FHLBank PITTSBURGH

2025 Targeted Community Lending Plan

December 12, 2024

Table of Contents

Executive Summary 1

Market Research 2

- Strategic Plan 3
- Consultation with Stakeholders, Affordable Housing Advisory Council 3
- Engagement of Strategic Partners, Members, Housing Associates and Public/Private Economic Development Organizations 3
- Market Research Methodology 6
- Federal and State Recognized Tribes 7

Credit Needs, Significant Affordable Housing Needs and Market Opportunities 8

- Significant Affordable Housing Needs 8
- Addressing Credit Needs and Market Opportunities 16

Addressing Significant Affordable Housing Needs through AHP 20

- 2025 AHP Scoring vs DNA report findings supporting the 2025 AHP scoring 21

Community Lending and Affordable Housing 2024 Performance and 2025 Goals 22

- 2024 Goal Performance as of Oct. 31, 2024 22
- 2025 Goals 24

Executive Summary

The Federal Home Loan Bank of Pittsburgh (FHLBank) is pleased to provide our 2025 Targeted Community Lending Plan (Plan). The Plan is an outline of our proposed activities for 2025 that will assist our members in reaching their housing and community development goals for the communities that they serve.

The Federal Housing Finance Agency (FHFA) Community Support Programs regulation at 12 CFR 1290 requires all Federal Home Loan Banks (FHLBanks) to complete an assessment of the credit needs and market opportunities for community lending in their district. The regulation also requires that each Federal Home Loan Bank develop an annual Plan that:

i. Reflects market research conducted in each FHLBank district;

ii. Describes how FHLBanks will address identified credit needs and market opportunities in each district for targeted community lending;

iii. Developed in consultation with its Affordable Housing Advisory Council (Advisory Council), and with members, housing associates and public and private economic development organizations in each district;

iv. Establishes quantitative targeted community lending performance goals; and

v. Identifies and assesses significant affordable housing needs in its district that will be addressed through its Affordable Housing Program (AHP).

Further, the Plan must be approved by FHLBank's Advisory Council and Board of Directors (Board), published on FHLBank's public website, and submitted to the FHFA.

Within this 2025 Plan, FHLBank provides a summary of the credit needs and market opportunities identified for our district (consisting of Delaware, Pennsylvania and West Virginia, herein referred to as "district").

The development of the 2025 Plan relies primarily on a comprehensive report (the District Needs Assessment for Delaware, Pennsylvania and West Virginia, herein referred to as the "DNA report"), completed by FHLBank in 2024. The entire DNA report can be accessed via FHLBank's website. The DNA report describes housing challenges and community needs using information from a variety of sources. This includes quantitative data – large databases of national data analyzed for our district – and qualitative data found in existing studies and reports. It also includes community input from an online survey administered in March 2024, five focus group meetings held in April 2024 and 10 stakeholder interviews that were administered in March and April 2024. Throughout the DNA report's development, FHLBank consulted with the Advisory Council, members, housing associates and public and private housing and economic development organizations in our district.

The DNA report shows that rapidly rising development costs and higher home prices and rents, have intensified housing challenges and insecurity for vulnerable populations, and have expanded affordability challenges to higher income households in FHLBank's district since 2020.

The DNA report shows that in FHLBank's district, 51% of all low-income households are paying more than 30% of household income on housing expenses. Renters in the district have more housing challenges than homeowners, with 44% of low-income homeowners experiencing housing challenges compared to 59% of low-income renters. One in four low-income households pay more than 50% of their income on housing and are extremely cost burdened. An additional 1.5% of district households live in overcrowded homes or homes lacking basic kitchen or bathroom facilities. Of note, it highlights racial equity issues, such as minority households being more likely to experience housing challenges. Less than 25% of all White households experience housing challenges, compared to 41% for Black/African American households and 43% for Latino households. Black/African American individuals are more likely to

experience homelessness. In 2022, 46% of homeless individuals identified in the U.S. Department of Housing and Urban Development (HUD) Point-in-Time Survey were Black/African American, yet only comprise 10% of the population within the district.

FHLBank continues to offer our community investment products and initiatives to support affordable housing and community investment, which includes a suite of products and initiatives that provide members the resources needed to expand their lending and investing in affordable housing and community development. These community-related offerings are funded through FHLBank's earnings, either through a statutory annual contribution to AHP and First Front Door (FFD), or voluntary contributions to products such as Banking On Business (BOB), Banking On Business Inclusion and Equity fund (BOBIE), Blueprint Communities®, the voluntary housing grant initiative, First Front Door Keys to Equity fund (Keys) and Home4Good. We are required by statute to contribute 10% of the prior years' pre-AHP assessment net income to AHP. FHLBank also offers the Community Lending Program (CLP) that combines the eligibility of the required Community Investment Program and the broader eligibility under the Community Investment Cash Advances regulation. The products offered by FHLBank are important to our membership and the communities that they serve.

In 2023 and 2024, FHLBank's Board increased the voluntary allocation for community products to 5% of the prior year's pre-AHP assessment net income, which is in addition to the statutory 10% requirement. The additional funding supports a suite of voluntary community products, including three recent initiatives: a voluntary housing grant initiative supporting FHLBank's district's affordable housing needs; BOBIE, a targeted small business lending product, which was established as a Special Purpose Credit Program (SPCP); and Keys, another SPCP that expands access to homeownership opportunities.

In 2025, FHLBank will continue efforts to assist our members and other stakeholders in the district to address the increasing challenges for affordable housing and community development identified in our market assessment.

Refer to FHLBank's 2023 Impact Report or our community investment success stories for details on these products and their impact.

FHLBank is committed to conducting its business in accordance with Federal fair housing and fair lending laws.

Market Research

FHLBank's DNA report involved extensive market research in assessing the credit needs and market opportunities in the district. The DNA report provides a comprehensive analysis of the affordable housing and credit needs and opportunities. The DNA report is referenced throughout this Plan and was used to inform our strategy to address the needs and opportunities, and to establish performance goals. FHLBank continually assesses market conditions to inform the needs outlined in the Plan.

Access to safe, decent and quality affordable housing remains a challenge for low- to moderate-income individuals and families. Post-pandemic federal funding opportunities are diminishing, yet many of the challenges persist. The lack of new housing supply in affordable ranges, coupled with the district's aging housing stock, leaves buildings dilapidated, undeveloped and vacant with long waitlists for a limited supply of available housing. Despite our diverse geography throughout the district, these challenges are seen in many communities whether they are rural, urban or suburban.

From an economic development perspective, research indicates that minority- and women-owned businesses continue to face barriers to access capital due to lack of equity or collateral, lower credit scores or length of credit histories. These disparities, largely due to generational income and wealth gaps, make it difficult for minority- and women-owned businesses to start and maintain a business.

The market research completed by FHLBank will help shape and guide our 2025 Community Lending and Affordable Housing goals. Continued member and community stakeholder engagement is key to achieving these goals.

Strategic Plan

FHLBank's Strategic Plan starts with our dual mission to assure the flow of credit to members to support housing finance and community lending and provide related services that enhance their businesses and vitalize their communities.

Vitalizing Communities is one of six 2025 key strategic plan goals in the Bank's Strategic Plan. The broad Vitalize Communities goal:

- Apply a progressive and dynamic approach to community support and member engagement; Expand impact using key findings from the DNA report
- Continue to promote affordable, sustainable, equitable, and resilient housing and community investment

The Strategic Plan recognizes that providing a relevant mix of community products that help our members achieve their community investment objectives is an important resource. The goals in this Plan align with our Strategic Plan.

Consultation with Stakeholders, Affordable Housing Advisory Council

Our Advisory Council has 15 members who represent a cross-section of housing, economic and community development professionals from FHLBank's district. The Advisory Council's purpose is to advise FHLBank's Board and management on housing and community development matters in the district. Advisory Council members also assist in developing an ongoing understanding of specific needs and help build relationships with community stakeholders.

The Advisory Council actively participated in the DNA report and worked closely with FHLBank management to help create the Plan. The Advisory Council will continue to use these two resources to establish AHP policy, including an outcomes framework, AHP allocation and scoring priorities in our AHP General Fund.

In 2024, in addition to the required quarterly meetings with FHLBank's Board and management, the Advisory Council created task forces for AHP/Needs Assessment; Diversity, Equity and Inclusion (DEI); Blueprint Communities; and Nominations. The task forces participated in additional sessions to assess the AHP scoring, allocations and subsidy limits, as well as input and analysis of the DNA; provide input on the DEI-related community initiatives; support for the launch of a 2024 Blueprint Communities cohort in eastern Pennsylvania; and reappointment of five Advisory Council members and new selection of four Advisory Council members whose terms expire December 2024.

Engagement of Strategic Partners, Members, Housing Associates and Public/Private Economic Development Organizations

FHLBank engages strategic partners to enhance and sustain external partnerships that result in direct and indirect business opportunities for us and our members. As it relates to community investment, FHLBank enhanced or created new relationships by sponsoring and participating in conferences, developing success stories, joint event planning and execution, and engaging in policy discussions. The aim is to strengthen partnerships ensuring broad-based member and other key stakeholder use of FHLBank's affordable housing and community products.

Strategic partners are an important avenue for disseminating information to broader audiences and stakeholders. FHLBank communicates our community dividends opportunities, announcements, product timelines and special initiatives with our strategic partners to further collaborate with key stakeholders and to reach a broader audience throughout the district. As of Sept. 30, 2024, FHLBank engaged in significant outreach with 14 of our 15 strategic partners.

By Sept. 30, 2024, FHLBank introduced 37 potential AHP applications to member institutions, provided $54,250 in industry-related sponsorships, and completed 657 outreach calls to member institutions, strategic partners and stakeholders focused on community investment-related activity.

Our 2024 engagement activities include:

- Attending ACTION Housing annual luncheon supporting affordable housing in southwestern Pennsylvania
- Attending the annual Pennsylvania Downtown Center Conference
- Attending multiple events for projects supported by FHLBank products
- Attending NeighborWorks Rebuilding Our Communities networking luncheon
- Attending NeighborWorks training on developing successful partnerships with Native Organizations
- Attending Western Pennsylvania Community Development Group Networking meeting and presented AHP
- Collaborating with Allegheny County's Department of Human Services and County Executive Director of Housing
- Hosting AHP session at the Delaware Developers Roundtable
- Hosting AHP workshop for members and developers at the West Virginia Affordable Housing Program Workshop
- Hosting the FHLBank Blueprint Communities® Kickoff event, including a fireside chat with Pennsylvania Lieutenant Governor Austin Davis
- Hosting networking dinner with CommunityWorks
- Hosting Pennsylvania Bankers Association Community Development Financial Institution (CDFI) network gathering
- Leading and participating in Women in Housing and Finance Pennsylvania Communications Committee Meeting as communications committee chair
- Meeting with Native American House Alliance Philadelphia to discuss FHLBank's Native American outreach
- Meeting with representatives from the Lenape Tribe of Pennsylvania to discuss FHLBank Native American outreach
- Meeting with West Virginia Business Link about BOB/BOBIE
- Networking introduction to the Urban Redevelopment Authority of Pittsburgh (URA) to review AHP, program alignment and collaboration opportunities
- Participating on the Strategic Planning Committee and presented at an Equity in Policy session at the National Association of Housing and Redevelopment Officials (NAHRO) Conference
- Presenting AHP during U.S. Department of Agriculture Empower Hour in West Virginia
- Presenting AHP and Home4Good to Light of Life organization
- Presenting the AHP product to Shiloh Baptist Church, McCormack Baron, Berks Habitat for

Humanity, Spring Board Tiny Homes, Lycoming Habitat for Humanity, Housing Authority City of Pittsburgh, Trek Development, CDFI True Access Capital, Habitat for Humanity Harrisburg, WV Association of Housing Authorities

- Presenting BOB/BOBIE to WV Entrepreneurship Ecosystem
- Presenting community investment products to all 2024 Blueprint Communities
- Presenting FFD and Keys products at Urban League of Philadelphia's homebuyer workshop, and the Eastern Panhandle Board of Realtors.
- Presenting FHLBank and community product overview to The Pittsburgh Foundation
- Presenting to the Office of the Comptroller of the Currency's on how to establish a Special Purpose Credit Program
- Presenting an FHLBank and AHP overview to U.S. Department of Agriculture's southern West Virginia Rural Partners Network gathering

- Presenting an FHLBank and community products overview to Bridgeway Capital
- Presenting an overview of FHLBanks to the United South and Eastern Tribes housing subcommittee
- Participating on a panel discussing a Special Purpose Credit Program at the Philadelphia Convergence Conference
- Presenting Racial Wealth Gap simulation at the NAHRO conference
- Presenting Racial Wealth Gap simulation at the Pan African Symposium
- Providing AHP training to Women's Resource Center
- Speaking with representatives from the Advisory Council of Three Rivers about FHLBank Native American outreach
- Sponsoring and attending Pittsburgh Community Reinvestment Group conference
- Sponsoring and presenting AHP and Home4Good at the CommunityWorks West Virginia Housing Conference
- Sponsoring and presenting AHP as part of a panel at the 2024 Pennsylvania Housing Finance Agency Multifamily Housing Conference
- Sponsoring and presenting at the Pennsylvania Rural Housing Summit and presented AHP during a breakout session

Data alone does not convey the full picture of housing and community lending needs. The information may identify the populations and locations with disproportionate needs, but to gain a better understanding of why these issues persist requires input from the housing providers and funders working in the community.

To accomplish this, between February and April of 2024 as part of the DNA, FHLBank solicited feedback from our network of organizations working in the affordable housing and community development industry through an online survey, stakeholder interviews, and a series of focus groups where industry experts discussed housing and community lending challenges and opportunities within their respective areas. Stakeholders included lending institutions, nonprofit and for-profit housing developers, economic development specialists, neighborhood organizations, local, state, and federal government agencies, supportive service providers, advocates and housing experts who have worked with FHLBank in the past and are currently active in affordable housing-related activities within the district.

Survey

From February to March of 2024, FHLBank conducted an online Stakeholder Survey, and 211

stakeholders completed the survey. There was diversity among organization types and locations. The survey results identified key challenges and needs which helped inform the DNA report.

Focus Groups

FHLBank's consulting team facilitated five virtual focus groups around:

- Community and economic development
- Affordable housing needs including sustainability and climate resiliency
- Community and economic development lending/participation, focused on FHLBank members
- Housing and supportive service needs for homeless, underserved and other populations
- Equity in housing, community and economic development

Participants included industry experts from 48 organizations, including public, private and nonprofit spheres. The focus groups were held virtually using Zoom video conferencing combined with the Mural online meeting facilitation platform.

Stakeholder Interviews

FHLBank's consulting team facilitated 10 phone interviews with stakeholders around several topics:

- Barriers to economic development financing
- Energy efficiency related to affordable housing/community/economic development
- Housing, community or economic development needs in Delaware, Pennsylvania, and West Virginia
- Housing for households that are less than 30% area median income (AMI)
- Housing for households that are 80-120% AMI
- Rural housing - capacity building
- Urban and suburban affordable housing
- Wealth building, including Heirs' Property, financial literacy and sustainability of wealth

The key takeaways from these three forms of engagement are summarized in the Stakeholder Engagement section of the DNA report and throughout the Plan as it pertains to the fundamental housing and community lending challenges.

Market Research Methodology

The DNA report describes housing and community challenges and needs using information from a variety of sources. This includes quantitative data – large databases of national data analyzed for Delaware, Pennsylvania and West Virginia – and qualitative data found in existing studies and reports.

The primary data used for the DNA report comes from the American Community Survey (ACS) 2022 five-year estimates, which captures demographic, housing and economic indicators for all areas of the United States. The study assessed this data for Census Tracts, counties, regions and states. The regions were defined using a combination of state agency boundaries and metropolitan statistical area (MSA) boundaries used by the U.S. Census Bureau. The analysis examines HUD data, primarily the Comprehensive Housing Affordability Strategy (CHAS) datasets from 2023 (which uses ACS five-year 2018-2022 data) that identifies housing challenges by tenure, income, race/ethnicity and household type.

Additional datasets used for the DNA report come from the U.S. Bureau of Labor Statistics, HUD, Environmental Systems Research Institute, RS Means, Consumer Price Index, U.S. Department of Education, U.S. Department of Agriculture Economic Research Service, Home Mortgage Disclosure Act and Zillow.

The DNA report also incorporates housing needs as described by state and regional housing plans, reports on homelessness and feedback from FHLBank stakeholders through surveys, stakeholder interviews and focus group discussions. Finally, the DNA report incorporates recent data that tracks the continuing impact of COVID-19 on low-income families and the housing market.

Federal and State Recognized Tribes

While there are no Federally recognized tribes or tribal lands located in Delaware, Pennsylvania or West Virginia, there are Native American households in the district that are members of recognized tribes located in other parts of the country. The Native American households are largely concentrated in Philadelphia and Pittsburgh, with additional populations located in Erie County, Pennsylvania; Kent and Sussex County in Delaware; and Jefferson and Kanawha counties in West Virginia. The dispersion of Native American populations presents some challenges in providing support programs and services. There are two state recognized tribes located in Delaware – the Nanticoke Indian Association located in Sussex County and the Lenape Indian Tribe of Delaware located in Kent County. Other areas within the district with Native American populations include northeastern Pennsylvania and the Philadelphia area where the Lenape settled.

In 2024, FHLBank expanded outreach to the Native American community, including:

- Attending and co-presenting with other FHLBanks at Native American Conferences;
- Attending trainings on developing successful partnerships with Native organizations; and
- Developing an internship project to create internal awareness on Native American communities within FHLBank's footprint. This project consisted of a presentation including stories and narratives from community members.
- Meeting with representatives from Native American House Alliance Philadelphia, the Council of Three Rivers, and the Lenape Tribe of Pennsylvania to discuss FHLBank Native American outreach.

FHLBank continues to participate in a quarterly Systemwide Native and Tribal community support meetings where we collectively strategize on how we can engage Native American communities within our distinct districts and nationally.

In 2025, FHLBank plans to attend three Native American conferences: United South and Eastern Tribes, Oweesta Corporation Native CDFI Capital Access Convening, and National American Indian Housing Council. In 2025, FHLBank will continue to explore connections and conduct outreach to Native American communities within the district and beyond, including, but not limited to, the Lenape of Pennsylvania, the Nanticoke Tribe of Delaware, the Lenape Tribe of Delaware and the Native American House Alliance in Philadelphia. As we continue to engage with developers, organizations and representatives of the tribes, we will build our understanding of the needs of the Native American people and make the appropriate connection to our members and community products.

Credit Needs, Significant Affordable Housing Needs and Market Opportunities

Significant Affordable Housing Needs

To address the priority needs identified in the DNA report completed in 2024, FHLBank will focus on the following needs in the district:

- Housing Affordability
  - Rural areas
- Racial and Ethnic Disparities
- Vulnerable Populations

Based on the DNA, these are the significant affordable housing and community development needs summarized:

- First-time buyers are being priced out due to increased housing prices and higher interest rates.
- Higher development costs have increased funding gaps in affordable housing projects.
- Housing insecurity is an issue that impacts health, earning potential and quality of life.
- In rural areas it is difficult to develop affordable housing and provide services.
- The loss of naturally affordable housing has accelerated in the last five years.
- Low-income, especially minority households, are being priced out of traditionally affordable neighborhoods.
- Much of the affordable housing stock is older and in substandard condition.
- Racial inequality persists in homeownership rates, housing challenges, and homelessness.
- Rising rents increase the risk of homelessness for vulnerable populations and increase housing challenges for very low-income households.
- Subsidized housing is at risk of leaving the affordable market due to expiring restrictions.

Housing markets across the United States experienced profound changes over the past five years.

With the emergence of the coronavirus pandemic, the global economy came to a near halt in March of 2020 that lasted for nearly two years. Across the United States, manufacturing slowed, construction activity stopped, and material prices increased by an average of 20%.

Meanwhile, remote work became commonplace, even amongst large employers, giving workers the opportunity to save more (lower transportation and childcare costs) and relocate. As a result, home sales in the United States skyrocketed, reaching figures comparable to the early 2000s. Unlike the early 2000s, however, new construction could not keep pace, leading to a severe supply shortage and a spike in home prices. Despite historically low interest rates, many would-be first-time homebuyers were priced out of the market.

Between April 2020 and April 2024, homes prices increased 42% in the United States. In this same period, prices increased more than 30% in the district, and in several areas, exceeded national figures. Homeownership is now out of reach for a larger number of residents within the district, particularly in smaller cities within two hours of Philadelphia and coastal Delaware. In many high-priced areas, moderate- and middle-income renters cannot afford to become homeowners, when in early 2020 they could.

The rental market in the district also experienced sharply increasing rents during this period caused by several factors. The lag in multifamily construction caused a rental housing shortfall exacerbated by new household formation and the inability of many Gen Z and Millennial renters to move into the homeownership market. Operating expenses increased due to building supplies and insurance costs rising, with these costs passed on to renters. And certain regions experienced an influx of residents from more expensive markets willing to pay higher rents.

This created a rental housing market with prices that exceeded local incomes in many areas, notably in eastern Pennsylvania cities, Philadelphia, most areas of Delaware, West Virginia's Eastern Panhandle, resort areas (e.g., the Poconos in Pennsylvania and the New River Gorge National Park in West Virginia) and college towns like Bethlehem and State College. Between April 2020 and April 2024, rents in the United States increased by 30%. Within the district, all markets with reported data experienced rent increases above 20%, and 65% of those markets were above 30%.

The United States responded to the health crisis with the American Rescue Plan Act (ARPA). This stimulus infused more than $50 billion toward housing programs, including $10 billion to address homelessness.

ARPA funneled an unprecedented amount of emergency funding to states and local communities. This one-time allocation allowed jurisdictions to introduce new housing programs and substantially reduce homelessness. Many of these new programs are now models of innovation. Effective programs, however, requiring a recurring funding source are now unable to continue services at the same level. This is evident in the rate of homelessness within the district, which jumped by 26% between 2021 and 2022.

Housing Affordability

Housing – both rental housing and homes for sale – has become significantly more expensive in recent years. The DNA report assessed housing affordability in three ways.

The first approach compares typical home prices with median income. This is a common litmus test for whether a housing market is affordable in general. It is often used in tandem with economic development and land use policy to increase production.

The second approach quantifies the number and percentage of households paying an excessive amount of their income on housing. This approach captures the housing affordability issues that naturally occur among households with limited income and highlights areas where there is a shortage of designated, affordable housing options.

The third approach compares home prices with wages of top occupations with the regional workforce. This approach presents a more accurate assessment of workforce housing needs rather than using the common assumption that workers earn between 60% and 120% of Area Median Income.

Housing Affordability – Price to Income Ratio

A common method for evaluating whether a housing market is affordable is by comparing median home price to median income. The HPI (Housing Price to Income) ratio is usually compared to the U.S. average and can be viewed historically to understand how interest rates, construction starts and other economic conditions impact the real estate market. It is a critical measure for housing affordability in general; when the HPI is high, middle-income families struggle to become homeowners, and regional economies can be strained by housing shortages and longer commutes as people move further from job centers in search of affordable housing options.

It is generally accepted that a healthy HPI ratio is between 3.0 and 4.0, depending on interest rates. The current U.S. HPI ratio is 4.6, a historical high due to the sharp increase in housing prices throughout the country since 2020. As demonstrated in Table 1, within the district, HPI ratios are above national average in numerous markets, notably in the smaller Pennsylvania cities within

commuting distance to New York and Philadelphia, college towns like Bethlehem and State College, and much of Delaware.

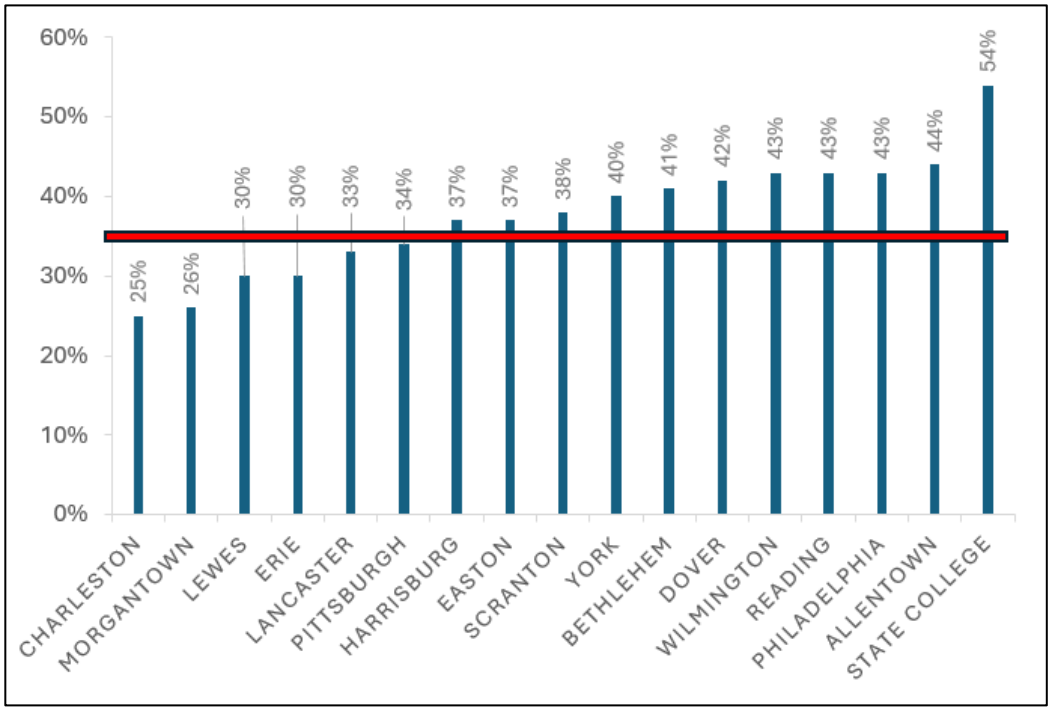
Table 1: Housing Price to Income Ratio

City	State	Typical Home Price	100% AMI (Middle Income)	HPI Ratio 4.6 = US average
Charleston	WV	$148,677	$62,843	2.4
Scranton	PA	$166,005	$52,039	3.2
Morgantown	WV	$267,635	$80,000	3.3
Philadelphia	PA	$220,817	$61,386	3.6
Pittsburgh	PA	$231,178	$64,214	3.6
Erie	PA	$171,348	$46,021	3.7
Harrisburg	PA	$234,984	$49,775	4.7
Bethlehem	PA	$318,237	$66,225	4.8
Allentown	PA	$272,761	$55,958	4.9
Easton	PA	$329,737	$66,833	4.9
Wilmington	DE	$305,707	$58,393	5.2
Reading	PA	$236,519	$45,719	5.2
Lancaster	PA	$341,119	$65,096	5.2
Dover	DE	$316,249	$58,080	5.4
York	PA	$252,145	$45,184	5.6
Lewes	DE	$585,219	$93,309	6.3
State College	PA	$384,989	$46,366	8.3

Source: Atria Planning using data provided by Zillow and American Community Survey 5-Year 2022 estimates.

To assess affordability in the rental market, we use a similar approach, comparing earnings at 80% of AMI to typical rents. Like the for-sale market, rental housing in the United States in general is too expensive. According to HUD, rent should be at or below 30% of income to be “affordable.” In the United States, that figure is 40%. Within the district, rental prices are particularly challenging in Philadelphia; smaller, high-growth cities in eastern Pennsylvania; Dover and Wilmington in Delaware; and State College, Pennsylvania. In areas that experienced a strong migration of new, higher income residents in recent years, housing affordability is an even greater problem for longstanding residents. As shown in Chart 1, rent is unaffordable in 11 (65%) of the 17 major cities in the district. For this analysis, affordable is paying less than 35% of income on rent.

Chart 1: Percentage of Income Spent on Rent



Source: Atria Planning using data provided by Zillow and American Community Survey 5-Year 2022 estimates

What is also not captured in this data are the housing needs of workers with low-paying positions. This is a major issue in retiree and tourist communities, where most jobs are in the service and retail industries. This includes Delaware's coastal areas, resort towns in the Poconos, and recreation areas in West Virginia.

Housing Affordability – HUD CHAS

HUD provides a detailed dataset to jurisdictions every year to assess housing needs in their communities. This dataset – the Comprehensive Housing Affordability Strategy (CHAS), quantifies the number of households experiencing housing challenges categorized by income, tenure, household type, race/ethnicity and age. Housing challenges are defined as:

- Cost burdened – Paying more than 30% of household income on housing expenses
- Extremely cost burdened – Paying more than 50% of household income on housing expenses
- Overcrowding – More than 1 person per room (excluding bathrooms)
- Inadequate conditions – Without complete kitchen or bathroom facilities

According to HUD data, 51% of all low-income households in the district are paying an excessive amount of their income on housing and are cost burdened. One in four low-income households pay more than 50% of their income on housing and are extremely cost burdened. An additional 1.5% of district households live in overcrowded homes or homes lacking basic kitchen or bathroom facilities.

Housing Affordability - Workforce Housing

The phrase “workforce housing” is becoming more common, but there is no standard definition for the term. The DNA report, illustrates what is affordable for occupations with the highest number of workers within a regional economy, specifically focusing on the Philadelphia, Pittsburgh and Charleston Metropolitan Statistical Areas (MSAs).

The U.S. Bureau of Labor Statistics provides an annual survey of occupations within all MSAs, including number of positions, salary range and the strength of each occupation within the regional economy. In all three regions, retail sales, cashiers, fast food workers, office clerks and customer service workers are in the top 10 occupations and have earnings considered low-income or very low-income. For example, the top 10 occupations in the Philadelphia MSA are equivalent to 25% of the overall workforce, 80% of these workers earn less than $45,000 per year; 36% earn less than $30,000 per year. Only two of the 10 occupations can afford to rent an average apartment on their own.

Because home sale prices increased so dramatically between 2020 and 2022, and have continually inched upward, many moderate and middle-income renters do not earn enough to purchase a home. This can have an impact on workforce attraction and retention and lower homeownership rates in neighborhoods.

For this analysis, we examine the occupations that could afford to purchase a home five years ago based on mean annual salary, but have since been “priced out.” In the Philadelphia metro area, for example, the average home sold for $237,000 in early 2019 compared to $347,000 in early 2024 representing a 46% increase. With current prices, an average-earning accountant, project manager, financial analyst, electrician or police officer would find it difficult to afford a home today, whereas five years ago, that was not the case.

Rural Housing

Rural housing challenges in the district are unique in a variety of ways. For one, the population is declining, indicating a decrease in demand for new housing units. Yet the housing stock is older, the population is disproportionately older, and wages are lower, indicating a strong demand for affordable housing solutions, particularly repair programs. It can also be more challenging and costly to develop subsidized rental units in rural areas. Multifamily funding programs like the Low-Income Housing Tax Credit (LIHTC) Program favor larger projects. In most instances, the greater the number of units in a project, the lower the development cost per unit. Rural projects tend to be smaller, thus increasing development costs per unit.

Rural projects also have less rental revenue per unit because of how federal income restrictions are calculated, further increasing the need for subsidy. For example, the income limit for a one-bedroom LIHTC unit in Wayne County, Pennsylvania (a rural county), is $38,100; whereas in Lehigh County, which is immediately adjacent but considered urban, the income limit is $47,220. This translates into roughly $2,700 less revenue in rent per year for the one-bedroom in Wayne County versus Lehigh County.

Rural homelessness is also uniquely challenging to address. Because towns are widely dispersed, it is difficult to provide services to those experiencing homelessness in a designated place. Oftentimes shelters, emergency housing, social services and health clinics that may serve a rural homeless population are located at a great distance from one another and are not accessible by public transit. Similarly, the tools needed to transition out of homelessness are harder to come by. There are fewer jobs, fewer apartments, and a car is a necessity in most cases.

Vulnerable Populations

Homeless and those at risk - There are 473,000 renter households in the district who earn less than 30% of AMI (considered “extremely low-income”) and pay more than half their income on housing. These households face the greatest risk of eviction, displacement, and homelessness. With emergency ARPA funding available between 2020 and 2022, communities had resources to mitigate evictions and house the homeless. When these funds were expended, eviction rates climbed. In 2023, landlords filed 129,000 eviction notices in the district, with the highest concentrations in the Philadelphia suburbs and Wilmington, where one in 10 renters faced eviction. Philadelphia had the largest number of filings (40,000 in 2023), but the lowest filing rate of 4.27%. This can be attributed to a new program born from coronavirus relief efforts requiring landlords to enter mediation prior to filing an eviction. The City provided emergency rental assistance and legal services to tenants to pay overdue rent and cover damages. According to HUD’s Point in Time (PIT) Survey of 2023, there were 15,217 homeless individuals accounted for in the district. Among these individuals, 21% were children, 40% were women, and 44% were Black/African American. Most recorded persons experiencing homelessness were in shelters (84%). The number of individuals and families experiencing homelessness is grossly undercounted by the HUD PIT Survey and is more useful to understand the socioeconomic characteristics of the homeless population rather than giving an accurate quantification. A more accurate measure of homelessness is found within the United States (US) Department of Education’s count of homeless students. This includes students who are precariously housed, either living in short-term motels, “doubled up” with other family members or friends, living in shelters or transitional housing, or without shelter altogether. In 2022, the U.S. Department of Education found there were 46,631 homeless children in the district, with 73% in Pennsylvania and another 20% in West Virginia. If we extrapolate from this data using the child-to-adult ratio in the PIT survey, there are an estimated 202,000 individuals in the district without a permanent home, representing 1% of the population.

Older adults - There are an estimated 505,000 low-income households within the district who are over 65 years old and are cost burdened by housing expenses; 61% are homeowners and 39% are renters. One in four are extremely cost burdened, paying more than 50% of their income on housing. Low-income homeowners in retirement age experience unique housing challenges. Most are on fixed incomes, and may not be able to afford home maintenance, rising utility costs and higher tax bills. They are also less financially capable of modifying their homes to accommodate declining mobility like installing ramps or walk-in tubs. Many are still required to work past retirement age and may need access to public transit when driving becomes less feasible. Low-income, older renters on fixed incomes face even greater challenges. Affordable, subsidized rental units are in short supply, and renters relying on affordably priced market rate units are vulnerable to rent hikes and displacement. In the district, there are currently 95,000 very low-income renters over 65 years old who spend more than half their income on housing. Apartments are also less accommodating to individuals with accessibility issues, with garden style complexes having stairs rather than elevators. The baby boomer generation (born between 1946 and 1964) are increasingly entering retirement age. In the next five years, the district is forecasted to add an additional 385,652 adults over 65 years old. This translates to an additional 47,000 low-income senior renters.

Disability - More than 2.3 million people in the district are living with a disability. The most common forms of disability are ambulatory (difficulty walking), cognitive and difficulty living independently. Among the 2.3 million, 8% are children and 43% are over 65 years of age. Housing opportunities are limited for individuals who require accessibility modifications or specialized housing due to a disability; resulting in greater risk of living in poor quality housing and experiencing homelessness. There is widespread discrimination against individuals with disabilities applying for housing, as well as discrimination at the project-level, with municipalities and neighborhood organizations opposing group homes and other housing solutions for individuals with special needs. Additionally, affordable housing builders often do not fully understand how to build accessible units and may not meet building requirements even when required to do so, further limiting supply. For example, many

Universal Design features do not cost more than traditional features. Universal Design refers to designing built environments in a way that makes them accessible to the greatest number of people. This may include installing lever handles rather than knob handles; lowering switch plates; installing non-slip and level flooring; installing wiring for voice-activated light and temperature controls; and using drawers instead of cupboards in the kitchen. The barriers and stigma experienced by individuals with disabilities have a well-documented negative impact on quality of life, with higher rates of depression and obesity. Yet research indicates a systemic problem with “ableism,” or discrimination in favor of the able-bodied, that is reflected in the lack of accessible housing production, education and incentives.

Racial and Ethnic Disparities

There is a persistent gap in homeownership rates between minority households and White households, even controlling for income; and this gap is the highest for Black/African American and Latino households. The homeownership rate for White households earning less than 50% of AMI is 54%, more than 24 percentage points higher than Black/African American and Latino households. Due to the homeownership gap, minority households were more severely impacted by market changes during the coronavirus pandemic. With rising home prices, existing homeowners gained equity while renters experienced greater housing cost burden and risk of displacement.

Mortgage denial rates are higher for minority households, but the difference is not sufficient to explain the gap. In reviewing mortgage origination data from 2017 to 2023, 26% of mortgage applications from White applicants were denied compared to 40% for Black/African American households and 39% for Native American households. Even more striking, White applicants who started an application were far more likely to submit it (one in three compared to only 19% for Black/African American applicants and 15% for Native American applicants). For minority households, the mortgage process and finding an affordable property are persistent challenges.

Minority households are also more likely to experience housing challenges (paying too much for housing or living in inadequate or overcrowded conditions). Less than 25% of all White households experience housing challenges, compared to 41% for Black/African American households and 43% for Latino households. Black/African American individuals are more likely to experience homelessness. In 2022, 46% of the homeless individuals identified in the HUD Point in Time Survey were Black/African American yet only comprise 10% of the population within the district.

Significant Community and Economic Development Needs

This section highlights five prominent issues that were described as critical needs in the focus groups and interviews, and/or are government priorities described in state and local planning documents.

Neighborhood Improvement - Many distressed neighborhoods lack retail services, including access to fresh food, a bank or a pharmacy. At the same time, they may have a substantial number of vacant commercial properties. Finding ways to redevelop vacant commercial corridors in distressed neighborhoods that serve the community can help to improve the quality of life for residents, increase property values and create job opportunities.

Building Wealth - Individuals residing in high-poverty areas, including areas with a significant minority population, often do not have the resources needed to achieve economic independence and financial security. The lack of affordable childcare, training for living-wage jobs and financial education perpetuates a wealth gap exacerbated by the homeownership gap.

Reinventing Coal Mining Towns - West Virginia’s high unemployment rate largely stems from the decline in coal production. The exodus of more than 110,000 coal mining jobs in the past 50 years and ensuing widespread unemployment has resulted in an opioid crisis, blighted neighborhoods and systemic poverty. The state is focusing on creating new job opportunities and a skilled labor force

within “green” energy investments and workforce training programs.

Community Resiliency and Climate Change - The district is at an increasing risk of experiencing a natural disaster, with flood events and heat waves the two greatest threats. Community-wide hazard mitigation and disaster preparedness plans are critical in high-risk areas with greater social vulnerability. This mostly occurs in rural mountain areas with riverine flood risk and in high-poverty areas of Philadelphia prone to flooding.

Gentrification & Displacement - The recent surge in home prices is disproportionately impacting low-income areas with a significant minority population. Investors are more likely to purchase homes from homeowners and convert to rental units or resell at much higher prices. Longstanding residents risk getting priced out of their neighborhoods, particularly renters. Affordable housing preservation is a critical community development need in many urban Latino and Black/African American neighborhoods.

Native American Community

The Native American population in the district is small (7,834 households or 0.1% of all households), but they experience disproportionate housing needs, including greater cost burden, lower homeownership rates and higher loan denial rates than White, non-Latino households. Within the district, Native American renters who earn at or below 50% of AMI, and owners who earn at or below 30% of AMI, experience the greatest housing challenges. 38% of low-income Native American households experience housing challenges compared to 24% of White households.

The Native American homeownership rate is 61% compared to 75% for White households; among households earning less than 50% of AMI, the Native American homeownership rate is 45% compared to 54% for White households. The mortgage denial rate for Native American mortgage applicants between 2017 and 2023 is 39% compared to 26% for White applicants and 15% of Native American applicants who started an application submitted it compared to 32% for White applicants. The top three reasons for a denied mortgage were (in ranking order) credit history, debt-to-income ratio and lack of collateral.

While there are no federally recognized tribes or tribal lands located in Delaware, Pennsylvania and West Virginia, there are Native American households in the district that are members of recognized tribes located in other parts of the country. The Native American households are largely concentrated in Philadelphia and Pittsburgh, with additional populations located in Erie County, Pennsylvania; Kent and Sussex County in Delaware; and Jefferson and Kanawha counties in West Virginia. The dispersion of Native American populations presents some challenges in providing support programs and services. There are two state-recognized tribes located in Delaware - the Nanticoke Indian Association located in Sussex County and the Lenape Indian Tribe of Delaware located in Kent County. Other areas within the district with Native American populations include northeastern Pennsylvania and the Philadelphia area where the Lenape settled.

FHLBank engaged with representatives from several of these Native American tribes/organizations, including the Native American House Alliance in Philadelphia, as part of the DNA report in 2024, to ascertain the needs of Native populations. The interviews revealed the following top five needs for Native Americans residing in the district:

- Cultural Preservation
    - Creation and expansion of museums
    - Preservation of language, customs and traditions
- Employment
    - Job training

- Environment
    - Protect and preserve nature and land that may be negatively impacted by development
- Health
    - Need for culturally sensitive health care programs
- Housing
    - Development of Housing for Native Americans
    - Homeownership opportunities
    - Housing counseling
    - Rehabilitation of existing housing

Community Resiliency and Climate Change

A 2021 study by the U.S. Environmental Protection Agency analyzed the impact of climate change on various populations and found that minority communities – particularly Black/African American and Latino communities – experience disproportionate hardships due to climate-induced disasters. In the district, this includes flood events and extreme heat.

Rates of asthma, mobility impairment, limited access to transportation, living in repetitive flood-loss areas and working in weather-exposed industries disproportionately impact minorities. Additionally, low-income neighborhoods (which are disproportionately minority neighborhoods) are less likely to have the community-wide resources available to respond to a natural disaster. Warning sirens, designated community safety zones and protective infrastructure like levee systems and drainage basins are not as widely available. Within the home, low-income households are also less likely to have or be able to afford internet, air conditioning or heat, increasing susceptibility to health risks and creating barriers to information necessary for emergency evacuations.

The University of South Carolina documented areas at greater risk based on exposure to natural disasters combined with socioeconomic indicators that increase vulnerability to those risks.

Their Social Vulnerability Index (SoVI®) is used by governments and researchers to assess community risk and assist policy makers plan for emergency response and mitigation measures.

According to this data, the highest risk within the district is in Sullivan, Cameron and Forest Counties in Pennsylvania; and Pocahontas, McDowell and Webster Counties in West Virginia.

In 2021, a federal disaster was declared in six counties in southwestern West Virginia due to flash flooding, with 343 homes damaged. The vast majority (85%) of impacted households were living in poverty. West Virginia, in its 5-Year Consolidated Plan, established a priority to address flood-prone homes through repair and relocation of repetitive flood loss properties.

Addressing Credit Needs and Market Opportunities

To address credit needs and market opportunities, FHLBank supports our member financial institutions' efforts to finance affordable housing and community and economic development. The primary way we do this is through a suite of statutory and voluntary community products. In 2023 and 2024, FHLBank's Board allocated a total of 15% of 2023 pre-AHP assessment net income for community investment products and initiatives. This includes our 10% statutory requirement and 5% of the prior year's pre-AHP assessment net income to voluntary products and initiatives.

Statutory

- AHP – creates or preserves affordable housing. Members partner with a developer to apply for a grant through a competitive process.
    - FFD – is a set-aside of AHP where members apply for closing costs and down payment assistance for first-time homebuyers earning 80% or less of the AMI.
- CLP – offers discounted advances to members with qualified community lending activity. CLP combines the eligibility of the required Community Investment Program and the broader eligibility under the Community Investment Cash Advances regulation.

Voluntary

- Home4Good – provides grants to projects, programs and activities that help those who are experiencing homelessness or are at risk of becoming homeless. Home4Good is offered through the three state housing finance agencies in our district through a structured partnership. Applications are submitted annually with members serving as co-applicants.
- BOB – provides secondary financing in conjunction with a member's first loan to help small businesses that would not otherwise meet the member's underwriting standards.
    - BOBIE was launched in 2022 as a SPCP supporting minority- and women-owned small businesses. BOBIE is a set-aside of BOB.
- Blueprint Communities – creates momentum to help revitalize communities by training local leaders to capitalize on their community's assets by developing a long-term community plan. Members participate in the training and planning and help finance community projects.
- Voluntary Housing Grant Initiative – provides additional funding to support affordable housing projects in Delaware, Pennsylvania and West Virginia. This offering is separate and distinct from AHP.
- Keys – was launched in 2024 to expand access to homeownership opportunities for minority and first-generation, first-time homebuyers earning at or below 120% of the area median income.

Refer to FHLBank's 2023 Impact Report or our community investment success stories for details on these products and their impact.

FHLBank established the following broad priorities based on the needs identified in the DNA report:

- Addressing climate-related challenges
- Advancing wealth and racial equity
- Enhancing economic and community development
- Expanding affordable housing supply
- Supporting vulnerable populations

FHLBank engages in multiple broad actions to support affordable housing and community development initiatives. These macro actions support all of the priorities listed above and include:

- Continuing a voluntary allocation of 5% of the prior year's pre-AHP assessment net income (in addition to the statutory 10%) to community products and initiatives

- Continuing offering a suite of community investment products, while exploring opportunities to streamline execution, including using new technology platforms supporting community investment products and initiatives
- Engaging members and community stakeholders, including member awards and conducting listening sessions throughout the district
- Optimizing community product use among members and community stakeholders
- Participating in FHLBank System collaborations and initiatives

In 2025, FHLBank will create a community investment strategy, including recommendations on opportunities to provide community-focused support to address needs and enhance impact.

In addition to the macro actions, the following chart provides high-level actions planned by FHLBank in 2025, and actions for future consideration.

Priorities	Action Plan (2025 actions in **bold**, future actions for consideration in *italics*)
Expanding affordable housing supply	▪ **Continue AHP/voluntary housing grant initiative priority scoring for preserving long-term affordability, rehabilitation, rural areas and preserving existing subsidized housing** ▪ **Continue the voluntary housing grant initiative** ▪ **Increase percentage of the statutory AHP allocated to the general fund** ▪ **Explore a new product or initiative with district State Housing Finance Agencies** *Future considerations:* ▪ *Explore opportunities to enhance effectiveness of affordable housing by enhancing technology, streamlining community investment product requirements and processes, and coordinating with other funders* ▪ *Support initiatives to increase access to capital for affordable housing*
Supporting vulnerable populations	▪ **Continue AHP/voluntary housing grant initiative priority scoring for homeless, special needs and other targeted populations, and rental housing for extremely low-income households** ▪ **Continue Home4Good** *Future considerations:* ▪ *Create new or enhanced partnerships with organizations serving vulnerable populations* ▪ *Explore options to use alternative income standards for affordable housing products* ▪ *Support projects with lower development costs and/or with accessibility features*

Advancing wealth and racial equity	▪ **Continue AHP/voluntary housing grant initiative priority scoring for projects serving low-income minority areas, and sponsorship by a Native American Tribes** ▪ **Continue BOBIE and Keys** ▪ **Explore a new product or initiative supporting Native American communities** *Future considerations:* ▪ *Support financial literacy and increased access to credit and capital initiatives* ▪ *Support heirs' property initiatives*
Enhancing economic and community development	▪ **Continue AHP/voluntary housing grant initiative priority scoring for consistency with community plan** ▪ **Continue Blueprint Communities and BOB** ▪ **Explore a new product or initiative supporting CDFIs** *Future considerations:* ▪ *Support capacity building and projects involving workforce training* ▪ *Support initiatives to improve access to capital for economic and community development* ▪ *Support rental projects in areas with workforce housing shortages*
Addressing climate-related challenges	▪ **Continue to temporarily allow vacant AHP-assisted rental units to be leased to individuals (regardless of their income) who were displaced by certain recent disasters** ▪ **Continue to assess climate-related challenges and opportunities to address within the district** *Future considerations:* ▪ *Relief funding assisting areas with disaster declarations* ▪ *Support energy audits, weatherization, and energy efficiency retrofits and initiatives* ▪ *Support hazard mitigation and resiliency projects in flood-prone areas*

Addressing Significant Affordable Housing Needs through AHP

In 2025, FHLBank will address the significant affordable housing needs and meet the statutory and regulatory requirements under AHP by:

- Optimizing our community products in 2025 in a dynamic market environment.
- Allocating a portion of the AHP subsidy to FFD, a set-aside for low-income first-time homebuyers, which addresses one of three statutory requirements.
- Continue the use of the scoring methodology under AHP's General Fund, that aligns with the findings in the DNA report and the Plan, including:
    - Two statutory scoring requirements: 1) Use of donated or conveyed government-owned or other properties and 2) Sponsorship by a not-for-profit or government entity; and
    - Scoring categories addressing significant needs in our district as outlined below.
    - Continue to assess the affordable housing needs in Delaware, Pennsylvania, and West Virginia.

As noted above, in 2025, FHLBank will create a community investment strategy, including recommendations on opportunities to provide community-focused support to address needs and enhance impact. The community investment strategy will recommend future actions (2026 and beyond) and will serve as the implementation framework for future years as we target our statutory and voluntary funding and structure our products and initiatives to expand impact for underserved markets. The community investment strategy will be informed by many factors, including the DNA report, historical community product information, the Advisory Council and other input and information received from listening sessions to be conducted in 2025.

In 2025, as the community investment strategy is developed, FHLBank will continue to use outcome metrics and equitable scoring metrics. The outcomes framework is designed to address priority housing needs based on the DNA report with input from the Advisory Council and are measured over three years. FHLBank management establishes the framework, including target AHP outcomes. The 2024 AHP outcomes focus on supporting projects involving rental housing, preservation, homeless households, persons with special needs and homeownership in low-income minority areas.

FHLBank, in consultation with the Advisory Council, may modify the 2025 outcomes based on the DNA report and the results of the 2024 AHP/voluntary housing grant initiative funding round.

The equitable scoring metrics framework is designed to measure relative parity in approval rates over a three-year average between states, project tenure and rural and urban geographies. FHLBank management establishes the framework in consultation with the Advisory Council.

FHLBank will not establish a Targeted Fund in 2025. We will include the 2025 scoring in the updated 2025 Implementation Plan, which will be approved by the FHLBank Board in February 2025.

2025 AHP Scoring vs DNA report findings supporting the 2025 AHP scoring

2025 AHP Scoring	DNA report findings supporting the 2025 AHP scoring
Income targeting	The lower a **household's income**, the more likely it is that they will experience housing challenges. Paying a substantial share of income on housing, leaves less money for food, healthcare, transportation and the ability to save, which increases housing insecurity.
Underserved communities and populations ▪ Housing for homeless households ▪ Housing in rural areas ▪ Rental housing for extremely low-income households ▪ Special needs populations and veterans	The DNA report demonstrates a significant need to support those who are experiencing **homelessness or are at-risk of homelessness**, which includes a list of vulnerable populations. Renters who earn less than **30% of the AMI** experience financial instability and are at a high risk of homelessness. The DNA report also describes the needs of **people with special needs and veterans. Rural areas** are challenged by fewer financial resources and service providers/ developers, lower incomes and development challenges.
Creating economic opportunity ▪ Promotion of empowerment ▪ Residential economic diversity – housing in areas of opportunity, which are middle to higher income areas	**Supportive housing, with wraparound services and other types of training and services,** enables more successful pathways to housing stability and a better quality of life, which housing alone cannot achieve. Providing housing opportunities for low-income families in **"areas of opportunity"** can provide better access to jobs and schools.
Community stability ▪ Community planning ▪ Historic property rehabilitation ▪ Owner-occupied rehabilitation ▪ Preservation of existing subsidized housing ▪ Rehabilitation of existing properties ▪ Sustained affordability	Affordable housing development can have a positive impact on the well-being of the community. Consistency with **community planning** ensures community support and broader alignment with a local vision. Home **repair and rehabilitation** is needed due to aging housing stock and the inability of many low-income families to afford repairs. Stabilizing communities involves **property improvements** that may remove blight, adaptively reuse properties, and renovations of **historic properties,** which are community assets. The need also includes the **preservation of affordable rental housing** where subsidized apartments with expiring restrictions may begin to increase rents, further limiting the supply of affordable rental units. Development models and structures that **extend affordability** periods help maintain and **sustain** the supply of affordable units in the market.
Bank district priorities ▪ Homeownership in low-income minority areas ▪ Projects in FHLBank's district ▪ Projects serving low-income minority areas	**Black and Latino renter households** are more likely to experience housing challenges regardless of income, and within the district, there is a 30-point difference in **homeownership rates** between White, Black or Latino households. The DNA report illustrates a significant need in **Delaware, Pennsylvania and West Virginia.**

Community Lending and Affordable Housing 2024 Performance and 2025 Goals

2024 Goal Performance as of Oct. 31, 2024

Goal Title	2024 Goal	2024 Performance As of Oct. 31, 2024
1. Expand the use of FHLBank's community lending products and services		
a. Increase the number of members using our community products	Optimize member use of community products by year-end. Community products include: AHP/the voluntary housing grant initiative, CLP, BOB/BOBIE and FFD/Keys. Target is 168 member uses.	As of Oct. 31, 2024, there have been 173 member uses of community products, exceeding the target metric.
b. Technical assistance and education	Provide technical assistance resources and educational opportunities to both members and key program participants. Specifically, conduct outreach to inform members and sponsors about changes to AHP and the availability of the voluntary housing grant initiative.	FHLBank provided a series of presentations at webinars, conferences, and networking meetings. Bank staff fielded 114 AHP technical assistance requests in 2024 that included new applicants and debriefing unsuccessful 2023 applicants seeking to resubmit for the 2024 funding round. In addition, FHLBank continued to offer our AHP member/sponsor matching assistance service and made 37 successful matches.
c. Commit AHP funds	Commit all funds available and achieve 45 members using AHP.	In 2024, FHLBank will commit all available funds, approximately $50 million, in December 2024. 50 members participated in the 2024 AHP funding round, which is above the goal target.
d. Commit voluntary housing grant initiative funds	Contingent on approval by FHLBank's Board– if offered in 2024, implement the voluntary housing grant initiative for affordable housing projects within our district.	FHLBank has awarded all available voluntary housing grant initiative funding for in-district affordable housing projects. Commitments will be made in December 2024.
e. Commit FFD funds	Commit all funds available and achieve 72 members using FFD/Keys.	In 2024, all available funds, more than $22 million in FFD down payment and closing cost assistance, were committed to 1,496 eligible first-time homebuyers. In 2024, all available funds in Keys downpayment and closing costs assistance were committed to 500 eligible first-time homebuyers. 73 different members received a reservation of FFD or Keys funds on behalf of qualified buyers, exceeding the goal.
f. Commit CLP funds	Achieve 26 members using CLP.	As of Oct. 31, 18 members have received a CLP commitment, which is below the goal target.
g. Commit BOB funds to eligible small businesses	Commit all funds available to eligible small businesses, continue BOBIE and achieve 26 members using BOB/BOBIE.	In 2024, FHLBank committed all available funds, more than $12.5 million, including a $4 million set aside for BOBIE. 32 members participated in BOB/BOBIE, which exceeded the target goal.
h. Commit Home4Good funds	Commit all funds and engage members as co-applicants.	In 2024, FHLBank and our three Housing Finance Agency (HFA) partners committed all available funds, $8.4 million. FHLBank contributed $6 million and the HFAs contributed $2.4 million.

Goal Title	2024 Goal	2024 Performance As of Oct. 31, 2024
2. Expand the use of FHLBank's community lending products and services		
a. Blueprint Communities®	Complete a kick off ceremony of the selected eastern Pennsylvania new Blueprint Communities. Engage with the selected lead state partner, Pennsylvania Downtown Center to implement the initiative and present our community investment products to the selected communities by Dec. 31, 2024.	FHLBank selected 10 communities in eastern Pennsylvania and successfully held a kick-off ceremony. In conjunction with the Pennsylvania Downtown Center, implemented curriculum focusing on identifying priority initiatives, engaging the community, building strategic plans, growing organizational capacity and team building. FHLBank presented community investment products at one of the group training sessions.
b. Explore opportunities to address diversity and inclusion	Continue current DEI initiatives and as a pilot, voluntary initiative, launch and execute (by committing available funds) Keys, a new product to expand access to homeownership for minority and/or first-generation first-time homebuyers.	In 2024, FHLBank completed several actions: 1. Offered BOBIE – awarded all available funds to 51 women- or minority-owned small businesses. 2. Launched First Front Door Keys to Equity fund – committing all available funds to 500 eligible minority and/or first-generation first-time homebuyers. 3. Selected a DEI Membership Award winner, CNB Bank. 4. Continued the AHP scoring category for projects located in low-income, minority areas, and for projects creating homeownership opportunities in low-income, minority areas.
c. Enhance and build strategic partnerships with members and key non-Bank stakeholders	Enhance and build strategic partnerships by enhancing and creating relationships with members, members regulators and other stakeholders, including Native American populations.	FHLBank partnered with key community- related strategic partners (e.g., housing and community development funders and professional organizations, member regulators, etc.) via event sponsorship, speaking engagements and participation and dissemination of Bank product information. Partnered with the FHLBank System and presented at Native American conferences and made connections with Native American organizations. Attended the NeighborWorks Developing Successful Partnerships event and Native Organizations workshop.
d. Address priority needs	Address priority needs via the AHP scoring. In 2024, FHLBank will complete a Needs Assessment for the district which will assist in shaping the 2025 AHP scoring priorities.	A Needs Assessment was completed in 2024 for the district.

"Blueprint Communities" is a registered service mark of the Federal Home Loan Bank of Pittsburgh.

FHLBank 2025 Goals

1. **Apply a progressive and dynamic approach to community support and member engagement; Expand impact using key findings from the DNA report**
   - Optimize community product use among members and community stakeholders in a dynamic market environment.
     - Community products include: AHP / the voluntary housing grant initiative, CLP, BOB/BOBIE and FFD/Keys; Target is 164 member uses
     - Continue voluntary allocation of 5% of the prior year's pre-AHP assessment net income (in addition to the statutory 10%) to community products and initiatives
     - Commit all funds available for each community investment product
   - Continue offering our suite of community investment products, while exploring opportunities to streamline execution
     - Implement enhancements to policy, processes and product parameters addressing FHFA guidance and FHLBank-generated streamlining opportunities
     - Implement a technology solution for the automation of community products
   - Engage members and community stakeholders, including member awards and conducting listening sessions throughout the district
     - Provide technical assistance resources and educational opportunities to both members and key program participants. Continue to explore and provide new opportunities for outreach to key stakeholders
     - Conduct at least 10 listening sessions with members and community stakeholders
     - Participate in FHLBank System collaborations and initiatives
     - Present FHLBank Pillars of the Community member award
   - Create a community investment strategy, including recommendations on opportunities to provide community-focused support to address needs and enhance impact
   - Continue to support 2024 cohort of communities participating in the Blueprint Communities initiative.
     - Develop a Blueprint cohort recruitment video. Complete final two group training sessions and graduate the 2024 cohort

2 **Continue to promote affordable, sustainable, equitable and resilient housing and community investment**
   - Create a new product or initiative targeted to support CDFIs, state housing finance agencies and/or Native American communities.
   - Assess opportunities identified in the FHLBank System at 100 report to address housing and community needs.
   - Continue to implement and explore opportunities to refine our community products and enhance opportunities to support fair lending, diverse persons, and communities
     - Continue two Special Purpose Credit Programs: Keys and BOBIE
     - Present FHLBank DEI membership award



301 Grant Street, Suite 2000
Pittsburgh, Pennsylvania 15219

1-800-288-3400

www.fhlb-pgh.com