# Federal Housing Finance Agency

Low-Income Housing and Community Development Activities of the Federal Home Loan Bank System

2012

# CONTENTS

# Executive Summary

During the recent economic downturn, lower income families experienced significant losses of personal wealth at the same time that the nation's supply of affordable housing units decreased. Despite the challenging times, the Federal Home Loan Banks (Banks), through their affordable housing and community development programs, continued to serve lower income households.

In 2012, the Banks awarded $245 million under the Affordable Housing Program's (AHP) competitive application and set-aside programs, assisting over 29,500 lower income households. The Banks also funded approximately $2.2 billion in Community Investment Program (CIP) advances and $1.3 billion under the Community Investment Cash Advance (CICA) program. At the end of 2012, 131 depository Community Development Financial Institutions (CDFIs) and 12 non-depository CDFIs were Bank members.

The Banks, in partnership with their communities, have a long history of using their programs to leverage private and public financing for housing and community development. From 1990 through 2012, the Banks awarded more than $4.1 billion in subsidies under the AHP for the purchase, construction, or rehabilitation of more than 689,000 affordable housing units. The Banks also funded $55 billion in CIP advances over this period, and from 2000 to 2012 the Banks funded $14 billion in community investments through the CICA program.

This report is prepared for delivery to the Banks' Advisory Councils, who advise the Banks on community and affordable housing programs. FHFA is required to annually inform the Advisory Councils on the Banks' activities in affordable housing and community development.

# Introduction

The Federal Home Loan Bank Act (Bank Act) requires the Federal Housing Finance Agency (FHFA) to monitor and report annually to the twelve Federal Home Loan Banks' (Banks) Advisory Councils on the Banks' support of low-income housing and community development activities.[1] This report fulfills that requirement.

The report includes:

- An overview and program-to-date statistics for the Affordable Housing Program (AHP), the Community Investment Program (CIP), and the Community Investment Cash Advance (CICA) Program.
- A summary of the achievements of these programs in 2012.
- A detailed description of the Banks' programs and scoring priorities for their Affordable Housing Programs, in response to a request from the Advisory Councils.

As the nation's economy and housing markets begin the process of recovery from the Great Recession, the Federal Home Loan Bank System's (Bank System) programs offer a large number of time-tested examples of public-private lending that demonstrate creative approaches to address current challenges in affordable housing.

Lower income households suffered disproportionately during the recession. Between 2007 and 2010, families living in areas with a high incidence of poverty lost 91 percent of their overall wealth, almost double the loss of wealth (47 percent) in areas with low poverty.[2] Employment was also weaker in high-poverty areas, with only 53 percent of those living in these areas reporting they were employed during 2007-2009. The magnitude of unemployment was exacerbated by its duration. The median duration of unemployment was 8.4 weeks in December 2007, rose to 17.4 weeks in June 2009, and peaked at almost 26 weeks in June 2010 – the longest period of unemployment in the post-World War II era.[3]

The U.S. Bureau of the Census reports an increase in adults at the poverty level living in shared households as a means of alleviating economic strain.[4] Seven out of ten households earning less

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[1] See 12 U.S.C. § 1430(j)(12). The statute states specifically that the Director of FHFA shall monitor and report annually to the Advisory Council for each Bank the support of low-income housing and community development by the Banks and the utilization of Bank advances for these purposes. The statute further states that the Advisory Councils shall submit analyses on the Banks' low-income housing activities to the Director and such analyses shall be included in the report. The Advisory Councils' reporting responsibilities are further enumerated in FHFA's AHP regulation, at 12 C.F.R. § 1291.4(d)(3).

[2] The Pew Charitable Trusts. "Weathering the Great Recession: Did High-Poverty Neighborhoods Fare Worse?" (2012): 1. "High-poverty neighborhoods are defined as those with 30 percent of the population or more living in poverty. Low-poverty neighborhoods are defined as those with less than 10 percent of the population living in poverty. Neighborhoods are defined by census tracts or small subdivisions of a county that average about 1,500 households and 4,000 residents."

[3] Pew Research Center. "Wealth Gaps Rise to Record Highs Between Whites, Blacks, Hispanics." (2011): 2.

[4] U.S. Bureau of the Census. "Shared Households: Household Composition and Economic Well-Being 2007-2010" (June, 2012):1-5.

than the annualized minimum wage of $15,000 paid more than 50 percent of their income for rent. These households are classified as severely burdened. Over the three-year period between 2007 and 2010, households in this category increased by 1.5 million. This increase was nearly double the increase over the six-year period between 2001 and 2007.[5]

According to the U.S Department of Housing and Urban Development (HUD) in its *2011 Worst Case Housing Needs: Report to Congress*, between 2007 and 2011 the number of very low-income renter households paying more than half their income for rent or living in inadequate housing conditions grew by 43.5 percent, an increase of over 2.5 million households.[6]

A shortage of affordable housing stock has been another result of the recent downturn. In its *State of the Nation's Housing 2012,* the Joint Center for Housing Studies at Harvard University reports a significant increase in the number of low-income renter households relative to the supply of housing affordable to them. In 2001, only 5.7 million affordable units were available for 8.1 million low-income renters, a shortfall of 2.4 million affordable units. By the end of 2010, the shortfall in units affordable to low-income renters had more than doubled to 5.1 million units.[7] The shortage of affordable units was most acute among households with the lowest incomes. Between 2007 and 2011, the number of renter households with extremely low incomes (at or below 30 percent of the area median income) increased by 2.5 million. In this time period, the gap in affordable housing for these renters reached 5.3 million units.[8]

The Bank System's mainstay housing and community investment programs required by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 are approaching their twenty-fifth anniversary. This report highlights a diverse range of proven models in housing and community development. These examples point to the wisdom and responsiveness of a decentralized delivery system that has nimbly responded to different regional conditions over time.

FHFA hopes that the report will stimulate dialogue and discussion among the Advisory Councils, the Banks, their member financial institutions, and communities so that together they can continue to address current challenges.

[5] Joint Center for Housing Studies of Harvard University. "The State of the Nation's Housing, 2012." (2012): 27-32.
[6] U.S Department of Housing and Urban Development. "Worst Case Housing Needs 2011: Report to Congress."*(*2011): 1-3. HUD defines renters with "worst case housing needs" as those with incomes below 50 percent of the Area Median Income (AMI), who do not receive government housing assistance and who paid more than half of their income for rent or live in severely inadequate conditions, or both.
[7] Joint Center for Housing Studies of Harvard University. "The State of the Nation's Housing, 2012." (2012): 22-26.
[8] Joint Center for Housing Studies of Harvard University. "The State of the Nation's Housing, 2013." (2013): 29-30.

# Federal Home Loan Bank Community Programs and Activities

**Advisory Councils:** The Banks' Advisory Councils advise their respective Banks on low- and moderate-income housing and community lending programs and needs in their districts. They also provide direction on the use of available Bank funds to address those needs. Councils, made up of seven to fifteen persons appointed by the Bank's board of directors, are drawn from community and nonprofit organizations actively involved in providing or promoting low- and moderate-income housing or community lending in the Banks' districts. In 2012, all twelve Councils submitted to FHFA analyses of the low-income housing and community lending activity of their respective Banks.[9]

**Bank Programs:** The Banks administer three principal affordable housing and targeted economic development programs authorized by the Bank Act as part of their mission to support financing for affordable housing and community investment.[10] The programs and activities are the:

- **Affordable Housing Program (AHP),** which consists of a competitive application subsidized advance or grant program, and a homeownership set-aside grant program, designed to assist moderate-income, low-income and very low-income households. From 1990 through 2012, the Banks awarded more than $4.1 billion in subsidies under the AHP competitive application and homeownership set-aside programs for the purchase, construction, or rehabilitation of more than 689,000 housing units. In 2012, the Banks awarded $245 million to their AHP, assisting over 29,500 units.

- **Community Investment Program (CIP),** a Bank advance program for affordable housing and targeted economic development. CIP housing advances must benefit households at or below 115 percent of the area median income. CIP economic development advances must benefit low- or moderate-income households, or they must benefit development located in low- and moderate-income neighborhoods.

  From 1990 through 2012, the Banks provided nearly $48 billion in CIP housing advances and approximately $6.9 billion in economic development advances. In 2012, CIP housing advances totaled approximately $2.2 billion and CIP economic development advances totaled about $5.1 million.

- **Community Investment Cash Advance (CICA) Program,** a Bank program authorized by regulation in 1998. The CICA program provides Bank advances or grants for community targeted economic development. From 2000 through 2012, Banks provided

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[9] As required under 12 U.S.C. § 1430(j)(11) and 12 C.F.R. § 1291.4.

[10] The CICA regulation (12 C.F.R. § 1292.1) defines CICA programs to include the AHP, CIP, and Rural Development Funding, Urban Development Funding, and other targeted economic development advance or grant programs established by a Bank and approved by FHFA. Because the AHP and CIP are specifically required by statute, they are generally described separately from other programs under the CICA umbrella. We follow this convention in this report.

over $14 billion in CICA advances. In 2012, the Banks funded $1.3 billion in CICA advances. Some Banks have also established CICA grant programs. These grants totaled $3.4 million in 2012.

- **Community Development Financial Institutions (CDFIs) Bank Membership.** CDFI depositories, such as banks and credit unions, have been eligible for Bank membership since the beginning of the U.S Department of the Treasury's (Treasury) CDFI certification program. Bank membership for non-depositories, such as loan funds, was implemented by FHFA regulation in 2010 pursuant to statutory requirements.[11] As of December 31, 2012, 131 depository CDFIs and 12 non-depository CDFIs were Bank members.

- **Bank affordable housing goals and Acquired Member Assets (AMA) programs.** The AMA program is a whole loan mortgage purchase program under which Banks may purchase qualifying loans from their members. In 2012, eight of the twelve Banks purchased loans through these programs. When a Bank's total unpaid principal balance of such loan purchases in a given calendar year exceeds $2.5 billion, the Bank is subject to affordable housing goals.[12] In 2012, none of the Banks exceeded this level, and therefore, none were subject to meeting these housing goals.

[11] See 12 C.F.R. Part 1263.
[12] See 12 C.F.R. Part 1281.

# The Affordable Housing Program: 1990-2012

**Overview:** The Bank Act requires each Bank to establish an Affordable Housing Program (AHP).[13] Under the AHP, a Bank's member financial institutions apply to the Bank for AHP funds, which are, in turn, provided to eligible projects and households. The eligible household income in AHP-assisted, owner-occupied housing is at or below 80 percent of area median income. If the AHP subsidy is used in rental housing, at least 20 percent of the units must be reserved and affordable for households with incomes at or below 50 percent of area median income. AHP funds may be in the form of a grant or a subsidized interest rate advance (loan) from a Bank to its member. The AHP can be used for the purchase, construction, or rehabilitation of housing.

The AHP consists of two programs: a competitive application program and a homeownership set-aside program. All Banks are required to offer the competitive application program, while adoption by a Bank of a homeownership set-aside program is elective. Under the competitive application program, a financial institution that is a Bank member submits an application on behalf of a project sponsor. The application is evaluated against other applications for funding based on minimum eligibility requirements and objective scoring criteria established by the Bank pursuant to the AHP regulatory parameters. The competitive application program generally constitutes at least 65 percent of a Bank's required annual AHP statutory contribution.[14]

Under the homeownership set-aside program, a Bank member applies to a Bank for grant funds, and then disburses these funds to a homeowner or gets reimbursed by the Bank after the funds are disbursed. A Bank may allocate up to the greater of $4.5 million or 35 percent of its statutory contribution for its homeownership set-aside program.

**Annual Funding Level:** The Bank Act requires each Bank to contribute at least 10 percent of its previous year's net earnings to its AHP for the following year subject to a $100 million minimum annual combined contribution by all 12 Banks.[15] From 1990 to 2012, the 12 Banks contributed more than $4.1 billion to their AHP competitive and homeownership set-aside programs. AHP funding varies from year-to-year based on Bank earnings (see Figure 1).

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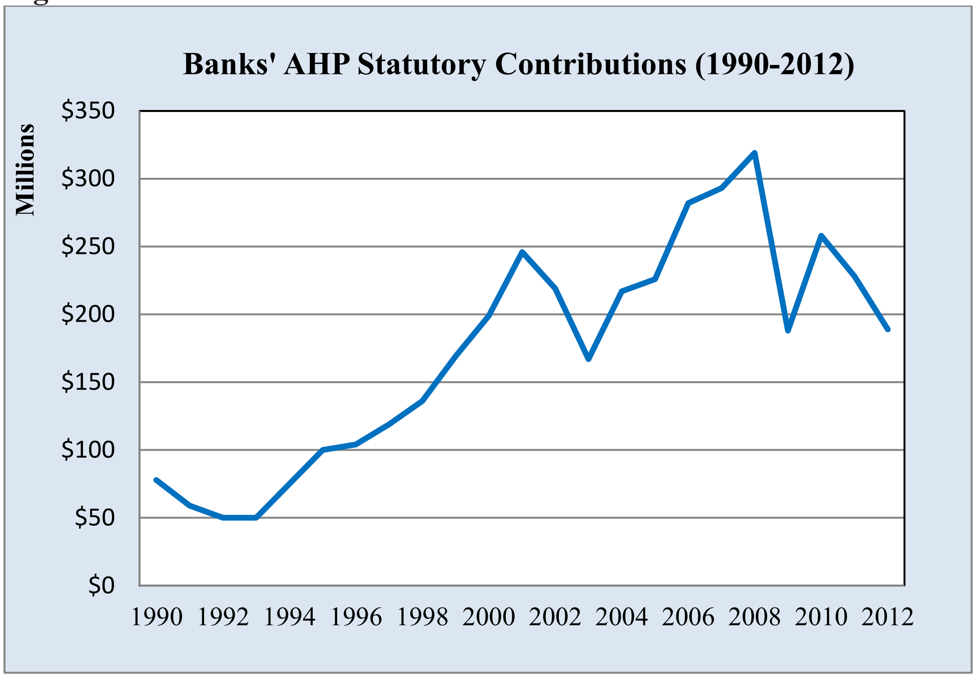
[13] See 12 U.S.C. § 1430(j).
[14] Although the Banks are not required to offer the AHP homeownership set-aside, all Banks, with the exception of the Pittsburgh Bank, offered the set-aside in 2012.
[15] See 12 U.S.C. 1430(j)(5)(C).

**Figure 1.**




*Source*: Federal Housing Finance Agency

**AHP Competitive Application Program:** Under the AHP competitive program, a member of a Bank applies for funds on behalf of a project sponsor, such as a non-profit housing developer or a state housing finance agency. From 1990-2012, the Banks awarded over $3.5 billion in AHP subsidies through the competitive application program. The program has assisted close to 575,000 households over the same period (see Table 1).

| Table 1. AHP Competitive Application Program Overview (1990 2012) | | | |
|---|---|---|---|
| | Rental Housing Projects | Owner-Occupied Housing Projects | Total Projects |
| Total Number of Awarded Projects | 8,949 | 6,074 | 15,023 |
| Subsidy Awarded ($ in Millions) | $2,649 | $906 | $3,555 |
| Number of Housing Units | 431,245 | 142,921 | 574,166 |
| Average Subsidy per Unit | $6,142 | $6,337 | $6,191 |
| Number of Very Low-Income Housing Units[a] | 327,294 | 84,478 | 411,772 |

*Source:* Federal Housing Finance Agency's AHP database, as reported by the Banks
Data as of December 31, 2012, excluding AHP Competitive Application withdrawn projects.
Dollars have been rounded.
[a]Very low-income is defined as households with incomes at 50 percent or less of area median income.

The AHP is not a deep subsidy program. The average subsidy per unit during the 1990 through 2012 period was approximately $6,200. The program brings added value by providing developers with a subsidy that is sufficiently flexible to use with multiple sources of additional funding to provide housing affordable to very low-income households and special needs populations. Since the program's inception, approximately 70 percent of the units funded by the AHP have been units affordable to very low-income households (households with incomes at or below 50 percent of area median income). The majority of these units were in rental housing projects. A significant percentage of projects, over 62 percent, have served homeless and special needs households, such as the elderly and disabled.


One Penrose Place offers seniors age fifty-five and over with affordable rental housing. The development contains forty-five units in a three-story building with an elevator, and accommodates a diverse senior population with its mix of one- and two-bedroom affordable units. It includes several on-site amenities and is in close proximity to retail and various other community services. (Source: The Indianapolis Bank)

**Urban and Rural Communities:** Since 1990, the majority of AHP funding under the competitive application program—more than $2.4 billion, or about 68 percent of the total—has supported projects in urban communities (see Table 2). Approximately 73 percent of AHP-funded units in urban communities went to very low-income households, compared with 68 percent of AHP-funded rural units.

Projects in rural areas have fewer units than those in urban areas. From 1990 to 2012, urban projects had an average of 43 units, while rural projects had about 29 units. Historically, the average subsidy per unit for projects in rural areas has exceeded the average subsidy per unit for projects in urban areas by more than $1,000. The higher subsidy amount for housing in rural areas may be attributed to lower household incomes relative to the cost of housing and to the absence of additional sources of funding.

| Table 2. AHP Competitive Application Program in Urban and Rural Communities (1990 2012) | | | |
|---|---|---|---|
| | 1990-2012 Urban Projects | 1990-2012 Rural Projects | 1990-2012 Total Urban and Rural Projects |
| Total Number of Awarded Projects | 9,523 | 5,500 | 15,023 |
| Subsidy Awarded ($ in Millions) | $2,410 | $1,144 | $3,554 |
| Number of Housing Units | 412,737 | 161,429 | 574,166 |
| Rental | 332,854 | 98,391 | 431,245 |
| Owner-Occupied | 79,883 | 63,038 | 142,921 |
| Average Number of Units per Project | 43 | 29 | 38 |
| Average Subsidy per Unit | $5,840 | $7,088 | $6,191 |
| Number of Very Low-Income Housing Units* | 301,963 | 109,809 | 411,772 |

*Source:* Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks
Data as of December 31, 2012, excluding withdrawn projects. Dollars have been rounded.
*Very low-income is defined as households with incomes at 50 percent or less of the area median income.

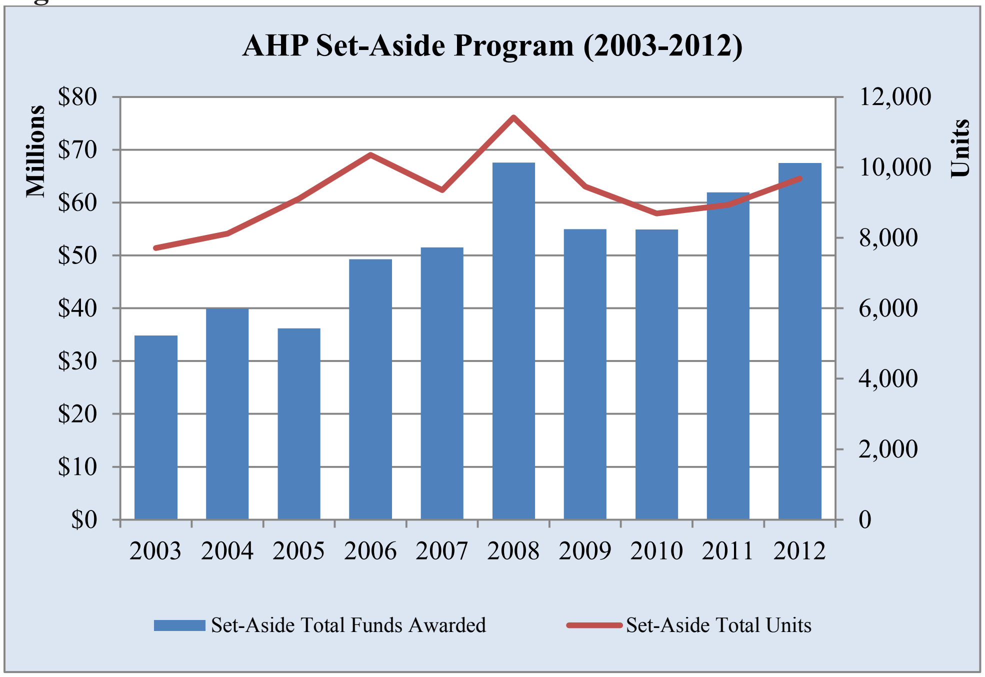
**AHP Homeownership Set-Aside Program:** Authorized by regulation in 1995, the Banks' AHP homeownership set-aside programs expand homeownership opportunities for low- or moderate-income households. Bank members apply for set-aside funds from their Bank and distribute the funds as grants to eligible low- or moderate-income households (at 80 percent of the area median income). Grants may be no greater than $15,000 per household. Households may use the grants for down payment, closing costs, counseling or rehabilitation assistance during the purchase or rehabilitation of an owner-occupied home. The maximum allowable share of AHP funding a Bank may allocate to its set-aside program per year is $4.5 million or 35 percent of its annual AHP statutory contribution, whichever is greater.

This home in Divernon, Illinois, was purchased with the help of a $6,000 set-aside grant, by a family who needed an accessible home. A ramp is located in the back of the home on the right. (Source: The Chicago Bank)

A Bank may establish one or more AHP homeownership set-aside programs. At least one-third of its aggregate annual set-aside contribution must be allocated to first-time homebuyers. Some Banks have established targeted set-aside programs to assist with home financing for special needs households, households located in state or federally declared disaster areas, or households including members of a federally recognized tribe. The diversity of the Banks' homeownership set-aside programs is described in greater detail in Table 13 on page 36.

From 1995 through 2012, the Banks' set-aside programs provided approximately $607 million in funding, supporting more than 115,000 units. Nearly 80 percent (91,477) were first-time homebuyer units. Over this period, the average subsidy per household was $5,255. Figure 2 provides detail on set-aside funds awarded and total units assisted.

**Figure 2.**




*Source*: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks
Data as of December 31, 2012 (annual data available starting from 2003)
Note: The red line tracks the number of units funded by the set-aside program since 2003, with the corresponding axis on the right side of the Figure. The blue vertical bars represent the total set-aside program funding awards for each year since 2003, with the corresponding axis on the left side of the Figure.

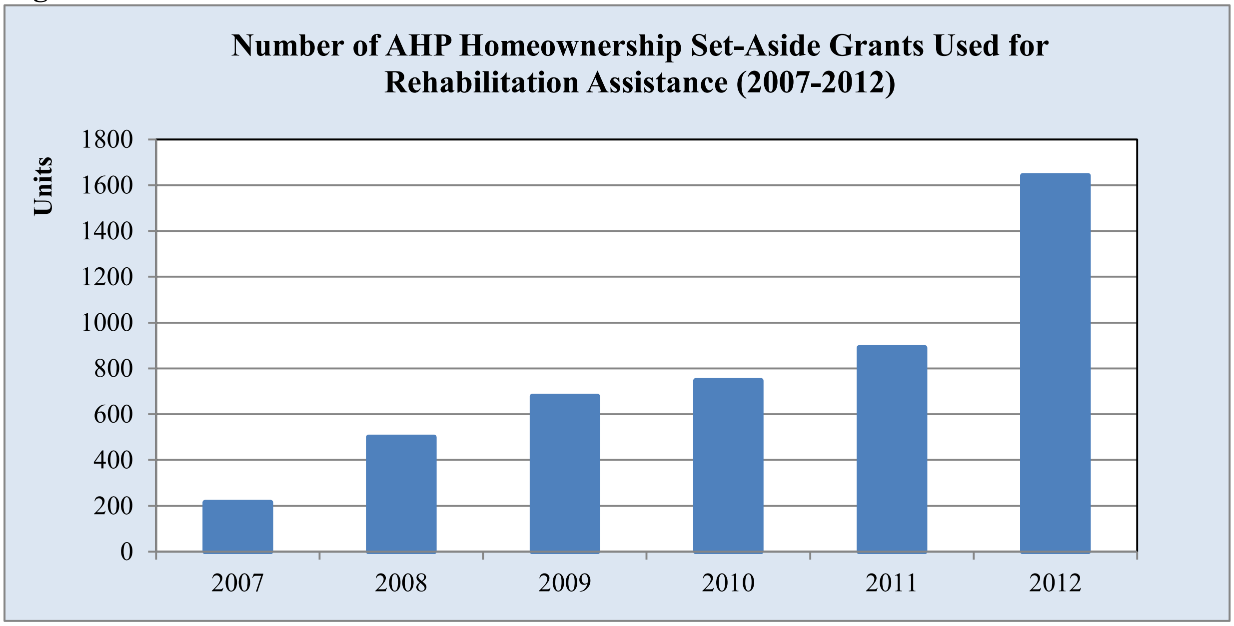
**Home Rehabilitation:** Although the set-aside program is more commonly used for down payment and closing cost assistance for the purchase of a home, a unique contribution of the AHP set-aside program is that it also provides funding for home rehabilitation. Home rehabilitation assistance programs are scarce, and private financing may be difficult for a lower income household to secure. Home rehabilitation not only helps maintain suitable living conditions for a homeowner, it serves a broader public purpose as well. According to the Bipartisan Policy Center's Housing Commission, housing rehabilitation is an important strategy in preserving the existing housing stock.[16] In response to the need, some Banks have established set-aside programs for owner-occupied housing rehabilitation. Uses of set-aside funds have included removing lead-based paint, weatherproofing homes, and adding accessibility features such as ramps or aging in place home improvements.

A notable trend in AHP set-aside programs is that the number of set-aside grants used for owner-occupied rehabilitation assistance has grown rapidly since 2007 (see Figure 3). In 2012, the amount of funding for rehabilitation increased by 166 percent over the amount in 2011. Approximately $16 million in subsidies were used for rehabilitation in 2012, while 2011 funding was $6 million. This increase resulted in 1,642 units assisted in 2012, nearly double the number

[16] Bipartisan Policy Center, "Aging in Place: A New Frontier in Housing" in Housing America's Future: New Directions for National Policy, (2013), 113 - 120.

of units assisted in 2011. The average subsidy per household for rehabilitation also increased by almost 44 percent: from $6,738 to $9,680.

**Figure 3.**




*Source:* Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks
Data as of December 31, 2012

Set-aside program example: Owner-occupied rehabilitation in Iron Mountain, Michigan (Source: The Indianapolis Bank)

# The Affordable Housing Program in 2012

In 2012, the 12 Banks awarded $245 million in AHP subsidies to help finance almost 30,000 housing units. The Banks used $178 million of this amount to fund 505 AHP project applications under their competitive programs (73 percent) and $67 million (27 percent) to assist 9,679 households under their homeownership set-aside programs (see Table 3).

**Table 3. AHP 2012 Overview**

| | Total Funds Awarded ($ in Millions) | Total Housing Units |
|---|---|---|
| Competitive Application Program | $178 | 19,837 |
| Homeownership Set-Aside Program | $67 | 9,679 |
| Total AHP | $245 | 29,516 |

*Source:* Federal Housing Finance Agency's AHP database, as reported by the Banks
Data as of December 31, 2012, excluding AHP Competitive Application withdrawn projects. Dollars have been rounded.

**Competitive Program Profile:** In 2012, 336 rental projects and 169 owner-occupied projects were awarded funds. Approximately 82 percent of the funds were used by AHP applicants to support rental projects (almost $146 million), down from 90 percent in 2011. Individual AHP project subsidy awards under the competitive program ranged from $72,000 to $2 million for rental projects, and from approximately $15,000 to almost $1.2 million for owner-occupied projects.

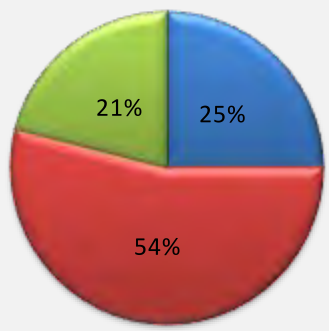
**Household Incomes Served:** The Bank Act requires a developer of an AHP rental project to reserve at least 20 percent of its housing units for very low-income households. In addition, the scoring criteria in the AHP regulation provide for additional points to be awarded to project applications that pledge income targeting of more units. A noteworthy aspect of the AHP is that it serves very low- and low-income households in both rental and homeownership housing, and it results in housing for a significant percentage of extremely low-income households, a population that is challenging to serve.

In 2012, the majority of rental and owner-occupied projects served very low-income households with incomes in the 31 to 50 percent of area median income range (see Figures 4 and 5). A quarter of rental units served extremely low-income households and eight percent of owner-occupied AHP-assisted units served extremely low-income households.

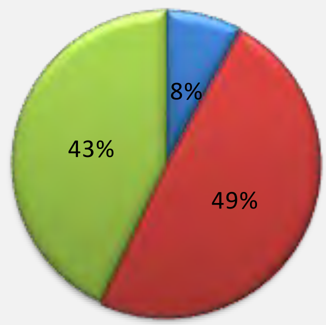
**Figure 4 and Figure 5. 2012 AHP Projects: Rental and Owner-Occupied Housing Units Serving Low- and Moderate Income Households**

| Figure 4. | Figure 5. |
|---|---|

**Percentage of Rental Units (16,029) Serving:**




**Percentage of Owner-Occupied Units (3,369) Serving:**




| | | |
|---|---|---|
| ▪ Extremely Low Income Households with Incomes at or below 30 percent of AMI | ▪ Very Low-Income Households with Incomes in the 31 to 50 percent of AMI Range | ▪ Low- and Moderate-Income Households with Incomes in the 51 to 80 percent of AMI Range |

*Source:* Federal Housing Finance Agency's AHP Database, as reported by the Federal Home Loan Banks
Data as of December 31, 2012, excluding withdrawn projects.

**Special Needs and Homeless Households:** Driven by application scoring preferences in the AHP regulation and by the Banks' priorities, a significant number of AHP projects reserve 20 percent or more of total units to assist homeless individuals and people with special needs. In 2012, approximately 35 percent of AHP-awarded projects reserved units for disabled households, while projects supporting either elderly or homeless households represented approximately 53 percent (see Table 4). Projects may serve one or more special needs populations simultaneously.

| Table 4. AHP Competitive Application Program: AHP Projects Serving Special Needs and Homeless Households | | |
|---|---|---|
| | **2012 Total** | **1990 – 2012** |
| Total Number of Awarded Projects | 505 | 15,023 |
| Number of Projects with Units Reserved for Disabled Households[a] | 178 | 3,099 |
| Number of Projects with Units Reserved for Elderly Households[a] | 137 | 2,848 |
| Number of Projects with Units Reserved for Homeless Households[a] | 130 | 4,542 |
| Number of Projects with Units Reserved for Two or More Special Needs or Homeless Households | 127 | 2,184 |

*Source:* Federal Housing Finance Agency's AHP database, as reported by the Banks
Data as of December 31, 2012, excluding withdrawn projects.
[a]Projects with 20 percent or more of total units reserved for occupancy by such households.


The YWCA of Yakima, Washington, received a $480,000 AHP award. The YWCA's Transitional Housing provides housing and services for sixteen homeless families who are victims of domestic violence. (Source: The Seattle Bank)

**Urban and Rural Projects in 2012:** The 2012 distribution of AHP funds between urban and rural projects in the competitive program continued its historical trend in favoring urban projects.

However, rural projects (208) are strongly represented in the total (505) especially considering the population percentage (80 percent) living in urban areas. In 2012, the amount of subsidy per unit in urban areas was $837 lower than it was in 2011, and significantly, in rural areas, the amount of subsidy per unit in 2012 was $1,124 lower than it was the previous year.

In 2012, the AHP subsidized slightly fewer units per project than in previous years. In urban areas, the average number of AHP units per project was forty-seven, in contrast to fifty-four AHP units in 2011. In rural areas, the average number of AHP units per project in 2012 was twenty-eight, in contrast to thirty in 2011.

**Table 5. AHP Competitive Application Program Serving Urban**

| | Urban Projects | Rural Projects | Total Urban and Rural Projects |
|---|---|---|---|
| *Total Number of Awarded Projects* | 297 | 208 | 505 |
| Subsidy Awarded ($ in Millions) | $119.5 | $58.9 | $178.3 |
| Number of Housing Units | 13,943 | 5,894 | 19,837 |
| Rental | 12,186 | 4,282 | 16,468 |
| Owner-Occupied | 1,757 | 1,612 | 3,369 |
| Average Number of Units per Project | 47 | 28 | 39 |
| Average Subsidy per Unit | $8,567 | $9,986 | $8,989 |
| Number of Very Low-Income Housing Units* | 10,521 | 4,106 | 14,627 |

*Source:* Federal Housing Finance Agency's AHP database, as reported by the Banks
Data as of December 31, 2012, excluding withdrawn projects. Dollars have been rounded.
*Very low-income is defined as households with incomes at 50 percent or less of the area median income.

**Use of the AHP with Federal Programs:** The legislative and regulatory design of the AHP has resulted in a program with unique and significant value to recipients of AHP subsidies. As a shallow subsidy program, the AHP must be compatible with private financing as well as with other federal, state, and local assistance programs. As a result of this design, users value the AHP because it follows the needs of the project and is compatible with diverse sources of funds.

The Bank Act requires that FHFA coordinate its regulations with other federal housing programs to the maximum extent possible. The programs most commonly used in conjunction with the AHP include the Federal Housing Administration (FHA) insurance program, the Community Development Block Grant program (CDBG), the Low-Income Housing Tax Credit (LIHTC) program, and the Home Investment Partnerships (HOME) program. In 2012, more than two-thirds of AHP projects obtained funding from at least one other federal housing program (see Figures 6 and 7).

**Figure 6.**
**Number of 2012 Approved AHP Projects (505) Receiving Federal Funding**

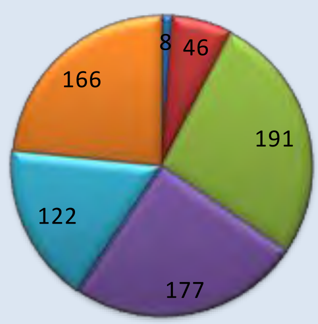
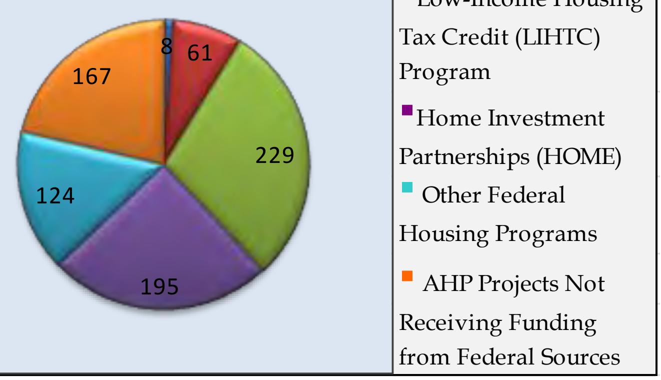



**Figure 7.**
**Number of 2011 Approved AHP Projects (551) Receiving Federal Funding**




*Source:* Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks
Data as of December 31, 2012, excluding withdrawn projects.
Projects receiving federal funding will not equal the number of awarded projects because projects may use more than one federal funding source.
*Data collected beginning in 2006. FHA programs totals for years 2006-2012.

Of the 505 approved AHP projects in 2012, the LIHTC program was the most frequently cited source of additional funding, helping to finance 191 AHP projects (approximately 38 percent). In 2011, the LIHTC program helped fund 42 percent of total AHP projects.

HOME program funds helped finance 177 AHP projects in 2012 (35 percent), compared with 195 projects in 2011 (also 35 percent). The CDBG program supported 9 percent of AHP projects in 2012, a decline from 11 percent of AHP projects in 2011. FHA helped fund a little less than 1.5 percent of projects in 2012, and various other federal housing programs assisted around 24 percent of AHP projects in 2012.

**AHP Homeownership Set-Aside Profile:** In 2012, the total funding for the set-aside program was $67 million – a nearly 18 percent increase in funding from 2011. The additional funding for the set-aside program resulted in 9,679 units assisted in 2012, compared with 8,462 in 2011 (see

Table 6). The 2012 allocation to the set-aside program was 27 percent of total AHP funding, which is a relative increase over the 2011 allocation, when the Banks dedicated 20 percent of their funds to the set-aside program.

| Table 6. AHP Homeownership Set Aside Program Overview (2012) | |
|---|---|
| | 2012 Total |
| Total AHP Homeownership Set-aside Funding | $67 million |
| ***Homeowner Units*** | |
| Total AHP Homeownership Set-aside Units | 9,679 |
| Average Subsidy per Household | $6,965 |
| ***Rehabilitation Units*** | |
| Total AHP Homeownership Set-aside Rehabilitation Units | 1642 |
| Total Rehabilitation Subsidy Disbursements | $16 million |
| Average Subsidy per Household for Rehabilitation | $9,680 |
| ***First-time Homebuyer Units*** | |
| Total AHP Homeownership Set-aside First-time Homebuyer Units | 7,736 |
| Average Subsidy per First-time Homebuyer | $6,413 |

*Source*: Federal Housing Finance Agency's AHP database, as reported by the Banks. Data as of December 31, 2012. Dollars have been rounded.

**First-time Homebuyers:** If a Bank elects to offer a homeownership set-aside program, it must allocate at least one-third of its annual set-aside contribution to first-time homebuyers. In 2012, over 7,700 first-time homebuyers were assisted, including 236 households with incomes below 31 percent of the area median income (AMI) adjusted for family size.

Even with a set-aside grant, however, many low- and moderate-income first-time homebuyers need additional subsidy to purchase a home. Non-AHP grants or forgivable loans ranged from $200 to $267,097 and assisted in making mortgage payments more affordable.

In 2012, approximately 17 percent of first-time homebuyers assisted under the AHP set-aside program obtained a grant or forgivable loan from other sources to use in conjunction with the set-aside grant. This was down from 23 percent in 2011. In addition to a first mortgage loan, 172 AHP-assisted first-time homebuyers also used second mortgages. In total, thirty-four AHP-assisted first-time homebuyers received a first mortgage loan, second mortgage loan and a non-AHP grant or forgivable loan – a drop from fifty-two in 2011 (see Table 7).

**Table 7. AHP Homeownership Set Aside Program**
**2012 First time Homebuyers' Financing Characteristics**

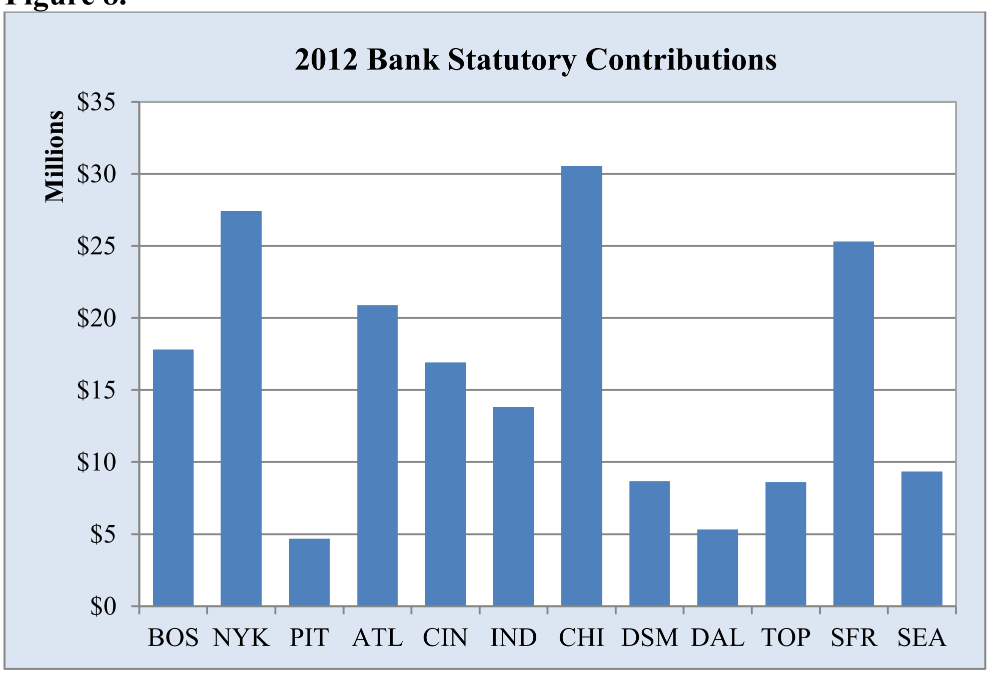
| | Set-aside Down Payment/ Closing Cost Assistance in 2012[a] | First Mortgage Loans Financed by Bank Members[b] | Fixed-Rate First Mortgage Loans[c] | Second Mortgage Loans[d] | Non-AHP Grants or Forgivable Loans[e] | Non-AHP Grants or Forgivable Loans and Second Mortgage Loans[f] |
|---|---|---|---|---|---|---|
| Incomes below 31 percent of AMI | 236 | 199 | 190 | 3 | 69 | 2 |
| Incomes from 31 percent to 51 percent of AMI | 1,889 | 1,593 | 1,652 | 35 | 370 | 9 |
| Incomes from greater than 51 percent, to 80 percent of AMI | 5,589 | 4,855 | 5,251 | 134 | 850 | 23 |
| Total | 7714 | 6,647 | 7,093 | 172 | 1,289 | 34 |

*Source*: Federal Housing Finance Agency's AHP database, as reported by the Banks
Data as of December 31, 2012
[a]First-time homebuyers receiving set-aside down payment/closing cost assistance in 2012
[b]First-time homebuyers with set-aside assistance and Federal Home Loan Bank member financed the household's first mortgage loan (not all homebuyers obtained a first mortgage loan and not all first mortgage loans were financed by FHLBank members)
[c]First-time homebuyers with set-aside assistance plus a fixed rate first mortgage loan
[d]First-time homebuyers with set-aside assistance plus a second mortgage loan, along with a first mortgage loan
[e]First-time homebuyers with set-aside assistance plus a non-AHP grant or forgivable loan
[f]First-time homebuyers with set-aside assistance plus a non-AHP grant or forgivable loan and a second mortgage loan, along with a first mortgage loan

# Profile of Individual Bank Programs

**AHP Funding Levels by Bank:** In 2012, the Banks' AHP contributions varied greatly from one Bank to another, ranging from a low of approximately $4.7 million at the Pittsburgh Bank to a high of almost $30.6 million at the Chicago Bank. Because the AHP is drawn from 10 percent of a Bank's earnings for the previous year, a Bank's statutory contribution to its AHP will change from one year to the next. For example, the Seattle Bank did not have any earnings in 2009, but its earnings increased to $20.5 million in 2010 and to $84 million in 2011. As a result, that Bank's 2012 AHP allocation increased proportionately to reflect that growth in earnings. Conversely, the San Francisco Bank experienced a decrease in earnings from $398.7 million in 2010 to $215.9 million in 2011, resulting in a lower contribution in 2012 than in 2011. Negative earnings may even drive a Bank's statutory contributions to zero. This was the case in 2010 for the Boston, Pittsburgh, Chicago and Seattle Banks. Each of these Banks had negative earnings in the prior year, 2009, and zero AHP contributions in 2010.[17]

**Figure 8.**




*Source*: Federal Housing Finance Agency

**AHP Member Participation:** The AHP differs from other housing programs in that the member of a Bank is the applicant for funds. Several factors influence the number of members participating in the AHP. A Bank's AHP allocation is based on 10 percent of prior year's earnings, so a limited amount of AHP funds is available each year. The Banks report that their AHP competitive application programs are over-subscribed by about three-to-one in the amount

[17] In some cases, Banks with no statutory contributions in a given year funded their AHP for that year from expected future contributions.

of requested funds exceeding available funds.[18] In addition, the number of Bank members relative to the amount of AHP funding varies from one Bank district to the next, limiting member access to the AHP in some districts. For example, in 2012, the Des Moines Bank contributed approximately $8.7 million to the AHP for a membership base of 1,200 member banks – approximately $7,250 per member.

Regional market conditions also play a role in the number of members participating in the AHP, although there is not a clear relationship in all cases. Generally, in districts that have states with high land and construction costs, single-family ownership may be out of reach to low- and moderate-income households. In the San Francisco Bank district, which includes California, which has high land costs, there is high demand for subsidies for multifamily housing. In regions of the country where homeownership may be more affordable to low- and moderate-income households, a greater percentage of members might participate in the homeownership set-aside program. In high-cost areas, rental housing may be the more affordable option. Other factors, such as the presence and capacity of non-profit sponsors in particular regions of the country and the asset size of the members also influence member participation (see Table 8).

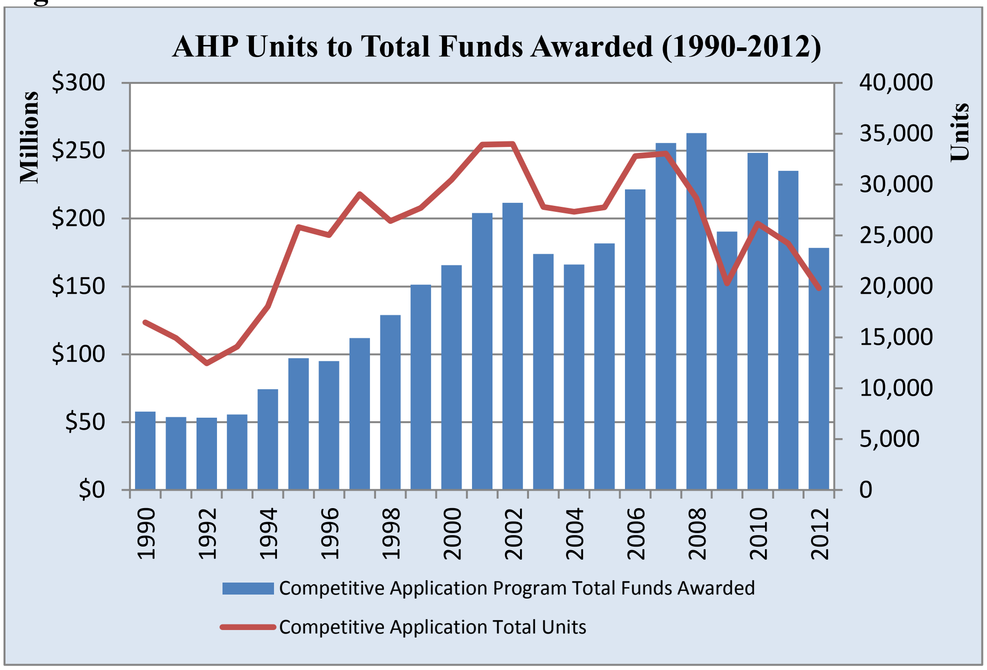
[18] Council of Federal Home Loan Banks. "Frequently Asked Questions: Are AHP competitive funding rounds oversubscribed? Accessed August 19, 2013. http://www.fhlbanks.com/overview_faqs_housing.htm#q9.

| Table 8: 2012 Bank Membership AHP Participation | | | | | | |
|---|---|---|---|---|---|---|
| Bank | Bank Statutory Contributions (in Thousands of Dollars) | Total Bank Members | Members Participating in the Competitive Program | Percent Membership Participating in the Competitive Program | Members Participating in the Set-Aside Program | Percent Membership Participating in the Set-Aside Program |
| BOS | $17,813 | 459 | 38 | 8.28% | 52 | 11.33% |
| NYK | $27,430 | 344 | 23 | 6.69% | 37 | 10.76% |
| PIT | $4,685 | 296 | 12 | 4.05% | 0 | 0.00% |
| ATL | $20,881 | 1033 | 18 | 1.74% | 76 | 7.36% |
| CIN | $16,914 | 740 | 38 | 5.14% | 136 | 18.38% |
| IND | $13,825 | 411 | 19 | 4.62% | 49 | 11.92% |
| CHI | $30,554 | 760 | 28 | 3.68% | 161 | 21.18% |
| DSM | $8,669 | 1200 | 36 | 3.00% | 116 | 9.67% |
| DAL | $5,321 | 897 | 20 | 2.23% | 78 | 8.70% |
| TOP | $8,611 | 819 | 15 | 1.83% | 74 | 9.04% |
| SFR | $25,308 | 364 | 26 | 7.14% | 23 | 6.32% |
| SEA | $9,338 | 341 | 16 | 4.69% | 41 | 12.02% |
| *Source*: Federal Housing Finance Agency | | | | | | |

**AHP Subsidy per Unit:** A recent trend in the AHP, beginning in 2007 and continuing through 2012, is that the proportional share of AHP subsidy relative to other sources of funding has been increasing. As Figure 9 shows, the Banks funded more units relative to funds awarded from 1990 through 2006 than from 2007 through 2012. This meant the subsidy per unit from 1990 through 2006 was lower than it was from 2007 through 2012.

Examining the last 12 years, the average subsidy per unit was approximately $6,200 from 2000 through 2006, but from 2007 through 2012, the average subsidy per unit was approximately $9,100 per unit — almost 47 percent higher.

**Figure 9.**




*Source*: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks
Data as of December 31, 2012
Note: The red line tracks the number of units funded by the competitive application program since 1990, with the corresponding axis on the right side of the Figure. The blue vertical bars represent the total competitive application program funding awards for each year since 1990, with the corresponding axis on the left side of the Figure.

**AHP Competitive Application Unit Costs:** Under the competitive application program in 2012, approved applicants proposed funding costs of approximately $3 billion. Table 9 outlines the average cost per unit at each Bank. These average costs were derived by dividing each Bank's aggregate proposed costs in their AHP applications by the total number of units proposed by applicants. The costs may reflect a variety of considerations, including location.

Table 10 details total AHP subsidy as a percent of proposed costs. Costs fell across the majority of Banks in 2012: seven had a lower ratio of total subsidy to proposed costs than in 2011. These seven Banks were the Boston Bank, the New York Bank, the Pittsburgh Bank, the Atlanta Bank, the Indianapolis Bank, the San Francisco Bank, and the Seattle Bank**.**

| Table 9. 2012 Bank Competitive Program Average Cost/Unit | |
|---|---|
| Bank | Average Cost |
| BOS | $174,469 |
| NYK | $162,101 |
| PIT | $195,146 |
| ATL | $119,801 |
| CIN | $102,515 |
| IND | $121,093 |
| CHI | $159,365 |
| DSM | $35,850 |
| DAL | $63,670 |
| TOP | $83,876 |
| SFR | $247,759 |
| SEA | $159,797 |

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.
Data as of December 31, 2012, excluding withdrawn projects.
Dollars have been rounded.

| Table 10. 2012 AHP Subsidy as a Percent of Proposed Costs | | | |
|---|---|---|---|
| Bank | 2011 Subsidy/Proposed Costs | 2012 Subsidy/Proposed Costs | 2012 Growth in Subsidy/Proposed Costs |
| BOS | 6.5% | 5.8% | -0.7% |
| NYK | 6.6% | 6.2% | -0.5% |
| PIT | 7.7% | 4.3% | -3.3% |
| ATL | 8.2% | 5.0% | -3.2% |
| CIN | 11.2% | 11.4% | 0.2% |
| IND | 15.3% | 13.3% | -2.0% |
| CHI | 3.6% | 4.3% | 0.8% |
| DSM | 12.7% | 19.1% | 6.3% |
| DAL | 8.0% | 10.4% | 2.5% |
| TOP | 5.9% | 12.1% | 6.2% |
| SFR | 4.7% | 3.9% | -0.8% |
| SEA | 8.6% | 5.2% | -3.4% |

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.
Data as of December 31, 2012, excluding withdrawn projects.
Dollars have been rounded.

# Bank Program Priorities

A Bank can respond in several ways to priority housing needs in its district. In the competitive program, the Banks, in consultation with their Advisory Councils, can select and give greater weight to certain application scoring criteria to address district housing needs. Moreover, under the competitive program scoring system, Banks have discretion to identify and assign points to projects meeting that district's priority housing needs.

Under the AHP homeownership set-aside program, a Bank also has flexibility to design its program to meet the housing needs of its district. Examples of such housing needs include veterans' housing, rural housing, special needs, and programs that promote community stability and neighborhood impact.

**AHP Competitive Application Scoring Criteria:** Under the AHP competitive application program, AHP subsidies fund the purchase, construction, or rehabilitation of rental or owner-occupied, single- and multifamily housing projects. Bank member institutions submit applications to their Bank on behalf of sponsors of eligible housing projects. These projects must meet statutory and regulatory requirements to be eligible for competitive application funding.

An AHP grant of $632,500 was used to help the development of Lafayette Gardens, a new construction with sixty-three mixed-income rental units consisting of fourteen one-bedroom units, twenty-six two-bedroom units, twenty-one three-bedroom units, and two four-bedroom units. This project replaces a very low-income public housing complex with a variety of family residences. The development will contain one multi-family building and five row houses offering amenities such as on-site parking, laundry facilities, community space, and a playground. The site is located strategically in an area close to an elementary school, a day care center, a grocery store, a community center, public transportation, and a park. (Source: The New York Bank)

The Banks award AHP subsidies in scheduled funding rounds each year. Funds are awarded to applications starting with the highest scoring application, until all available money is awarded.

Scoring utilizes a point allocation system under which applications are scored by a Bank based on nine criteria required by regulation. The Banks have some latitude within the regulatory scoring framework to establish scoring priorities given district needs. The nine scoring criteria are:

1.) Project use of donated or conveyed government-owned or other properties[19]

2.) Sponsorship by a not-for-profit organization or government entity

3.) Targeting of project's units to designated lower income households

4.) Housing for homeless households

5.) Promotion of empowerment[20]

6.) First District priority

7.) Second District priority

8.) AHP subsidy per unit

9.) Community Stability[21]

The First District priority criterion is designed to provide greater scoring flexibility to the Banks by allowing them to select housing scoring priorities from categories identified in the AHP regulation. These categories are the following: special needs populations, community development, first-time homebuyers, Bank member financial participation, housing in federally declared disaster areas or for households displaced from such areas, housing in rural areas, urban infill or urban rehabilitation housing, economic diversity, fair housing remedy, community involvement, lender consortia of at least two financial institutions, and in-district projects.[22]

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[19] This includes using a significant proportion of: land or units donated or conveyed by the federal government or any agency or instrumentality of the federal government; or land or units donated or conveyed by any other party for an amount significantly below the fair market value of the property, as defined by the Bank in its AHP Implementation Plan.

[20] The housing must be in combination with an empowerment program offering: employment; education; training; homebuyer, homeownership, or tenant counseling; daycare services; resident involvement in decision making affecting the creation or operation of the project; or other services that assist residents to move toward better economic opportunities, such as welfare to work initiatives.

[21] Community Stability includes rehabilitating vacant or abandoned properties, being an integral part of a neighborhood stabilization plan approved by a unit of state or local government, and not displacing low- or moderate-income households, or assisting those impacted by displacement.

[22] (a.)Special needs include the elderly, mentally or physically disabled persons, persons recovering from physical abuse or alcohol or drug abuse, or persons with AIDS. (b.) Economic diversity includes mixed income housing, for example, housing very low-income households and moderate-income households in the same housing structure. (c.) Fair housing remedy involves housing that is part of a remedy for violations of fair housing laws.

The Second District priority is the scoring criterion that provides still greater flexibility to the Banks to respond to housing needs, including those not identified in the AHP regulation. The AHP regulation requires this priority to be the satisfaction of one or more housing needs in a Bank's district.

By regulation, a Bank must allocate 100 points among the nine scoring criteria, with at least twenty points allocated to the income targeting criterion, and at least five points each allocated to all of the other criteria. The criteria and associated Bank scoring allocations are shown in Table 11a.

In 2012, the Dallas Bank allocated twenty-five points to the income targeting criterion. The other eleven Banks allocated the regulatory minimum of twenty points to this criterion.

Targeting lower income households for assistance, particularly those not easily reached by other programs, is a hallmark of the AHP. Project applications that target at least 60 percent of proposed rental units to households with incomes at or below 50 percent of the area median income receive the maximum number of points that a Bank has allocated to the targeting criterion, according to the regulation. Project data shows that project sponsors frequently use the AHP subsidy to reach households below 50 percent of area median income.

On average, the Banks allocated about seventeen points to the First District Priority criterion in 2012. Eight Banks allocated points for households with special needs. Special needs housing can support elderly, mentally or physically disabled persons, persons recovering from physical, alcohol or drug abuse, or persons with AIDS. Six Banks allocated points for member financial participation, and five Banks allocated points for in-district projects. Three Banks allocated points for economic diversity, which involves the integration of households of various income levels. Economic diversity is intended to reduce the isolation of very low-income households, an important concern for Bank districts that include areas with high concentrations of lower income households (see Table 11b).

On average, the Banks allocated about fourteen points to the Second District Priority and used it to respond to a host of identified housing needs, including: employer-assisted housing, foreclosure recovery, housing that provides health services, installation of energy efficient products and systems, and rental units with a greater than average number of bedrooms to accommodate families (see Table 11c).

The Second District Priority permits a Bank to target its program to the unique conditions in its district. For example, in a high cost area, rental housing with a greater than average number of bedrooms can help reduce the cost of housing per bedroom. Energy efficiency can reduce monthly housing costs. Employer-assisted housing is also valuable to communities because it allows workers to live more closely to where they work, reduces costs, adds convenience for the employee, and provides a stable working base for employers. Indeed, "*[t]he availability of* *affordable housing near jobs has been recognized by both employers and workers as an important asset . . .*"[23]

Under the AHP regulation, the Community Stability criterion applies to projects that promote community stability, such as those involving rehabilitation of vacant or abandoned properties, being an integral part of a neighborhood stabilization plan approved by a unit of state or local government, and not displacing low- or moderate-income households (or assisting those impacted by displacement). Rehabilitation and preservation of properties are the most common criteria included by the Banks in 2012. Banks also included stabilization plans, and two Banks gave Community Stability priority to projects that refrain from displacing low- to moderate-income households.

Additional project characteristics identified by the Banks under their Community Stability criterion included project funder support, "walkscore" metrics (which measure the degree to which a community's features, such as stores and shops, can be reached by walking), green building and sustainable development, abatement of hazardous environmental conditions, mixed-use housing, and project identification with the National Register for Historic Places.

On average, Banks allocated almost fifteen points to the Community Stability criterion in 2012, slightly higher than the average points allocated to the Second District Priority. This suggests that in addition to the Second District Priority, the Community Stability criterion is being used by the Banks to respond to a variety of specific housing and community development needs in their districts.

The scoring criterion for donated or conveyed government-owned or other properties was the only criterion to receive identical weight across all Banks, five points, the minimum required by the regulation. Housing for homeless persons was, on average, weighted close to the minimum.

The allocation of points for sponsorship by a not-for-profit organization or government entity and promotion of empowerment were both, on average, very close: at 6.6 and 6.5 points respectively. AHP subsidy per unit, however, was weighted closer to ten points.

[23] The Center for Housing Policy. "The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of the Literature." (2011): 10.

| Table 11a: Bank Competitive Program Scoring Allocation (2012) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bank | Gov't Owned or Conveyed Properties | Non-Profit Sponsor | Targeting | Homeless Housing | Promotion of Empowerment | First District Priority | Second District Priority | AHP/Unit | Community Stability |
| MIN POINTS | 5 | 5 | 20 | 5 | 5 | 5 | 5 | 5 | 5 |
| BOS | MIN | MIN | MIN | MIN | 10 | 30 | MIN | MIN | 15 |
| NYK | MIN | 10 | MIN | 7 | 10 | 6 | 15 | MIN | 22 |
| PIT | MIN | MIN | MIN | 6 | 10 | 13 | 8 | 8 | 25 |
| ATL | MIN | MIN | MIN | MIN | MIN | 15 | 30 | 10 | MIN |
| CIN | MIN | MIN | MIN | MIN | MIN | 20 | 20 | 10 | 10 |
| IND | MIN | 7 | MIN | 6 | MIN | 19 | 10 | 15 | 13 |
| CHI | MIN | MIN | MIN | MIN | MIN | 15 | 10 | 19 | 16 |
| DSM | MIN | 10 | MIN | MIN | MIN | 18 | 17 | 10 | 10 |
| DAL | MIN | MIN | 25 | MIN | MIN | 25 | MIN | 10 | 15 |
| TOP | MIN | 7.5 | MIN | MIN | 7.5 | 20 | 20 | 7.5 | 7.5 |
| SFR | MIN | 10 | MIN | 6 | 6 | 16 | 10 | 12 | 15 |
| SEA | MIN | MIN | MIN | 9 | MIN | 8 | 19 | 6 | 23 |
| **AVERAGE** | **5** | **6.6** | **20.4** | **5.8** | **6.5** | **17.1** | **14.1** | **9.8** | **14.7** |
| **MINIMUM** | **5** | **5** | **20** | **5** | **5** | **6** | **5** | **5** | **5** |
| **MAXIMUM** | **5** | **10** | **25** | **9** | **10** | **30** | **30** | **19** | **25** |

*Source:* 2012 Banks' Implementation Plans

"MIN" denotes that the Bank awarded the minimum number of points for this criterion required under the AHP regulation.

| Table 11b. Bank First District Priority Scoring Allocation (2012) | | |
|---|---|---|
| Bank | First District Priority | Points |
| BOS | First-Time Homebuyers | 5 |
| | Member Financial Participation | 15 |
| | Rural | 5 |
| | Economic Diversity | 5 |
| NYK | Member Financial Participation | 3 |
| | In-district Projects | 3 |
| PIT | Special Needs | 8 |
| | Rural | 5 |
| ATL | Member Financial Participation | 15 |
| CIN | Member Financial Participation | 5 |
| | First-Time Homebuyers | 5 |
| | Community Involvement | 5 |
| | In-district Projects | 5 |
| IND | Special Needs | 8 |
| | Member Financial Participation | 8 |
| | Economic Diversity | 3 |
| CHI | Special Needs | 5 |
| | Rural Housing | 5 |
| | In-district Projects | 5 |
| DSM | In-district Projects | 5 |
| | Special Needs | 13 |
| DAL | First-Time homebuyers | 5 |
| | Special Needs | 5 |
| | Economic Diversity | 5 |
| | Rural | 5 |
| | In-district Projects | 5 |
| TOP | In-district Projects | 10 |
| | Special Needs | 5 |
| | Member Financial Participation | 5 |
| SFR | Special Needs | 5 |
| | Rural | 5 |
| | First-Time Homebuyers | 6 |
| SEA | Special Needs | 8 |

*Source*: 2012 Banks' Implementation Plans
Note: These descriptions of the Bank scoring priorities are included for comparative descriptive purposes. FHFA separately reviews the Banks' AHP policies for consistency with the AHP regulation.

| Table 11c. Bank Second District Priority Point Allocation (2012) | | |
|---|---|---|
| Bank | Second District Priority | Points |
| BOS | Preservation of existing affordable units | 5 |
| | Use of abandoned/foreclosed properties or units | 5 |
| NYK | Sponsor demonstrates ownership of the proposed project site(s) | 2 |
| | Sponsor obtains building permit | 3 |
| | Sponsor obtains final site plan approval | 2 |
| | Sponsor obtains preliminary site plan approval | 1 |
| | Sponsor/developer has executed a contract with a construction firm | 2 |
| | Sponsor has secured a formal cost estimate based on approved architectural drawings | 1 |
| | Sponsor has procured/closed on 100 percent of project's proposed permanent funding | 3 |
| | Sponsor has procured/closed on between 75 to 99 percent of project's proposed permanent funding | 2 |
| | Sponsor has procured/closed on between 50 to 74 percent of project's proposed permanent funding | 1 |
| | At least 20 percent of units are developed to create site specific two-family dwellings | 1 |
| | Projects that involve the installation of energy efficient products or renewable energy systems | 10 |
| | Rental units with the highest average number of bedrooms | 5 |
| PIT | Evidence of site control | 8[a] |
| | Permissive zoning (project complies with current zoning) | |
| | Remediation of environmental issues | |
| | Secured commitments for at least 75 percent of gap funding sources at the AHP application due date and demonstrated the ability to secure all funding within six months of AHP approval.[b] | |
| ATL | Rental: non-AHP funding sources committed, tax credit awarded (if applicable) with bond inducement resolution.[c] Owner-occupied: seventy-five percent of units presold, 100 percent of homebuyers identified and qualified for down payment assistance. Additionally, 75 percent of units identified, including cost specifications and cost breakdown, and homeowners income eligible for AHP. | 10 |
| | Special Needs | 5 |
| | Foreclosure recovery | 5 |
| | Projects where AHP funds are less than or equal to 10 percent of total permanent sources | 10 |
| CIN | Special Needs | 10 |
| | Housing in Appalachia | 3 |
| | Received firm commitments from outside funding sources for at least 25 percent of total development costs | 2 |
| | AHP leverage (amount of AHP requested as a percent of total development costs) | 5 |
| IND | Project is part of a broader community development plan initiative | 5 |
| | Funding commitments documented at the time of application | 5 |
| CHI | Project has committed funding sources, site control, and is zoned for the proposed use | 4 |
| | Member Financial Participation | 6 |
| DSM | Native American Housing Projects | 10 |
| | Acquisition with Rehabilitation | 7 |
| DAL | Rental housing units created | 5 |
| TOP | Rural | 5 |
| | Volunteer Labor | 5 |

| | | |
|---|---|---|
| | Project provides health services (vaccination, screening) | 5 |
| | Units have three or more bedrooms | 5 |
| | Employer Assisted Housing | 5 |
| SFR | Full or partial site control, zoning approval, or building permit issuance. Additionally, for owner-occupied, buyers identified or acquisition of existing homes. | 10 |
| SEA | Preservation of housing that has Section 8, Low Income Housing Tax Credits, and/or USDA 515 subsidies that will expire in the next three years. | 19 |
| | Projects located in Alaska, Utah, Wyoming, Hawaii, Guam, American Samoa, or the Northern Mariana Islands | 19 |
| | Projects located in Oregon or Montana | 17 |
| | Projects located in Idaho | 15 |
| | Projects located in Washington | 13 |
| | Creation of rental or owner-occupied housing on properties located in Native American Service Areas or Hawaiian Home Lands housing areas. | 19 |
| | At least 50 percent of the units are reserved for seasonal and/or migrant farm workers | 19 |

*Source*: 2012 Banks' Implementation Plans

[a] The Pittsburgh Bank requires the satisfaction of all 4 elements for points to be received, unless an exception is granted

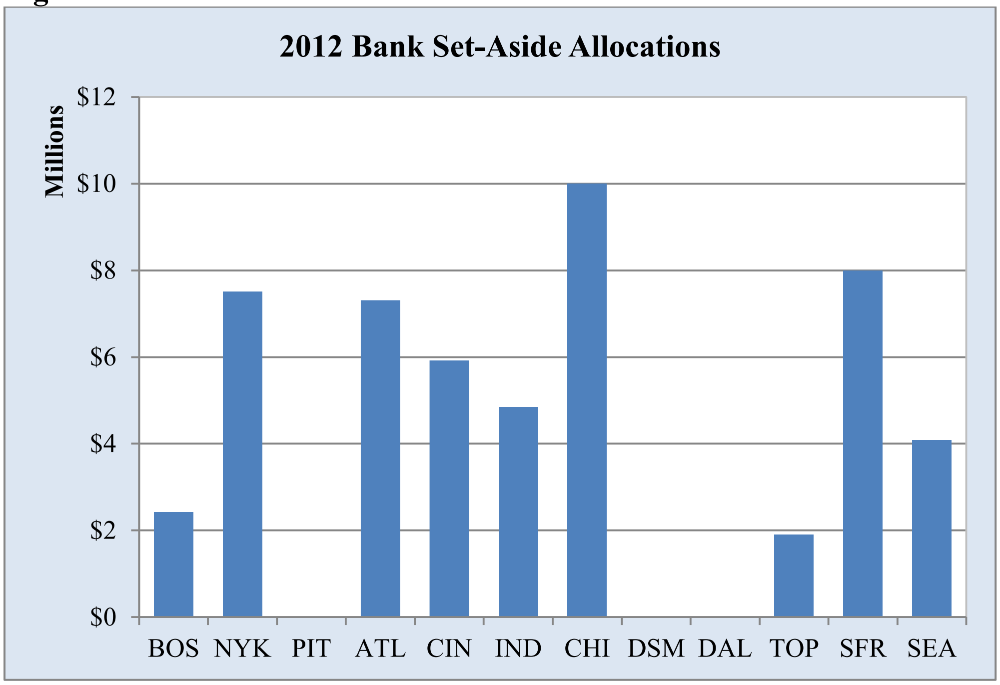
[b] "Gap funding includes all equity, grants, soft and deferred loans and subsidized loans, and does not include conventional loans, bond financing or end mortgages to homebuyers." (The Pittsburgh Bank's 2012 Implementation Plan)

[c] A bond inducement resolution is the first "official action" or evidence of official intent indicating an issuer's intent to issue certain types of private activity bonds. (Municipal Securities Rulemaking Board)

Note: These descriptions of the Bank scoring priorities are included for comparative descriptive purposes. FHFA separately reviews the Banks' AHP policies for consistency with the AHP regulation.

**Bank Homeownership Set-Aside Programs:** Another way in which the Banks meet priorities in their district is through the design of their AHP set-aside programs. Figure 10 shows each Bank's total set-aside program funding allocation for 2012. Allocation totals may differ from actual disbursements because Banks may carry forward uncommitted or unused funds from prior years. For example, in 2012, the Dallas Bank did not allocate funds to its set-aside program but it disbursed approximately $2.4 million. Similarly, in 2012, the Des Moines Bank did not allocate funds to its set-aside program but disbursed approximately $1.5 million.

**Figure 10.**




The Banks use sub-allocations of their set-aside programs to meet certain needs related to homeownership. These needs include down payment assistance, closing cost assistance and home rehabilitation. Table 12 provides the distribution of each Bank's set-aside program's funding between down payment and closing cost assistance and home rehabilitation. In 2012, five Banks distributed set-aside funds only for down payment and closing costs (the Cincinnati, New York, Topeka, San Francisco, and Seattle Banks), and the Chicago and Boston Banks distributed 99 percent of funds for this purpose. The Indianapolis Bank and the Dallas Bank distributed the majority of set-aside funding for rehabilitation, while the Atlanta Bank split funds evenly between down payment and rehabilitation.

The use of set-aside funding for rehabilitation purposes may be driven by regional housing conditions. In Bank districts such as Indianapolis, there is a greater need to rehabilitate homes that may have aged without repair because of regional economic conditions.

| Table 12. Set Aside Funding Allocations | | |
|---|---|---|
| Bank | Down Payment and Closing Costs Funding Allocation | Rehabilitation Funding Allocation |
| BOS | 99% | 1% |
| NYK | 100% | 0% |
| ATL | 50% | 50% |
| CIN | 100% | 0% |
| IND | 29% | 71% |
| CHI | 99% | 1% |
| DSM | 96% | 4% |
| DAL | 43% | 57% |
| TOP | 100% | 0% |
| SFR | 100% | 0% |
| SEA | 100% | 0% |

*Source:* Federal Housing Finance Agency's AHP database, as reported by the Banks. Data as of December 31, 2012 The Pittsburgh Bank did not offer a set aside program in 2012.

Banks offered a variety of set-aside programs in 2012. For example, the Dallas Bank focused on special needs, the Des Moines Bank offered programs for urban and rural homebuyers, the Atlanta Bank's set-aside program included programs for veterans, energy efficient homes, accessibility improvements to a home, and assistance to families occupying previously foreclosed homes. The Indianapolis Bank focused on first-time homeowners and neighborhood impact. The New York Bank, the Boston Bank, and the San Francisco Bank offered matched savings program for homeowners who purchased a home through participating members. The Seattle Bank offered a matching grant program for households receiving public housing assistance, and the Chicago Bank offered a down payment program offered by non-profit corporations.

Table 13 outlines these programs in more detail.

| Table 13. 2012 Bank Set Aside Programs | | |
|---|---|---|
| Bank | Program Name | Description |
| ATL | Veterans Purchase Product | Provides up to $10,000 in down payment and closing-cost funding. |
| | Veterans Rehabilitation Product | Provides up to $15,000 for weatherization, energy efficient, and accessibility improvements to an existing owner-occupied home. |
| | Community Stability | Provides up to $5,000 in down payment and closing-cost funding to first-time homebuyers or non-first-time homebuyers for the purchase or purchase and rehabilitation of an existing home in neighborhoods targeted for stabilization by a government entity, special district, or authority. |
| | Foreclosure Recovery | Provides up to $15,000 in down payment and closing-cost funding for the purchase or purchase and rehabilitation of an existing home from the Real Estate Owned (REO) inventory of an Atlanta Bank member financial institution. |
| | Energy Efficiency and Weatherization | Provides up to $12,000 for weatherization and energy efficient improvements of an existing owner-occupied home. |
| | Accessibility Rehabilitation | Provides up to $12,000 to pay for accessibility improvements of an existing owner-occupied home. |
| | First-time Homebuyer Program | Provides up to $5,000 in matching funds for the down payments and closing costs of first-time homebuyers. |
| BOS | Equity Builder Program | Offers members grants to provide households with incomes at or below 80 percent of the area median income with down payment, closing-cost, home-buyer counseling, and rehabilitation assistance. Members can also use EBP grants to match eligible buyers' savings under an IDA-type program. |
| CHI | Down Payment Plus | Offers a first-time homeowner subsidy which may be used for down payment and closing cost assistance, home buyer counseling costs (up to $650), and/or eligible rehabilitation costs associated with the purchase of a home. |
| | Down Payment Plus Advantage | Designed for households participating in home ownership programs offered by non-profit organizations that provide mortgage financing directly to the home buyer, such as Habitat for Humanity. Similar to the DPP Program, the DPP Advantage subsidy may be used for down payment and closing cost assistance, financial literacy, home buyer counseling costs, and/or eligible rehabilitation costs associated with the purchase of a home. |
| CIN | Welcome Home | Grants are used to fund reasonable down payments and closing costs incurred in conjunction with the acquisition or construction of owner-occupied housing by low- and moderate-income homebuyers. The grants are limited to $5,000 per homebuyer. |
| DAL | Homebuyer Equity Leverage Partnership (HELP) | Provides grant funds for down payment and closing costs of eligible first-time homebuyers. |
| | Special Needs Assistance Program (SNAP) | Provides grant funds for rehabilitation costs of eligible special needs homeowners. |
| DSM | Rural Homeownership Fund | Provides down payment and closing cost assistance to low- to moderate- income homebuyers in rural areas. (Program will be replaced by Homeownership Fund in 2013) |

| | | |
|---|---|---|
| | Urban First-time Homebuyer Fund | Provides down payment and closing cost assistance to low- to moderate- income first-time homebuyers in urban areas. (Program will be replaced by Homeownership Fund in 2013) |
| IND | Homeownership Opportunities Program (HOP) | Helps first-time homebuyers at or below 80 percent of area median income (AMI) with down payment and closing costs and improves their eligibility for mortgage financing. |
| | Neighborhood Impact Program for owner-occupied rehabilitation (NIP) | Provides up to $10,000 if the member is the first lien holder of the mortgaged property or if homeowner is receiving 3-to-1 matching funds from a government entity, forgivable or deferred loan from an eligible state or local home improvement loan program or member home equity loan, or up to $7,500 if no matching funds from above-listed eligible sources. |
| NYK | First Home Club | Provides down payment and closing cost assistance by granting $4 in matching funds for each $1 saved in a dedicated account (up to $7,500 in matching funds) to an eligible first-time homebuyer purchasing a home through approved member community lenders. |
| TOP | Set-aside Program | Provides down payment, closing cost and rehabilitation assistance to first-time homebuyers earning at or below 80 percent of the AMI for households purchasing or constructing homes in rural areas. |
| SFR | Workforce Initiative Subsidy for Homeownership Program (WISH) | Provides up to $15,000 in down payment and closing cost assistance to eligible first-time homebuyers, matching up to $3 for each $1 contributed. |
| | Individual Development and Empowerment Account Program (IDEA) | Provides matching grants through Bank members for down payment and closing cost assistance to eligible first-time homebuyers who have saved under Individual Development Account (IDA), Family Self-Sufficiency (FSS), or lease-to-own programs. |
| SEA | Home$tart and Home$tartplus | Provides $3 for every $1 of a homebuyer's demonstrated funds up to $5,000; provides homebuyers currently receiving public housing assistance with $2 for every $1 of the homebuyer's demonstrated funds up to $10,000. Home$tart and Home$tart Plus grants may be used for down payments, closing costs, or rehabilitation of an owner-occupied housing unit. |

*Source:* 2012 Banks' implementation plans

# CIP and CICA Programs

**Community Investment Program and Community Investment Cash Advance Program:** Through the CIP and CICA programs, members use Bank funds to finance eligible targeted housing and economic development projects. Banks may offer CIP advances and letters of credit. Through the CICA program, in addition to advances and letters of credit, the Banks may offer grant programs. The Bank Act requires the Banks to offer the CIP, but the CICA targeted economic development programs are voluntary programs authorized by statute and FHFA regulation.[24,25]

The CIP finances housing for households with incomes at or below 115 percent of area median income, including rental projects, owner-occupied housing, and manufactured housing parks. The program also finances economic development projects located in low- and moderate-income neighborhoods or benefitting low- and moderate-income households.

The CICA program offers low-cost, long-term funding for members and housing associates to use to finance economic development projects for targeted beneficiaries.[26]

The targeted beneficiary authority in the regulation may include projects in designated redevelopment areas, such as brownfields and closed military bases, projects hiring or serving targeted income levels, and small businesses.[27] Economic development projects include commercial, industrial, manufacturing, social service and public facility projects and activities, and public or private infrastructure projects such as roads, utilities, and sewers.

Members may use CICA funds to finance loan originations, loan participations, revolving loan funds, and purchases of low-income housing tax credits and mortgage securities.

Table 14 provides an overview of CIP and CICA funding in 2012.

[24] See 12 U.S.C. § 1430(i).
[25] See 12 U.S.C. 1430(j)(10).
[26] Housing associates are defined as state and local housing finance agencies and economic development finance authorities.
[27] A brownfield is land formally used as an industrial or commercial site. Brownfields may require remediation to remove contaminants.

| Table 14. CIP and CICA Program Overview | | |
|---|---|---|
| | 2012 Total | 1990 - 2012 |
| Total Advance Commitments[a] | $3,630 | $68,040 |
| Advance Commitments for Economic Development and Mixed-Use Projects (CIP and CICA) | $1,430 | $20,144 |
| Advance Commitments for Housing Projects (CIP Only) | $2,201 | $47,898 |
| Total Housing Units (CIP Only)[b] | 27,060 | 771,684 |
| Owner-Occupied Housing Units | 17,181 | 525,729 |
| Rental Housing Units | 9,879 | 245,925 |
| Estimated Number of Jobs Created or Retained[c] | 19,467 | 242,956 |

*Source:* Federal Housing Finance Agency's CIP and CICA Program database, as reported by the Federal Home Loan Banks. Dollars have been rounded.
Data as of December 31, 2012.
[a] Total advance commitments include CIP and CICA program advance commitments where an initial disbursement occurred. Excludes rollovers and refinancing of previous advances. Data are based on Federal Home Loan Blank member projections at the time of application.
[b] CIP housing data prior to 2007 may include data on projects that were rollovers or refinanced. The inclusion of such data could result in project duplication.
[c] Estimated by Federal Home Loan Bank members in CIP or CICA program application.
Dollars in millions.

**CIP and CICA Programs:** In 2012, CIP and CICA program commitments funded an array of housing, economic development and mixed-use projects. CIP funding was used for activities such as foreclosure prevention, down payment and closing cost assistance, purchases of owner-occupied housing, and the acquisition, construction, and rehabilitation of multifamily rental and owner-occupied properties.

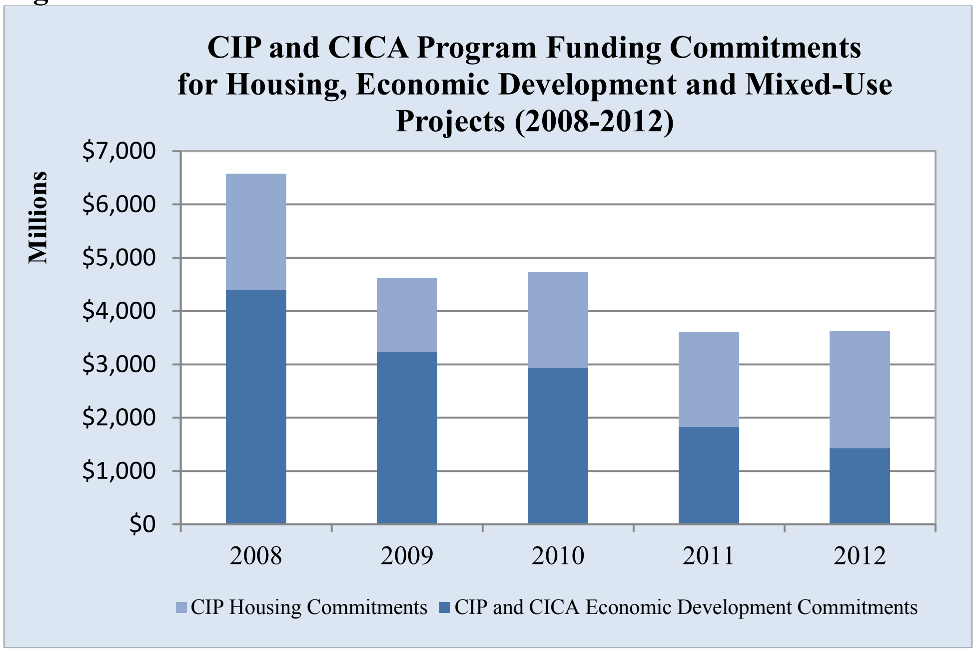
CICA program funding was used by small business and others for public projects and social services. Examples have included primary and preventative health care services, neighborhood revitalization, rural businesses, retail expansion, youth entrepreneurship education, business incubation, fire stations, hospitals, manufacturing plants, women's business centers, microloans, infrastructure, day care centers and recreational facilities.

**CIP and CICA Program Funding Commitments:** CIP and CICA funding commitments for targeted economic development have trended downward over the last five years. The ratio of the Banks' targeted economic development funding commitments to total funding commitments increased from 2008 to 2009 but dropped in 2010. In 2009, targeted economic development funding commitments reached a relative peak of approximately 70 percent of total funding, and declined after that: 62 percent in 2010, 51 percent in 2011, and 39 percent in 2012 (see Figure 12a).

Sun National Bank, a New York Bank member, used an $8.2 million CICA advance to help renovate Congress Hall, a historic hotel and conference facility in Cape May, New Jersey. The project created more than 160 permanent local jobs and up to 350 jobs during peak season, and preserved a registered National Historic Landmark building. (Source: The New York Bank)

The 2012 total funding commitment level was approximately $3.6 billion, virtually the same as in 2011. However, there were changes in the sub-components of total funding: CIP housing commitments rose slightly in 2012 to approximately $2.2 billion from approximately $1.8 billion in 2011, while targeted economic development commitments fell from $1.8 billion to $1.4 billion over the same period (see Figure 11a).

**Figure 11a.**




*Source:* Federal Housing Finance Agency's CIP and CICA program database (as reported by the Banks)

**Differences between CIP and CICA Economic Development Advances:** Both the CIP and CICA program are targeted economic development programs. However, the two programs differ. Although both the CIP and CICA program derive their authority from the Bank Act, the statute only specifies the terms of the CIP. The CICA requirements were established by a 1998 regulation.

The Bank Act requires that the Banks price CIP advances to members at the cost of funds plus reasonable administrative costs. The proceeds of the CIP advances must finance: (i) home purchases by, or rehabilitation of, housing for households with incomes at 115 percent or less of area median income; or (ii) commercial and economic development activities that benefit low- or moderate income households (with incomes at 80 percent or less of area median income) or are located in low- and moderate-income neighborhoods (at least 51 percent of the households in the neighborhood are low- or moderate-income).[28]

Under the CICA program, the Banks can price the advance as a regular advance. Another difference is in the definition of CICA targeted beneficiaries. There are several categories of targeted beneficiaries including those residing in defined geographical areas, such as Empowerment Zones. The targeted income level for CICA targeted economic development advances in rural areas is at or below 115 percent of the area median income and 100 percent in urban areas as adjusted for family size.

[28] 12 U.S.C. § 1430(i).

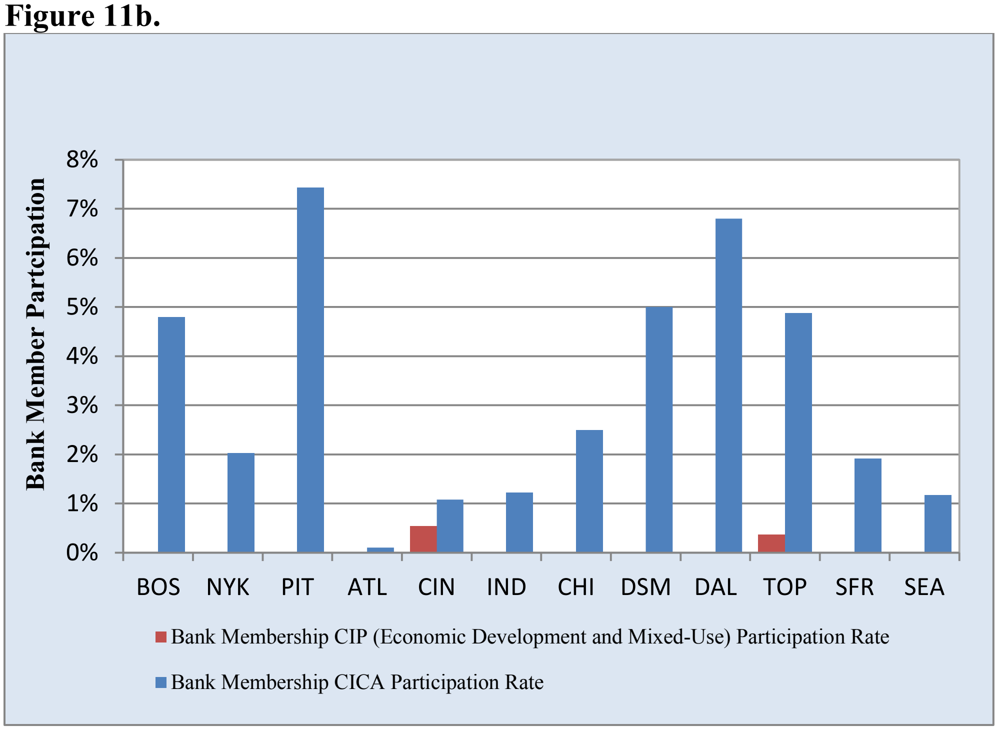
In 2012, all Banks funded a CICA program. Figure 11b shows the percent of total Bank members that participated in either the CICA program or CIP economic development program. The Pittsburgh Bank had the highest member participation rate in its CICA program.

The Cincinnati Bank funded $4 million, and the Topeka Bank funded slightly over $1.1 million, in CIP economic development projects. The Cincinnati Bank also funded approximately $13.1 million in CIP mixed-use projects. With the exception of these two Banks, the Banks relied on the CICA program to fund economic development advances.

Figure 11c details Bank funding as a percentage of total Bank Advances Daily Average. Although the San Francisco Bank had the highest total CICA funding in 2012, the Boston Bank's CICA funding was the highest in relation to its average daily advances for the year.

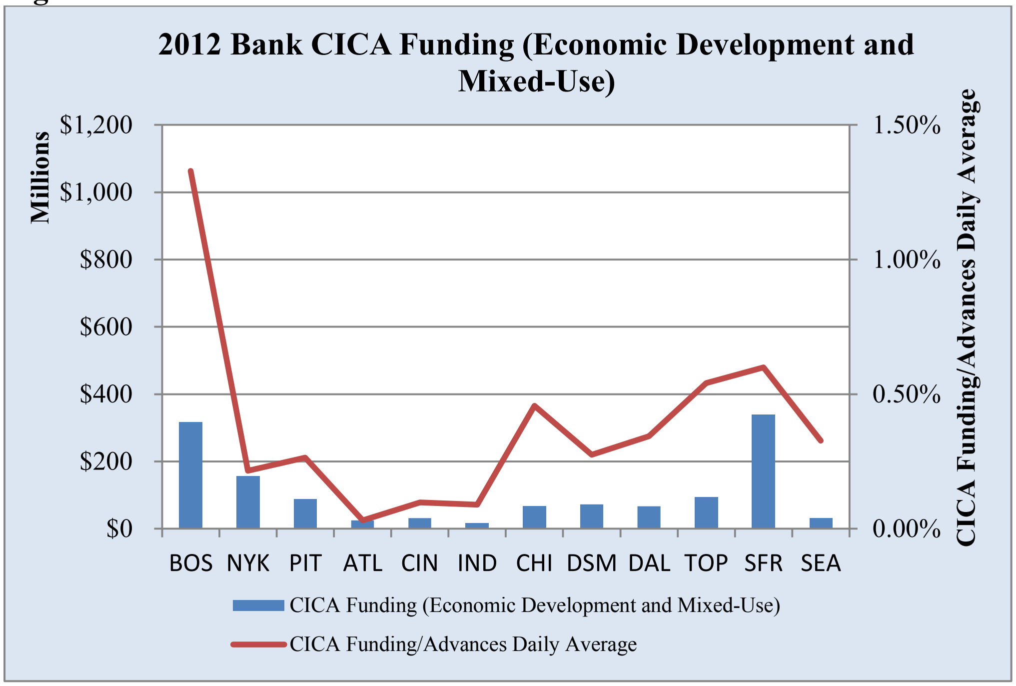
CIP and CICA funding likely tracks the decline in member demand for Bank advances. In 2012, advances declined slightly (see Figure 12a). As it concerns targeted economic development funding specifically, CICA and CIP economic development funding did not equally track advances. As shown in Figure 12b, CICA funding appears to more closely follow advances than does CIP economic development funding.

**Figure 11b.**



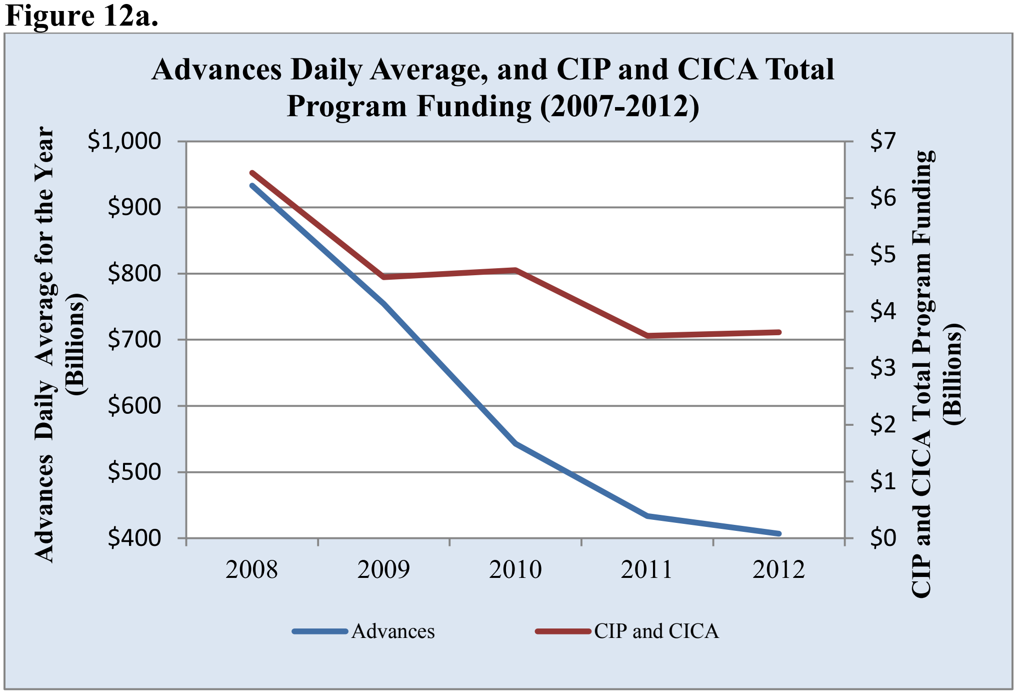

*Source:* Federal Housing Finance Agency's CIP and CICA program database (as reported by the Banks)

**Figure 11c.**



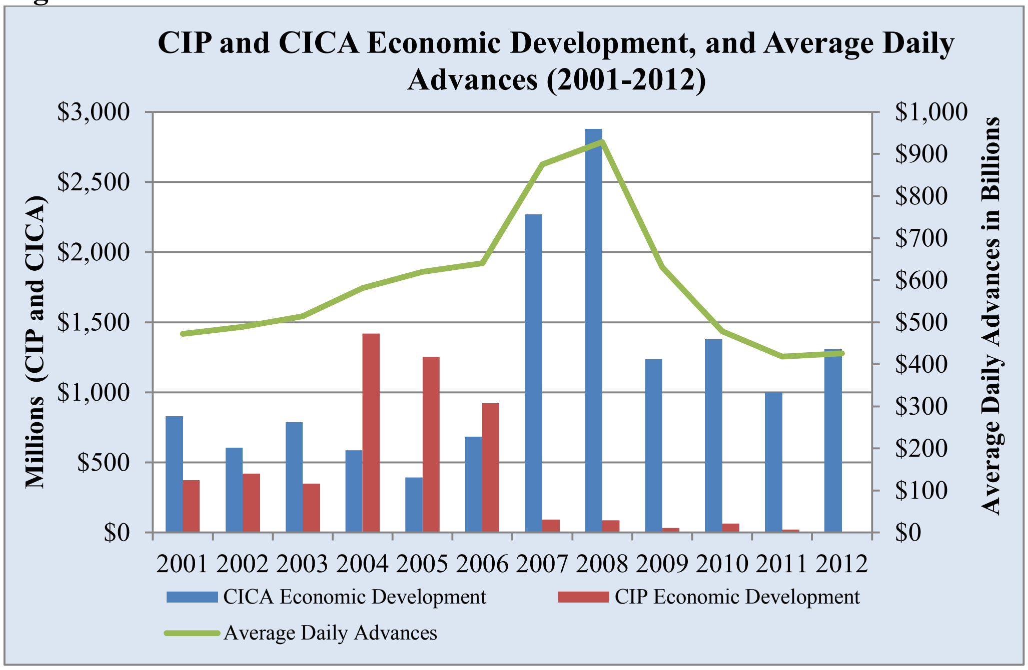

*Source:* Federal Housing Finance Agency's CIP and CICA program database (as reported by the Banks)

**Figure 12a.**




*Source:* Federal Housing Finance Agency's CIP and CICA program database (as reported by the Banks) and the Call Report System

**Figure 12b.**




*Source:* Federal Housing Finance Agency's CIP and CICA program database (as reported by the Banks) and the Call Report System

**CIP and CICA Programs Serving Urban and Rural Communities:** In 2012, Bank members used CIP and CICA program funds to finance housing, economic development, and mixed-use projects in both urban and rural communities (see Table 15). The CIP and CICA programs provided more than $1 billion in economic development and mixed-used financing for urban projects, and more than $600 million for rural economic development projects. CICA projects accounted for the lion's share of economic development dollars, with CIP economic development funding (including mixed-use) at just over $18 million.

Bank members used nearly $2.5 billion in CIP financing for approximately 32,000 urban housing units and $113 million for close to 3,100 rural housing units. Both funding levels are increases from 2011, when CIP financing for urban housing was $1.7 billion, and $106 million for rural housing.

**Table 15. CIP and CICA Program Projects Serving Urban and Rural Communities**

| | 2012 Urban[a] Projects | | | | 2012 Rural[a] Projects | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Housing | Economic Development | Mixed-Use | Total Urban Projects | Housing | Economic Development | Mixed-Use | Total Rural Projects | 2012 Total |
| Total Approved Projects | 282 | 220 | 8 | 510 | 99 | 425 | 2 | 526 | 1,032 |
| Total Commitments[b] | $2,523 | $1,182 | $118 | $3,822 | $113 | $611 | $0.67 | $725 | $4,518 |
| Projected Number of Rental Housing Units | 15,337 | 0 | 331 | 15,668 | 1,640 | 0 | 19 | 1,659 | 16,425 |
| Projected Number of Owner-Occupied Housing Units | 16,306 | 0 | 28 | 16,334 | 1,420 | 0 | 0 | 1,420 | 17,528 |
| Projected Number of Housing Units | 31,643 | 0 | 359 | 32,002 | 3,060 | 0 | 19 | 3,079 | 33,953 |
| Estimated Number of Jobs Created or Retained | 0 | 9,562 | 40 | 9,602 | 0 | 9,872 | 10 | 9,882 | 19,467 |

*Source*: Federal Housing Finance Agency's CIP and CICA Program database as reported by the Banks.

Dollars are in millions. Sums have been rounded.

Data as of December 31, 2012.

NA means not applicable.

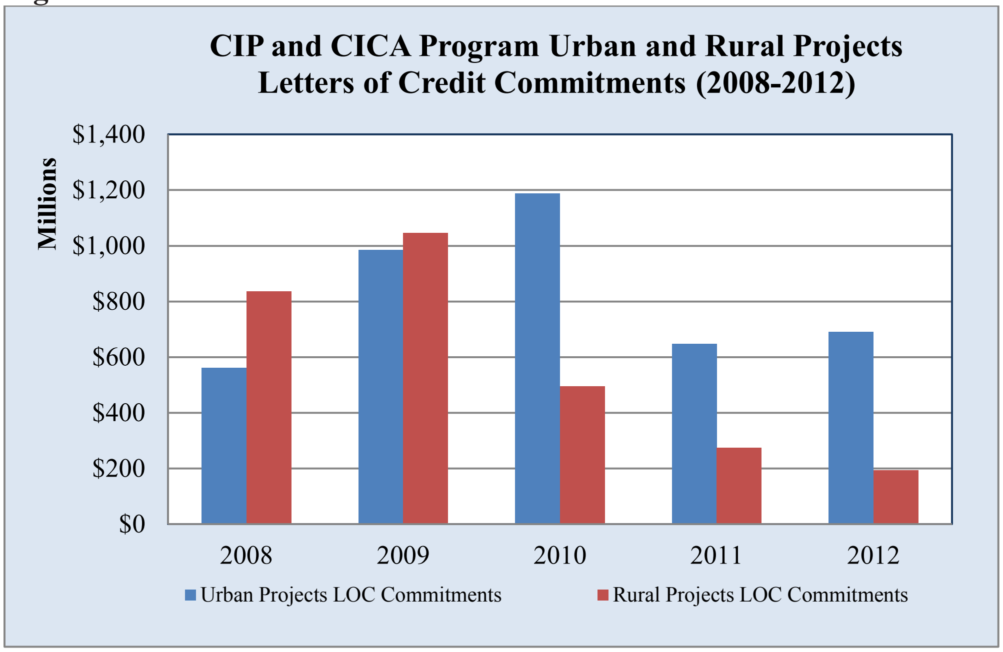
[a] "Urban" and "rural" as defined in 12 C.F.R. part 1292.

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

A $900,000 CIP advance helped provide construction funding for Spruce Senior Housing in Dover, New Jersey. The three-story, 90-unit senior housing complex offers its residents a full suite of amenities, including health screenings, landscaped recreation areas and a community garden, as well as access to local retail and commercial districts. This project helped revitalize the neighborhood and increased the availability of affordable housing for seniors in Morris County.
(Source: The New York Bank)

**CIP and CICA Program Letters of Credit Commitments:** Although Bank members most commonly used advances to directly finance CIP and CICA projects, members also used collateralized Bank letters of credit to support CIP and CICA projects (see Figure 13). In 2011, urban projects funded by letters of credit commitments declined sharply (from nearly $1.2 billion to $648 million), but a slight rise in funding in 2012 from $648 million to $691 million somewhat mitigated that decline. However, letters of credit to finance rural projects have fallen every year since 2009, from $1.046 billion in 2009 to $193 million in 2012.

**Figure 13.**




*Source:* Federal Housing Finance Agency's CIP and CICA program database, as reported by the Federal Home Loan Banks
Data as of December 31, 2012

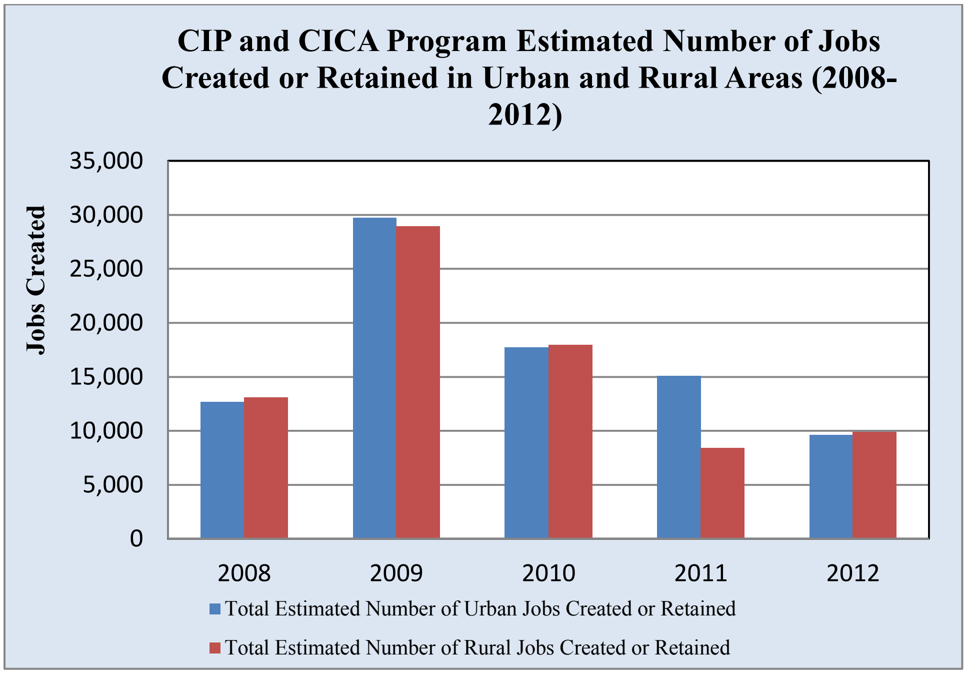
### CIP and CICA Program Jobs Created or Retained in Urban and Rural Areas:

FHFA collects self-reported data submitted by members on the number of jobs created or retained under the CIP and CICA programs. Bank members estimate that CIP and CICA program funding has helped create or retain thousands of jobs in rural and urban communities (see Figure 14).

In 2012, the number of urban jobs created fell over 36 percent since the previous year, from 15,075 to 9,602, while the number of rural jobs created climbed about 17 percent over the same one year period, from 8,437 to 9,882. This trend may reflect the overall decentralization of job growth that has occurred over the last decade as job growth moves away from city cores. According to the Brookings Institute, "*[i]n all but nine of the 100 largest metro areas, the share of jobs located within three miles of downtown declined during the 2000s.*"[29]

[29] The Brookings Institute. "Job Sprawl Stalls: The Great Recession and Metropolitan Employment Location." (2013): 1.

**Figure 14.**




Jobs data are estimated and self-reported by Bank members. FHFA does not verify the data's accuracy.


An $11,400 CICA grant helped the owners of Daily Green Family Health with operating costs for a family practice clinic in Mauriceville, Texas. The two owners are nurse practitioners who wanted to offer primary health care at affordable prices. (Source: The Dallas Bank)

**Bank Membership for Community Development Financial Institutions:** Community Development Financial Institutions (CDFIs) are financial intermediaries certified by the CDFI Fund within the Treasury Department. They are dedicated to assisting underserved communities, and their activities include promoting economic development, affordable housing, community development financial services, and other basic banking services.[30]

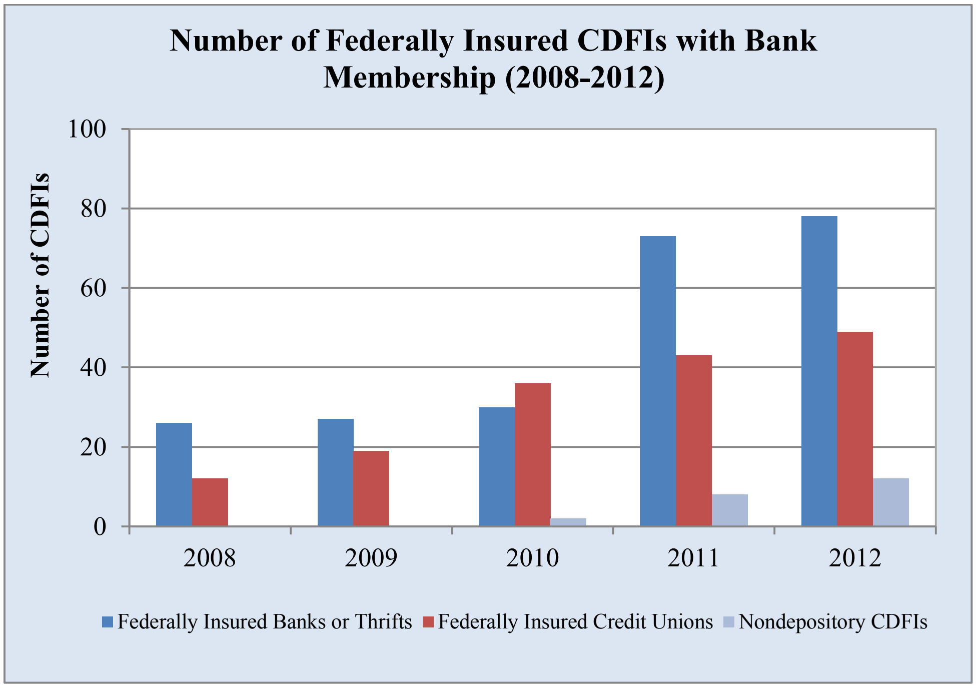
Since the beginning of the CDFI certification program, CDFIs that are federally insured depositories such as banks, thrifts, or credit unions have been eligible to apply for membership in a Bank. However, the Housing and Economic Recovery Act of 2008 (HERA) also opened membership to non-depository CDFIs, and on February 4, 2010, FHFA published a final rule implementing the requirement in HERA to open Bank membership to non-depository CDFIs.

CDFIs eligible under HERA include community development loan funds, venture capital funds, and state-chartered credit unions that can demonstrate a commitment to housing finance, among other membership requirements. Membership in a Bank gives these non-depository CDFIs access to long-term funding, which can increase their ability to promote economic growth and stability in low- and moderate-income communities.

Over the last five years, CDFI Bank membership increased in all two of the three categories shown in Figure 15, with substantial growth from 2010-2011. As of December 31, 2012, there were 131 federally insured certified CDFIs with Bank membership, an increase of approximately 8 percent over 2011. Additionally, the following Banks had at least one non-depository CDFI member: Atlanta, Chicago, Cincinnati, Dallas, Des Moines, New York, and San Francisco.

[30] Community Development Financial Institutions Fund (Department of the Treasury). "Community Development Financial Institutions Program." Accessed August 19, 2013. http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=7.

**Figure 15.**




*Source:* Federal Housing Finance Agency
Data as of December 31, 2012

# Appendix 1: AHP Projects

The following are examples of 2012 AHP competitive application project awards:

- ***Mobile, Alabama* —** The Waterfront Rescue Mission Inc. received a $225,243 AHP grant for the construction of the Mobile Waterfront Campus. The Mobile Waterfront Campus is part of the Waterfront Rescue Mission Inc.'s food and housing initiative for the homeless. AHP funds will be used to build 100 units of emergency shelter and longer term traditional housing. The Mobile Waterfront Campus will also lease space to the Waterfront Rescue Mission's day center and medical clinic.

- ***Bangor, Maine* —** Penobscot Community Health Center received a $400,000 AHP grant to assist the construction of 24 new units and energy-efficiency improvements made to existing units. All of the units will be targeted to homeless households with incomes at or below 30 percent of the area median income. Residents will receive health care services and job development skills to help them successfully transition from homeless to permanent housing. The project will produce forty-eight units.

- ***Warwick, Rhode Island* —** House of Hope Community Development Corporation received a $400,000 AHP award to create energy-efficient permanent supportive housing for formerly homeless persons with disabilities. The initiative will target homeless individuals and families with incomes at or below 50 percent of the area median income. Residents will be offered employment training to re-enter the workforce. The project will produce seventeen units.

- ***Milwaukee, Wisconsin* —** Select Milwaukee, Inc. received a $320,000 AHP subsidy to assist forty first-time homebuyers with down payment assistance in Milwaukee.

- ***Kansas City, Missouri* —** ReStart Inc. received a $700,000 AHP subsidy to rehabilitate ninety-eight units of affordable housing that will serve persons experiencing homelessness, physical, and/or substance abuse.

- ***Lee and Hendry Counties, Florida* —** Habitat for Humanity of Lee and Hendry Counties, Inc. received a $260,000 AHP grant to assist in the acquisition and rehabilitation of twenty single-family foreclosed homes throughout Lee and Hendry Counties. Funds will also be used for the construction of six new homes.

- ***Bridgeport, Connecticut* —** Habitat for Humanity of Coastal Fairfield County received a $360,000 AHP grant to assist in the construction of energy-efficient homes on land foreclosed by the city, targeted to households with incomes at or below 60 percent of area median income, including returning veterans. Homeowners will contribute 500 hours of sweat equity and receive financial planning and ownership counseling.

- ***Dover, New Hampshire* —** The Centrix Bank & Trust received a $559,097 AHP grant and a $850,000 advance for the adaptive reuse of a five-story, former shoe factory to create energy-efficient rental units for low- and very low-income households. Residents will benefit from daycare, literacy programs, and on-site healthcare. The project will produce forty-two units.

- ***Marion, Indiana* —** Carey Services Inc. received a $500,000 AHP grant for the new construction of affordable rental units designed for adults with developmental disabilities. The homes will create a welcoming streetscape along three sides of a vacant city block. Green construction will be utilized with materials that require minimal maintenance for residents who may struggle with activities of daily living. Ten units will be produced.

- ***Mount Clemens, Michigan* —**Turning Point received a $500,000 AHP grant to rehabilitate and extend a center that provides shelter and services for victims of domestic violence. The project incorporates the rehabilitation of an older, existing structure, along with construction of new space. The new shelter will provide a more private living environment for families, along with space for medical treatment, case management, community space, green space and a playground. The project will produce fifty-two units.

- ***Detroit, Michigan* —** Cass Corridor Neighborhood Development Corporation received a $500,000 AHP grant to assist in the total renovation of 2 vacant buildings into forty-seven affordable units. The project is located at the entrance to the Midtown area of Detroit and involves the restoration of two historic buildings and eliminates two vacant buildings — decreasing blight and addressing community needs.

- ***Trenton, New Jersey* —** North 25 Housing Corporation received a $950,000 AHP grant, used in conjunction with other funding to help finance the North 25 Housing project. The project will renovate 232 units of affordable housing for low- and very low-income households.

- ***Philadelphia, Pennsylvania* —** Women Against Abuse received a $250,000 AHP grant to extend Sojourner House. The house is designed to support abused women as they transition into self-sufficiency, and is rooted in life skills such as budgeting, housekeeping and securing and maintaining employment.

- ***Norristown, Pennsylvania* —** One hundred and eight units of affordable senior housing and commercial space will be built by 1260 Housing Development Corporation as part of an adaptive reuse project on the campus of historic Montgomery Hospital. Part of the commercial space to be developed in this adaptive reuse will involve both day care and senior service providers, presenting a unique opportunity for comprehensive intergenerational services programming. The project will be aided by a $250,000 AHP grant.

- ***White Sulphur Springs, West Virginia* —** Southeastern Appalachian Rural Alliance will convert a vacant, century-old high school building into 16 units of low-income senior housing to help reinvigorate the White Sulphur Springs community. Southeastern Appalachian Rural Alliance has forged partnerships with a variety of local agencies to provide on-site social services. The AHP grant for this project is $249,997.

- ***Seattle, Washington* —** Community Psychiatric Clinic will use a $300,000 AHP grant to help construct twenty-one units of rental housing for households with chronic mental illness and incomes at or below 30 and 50 percent of area median income. The majority of units will house veterans and/or those recovering from substance abuse. The project will include ground-floor meeting space for onsite social services.

- ***Salt Lake City, Utah*—** The Housing Authority of Salt Lake City was awarded a $350,000 grant which will be used to help construct seventy-two units of transitional housing for homeless veterans with incomes at or below 30, 50, and 80 percent of area median income. The project will include peer interaction and support, security, and case management services.

- ***Kapolei, Hawaii* —** Cloudbreak Hawaii, LLC received $450,000 through the AHP program which will be used to help construct fifty studio apartments for veterans with incomes at or below 30, 50, 60, and 80 percent of area median income. In addition to career and family counseling, social services will be provided to assist residents with their recovery from substance abuse and post-traumatic stress syndrome.

- ***Eugene, Oregon* —** St. Vincent de Paul of Lane County will use a $467,948 AHP grant to help construct fifty-two units of rental housing for households with incomes at or below 50 percent of area median income. The project will include an additional unit for a residential manager, play areas for children, community space for resident service programs, and a community garden.

- ***Buffalo, New York* —** Liberty Affordable Housing, Inc. received a $2.5 million AHP grant used for the Mariner Tower project. The project involves the purchase, rehabilitation and preservation of 290 units of very low-income family housing. The Tower has a 290-unit Section 8 Contract that expires in 2014, and HUD has agreed to extend the Section 8 Contract for fifteen years at the time of the closing.

# Appendix 2: Bank Initiatives

In 2012, the Banks engaged in a variety of education initiatives on affordable housing and community development in the following areas:

- Foreclosure prevention
- Affordable housing and community development
- Member training
- Special needs housing
- CDFIs

### Foreclosure Prevention

- **The Boston Bank** moderated a roundtable workshop addressing statewide efforts concerning foreclosure response and prevention as part of the annual Housing Conference in Connecticut. Representatives from the State Attorney General's office, Connecticut Housing Finance Authority, and the Connecticut Fair Housing Center discussed new federal-state foreclosure settlement funds and ongoing efforts to work with homeowners and other stakeholders to prevent, mitigate, or recover from foreclosure. Ongoing efforts included loss mitigation and loan modification programs, foreclosure counseling, prevention counseling, and efforts to raise consumer awareness about foreclosure loan modification scams.

- **The San Francisco Bank** hosted an event to assist distressed homeowners and first-time homebuyers. The event was attended by representatives from member institutions including JPMorgan Chase, Wells Fargo Financial National Bank, and Bank of America California.

### Affordable Housing and Community Development

- **The Indianapolis Bank** staff participated on several task force groups or councils and served as panelists for training sponsored by the state housing finance authorities, the Corporation for Supportive Housing, and statewide housing and community and economic development conferences.

- **The Pittsburgh Bank** was a major sponsor for both the Pennsylvania Association of Housing and Redevelopment Authorities' Conference and the Housing Alliance's Homes Within Reach Conference. These two conferences were attended by over 700 housing and community development stakeholders from across the Commonwealth.

- **The Boston Bank** sponsored a forum offered by the Maine Affordable Housing Coalition to discuss the rising cost of affordable housing development and potential cost containment goals and strategies. Approximately 60 lenders, developers, and other stakeholders attended. Participants discussed meaningful ways in which developers could manage development costs. Participants also focused on proposed changes in Maine's low-income housing tax credit Qualified Allocation Plan to incent lower cost development including total development cost and funding caps.

### Member Training

- **The Dallas Bank** conducted six technical training workshops in the following locations: Irving, Texas; Houston, Texas; New Orleans, Louisiana; Little Rock, Arkansas; Albuquerque New Mexico; and Jackson, Mississippi.

- **The Indianapolis Bank** conducted six outreach sessions in February and March 2012, divided equally between Indiana and Michigan. The sessions were arranged and supported by the Marketing staff, with Community Investment staff providing the speakers and agenda. In addition to providing overview information about the AHP and the CIP, these outreach sessions served as one of several training opportunities for members interested in participating in Homeownership Initiatives (the AHP set-aside program). The sessions also provided best practices training on the competitive program including detailed training on scoring initiatives introduced in 2012.

- **The Pittsburgh Bank** conducted a number of AHP trainings. These included webinars, four in-person workshops, and 55 project-specific technical assistance consultations. Bank staff also conducted a product information webinar for the Banking on Business (BOB) product. Additionally, as part of the Bank's ongoing member education series, the following sessions were offered: Organizing a Loan Consortium to Support Affordable Housing and Community Development, Housing and Community Development ABCs, and Chesapeake Bay Watershed Environmental Requirements/Local Compliance.

- **The New York Bank** and the New Jersey Housing and Mortgage Finance Agency (NJHMFA) held a joint housing seminar at the NJHMFA headquarters in an effort to educate developers, sponsors, and financial institutions on the housing financing tools available to them through each organization.

### Special Needs Housing

- **The Atlanta Bank** staff participated in a panel discussion at the Interagency Rural Development Forum to help establish relationships with southeast region outreach and marketing officials to help link members with intermediaries.

- **The Indianapolis Bank** Community Investment staff exhibited and distributed program information at Indiana and Michigan banking and credit union conferences, and presented at various community development meetings of the National Association of Housing and Redevelopment Officials (NAHRO), CRA associations, Land Bank, Habitat, and small town and rural development conferences in both states.

- **The New York Bank's** staff participated alongside housing industry leaders in a presentation and panel discussion hosted by the African-American Real Estate Professionals of NY, Inc. (AAREP). Reverend Edwin Reed, a member of the Board of

Directors Housing Committee, served as the moderator for a discussion on Opportunities in Supportive and Senior Housing.

- **The Pittsburgh Bank** participated in or supported the following activities sponsored by other financial intermediaries: Small Business Administration (SBA) Lenders Conference in Western Pennsylvania, West Virginia SBA webinar for Small Business Development Center staff, Central Pennsylvania Small Business Development Center workshop, Virginia Rural Community Development Initiative, and the Federal Reserve Bank of Philadelphia's Small Business Roundtable.

### CDFIs

- **The Boston Bank** conducted a presentation and focus group, as part of the Opportunity Finance Network's northeast regional meeting, on the opportunities and challenges of applying for membership in the Bank. In total, seventy-three attendees representing twenty-three different CDFI organizations participated in the event. The presentation included a review of the basic eligibility requirements and benefits of membership and featured an interactive, audience-polling survey to solicit feedback from the CDFIs on their perspectives around the opportunities and challenges of applying for membership in the Bank. It also included a dialogue around alternative ways in which the Bank could facilitate the flow of capital through its member financial institutions to CDFIs.