



# 2020 LOW-INCOME HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES OF THE FEDERAL HOME LOAN BANKS

OCTOBER 2021



Division of Housing Mission and Goals

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## Introduction

The Federal Housing Finance Agency (FHFA) was established by the Housing and Economic Recovery Act of 2008 (HERA) and is responsible for the supervision, regulation, and housing mission oversight of the 11 Federal Home Loan Banks (FHLBanks), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). FHFA's mission is to ensure that these regulated entities operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment. Since 2008, FHFA has also served as conservator of Fannie Mae and Freddie Mac.

This report addresses the FHLBanks' activities to support low-income housing and community development.<sup>1</sup> The FHLBanks support a range of these activities through three programs: the statutorily-mandated Affordable Housing Program (AHP), the statutorily-mandated Community Investment Program (CIP), and the voluntary Community Investment Cash Advance Program (CICA).<sup>2</sup> Under these programs, the FHLBanks provide loans (referred to as advances) and grants to their members, and their members then use these funds to assist very low- and low- or moderate-income households and communities.<sup>3</sup>

The FHLBanks awarded approximately \$392.7 million in total AHP funds in 2020, approximately 14 percent less than in 2019.<sup>4</sup> This funding assisted over 40,000 low- and moderate-income households, including about 21,600 very low-income households. Through the CIP, the FHLBanks funded approximately \$3 billion in targeted housing and economic development advances in 2020, about 13 percent less than in 2019. The CIP assisted about 22,000 households in 2020, a decrease of approximately 19 percent from 2019. This decrease was mostly driven by

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<sup>1</sup> The Federal Home Loan Bank Act requires FHFA to monitor and report annually to the Advisory Council for each FHLBank the support of low-income housing and community development by the FHLBanks and the utilization of FHLBank advances for these purposes. See 12 U.S.C. § 1430(j)(12).

<sup>2</sup> See 12 U.S.C. § 1430(i) and (j). The CICA regulation (12 C.F.R. § 1292.1) defines CICA programs to include AHP, CIP, and targeted economic development advance or grant programs established by a FHLBank. However, because AHP and CIP are specifically required by statute, they are generally described separately from other programs under the CICA umbrella. This practice is followed in this report. Some FHLBanks also provide community development and housing subsidy programs that do not fall under this statutory and regulatory framework.

<sup>3</sup> Low- or moderate-income households are defined as households with incomes of 80 percent or less of Area Median Income (AMI). Very low-income households are defined as households with incomes of 50 percent or less of AMI.

<sup>4</sup> AHP is funded based on the net earnings of the FHLBanks in the previous year. Because FHLBank net earnings decreased in 2019, AHP statutory contributions in 2020 decreased as well.



decreases in units assisted by the Boston, New York, and San Francisco FHLBanks. The FHLBanks' CICA funding, which also supports targeted economic development, was approximately \$3.6 billion in 2020, about 18 percent higher than in 2019.

The FHLBanks also support low-income housing and community development through other activities, including through their non-depository Community Development Financial Institution (CDFI) members. At the end of 2020, 64 non-depository CDFIs were FHLBank members, four more than in 2019. The FHLBanks' outstanding advances to these non-depository CDFIs increased to \$297.2 million in 2020 from \$261.6 million in 2019.

Finally, in 2020, each FHLBank was subject to housing goals if its Acquired Member Assets (AMA)<sup>5</sup> purchases exceeded an annual volume threshold of \$2.5 billion.<sup>6</sup> Three of the FHLBanks exceeded this volume threshold.<sup>7</sup>

This report is organized into four sections with three appendices. The first section provides program information on the AHP, the second section details the FHLBanks' CIP and CICA performance, the third section describes non-depository CDFI membership in the FHLBank System, and the fourth section specifies the FHLBank housing goals and AMA purchases in 2020. The appendices include some highlights from FHLBank Advisory Council Reports submitted to FHFA, as well as AHP historical data and additional data pertaining to projects awarded funding through the AHP competitive program in 2020.

## The Affordable Housing Program

The Federal Home Loan Bank Act (Bank Act) requires each FHLBank to establish an AHP.<sup>8</sup> Under the program, members of the FHLBank may apply to the FHLBank for AHP funds. The member provides the funds to approved projects and households to be used for the purchase, construction, or rehabilitation of owner-occupied and affordable rental housing. AHP funds may be in the form of grants or subsidized interest rates on advances from an FHLBank to its member.

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<sup>5</sup> AMA programs include both the Mortgage Partnership Finance Program and the Mortgage Purchase Program. See 12 C.F.R. part 1268.

<sup>6</sup> See 12 C.F.R. part 1281. These housing goals are separate from the housing goals applicable to Fannie Mae and Freddie Mac. See 12 C.F.R. part 1282.

<sup>7</sup> In 2020, FHFA amended the FHLBank housing goals regulation to provide, among other changes, that housing goals apply to each FHLBank that acquires any AMA during a year, eliminating the \$2.5 billion volume threshold that previously triggered the application of housing goals for each FHLBank. See 85 Fed. Reg. 38031 (June 25, 2020). The changes made by this rule apply to the FHLBanks' AMA purchases beginning in 2021.

<sup>8</sup> See 12 U.S.C. § 1430(j).





For AHP-assisted owner-occupied housing to be eligible, household income must be at or below 80 percent of Area Median Income (AMI). For AHP-assisted rental housing, at least 20 percent of the project's units must be affordable<sup>9</sup> for and occupied by households with incomes at or below 50 percent of AMI.

The AHP has two programs to provide funding.<sup>10</sup> The primary funding program is a mandatory competitive application program through which FHLBanks provide subsidies either as grants or as advances with a reduced interest rate. The bulk of the AHP funding through this program takes the form of grants. Applications for proposed projects are approved for AHP funds based on each FHLBank's individual scoring system established pursuant to the general scoring framework in the AHP regulation. The second funding program is a discretionary homeownership set-aside program under which the FHLBanks approve grants for down payment, closing costs, counseling, or rehabilitation assistance in connection with a household's purchase or rehabilitation of an owner-occupied unit.<sup>11</sup> Generally, access to set-aside program funds is on a first-come, first-served basis for FHLBank members and eligible households.<sup>12</sup>

On November 28, 2018, FHFA issued a final rule amending the AHP regulation. Among other changes, the final rule provided the FHLBanks additional authority to allocate their AHP funds, authorized the FHLBanks to establish separate competitive funds program that target specific affordable housing needs in their districts, and provided the FHLBanks additional flexibility in designing their project selection scoring systems to address affordable housing needs in their districts. As of January 1, 2020, the FHLBanks were required to comply with the final rule's provisions related to owner-occupied retention agreements and were required to comply with the remaining provisions of the final rule by January 1, 2021. The final rule allowed the FHLBanks to implement any provisions prior to the applicable deadline.

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

<sup>10</sup> See 12 C.F.R. part 1291.

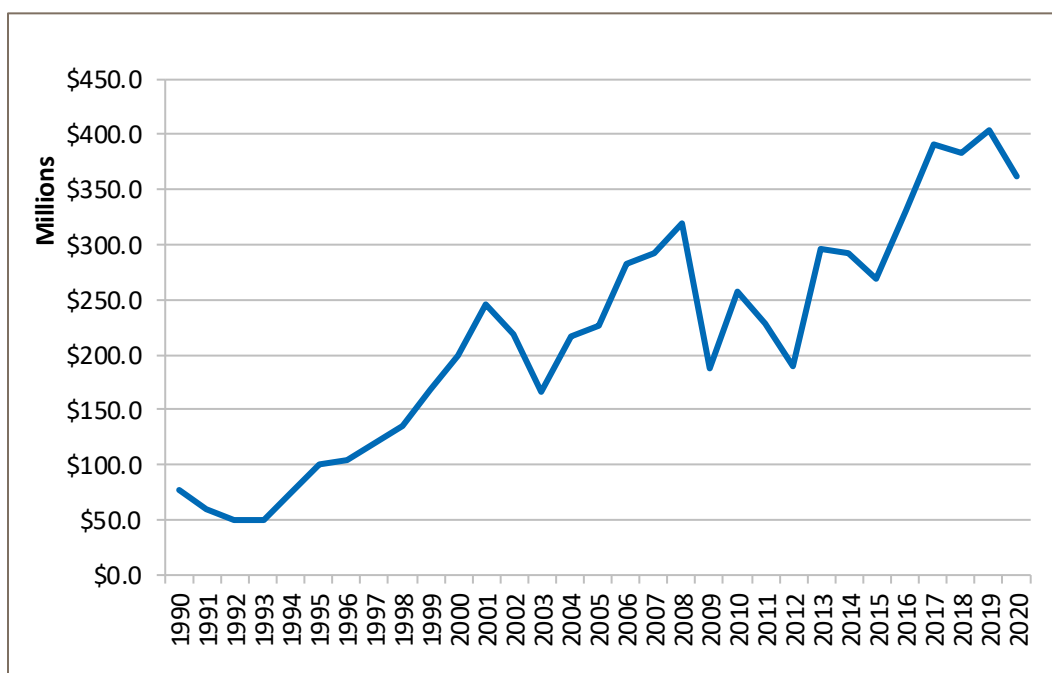
<sup>11</sup> An FHLBank's annual set-aside program funding allocation may not exceed the greater of \$4.5 million or 35 percent of the FHLBank's annual required AHP statutory contribution. 12 C.F.R. § 1291.12(b).

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



**FHLBank AHP Funding Contributions and Allocations:** An FHLBank’s annual AHP statutory funding contribution must equal at least 10 percent of its net earnings for the prior year (subject to a \$100 million minimum combined contribution by all of the FHLBanks collectively).<sup>13</sup> Consequently, an FHLBank’s statutory contribution to its AHP changes as its earnings change from one year to the next. From 1990 to 2020, the FHLBanks contributed approximately \$6.7 billion to the AHP (see Figure 1).

**Figure 1: FHLBanks’ AHP Statutory Funding Contributions (1990 – 2020)**



Source: FHFA<sup>14</sup>

In 2020, the AHP statutory contributions for individual FHLBanks ranged from approximately \$17.1 million by the Indianapolis FHLBank to approximately \$52.6 million by the New York FHLBank.

Each FHLBank allocates its AHP statutory funding contributions between the mandatory competitive application program and the discretionary homeownership set-aside program (if an FHLBank establishes a set-aside program). All FHLBanks offered homeownership set-aside

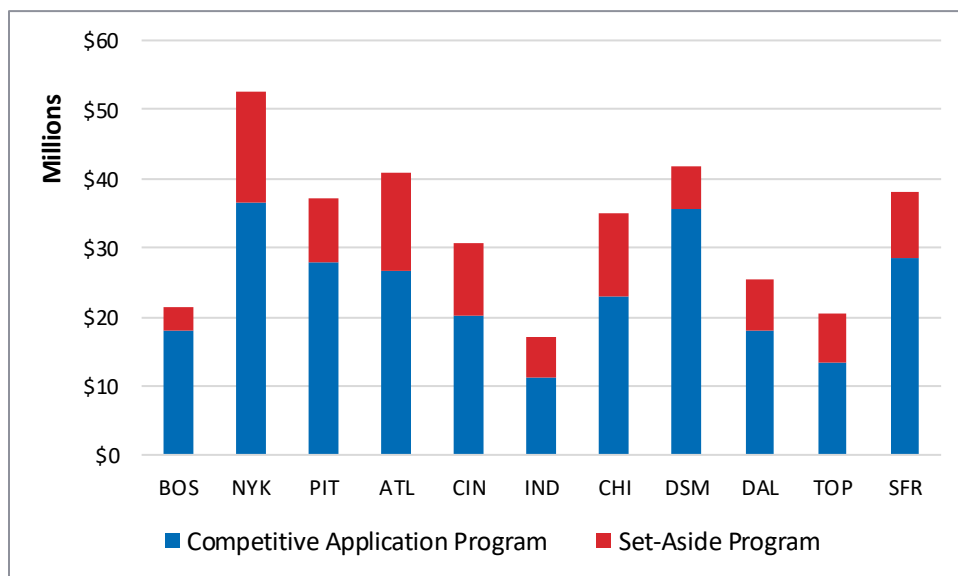
<sup>13</sup> See 12 U.S.C. § 1430(j)(5)(C).

<sup>14</sup> Unless otherwise noted, data contained in all charts and tables in this report were submitted by the FHLBanks and validated by FHFA. Dollars have been rounded. AHP competitive application program data include only approved, active projects; thus, the data do not include approved but withdrawn projects.



programs in 2020. Figure 2 details the FHLBanks' competitive application program and set-aside program funding allocations in 2020.

**Figure 2: 2020 FHLBank AHP Statutory Funding Allocations**



**FHLBank Awarded Funds:** In 2020, the FHLBanks awarded a total of approximately \$392.7 million through the AHP, with approximately \$291.7 million funding competitive application programs and \$101 million funding set-aside programs. This funding supported 40,399 housing units – 25,343 units in the competitive application program and 15,056 units in the set-aside program.

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

### I. AHP Competitive Application Program

The AHP competitive application program supports very low-income and low- or moderate-income rental and owner-occupied housing projects in rural and non-rural (*i.e.*, urban or suburban) areas. The FHLBanks award funds to projects based on an evaluation of project applications. Each FHLBank's evaluation uses a 100-point scoring system that is tailored to address the affordable housing needs and other objectives of that FHLBank but is also subject to certain scoring criteria for affordable housing needs set forth in the AHP regulation. Under the

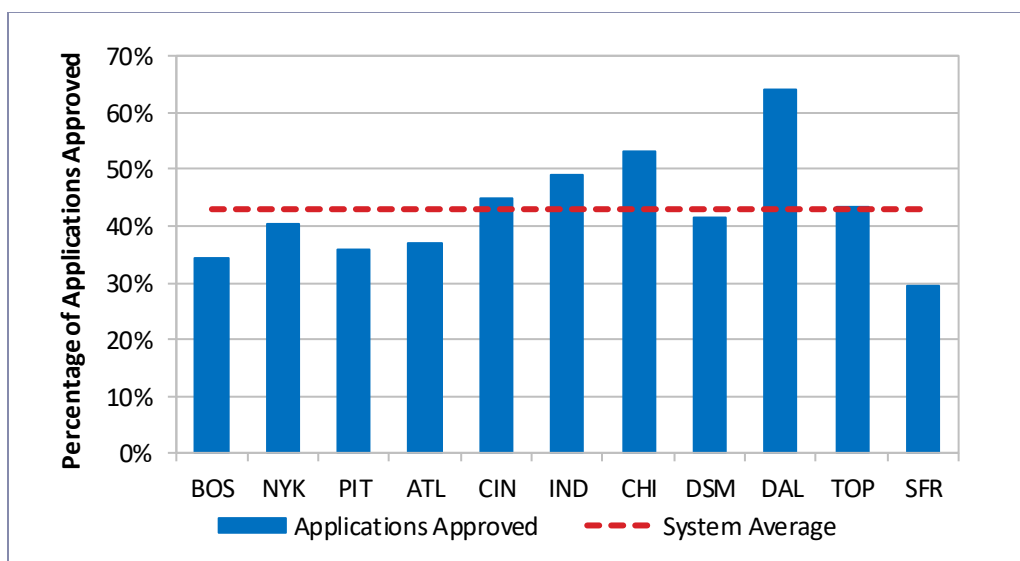


regulatory requirements applicable in 2020, an FHLBank was required to allocate a prescribed minimum number of points among nine different scoring categories specified in the AHP regulation, and could allocate the remainder of the points in its discretion among the scoring criteria, with the total points equaling 100. The FHLBanks also assess projects’ developmental feasibility and, for rental projects, operational feasibility. In addition, the FHLBanks evaluate projects’ satisfaction of other regulatory eligibility criteria.

FHFA’s 2018 AHP final rule made a number of changes to the scoring framework. Under the regulation, as amended by this final rule, the FHLBanks have more flexibility in selection of scoring criteria but must continue to allocate 100 points among certain regulatory and statutory criteria. The FHLBanks were required to implement changes made by the 2018 final rule by January 1, 2021, but were allowed to implement sets of related changes before this mandatory compliance date. Only one FHLBank, the Indianapolis FHLBank, implemented these changes to its scoring framework in 2020.

In 2020, the FHLBanks approved, on average, about 43 percent of applications received (see Figure 3), down from 49 percent in 2019.

**Figure 3: 2020 AHP Competitive Program Applications Approved**



Source: FHFA’s Call Report System

**Funds Awarded:** The competitive application program is the larger of the two AHP programs, both in terms of the number of units supported and the amount of funding awarded. In 2020, the FHLBanks awarded funds to 478 competitive application program projects, ranging in amounts

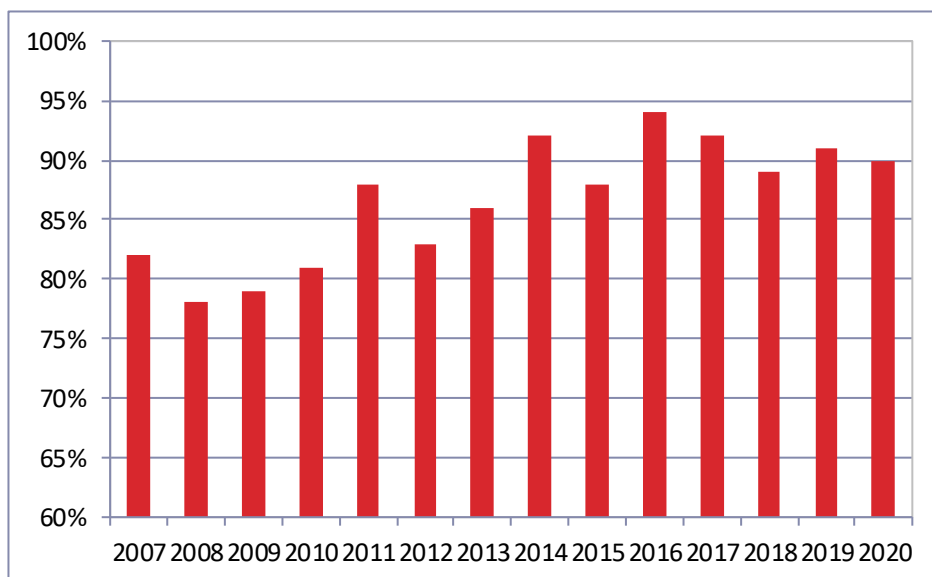




from approximately \$60,000 to \$2.5 million per rental project, and from approximately \$30,000 to \$1.2 million per owner-occupied project. Subsidy per unit for rental projects was about \$11,000, and subsidy per unit for owner-occupied projects was about \$15,500. Since the competitive application program’s inception in 1990, the FHLBanks have awarded approximately \$5.6 billion in funding to over 18,700 projects supporting over 756,000 units. Over that period, 75 percent of these units were in urban or suburban areas and 25 percent were in rural areas.<sup>15</sup>

The percentage of total competitive application program units that are rental units has varied each year, from a low of 78 percent in 2008 to a high of 94 percent in 2016. In 2020, rental units constituted about 90 percent of total competitive application program units, down slightly from 91 percent in 2019 (see Figure 4).

**Figure 4: AHP Competitive Application Program Percentage of Rental Units (2007 – 2020)**



**Households Served:** By statute, at least 20 percent of a rental project’s units must serve very low-income households or households at lower income levels, and all AHP-assisted owner-occupied

<sup>15</sup> FHFA receives data from the FHLBanks that reflect whether an AHP-assisted project received points for the financing of housing in a rural area. This is an optional scoring category, and not every FHLBank has adopted it. Because some projects may be located in rural areas but not be scored on this feature, data reflected in this report may understate the percentage of AHP competitive application program projects or units located in rural areas. In addition, an AHP project is considered to be “urban or suburban” for purposes of this report if it did not receive points as a rural project.



units must serve low- or moderate-income households or households at lower income levels.<sup>16</sup> In 2020, 74 percent of total AHP-assisted rental units and 47 percent of total AHP-assisted owner-occupied units served households at or below 50 percent of AMI (see Figure 5). In 2019, these figures were 72 percent and 44 percent, respectively.

In 2020, the percentage of competitive application program units serving extremely low-income households (households with incomes of 30 percent or less of AMI) increased for rental units and owner-occupied units compared to 2019. Specifically, 24 percent of competitive application program rental units served households with incomes of 30 percent or less of AMI in 2020, up slightly from 23 percent in 2019, while 14 percent of competitive application program owner-occupied units served households with incomes of 30 percent or less of AMI in 2020, up from 7 percent in 2019.

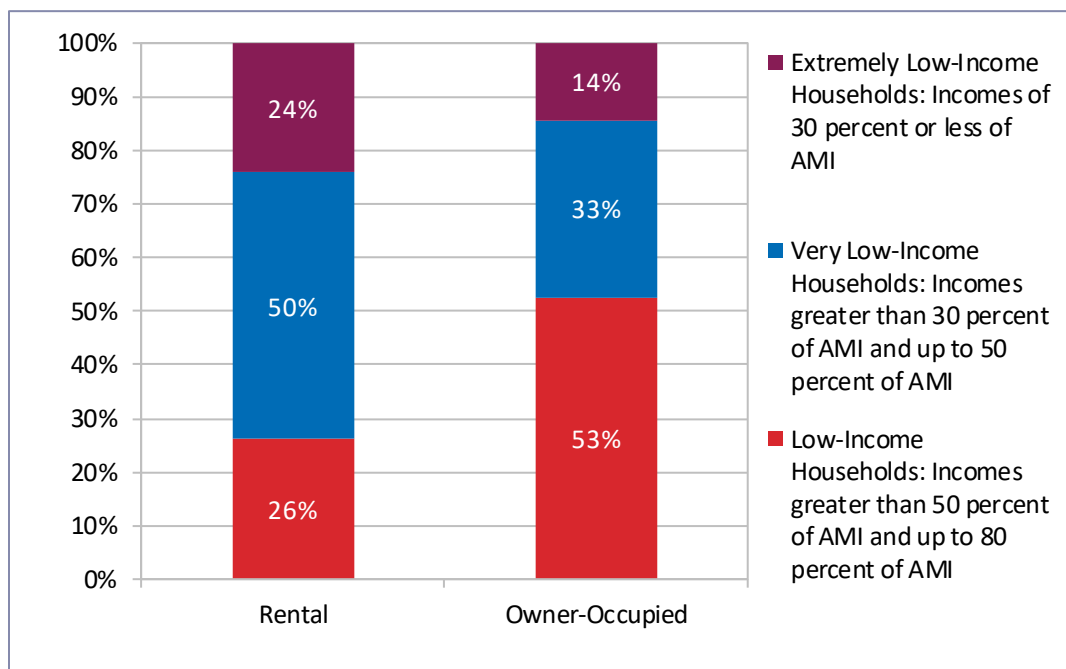


### Slocum Pointe

Slocum Pointe in Fort Wayne, Indiana, received AHP competitive application program subsidy for the construction of an affordable senior community. The community has nine units reserved for persons with intellectual or developmental disabilities. The project was designed in partnership with Turnstone, a Fort Wayne-based non-profit that serves the disabled community. (Source: Indianapolis FHLBank)

<sup>16</sup> Generally, the scoring criteria in the AHP regulation provide additional scoring points to projects that provide more units for lower income households.

**Figure 5: 2020 Household Income Distribution for the Competitive Application Program**



Since the program’s inception, approximately 71 percent of total competitive application program units assisted with AHP subsidy (537,560 of 756,869 units) have served very low-income households.

**Urban/Rural Demographics:** In 2020, urban or suburban projects represented approximately 79 percent of total competitive application program projects and 85 percent of total competitive application program units (see Figure 6). Urban or suburban projects averaged 57 units per project, up from 55 in 2019, while rural projects averaged 36 units per project, up from 32 units in 2019. The average subsidy per unit for rural projects was \$13,782, down from \$15,020 in 2019. Approximately 86 percent of units serving very low-income households that were funded in 2020 were urban or suburban units, decreasing slightly from 88 percent in 2019.<sup>17</sup>

<sup>17</sup> As stated previously, projects that receive scoring points for rural housing are counted as rural projects for purposes of this report. This does not capture all AHP competitive application program rural projects, as some of these projects are located in rural areas but are not scored on that feature by some FHLBanks. In addition, an AHP project is regarded for purposes of this report as “urban or suburban” if it did not receive points as a rural project.



**Figure 6: 2020 Competitive Application Program Urban/Suburban and Rural Projects**

	Urban or Suburban Projects		Rural Projects		Total Projects
<b>Total Number of Awarded Projects</b>	377	79%	101	21%	478
<b>Funds Awarded (in \$ million)</b>	\$241	83%	\$50.7	17%	\$291.7
<b>Housing Units</b>	21,662	85%	3,681	15%	25,343
<b>Number of Housing Units Serving Very Low-Income Households</b>	15,085	86%	2,473	14%	17,558
<b>Average Number of Units per Project</b>	57		36		53
<b>Average Subsidy per Unit</b>	\$11,125		\$13,782		\$11,511

**Development Costs of Units Receiving Competitive Application Program Funding:** AHP funds play an important role in the development of affordable housing by providing a subsidy to “fill the gap” in project development budgets. Figure 7 shows total FHLBank competitive application program subsidies as a percent of total development costs for 2019 and 2020. Over this time period, the development cost ratio decreased at nine FHLBanks. The average development cost per unit for competitive application program projects varies across the FHLBanks based on a number of factors, including local housing costs and the availability of funding sources other than AHP funds.



**Figure 7: FHLBank AHP Competitive Application Program Average Subsidy and Development Costs (2019 and 2020)**

FHLBank	Average Subsidy Per Unit		Average Development Cost Per Unit		Subsidy/Development Costs	
	2019	2020	2019	2020	2019	2020
Boston	\$ 15,875	\$ 16,686	\$ 194,632	\$ 269,693	8.2%	6.2%
New York	\$ 14,202	\$ 12,018	\$ 277,147	\$ 371,504	5.1%	3.2%
Pittsburgh	\$ 19,636	\$ 23,576	\$ 193,959	\$ 221,736	10.1%	10.6%
Atlanta	\$ 6,490	\$ 6,572	\$ 191,093	\$ 244,430	3.4%	2.7%
Cincinnati	\$ 13,722	\$ 11,967	\$ 145,852	\$ 152,149	9.4%	7.9%
Indianapolis	\$ 10,413	\$ 8,277	\$ 158,074	\$ 150,414	6.6%	5.5%
Chicago	\$ 10,371	\$ 11,570	\$ 193,212	\$ 205,057	5.4%	5.6%
Des Moines	\$ 19,595	\$ 18,625	\$ 124,059	\$ 151,301	15.8%	12.3%
Dallas	\$ 8,013	\$ 7,053	\$ 105,916	\$ 154,751	7.6%	4.6%
Topeka	\$ 13,142	\$ 11,721	\$ 75,066	\$ 134,465	17.5%	8.7%
San Francisco	\$ 9,969	\$ 10,566	\$ 445,964	\$ 507,402	2.2%	2.1%

*Note: Development costs are those costs proposed at the time of application for AHP subsidy.*

**Coordination with Other Affordable Housing Activities:** The Bank Act requires that the AHP regulation coordinate AHP activities with federal or federally subsidized affordable housing activities to the maximum extent possible.<sup>18</sup> In 2020, as in 2019, approximately 66 percent of AHP projects obtained funding from at least one other federal housing program (see Figure 8).

<sup>18</sup> See 12 U.S.C. § 1430(j)(9)(G).





**Figure 8: AHP Projects Approved in 2020 Receiving Other Federal Funding**

Federal Program	AHP-Assisted Projects with Federal Funding Sources	Percentage of Total AHP-Assisted Projects
Low-Income Housing Tax Credit (LIHTC) Program	251	53%
Home Investment Partnerships (HOME) Program	111	23%
Other Federal Housing Programs	70	15%
Community Development Block Grant (CDBG) Program	54	11%
Federal Housing Administration (FHA) Programs	11	2%
AHP Projects Receiving Funding from Federal Sources	316	66%

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



### Rose Gardens

Rose Gardens Senior Apartments, in Las Vegas Nevada, received AHP competitive application program subsidy to create 120 affordable rental units for seniors. Rose Gardens has a full-time resident services coordinator who works to address resident needs, connect residents with resources, and create opportunities for residents to socialize and build a sense of community.

(Source: San Francisco FHLBank)



**Homeless and Special Needs Populations:** An important contribution of the AHP competitive application program is the number of projects that serve homeless persons and persons with special needs, including the elderly, individuals with disabilities, persons living with HIV-AIDS, and persons recovering from substance or physical abuse. A project may reserve units for more than one special needs population. In 2020, 78 percent of projects (375 projects) served homeless persons and/or persons with special needs, an increase from 72 percent in 2019. Figure 9 shows that 42 percent of 2020 projects served persons with disabilities, a slight increase from 41 percent of projects in 2019.

**Figure 9: 2020 AHP Competitive Application Program Projects Serving Persons with Special Needs and Homeless Households**

Special Needs and Homeless Projects	2020 Projects Serving Persons with Special Needs and Homeless Households		1990-2020 Projects Serving Persons with Special Needs and Homeless Households
	Percentage of Total Projects	Number of Total Projects	
Projects with Units Reserved for Persons with Disabilities <sup>a</sup>	42%	199	4,433
Projects with Units Reserved for Elderly Households <sup>a</sup>	31%	148	3,742
Projects with Units Reserved for Homeless Households <sup>a</sup>	37%	178	5,652
Projects with Units Reserved for both Special Needs and Homeless Households	30%	143	3,017

<sup>a</sup> Projects with 20 percent or more of total units reserved for occupancy by such households.  
 Note: A project may serve more than one such population.





### Eleven 41 Main Street Apartments

AHP competitive application program subsidy was used for the new construction of Eleven 41 Main Street Apartments, located in Sun Prairie, Wisconsin. The Apartments provide 55 units of affordable housing for families, veterans, and people with disabilities. (Source: Chicago FHLBank)

## II. AHP Homeownership Set-Aside Program

The FHLBanks' AHP homeownership set-aside programs have helped expand homeownership opportunities for very low- and low- or moderate-income households. FHLBank members apply to their FHLBanks for set-aside funds and then disburse the funds as grants to eligible households.<sup>19</sup>

The 2018 AHP final rule raised the maximum permissible set-aside grant amount per household from \$15,000 to \$22,000 as of January 1, 2021. In 2020, one FHLBank, the San Francisco FHLBank, increased its maximum permissible grant amount per household to \$22,000.<sup>20</sup>

<sup>19</sup> See 12 C.F.R. §§ 1291.41, 1291.42.

<sup>20</sup> This subsidy increase was a result of the FHLBank's early adoption of the 2018 AHP final rule provision.



Households may use the grants for down payment, closing costs, counseling, or rehabilitation assistance in connection with the purchase or rehabilitation of an owner-occupied home.<sup>21</sup> Set-aside fund recipients must use the funds for their primary residence and must complete a homebuyer or homeowner counseling program if they are first-time homebuyers. The maximum share of AHP funding an FHLBank may allocate to its set-aside program per year is the greater of \$4.5 million or 35 percent of its overall annual AHP statutory funding allocation. At least one-third of an FHLBank's aggregate annual set-aside allocation must be to assist first-time homebuyers.

An FHLBank may establish one or more AHP homeownership set-aside programs, each with its own designated population type. For example, some FHLBanks have established targeted set-aside programs to assist with home rehabilitation for special needs households, households located in state or federally declared disaster areas, or households that are members of a federally recognized tribe.

**FHLBank Set-Aside Program Funding Allocations:** From 1995 through 2020, the FHLBanks' set-aside programs provided approximately \$1.4 billion in funding, supporting over 237,000 households. Almost 84 percent (199,112) of the households assisted were first-time homebuyers. During this period, the average set-aside grant per household was \$5,929.

In 2020, total funding for the set-aside programs was approximately \$101 million, a decrease from \$117 million in 2019. The average set-aside grant was \$6,705 per household, about \$100 more than in 2019. Set-aside program funds accounted for approximately 28 percent of total AHP funds allocated in 2020, an increase from 27 percent in 2019.

Figure 10 shows individual FHLBank set-aside program funding allocations as a percentage of total AHP statutory funding allocations in 2019 and 2020.<sup>22</sup>

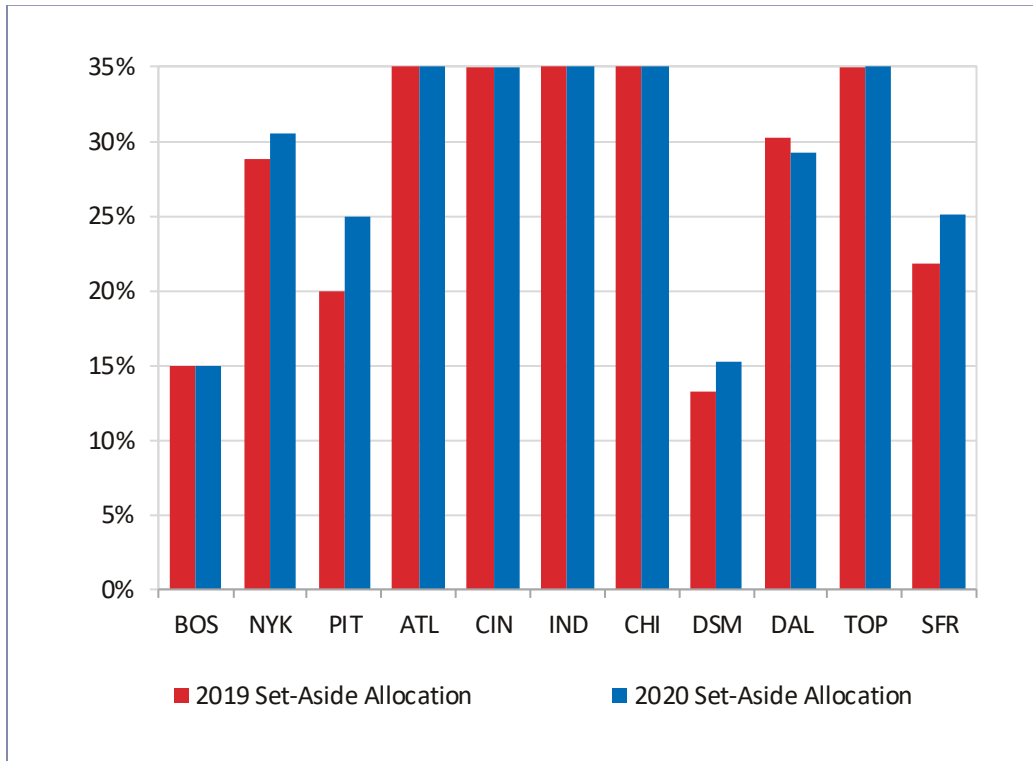
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<sup>21</sup> The data that FHFA collects aggregate set-aside funds used for closing costs and down payments. The FHLBanks also separately submit data on home rehabilitation assistance.

<sup>22</sup> Because FHLBanks may carry forward returned, uncommitted, or unused AHP funds from prior years, or accelerate AHP funds from future years, allocation totals may differ from actual disbursements.



**Figure 10: FHLBank Homeownership Set-Aside Program Funding Allocations as a Percent of Total AHP Funding Allocations (2019 and 2020)**



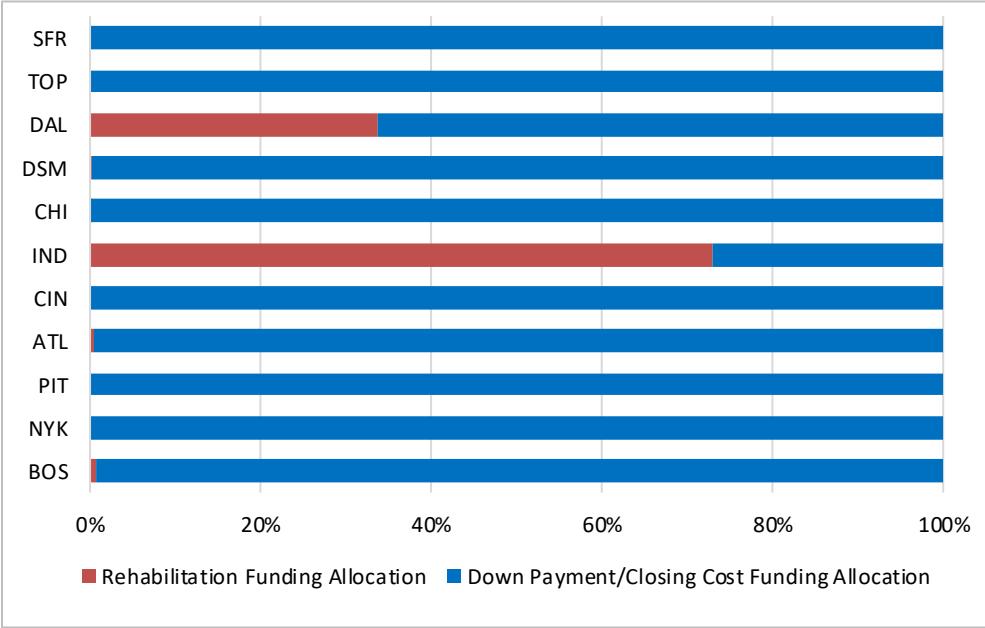
**Use of Homeownership Set-Aside Funds:** The FHLBanks have flexibility in their approved uses of set-aside funds. Historically, the FHLBanks have allocated the majority of set-aside funds to down payment or closing cost assistance. In 2020, the FHLBanks funded about \$95.8 million in down payment or closing costs, approximately 95 percent of total set-aside program funding, which was an increase from 92 percent in 2019. In 2020, six FHLBanks (Boston, Atlanta, Indianapolis, Chicago, Dallas, and Des Moines) allocated set-aside funds for rehabilitation (see Figure 11).<sup>23</sup> Overall, rehabilitation funding in 2020 was approximately \$5.2 million, or 5 percent of total set-aside program funding, down from 8 percent in 2019.

<sup>23</sup> The FHLBanks of Boston, Atlanta, Chicago and Des Moines each allocated set-aside program funds to rehabilitation in 2020, but the allocations totaled less than 0.1 percent of total set-aside funds and, therefore, may not appear distinctively in Figure 11.





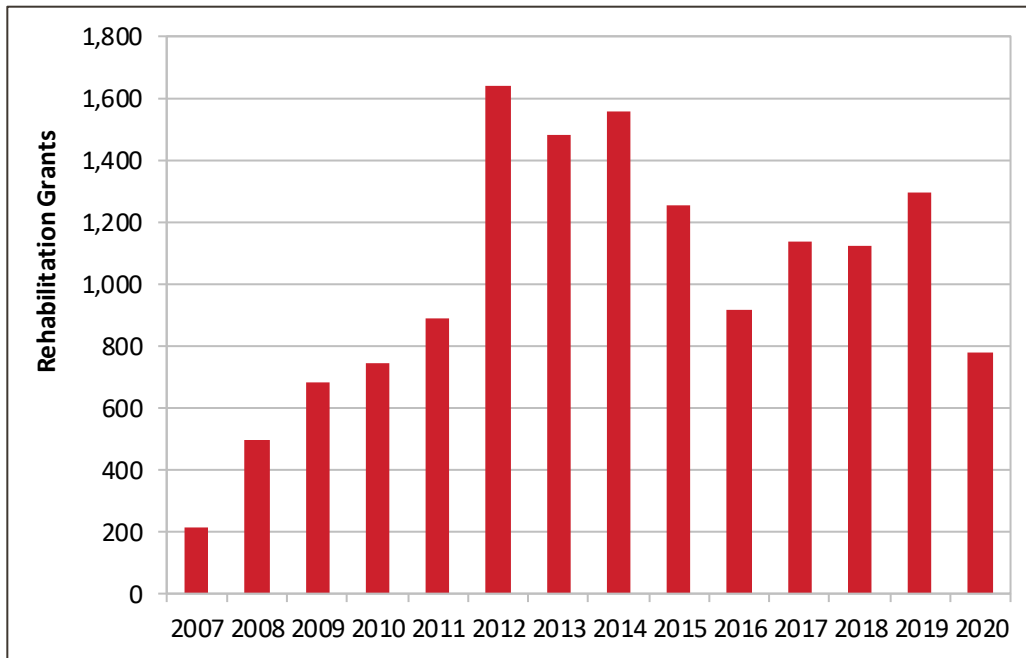
**Figure 11: 2020 AHP Homeownership Set-Aside Program Funding Allocations**



The total number of set-aside rehabilitation assistance grants decreased from 1,298 in 2019 to 777 in 2020 (see Figure 12).



**Figure 12: Number of AHP Homeownership Set-Aside Grants Provided for Rehabilitation Assistance (2007 – 2020)**



On the left: Homebuyer Equity Leverage Partnership subsidy (Set-Aside program grant) supported home purchase in Dallas, Texas. (Source: Dallas FHLBank)



On the right: Special Needs Assistance Program subsidy (Set-Aside program grant) supported home renovations in Jackson, Mississippi. (Source: Dallas FHLBank).

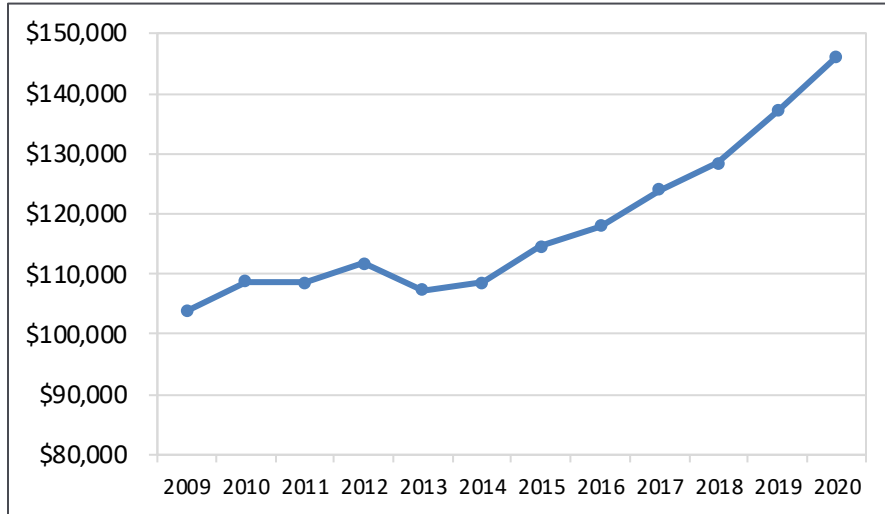
**Households Assisted:** Although the set-aside programs must target low- or moderate-income households, in a substantial number of cases the FHLBanks provide AHP set-aside grants to households with incomes significantly below the low- or moderate-income threshold (i.e., significantly below 80 percent of AMI). In 2020, the average income of households assisted by the set-aside programs, excluding rehabilitation assistance, was about \$45,000 per year, or 59 percent of AMI. Data on the number of households assisted, average household incomes, and average house prices under the set-aside programs for each FHLBank in 2020 are shown in Figure 13a. The average house price for households assisted by the set-aside programs, again excluding rehabilitation assistance, was approximately \$146,000 in 2020, about 7 percent higher than in 2019. The average house price assisted by the set-aside program, excluding rehabilitation assistance, has increased since 2009 (see Figure 13b).

**Figure 13a: 2020 Set-Aside Programs for Down Payment and Closing Cost Assistance: Number of Households Assisted, Average Household Incomes, and Average House Prices**

FHLBank	Number of Households Assisted	Average Household Income	Average Household Income as a Percentage of AMI	Average House Price
Boston	287	\$50,507	63	\$190,454
New York	1,438	\$51,634	58	\$144,672
Pittsburgh	1,410	\$43,585	58	\$150,994
Atlanta	2,862	\$50,290	62	\$198,840
Cincinnati	2,206	\$44,062	56	\$125,025
Indianapolis	137	\$41,116	63	\$128,224
Chicago	2,770	\$40,109	60	\$116,162
Des Moines	805	\$40,362	62	\$131,931
Dallas	608	\$35,281	58	\$132,327
Topeka	1,428	\$44,594	56	\$111,340
San Francisco	328	\$47,525	63	\$243,992

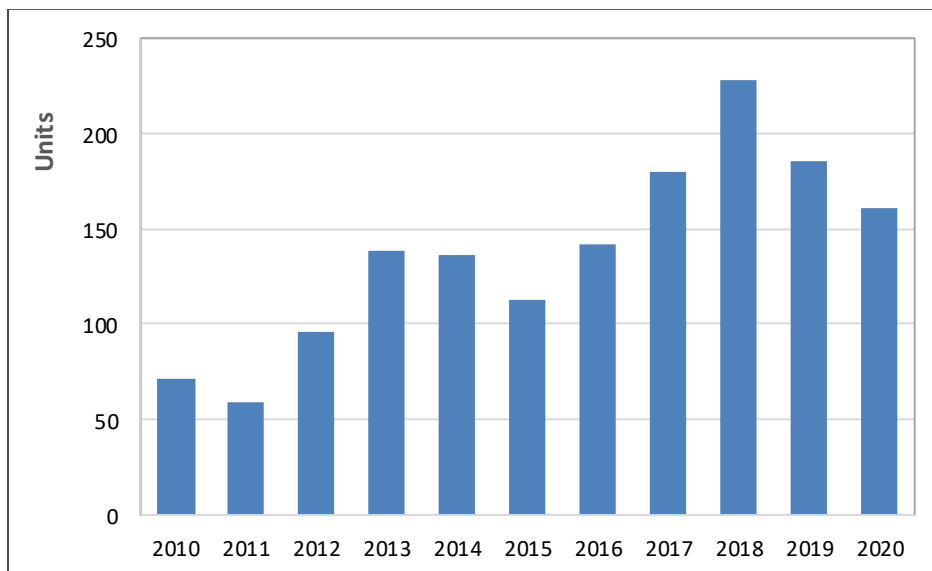


**Figure 13b: Set-Aside Program Average House Prices (2009-2020)**



**Manufactured Housing:** Under the set-aside programs, AHP subsidies may be used for down payment, closing cost, counseling, or rehabilitation assistance in connection with a household’s purchase or rehabilitation of housing, including manufactured housing. As shown in Figure 14, the number of manufactured housing units assisted by the set-aside programs generally trended up from 2010 through 2018, but has since declined to 185 units in 2019 and 161 units in 2020.

**Figure 14: Number of AHP Homeownership Set-Aside Manufactured Housing Units (2010-2020)**



**First-Time Homebuyers:** As discussed above, an FHLBank must allocate at least one-third of its annual set-aside funding contribution to assist first-time homebuyers. The FHLBanks often provide more than one-third of their set-aside program funding to assist first-time homebuyers. In 2020, the FHLBanks assisted 13,858 first-time homebuyers, constituting 92 percent of total set-aside program recipients. This is an increase from 89 percent in 2019. The average AHP subsidy provided to these homebuyers was about \$6,700.

**First-Time Homebuyers Financing:** Figure 15 includes a breakdown, by income group, of first-time homebuyers assisted by the set-aside programs in 2020. Approximately 95 percent of first-time homebuyers assisted received fixed-rate first mortgage loans, the same percentage who received such loans in 2017, 2018, and 2019. About 91 percent of these first-time homebuyers received a first mortgage loan originated by an FHLBank member, the same percentage as in 2019.

Some lower income households, even with a set-aside grant, need additional assistance to purchase a home. In 2020, approximately 15 percent of first-time homebuyers assisted under the set-aside program also obtained a grant or forgivable loan from other sources to use in conjunction with the set-aside grant, down slightly from 16 percent in 2019.<sup>24</sup> However, consistent with previous years, in 2020, fewer of these first-time homebuyers who received set-aside funds also obtained a second mortgage loan (568), and even fewer (90) obtained a combination of a first mortgage loan, second mortgage loan, and non-AHP grant or forgivable loan.

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<sup>24</sup> A forgivable loan is a loan where the borrower is not required to pay interest or repay the principal, subject to certain conditions, such as a length of ownership requirement. After these conditions are met, the loan effectively becomes a grant.





**Figure 15: 2020 AHP Homeownership Set-Aside Programs: First-Time Homebuyers’ Additional Financing Characteristics**

First-Time Homebuyer Household Incomes	Fixed-Rate First Mortgage Loans	First Mortgage Loans Financed by FHLBank Members	Non-AHP Grants or Forgivable Loans	Second Mortgage Loans	Non-AHP Grants or Forgivable Loans and Second Mortgage Loans <sup>a</sup>
Incomes at or below 30 percent of AMI	274	281	60	16	6
Incomes greater than 30 percent, to 50 percent of AMI	2,984	2,876	513	91	19
Incomes greater than 50 percent, to 80 percent of AMI	9,967	9,470	1,533	461	65
Total	13,225	12,627	2,106	568	90

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

## The Community Investment Program and the Community Investment Cash Advance Program

The FHLBanks’ support of low-income housing and community development activities also includes the CIP and CICA programs. FHLBank members may finance eligible targeted housing through the CIP, and eligible targeted mixed-use projects<sup>25</sup> and economic development projects through both the CIP and CICA programs.<sup>26</sup> Unlike the AHP, however, CIP and CICA funding is not subject to specific statutory funding allocation requirements.<sup>27</sup> A variety of factors drive FHLBank member demand for these programs, including community needs in FHLBank districts and broader economic dynamics. The income targeting requirements for CICA projects are generally less restrictive than for CIP projects, which may also drive program participation. Figure 16 outlines the program type, eligibility, and awards for the two programs.

<sup>25</sup> Mixed-use projects are projects involving a combination of housing and economic development components, such as commercial or community space. See 12 C.F.R. § 1292.5(b).

<sup>26</sup> For mixed-use projects funded under CICA, income targeting is only required for the economic development portion of the project. For mixed-use projects funded under CIP, both the housing and economic portions of the project must meet the appropriate targeted income levels. See 12 C.F.R. § 1292.5(b).

<sup>27</sup> FHLBanks may, however, cap the amount of funding that is available.



Figure 16: CIP and CICA Program: Program Type, Eligibility, and Awards

Program Characteristics		CIP	CICA
<b>Type</b>		Statutorily Required (Bank Act)	Voluntary
<b>Participants</b>		FHLBank members	FHLBank members and housing associates <sup>28</sup>
<b>Eligible Uses</b>		Economic Development, Mixed-Use, and Housing	Economic Development or Mixed-Use
<b>Targeted Income</b>	<b>Housing</b>	Household incomes are 115 percent or less of AMI	N/A
	<b>Economic Development</b>	Household incomes are 80 percent or less of AMI, or activities are located in neighborhoods where at least 51 percent of households are low- or moderate-income	Includes designated redevelopment areas, Empowerment Zones and Champion Communities, <sup>29</sup> and areas where rural households' incomes are 115 percent or less of AMI, or urban households' incomes are 100 percent or less of AMI
<b>Award Type</b>		Advances and Letters of Credit <sup>30</sup>	Long-term advances, Letters of Credit, and Grants
<b>Advance Pricing</b>		Cost of funds plus reasonable administrative costs	Regular advance pricing or discounted advance pricing

**Amount Funded:** Figure 17a provides details of the CIP and CICA programs and their funding for both 2019 and 2020. As in recent years, CIP generally funded housing projects, while CICA generally funded economic development projects. In 2020, only the CICA program included mixed-use project funding. CIP total advance commitments for both housing and economic projects were about \$3 billion in 2020, a decrease from approximately \$3.4 billion in 2019. Of this amount, CIP advance commitments for housing projects were about \$2.9 billion, a decrease from approximately \$3.3 billion in 2019. CIP funding assisted about 22,200 housing units in 2020, approximately 5,200 fewer units than in 2019. In prior years the majority of these units were rental units. However, in 2020, 40 percent of CIP-assisted housing units were rental, down from 53 percent in 2019 (see Figure 17b).

<sup>28</sup> See 12 U.S.C. § 1430(j)(10); 12 C.F.R. part 1292. Housing associates are defined to include eligible state and local housing finance agencies. Housing associates are not FHLBank members, but FHLBanks may offer them advance products except CIP advances. See 12 U.S.C. § 1430b; 12 C.F.R. part 1264.

<sup>29</sup> See 12 C.F.R. § 1292.1. “Champion Community” means a community that developed a strategic plan and applied for designation by either the Secretary of the Department of Housing and Urban Development or the Secretary of the Department of Agriculture as an Empowerment Zone or Enterprise Community but was designated a Champion Community.

<sup>30</sup> Letters of credit issued by an FHLBank guarantee payments made to another entity under stated conditions.



Total CICA advance commitments were approximately \$3.6 billion in 2020, up from about \$3.1 billion in 2019. CICA advance commitments for mixed-use projects increased to approximately \$45.5 million in 2020 from about \$24.3 million in 2019.

**Figure 17a: CIP and CICA Overview (2019 and 2020)**

		CIP		CICA	
		2019	2020	2019	2020
Total Advance Commitments <sup>a</sup>		\$3,381	\$2,957	\$3,075	\$3,630
	Advance Commitments for Housing Projects	\$3,285	\$2,913	N/A	N/A
	Advance Commitments for Mixed-Use Projects <sup>b</sup>	\$5.2	\$0.0	\$24.3	\$45.5
	Advance Commitments for Economic Development	\$90.5	\$43.8	\$3,050	\$3,584
Grants		N/A	N/A	\$8.6	\$8.1
Letters of Credit (Housing, Mixed-Use, and Economic Development Projects)		\$294.7	\$473.4	\$18.5	\$12.1
Total Projects <sup>c</sup>		427	371	617	579
Total Housing Units		27,496	22,247	N/A	N/A
	Owner-Occupied	12,956	13,258	N/A	N/A
	Rental	14,540	8,989	N/A	N/A

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

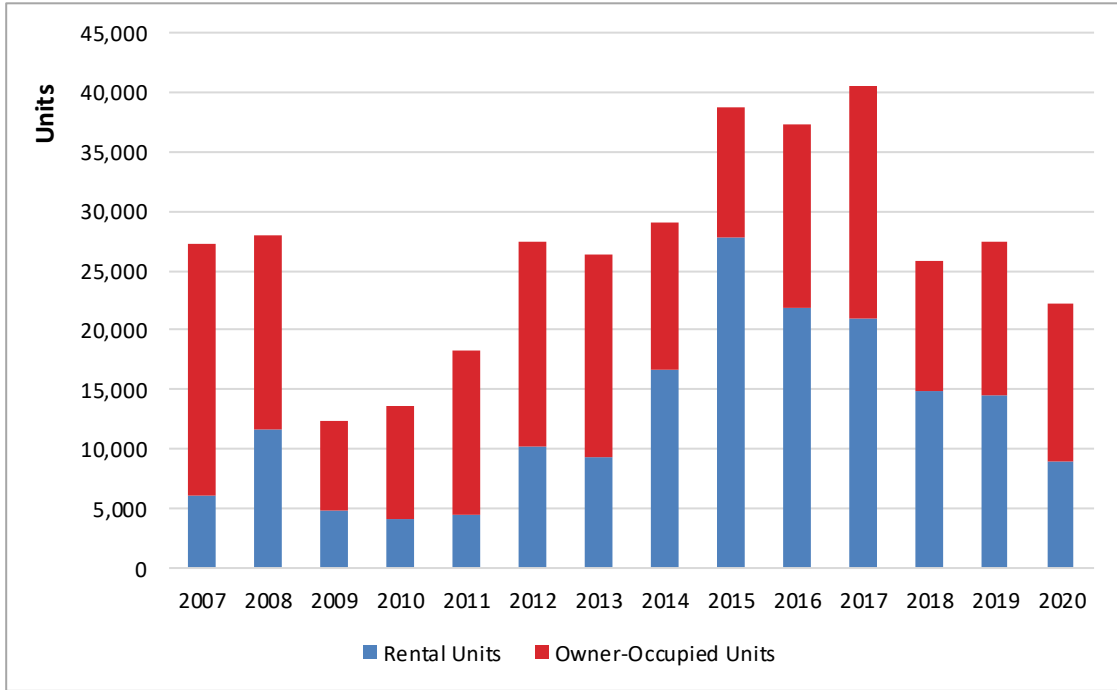
<sup>b</sup>CICA funding other than CIP funds may be used for mixed-use projects, but income targeting is only required for the economic development portion of the project. For mixed-use projects funded under CIP, both the housing and economic development portions of the project must meet the appropriate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

<sup>c</sup>Total projects include projects financed with advances and exclude projects financed with grants or letters of credit

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



Figure 17b: CIP Housing Units (2007-2020)



### Independence Apartments

CIP funds supported the construction of Independence Apartments located in Chicago, Illinois. The project provides 44 units of affordable, rental housing for seniors. The Chicago Public Library's Independence Branch is located on the first floor through an innovative partnership to co-locate the library with affordable housing. (Source: Chicago FHLBank Photo Credit: James Florio)



### Lytle Park Hotel

CIP economic development advances assisted the new construction and rehabilitation of two properties, which were developed into the Lytle Park Hotel in downtown Cincinnati, Ohio. The project included the rehabilitation of the Anna Louise Inn, a former AHP project that was relocated to a newly constructed building. (Source: Cincinnati FHLBank).

CIP advance commitments for economic development projects decreased to \$43.8 million in 2020 from \$90.5 million in 2019. Economic development projects continue to constitute a minority of total CIP projects. In 2020, only 58 of 371 CIP projects were economic development projects. Figure 18 shows that CIP economic development advances declined substantially after 2006, while CICA economic development advances generally have grown since 2007.



**Figure 18: CIP Economic Development Advances and CICA Economic Development Advances (2001 – 2020)**

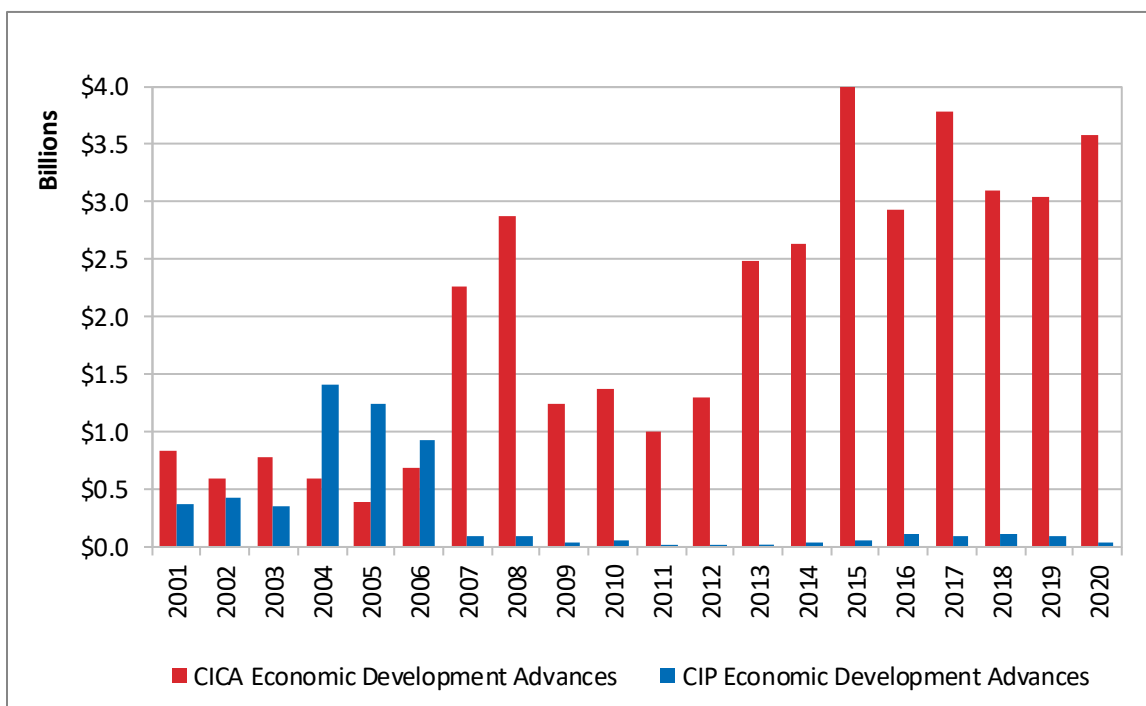


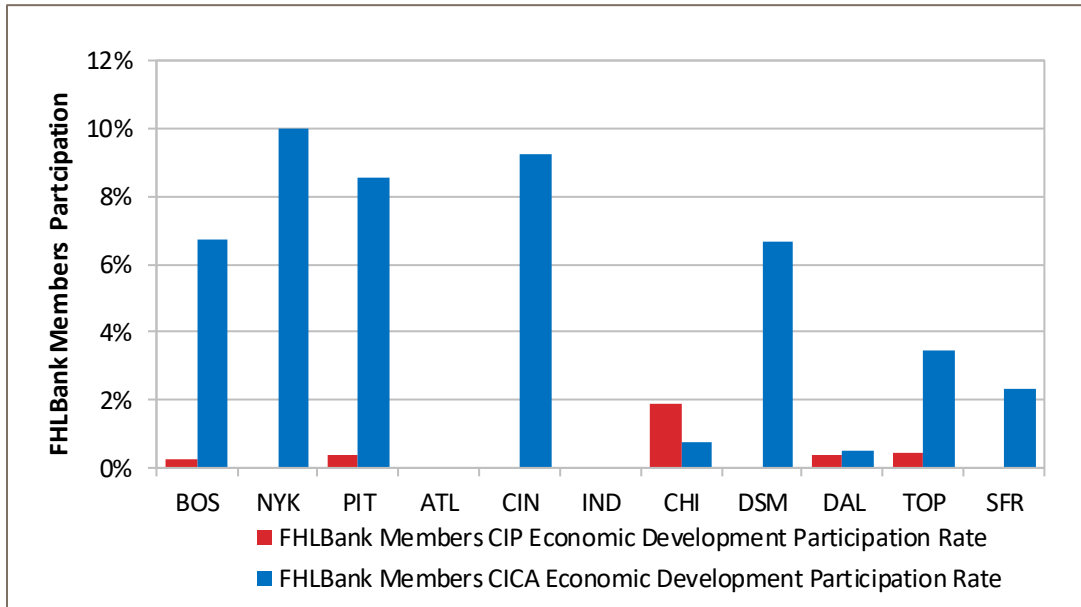
Figure 19 shows that, as was the case in previous years, FHLBank members’ participation in the CIP economic development program in 2020 remained low compared with their participation in the CICA economic development program. In the period between 2007 and 2020, CIP economic development advances have constituted an average of approximately 2 percent of total economic development advances in the CIP and CICA programs.

Figure 20 shows CICA economic development funding for all FHLBanks in absolute figures, but also as a percentage of each FHLBank’s advances daily average, to account for the differences in FHLBank overall advance activity. Generally, larger FHLBanks that provide more regular advances also provide more CICA economic development advances.

Figure 21a details the amount of CIP funds used for housing, which spiked in 2017. 2020 CIP housing funding was about \$372 million lower than 2019 CIP housing funding. Figure 21b outlines FHLBank members’ participation in the CIP housing advances program in 2020.



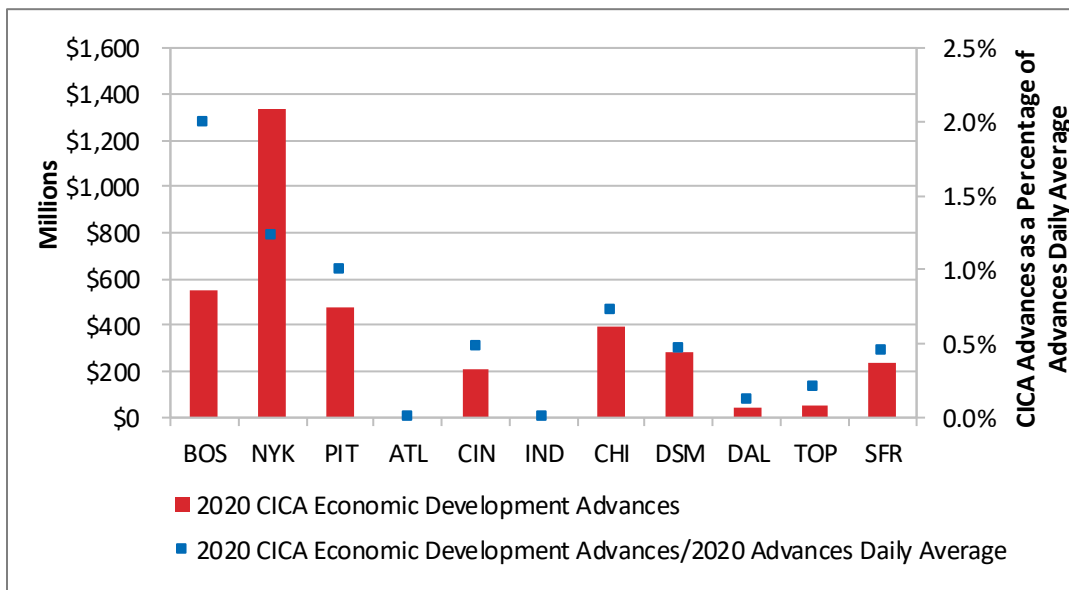
**Figure 19: 2020 FHLBank Members' Participation in CIP and CICA Economic Development Program**



Source: FHFA Membership System

Note: Although the Indianapolis FHLBank did not issue CICA advances specifically for economic development in 2020, the FHLBank did issue CICA advances for mixed-use projects.

**Figure 20: 2020 CICA Economic Development Funding**



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

Note: Although the Indianapolis FHLBank did not issue CICA advances specifically for economic development in 2020, the FHLBank did issue CICA advances for mixed-use projects.



Figure 21a: CIP Housing Funding (2001 – 2020)

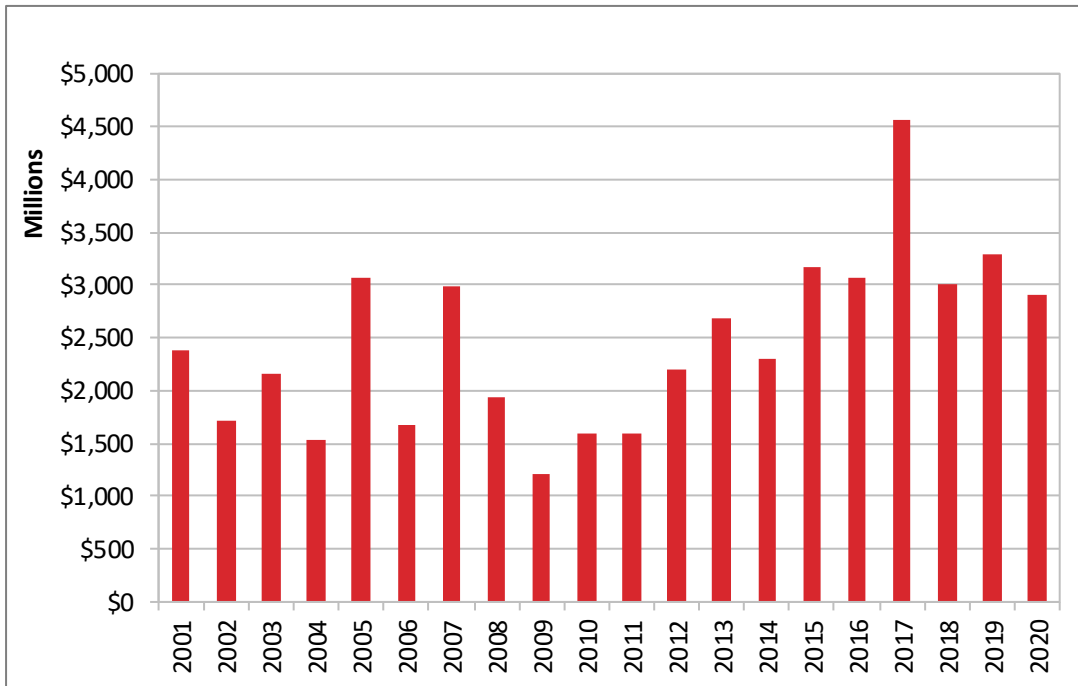
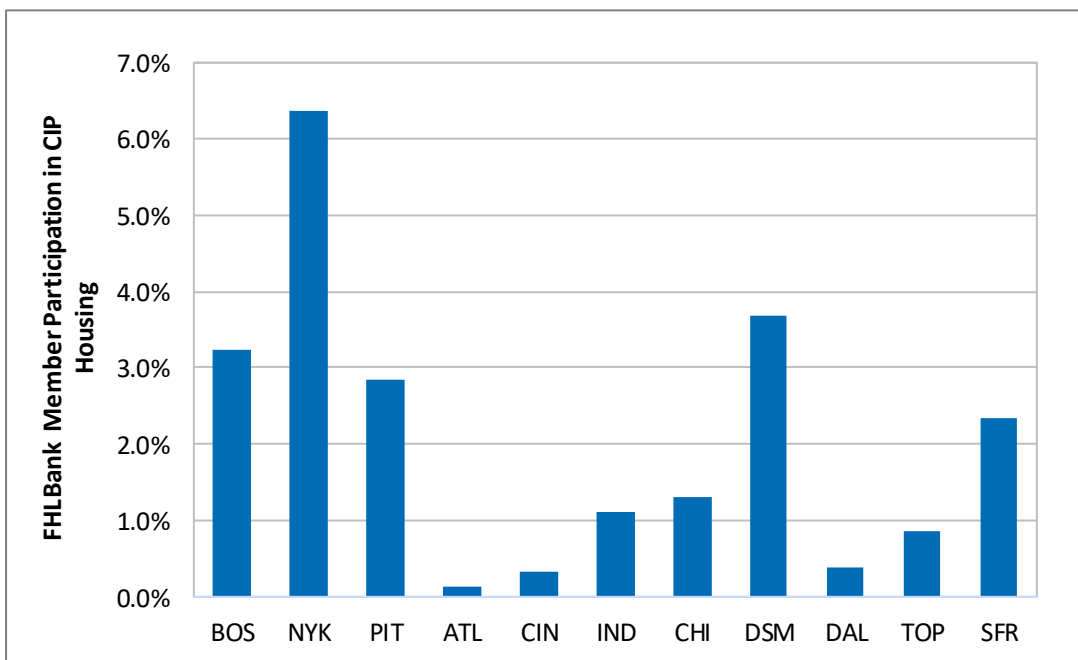


Figure 21b: 2020 FHLBank Members' Participation in CIP Housing Program



Source: FHFA Membership System





### Cliffside Manor Apartments

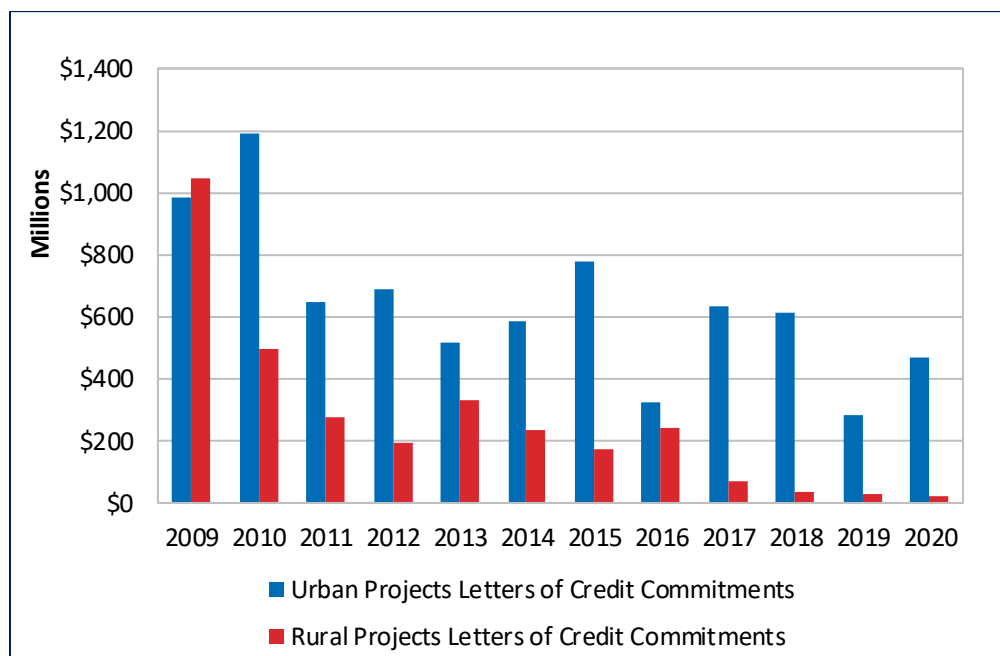
CICA advances were used to improve cash flow at the Cliffside Manor Apartments, located in Pittsburgh, Pennsylvania. The 83-unit apartment building provides housing for low- and moderate-income households. (Source: Pittsburgh FHLBank).

**Letters of Credit:** Community developers may use CIP and CICA letters of credit to facilitate financial transactions, including credit enhancements. The use of CIP letters of credit increased from approximately \$294.7 million in 2019 to approximately \$473.4 million in 2020. CICA letters of credit, however, decreased over the same period, from approximately \$18.5 million in 2019 to approximately \$12.1 million in 2020. The increase in CIP letters of credit was driven mostly by increases from 2019 to 2020 at the Indianapolis and San Francisco FHLBanks, and the decline in CICA letters of credit was driven mostly by declines from 2019 to 2020 at the Cincinnati and Dallas FHLBanks. Not all FHLBanks issued CIP and CICA letters of credit in 2020.

Figure 23 shows that the use of letters of credit under the CIP and CICA programs to assist projects in urban areas increased from approximately \$282.8 million in 2019 to \$466.2 million in 2020. The use of letters of credit under these programs to assist projects in rural areas decreased from approximately \$30.5 million in 2019 to \$19.4 million in 2020.



**Figure 23: CIP and CICA Program Urban and Rural Projects Letters of Credit Commitments (2009 – 2020)**



## Community Development Financial Institutions

Community Development Financial Institutions (CDFIs) are financial intermediaries certified by the CDFI Fund within the U.S. Department of the Treasury. CDFIs assist underserved communities, and their activities include promoting economic development and affordable housing and providing community development financial services and other basic banking services.

Prior to the enactment of HERA in 2008, only CDFIs that were federally insured depositories (such as banks, thrifts, and credit unions) were eligible to apply for membership in an FHLBank. HERA authorized FHLBank membership eligibility for non-depository CDFIs, including community development loan funds and venture capital funds that demonstrate a commitment to housing finance and meet other membership eligibility requirements.

Membership in an FHLBank can provide non-depository CDFIs access to long-term FHLBank funding, which can increase their ability to promote economic growth and stability in low- and moderate-income communities. Since FHFA’s issuance of a final rule in 2010 implementing the HERA membership eligibility requirement for non-depository CDFIs, the number of non-



depository CDFI members has increased across the FHLBank System. As of December 31, 2020, 64 non-depository CDFIs were FHLBank members (all FHLBanks had at least two non-depository CDFI members). This is an increase from 60 members in 2019 (see Figure 24).

Non-depository CDFI members' total outstanding FHLBank advance balances were approximately \$297.2 million in 2020, an increase from about \$261.6 million in 2019. Figure 25 shows the growth of the number of CDFI members and size of advances to them from 2012 through 2020.

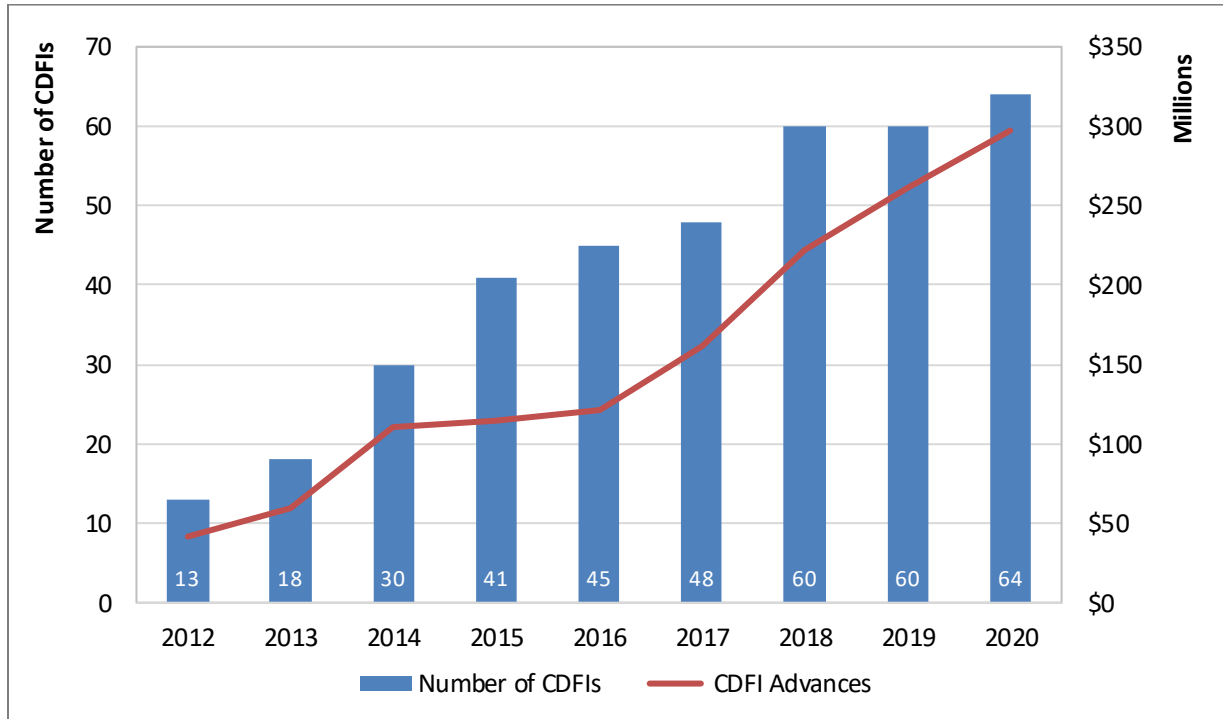
**Figure 24: Non-Depository CDFI Members per FHLBank (2019 and 2020)**

FHLBANK	2019	2020
Boston	4	4
New York	5	5
Pittsburgh	2	2
Atlanta	9	13
Cincinnati	6	6
Indianapolis	4	4
Chicago	6	6
Des Moines	6	6
Dallas	7	7
Topeka	4	4
San Francisco	7	7
<b>Total</b>	<b>60</b>	<b>64</b>

*Source: FHFA Membership System*



Figure 25: Non-Depository CDFI Members and Advances (2012 - 2020)



**Camelback Pointe**

Camelback Pointe received AHP competitive application program subsidy to build 54 affordable permanent supportive housing units for unhoused individuals in Phoenix, Arizona. The transit-oriented project is located within walking distance of public transportation, a grocery store, a community health center, a park, and a public library. (Source: San Francisco FHLBank)





## Housing Goals

Under FHFA's FHLBank housing goals regulation governing the FHLBanks' 2020 Acquired Member Assets (AMA) mortgage purchases, each FHLBank was subject to housing goals if its purchases of eligible whole mortgages through its AMA programs exceeded an annual volume threshold of \$2.5 billion. For each FHLBank that exceeded this \$2.5 billion threshold, FHFA undertook an evaluation to determine the FHLBank's housing goals performance.<sup>31</sup> This evaluation addressed the FHLBank's housing goals performance in four housing goal categories: low-income home purchase, very low-income home purchase, low-income areas home purchase, and low-income refinance. For each category, FHFA evaluated whether the percentage share of the FHLBank's applicable AMA mortgage purchases met or exceeded a retrospective market comparison level using Home Mortgage Disclosure Act (HMDA) data available the next year.

On June 25, 2020, FHFA published a final rule amending the FHLBank housing goals regulation. The new goals will become applicable in 2021 with an initial three-year enforcement phase-in period. The final rule removed the \$2.5 billion threshold so that each FHLBank will be subject to the housing goals requirements regardless of its AMA mortgage purchase volume. In addition, the final rule combines the four above-referenced housing goals categories into a single mortgage purchase housing goal, establishes a prospective target percentage for this goal rather than the retrospective market comparison level derived from the HMDA data, and establishes a new small member participation housing goal.

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

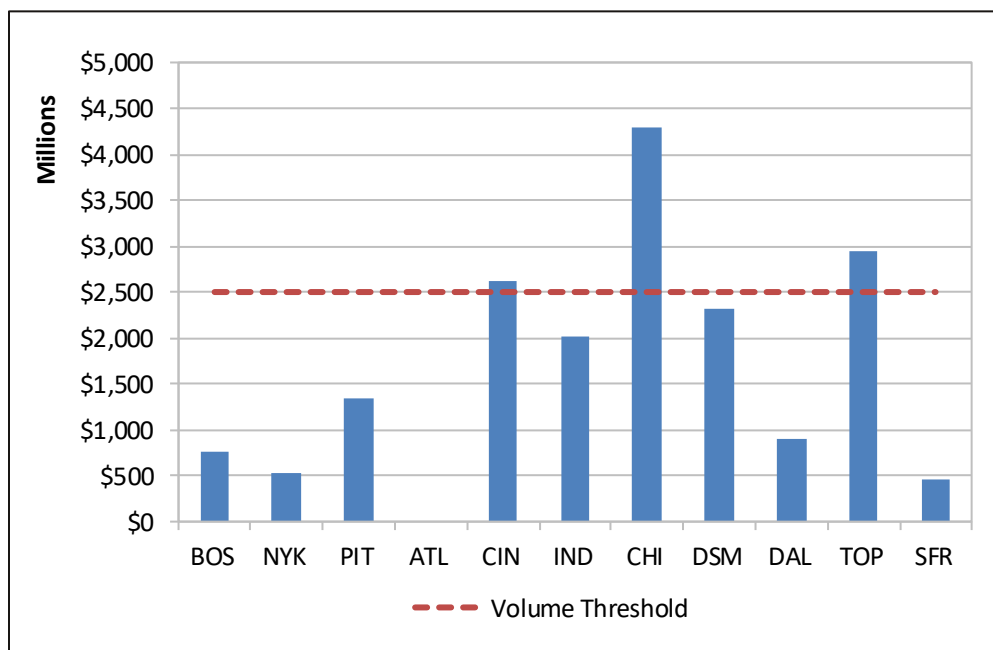
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<sup>31</sup> See 12 C.F.R. § 1281.11(a).



Ten FHLBanks purchased mortgages through AMA programs in 2020, and three of those FHLBanks – the Cincinnati, Chicago, and Topeka FHLBanks – exceeded the \$2.5 billion volume threshold (see Figure 26). FHFA is in the process of evaluating these FHLBanks’ housing goals performance based on their AMA mortgage purchases. In October 2020, FHFA informed these FHLBanks that FHFA would not require the submission of housing plans based on their performance in 2020.

**Figure 26: 2020 FHLBank AMA Purchases**



## Appendix 1: 2020 FHLBank Advisory Council Reports

Below are selected highlights from the 2020 FHLBank Advisory Council Reports provided to FHFA by the Advisory Council for each FHLBank. This summary includes brief descriptions of AHP highlights and non-AHP FHLBank community initiatives.<sup>32</sup> The Advisory Council Reports are not all published at the same time.

The **Boston FHLBank Advisory Council Report** highlights the E. Henry Twiggs Estates, an AHP competitive application program subsidy recipient in Springfield, Massachusetts. The project was named after the late E. Henry Twiggs, a Springfield City Councilor who participated in the civil rights marches in the 1960s along with Rev. Dr. Martin Luther King, Jr. The project entailed the extensive rehabilitation of 75 multifamily units, including Section 8 units, and involved environmental remediation, roof replacement, window replacement, and substantial replacement of all of the major building systems. The report notes that high-efficiency furnaces, insulation, windows, and lighting fixtures were installed. Additionally, the report states that while all the units in the project are affordable to lower income households, 13 units were specifically set aside for families moving out of shelters, and a concerted effort was made to assist them with budgeting and other support services.

The report also details that in 2020 the FHLBank celebrated the 20th anniversary of the Greater Boston Affordable Housing Development competition, of which the FHLBank is a sponsor. The report notes that the competition brings together graduate students and professionals in development, finance, and design to generate innovative housing ideas. The winner of the 2020 competition was Wilson Gardens, which aimed to create a 48-unit multigenerational affordable housing development for veterans on underused, town-owned open space in Natick, Massachusetts.

The report also highlights the FHLBank's voluntary, non-AHP "Grants for New England Partnerships" program, through which grants are provided to eligible member financial institutions for distribution to nonprofit organizations of their choice. In 2020, 10 FHLBank members received \$2,500 each to distribute to 10 nonprofit organizations.

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<sup>32</sup> See 12 U.S.C. § 1430(j)(12). The statute states that the Director of FHFA shall monitor and report annually to the Advisory Council for each FHLBank on the support of low-income housing and community development by the FHLBanks and the utilization of FHLBank advances for these purposes. The statute further states that the Advisory Councils shall submit analyses on the FHLBanks' low-income housing activities to the Director and such analyses shall be included in the report.



The **New York FHLBank Advisory Council Report** highlights the Moxey A. Rigby Apartments project, an AHP competitive application program subsidy recipient. The project is a replacement of an existing public housing development in Freeport, Long Island that was badly damaged by Superstorm Sandy in 2012. The new development is a storm-resistant building with 100 units for very low-income households.

The report also highlights Canal Plaza, a 48-unit new construction project in Binghamton, New York, that received AHP competitive application program subsidy. One-fourth of the project's units are reserved for persons diagnosed with serious mental illness.

Additionally, the report highlights Freedom Village in Gibbsboro, New Jersey, another AHP competitive application program subsidy recipient. The project involved the construction of 72 units of affordable housing for the physically disabled, with 18 one-bedroom units, 36 two-bedroom units, and 18 three-bedroom units. The project's open design and amenities allow residents confined to wheelchairs to live independently. The project features wider doors and hallways, accessible kitchens and baths, and elevator access.

The report also highlights Louis E. Brown, Phase III in St. Croix, U.S. Virgin Islands, another AHP competitive application program subsidy recipient. The project is the FHLBank's sixth AHP award to a project in the U.S. Virgin Islands. The project is the third and final phase of the redevelopment of a former public housing development. This phase involved the construction of 12 buildings that contain 90 units of housing for very low-income families.

The report also notes that given the difficult situation of many small businesses in the FHLBank's district due to the COVID-19 pandemic, the FHLBank in May 2020 re-launched its non-AHP Small Business Recovery Grant (SBRG) program. This program was previously deployed in response to Hurricanes Irma and Maria, which struck Puerto Rico and the U.S. Virgin Islands in September 2017. The program provides grants of up to \$10,000 each to eligible small businesses. In 2020, \$8 million in program funds were disbursed by 59 FHLBank members to 750 small businesses and 486 nonprofit organizations.

The **Pittsburgh FHLBank Advisory Council Report** highlights some of results of the FHLBank's housing needs assessment, which was developed in part because of recent changes made to the AHP regulation. The report notes that the assessment found that there are an estimated 1.46 million low-income households experiencing housing challenges in the FHLBank's district, including 677,650 homeowners and 782,197 renters. The report also details that the assessment highlighted long-standing and systemic racial disparities in housing,



particularly the significant gap in homeownership rates among Black and Latino households relative to White households, regardless of income or education. The report states that COVID-19 has disproportionately impacted Black and Latino households, making these housing issues more pronounced. The report describes that in response to these findings, the FHLBank updated its AHP competitive application program scoring criteria to prioritize AHP projects serving low-income minority communities, among other scoring changes.

The report also details performance of the FHLBank's voluntary (non-AHP) Banking on Business (BOB) program, which offers secondary financing in conjunction with an FHLBank member's first loan to help qualified small businesses that would not otherwise meet the member's underwriting standards. Members can request up to \$200,000 per transaction, and funds are available to enrolled members during an open funding round on a first-come, first-served basis. Since 2000, the BOB program has funded over \$81 million, and preserved or created 10,915 jobs.

Another voluntary (non-AHP) program highlighted in the report is the Blueprint Communities Initiative. The report notes that the initiative works to revitalize older communities and neighborhoods in the FHLBank's district by initiating and encouraging the following: strong local leadership, collaboration and development capacity, sound local and regional planning skills, and coordinated investments in targeted communities by public and private funders.

The **Atlanta FHLBank Advisory Council Report** highlights that in 2020, the FHLBank awarded nearly \$27 million to assist in the funding of 61 affordable housing projects in 19 states and the District of Columbia under its AHP competitive application program. The report states that focused marketing and outreach resulted in a comparative increase in AHP competitive program applications in 2020 over 2019, an increase in the number of unique FHLBank members participating in the program, and an increase in the total development budget of awarded projects. The affordable housing projects awarded AHP subsidies in 2020 represented over \$1 billion in total housing development, the highest total development budget for awarded projects in the history of the FHLBank's competitive application program. The report states that this funding translated into a projected total economic benefit of \$1.91 billion, with this economic benefit calculated based on factors presented in the study "Enhancing Lives, Impacting Communities: The Federal Home Loan Bank System" prepared by the Center for Economic Forecasting and Analysis at Florida State University in 2018.

The report also discusses the FHLBank's voluntary (non-AHP) Community Heroes program, which was created to address the decreasing ability of law enforcement officers, public school educators, firefighters, and other first responders to obtain affordable housing in the communities



in which they serve every day. The report notes that, given the significant challenges of the COVID-19 pandemic, eligibility for the Community Heroes program was expanded in 2020 to include not only the aforementioned workers, but also health care workers and COVID-19 essential workers in the FHLBank Atlanta's district. Eligible homebuyers may earn up to 120 percent of area median income. The report states that, to date, the FHLBank has committed \$2.1 million to the program.

The **Cincinnati FHLBank Advisory Council Report** highlights a new FHLBank non-AHP advances program called the Responsive, Inclusive, Supportive, and Empowering (RISE) program, which was created to support the FHLBank's members during the COVID-19 pandemic. The program offered advances with six-month terms at zero percent interest to FHLBank members from May 1, 2020, through September 30, 2020, and supported pandemic-related assistance provided by all FHLBank members. The report notes that, 58 RISE advances were issued for a total of \$183 million.

The report also describes the FHLBank's voluntary (non-AHP) Disaster Reconstruction Program, which helps residents living in the FHLBank's district whose homes were damaged or destroyed by natural disasters. The report notes that since the program was created in 2012, nearly \$5.2 million has been awarded to assist 405 households in reestablishing housing. In 2020, \$840,000 was disbursed to 61 households affected by disasters. The report also notes that a significant portion of these funds were distributed in Dayton, Ohio, which was struck by a series of tornadoes during the Memorial Day weekend in 2019.

In addition, the report highlights the FHLBank's voluntary (non-AHP) Carol M. Peterson Housing Fund, established and named in memory of the FHLBank's first Community Investment Officer to honor her commitment to serve low- and moderate-income households with special needs throughout the FHLBank's district. The Fund provides grants for accessibility rehabilitation and emergency repairs for low- and moderate-income, elderly homeowners, and those with special needs. The report notes that as of the end of 2020, the Fund had disbursed \$13.4 million and assisted 2,353 households.

The **Indianapolis FHLBank Advisory Council Report** highlights Southern Knoll, an AHP competitive application program subsidy recipient in Bloomington, Indiana. Southern Knoll provides 31 units of affordable housing, with a portion of the units set aside for residents who are experiencing homelessness and people with intellectual disabilities. The report notes that these residents have access to on-site support services through partnered organizations.





The report also highlights Slocum Pointe, an AHP competitive application program subsidy recipient in Fort Wayne, Indiana. The 27-unit project is the rehabilitation of the former Frances Slocum School into an affordable housing apartment complex for seniors and people with disabilities.

Additionally, the report highlights Traditional Treasures, a recipient under the FHLBank's voluntary, non-AHP small business grant program, Elevate. The project, located at Dynamite Hill Farms in L'Anse, Michigan, used an Elevate small business grant to purchase an evaporator to expand its maple sugaring business and production capabilities.

The report also states that an FHLBank CIP advance helped finance a 30,000 square foot facility expansion for the Boys & Girls Club in Richmond, Indiana.

The **Chicago FHLBank Advisory Council Report** highlights that in the summer of 2020, the Advisory Council launched a working group to promote racial equity across the FHLBank's community investment programs and in affordable housing and community development across the FHLBank's district. Nine Advisory Council members participated in this effort, and they completed a review of the FHLBank's competitive application program and set-aside program using a racial equity impact assessment tool. As a result of this review, the Advisory Council made recommendations to increase equity within these programs and identified opportunities for new programs. According to the report, the Racial Equity Working Group is charting new territory and highlighting opportunities to strengthen the FHLBank's commitment to diversity, equity, and inclusion.

The report also notes that on April 27, 2020, the FHLBank launched a non-AHP COVID-19 Relief Program, under which FHLBank members are provided two offerings: a COVID-19 Relief Advance, which is a zero-rate advance to meet immediate liquidity needs; and a COVID-19 Relief Grant, which is a grant of up to \$20,000 to assist small businesses and nonprofits affected by the pandemic. According to the report, members used the COVID-19 Relief Grant funds to meet the needs of more than 5,000 beneficiaries across the FHLBank's district, such as food pantries, social service organizations, local shops and restaurants, first responders, and many more. The report indicates that 98 percent of FHLBank members participated in at least one of these two offerings, which totaled more than \$2 billion in advances and \$13.1 million in grants in only four weeks.

The report also states that on August 10, 2020, the FHLBank created a non-AHP targeted impact fund. The fund provided FHLBank members with access to up to \$20,000 in grant funding to



support populations hit hardest by the pandemic, including minority business enterprises, women’s business enterprises, and Black and Latino communities. According to the report, \$9.8 million in grant funds were provided to 1,300 recipients.

**The Des Moines FHLBank Advisory Council Report** highlights that in 2020, the Advisory Council engaged in discussions about diversity and inclusion. As part of this effort, the FHLBank’s Advisory Council reviewed an analysis of the results of the FHLBank’s survey of AHP project sponsors’ use of minority-, women- and disabled-owned businesses (MWDObS) in the development of their affordable housing projects. The report indicates that the FHLBank’s survey included links to resources to assist AHP project sponsors in establishing diversity programs for suppliers. These resources were provided to enhance AHP project sponsors’ awareness about opportunities for establishing business relationships with MWDObS, and to convey the FHLBank’s commitment to enhancing MWDOb customer access. The report also notes that looking toward 2021, the Advisory Council plans to elevate how it engages in diversity and inclusion learning and activities.

In addition, the report notes that the Advisory Council often participates in community tours. In the first quarter of 2020, the Advisory Council toured an AHP-assisted project located in Pike Place Market in Seattle, Washington. Several members of the FHLBank’s Board of Directors accompanied the Advisory Council on the tour and observed the important role that the AHP plays in building partnerships between FHLBank members and housing groups to strengthen communities.

**The Dallas FHLBank Advisory Council Report** highlights that the Tate, Etienne, Prevost Center received AHP competitive application program subsidy. One of the Center’s namesakes, Leona Tate, was just 6 years old when she and fellow classmates Gail Etienne and Tessie Prevost made history in 1960 by integrating the McDonough 19 Elementary School – the first New Orleans, Louisiana school integrated by court order of a U.S. District Court judge. The report notes that the Center, which is in the same building where the three students made history, was made possible because of Tate’s years of dedication and hard work as well as AHP competitive application program subsidy, which was used to convert a historic school building in New Orleans’ lower Ninth Ward into 25 apartments for very low-income seniors and a center for anti-racism training.

The report also describes the FHLBank’s voluntary (non-AHP) Small Business Boost (SBB), under which funds are provided as a secondary, unsecured loan in conjunction with a loan made by an FHLBank Dallas member. No repayments are due in the first year, which helps improve initial cash flow for small businesses. The report notes that in 2020, SBB funds were provided to



River City Grille, in Marble Falls, Texas, to meet liquidity needs, and that throughout the year, 43 businesses received approximately \$2.9 million in SBB funds to support 335 jobs.

The report also provides a summary of the FHLBank's Disaster Rebuilding Assistance program, an AHP set-aside program that provides subsidies for the repair and rehabilitation of owner-occupied housing affected by disasters in federally declared disaster areas within the FHLBank's district. The FHLBank has provided over \$700,000 in such subsidies since 2018.

**The Topeka FHLBank Advisory Council Report** highlights the Women's Empowerment Life Line, a long-term residential and outpatient treatment center for women in Norfolk, Nebraska that received an FHLBank CICA advance. The organization treats behavioral health issues, substance abuse problems, trauma, and victims of domestic violence, and serves as a halfway house for women released on probation. In 2019, the organization identified a service that it determined was needed but that it was not yet offering: enabling children to remain in the care of their mothers rather than with an extended family member or in foster care throughout the four-to nine-month treatment process. To house the new program, the organization purchased and renovated a 12-unit apartment complex in Norfolk, Nebraska, with the assistance of the CICA advance.

The report also highlights that the Bridge Emergency Shelter in Cortez, Colorado was constructed with AHP competitive application program subsidy. The project's two-story building provides beds for 68 individuals and has space for emergency housing and transitional apartments. The building provides a safe, secure location near the local courthouse, a soup kitchen, and mental health services.

**The San Francisco FHLBank Advisory Council Report** highlights information on the diverse needs supported by the FHLBank's 2020 AHP competitive application program subsidy recipients, including: lower-income working families struggling to remain in housing near centers of employment; low-income seniors desiring to age in-place in large cities or small towns where they feel at home; vulnerable unhoused women with children in need of safe transitional housing; youth in need of both shelter and supportive services to help them transition to self-sufficiency; chronically unhoused veterans and veterans with other special needs, and their families; and individuals on the path to recovery from drug and alcohol addiction.

The report also describes a number of 2020 AHP competitive application program subsidy recipients specifically, including 7th and Campbell in Oakland, California. This project will transform a vacant lot into 79 affordable apartment homes near a regional transit station, and the



project's onsite commercial spaces will serve as a small business incubator center for local low-income entrepreneurs, including the formerly incarcerated. The report additionally describes Lightfighter Village in Marina, California, an AHP project that will replace blighted and substandard units on the former Fort Ord military base and with 71 new units of permanent supportive veteran's housing prioritized for homeless veterans.

The report also describes the FHLBank's voluntary, non-AHP Access to Housing and Economic Assistance for Development (AHEAD) grants. In response to the COVID-19 pandemic, the FHLBank's board of directors added \$2 million to its planned \$1.5 million allocation for the 2020 AHEAD program. The additional funding enabled the FHLBank's members to support targeted pandemic-related initiatives and help local nonprofit organizations struggling to adapt to increased costs, loss of staff, and postponed fundraising campaigns tied to the pandemic. The FHLBank reviewed 362 applications submitted in 2020 and selected 97 AHEAD grant winners. Sixty-five participating FHLBank members, including twenty that sponsored winning applications for the first time, received and delivered grants ranging from \$20,000 to \$37,500 to 97 nonprofit organizations in Arizona, California, and Nevada.



## Appendix 2: Historical AHP Data

**AHP Funding Allocations:** Figure A shows the percentage of total AHP funding allocated by the FHLBanks to their AHP competitive application and set-aside programs from 2003 to 2020.

**Figure A: AHP Funding Allocations to the Set-Aside and Competitive Application Programs (2003 – 2020)**

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



**AHP Competitive Application Program Funding:** Figure B details AHP rental and owner-occupied competitive application program projects from 1990 to 2020. Over this time period, approximately 79 percent of all AHP competitive application program units funded were rental units and approximately 63 percent of all AHP competitive application program projects funded were rental projects. Additionally, about 82 percent of AHP-assisted units serving very low-income households from 1990 to 2020 were rental units, and 18 percent of such units were owner-occupied units.

**Figure B: AHP Competitive Application Program Projects Overview (1990 – 2020)**

		Rental Projects		Owner-Occupied Projects		Total Projects
<b>Total Number of Awarded Projects</b>		11,813	63%	6,956	37%	18,769
<b>Funds Awarded</b>		\$4.4 billion	79%	\$1.2 billion	21%	\$5.6 billion
<b>Housing Units</b>		594,839	79%	162,030	21%	756,869
	<b>Housing Units Serving Very Low-Income Households</b>	443,202	82%	94,358	18%	537,760

**Urban/Rural Demographics:** Figure C details AHP competitive application program projects located in urban or suburban areas as well as those located in rural areas from 1990 to 2020. Approximately 66 percent of AHP projects awarded were located in urban or suburban areas, and 34 percent of the projects were located in rural areas. Seventy-six percent of AHP-assisted units serving very low-income households were located in urban or suburban areas, while 24 percent of these units were located in rural areas. Over the 1990 through 2020 period, on average, urban or suburban projects had more units per project (46) than rural projects (30). Units in rural projects, however, received a higher average AHP subsidy per unit (\$8,088) than units in urban or suburban projects (\$7,138).<sup>33</sup>

<sup>33</sup> As stated previously, FHFA receives data from the FHLBanks on rural projects for those projects that receive scoring points for rural housing. This does not capture all AHP competitive application program rural projects, as some of these projects are located in rural areas but are not scored on that feature by some FHLBanks. In addition, an AHP project is regarded in this report as “urban or suburban” if it did not receive points as a rural project.





**Figure C: AHP Competitive Application Program Projects Serving Urban/Suburban and Rural Areas (1990-2020)**

	Urban or Suburban Projects		Rural Projects		Total Projects
<b>Total Number of Awarded Projects</b>	12,330	66%	6,439	34%	18,769
<b>Funds Awarded</b>	\$4.0 billion	72%	\$1.5 billion	28%	\$5.6 billion
<b>Housing Units</b>	566,915	75%	189,954	25%	756,869
<b>Number of Housing Units Serving Very Low-Income Households</b>	409,616	76%	127,944	24%	537,560
<b>Average Number of Units per Project</b>	46	N/A	30	N/A	40
<b>Average Subsidy per Unit</b>	\$7,138	N/A	\$8,088	N/A	\$7,376

*Note: Funds awarded dollars are rounded*

### Appendix 3: AHP Competitive Application Program Projects

Figure D outlines each FHLBank’s 2020 scoring point allocations under the AHP competitive application program scoring criteria. The scoring point allocations determine which proposed competitive application program projects the FHLBanks approve for funding. The AHP regulation in effect in 2020 required each FHLBank to allocate 100 scoring points among the following nine scoring criteria.

- 1) Project use of donated or conveyed government-owned or other properties
- 2) Sponsorship by a not-for-profit organization or government entity
- 3) Targeting of project’s units to designated lower income households
- 4) Housing for homeless households



5) Promotion of empowerment<sup>34</sup>

6) First District priority – Each FHLBank selects one or more priorities from the following priorities identified in the AHP regulation:

- Special needs populations<sup>35</sup>
- Community development
- First-time homebuyers
- FHLBank member financial participation in the AHP project
- Housing in federally declared disaster areas or for households displaced from those areas
- Housing in rural areas
- Urban infill or urban rehabilitation housing
- Projects that promote economic diversity<sup>36</sup>
- Housing as a remedy for violations of fair housing laws
- Projects with community involvement
- Projects involving lender consortia of at least two financial institutions
- Projects located in the FHLBank’s district

7) Second District priority – Each FHLBank selects one or more housing needs in the FHLBank’s district as identified by the FHLBank. The FHLBank is not restricted from selecting from the above list used for the First District priority, provided the First and Second District priorities do not overlap.

8) AHP subsidy per unit

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<sup>34</sup> The housing must be in combination with an empowerment program offering: employment; education; training; homebuyer, homeownership, or tenant counseling; daycare services; resident involvement in decision-making affecting the creation or operation of the project; or other services that assist residents to move toward better economic opportunities, such as welfare to work initiatives.

<sup>35</sup> This priority covers the financing of housing where at least 20 percent of units are reserved for occupancy by households with special needs, such as the elderly, mentally or physically disabled persons, persons recovering from physical, alcohol or drug abuse, or persons with AIDS; or the financing of housing that may be visited by persons with physical disabilities who are not occupants of such housing.

<sup>36</sup> This category includes mixed-income housing in low- or moderate-income neighborhoods, or providing very low-income or low- or moderate-income households with housing opportunities in neighborhoods or cities where the median income equals or exceeds the median income for the larger surrounding area in which the neighborhood or city is located.



## 9) Community stability<sup>37</sup>

The 2018 AHP final rule revised some of the scoring criteria, with a mandatory compliance date of January 1, 2021, for the FHLBanks to implement the new scoring framework. Under the new scoring framework, an FHLBank is required to allocate 100 scoring points among the following scoring criteria.

- 1) Project use of donated or conveyed government-owned or other properties
- 2) Sponsorship by a not-for-profit organization or government entity
- 3) Home purchase by low- or moderate-income households<sup>38</sup>
- 4) Targeting of project's units to designated lower income households
- 5) Underserved communities and populations (housing for homeless households; housing for special needs populations; housing for other targeted populations; housing in rural areas; or rental housing for extremely low-income households)
- 6) Creating economic opportunity (promotion of empowerment; or residential economic diversity)
- 7) Community stability, including affordable housing preservation
- 8) FHLBank district priorities (one or more housing needs in the FHLBank's district, as defined by the FHLBank, that the FHLBank has not otherwise adopted in its scoring framework)

One FHLBank, the Indianapolis FHLBank, elected to implement this new scoring framework for its 2020 AHP competitive application program funding round.

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<sup>37</sup> The community stability criterion includes rehabilitating vacant or abandoned properties, being an integral part of a neighborhood stabilization plan approved by a unit of state or local government, and not displacing low- or moderate-income households, or assisting households impacted by displacement or if such displacement will occur, assuring that such household will be assisted to minimize the impact of such displacement.

<sup>38</sup> If an FHLBank does not allocate at least 10 percent of its total AHP allocation to the set-aside program, then the FHLBank is required to include this scoring criterion in its scoring framework and allocate a minimum of 5 points to it.



**Figure D: 2020 FHLBank Competitive Application Program Scoring Points Allocations**

FHLBank	Government Owned	Non-Profit Sponsor	Targeting	Homeless	Empowerment	District 1	District 2	AHP Subsidy/Unit	Community Stability
Boston	5	5	20	5	10	27.5	7.5	5	15
New York	5	7	20	5	5	15	25	10	8
Pittsburgh	5	5	22	6	10	16	8	8	20
Atlanta	5	5	20	5	5	15	30	10	5
Cincinnati	5	5	20	5	5	28	12	10	10
Indianapolis	5	7	20	5	8	<sup>a</sup>	<sup>a</sup>	15	7
Chicago	5	5	20	5	5	17	6	10	27
Des Moines	5	10	20	10	5	15	18	5	12
Dallas	5	5	25	5	5	25	7	10	13
Topeka	5	7.5	20	5	7.5	25	15	7.5	7.5
San Francisco	5	7	20	6	6	21	10	12	13

Source: 2020 FHLBanks' AHP Implementation Plans.

<sup>a</sup> The Indianapolis FHLBank allocated 36 points to the new FHLBank district priority (the 2018 AHP final rule combined the first and second FHLBank district priorities into one FHLBank district priority), with 15 of those points allocated to AHP subsidy-per-unit, which is identified in Figure D under the AHP subsidy per unit category to reflect the nature of the allocation. The FHLBank allocated 17 points to Underserved Communities and Populations, with 5 of those points allocated to homeless households, which is identified in Figure D under the homeless category to reflect the nature of that allocation.

Figure E highlights the specific types of projects serving special needs or homeless households that were assisted by the AHP competitive application program in 2020.<sup>39</sup> For example, the

<sup>39</sup> In order to receive scoring points for special needs under the AHP regulation's scoring system, a special needs project must reserve at least 20 percent of units for households with special needs. In order to receive scoring points for homeless households under the AHP regulation's scoring system, a project must reserve at least 20 percent of the total rental units for homeless households, create transitional housing for homeless households permitting a minimum of 6 months occupancy, or create permanent owner-occupied housing reserving at least 20 percent of the AHP-assisted units for homeless households.



highlighted row in red shows that three projects served all of the types of special needs populations listed in the AHP regulation, as well as homeless households. The last row in blue shows that 103 projects did not specialize in serving special needs or homeless households.

**Figure E: 2020 AHP Competitive Application Program Projects Serving Special Needs Households and Homeless Households (Detailed)**

Persons with Disabilities	Substance Abuse	Homeless	HIV/AIDS	Elderly	Physical Abuse	Total Projects
				X		72
X						71
		X				56
X		X				51
X				X		42
		X		X		17
	X	X				12
	X	X			X	8
X	X	X				8
	X					6
X		X		X		5
X	X	X			X	4
		X	X			3
X	X	X		X	X	3
X	X	X	X	X	X	3
		X			X	2
X	X					2
X	X		X	X	X	2
X				X	X	1
X		X			X	1
X		X	X			1
X	X			X	X	1
X	X	X	X			1
X	X	X	X		X	1
X	X	X	X	X		1
						103

