing Development Competition, which is designed to focus a new generation of practitioners on preserving and renewing neighborhoods through innovative housing initiatives. Competition winners receive funds and recognition. In 2021, the competition's winner was Lancaster Commons, a multi-phased, mixed-use project that aims to rehabilitate and activate an underutilized rural site of historic significance in Lancaster, Massachusetts. The first phase includes plans to create 48 affordable rental units promoting intergenerational communities and supportive programming and amenities.

The **New York FHLBank Advisory Council Report** provides an extensive analysis of the FHLBank's AHP competitive application program, including data on the total number of AHP competitive application program projects and awards since program inception in 1990, as well as data showing AHP subsidy as a share of total development costs and average number of units per

⁴⁴ 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.

⁴⁵ The Advisory Council Reports are not all published at the same time.



project over the same period. The report also includes detailed analysis of the FHLBank's AHP set-aside program, including geographic analysis of 2021 AHP grants, median home purchase price, and household income analysis.

In addition, the report details that the FHLBank again offered its voluntary non-AHP Small Business Recovery Grant (SBRG) Program through participating members in 2021. The program was initially deployed in response to Hurricanes Irma and Maria (which struck Puerto Rico and the U.S. Virgin Islands in September 2017), and then re-launched in 2020 due to the COVID-19 pandemic. The program provided grants of up to \$10,000 each to eligible small businesses and nonprofits. Among other requirements, recipients had to document a decrease in revenue due to the pandemic. In 2021, 50 FHLBank members submitted successful applications on behalf of 429 small businesses and 342 nonprofits, for a total of 771 recipients. The total amount of approved grants was \$5,952,000.

The report also notes that in November 2021, the FHLBank launched a new CICA program, the Business Development Advance (BDA) program. Under this program, the FHLBank provides members with a zero-rate advance for lending to qualified small businesses. To be eligible for the program, members must lend the funds to their small business customers at or below a designated interest rate spread, which passes along the benefit of the discounted FHLBank advance to the borrowers.

The **Pittsburgh FHLBank Advisory Council Report** describes the FHLBank's voluntary non-AHP Banking on Business (BOB) program. BOB offers secondary financing in conjunction with an FHLBank member's first loan to assist qualified small businesses that would not otherwise meet the member's underwriting standards. The report notes that since 2000, BOB has funded more than \$87.5 million to preserve or create 11,542 jobs. The report highlights a BOB participant, Kate's Real Food, which used BOB funds to expand its organic snack business to meet growing demand. The company's new facility, in Bedford County, Pennsylvania, leveraged automated processes and created additional job opportunities for area residents.

The report also highlights the FHLBank's Blueprint Communities initiative, stating that the initiative creates momentum for revitalizing older communities and neighborhoods in the FHLBank's district by building strong local leadership, collaboration, and development capacity; developing sound local and regional planning skills; and encouraging coordinated investments in targeted communities by public and private funders. Since 2005, the Blueprint Communities initiative has assisted 64 communities.



The **Atlanta FHLBank Advisory Council Report** highlights Columbia Hills East, an AHP competitive application program subsidy recipient in Arlington, Virginia. The project provides 47 units to low-income households and 49 units for very low-income households, community amenities such as an energy- and water-efficient building, on-site resident services staff to focus on resident wellness, and handicapped-accessible apartments.

The report also includes an extensive analysis of the AHP, including AHP competitive application program year-over-year metrics such as AHP subsidy, units, and projects awarded. The report also details AHP competitive application program total development costs per unit from 2017 through 2021, noting the increase in construction costs and other factors. The report also includes a description of the impact of the FHLBank's scoring criteria that resulted in awarding AHP competitive application program subsidy to projects that include health care empowerment, such as on-site primary screenings and medical care services, projects that include enhanced broadband access, projects that work in coordination with COVID-19 response funding, and projects that include coordination with minority-owned depository institutions or CDFIs. Additionally, the report analyzes the FHLBank's AHP set-aside programs, including varied year-over-year data metrics such as total AHP subsidy awarded and average AHP subsidy per unit.

In addition, the report includes a description of the FHLBank's Community Reinvestment Act (CRA) Center of Excellence, which helps the FHLBank's members leverage the AHP to meet their business development and compliance objectives. In 2021, the FHLBank held virtual CRA consultations with five members located in Florida, Georgia, and South Carolina. The consultations included personalized sessions with FHLBank members that involved brainstorming and collaborating on ways to advance their CRA business development opportunities.

The **Cincinnati FHLBank Advisory Council Report** highlights the FHLBank's voluntary non-AHP fund, the Carol M. Peterson Housing Fund, which provides grants for accessibility rehabilitation and emergency repairs of the homes of elderly and special needs households. In 2021, the FHLBank disbursed \$931,568 from this Fund to assist 145 households. Since inception of the Fund, the FHLBank has disbursed more than \$14 million to assist 2,502 households.

The report also highlights another FHLBank voluntary non-AHP program, the Disaster Reconstruction Program. This program was authorized in March 2012, following tornadoes that swept through parts of the FHLBank's district. In 2021, FHLBank disbursed \$1.2 million under this program to 97 households affected by natural disasters. A significant portion of this funding was distributed in Dayton, Ohio, which was struck by a series of tornadoes during Memorial Day weekend in 2019. By the end of 2021, the FHLBank had awarded over \$6.2 million to 495



households whose homes were damaged or destroyed by state- or federally-declared natural disasters.

The **Indianapolis FHLBank Advisory Council Report** highlights Enterprise Pointe, an AHP competitive application program subsidy recipient that is a new affordable housing development for artists and entrepreneurs in Angola, Indiana. The development provides 50 two-bedroom affordable apartments to Angola residents and includes many community amenities, such as a production room, a sound recording studio, and a community space. The report additionally highlights New Hope for Families, a shelter for families experiencing homelessness in Bloomington, Indiana. The development is currently under construction and will increase shelter capacity from seven to 12 families and expand childcare from 16 to 48 children.

The report also describes Elevate, the FHLBank's small business grant program. The program helps small businesses grow and develop by funding capital expenditures, workforce development, and a variety of other needs. The FHLBank's members have used Elevate to expand and deepen their relationships with small businesses in their communities. The report notes that in 2021, over \$500,000 was funded through the program to 27 small businesses, 20 of which were diverse businesses.

Additionally, the report highlights the FHLBank's Community Mentors program, which stimulates community development by connecting FHLBank members with community development partners. Each recipient will be the lead partner in a FHLBank-hosted Community Mentors workshop, which is intended to help make connections, stimulate thinking, and challenge conventional wisdom about community development. Along with participation in the Community Mentors workshop, each recipient will also be awarded a \$10,000 Community Mentors Implementation Grant for a project, plan of study, or specific initiative to strengthen their community. In 2021, workshops were hosted in Marquette County, Michigan and Lake County, Indiana.

The **Chicago FHLBank Advisory Council Report** spotlights the Starr Youth Home, an AHP competitive application program subsidy recipient that is new construction of a 10,000 square-foot home specifically designed to increase safety, convenience, and much-needed capacity to serve at-risk boys who suffer from severe trauma and abuse. The home will also have designated community space for the residents to come together, feel a sense of support, and build relationships.



The report also highlights the FHLBank’s support of tribal communities via FHLBank member Bay Bank of Green Bay, Wisconsin (Bay Bank). Founded and wholly owned by the Oneida Nation, its mission is to be a local source of financial services and access to capital for tribal communities and small businesses. The report notes that from 2016 to 2021, Bay Bank provided its customers with 62 AHP homeownership set-aside grants. Of those, 58 were to first-time homebuyers and 54 were to tribal members. Eight grants were for homes on tribal trust land, including four in 2021.

The report also notes that in 2021, the FHLBank’s Advisory Council continued to engage in quarterly “Deep Dive Discussions” that included the following sessions: impacts of the COVID-19 pandemic on small businesses, systemic challenges to minority homeownership and wealth creation, community-building beyond affordable housing, and Native American housing and economic barriers and opportunities.

The Des Moines FHLBank Advisory Council Report discusses the impact of the COVID-19 pandemic on the FHLBank and its community investment products, detailing the sustained relevancy and responsiveness of the FHLBank’s products in an environment of increased development costs and rising home prices. The report notes that FHLBank’s Advisory Council, despite working under the constraints of a virtual environment, remained engaged in robust conversations, demonstrating its commitment to the FHLBank, its members, the FHLBank’s board of directors, and the communities the FHLBank serves. The report states that since COVID-19 restricted the ability to tour affordable housing projects in the FHLBank’s district, intentional spaces were created within each meeting for Advisory Council members to share innovations in their communities.

The report also describes how the FHLBank’s community investment activities support the FHLBank’s diversity, equity, and inclusion efforts. As examples, the report notes that the FHLBank’s district is home to approximately 30 percent of the United States’ Native American population, and over the last three years an average of 25 percent of the FHLBank’s AHP awards have helped to finance Native American affordable housing projects. The report indicates that when Native American projects have applied for AHP subsidy, they have been awarded a subsidy 72 percent of the time. Additionally, the report notes that throughout 2021, the FHLBank explored strategies for promoting racial equality, discussing how to apply a racial equity lens to discussions, researching methods to measure the FHLBank’s impact in diverse communities, reviewing the FHLBank’s district demographics on a state-by-state basis, and discussing opportunities to serve diverse communities.



The Dallas FHLBank Advisory Council Report highlights the rehabilitation of the former Brumfield High School in Natchez, Mississippi with a competitive application program subsidy through the AHP. Built in 1925, the property, which is on the National Register of Historic Places, was a social center for the African American community during racial segregation, including hosting jazz performances in its auditorium. The property was later converted into an elementary school, eventually closed, and later reopened as apartments, but eventually fell into disrepair and has been vacant since 2011 before receiving the AHP competitive application subsidy.

The report also highlights the FHLBank's non-AHP Hurricane Recovery Grant (HRG) program, which provides recovery assistance to help FHLBank members' employees whose households suffered a financial loss due to Hurricanes Laura and Delta. The program was reactivated in 2021 for households suffering from Hurricane Ida. Over \$1.1 million was provided in 2021, assisting 469 FHLBank member employees. The report details OnPath Federal Credit Union (OnPath), in Harahan, Louisiana, which sustained damage to several of its employees' properties after Hurricane Ida. OnPath utilized the HRG program to assist 41 employees, which represented a third of its workforce.

The report also details the FHLBank's non-AHP Small Business Boost program, which is offered to fill the gap between what a FHLBank member can finance and the loan request made by an eligible small business. Funds are provided as a secondary, unsecured loan. In 2021, \$3 million was awarded through this program through members to assist small businesses, supporting 363 jobs and 47 businesses.

The Topeka FHLBank Advisory Council Report highlights Nobility Point, an accessible senior housing development in Omaha, Nebraska that received an AHP competitive application program subsidy. Nobility Point includes 60 one- and two-bedroom senior apartments with state-of-the-art kitchens, in-home laundry, and storage space. Residents have access to many amenities in the neighborhood. The report also spotlights Renaissance Veterans Apartments in Aurora, Colorado, another AHP competitive application program subsidy recipient that serves homeless and at-risk veterans. The building includes trauma-informed design, which is intended to create unique spaces where residents feel a sense of safety, respect, connection and community, control, dignity, and joy.

The report also describes the FHLBank's non-AHP #500forGood program, for which the FHLBank received more applications in 2021 than in any previous year. To match that need, the FHLBank awarded more recipients under the program in 2021 than it has in any previous year.



Commenced in 2018, the program asks FHLBank members to answer one question: If you had \$500 to help your community, what would you do with it? Members from across the FHLBank's district submitted answers ranging from food to education to healthcare. The report describes the program's 2021 winners by state.

The report also includes a review of FHLBank members' performance under the Community Support Program. According to the report, 140 members certified that they offered in-house first-time homebuyer programs for customers, 146 members certified that they participated in counseling or homeownership education for first-time homebuyers, and 220 members certified that they offered flexible loan underwriting standards for first-time homebuyers.

The San Francisco FHLBank Advisory Council Report details several projects that received AHP competitive application program subsidy in 2021. For example, the report discusses the Maceo May Apartments, in San Francisco, California, an affordable housing project named after an African American Vietnam War veteran who, after serving in the military, dedicated his life's work to addressing the needs of unhoused veterans. This development is part of a pilot project in San Francisco that uses modular construction methods to alleviate homelessness in the city. The report also describes other projects that received AHP competitive program subsidy in 2021, including South Park Scattered Sites, in San Francisco, California, which entails rehabilitation of two historic hotels and a historic boardinghouse and community gathering center to produce 108 affordable housing units, with 83 reserved for unhoused households. In addition, the report highlights Vista Sunrise II, another project that received AHP competitive application program subsidy in 2021, located on the campus of the Desert AIDS Project (DAP) in Palm Springs, California, which is a new construction development designed to serve special needs households. The DAP campus includes an onsite medical clinic where residents will be able to obtain a variety of health services.

The report also discusses the FHLBank's non-AHP Access to Housing and Economic Assistance for Development (AHEAD) program, which provides grants through FHLBank members to help communities solve for persistent challenges. The report notes that the AHEAD program was purposefully designed with broad eligibility criteria so that members can support a diverse array of innovative nonprofit initiatives that address specific local economic or community development priorities. The report highlights several AHEAD grant recipients, including Red Feather Development, which partners with the Navajo Nation and the Hopi Tribe in Arizona to provide sustainable housing solutions in their respective tribal communities, and Nevada Partners Incorporated, which provides programs and services for education, workforce development,



financial literacy, and housing for low- and moderate-income children, families, and other individuals in West Las Vegas.

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 2021.

Figure A: AHP Funding Allocations to the Set-Aside and Competitive Application Programs (2003 – 2021)

Year	Set-Aside Allocation (in Millions)	Set-Aside Allocation as a Percentage of AHP Allocation	Competitive Allocation (in Millions)	Competitive Allocation as a Percentage of AHP Allocation
2003	\$ 28.5	17%	\$ 138.9	83%
2004	\$ 41.3	19%	\$ 176.2	81%
2005	\$ 38.5	17%	\$ 188.2	83%
2006	\$ 50.9	18%	\$ 232.1	82%
2007	\$ 50.0	17%	\$ 243.9	83%
2008	\$ 63.8	20%	\$ 255.3	80%
2009	\$ 41.4	22%	\$ 146.9	78%
2010	\$ 46.5	18%	\$ 212.0	82%
2011	\$ 47.9	21%	\$ 180.2	79%
2012	\$ 51.1	27%	\$ 138.2	73%
2013	\$ 62.3	21%	\$ 234.5	79%
2014	\$ 79.2	27%	\$ 214.1	73%
2015	\$ 70.0	26%	\$ 199.2	74%
2016	\$ 84.3	26%	\$ 240.0	74%
2017	\$ 91.4	24%	\$ 295.3	76%
2018	\$ 91.1	25%	\$ 269.2	75%
2019	\$ 108.6	27%	\$ 295.4	73%
2020	\$ 102.3	28%	\$ 258.1	72%
2021	\$ 91.8	29%	\$ 221.0	71%



AHP Competitive Application Program Funding: Figure B provides an overview of AHP rental and owner-occupied competitive application program projects funded from 1990 to 2021. Over this period, approximately 79 percent of all AHP competitive application program units funded were rental units, and approximately 63 percent of all AHP competitive application program projects funded were rental projects. Additionally, about 83 percent of AHP-assisted units serving very low-income households from 1990 to 2021 were rental units, and 17 percent of such units were owner-occupied units.

Figure B: AHP Competitive Application Program Projects Overview (1990 – 2021)

		Rental Projects		Owner-Occupied Projects		Total Projects
Total Number of Awarded Projects		12,093	63%	7,050	37%	19,143
Funds Awarded		\$4.6 billion	79%	\$1.2 billion	21%	\$5.8 billion
Housing Units		609,409	79%	164,067	21%	773,476
	Housing Units Serving Very Low-Income Households	453,069	83%	95,161	17%	548,230

Urban/Rural Demographics: Figure C details AHP competitive application program projects located in urban or suburban areas, as well as those located in rural areas, from 1990 to 2021. Approximately 66 percent of AHP projects awarded were located in urban or suburban areas, and approximately 34 percent of the projects were located in rural areas. Seventy-six percent of AHP-assisted units serving very low-income households were located in urban or suburban areas, while 24 percent of these units were located in rural areas. Over the 1990 through 2021 period, on average, urban or suburban projects had more units per project (46) than rural projects (30). Units in rural projects, however, received a higher average AHP subsidy per unit (\$8,165) than units in urban or suburban projects (\$7,302).⁴⁶

⁴⁶ 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 (1990-2021)

	Urban or Suburban Projects		Rural Projects		Total Projects
Total Number of Awarded Projects	12,644	66%	6,499	34%	19,143
Funds Awarded	\$4.2 billion	72%	\$1.6 billion	28%	\$5.8 billion
Housing Units	581,362	75%	192,114	25%	773,476
Housing Units Serving Very Low-Income Households	418,919	76%	129,311	24%	548,230
Average Number of Units per Project	46	N/A	30	N/A	40
Average AHP Subsidy per Unit	\$7,302	N/A	\$8,165	N/A	\$7,517

Note: Funds awarded dollars are rounded

Appendix 3: AHP Competitive Application Program Projects

FHFA’s 2018 AHP final rule revised some of the competitive application program scoring criteria, with a mandatory compliance date of January 1, 2021, for the FHLBanks to implement the new scoring framework. Under the new scoring framework, an FHLBank is required to allocate 100 scoring points among the following 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) Home purchase by low- or moderate-income households⁴⁷
- 4) Targeting of project’s units to designated lower income households

⁴⁷ If an FHLBank does not allocate at least 10 percent of its total AHP statutory funding contribution to the set-aside program, then the FHLBank is required to include this scoring criterion in its scoring framework and allocate a minimum of 5 points to it. Otherwise, it is not required to allocate a minimum of 5 points to this criterion, although it may choose to do so voluntarily.



- 5) Underserved communities and populations (housing for homeless households; housing for special needs populations; housing for other targeted populations; housing in rural areas; or rental housing for extremely low-income households)
- 6) Creating economic opportunity (promotion of empowerment; or residential economic diversity)
- 7) Community stability, including affordable housing preservation
- 8) FHLBank district priorities (one or more housing needs in the FHLBank's district, as defined by the FHLBank, that the FHLBank has not otherwise adopted in its scoring framework)

Figure D outlines these scoring criteria and scoring point allocations for each FHLBank in 2021.



Figure D: 2021 FHLBank Competitive Application Program Scoring Points Allocations

FHLBank	Government-Owned or Other	Non-Profit or Government Sponsorship	Home Purchase	Targeting	Underserved Communities and Populations	Creating Economic Opportunity	Community Stability	District Priorities
Boston	5	5	5	20	10	13	20	22
New York	5	7	-	20	12	10	10	36
Pittsburgh	5	5	-	20	25	14	11	20
Atlanta	5	5	-	20	5	5	10	50
Cincinnati	5	7	6	20	18	5	6	33
Indianapolis	5	7	-	20	16	5	7	40
Chicago	5	5	-	20	19	5	17	29
Des Moines	5	10	-	20	25	5	12	23
Dallas	5	5	-	25	15	5	15	30
Topeka	5	5	5	20	15	10	10	30
San Francisco	5	7	6	20	19	5	14	24

Source: 2021 FHLBank AHP Implementation Plans.

Figure E highlights the projects serving special needs and/or households experiencing homelessness under the Underserved Communities and Populations scoring category that were approved under the FHLBanks’ AHP competitive application programs in 2021, as labeled below.⁴⁸ For example, the highlighted row in red shows that in addition to serving households experiencing homelessness, two projects served all of the types of special needs populations listed in the AHP regulation except for unaccompanied youth and housing visitable by the

⁴⁸ To receive scoring points for special needs under the AHP regulation’s scoring system, a project must reserve at least 20 percent of the units for households with specific special needs, as identified in the FHLBank’s AHP Implementation Plan. To receive scoring points for households experiencing homelessness under the AHP regulation’s scoring system, a project (excluding an overnight shelter) must reserve at least 20 percent of the units for such households, create transitional housing for such households permitting a minimum of 6 months occupancy, or create permanent owner-occupied housing reserving at least 20 percent of the units for such households.



physically disabled. The last row in blue shows that 118 projects did not target serving special needs households or households experiencing homelessness.

Label Number	Special Need or Homelessness Addressed
1	Persons with Disabilities
2	Persons Recovering from Alcohol or Drug Abuse
3	Persons Experiencing Homelessness
4	Persons with HIV/AIDS
5	Elderly
6	Persons Recovering from Physical Abuse
7	Formerly Incarcerated Persons
8	Victims of Domestic Violence
9	Unaccompanied Youth
10	Housing Visitable by the Physically Disabled

Figure E: 2021 AHP Competitive Application Program Projects Serving Special Needs Households and/or Households Experiencing Homelessness

1	2	3	4	5	6	7	8	9	10	Total Projects
X										50
X		X								49
				X						37
		X								34
X				X					X	17
X				X						16
	X	X								11
X		X							X	11
		X		X						10
				X					X	9
									X	8
	X	X			X		X			5
X									X	5
		X					X		X	4
X	X	X								4
X		X		X			X			3
X	X	X		X	X		X			3



1	2	3	4	5	6	7	8	9	10	Total Projects
	X									2
X		X		X						2
X	X		X	X	X	X	X			2
X	X		X	X	X	X	X	X		2
X	X	X	X	X	X	X	X			2
								X		1
							X			1
			X							1
		X							X	1
		X					X			1
		X			X					1
		X	X							1
	X	X			X		X		X	1
	X	X		X						1
	X	X		X		X				1
X		X					X			1
X		X			X		X			1
X		X		X		X			X	1
X		X		X	X		X			1
X	X			X						1
X	X	X			X					1
X	X	X			X		X			1
X	X	X			X		X		X	1
X	X	X			X	X	X		X	1
X	X	X			X	X	X	X		1
X	X	X		X						1
										118

