



# 2019 LOW-INCOME HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES OF THE FEDERAL HOME LOAN BANKS

OCTOBER 2020



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.<sup>1</sup> 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).<sup>2</sup> Under these programs, the FHLBanks provide loans (referred to as advances) and grants to their members, and their members then use these funds to assist very low- and low- or moderate-income households and communities.<sup>3</sup>

The FHLBanks awarded approximately \$458 million in total AHP funds in 2019, approximately the same as in 2018. This funding assisted over 46,000 low- or moderate-income households, including about 24,000 very low-income households. Through the CIP, the FHLBanks funded approximately \$3.4 billion in targeted housing and economic development advances in 2019, about 10 percent more than in 2018. The CIP assisted about 27,500 households in 2019, an increase of approximately 7 percent from 2018. This increase in households assisted was mostly driven by increases from 2018 to 2019 at the San Francisco, Chicago, and New York FHLBanks.

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<sup>1</sup> 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).

<sup>2</sup> 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. Some FHLBanks also provide community development and housing programs that do not fall under this statutory and regulatory framework.

<sup>3</sup> 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' CICA funding, which supports targeted economic development, was approximately \$3.1 billion in 2019, about the same level as in 2018.

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 2019, 60 non-depository CDFIs were FHLBank members, the same as in 2018. The FHLBanks' outstanding advances to these non-depository CDFIs increased, however, to \$261.6 million in 2019 from \$221.5 million in 2018.

Additionally, under the Community Support Program (CSP), FHFA's regulation establishes standards of community investment that FHLBank members must meet in order to maintain access to long-term FHLBank advances.<sup>4</sup> Members subject to review every two years submit to FHFA a Community Support Statement (CSS) identifying these community investment activities. In 2019, 6,409 FHLBank members submitted a CSS to FHFA, and over 99 percent satisfied the community support standards established by the CSP.<sup>5</sup>

Finally, in 2019, each FHLBank was subject to housing goals if its Acquired Member Assets (AMA)<sup>6</sup> purchases exceeded an annual volume threshold of \$2.5 billion.<sup>7</sup> Four of the FHLBanks exceeded this volume threshold.<sup>8</sup>

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 performance, the third section describes non-depository CDFI membership in the FHLBank System, the fourth section discusses the CSP, and the fifth section specifies FHLBank housing goals and AMA purchases in 2019. 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 2019.

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<sup>4</sup> 12 U.S.C. § 1430(g)(1).

<sup>5</sup> Less than one percent of FHLBank members were not in compliance with CSP standards and were placed on CSP restriction.

<sup>6</sup> AMA programs include both the Mortgage Partnership Finance Program and the Mortgage Purchase Program. See 12 C.F.R. part 1268.

<sup>7</sup> 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.

<sup>8</sup> In 2020, FHFA amended the FHLBank housing goals regulation to provide, among other changes, that housing goals apply to each FHLBank that acquires any AMA during a year, eliminating the \$2.5 billion volume threshold that previously triggered the application of housing goals for each FHLBank. See 85 Fed. Reg. 38031 (June 25, 2020) (to be codified at 12 C.F.R. part 1281).



## The Affordable Housing Program

The Federal Home Loan Bank Act (Bank Act) requires each FHLBank to establish an AHP.<sup>9</sup> Under the program, members of the FHLBank may 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 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 its member. For AHP-assisted owner-occupied housing, to be eligible, household income must be at or below 80 percent of Area Median Income (AMI). For AHP-assisted rental housing, at least 20 percent of the project's units must be affordable<sup>10</sup> for and occupied by households with incomes at or below 50 percent of AMI.

The AHP has two approaches to providing funding.<sup>11</sup> The primary funding approach is a mandatory competitive application program through which FHLBanks provide subsidies either as 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.<sup>12</sup> Generally, access to set-aside program funds is on a first-come, first-served basis for FHLBank members and eligible households.<sup>13</sup>

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

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<sup>9</sup> See 12 U.S.C. § 1430(j).

<sup>10</sup> 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").

<sup>11</sup> See 12 C.F.R. part 1291.

<sup>12</sup> 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).

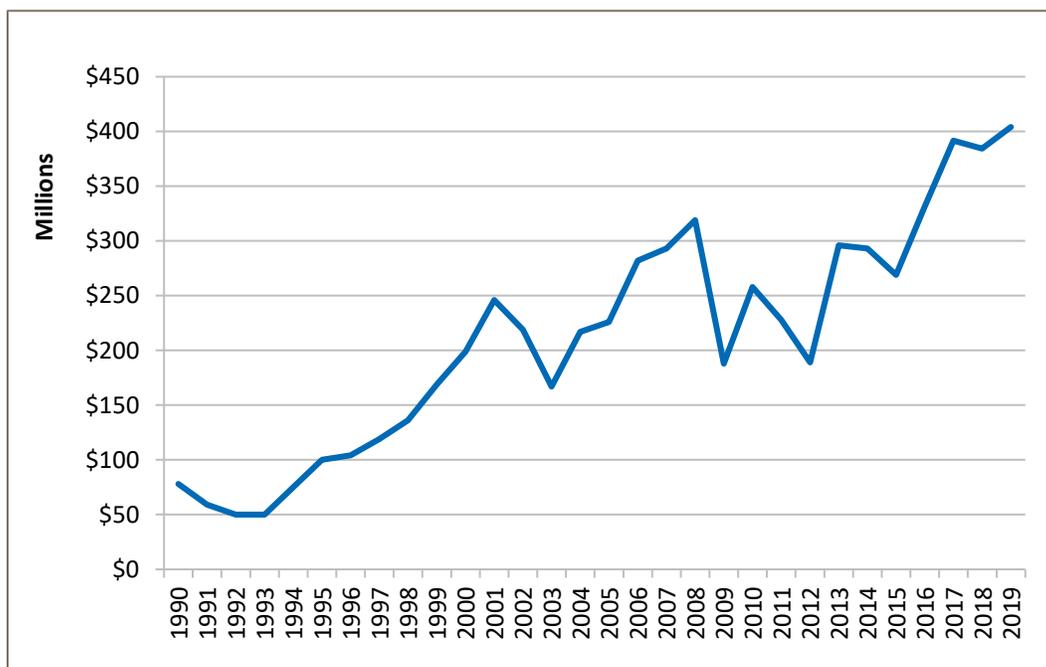
<sup>13</sup> The AHP regulation requires the FHLBanks to establish allocation criteria for the disbursement of AHP set-aside funds to members and establishes a maximum AHP subsidy limit per household. FHLBanks generally limit the amount of set-aside funds that each member may receive, and adopt subsidy limits per household, pursuant to these regulatory requirements. See 12 C.F.R. § 1291.42(a), (c).



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. As of January 1, 2020, the FHLBanks were required to comply with the final rule’s provisions related to owner-occupied retention agreements, and are required to comply with the remaining provisions of the final rule by January 1, 2021. The final rule allows the FHLBanks to implement any provisions prior to the applicable deadline.

**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).<sup>14</sup> Consequently, an FHLBank’s statutory contribution to its AHP changes as its earnings change from one year to the next. From 1990 to 2019, the FHLBanks contributed approximately \$6.4 billion to the AHP (see Figure 1).

**Figure 1: FHLBanks’ AHP Statutory Funding Contributions (1990 – 2019)**



Source: FHFA<sup>15</sup>

<sup>14</sup> See 12 U.S.C. § 1430(j)(5)(C).

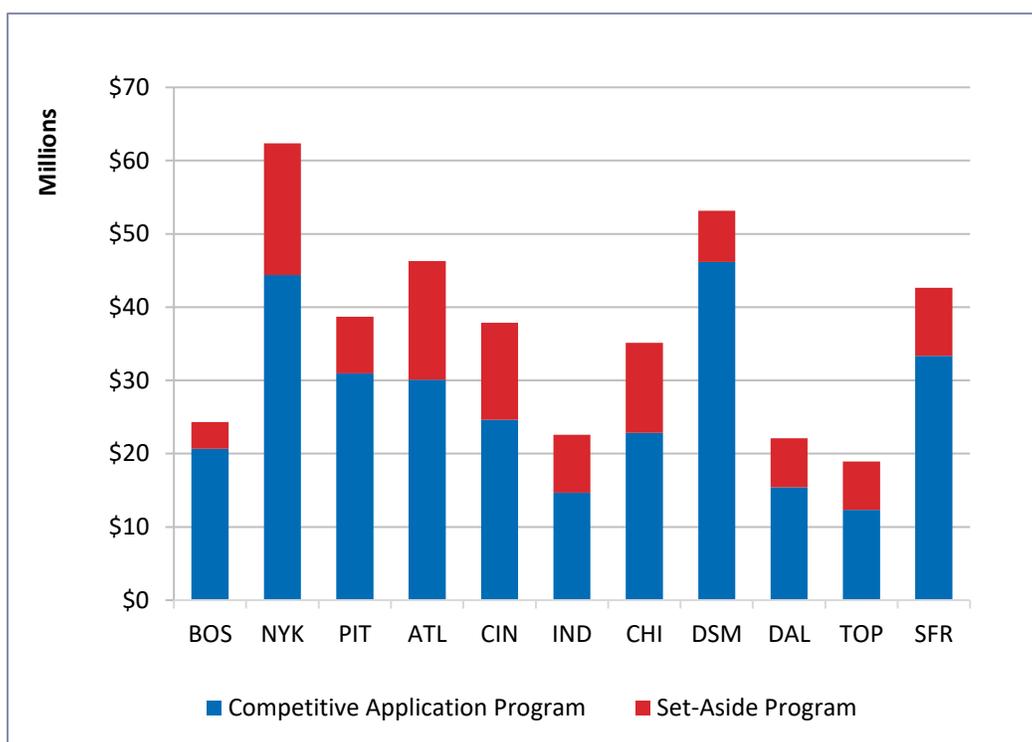
<sup>15</sup> Unless otherwise noted, data contained in all charts and tables in this report were submitted by the FHLBanks and validated by FHFA. Dollars have been rounded. AHP competitive application program data include only approved, active projects; thus, the data do not include approved but withdrawn projects.



In 2019, the AHP statutory contributions for individual FHLBanks ranged from approximately \$18.9 million by the Topeka FHLBank to approximately \$62.4 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 had implemented homeownership set-aside programs in 2019. Figure 2 details the FHLBanks' competitive application program and set-aside program funding allocations in 2019.

**Figure 2: 2019 FHLBank AHP Statutory Funding Allocations**



**FHLBank Awarded Funds:** In 2019, the FHLBanks awarded a total of approximately \$457.6 million through the AHP, with approximately \$340.6 million funding competitive application programs and \$117 million funding set-aside programs. This funding supported 46,149 housing units – 28,375 units in the competitive application program and 17,774 units in the set-aside program.



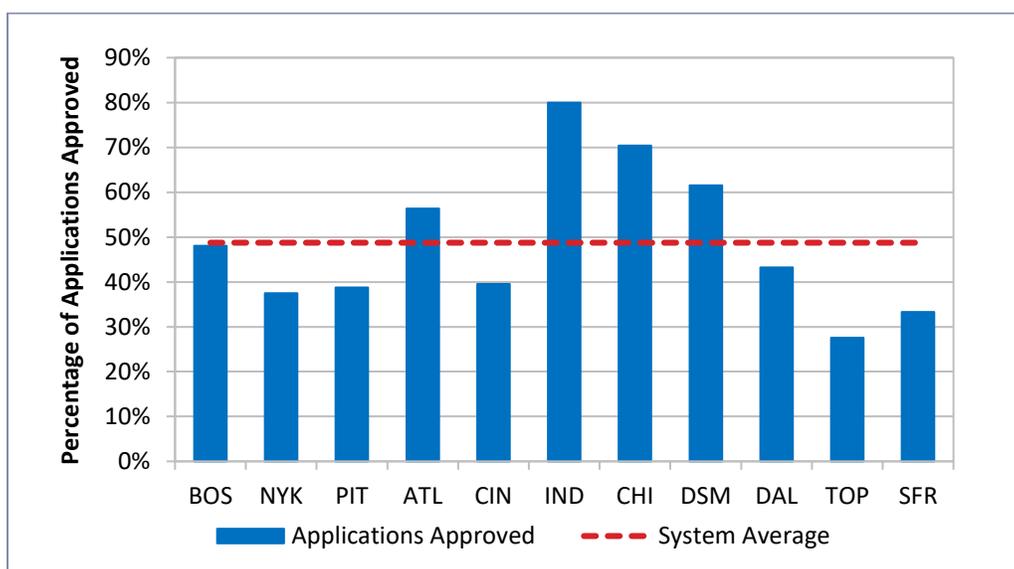
The amount of funds awarded in a given year may include funding adjustments from prior years or funds accelerated from future years. In these circumstances, an FHLBank’s amount of awarded funds may differ from the statutorily required contribution of funds.

## 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 project applications. Each FHLBank’s evaluation uses a 100-point scoring system that is tailored to meet the affordable housing needs objectives of that FHLBank but is also subject to certain scoring criteria for affordable housing needs set forth in the AHP regulation. Under the regulatory requirements applicable in 2019, 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 criteria, with the total points equaling 100. The FHLBanks also assess projects’ developmental feasibility and, for rental projects, operational feasibility. In addition, the FHLBanks evaluate projects’ satisfaction of other regulatory eligibility criteria.

In 2019, the FHLBanks approved, on average, about 49 percent of applications received (see Figure 3), down about 1 percentage point from 50 percent in 2018.

**Figure 3: 2019 AHP Competitive Program Applications Approved**



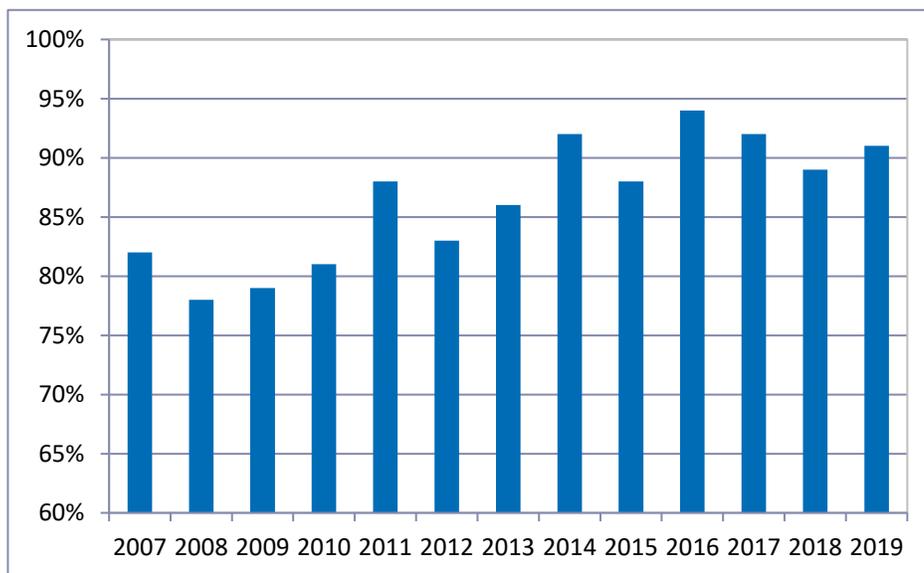
Source: FHFA’s Call Report System



**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 2019, the FHLBanks awarded funds to 552 competitive application program projects, ranging in amounts from approximately \$48,000 to \$2.5 million per rental project, and from approximately \$20,000 to \$1,000,000 per owner-occupied project. Subsidy per unit for rental projects was about \$11,500, and subsidy per unit for owner-occupied projects was about \$17,700. Since the competitive application program’s inception in 1990, the FHLBanks have awarded approximately \$5.3 billion in funding to over 18,300 projects supporting over 735,000 units. Over that period, 75 percent of these units were in urban or suburban areas and 25 percent were in rural areas.<sup>16</sup> Seventy-eight percent of these units were rental units, and 22 percent were owner-occupied units.

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 2019, rental units constituted about 91 percent of total competitive application program units, up from 89 percent in 2018 (see Figure 4).

**Figure 4: AHP Competitive Application Program Percentage of Rental Units (2007 – 2019)**



<sup>16</sup> 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.



**Households Served:** By statute, at least 20 percent of a rental project’s 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.<sup>17</sup> In 2019, 72 percent of total AHP-assisted rental units and 44 percent of total AHP-assisted owner-occupied units served households at or below 50 percent of AMI (see Figure 5). In 2018, 52 percent of total AHP-assisted owner-occupied units served households at or below 50 percent of AMI.

In 2019, 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 but fell for owner-occupied units compared to 2018. Specifically, 23 percent of competitive application program rental units assisted households with incomes of 30 percent or less of AMI in 2019, up slightly from 22 percent in 2018, while 7 percent of competitive application program owner-occupied units assisted households with incomes of 30 percent or less of AMI in 2019, down from 9 percent in 2018.

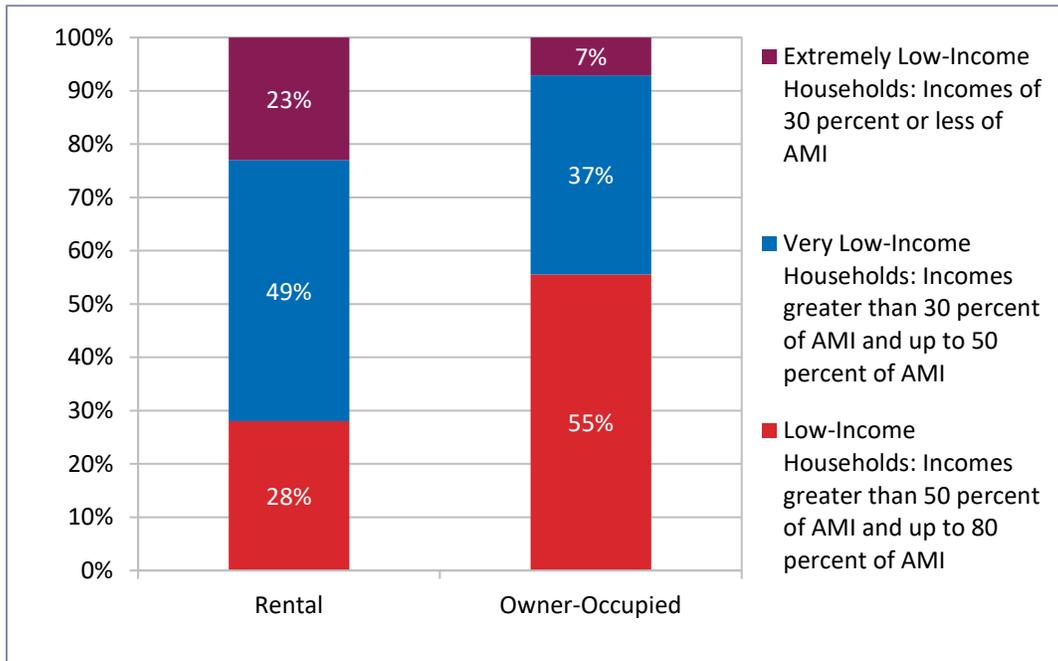


### Victorian Towers

Victorian Towers in Cape May, New Jersey involved the renovation of a 205-unit building for senior citizens. Over half of those units are reserved for very low-income individuals. The project is an example of mixed-income housing, with the remaining units ranging across income levels up to and including market-rate units. (Source: FHLBank New York. Photo credit: Diocesan Housing Services)

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

**Figure 5: 2019 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 (522,752 of 735,328 units) have served very low-income households.

**Urban/Rural Demographics:** In 2019, urban or suburban projects represented approximately 79 percent of total competitive application program projects and 86 percent of total competitive application program units (see Figure 6). Urban or suburban projects averaged 55 units per project, the same as in 2018, while rural projects averaged 32 units per project, down slightly from 33 units in 2018. The average subsidy per unit for rural projects was \$15,020, about \$1,400 higher than in 2018. Approximately 88 percent of very low-income units funded in 2019 were urban or suburban units, increasing slightly from 87 percent in 2018.<sup>18</sup>

<sup>18</sup> As stated previously, projects that receive scoring points for rural housing are counted as rural projects for 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.



**Figure 6: 2019 Competitive Application Program Urban/Suburban and Rural Projects**

	Urban or Suburban Projects		Rural Projects		Total Projects
<b>Total Number of Awarded Projects</b>	434	79%	118	21%	552
<b>Funds Awarded (in \$ million)</b>	\$282.7	83%	\$57.8	17%	\$340.6
<b>Housing Units</b>	24,522	86%	3,853	14%	28,375
<b>Number of Very Low-Income Housing Units</b>	16,888	88%	2,358	12%	19,246
<b>Average Number of Units per Project</b>	55		32		50
<b>Average Subsidy per Unit</b>	\$11,530		\$15,020		\$12,004

**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 2018 and 2019. Over this time period, the development cost ratio decreased at seven 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 (2018 and 2019)**

FHLBank	Average Subsidy Per Unit		Average Development Cost Per Unit		Subsidy/Development Costs	
	2018	2019	2018	2019	2018	2019
Boston	\$9,130	\$15,875	\$203,338	\$194,632	4.5%	8.2%
New York	\$14,639	\$14,202	\$257,737	\$277,147	5.7%	5.1%
Pittsburgh	\$19,691	\$19,636	\$144,195	\$193,959	13.7%	10.1%
Atlanta	\$6,037	\$6,490	\$202,152	\$191,093	3.0%	3.4%
Cincinnati	\$12,709	\$13,722	\$118,268	\$145,852	10.7%	9.4%
Indianapolis	\$11,958	\$10,413	\$176,853	\$158,074	6.8%	6.6%
Chicago	\$11,050	\$10,371	\$191,831	\$193,212	5.8%	5.4%
Des Moines	\$13,735	\$19,595	\$102,316	\$124,059	13.4%	15.8%
Dallas	\$7,634	\$8,013	\$79,042	\$105,916	9.7%	7.6%
Topeka	\$11,485	\$13,142	\$133,775	\$75,066	8.6%	17.5%
San Francisco	\$10,866	\$9,969	\$378,061	\$445,964	2.9%	2.2%

*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.<sup>19</sup> In 2019, approximately 66 percent of AHP projects obtained funding from at least one other federal housing program, up from approximately 60 percent in 2018 (see Figure 8).

<sup>19</sup> See 12 U.S.C. § 1430(j)(9)(G).



**Figure 8: AHP Projects Approved in 2019 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	282	51%
Home Investment Partnerships (HOME) Program	145	26%
Other Federal Housing Programs	77	14%
Community Development Block Grant (CDBG) Program	49	9%
Federal Housing Administration (FHA) Programs	20	4%
AHP Projects Receiving Funding from Federal Sources	366	66%

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



### Highland Place

Highland Place in Kingsport, Tennessee received AHP competitive application program subsidy. The project involves new construction of 12 rental units for very low- to moderate-income households, as well as homeless and special needs households.

(Source: Cincinnati FHLBank)





### Arroyo Village

The Arroyo Village development in Denver, Colorado encompasses a continuum of care for people experiencing housing instability. The 130-unit complex received an AHP competitive application program subsidy and includes a homeless shelter, supportive housing, and affordable housing. (Source: Topeka 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 2019, 72 percent of projects (398 projects) served homeless persons or persons with special needs, an increase from 67 percent in 2018. Figure 9 shows that a little under half of 2019 projects (41% of projects) served persons with disabilities.



**Figure 9: 2019 AHP Competitive Application Program Projects Serving Persons with Special Needs and Homeless Households**

Special Needs and Homeless Projects	2019 Projects Serving Persons with Special Needs and Homeless Households		1990-2019 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 <sup>a</sup>	41%	226	4,254
Projects with Units Reserved for Elderly Households <sup>a</sup>	24%	134	3,613
Projects with Units Reserved for Homeless Households <sup>a</sup>	37%	203	5,491
Projects with Units Reserved for both Special Needs and Homeless Households	28%	157	2,890

<sup>a</sup> Projects with 20 percent or more of total units reserved for occupancy by such households.

Note: A project may serve more than one such population.



**626 Mission Bay Boulevard North**

626 Mission Bay Boulevard North provides 153 new affordable units in San Francisco, California, with 20 percent of the units set aside for formerly homeless households. (Source: San Francisco 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.<sup>20</sup>

The 2018 AHP final rule raised the maximum permissible set-aside grant amount per household from \$15,000 to \$22,000. In 2019, ten out of eleven FHLBanks maintained their maximum permissible grant amounts per household at \$15,000. One FHLBank, the San Francisco FHLBank, increased its maximum permissible grant amount per household to \$22,000.<sup>21</sup>

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.<sup>22</sup> 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 population type. 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 2019, the FHLBanks' set-aside programs provided approximately \$1.3 billion in funding, supporting over 221,000 households. Over 83 percent (184,649) of the households assisted were first-time homebuyers. During this period, the average set-aside grant per household was \$5,869.

In 2019, total funding for the set-aside programs was approximately \$117 million, an increase from \$112 million in 2018. The average set-aside grant per household was \$6,581, about \$600

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<sup>20</sup> See 12 C.F.R. §§ 1291.41, 1291.42.

<sup>21</sup> This subsidy increase was a result of the FHLBank's early adoption of the 2018 AHP final rule provision.

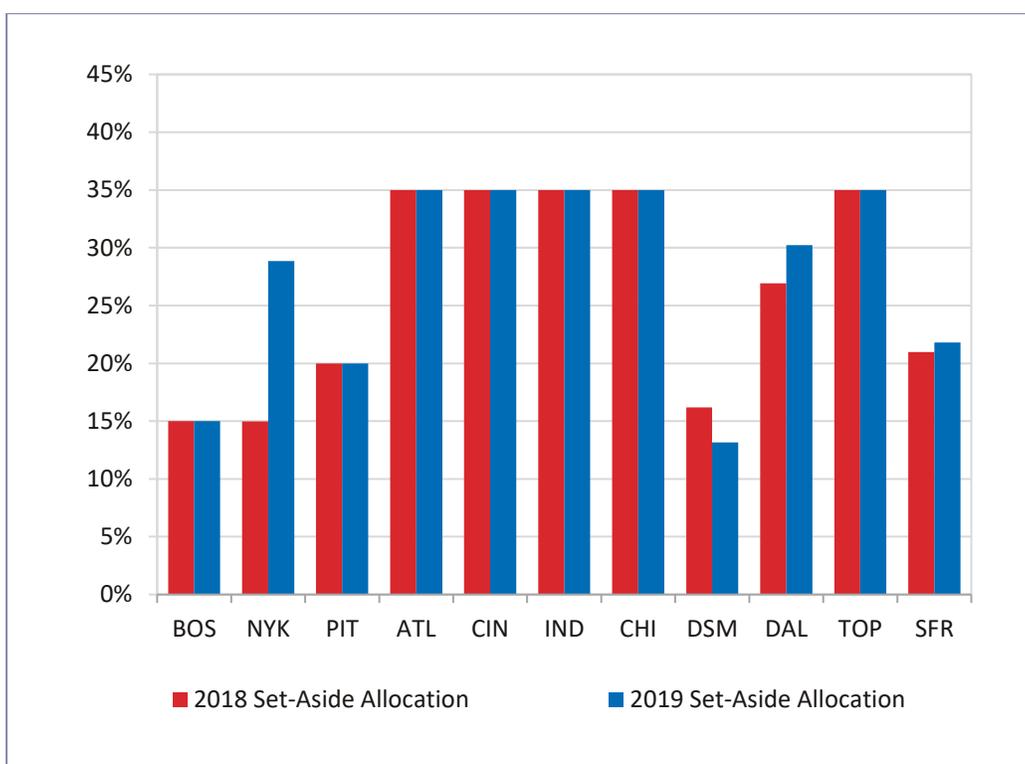
<sup>22</sup> The data that FHFA collects aggregate set-aside funds used for closing costs and down payments. The FHLBanks also separately submit data on home rehabilitation assistance.



more than in 2018. Set-aside program funds accounted for approximately 27 percent of total AHP funds allocated in 2019, an increase from 25 percent in 2018.

Figure 10 shows individual FHLBank set-aside program funding allocations as a percentage of total AHP statutory funding allocations in 2018 and 2019.<sup>23</sup>

**Figure 10: FHLBank Homeownership Set-Aside Program Funding Allocations as a Percent of Total AHP Funding Allocations (2018 and 2019)**



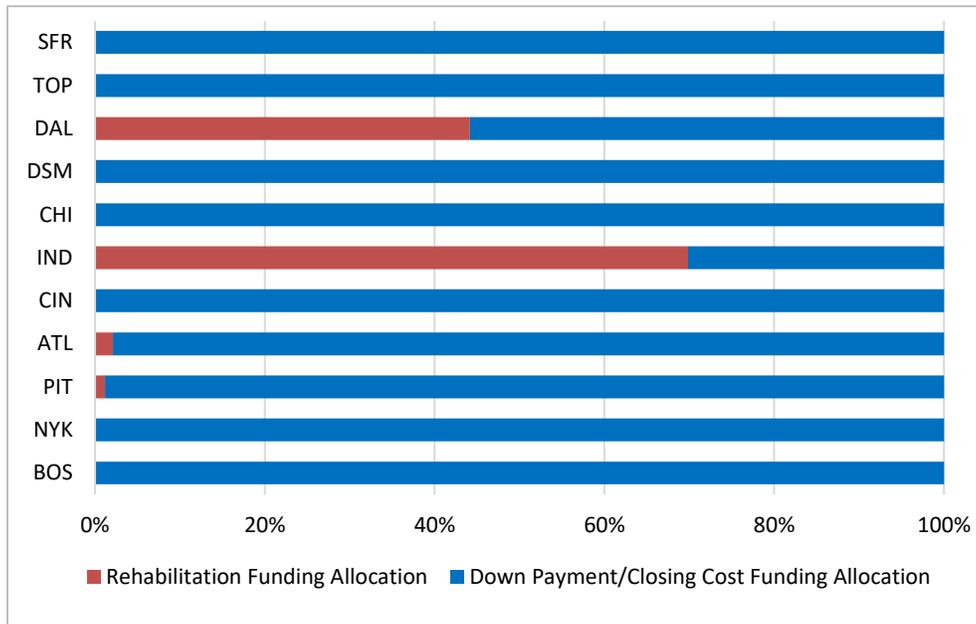
**Use of Homeownership Set-Aside Funds:** The FHLBanks have flexibility in their approved uses of set-aside funds. Historically, the FHLBanks have allocated the majority of set-aside funds to down payment or closing cost assistance. In 2019, the FHLBanks funded about \$107.8 million in down payment or closing costs, approximately 92 percent of total set-aside program funding, which was about the same percentage as in 2018. In 2019, six FHLBanks (Atlanta, Indianapolis, Chicago, Dallas, Des Moines, and Pittsburgh) allocated set-aside funds for

<sup>23</sup> 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.



rehabilitation (see Figure 11).<sup>24</sup> Overall, rehabilitation funding in 2019 was approximately \$9.2 million, or 8 percent of total set-aside program funding, the same percentage as in 2018.

**Figure 11: 2019 AHP Homeownership Set-Aside Program Funding Allocations**

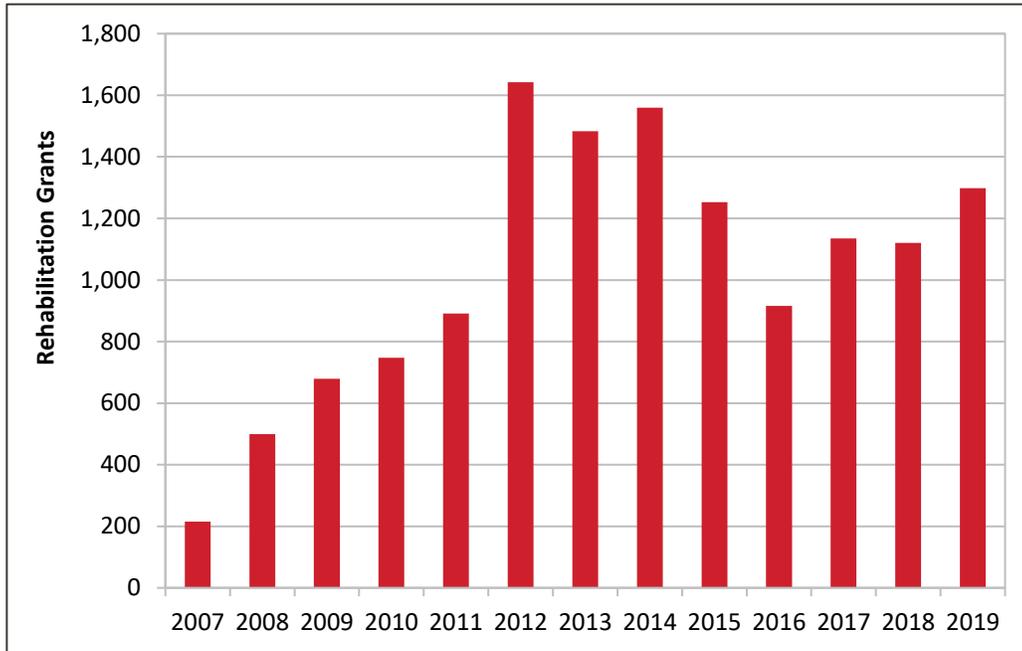


The total number of set-aside rehabilitation assistance grants increased from 1,120 in 2018 to 1,298 in 2019 (see Figure 12).

<sup>24</sup> The FHLBanks of Chicago and Des Moines each allocated approximately 0.1 percent of set-aside program funds to rehabilitation. These amounts do not appear distinctively in Figure 11.



**Figure 12: Number of AHP Homeownership Set-Aside Grants Used for Rehabilitation Assistance (2007 – 2019)**



Assistance for roof repair was provided through the Neighborhood Improvement Program, a set-side program for owner-occupied rehabilitation. (Source: Indianapolis 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 (that is, significantly below 80 percent of AMI). In 2019, the average income of households assisted by the set-aside programs, excluding rehabilitation assistance, was about \$44,000 per year, or 60 percent of AMI. The average house price for households assisted by the set-aside programs, again excluding rehabilitation assistance, was approximately \$137,000 in 2019, about 8 percent higher than in 2018. Data on the number of households assisted, average household incomes, and average house prices under the set-aside programs for each FHLBank in 2019 are shown in Figure 13.

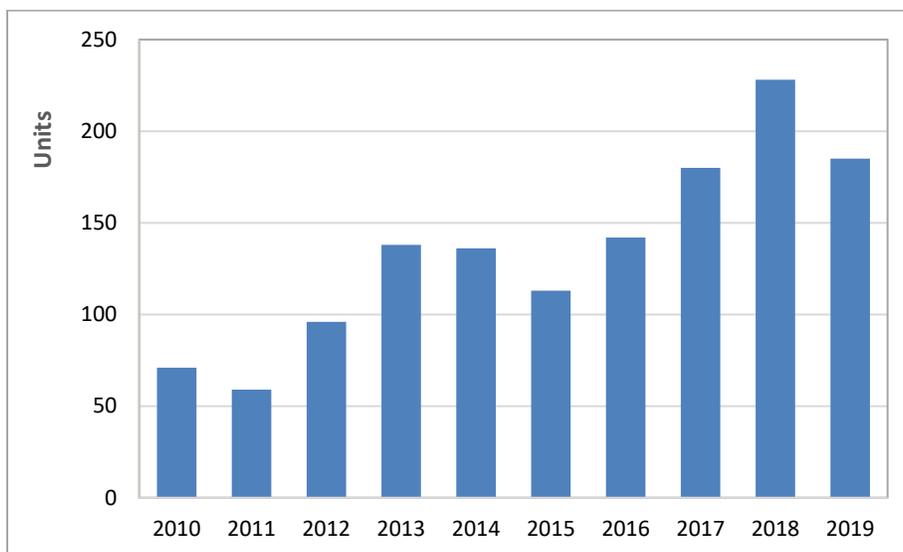
**Figure 13: 2019 Set-Aside Programs for Down Payment and Closing Cost Assistance: Number of Households Assisted, Average Household Incomes, and Average House Prices**

FHLBank	Number of Households Assisted	Average Household Income	Average Household Income as a Percentage of AMI	Average House Price
Boston	255	\$46,979	61	\$166,214
New York	1,883	\$47,562	58	\$132,874
Pittsburgh	1,683	\$40,721	58	\$129,335
Atlanta	3,139	\$51,632	62	\$192,878
Cincinnati	2,519	\$43,623	58	\$115,181
Indianapolis	323	\$37,100	59	\$107,710
Chicago	3,167	\$39,989	61	\$111,245
Des Moines	1,123	\$39,104	62	\$123,097
Dallas	512	\$35,981	61	\$121,219
Topeka	1,341	\$45,165	55	\$105,220
San Francisco	531	\$45,706	64	\$218,197



**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. As shown in Figure 14, the number of manufactured housing units assisted by the set-aside programs generally trended up from 2010 through 2018. In 2019, 185 manufactured housing units received set-aside program funds.

**Figure 14: Number of AHP Homeownership Set-Aside Manufactured Housing Units (2010-2019)**



**First-Time Homebuyers:** As discussed above, an FHLBank must allocate at least one-third of its annual set-aside funding contribution to assist first-time homebuyers, but FHLBanks often reserve more than one-third of their set-aside program funding for such homebuyers. In 2019, 15,882 first-time homebuyers (89 percent of total set-aside funding recipients) received set-aside funding, approximately 800 fewer than in 2018. The average AHP subsidy provided to these homebuyers was about \$6,600.

**First-Time Homebuyers Financing:** Figure 15 includes a breakdown, by income group, of first-time homebuyers assisted by the set-aside programs in 2019. Approximately 95 percent of first-time homebuyers assisted received fixed-rate first mortgage loans, the same percentage who received such loans in 2017 and 2018. About 91 percent of these first-time homebuyers received a first mortgage loan originated by an FHLBank member, slightly down from 93 percent in 2018.



Some lower income households, even with a set-aside grant, need additional assistance to purchase a home. In 2019, approximately 16 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 the set-aside grant, up slightly from 15 percent in 2018.<sup>25</sup> However, consistent with previous years, in 2019, fewer of these first-time homebuyers who received set-aside funds also obtained a second mortgage loan (472), and even fewer (107) obtained a combination of a first mortgage loan, second mortgage loan, and non-AHP grant or forgivable loan.

**Figure 15: 2019 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 <sup>a</sup>
Incomes at or below 30 percent of AMI	333	364	81	6	3
Incomes greater than 30 percent, to 50 percent of AMI	3,257	3,195	596	91	29
Incomes greater than 50 percent, to 80 percent of AMI	11,456	10,957	1,841	375	75
Total	15,046	14,516	2,518	472	107

<sup>a</sup> The column total is a subset of the previous two columns.

## 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 projects<sup>26</sup> and economic development projects

<sup>25</sup> 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.

<sup>26</sup> 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).



through both the CIP and CICA programs.<sup>27</sup> Unlike the AHP, however, CIP and CICA funding is not subject to specific statutory funding allocation requirements.<sup>28</sup> 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 projects are generally less restrictive than for CIP projects, which could also drive program participation. 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
<b>Type</b>		Statutorily Required (Bank Act)	Voluntary
<b>Participants</b>		FHLBank members	FHLBank members and housing associates <sup>29</sup>
<b>Eligible Uses</b>		Economic Development, Mixed-Use, and Housing	Economic Development or Mixed-Use
<b>Targeted Income</b>	<b>Housing</b>	Household incomes are 115 percent or less of AMI	N/A
	<b>Economic Development</b>	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, <sup>30</sup> and areas where rural households' incomes are 115 percent or less of AMI, or urban households' incomes are 100 percent or less of AMI
<b>Award Type</b>		Advances and Letters of Credit <sup>31</sup>	Long-term advances, Letters of Credit, and Grants
<b>Advance Pricing</b>		Cost of funds plus reasonable administrative costs	Regular advance pricing or discounted advance pricing

<sup>27</sup> 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).

<sup>28</sup> FHLBanks may, however, cap the amount of funding that is available.

<sup>29</sup> 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.

<sup>30</sup> 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.

<sup>31</sup> Letters of credit issued by an FHLBank guarantee payments made to another entity under stated conditions.



**Amount Funded:** Figure 17a provides details of the CIP and CICA programs and their funding for both 2018 and 2019. As in recent years, CIP generally funded housing projects, while CICA generally funded economic development projects. Both programs included a small amount of mixed-use project funding. CIP total advance commitments for both housing and economic projects were almost \$3.4 billion in 2019, an increase from approximately \$3.1 billion in 2018. Of this amount, CIP advance commitments for housing projects were about \$3.3 billion, an increase from approximately \$3 billion in 2018. CIP funding assisted about 27,500 housing units in 2019, approximately 1,700 more units than in 2018. As in prior years, the majority of these units were rental units. However, in 2019, 53 percent of CIP-assisted housing units were rental, down from 57 percent in 2018 (see Figure 17b).

Total CICA advance commitments were approximately \$3.1 billion in 2019, about the same level as in 2018. CICA advance commitments for mixed-use projects increased to approximately \$24.3 million in 2019 from about \$4.6 million in 2018.



### Friendship House

CIP funds were used for refinancing and new construction on Friendship House, an apartment complex for seniors and people with mobility impairment in West Lafayette, Indiana. (Source: Indianapolis FHLBank)



**Figure 17a: CIP and CICA Overview (2018 and 2019)**

		CIP		CICA	
		2018	2019	2018	2019
2019 Total Advance Commitments <sup>a</sup>		\$3,132	\$3,381	\$3,102	3,075
	Advance Commitments for Housing Projects	\$3,016	\$3,285	N/A	N/A
	Advance Commitments for Mixed-Use Projects <sup>b</sup>	\$10.5	\$5.2	\$4.6	\$24.3
	Advance Commitments for Economic Development	\$105.1	\$90.5	\$3,097	3,050
Grants		N/A	N/A	\$7.6	\$8.6
Letters of Credit (Housing, Mixed-Use, and Economic Development Projects)		\$604.8	\$294.7	\$46.8	\$18.5
Total Projects <sup>c</sup>		483	427	610	617
Total Housing Units		25,773	27,496	N/A	N/A
	Owner-Occupied	11,001	12,956	N/A	N/A
	Rental	14,772	14,540	N/A	NA

<sup>a</sup>Total advance commitments include CIP advance commitments where an initial disbursement occurred. Excludes rollovers and refinancings of previous advances.

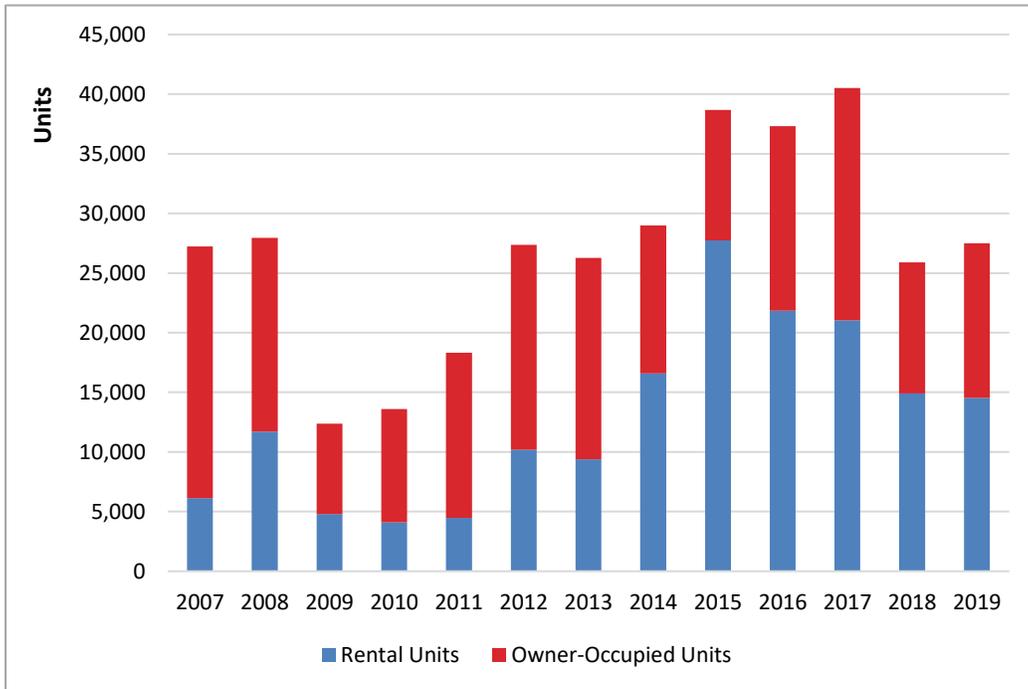
<sup>b</sup>CICA funding other than CIP funds may be used for mixed-use projects, but income targeting is only required for the economic development portion of the project. For mixed-use projects funded under CIP, both the housing and economic development portions of the project must meet the appropriate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

<sup>c</sup>Total 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 (2007-2019)



CIP advance commitments for economic development projects decreased to \$90.5 million in 2019 from \$105.1 million in 2018. Economic development projects continue to constitute a minority of total CIP projects. In 2019, only 35 of 427 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 – 2019)**

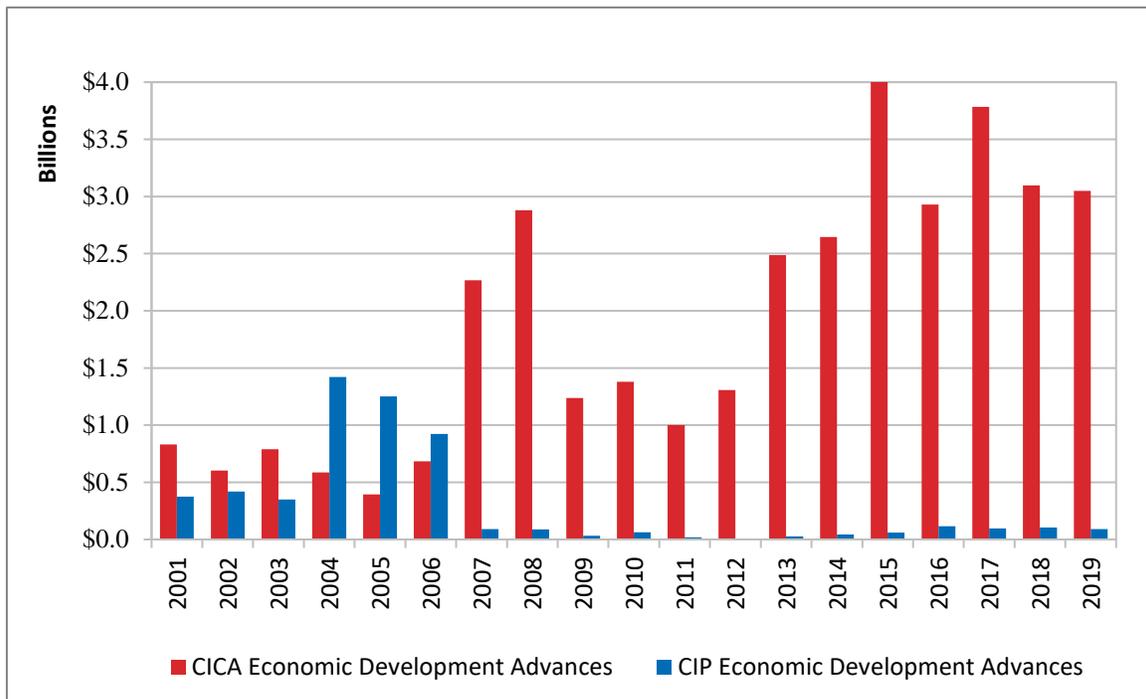


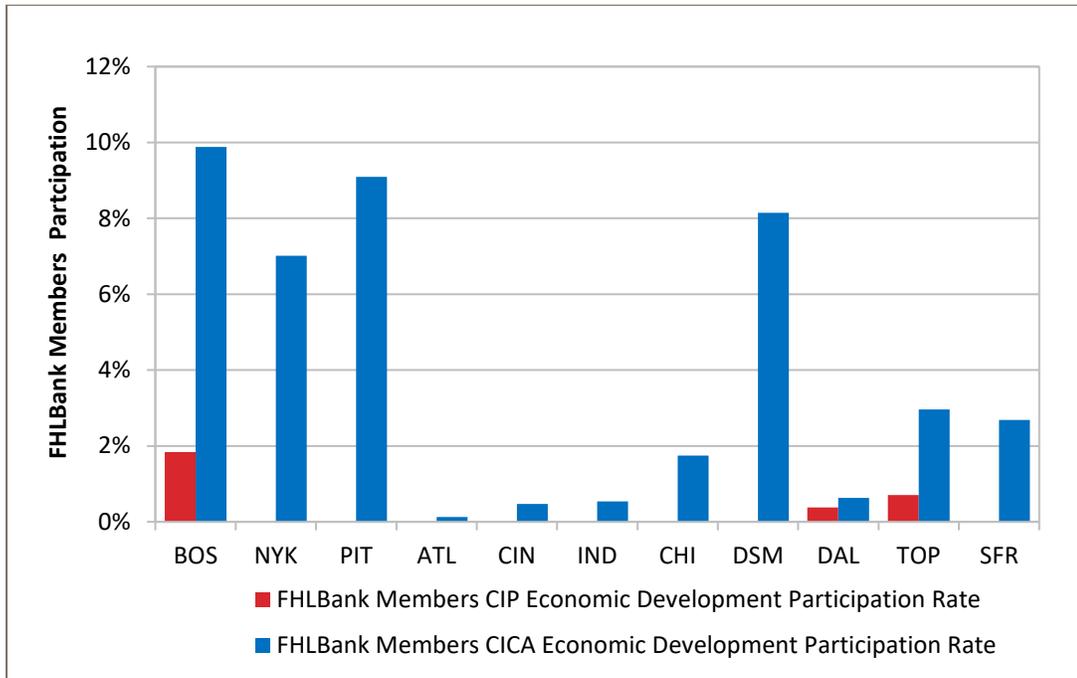
Figure 19 shows that, as was the case in previous years, FHLBank members’ participation in the CIP economic development program in 2019 remained low compared with their participation in the CICA economic development program. In the period between 2007 and 2019, CIP economic development advances have 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, 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; 2019 CIP housing funding was about \$268 million higher than 2018 housing funding. Figure 21b outlines FHLBank members’ participation in the CIP housing advances program in 2019.

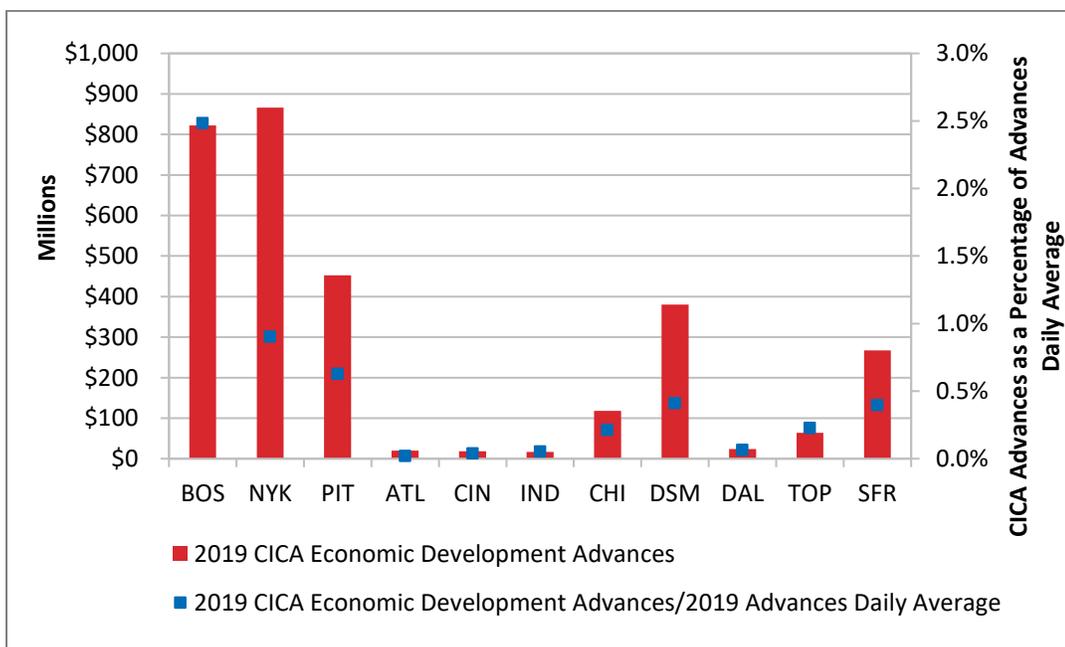


**Figure 19: 2019 FHLBank Members' Participation in CIP and CICA Economic Development Program**



Source: FHFA Membership System

**Figure 20: 2019 CICA Economic Development Funding**



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



Figure 21a: CIP Housing Funding (2001 – 2019)

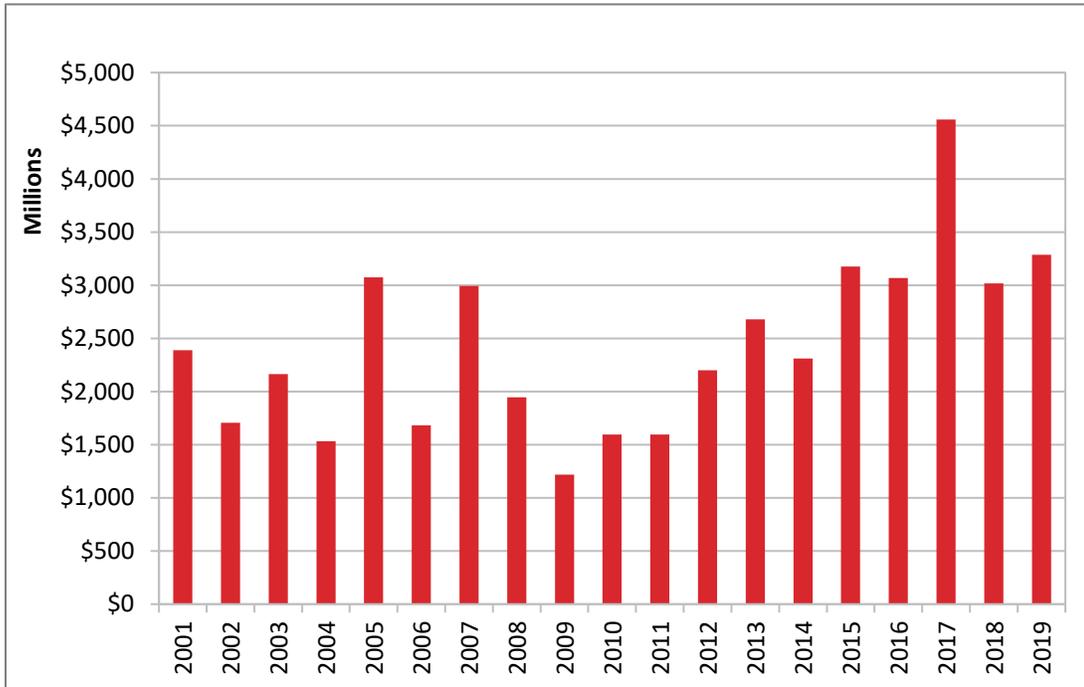
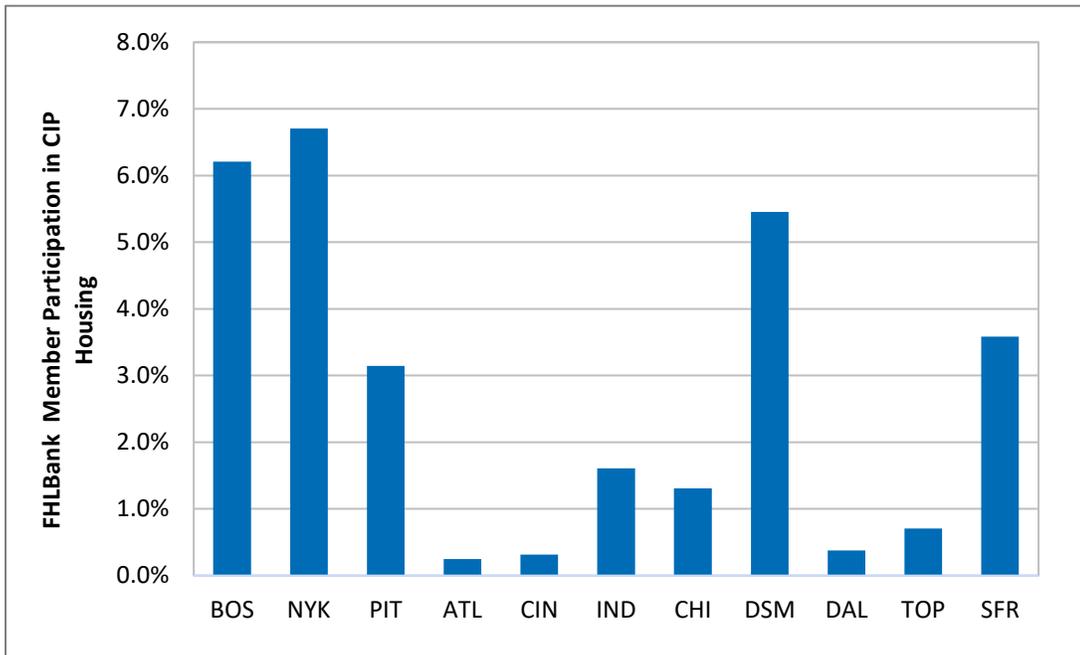


Figure 21b: 2019 FHLBank Members' Participation in CIP Housing Program



Source: FHFA Membership System





### Casa Del Sol

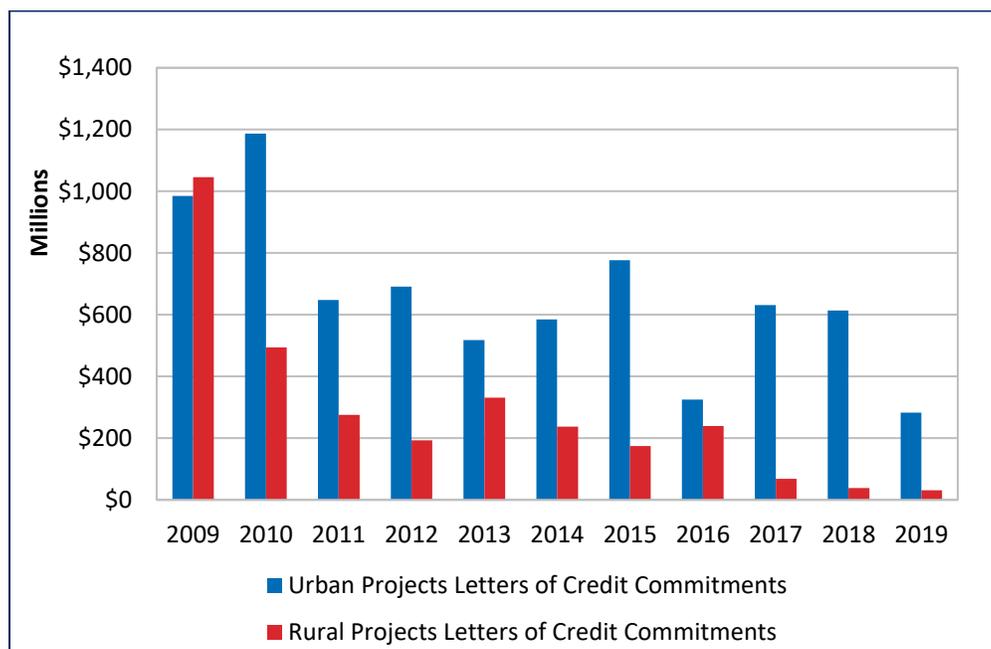
A CIP Advance and an AHP competitive application program award were used for the rehabilitation of Casa Del Sol. Located in the Pilsen neighborhood of Chicago, the project provides 52 units of affordable rental housing. (Source: Chicago FHLBank)

**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 decreased sharply from approximately \$604.8 million in 2018 to approximately \$294.7 million in 2019. CICA letters of credit decreased even more dramatically on a percentage basis over the same period, from approximately \$46.8 million in 2018 to approximately \$18.5 million in 2019. The decline in CIP letters of credit was driven mostly by declines from 2018 to 2019 at the Dallas and San Francisco FHLBanks, and the decline in CICA letters of credit was driven mostly by declines from 2018 to 2019 at the Dallas FHLBank. Not all FHLBanks participated in CIP and CICA letters of credit programs in 2019.



Figure 23 shows that the use of letters of credit in 2019 under the CIP and CICA programs to assist projects in urban areas decreased substantially, from approximately \$613.4 million in 2018 to \$282.8 million in 2019. The use of letters of credit under these programs to assist projects in rural areas also decreased from approximately \$38.2 million in 2018 to \$30.5 million in 2019.

**Figure 23: CIP and CICA Program Urban and Rural Projects Letters of Credit Commitments (2009 – 2019)**



## 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, 2019, 60 non-depository CDFIs were FHLBank members and all FHLBanks had at least two non-depository CDFI members (see Figure 24). The total number of non-depository CDFI members is the same as in 2018.

Non-depository CDFI members’ total outstanding FHLBank advance balances were approximately \$261.6 million in 2019, an increase from about \$221.5 million in 2018. Figure 25 shows the growth of the number of CDFI members and size of advances to them from 2012 through 2019.

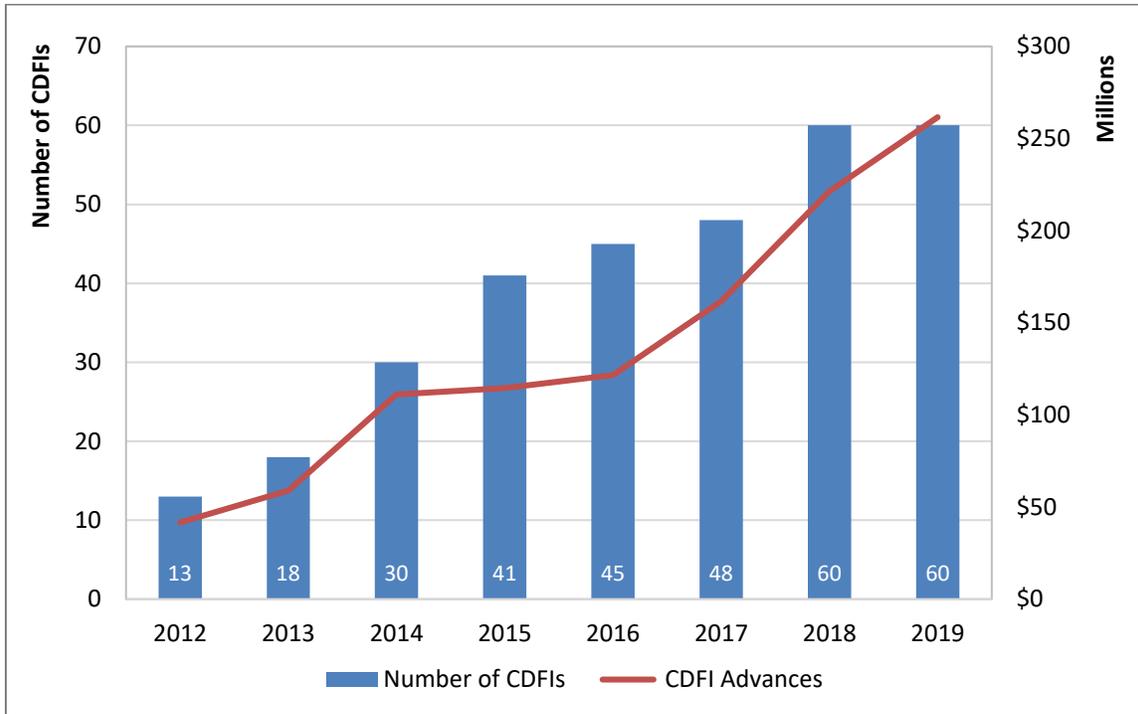
**Figure 24: Non-Depository CDFI Members per FHLBank (2018 and 2019)**

<b>FHLBANK</b>	<b>2018</b>	<b>2019</b>
Boston	4	4
New York	4	5
Pittsburgh	2	2
Atlanta	8	9
Cincinnati	7	6
Indianapolis	5	4
Chicago	6	6
Des Moines	6	6
Dallas	7	7
Topeka	2	4
San Francisco	9	7
<b>Total</b>	<b>60</b>	<b>60</b>

*Source: FHFA Membership System*



Figure 25: Non-Depository CDFI Members and Advances (2012 - 2019)



**Hollister Hill Apartments**

Hollister Hill Apartments, an affordable housing complex in Marshfield, Vermont, received AHP competitive program subsidy for rehabilitation.

(Source: Boston FHLBank)

## 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.<sup>32</sup> 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.<sup>33</sup> FHFA's Community Support Program (CSP) regulation implements these statutory provisions by establishing standards and procedures for the submission and review of the FHLBank members' community support performance.<sup>34</sup>

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.<sup>35,36</sup> 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, FHLBank Affordable Housing Programs, or other FHLBank Community Investment Cash Advance Programs will be restricted due to noncompliance.

Pursuant to the two-year review cycle, 6,409 FHLBank members submitted a CSS in 2019. Of these members, over 99 percent satisfied the community support standards.<sup>37</sup>

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<sup>32</sup> 12 U.S.C. § 1430(g)(1).

<sup>33</sup> 12 U.S.C. § 1430(g)(2).

<sup>34</sup> 12 CFR part 1290.

<sup>35</sup> All FHLBank members must submit a CSS for the 2019 biennial review unless: the member has been a member of the FHLBank System for a total of less than one year as of March 31, 2019; the member has 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 will be merged, acquired, or otherwise withdrawn from FHLBank membership with an effective date after October 31, 2019.

<sup>36</sup> 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.

<sup>37</sup> Less than one percent of FHLBank members were not in compliance with CSP standards, and were placed on CSP restriction.



## **FHLBank Members' CRA Ratings**

Among FHLBank members subject to community support review during the 2019 review cycle, 70 percent were also required to submit their CRA ratings (*i.e.*, Outstanding, Satisfactory, Needs to Improve, or Substantial Noncompliance) to FHFA.<sup>38</sup> Of these members, 10 percent had received an Outstanding, 90 percent received a Satisfactory, and less than 1 percent received either a Needs to Improve or Substantial Noncompliance rating.

## **FHLBank Members' Activities Supporting First-Time Homebuyers**

During the 2019 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 2017. Members may demonstrate their support to 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, investment, services, and other activities. Of the members that reported making mortgage loans to first-time homebuyers, 55 percent were commercial banks, 30 percent were credit unions, 7 percent were savings associations, 8 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, 28 percent of commercial banks reported participating in an FHLBank AHP or other targeted community investment or development program, 46 percent of credit unions reported participating in or supporting special counseling or homeownership education that benefit, serve, or are targeted to first-time homebuyers, and 90 percent of insurance companies reported having held mortgage-backed securities that may include a pool of loans to low- and moderate-income homebuyers.

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<sup>38</sup> The remaining 30 percent of FHLBank members were not subject to CRA requirements.



A small percentage of members (less than 1 percent) provided descriptions of other activities not listed on the CSS Form that they implemented to support first-time homebuyers. Examples of these other activities included members investing in joint partnerships with community investment organizations, and members collaborating with their subsidiaries on first-time homebuyer financing or marketing initiatives.

## Housing Goals

Under FHFA's FHLBank housing goals regulation governing the FHLBanks' 2019 Acquired Member Assets (AMA) mortgage purchases, each FHLBank was subject to housing goals if its purchases of eligible whole mortgages through its AMA programs exceeded an annual volume threshold of \$2.5 billion. For each FHLBank that exceeded this \$2.5 billion threshold, FHFA undertook an evaluation to determine the FHLBank's housing goals performance.<sup>39</sup> This evaluation addressed 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 evaluated whether the percentage share of the FHLBank's applicable AMA mortgage purchases met or exceeded a retrospective market comparison level using HMDA data available the next year.

On June 25, 2020, FHFA published a final rule amending the FHLBank housing goals regulation, which became effective on August 24, 2020. The new goals become applicable in 2021 with an initial three-year enforcement phase-in period. The final rule removes 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: combines the four above-referenced housing goals categories into a single mortgage purchase housing goal; establishes a prospective target percentage for this goal rather than the retrospective market comparison level derived from the HMDA data; and establishes a new small member participation housing goal.

To comply with the new mortgage purchase housing goal beginning in 2021, each FHLBank will have to 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 new small member participation housing goal, each FHLBank will have to ensure that, of the participating financial institutions from which it purchases at least one AMA mortgage loan in the year being

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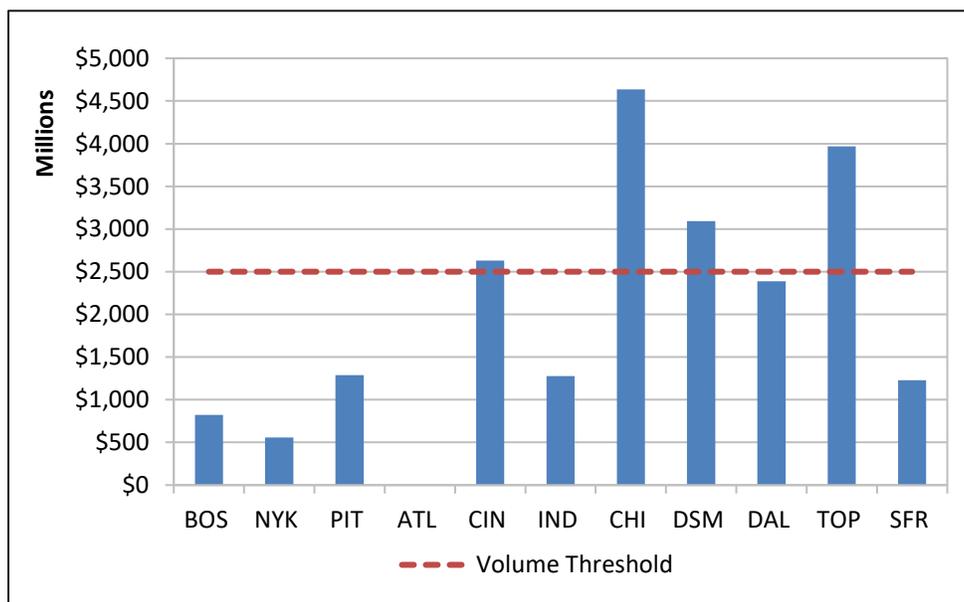
<sup>39</sup> See 12 C.F.R. § 1281.11(a).



measured, the proportion with total assets below a specified threshold 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, small member participation housing goal, or both.

All FHLBanks purchased mortgages through AMA programs in 2019, and four FHLBanks – the Cincinnati, Chicago, Des Moines, and Topeka FHLBanks – exceeded the \$2.5 billion volume threshold (see Figure 26). FHFA is in the process of evaluating these FHLBanks’ housing goals performance based on their AMA mortgage purchases. In October 2019, FHFA informed these FHLBanks that FHFA would not require the submission of housing plans based on the FHLBanks’ performance in 2019 if their purchases did not exceed \$2.75 billion (that is, no more than 10 percent above the volume threshold). FHFA retained the discretion to impose a housing plan on a FHLBank exceeding that level and failing to meet the housing goals.

**Figure 26: 2019 FHLBank AMA Purchases**



## Appendix 1: 2019 FHLBank Advisory Council Reports

Below are highlights from the 2019 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.<sup>40</sup> The FHLBank Advisory Council Reports are not all published at the same time.

The **Boston FHLBank Advisory Council Report** highlights the Pines, a senior housing community in Ocean Park, Maine that received an AHP competitive application program award from the FHLBank. The 60-unit community was built in 1971 on cement slab foundations, making it challenging and costly to make even minor repairs. A comprehensive strategic planning process concluded that the entire property should be rebuilt. The report notes that after the rehabilitation of the project, residents live in energy-efficient units with new appliances, have access to a residential services coordinator who connects them with resources, and have access to on-site maintenance staff. Residents are able to participate in seminars focused on healthy cooking, wellness, proper use of medications, and long-term and estate planning. The staff continually organizes workshops and sessions to benefit the seniors.

The report also highlights the use of the FHLBank's Community Development Advances (CICA advances), which assisted in the purchase of a 110,000-square-foot building in North Adams, Massachusetts that was transformed into a center that includes a mix of more than 50 businesses. The building is now known as Norad Mill, and houses a mix of retail, small manufacturing, and office space for more than 150 employees. The report also includes a summary of the FHLBank's Community Development Advance funding. In 2019, the FHLBank funded almost \$1 billion in Community Development Advances, supporting over 1,600 housing units. Since 1990, the FHLBank has funded almost \$24 billion in Community Development Advances, supporting over 78,000 housing units.

The report also highlights that for 19 consecutive years, the FHLBank has worked with partners to host the Greater Boston Affordable Housing Development Competition, and provides a brief summary of 2019 contest winners.

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<sup>40</sup> 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 **New York FHLBank Advisory Council Report** highlights the St. Augustine Apartments, a 111-unit project in the Morrisania neighborhood in the Bronx, on the site of the former St. Augustine Church, which received an AHP competitive application program award from the FHLBank. The project, a partnership between the Association of New York Catholic Homes and HSBC Bank USA, will serve families and individuals with special needs and will reserve one-third of its units for formerly homeless individuals. The report also highlights the grand opening of Sunrise Acres III Supportive Housing Project on the St. Regis Mohawk Reservation. The tribe’s reservation straddles the St. Lawrence River and the New York-Canada border. The project consists of 18 units for seniors and homeless veterans and is “the first tribal project to receive an [AHP] award from the [FHLBank].”

The FHLBank’s report also provides data analysis including AHP awards by region, competitive applications submitted and approved over the last five years, set-aside program metrics such as average subsidy over each of the last five years, disaster recovery grant program performance, and CICA letters of credit activity.

The **Pittsburgh FHLBank Advisory Council Report** highlights West End Neighborhood House, in Wilmington, Delaware, noting it is Delaware’s primary provider of housing and support services to foster youth. Since 2008, the organization has been awarded three AHP grants by the FHLBank to help create transitional and permanent housing for dozens of youth aging out of the foster care system. The organization was awarded an AHP grant by the FHLBank in 2019 to create 10 new single occupancy residences and a resource center space to support homeless youth. One of the new units will be a fully handicap-accessible residence. The report notes that the new units will replace vacant and blighted properties.

The report also highlights the FHLBank’s Blueprint Communities program, noting that participants are typically small communities with populations of less than 30,000. To lead their respective development efforts, each community assembles a team of 8 to 10 stakeholders, including a local government official, a real estate development professional, and representatives from both a community organization and an FHLBank member. The report notes that each team devotes one year to creating a strategic plan. At the end of the year, the communities receive their official Blueprint Community designation from the FHLBank and begin implementing their strategic plans. The communities also have access to FHLBank grants and funding to support their efforts while they are designated Blueprint Communities, which can be up to 10 years. The report notes that in 2019, six West Virginia communities embarked on multi-year revitalization efforts enabled by the Blueprint Communities initiative. The report also states that since 2005, the Blueprint Communities initiative has leveraged \$452 million and assisted 58 communities.



The **Atlanta FHLBank Advisory Council Report** provides a number of data metrics regarding the FHLBank’s AHP competitive application program and AHP set-aside program. The report provides a comparison of the FHLBank’s competitive application program in 2018 to the program in 2019, highlights that the total subsidy amount awarded in 2019 was the highest the FHLBank had awarded since 2011, and notes that the numbers of units and projects in 2019 were at their highest respective levels since 2010. The report also details the FHLBank’s various set-aside programs and initiatives and provides data on 2018 and 2019 set-aside program funding and units. In addition, the report lists the FHLBank’s outreach and events conducted to ensure that AHP and CICA products and services are made available to and accessible by as many FHLBank members and their customers as possible.

The report also provides information on the performance of the FHLBank’s Community Heroes Initiative, which launched in June 2018. This voluntary initiative is designed to address the decreasing ability of law enforcement officers, public school educators, firefighters, and other first responders to obtain affordable housing in the communities in which they serve. The Community Heroes initiative relies on partnerships between the FHLBank, local governments or housing finance agencies, and local FHLBank members. In 2019, the FHLBank entered into 10 separate partnerships under the initiative for a total commitment of \$2.1 million.

The **Cincinnati FHLBank Advisory Council Report** highlights two voluntary FHLBank programs, the Carol M. Peterson Housing Fund and the Disaster Reconstruction Program. According to the report, the FHLBank’s Advisory Council and Board of Directors believe that voluntary programs allow the FHLBank to respond quickly to emerging housing needs in the FHLBank’s District. The Carol M. Peterson Housing Fund, named in memory of the FHLBank’s first Community Investment Officer, was established in honor of her commitment to serve low- and moderate-income households with special needs throughout the FHLBank’s district. The Fund provides grants for accessibility rehabilitation and emergency repairs for “low- and moderate-income, elderly homeowners and those with special needs.” In 2019, \$2.1 million was set aside for this Fund. In total, the FHLBank has disbursed \$11.4 million on behalf of 2,021 households through this Fund. The report also describes the FHLBank’s Disaster Reconstruction Program, which assists residents in the FHLBank’s district whose homes were damaged or destroyed by natural disasters. Since the program’s inception in 2012, more than \$3.9 million has been disbursed to assist 275 households. In 2019, nearly \$300,000 was disbursed to 53 households.

The **Indianapolis FHLBank Advisory Council Report** highlights Bottle Works Lofts, an affordable housing development in Fort Wayne, Indiana that received an AHP competitive application program award from the FHLBank. The report indicates that the development of the



Bottle Works Lofts rehabilitated an aging historic building that was previously a Coca-Cola bottling plant, creating 31 affordable housing units with many on-site amenities. According to the report, the opening of the building helps fill a gap in affordable housing in Fort Wayne, in which 41 percent of residents are considered “housing burdened,” defined as paying more than 30 percent of their income on housing-related expenses.

The report also highlights Warren Village II, an affordable housing development that received an AHP competitive application program award from the FHLBank. The report states that the development provides 40 one- and three-bedroom units, a leasing office, and a community space. Additionally, 20 three-bedroom, single-story homes were constructed on vacant lots donated by the city of Terre Haute. The report also highlights two additional AHP projects that received AHP competitive application program awards from the FHLBank: the Carter Work Project in Mishawaka, Indiana, which built 22 new homes for lower income families and renovated or repaired other homes; and Berkshire Niles in Niles, Michigan, an active independent senior community for residents 55 and older.

The **Chicago FHLBank Advisory Council Report** provides detail on the FHLBank’s AHP competitive application program and set-aside program funding and units assisted, including funding and units assisted by these programs in each state in the FHLBank’s district and type of unit (rental or owner-occupied). The report also describes the FHLBank’s voluntary Community First Disaster Relief Program. Through this program, the FHLBanks’ members distribute grants to eligible households and businesses within FEMA-declared disaster areas in the FHLBank’s district. The report notes that since creation of the program in November 2013, the FHLBank has distributed over \$1.6 million in disaster relief grants across Illinois and Wisconsin. The report also discusses the FHLBank’s voluntary Community Small Business Advance program, noting that the program helps the FHLBank’s members in supporting their local economies by offering initial zero percent financing to small business customers in income-eligible communities in Illinois and Wisconsin. At year-end 2019, the FHLBank had \$18 million in community small business advances outstanding.

The **Des Moines FHLBank Advisory Council Report** provides a list of the FHLBank’s AHP competitive application program projects by state, detailing specific information about projects such as project development costs. The report also discusses the FHLBank’s Native American Homeownership Initiative, a FHLBank set-aside program. In 2019, the FHLBank awarded \$718,478 in down payment grants for 58 Native American households. The report also notes that in the FHLBank’s 2019 Targeted Community Lending Plan, the FHLBank set a goal to increase Community Investment Advances (which include both CIP and CICA advances) originations. The report indicates that in response to a coordinated campaign, 44 FHLBank members originated



\$105.6 million in Community Investment Advances. According to the report, additional benefits of the Community Investment Advances campaign included enhancement of the product's ease of use and greater visibility among FHLBank members. The report includes data analysis of the Community Investment Advances during each month of 2018 and 2019.

The **Dallas FHLBank Advisory Council Report** details the use of the FHLBank's competitive application program grants to help revitalize Mississippi communities, including an AHP grant made for rehabilitation of 40 homes in Mississippi, mostly inhabited by lower income, elderly, and special needs homeowners living in substandard conditions. Additionally, the report highlights the FHLBank's Housing Assistance for Veterans (HAVEN) funds, an AHP set-aside program that provides home rehabilitation assistance for veterans and active-duty, reserve, or National Guard service members who became disabled as a result of their military service since September 11, 2001. These funds can also be awarded to Gold Star families who lost a loved one through active-duty military service since September 11, 2001. Almost \$200,000 was distributed through the HAVEN program in 2019, and over \$500,000 has been provided since its inception in 2011.

The report also includes a description of the FHLBank's newest programs, the Small Business Boost (SBB) program and the Disaster Rebuilding Assistance (DRA) program. The SBB is a community investment program to help members provide loans to qualified small businesses. The report notes the program essentially fills the gap between the loan request of an eligible small business and what the FHLBank member can finance, providing an additional boost of capital when a small business does not have the required equity or collateral to get a loan request fully funded by a FHLBank member. These SBB funds are provided as secondary, unsecured loans. The report indicates that \$3 million has been disbursed by the FHLBank through the program, helping 43 businesses support 278 jobs. The report also describes the FHLBank's DRA program, under which FHLBank members provide FHLBank grants for the repair and rehabilitation of owner-occupied housing affected by a disaster in federally declared disaster areas in the FHLBank's district. In 2019, the DRA program provided approximately \$278,000 in grants, assisting 30 units.

The **Topeka FHLBank Advisory Council Report** highlights Brewery Lofts in Hastings, Nebraska, which received FHLBank AHP competitive application program funds to rehabilitate an inoperative historic brewery into a 35-unit, low-income housing complex. The rehabilitated complex has energy efficient appliances, an elevator, communal areas throughout the building, and creative green spaces on the grounds. The report also highlights Arroyo Village, which also received an AHP competitive application program award from the FHLBank. The report notes that Arroyo Village is the first project of its kind in Colorado to encompass a continuum of care



for people experiencing housing instability. The newly renovated property combines a 60-bed homeless shelter, 35 one-bedroom permanent supportive housing units, and 95 affordable family housing units.

The report also includes a description of housing challenges identified in the FHLBank's district, noting that the FHLBank's district contains nearly 695,000 vacant housing units, more than 19,000 occupied housing units lacking complete plumbing facilities, and more than 48,000 occupied housing units lacking complete kitchen facilities. The report notes that more than 1.5 million owner-occupied and rental households in the FHLBank's district are cost-burdened, spending more than 30 percent of their household income on housing costs.

**The San Francisco FHLBank Advisory Council Report** notes that the FHLBank's 2019 AHP competitive application program assisted low-income seniors, people who have experienced homelessness, veterans and their families, at-risk youth, autistic adults, and individuals with other special needs, including addiction, developmental disabilities, mental illness, or long-term chronic illnesses. The report highlights a number of AHP competitive program projects including New Hope Housing Dale Carnegie in Houston, Texas, a 170-unit single room occupancy permanent supportive housing project for homeless and special needs individuals, as well as 1064 Mission Street in San Francisco, California, which will create 256 units of affordable supportive housing for formerly homeless adults and seniors, with an urgent care clinic onsite.

The report also indicates that the FHLBank awarded five AHEAD grants to support disaster recovery and resiliency efforts in response to the California wildfires of 2018 and 2019. The report provides a list of grant recipients, noting that the grants were delivered through FHLBank members to regenerate economic activity in affected areas, redevelop affordable housing in an equitable way for displaced residents, and enhance their communities' preparedness for future disasters. The report also indicates that the FHLBank reached out to engage diverse stakeholders, and that in 2019, the FHLBank sponsored, co-sponsored, or participated in over 90 public and industry events and affordable housing and community development conferences, forums, roundtables, and meetings.



## 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 2019.

**Figure A: AHP Funding Allocations to the Set-Aside and Competitive Application Programs (2003 – 2019)**

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
2019	27%	\$ 108.6	73%	\$ 295.4



**Competitive Application Program Funding:** Figure B details rental and owner-occupied competitive application program projects from 1990 to 2019. 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 2019 were rental units, with 18 percent of units being owner-occupied units.

**Figure B: AHP Competitive Application Program Projects Overview (1990 – 2019)**

		Rental Projects		Owner-Occupied Projects		Total Projects
<b>Total Number of Awarded Projects</b>		11,497	63%	6,852	37%	18,349
<b>Funds Awarded</b>		\$4.2 billion	79%	\$1.1 billion	21%	\$5.3 billion
<b>Housing Units</b>		576,106	78%	159,222	22%	735,328
	<b>Very Low-Income Housing Units</b>	429,785	82%	92,967	18%	522,752

**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 2019. 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 2019 period, on average, urban or suburban projects had more units per project (46) than rural projects (29). Units in rural projects, however, received a higher average AHP subsidy per unit (\$7,994) than units in urban or suburban projects (\$6,985).<sup>41</sup>

<sup>41</sup> 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 (1990-2019)**

	Urban or Suburban Projects		Rural Projects		Total Projects
<b>Total Number of Awarded Projects</b>	11,996	65%	6,353	35%	18,349
<b>Funds Awarded</b>	\$3.8 billion	72%	\$1.5 billion	28%	\$5.3 billion
<b>Housing Units</b>	548,573	75%	186,755	25%	735,328
<b>Number of Very Low-Income Housing Units</b>	396,974	76%	125,778	24%	522,752
<b>Average Number of Units per Project</b>	46	N/A	29	N/A	40
<b>Average Subsidy per Unit</b>	\$6,985	N/A	\$7,994	N/A	\$7,242



## Appendix 3: AHP Competitive Application Program Projects

Figure D outlines each FHLBank's 2019 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 2019, the AHP regulation required each FHLBank to allocate 100 scoring points among the following nine scoring criteria.<sup>42</sup>

- 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<sup>43</sup>
- 6) First District priority – Each FHLBank selects one or more priorities from the following priorities identified in the AHP regulation:
  - Special needs populations<sup>44</sup>
  - 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

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<sup>42</sup> The 2018 AHP final rule revised these scoring criteria, but the FHLBanks have until January 1, 2021 to implement the relevant changes. No FHLBank elected to implement the amended scoring criteria for its 2019 competitive application program funding round. Accordingly, this description reflects the regulatory requirements as presented in 12 CFR § 1291.5(d) (January 1, 2018 edition).

<sup>43</sup> 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 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.

<sup>44</sup> 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 may be visited by persons with physical disabilities who are not occupants of such housing.



- Housing in rural areas
- Urban infill or urban rehabilitation housing
- Projects that promote economic diversity<sup>45</sup>
- 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

9) Community stability<sup>46</sup>

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<sup>45</sup> 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.

<sup>46</sup> 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.



**Figure D: 2019 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	17	6	10	27
Des Moines	5	10	20	10	5	15	18	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: 2019 FHLBanks' AHP Implementation Plans.*

Figure E highlights the specific types of projects serving special needs or homeless households that were assisted by the AHP competitive application program in 2019.<sup>47</sup> For example, the highlighted row in red shows that six projects served all of the types of special needs populations listed in the AHP regulation, as well as homeless households. The last row in blue shows that 154 projects did not specialize in serving special needs or homeless households.

<sup>47</sup> 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.



**Figure E: 2019 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		X				82
X						78
				X		74
		X				57
X				X		32
	X	X				17
		X		X		11
X	X	X			X	7
X	X	X				6
X	X	X	X	X	X	6
X		X		X		5
		X			X	4
	X	X			X	3
X	X		X	X	X	3
		X	X			2
	X					2
	X				X	2
X				X	X	2
X	X		X		X	2
X		X			X	1
X	X	X		X	X	1
X	X	X	X		X	1
						154

