







FHLBank Chicago

2026 Targeted Community Lending Plan







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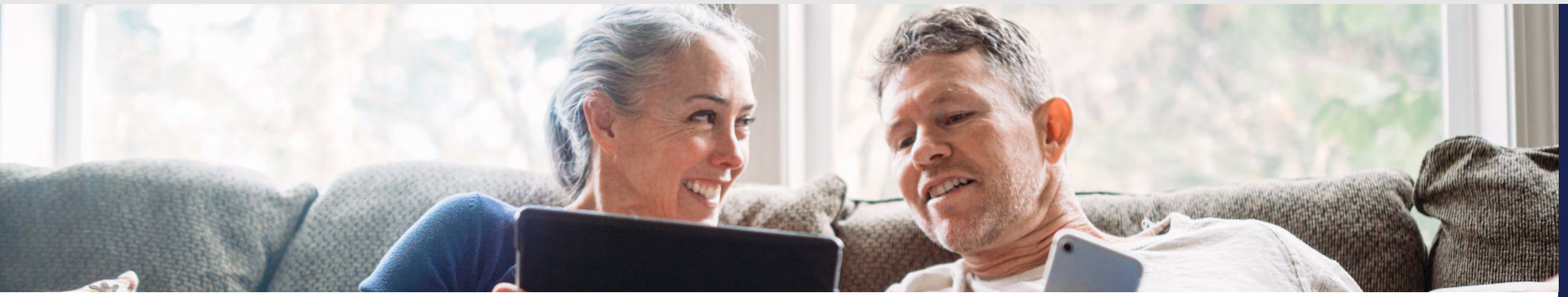
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I. Mission

Pursuant to 12 C.F.R. Parts 1290.6 and 1291.13, Federal Home Loan Bank of Chicago ("FHLBank Chicago") presents its 2026 Targeted Community Lending Plan (TCLP). The TCLP documents market dynamics, as well as housing and economic development needs, within FHLBank Chicago's district of Illinois and Wisconsin (the "district"). Specifically, the TCLP:

- Reflects timely market research on trends in the district;
- Describes how FHLBank Chicago will address identified credit needs and market opportunities in the district with targeted community investment, including lending;
- Establishes targeted community investment performance goals;
- Identifies and assesses significant affordable housing and economic development needs in the district that will be addressed through FHLBank Chicago programming; and
- Specifies, from among the identified needs, the particular affordable housing needs that FHLBank Chicago will address via any Targeted Funds under its Affordable Housing Program.

The TCLP is developed in consultation with FHLBank Chicago's Community Investment Advisory Council (CIAC), shareholders ("members"), housing associates, public and private economic development organizations, and other stakeholders and community partners throughout the district. FHLBank Chicago's 2026 TCLP comprises four sections: Mission; District Population, Housing and Economic Trends; Needs Assessment; and Strategy and Goals.

Our Mission

FHLBank Chicago is a member-focused, self-capitalizing cooperative committed to providing reliable short-term liquidity and long-term funding to support housing finance and community investment to our members, which comprise more than 650 financial institutions chartered in our district of Illinois and Wisconsin, and their communities.

Since 1989, FHLBank Chicago has contributed at least 10% of our net earnings to the Affordable Housing Program (AHP) to support housing opportunities for more than 83,000 households, positioning us as one of the largest privately capitalized contributors to affordable housing efforts in our district.

In addition to statutorily required contributions to the AHP, FHLBank Chicago voluntarily contributes additional funding to programs we have developed to address critical affordable housing and community development needs unmet by statutory programs.

Our capacity to support affordable housing and community development activities derives from the success of our core member business lines: providing members with liquidity and funding in the form of advances (or loans) and letters of credit, and providing a secondary market alternative for members' mortgage assets via our Mortgage Partnership Finance® Program. Delivering on our liquidity mission drives our ability to invest in our members' communities via grants, discounted advances and other products and programs that support affordable housing and community development.



Mission, Vision and Values

Our Mission

To partner with our members in Illinois and Wisconsin to provide them competitively priced funding, a reasonable return on their investment in the Bank, and support for their community investment activities.

Our Vision

As a reliable source of liquidity and funding, we strengthen our district's members and empower them to enhance access to quality, affordable housing. We impact every community. Our goal is to ensure everyone has access to quality, affordable housing within the next decade.

Our Values

- **Bold**
- **Connected**
- **Committed**
- **Trusted**

Housing Leadership

Championing access to affordable housing and economic development is at the core of FHLBank Chicago's housing leadership strategy. We do this in three primary ways:

- Amplifying our members' community investment activities with innovative products and programs that address unmet community needs and deliver impact throughout the district;
- Building community throughout the district by supporting activities that facilitate economic opportunities for residents and communities; and
- Providing thought leadership and serving as a knowledge resource and convener of industry partners and members to promote innovation and problem-solving with respect to the district's housing and economic development needs.

FHLBank Chicago offers a variety of dedicated products to expand access to quality affordable housing and economic opportunities for low- and moderate-income households throughout Illinois and Wisconsin, in partnership with our members. For the purposes of this TCLP, the foregoing are referred to as Mission Programs.

Mission Programs seek to achieve the following community investment objectives:

- Expand the supply of affordable housing in the district;
- Improve housing affordability and homeownership sustainability;
- Expand access to capital for housing and economic development;
- Catalyze economic opportunities for residents and communities; and
- Build community capacity for affordable housing and economic development.

In pursuing these objectives, FHLBank Chicago responds to the critical housing and community development needs in our district, facilitates impactful opportunities for our members to address those needs, champions innovation, and delivers on our commitment to housing leadership.





II. District Population, Housing and Economic Trends

FHLBank Chicago monitors market conditions in the district and identifies unmet needs and opportunities to inform FHLBank Chicago's housing leadership strategy, including our Mission Programs. District population, housing, and economic trends are summarized in this section.

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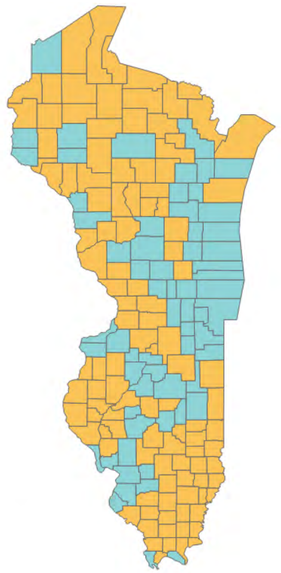
Population Trends

Population Overview

The district's population comprises over 18 million residents.[1] Though the district's population resides disproportionately in urban areas, the majority of counties in Illinois and Wisconsin are considered rural. While Illinois has sustained population loss in both urban and rural areas over the past decade, Wisconsin has experienced some population growth, especially in rural counties.[2] The Chicago Metro area's population includes over 75% of the Illinois state population, while the Milwaukee Metro area's population comprises less than 27% of the Wisconsin state population.[3]

[1]2024 Census Population and Housing Unit Estimates Tables
[2]USDA Rural-Urban Continuum Codes, 2023; Census ACS 5-Year Estimates, 2019-2023
[3]Census American Community Survey 5-Year estimates, 2014-2023

District Urban vs. Rural Counties



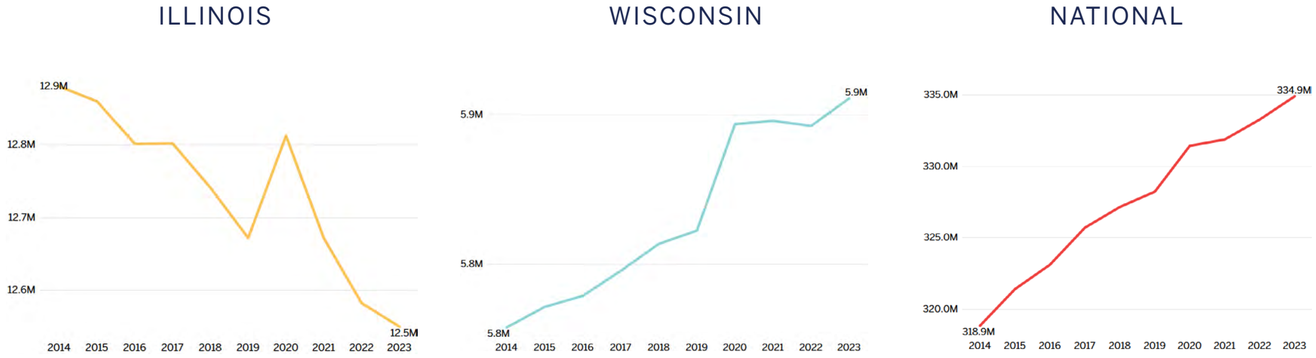
Illinois	# OF COUNTIES	% OF COUNTIES	% OF TOTAL POPULATION
Urban	37	36%	87%
Rural	65	64%	13%

Wisconsin	# OF COUNTIES	% OF COUNTIES	% OF TOTAL POPULATION
Urban	27	38%	75%
Rural	45	63%	25%

Urban Rural

USDA Rural-Urban Continuum Codes, 2023
Census ACS 5-Year Estimates, 2019-2023

Population Change (2014-2023)



Census ACS 1-Year Estimates, 2014-23
Decennial Census 2020

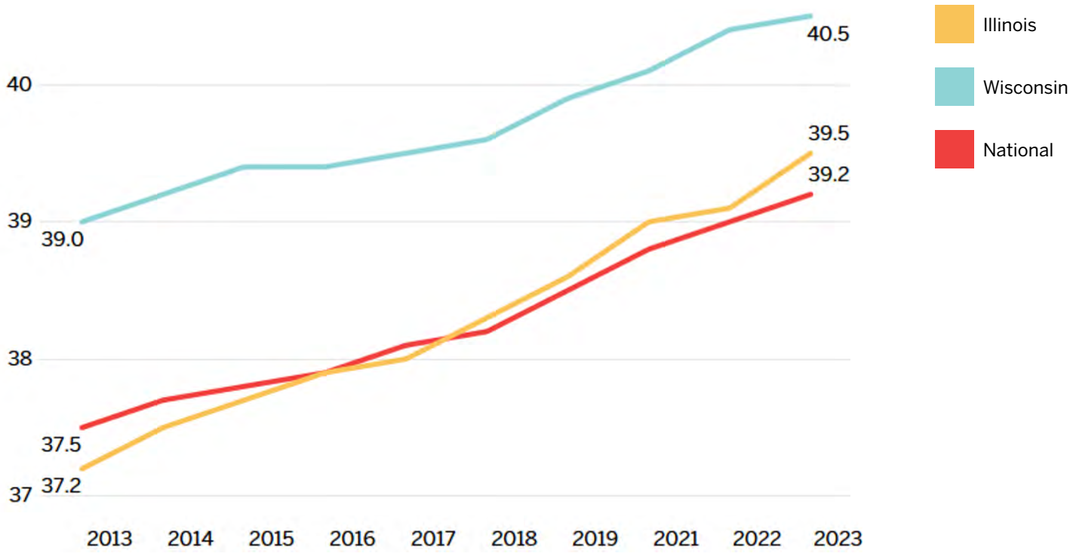
Population Trends

Age

Our district is aging, and shifting age demographics highlight the growing mismatch between the existing affordable housing supply and the population's housing needs going forward.[4] Our district is likely to see increased demand for affordable housing options and supports that allow people to age in place, such as downsized homes, age-restricted multifamily developments, and home rehabilitation programs to maintain aging inventory and enable accessibility modifications.

[4]Census ACS 1-Year Estimates, 2013-23

Median Age Trends (2013-2023)



Census ACS 1-Year Estimates, 2013-23 (data unavailable for 2020)

Median Age (2023)

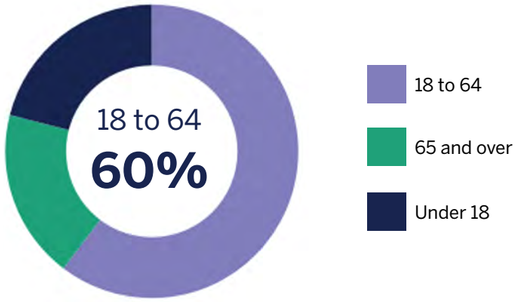
Wisconsin

40.5

median age

a little higher than national median (39)

POPULATION BY AGE CATEGORY



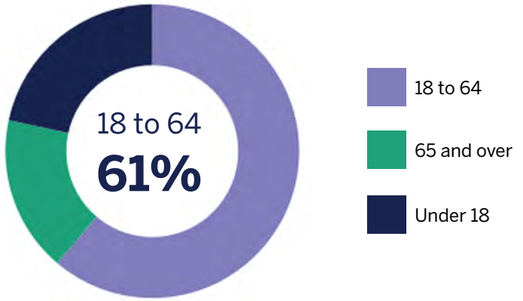
Illinois

39.5

median age

about the same as national median (39)

POPULATION BY AGE CATEGORY



Census ACS 1-Year Estimates, 2023

Population Trends

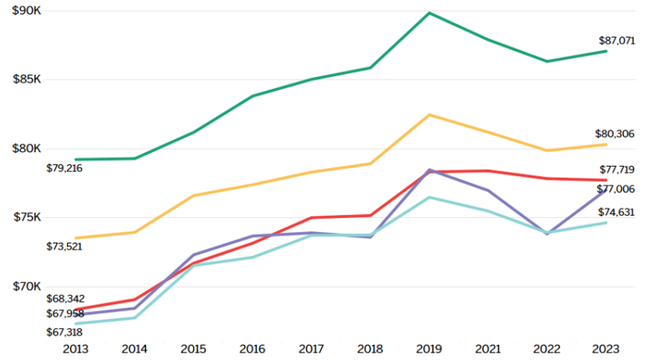
Median Household Income

Median household income in the district declined from 2019 to 2022 but has seen modest growth since that time. However, rising wages and income have not kept pace with inflation or home prices, while housing-related expenses have increased.[5] As a result, the gap between income and expenses continues to widen, and households face escalating affordability challenges related to essential needs, such as shelter and food. As these dynamics escalate, the district will see increasing need for affordability supports for low- and moderate-income households.

The distribution of district population across the income spectrum mirrors national trends.[6] The largest proportion of the district's population is concentrated among households earning annual income less than $50,000.[7] Moderate-income households earning $50,000-$100,000 are the next largest income bracket in our district. Similar to lower income households, moderate income households often find it difficult to afford essential expenses, build wealth, and acquire assets such as housing. However, they may not qualify for public or private subsidy programs, suggesting the need for additional affordability supports specifically targeting this market segment.

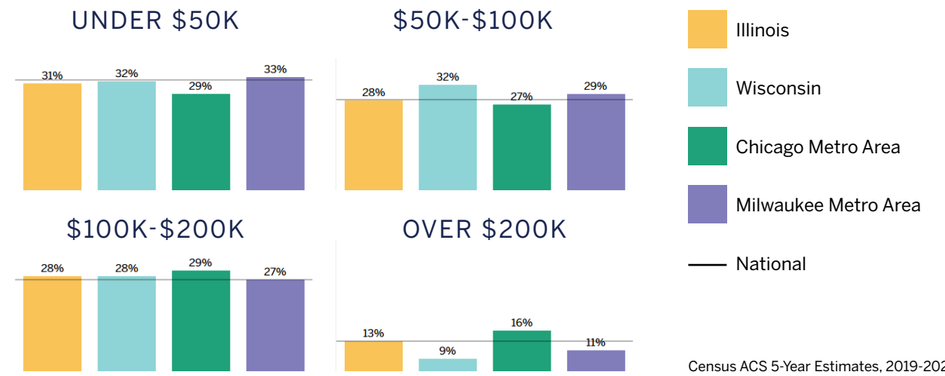
[5]Census American Community Survey 1-Year estimates, 2017-2023
[6,7]Census ACS 5-Year Estimates, 2019-2023

Median Household Income Trends (2013-2023)



Census ACS 1-Year Estimates, 2013-23 (adjusted for 2023-level inflation, data unavailable for 2020)

Population by Household Income



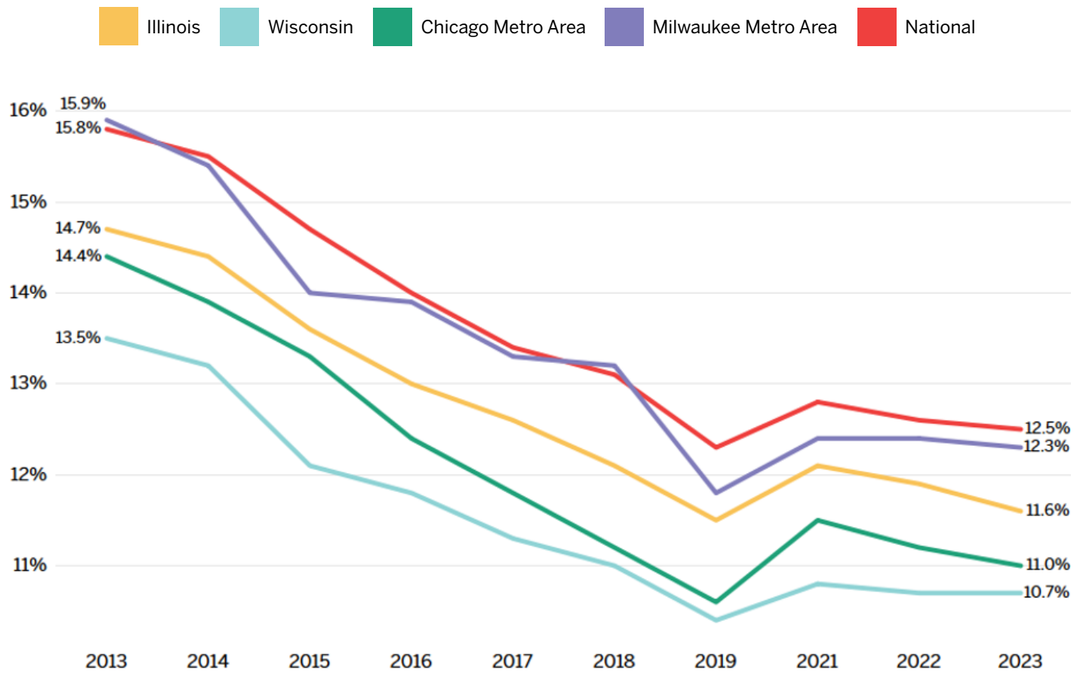
Census ACS 5-Year Estimates, 2019-2023

Population Trends

Poverty and Unemployment

Unemployment rates both in the district and nationally declined from 2013 through 2023, with the exception of a 2020-2021 spike during the COVID-19 pandemic.[8] Unemployment in Illinois has been consistently higher than the national rate, while in Wisconsin it has been consistently lower. Rural counties in Illinois and Wisconsin have both higher poverty and unemployment rates than urban counties.[9]

Poverty Rate (2012-2023)

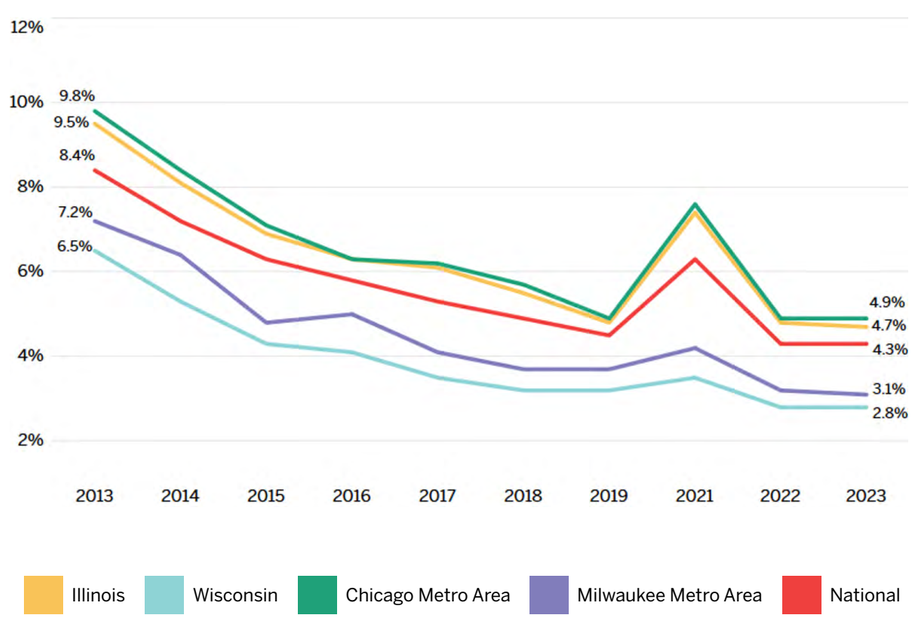


Census ACS 1-Year Estimates, 2013-23 (data unavailable for 2020)

[8]Census ACS 1-Year Estimates, 2013-2023
[9]Census ACS 5Y Estimates, 2019-2023

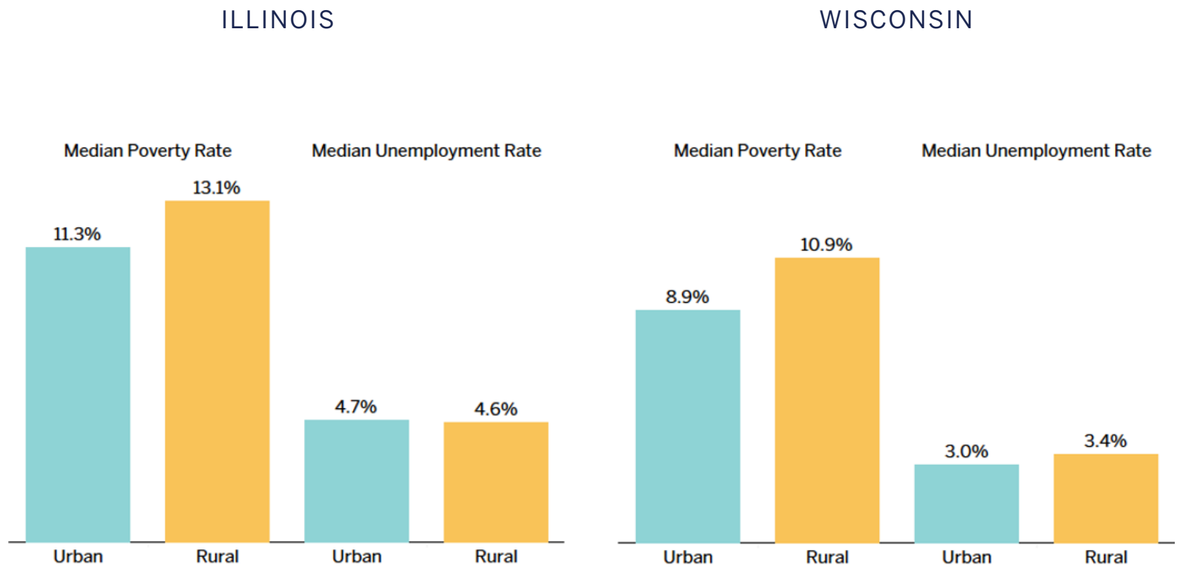
Population Trends

Unemployment Rate (2013-2023)



Census ACS 1-Year Estimates, 2013-23 (data unavailable for 2020)

Urban vs. Rural Poverty and Unemployment Rates



Census ACS 5Y Estimates, 2019-2023

Housing Trends

Housing Market Overview

Illinois and Wisconsin face historically low levels of housing inventory which, coupled with strong consumer demand, drive the cost of housing upward. In an environment of declining household income, these dynamics coalesce to create a crisis of housing access and affordability across the spectrum of all affordable housing types.

To understand the full impact of the housing crisis and identify possible solutions, it is helpful to consider affordable housing as a continuum of housing types serving the varied needs of the population. Housing types along the continuum may range from emergency shelters, to transitional or supportive housing, to subsidized or unsubsidized rental housing, to market rate homes. While there is no absolute path from step to step, households' successful movement along the continuum tends to occur on a trajectory from more supportive/subsidized options toward market rate opportunities.

The affordable housing continuum highlights the interconnectivity between housing types. If there is a supply or affordability bottleneck at one step on the continuum, households may encounter difficulty progressing to the next step, limiting opportunities to build self-sufficiency and wealth in the process. For example, if owner-occupied homes are not available or affordable, renters will remain renters, creating a demand bottleneck for both rental and owner-occupied housing. This bottleneck further fuels supply and affordability challenges for both types of housing stock, and also impedes access to the benefits and opportunities that come with homeownership.

This section of the TCLP explores market trends across the housing continuum, including homelessness, rental housing, and owner-occupied housing.

HOUSING CONTINUUM



Adapted from *The Municipal Role in Housing*, University of Toronto, Institute on Municipal Finance and Governance (IMFG), Munk School of Global Affairs & Public Policy, 2022.

Housing Trends

Homelessness

Homelessness is on the rise, both in our district and nationally. In both Illinois and Wisconsin, the total homeless population has been increasing in recent years, after reaching a low point in 2021.[10] In 2024, the total homeless populations of Illinois and Wisconsin were 25,832 and 5,049 individuals, respectively, which represents a significant (116%) increase over Illinois' level in 2023, and a more modest (4%) increase over Wisconsin's 2023 level as compared to 18% nationally.[11] While some homeless individuals and families seek emergency or transitional shelter, others remain unsheltered for a variety of reasons, including limited shelter capacity.

Homelessness trends support the need for emergency shelters and transitional housing, particularly for those with heightened barriers to housing, such as chronically homeless individuals. Nationally, chronic homelessness surged in 2024, with a 12% increase over the 2023 level—a significant increase that underscores the growing crisis, with one in every three people experiencing homelessness now classified as chronically homeless.[12]

Homelessness is fueled in part by a shortage of affordable housing options for individuals in the lowest income brackets, resulting in severe housing cost burden that puts quality affordable housing out of reach. In 2024, 75 and 73% of extremely low-income renter households (i.e., those with incomes at or below either the federal poverty guideline or 30% of the area median income (AMI), whichever is higher) in Illinois and Wisconsin, respectively, paid more than 50% of their income toward rent.[13] For every 100 extremely low-income renter households in Illinois and Wisconsin, just 34 and 33 affordable rental homes, respectively, are available.

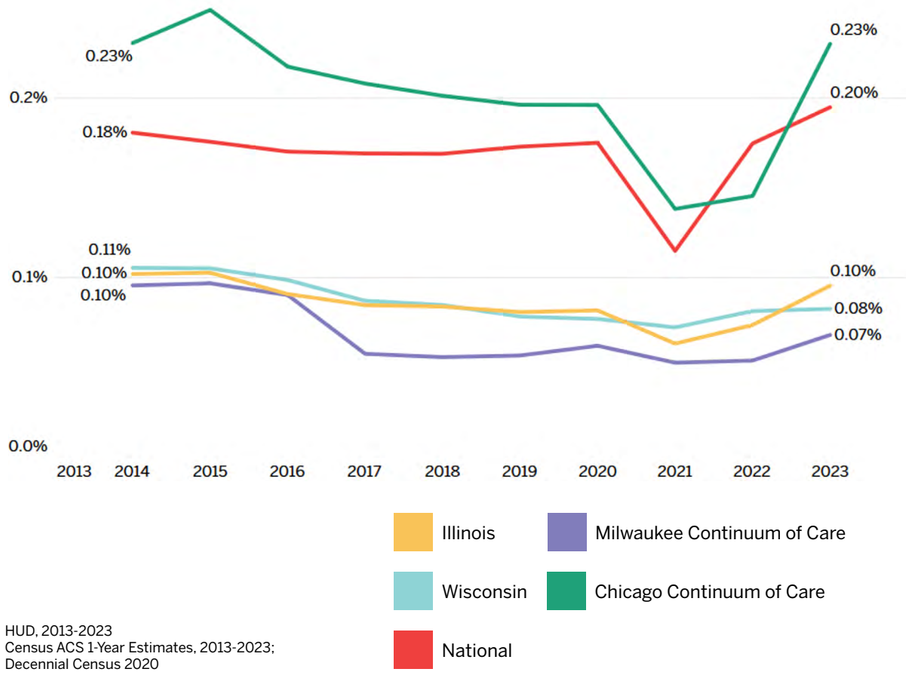
Compounding this dynamic, 51% of extremely low-income renters nationwide are seniors or have disabilities.[14] Affordability challenges facing the most economically vulnerable renters directly contribute to homelessness trends in the district and nationwide.

[10]HUD, 2013-2023; Census ACS 1-Year Estimates, 2013-2023; Decennial Census 2020.
[11]Soucy, Daniel, et al. National Alliance to End Homelessness, 2025, *State of Homelessness: 2025 Edition.*
[12]HUD, 2024, *Annual Homelessness Assessment Report (AHAR) to Congress*, HUD.
[13,14]National Low Income Housing Coalition, 2025, *The Gap: A Shortage of Affordable Homes*.



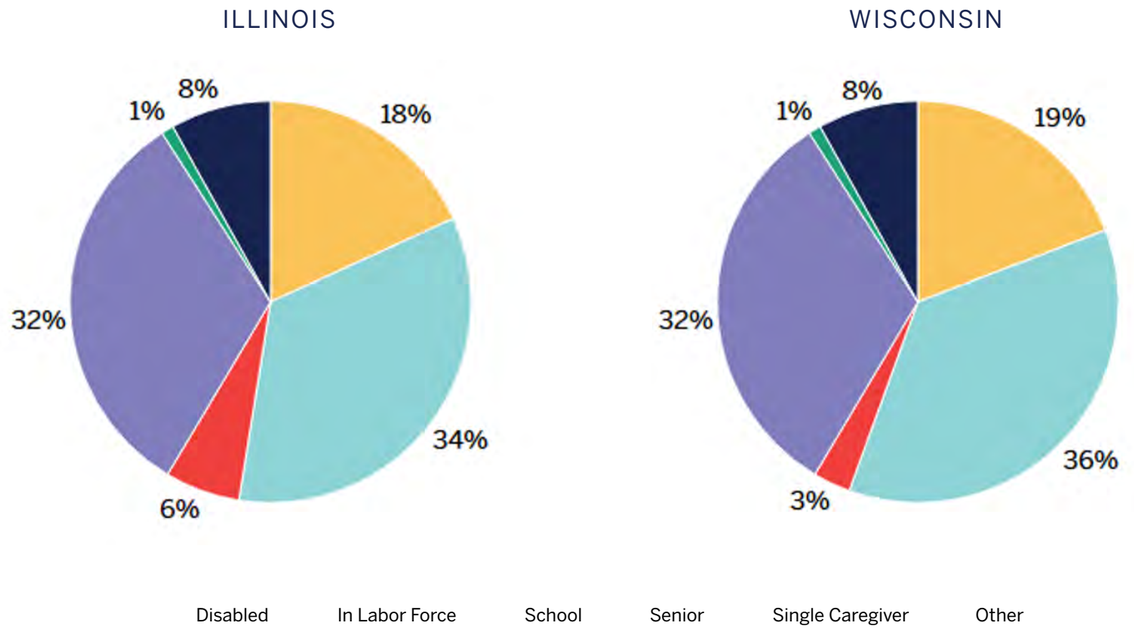
Homelessness

Homelessness Rate (2013-2023)



HUD, 2013-2023
Census ACS 1-Year Estimates, 2013-2023;
Decennial Census 2020

Snapshot of Extremely Low-Income Renters



National Low Income Housing Coalition, 2025

Housing Trends

Rental Housing Market

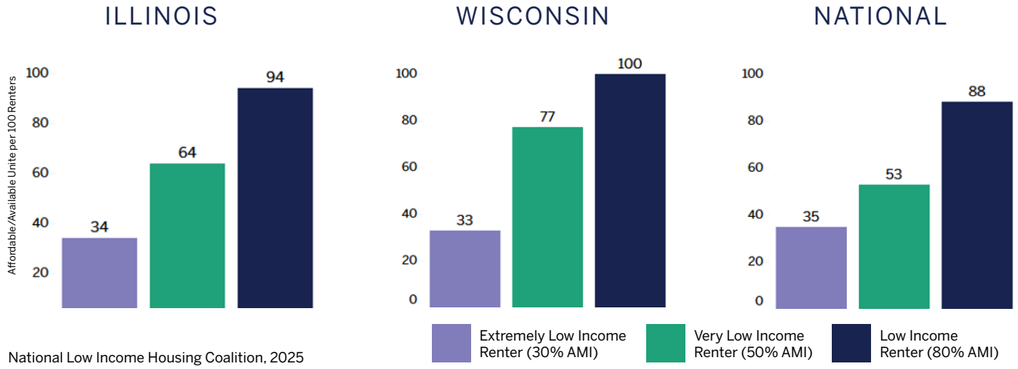
Rental housing affordability is the key to housing stability for many low- and moderate-income households. Without affordable rental options, households in lower income brackets are more vulnerable to disruptions in their economic stability, which places them at heightened risk of homelessness. Of course, housing affordability and housing supply go hand in hand, and the demand for affordable, available rental housing units far exceeds supply, particularly for extremely-, very low-, and low-income renters.[15] Nationwide, there is shortage of 7.3 million affordable, available rental homes to serve the lowest-income renters (i.e., those with incomes at or below either the federal poverty guideline or 30% of the area median income (AMI), whichever is higher).[16]

In a supply-constrained environment and with median income falling, the share of cost-burdened renters in the district and nationally has significantly increased since 2019, with nearly half of all renters in the district paying more than 30% of income toward rent. Not surprisingly, housing cost burden is not limited to extremely low-income renters. In fact, renter cost burden is increasingly impacting households in higher income segments. Nationally, moderate-income households (earning between $45,000 and $74,999) represented the fastest growing segment of total cost burdened renters, doubling to 45% since 2001.[17]

Nationwide, housing cost increases for renters have outpaced income growth over the last two decades.[18] Rising rents have been fueled not only by low housing supply, including owner-occupied supply that prevents renters from moving forward on the housing continuum, but also by increases in operating expenses for rental properties, such as rising insurance premiums.

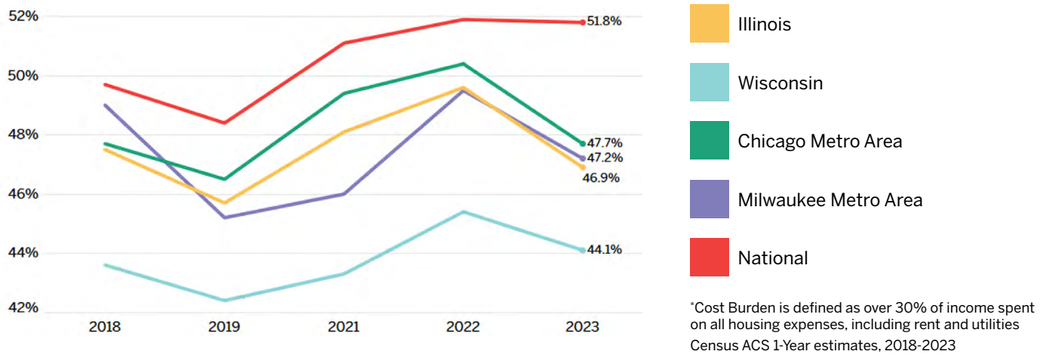
[15,16]National Low Income Housing Coalition, 2025, *The Gap: A Shortage of Affordable Homes*.
[17,18]Joint Center for Housing Studies, Harvard University, 2025, *2025 State of the Nation's Housing*.

Shortage of Available, Affordable Rental Housing Units by Income



National Low Income Housing Coalition, 2025

Percent of Renters Who are Cost Burdened (2018-2023)*



*Cost Burden is defined as over 30% of income spent on all housing expenses, including rent and utilities
Census ACS 1-Year estimates, 2018-2023

Housing Trends

Owner-Occupied Housing Market

Homeownership provides a path to economic security and wealth-building for many families. The benefits of homeownership extend to communities as well, facilitating local economic development, community engagement, and improved health and safety outcomes, among other benefits. While homeownership rates in Illinois and Wisconsin exceed the national rate, homeownership remains out of reach for many low- and moderate-income households in the district.[19]

Despite the well-documented benefits of homeownership, it is increasingly unattainable for many households in our district given tight housing supply and rising home prices. Nationwide, home prices are up 60% since 2019, continuing a two-decade trend of growth that has far outpaced household income, contributing to record unaffordability and declining homeownership rates.[20] While homeownership in Illinois and Wisconsin is more affordable than the national average, prices have grown to many multiples of median household income. Home prices are 3.3 and 3.7 times the median household income in Illinois and Wisconsin, respectively, a factor that continues to trend upward.[21]

The high cost of homeownership is fueled in large part by the shortage of affordable, available homes on the market.[22] Put simply, affordable for-sale housing units are in short supply; the inventory of available homes has declined, as evidenced by fewer listings, building permits issued, and number of days available homes are on the market. Nationwide, housing inventory fell in most of the 100 largest metro areas during the pandemic-era housing boom, but early 2025 data shows a modest turnaround, with 98 of those markets now seeing modest inventory gains as supply begins to recover.[23] There is an estimated shortage of at least 3.8 million units nationwide, with the Chicago Metro area among the most supply-constrained areas.[24]

The current housing shortage can be traced to the overall decline of single-family homes over several decades and, in particular, the marked underbuilding of entry-level homes, where most demand exists.[25] Reasons for the lack of new development to meet the demand for affordable units include: steeply increasing raw material costs, lack of available construction labor, land use regulations, zoning restrictions limiting ability to meet demand, lack of developers, lack of land to develop, and access to capital challenges for residential developers. These factors drive up development costs, and the economics of new home construction, and specifically affordable, entry-level homes, often simply do not pencil out.

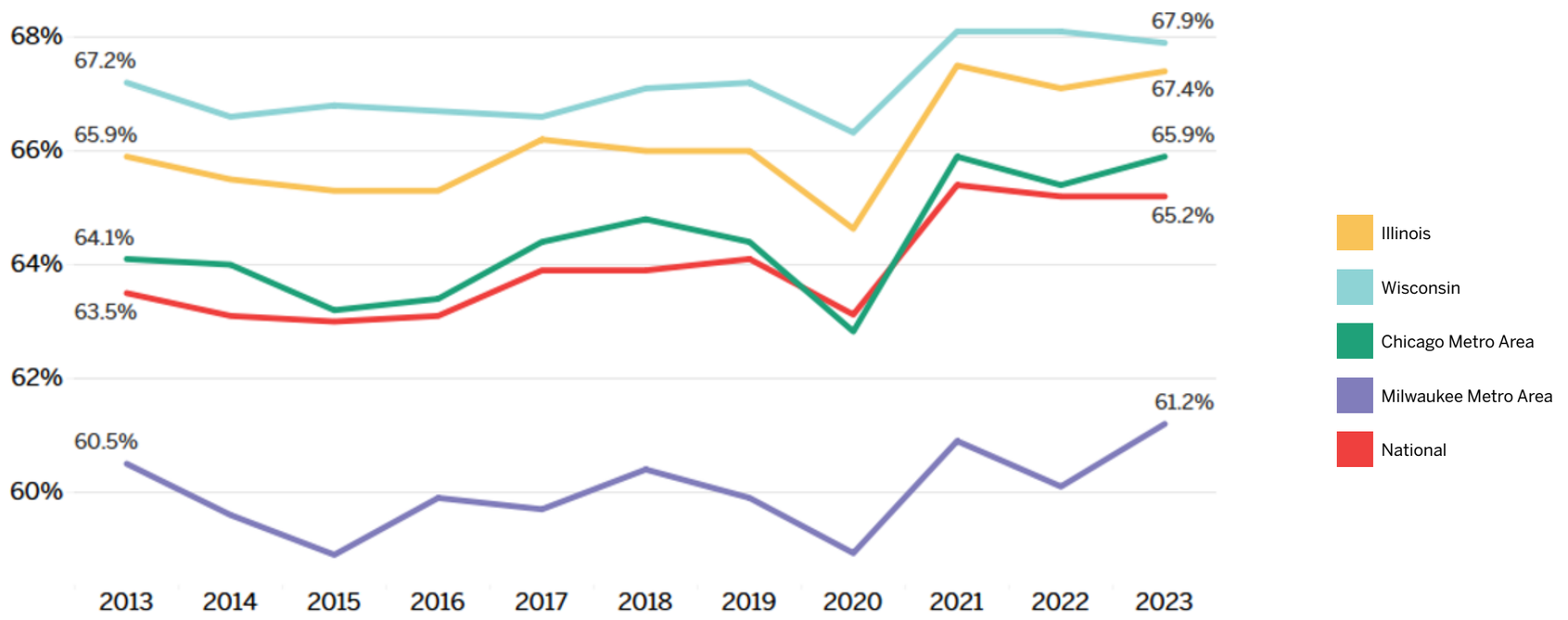
The combination of rising home prices, declining entry-level inventory, and declining median household income, in addition to rising interest rates and insurance premiums, is locking an increasing number of would-be homebuyers out of the market, particularly those in low- and moderate-income brackets. This impedes access to the wealth-building opportunities of homeownership for many households and heightens strain on the rental market, increasing rents while at the same time preventing households from moving forward along the continuum to homeownership.

Multi-pronged solutions are needed to facilitate access to affordable homeownership—strategies that both increase owner-occupied housing inventory and bridge the widening homeownership affordability gap for low- and moderate-income households. For homeownership to be a viable option for low- and moderate-income households in the district, current affordability and supply gaps must be bridged.

[19]Census ACS 1-Year Estimates, 2013-2023; Decennial Census 2020.
[20, 23]Joint Center for Housing Studies, Harvard University, 2025, *2025 State of the Nation's Housing*.
[21]Census ACS 1-Year Estimates, 2018-2023 (Data unavailable for 2020)
[22]Realtor.com, 2016-2024
[24, 25]Khater, Sam, et al. Freddie Mac, 2021, *Housing Supply: A Growing Deficit*.

Owner-Occupied Housing Market

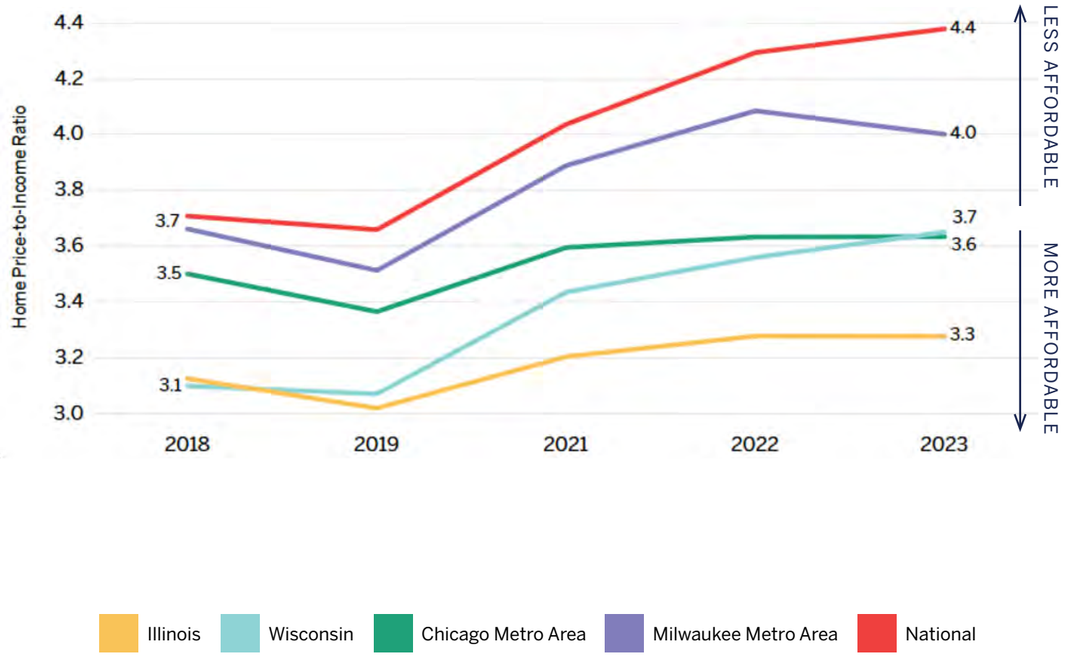
Homeownership Rate (2013-2023)



Census ACS 1-Year Estimates, 2013-23;
Decennial Census 2020

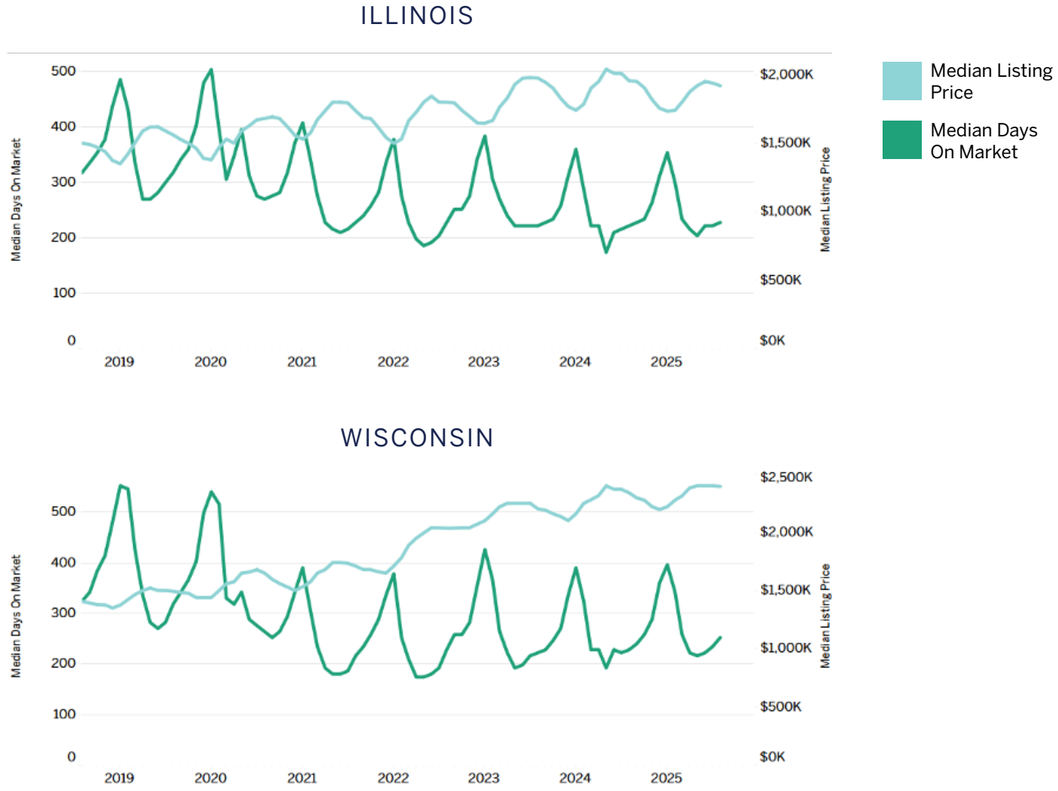
Owner-Occupied Housing Market

Median Home Sale Price to Median Household Income (2018-2023)



Census ACS 1-Year Estimates, 2018-23 (data unavailable for 2020)

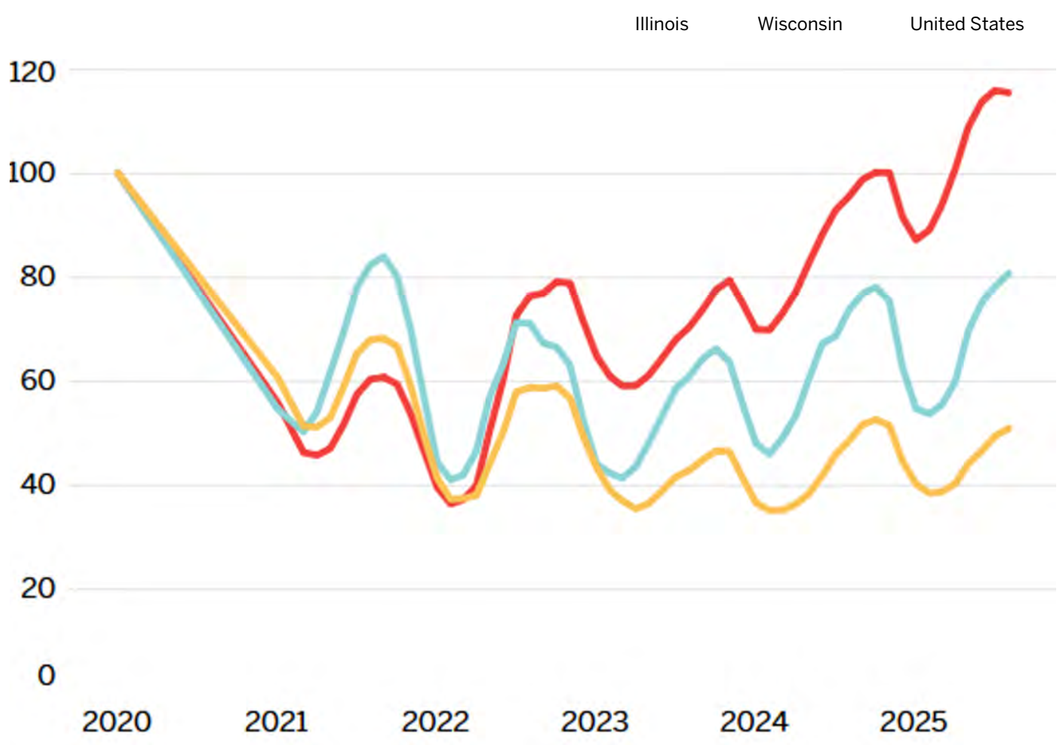
Rising Home Prices, Falling Inventory (2018-2025)



Realtor.com, 2018-2025 (data includes all residential homes (single-family and townhome/condo))

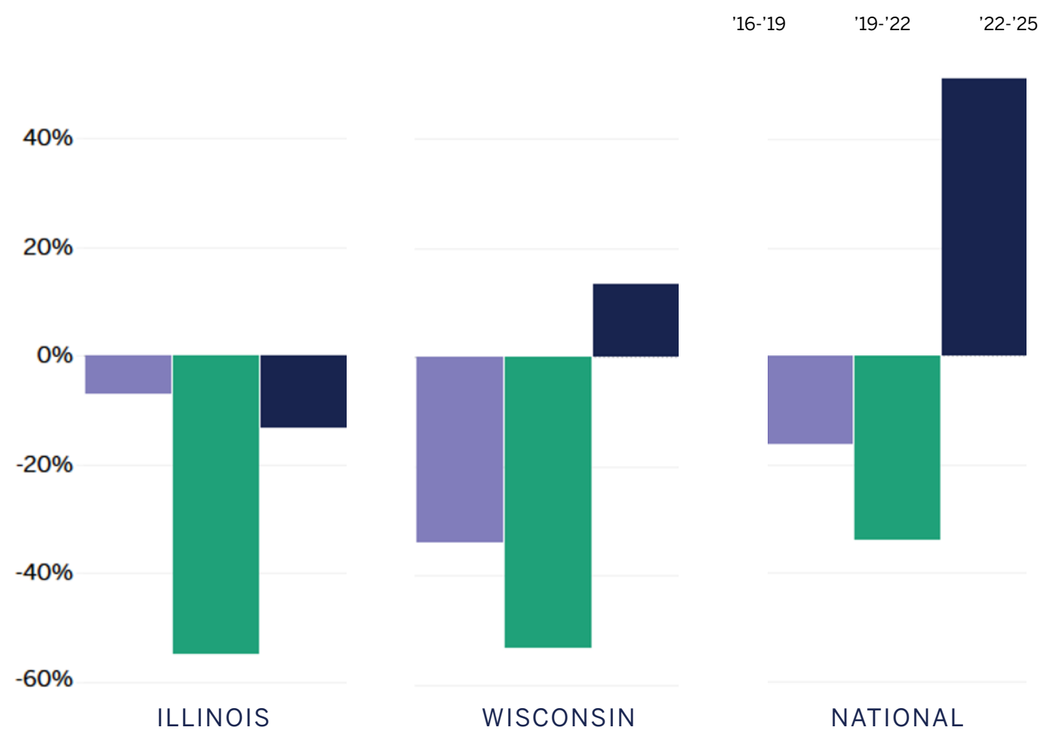
Owner-Occupied Housing Market

Number of Active Listings, indexed to January 2020



Realtor.com, 2016-2025 (data includes all residential homes (single-family and townhome/condo))

Percent Change in Active Housing Listings



Realtor.com, 2016-2025 (data includes all residential homes (single-family and townhome/condo))

Economic Trends

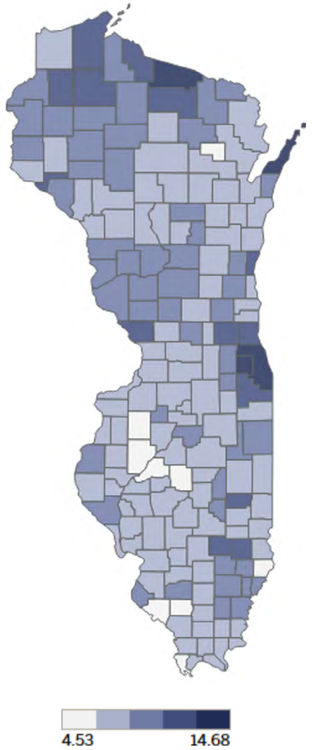
Business Environment

The health of the small business sector is an important indicator of the health of local economies. Small businesses are critical to communities as they create jobs, boost economic growth, drive innovation, and generate wealth for business owners and communities alike. As of 2022, there were over 1.8 million small businesses in Illinois and Wisconsin, with over 1.3 million and over 500,000 in Illinois and Wisconsin, respectively.[26] In 2022, the percentage of jobs at small businesses in Illinois and Wisconsin constituted 43% and 48%, respectively, of total jobs within those states.[27] Small businesses in the district contribute to the health and wealth of local economies. However, the number of businesses per capita in the district varies widely by county, pointing to geographic disparities in small business activity.[28]

Businesses require capital to operate and grow. Securing capital can be especially difficult for small and newer firms as they often lack the experience and established credit history that many financial institutions require of borrowers. A 2023 U.S. Chamber of Commerce survey of small businesses found that internal capacity and insufficient revenue or assets to qualify for a loan were their most significant barriers to securing capital for businesses.[29] Many small business owners instead raise capital outside of the financial system, leveraging personal savings and credit cards to finance their business growth. Interestingly, according to small business owners, local banks and credit unions rank first among financial institutions in providing capital to small businesses.

[26, 27, 28]Statistics of US Businesses (SUSB) Annual Data Tables, 2022; Nonemployer Statistics (NES), 2023; Census ACS 1-Year, 2023
[29]Swanek, Thaddeus. U.S. Chamber of Commerce, 2023, *New Survey Shows Small Businesses' Growing Concern about Raising Capital*.

Small Businesses* per 100 Residents
Percent of Jobs at Small Businesses



WISCONSIN

504,863 small businesses

8.57 small businesses per 100 residents

48% of jobs at small businesses

ILLINOIS

1,373,715 small businesses

10.82 small businesses per 100 residents

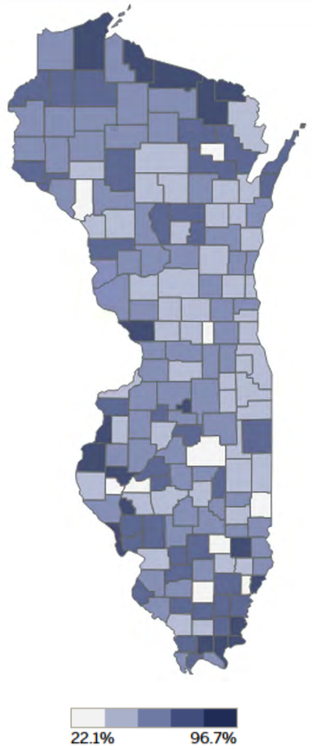
43.8% of jobs at small businesses

UNITED STATES

36,802,402 small businesses

11.07 small businesses per 100 residents

45.9% of jobs at small businesses



*Small business defined as firms <500 employees
Statistics of US Businesses (SUSB) Annual Data Tables, 2022; Nonemployer Statistics (NES), 2023; Census ACS 1-Year, 2023

Economic Trends

Financial Institutions and Access to Capital

Financial institutions, including FHLBank members, play a critical role in affordable housing and community development finance, supporting homebuyers, housing developers, small businesses, and community facilities via community lending activities. The types and numbers of financial institutions and branches in our district influence overall access to capital for these activities. Our district has a relatively large concentration of smaller sized banks than the nation overall, as indicated by the presence of relatively more depositories per capita and relatively lower average total assets per financial institution.[30]

Furthermore, the district has more financial institution branches per capita and fewer unbanked people than the national average. In Illinois and Wisconsin, 4.4% and 2.1% of their respective state populations are unbanked, compared to 4.5% nationwide.[31] A relatively strong, local presence by institutions provides residents with wider access to financial products and services. Institutions with a local presence also tend to be invested in community life, engaging in local projects, supporting local nonprofits and CDFIs, and participating in other community-building activities. In this way, the presence of financial institutions in a community contributes to its broader stability.

Despite the important role of financial institutions in local community development, residents of low-income census tracts have relatively less access to financial products than the population overall due to the relatively lower density of depositories in those communities.[32] This means areas with potentially heightened need for affordable housing and community development solutions may have less local support for them.

There are over 130 institutions designated as a minority depository institution (MDI), low-income credit union, community development financial institution (CDFI), and/or Native CDFIs throughout our district providing capital and other financial services in the communities they serve.[33] These community-based financial institutions are critical drivers of affordable housing and community development activity, often supporting needs unmet by traditional banks.

[30]SNL 2025 Q2
[31]Federal Reserve (2021)
[32]SNL 2025 Q2, FHFA, 2025; Census ACS 5-Year estimates, 2019-2023
[33]SNL, CDFI Fund, 2025; See 12 U.S.C. 1463 statutory note, and as implemented by certain prudential regulators.

Depositories by Asset Size

ASSET BUCKET	DEPOSITORIES					
	ILLINOIS		WISCONSIN		NATIONAL	
<$100M	226	(39.4%)	71	(26.2%)	3,478	(37%)
$100M-$250M	125	(21.8%)	57	(21%)	1,798	(19.1%)
$250M-$1B	149	(26%)	101	(37.3%)	2,452	(26.1%)
$1B-$10B	67	(11.7%)	41	(15.1%)	1,431	(15.2%)
>$10B	6	(1%)	1	(0.4%)	233	(2.5%)

SNL, 2025 Q2

The Important Role of CDFIs

CDFIs are private-sector, financial intermediaries with a primary mission of community development. They do this through:

- Meeting financial services needs in historically underserved communities, positioning them as a critical resource for pandemic recovery
- Financing small businesses, community institutions, and housing development in markets, with the goal of providing affordable, consumer-friendly lending options to economically disadvantaged communities.
- Including community development banks, loan funds, credit unions, corporations, and venture capital funds.
- Attracting public and private capital sources (e.g., U.S. Department of the Treasury's CDFI Fund, conventional financial institutions, foundations, corporations, individuals, and customer deposits for depository CDFIs).

CDFIs play a critical role in local markets districtwide, serving the housing and economic development needs of underserved communities throughout the district.

IN FOCUS:

Native Population, Housing and Economic Trends

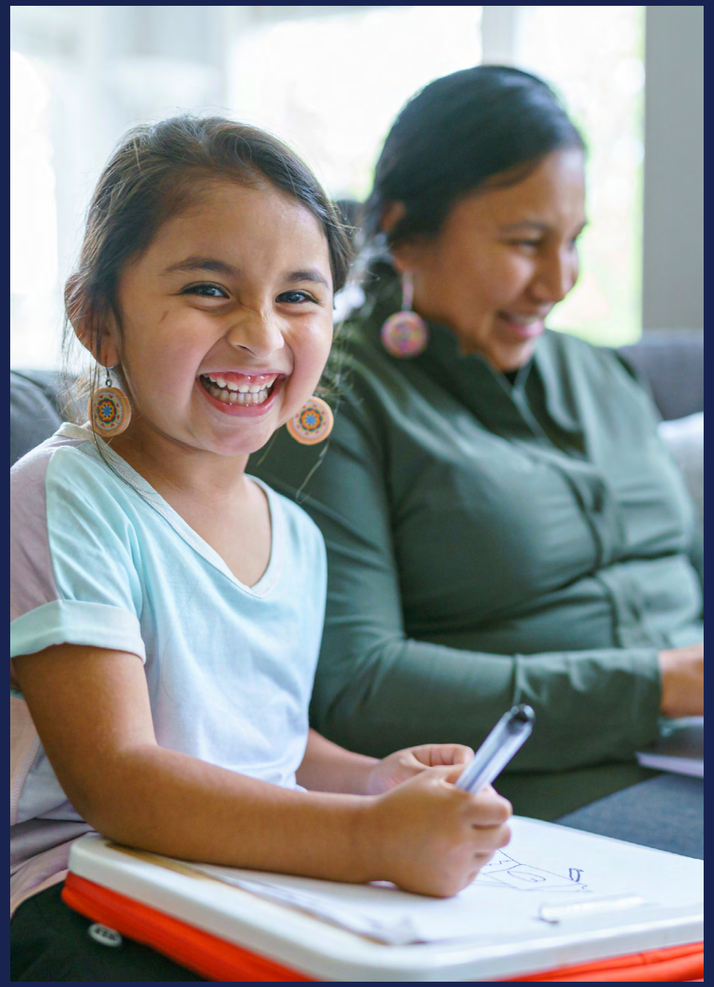
The district's Native communities experience unique market and community development dynamics.[34] This snapshot of districtwide Native population and market trends informs FHLBank Chicago's development and refinement of Mission Programs to meet the needs of Native communities.

Both Illinois and Wisconsin are home to Native American populations, with over 186,000 and 106,000 American Indian or Alaskan Native individuals residing in each state, respectively, as of 2023. There are 12 federally recognized Native Nations in FHLBank Chicago's district, with 11 located in Wisconsin and one located in Illinois.

Overall, 1.5% of Illinois' population identifies as American Indian and/or Alaskan Native, compared to 1.8% in Wisconsin. Interestingly, the vast majority of the Native residents of the district reside in urban areas, despite the rural classification for most tribal areas.

The Native American population in the district experiences disproportionately high poverty and unemployment as compared to the district's broader population, with poverty and unemployment higher still for the Native population living on tribal land. Likewise, Native households experience lower median household income, lower educational attainment, and greater housing overcrowding than the district's overall population. Although collectively the district's Native residents living on tribal land have a lower or similar level of housing cost burden as the district's broader population, residents of some tribal areas experience disproportionately greater housing cost burden.

The district's tribal areas contain a disproportionately high share of single-family rental homes compared to the prevalence of this type of housing stock among rental housing units districtwide and nationally. Tribal land also contains a disproportionately higher share of mobile/manufactured owner-occupied homes than is represented in the general owner-occupied stock in the district and nationally. Understanding the unique housing and economic dynamics in the district's Native communities enables FHLBank Chicago to structure products and programs to support their needs.



[34]Census ACS 5-Year estimates, 2019-2023; Applicable to all population data cited in this section.

IN FOCUS:

Native Population, Housing and Economic Trends

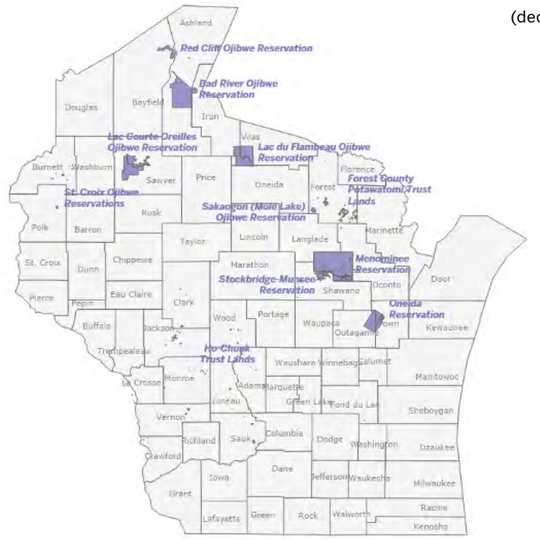
District Tribal Lands

11

federally recognized tribes in Wisconsin

1

federally recognized tribe in Illinois
(declared April 19, 2024)

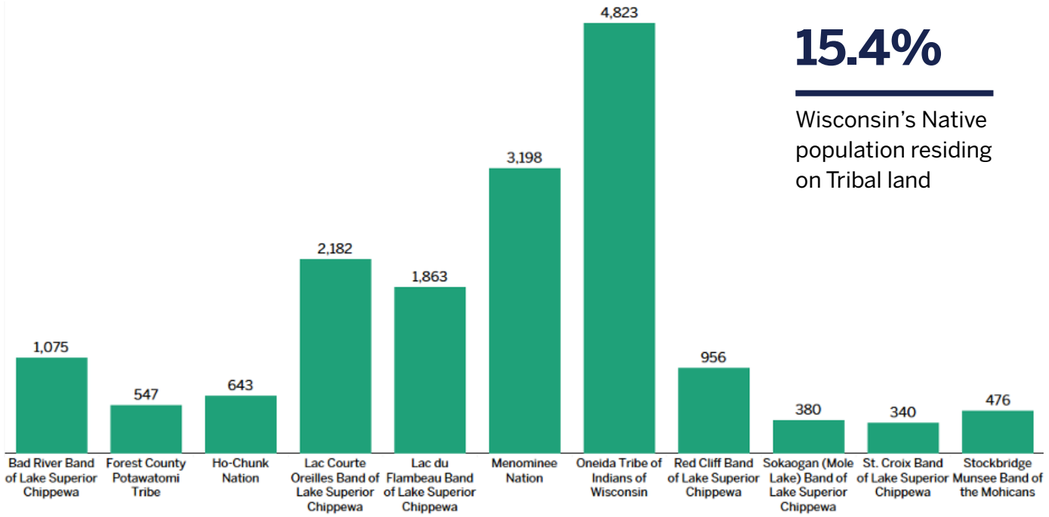




Census ACS 5-Year estimates, 2019-2023

Native Population* by Tribal Area (WI Only)

NUMBER OF RESIDENTS BY TRIBAL AREA



15.4%

Wisconsin's Native population residing on Tribal land

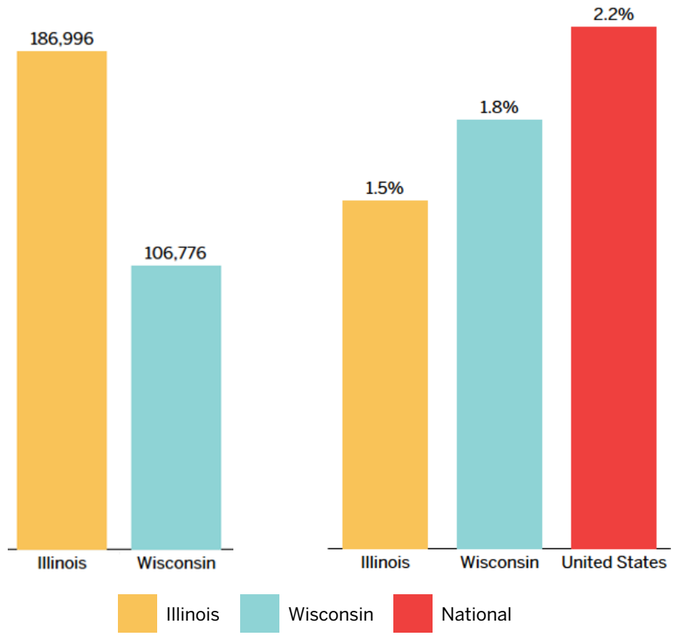
*Population includes all American Indian and Alaska Native populations alone or in combination with one or more other races. This includes Native Americans that identify as both Hispanic and Non-Hispanic and Native Americans that identify as multiracial.

Census ACS 5-Year estimates, 2019-2023

IN FOCUS:

Native Population, Housing and Economic Trends

Native Population* by State



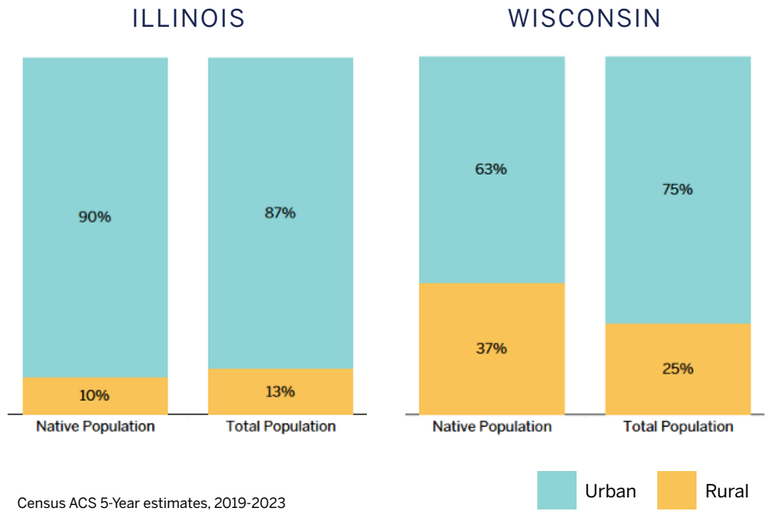
*Population includes all American Indian and Alaska Native populations alone or in combination with one or more other races. This includes Native Americans that identify as both Hispanic and Non-Hispanic and Native Americans that identify as multiracial.

Census ACS 5-Year estimates, 2019-2023

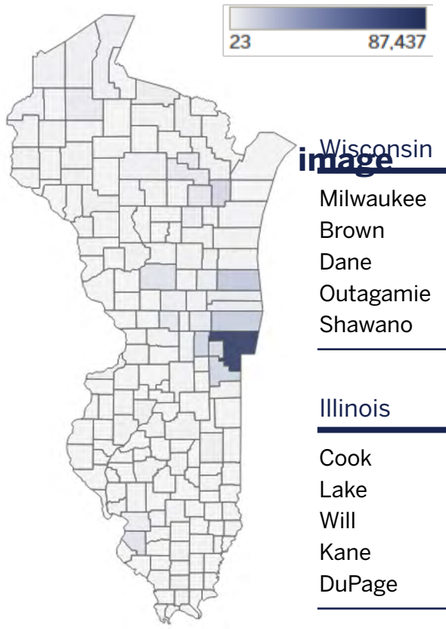
Native Population Geographic Distribution

A larger share of the IL Native population lives in urban counties, relative to the total state population.

A larger share of the WI Native population lives in rural counties, relative to the total state population.



Census ACS 5-Year estimates, 2019-2023



image

Wisconsin

Milwaukee	Urban	15,712
Brown	Urban	10,360
Dane	Urban	6,274
Outagamie	Urban	4,563
Shawano	Rural	4,105

Illinois

Cook	Urban	87,437
Lake	Urban	13,857
Will	Urban	10,959
Kane	Urban	10,929
DuPage	Urban	9,534

IN FOCUS:

Native Population, Housing and Economic Trends

Specific housing and economic challenges facing the district's Native population and communities include the following:

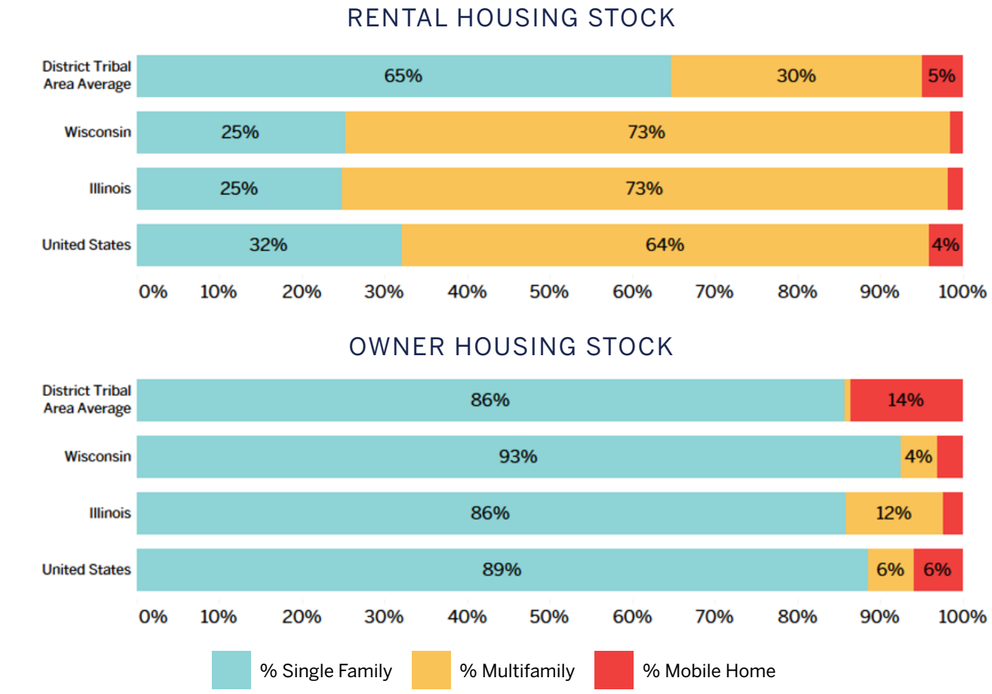
Housing Barriers

- Lack of safe, secure, affordable housing supply (rental and ownership)
- Limited access to financial services, including credit and homebuyer education
- Overcrowding to prevent homelessness
- Limited access to development capital
- Limited infrastructure to support development, including roads, sewer, public utilities, and broadband service
- Mortgage lending challenges on tribal land

Economic Barriers

- Limited access to financial services, capital and credit
- Limited governmental capacity to lead the planning and execution of development initiatives
- Limited infrastructure to support development, including roads, sewer, public utilities, and broadband service
- Workforce-job skills mismatch
- Job scarcity
- Lack of small business development and technical support resources
- Lack of revenue sources

Composition of the District's Tribal Area Housing Stock



Census ACS 5-Year estimates, 2019-2023

IN FOCUS:

Native Population, Housing and Economic Trends

A network of organizations exists throughout the district to support the needs of Native American communities and individuals. FHLBank Chicago partners with these organizations to deliver products and services that meet needs in their communities. In the district's tribal communities, this network includes tribal housing entities (see table below).[35]

TRIBE NAME	TRIBALLY DESIGNATED HOUSING ENTITIES/AUTHORITIES
WISCONSIN	
Bad River Band of Lake Superior Chippewa Indians	Bad River Housing Authority
Forest County Potawatomi Community	Wisconsin Potawatomi Housing Authority
Ho-Chunk Nation	Ho-Chunk Housing and Community Development Agency
Lac Courte Oreilles Band of Lake Superior Chippewa Indians	Lac Courte Oreilles Housing Authority
Lac du Flambeau Band of Lake Superior Chippewa Indians	Lac du Flambeau Chippewa Housing Authority
Menominee Indian Tribe of Wisconsin	Menominee Tribal Housing Department
Oneida Tribe of Indians Wisconsin	Oneida Housing Authority
Red Cliff Band of Lake Superior Chippewa Indians	Red Cliff Chippewa Housing Authority
St. Croix Chippewa Indians of Wisconsin	St. Croix Chippewa Housing Authority
Sokaogon Chippewa Community — Mole Lake Band of Lake Superior Chippewa	Sokaogon Chippewa Housing Authority
Stockbridge-Munsee Band of Mohican Indians	Mohican Housing Department
ILLINOIS	
Prairie Band Potawatomi Nation	Prairie Bank Potawatomi Nation Housing Department

Wisconsin's four Native CDFIs play an important role in supporting the community development, housing, and financial services needs of the district's Native American communities and populations. Native CDFIs located in Wisconsin include: First American Capital Corporation, First Nations Community Financial, NiiJii Capital Partners, Inc., and Wisconsin Native Loan Fund.

These Native CDFIs collaborate via the Wisconsin Indigenous Housing and Economic Development Corporation to facilitate access to capital, training and financial counseling for members of Wisconsin's 11 federally recognized tribes. In addition, both Wisconsin Native Loan Fund and Bay Bank, a Native-owned bank headquartered in Green Bay, Wisconsin, are FHLBank Chicago members that play an important role in facilitating access to FHLBank Chicago's Mission Programs for Wisconsin's Native communities.

Other organizations supporting economic development and affordable housing for Native Americans in the district include state agencies such as Wisconsin Economic Development Corporation and Illinois Department of Commerce and Economic Opportunity. Numerous other organizations in each state, such as Wisconsin Indigenous Housing and Economic Development Corporation (WIHEDC), Great Lakes Indian Housing Association and the Great Lakes Inter-Tribal Council, Inc., a regional coordinating body, also support this work. These organizations are important knowledge resources and strategic partners in the Bank's efforts to serve the district's Native population.

[35] *Tribal Nations of Wisconsin*, Wisconsin Department of Public Instruction; *Eastern Woodlands Tribally Designated Housing Entities*, United States Department of Housing and Urban Development.



28 Methodology

29 Affordable Housing Needs

31 Economic Development and Community Lending Needs

III. Needs Assessment

Each year, FHLBank Chicago conducts a Needs Assessment to gather information on affordable housing and community lending needs throughout the district. Informed by quantitative market analysis and qualitative research, the annual Needs Assessment is leveraged to identify gaps in the market and opportunities for FHLBank Chicago program enhancements and new initiatives.

Methodology

The 2026 Needs Assessment incorporates quantitative and qualitative data, including input from stakeholders throughout the district. Data sources for the 2026 TCLP Needs Assessment include:

- Analysis of public and proprietary market data sources
- Third-party research on national, regional, district, and local market trends
- Documentation of community needs published by other, mission-aligned funders (e.g., the Qualified Allocation Plans of state housing finance agencies)
- Discussions with CIAC members (both group and individual meetings)
- Stakeholder interviews (e.g., members, CDFIs, developers, economic development organizations, social service providers, financial services industry leaders, regulatory agencies, and other funders)
- Group convenings (e.g., conferences, working groups, roundtables, investor briefings, community meetings, regional member meetings, etc.)
- Program user feedback ("Voice of the Customer" exercises)

To increase the reach and impact of its Mission Programs and other mission-oriented business activities, FHLBank Chicago prioritizes the incorporation of varied perspectives in its Needs Assessment research methodology.



Affordable Housing Needs

The 2026 Needs Assessment identifies the following critical housing needs:

Housing Supply

Affordable rental and owner-occupied housing units are in short supply in the district, which fuels rising housing costs and exacerbates affordability challenges for low- and moderate-income households. Constrained affordable housing supply limits economic opportunities for residents and communities alike.

Specific needs pertaining to housing supply include:

- **Development of new units, both owner-occupied and rental.** Increasing the supply of affordable housing requires sustained investment in the creation of new units that meet the varied needs of the district's population. This includes traditional new construction as well as innovative approaches such as adaptive reuse of underutilized commercial or institutional properties. Alternative construction models—like factory-built or modular housing—can reduce development timelines and costs, while Accessory Dwelling Units (ADUs) offer a flexible, small-scale solution to increase density in existing neighborhoods. Land trusts and public-private partnerships can further support the development of mixed-income communities and ensure long-term affordability.
- **Reinvestment in aging housing stock, both single-family and multifamily.** Preserving and improving the district's existing housing is critical to meet current and future housing demand. Many older single-family homes and multifamily properties are experiencing structural deterioration, outdated building systems, and poor energy efficiency—factors that can compromise resident health, safety, and affordability through higher maintenance and utility costs. Strategic reinvestment should prioritize funding for essential repairs and renovations, system upgrades, weatherization, and accessibility improvements. These efforts not only extend the useful life of existing housing but also enhance livability, reduce housing expenses, and support aging in place.

Housing Affordability/Sustainability

The rising cost of housing relative to income creates housing affordability challenges throughout the district.

- **Homeownership Affordability/Sustainability.** Homeownership is a powerful tool for building individual wealth. However, for many households, it is out of reach. Solutions that bridge the affordability gap, support households on the path to homeownership, reduce ongoing home maintenance and operating costs, and support long-term affordability of properties play a pivotal role in facilitating sustainable homeownership for low- and moderate-income households.
- **Rental Affordability.** Rising rental housing costs threaten housing stability, particularly for renters in lower income brackets. Supports that reduce operating expenses and rents play a critical role in ensuring renters remain stably housed and have the opportunity for mobility along the housing continuum. Likewise, preserving naturally occurring affordable rental housing is essential to prevent the loss of lower-cost rental units as market pressures drive up prices.

Housing Investment in Underserved Communities

- **Rural Communities.** Barriers to rural development include high construction costs, limited labor pool, limited capital, aging housing stock, lack of capacity for community development planning activities, population migration dynamics, and low rent ceilings limiting project income, among other factors. Under-investment in housing constrains rural economic development and limits local opportunities for residents.
- **Native Communities.** The district's Native population faces unique barriers in accessing affordable, available housing, including limited inventory, limited infrastructure and development capacity, limited access to financial services, and mortgage lending complexities on tribal land.
- **Low-Income Areas.** The district experiences high rates of residential segregation by household income. Affordable housing investment in low-income areas yields valuable benefits: 1) expansion of affordable housing stock for current residents, many of whom are housing-cost burdened; 2) opportunities for wealth creation for homebuyers in economically varied communities; and 3) economic revitalization for historically disinvested communities.
- **Small (1-24 unit) Development Projects** can be an optimal housing solution in smaller communities across the district, where there is a clear affordable housing need but no market for large-scale developments. In larger communities, they may also comprise a significant portion of naturally occurring affordable housing stock. Small projects can be challenging to develop; they may not align with the priorities of competitive financing programs, and they often cannot support needed debt without additional soft funding sources.

Affordable Housing Needs

The 2026 Needs Assessment identifies the following critical housing needs (continued):

Housing for Populations with Heightened Need

- **Homeless Households.** Homelessness remains a critical challenge in both Illinois and Wisconsin. While the district benefits from a network of emergency and transitional housing programs, demand for individual shelter beds and transitional housing units exceeds supply.
- **Individuals with Disabilities.** Individuals with physical, mental, or developmental disabilities often face unique housing challenges. Research on housing supply and demand for disabled individuals indicates a clear need for more affordable, accessible, and supportive housing options.
- **Individuals Recovering from Substance Abuse.** Substance abuse often contributes to housing instability and homelessness; likewise, housing instability and homelessness can make it difficult for individuals struggling with substance abuse to achieve recovery. Districtwide, there is a need for supportive housing options for individuals in recovery.
- **Individuals Recovering from Physical Abuse, Domestic Violence, Dating Violence, Sexual Assault or Stalking.** Lack of safe, affordable housing is a significant barrier faced by many survivors of abuse and violence when they choose to leave an abusive situation. Housing stability is imperative for positive outcomes for individuals and families who have survived abuse and violence.
- **Formerly Incarcerated Individuals.** Formerly incarcerated individuals often face challenges in the housing market. There is a need across the district for expanded access to safe, affordable housing for formerly incarcerated individuals. Housing instability is a key indicator for criminal recidivism.
- **Unaccompanied Youth.** Unaccompanied youth—individuals under age 25 who are not in the physical custody of a parent or legal guardian and lack stable housing—face significant barriers to housing including lack of rental history, limited income or employment, discrimination, histories of trauma or system involvement (such as foster care or juvenile justice), and difficulty accessing supportive services without a guardian.
- **Individuals with Barriers to Independent Living.** Individuals with chronic barriers to independent living often benefit from service-rich, supportive housing. Permanent supportive housing has been shown to improve health outcomes, housing stability, and economic self-sufficiency, and reduce the number of days spent in shelters, emergency medical facilities, jails, and prisons.
- **Large households.** Housing for large households is in scarce supply districtwide due to its relatively higher development cost and municipal development restrictions. In many communities, including Native communities, multigenerational living arrangements are common, serving as a key homelessness prevention strategy, despite the fact that overcrowding may pose health and safety risks.
- **Workforce.** In many communities, lack of affordable housing stock and resulting high housing costs shut the local workforce out of the local housing market, potentially resulting in cost burden for workers, high commute costs borne by either workers or employers, recruitment challenges for employers, and/or economic challenges for communities unable to attract new firms due to lack of local workforce and workforce housing. The need for affordable workforce housing is especially urgent in rural and suburban areas, where space for new firms is abundant, but affordable housing and workforce are scarce.

Support for Emerging Developers

Significant barriers to entry can exist for emerging developers of affordable housing. They may experience more limited access to capital, professional networks, and training opportunities. As a result, emerging developers may be excluded from development opportunities that would benefit their communities and position them to invest more deeply in the future. Emerging developers in the affordable housing industry serve as key drivers for innovation and the expansion of local housing stock.

Economic Development and Community Lending Needs

The 2026 Needs Assessment identified the following critical economic development and community lending needs:

Economic Investment in Underserved Communities

Initiatives that expand access to capital for underserved communities are critical drivers for economic development districtwide. Underserved communities include but are not limited to:

- **Rural Communities.** Barriers to rural economic development include: limited local infrastructure, including digital infrastructure, limited local capacity for community planning and development, limited labor pool, population migration dynamics, and higher levels of poverty and unemployment in rural areas compared to urban areas. Under-investment in rural economic development limits local opportunities for residents and communities.
- **Native Communities.** Native communities in the district often navigate heightened barriers to economic development. Areas of particular need include: access to capital for economic development; investment in infrastructure; capacity-building and training for Native-owned businesses and businesses in tribal areas; and capacity building for community planning and development.
- **Low-Income Areas.** The district experiences high rates of residential segregation by household income. In addition to housing investment, low-income areas require economic investment in order to provide economic opportunities for local businesses and residents alike.

Support for CDFIs, MDIs, Low Income Credit Unions, Nonprofit Lenders, and Financial Counseling Organizations

CDFIs, MDIs, Low Income Credit Unions, and Nonprofit Lenders often lead in the financing of housing, small businesses, community facilities, and real estate development in markets that may be challenging for traditional financial institutions to serve. As a result, the work of these organizations complements, rather than competes with, that of traditional lenders to expand access to capital in disinvested communities. Funding for community-based lending (particularly "patient capital"), capacity-building, and innovation are persistent needs, given strong demand for the products and services of CDFIs, MDI, Low Income Credit Unions and nonprofit lenders. In addition, organizations providing financial counseling services are key facilitators of community lending.

Support for Small Businesses

Small businesses comprise an important sector of the U.S. economy, offering nearly half of all jobs in the district and generating wealth in local communities. However, barriers to growing and sustaining small businesses are substantial. Access to capital is one of the greatest challenges facing small businesses, particularly in low-income areas.

Support for Targeted, Place-Based Development Strategies

Targeted development strategies focused on the needs of specific communities can be highly effective in delivering concentrated, lasting impact. They have the potential to bring together public and private partners around common, local development goals and introduce opportunities for leverage and collaboration. Supporting local initiatives requires responsiveness and flexibility to meet a project's unique needs and timeline. Targeted, place-based initiatives can also be valuable in providing proof of concept for funders considering expanded initiatives down the line.

Support for Capacity-Building in Community Development

Local leaders are often closest to the needs of their local community, but may lack the resources and/or experience necessary to create and undertake a comprehensive community development strategy. Committed leaders experiencing capacity constraints may require additional resources to assess community needs, identify goals, create implementation plans, identify measures of success, and leverage public and private funding in targeted communities. These challenges are present in urban and rural communities alike.



33 Overview of Mission Programs
36 Impact Metrics and Performance Targets

IV. Strategy and Goals

FHLBank Chicago leverages Mission Programs in pursuit of the following objectives:

- Expand the supply of affordable housing in the district;
- Improve housing affordability and homeownership sustainability;
- Expand access to capital for housing and economic development;
- Catalyze economic opportunities for residents and communities; and
- Build community capacity for affordable housing and economic development.

In pursuing these objectives, FHLBank Chicago responds to the critical housing and community development needs in our district, facilitates impactful opportunities for our members to support solutions, and delivers on our commitment to housing leadership, while adhering to fair lending laws and regulations, striving to promote equal access to credit, and preventing discriminatory practices in our activities and operations.

The section below summarizes how FHLBank Chicago's 2026 Mission Programs align with identified district needs. Note that new programs may be introduced throughout the year; programs described herein represent 2026 programs approved at the time of this publication.

Impact measures and 2026 performance targets for FHLBank Chicago's Mission Programs are also identified in this section.

Overview of Mission Programs

Below is a summary of current FHLBank Chicago Mission Programs:

Affordable Housing Program (AHP) General Fund

The Affordable Housing Program (AHP) General Fund provides subsidies to support the acquisition, construction, and/or rehabilitation of rental or owner-occupied housing via an annual competitive round. AHP addresses the identified district needs for:

- **Housing Supply: Development of New Units, both Owner Occupied and Rental**
- **Housing Supply: Reinvestment in Aging Housing Stock, both Single-Family and Multifamily**
- **Housing Affordability/Sustainability: Homeownership Affordability/Sustainability**
- **Housing Affordability/Sustainability: Rental Affordability**
- **Housing for Populations with Heightened Need**
- **Support for Emerging Developers**

HOUSING NEEDS ADDRESSED WITHIN AHP SCORING CATEGORIES

Housing for Individuals with Disabilities	→	Housing for Special Needs Populations scoring category
Permanent Supportive Housing	→	Permanent Supportive Housing scoring category
Housing for Homeless Households	→	Housing for Homeless Households scoring category
Housing for Individuals Recovering from Abuse	→	Housing for Special Needs Populations scoring category
Housing for Formerly Incarcerated Individuals	→	Housing for Special Needs Populations scoring category
Housing for Unaccompanied Youth	→	Housing for Special Needs Populations scoring category
Access to Economic Opportunities	→	Creating Economic Opportunity Through Mixed-Income Areas scoring category
Housing Affordability/ Sustainability	→	Operational Efficiency scoring category
Support for Sustainable Homeownership	→	Community Stability: Construction or Preservation of Owner-Occupied Housing scoring category
Reinvestment in Aging Housing Stock	→	Community Stability: Construction or Preservation of Owner-Occupied Housing and Rehabilitation of Existing Occupied Housing scoring categories
Rural & Tribal Land Housing Investment	→	Rural Housing and In-District Projects scoring categories
Investment in Low-Income Areas	→	Projects Serving Low-Income Areas scoring category
Housing for Large Households	→	Large Family Units scoring category
Small Projects	→	Projects of 24 or Fewer Units scoring category
Support for Emerging Developers	→	Emerging Project Sponsors scoring category

Overview of Mission Programs

Below is a summary of current FHLBank Chicago Mission Programs:

Downpayment Plus® Programs

Downpayment Plus and Downpayment Plus Advantage® (collectively, "DPP," FHLBank Chicago's AHP Homeownership Set-Aside programs), offer members year-round, easy-to-access downpayment and closing cost assistance for low- and moderate-income homebuyers. This program, which requires participation in homeownership education and counseling, supports sustainable homeownership for low- and moderate-income households. DPP addresses the identified district needs for:

- **Homeownership Affordability/Sustainability**

Community Advances and Letters of Credit

FHLBank Chicago offers discounted financing to its members to support affordable housing and economic development lending and community investment. Community Advances and Letters of Credit address the identified district needs for:

- **Housing Supply: Development of New Units, both Owner Occupied and Rental**
- **Housing Supply: Reinvestment in Aging Housing Stock, both Single-Family and Multifamily**
- **Homeownership Affordability/Sustainability**
- **Support for Small Businesses**
- **Support for CDFIs, MDIs, Low Income Credit Unions, Nonprofit Lenders, and Financial Counseling Organizations**
- **Economic Investment in Underserved Communities**



Overview of Mission Programs

Below is a summary of current FHLBank Chicago Mission Programs:

Community First® Housing Counseling Resource Program

The Community First Housing Counseling Resource Program provides grants to HUD-approved housing counseling agencies in Illinois and Wisconsin to support expanded service to low- and moderate-income and underrepresented homebuyers and homeowners. Two FHLBank Chicago housing associates, Illinois Housing Development Authority (IHDA) and Wisconsin Housing and Economic Development Authority (WHEDA), administer the program on FHLBank Chicago's behalf. The Community First® Housing Counseling Resource Program addresses the identified district need for:

- **Homeownership Affordability/Sustainability**
- **Support for CDFIs, MDIs, Low Income Credit Unions, Nonprofit Lenders, and Financial Counseling Organizations**

Community First Fund

Community First Fund (CFF) is a revolving loan fund supporting economic development and affordable housing in Illinois and Wisconsin. CFF provides flexible, long-term, unsecured financing to partner organizations to invest in affordable housing, commercial real estate, community facilities, or businesses. Partner organizations may include community development financial institutions (CDFIs), community development loan funds, state housing finance agencies, and regional/national intermediaries with a footprint in the district. CFF addresses the identified district needs for:

- **Economic Investment in Underserved Communities**
- **Housing Investment in Underserved Communities**
- **Housing Supply: Development of New Units, both Owner Occupied and Rental**
- **Housing for Populations with Heightened Need**
- **Support for Small Businesses**
- **Support for CDFIs, MDIs, Low Income Credit Unions, Nonprofit Lenders, and Financial Counseling Organizations**



2026 Impact Metrics and Performance Targets

To measure performance against community impact objectives, FHLBank Chicago annually establishes impact metrics and performance targets. 2026 programmatic impact metrics and performance targets are below.

In addition to programmatic impact metrics, FHLBank Chicago also sets community leadership and engagement performance targets, as all are key to the successful execution of our housing leadership strategy. Community leadership and engagement activities for 2026, along with performance targets, are listed below.

2026 HOUSING AND COMMUNITY DEVELOPMENT IMPACT METRICS

Impact Metric	Impact Target (#)
Housing units created or supported	**22,800**
Jobs created/preserved	**11,800**
CDFIs, MDIs, LICUs, Nonprofit Lenders, and Financial Counseling Organizations supported	**86**

2026 HOUSING LEADERSHIP AND COMMUNITY ENGAGEMENT PERFORMANCE TARGETS

Leadership/Engagement Activity	Performance Target (#)
Engage in outreach activities to: 1) Expand the use of FHLBank Chicago Mission Programs or mission-oriented initiatives, and/or 2) Build relationships with strategic partners	**30**
Lead and/or participate in community investment industry convenings	**5**
Produce community investment white paper(s)	**3**

Approved by the Board of Directors on the 23rd day of January, 2026.



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