2014 LOW-INCOME HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES OF THE FEDERAL HOME LOAN BANKS

OCTOBER 2015

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 effective supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the 11 Federal Home Loan Banks (FHLBanks, FHLBank System). The agency'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.

The FHLBanks support a range of low-income housing and community development activities through the Affordable Housing Program (AHP), the Community Investment Program (CIP), and the Community Investment Cash Advance Program (CICA). These three affordable housing and targeted economic development programs are authorized by the Federal Home Loan Bank Act (Bank Act) and are administered by the FHLBanks as part of their mission to support financing for affordable housing and community investment.[1]

Under the programs, the FHLBanks provide grants and loans (referred to as advances) to their members, and their members then use these funds to benefit very low- and low- or moderate-income households and communities.[2] FHFA is required to monitor and report annually on the FHLBanks' support of their low-income housing and community development activities to the FHLBanks' Advisory Councils.[3,4] This report fulfills that requirement for 2014.[5]

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

[2] 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.

[3] Bank Act, 12 U.S.C. § 1430(j)(12). Each of the FHLBanks is required to appoint an Advisory Council of 7 to 15 persons drawn from community and non-profit organizations actively involved in providing or promoting low- or moderate-income housing and community development in its district. Each Advisory Council is required to develop a report on the low-income housing and community development activities of its respective FHLBank and submit the report annually to FHFA. See 12 U.S.C. § 1430(j)(11); AHP regulation, 12 C.F.R. § 1291.4. In 2014, all of the Advisory Councils submitted their reports on these activities to FHFA.

[4] FHFA monitors the FHLBanks' housing and community development activities by collecting annual and bi-annual program data from each FHLBank and making it available to the Advisory Councils, the FHLBanks, and the public.

AHP assists very low- and low- or moderate-income households. The program has two funding streams.[6] The primary funding stream is a required competitive application program, through which FHLBanks provide subsidies as grants or as advances with a reduced interest rate.[7] The program assists both rental and homeownership units. The second funding stream is an elective set-aside grant program for home purchases, home rehabilitation, and home counseling.[8] Annually, an FHLBank may allocate to its set-aside program up to the greater of $4.5 million or 35 percent of its annual statutorily mandated AHP contribution.

The FHLBanks awarded $328 million in AHP funds in 2014. This funding, about three-quarters of which supported the competitive application program, assisted over 37,000 low- or moderate-income households, including approximately 17,000 very low-income households. Since 1990, the FHLBanks have awarded approximately $4.8 billion in AHP funds, assisting over 758,000 households, including approximately 443,000 very low-income households. These AHP funds have supported rental and owner-occupied housing in both urban and rural areas, the homeless, the elderly, as well as households with a range of special needs, including individuals with disabilities.

The FHLBanks also offer the CIP and CICA programs. Through the CIP program, the FHLBanks provide CIP advances or letters of credit for affordable housing and targeted economic development. CIP housing advances must benefit households with incomes at or below 115 percent of Area Median Income (AMI), and CIP economic development advances must benefit either low- or moderate-income households or economic development projects located in low- and moderate-income neighborhoods. Through the CICA program, the FHLBanks provide CICA advances, letters of credit, or grants for economic development targeted for lower income communities. The targeted income level for CICA economic development funding in rural areas is at or below 115 percent of AMI, and in urban areas it is at or below 100 percent of AMI.[9]

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[5] There were 12 FHLBanks in the FHLBank System in 2014. On May 31, 2015, the Des Moines and Seattle Banks merged, resulting in 11 FHLBanks remaining in the FHLBank System.

[6] See 12 C.F.R. part 1291.

[7] Under the competitive application program, an FHLBank member submits an application to its FHLBank for subsidy on behalf of a housing sponsor, typically a non-profit housing corporation. The application is evaluated for compliance with minimum eligibility requirements and is evaluated against other applications for funding based on scoring criteria established by the FHLBank pursuant to AHP regulatory scoring parameters.

[8] Under the set-aside program, an FHLBank member applies to its FHLBank for grants and then passes on these grants to households. Grants may be used for down payment or closing cost assistance, counseling leading to the purchase of a home, or rehabilitation of an owner-occupied home.

[9] 12 C.F.R. § 1292.1 (definition of "targeted income level").

The FHLBanks funded approximately $2.4 billion in CIP advances for housing and community development projects in 2014, down about 11 percent from 2013. These funds assisted 29,000 rental and owner-occupied housing units, approximately 3,600 more households than in 2013. In 2014, the FHLBanks also provided about $2.7 billion in CICA advances for targeted economic development, which was similar to the 2013 CICA funding level.

In addition to reporting on these three housing and community development programs, this report also provides information about the FHLBanks' non-depository Community Development Financial Institution (CDFI) membership. FHLBank membership for non-depository CDFIs, such as loan funds, was implemented by FHFA regulation in 2010 pursuant to requirements established by HERA.[10] At the end of 2014, there were 30 non-depository CDFIs with FHLBank membership, and all FHLBanks had at least one non-depository CDFI member.

Lastly, this report summarizes FHLBank Acquired Member Assets (AMA) purchases in 2014 and their relation to the FHLBank housing goals.[11] FHLBanks purchase qualified whole mortgages from their members through AMA programs.[12] Each FHLBank is subject to housing goals if its AMA purchases exceed an annual volume threshold of $2.5 billion.[13] In 2014, none of the FHLBanks exceeded this level, and as a result, none was subject to meeting housing goals.

This report is organized into four sections with two appendices. The first section provides program information on AHP, which includes program reviews of both the AHP competitive application and set-aside programs. The second section analyzes the FHLBanks' CIP and CICA performance. The third section describes non-depository CDFI membership in the FHLBank System, while the fourth outlines FHLBank AMA purchases in 2014. The subsequent appendices provide a review of highlights from FHLBank Advisory Council reports submitted to FHFA, as well as additional data pertaining to the AHP, CIP and CICA programs.

The Affordable Housing Program

The Bank Act requires each FHLBank to establish an AHP, which must be used for the purchase,

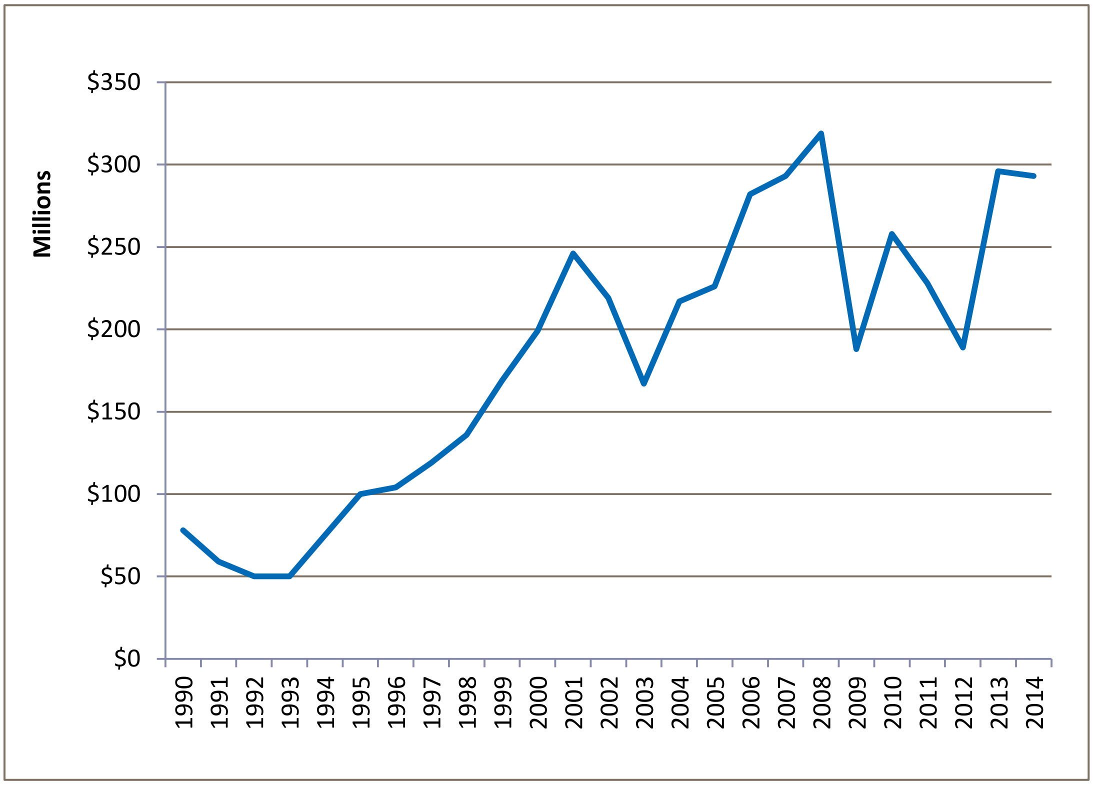
[10] See 12 C.F.R. part 1263.
[11] AMA programs include both the Mortgage Partnership Finance Program and the Mortgage Purchase Program.
[12] See 12 C.F.R. part 955.
[13] See 12 U.S.C. § 1430c; 12 C.F.R. part 1281. These housing goals are separate from the housing goals applicable to Fannie Mae and Freddie Mac, see 12 C.F.R. part 1282.

construction, or rehabilitation of affordable housing.[14] Under the program, an FHLBank's member applies to an FHLBank for AHP funds, and if approved, the member provides the funds to eligible projects and households. AHP funds may be in the form of a grant or a subsidized interest rate advance from an FHLBank to its member. The eligible household income for AHP funds differs depending on the housing type. For AHP-assisted owner-occupied housing, the eligible household income is at or below 80 percent of AMI. For AHP-assisted rental housing, at least 20 percent of a project's units must be occupied by and affordable for households with incomes at or below 50 percent of AMI.

From 1990 to 2014, the FHLBanks allocated a total of approximately $4.6 billion to AHP (see Figure 1). An FHLBank's statutory contribution to its AHP must equal at least 10 percent of its net earnings for the prior year, subject to an annual $100 million minimum combined contribution by all of the FHLBanks.[15] As a result, an FHLBank's statutory contribution to its AHP will change as earnings change from one year to the next. Additionally, the actual amount of funds awarded in a given year may reflect funding adjustments from prior years or funds accelerated from future years. Therefore, in these circumstances, an FHLBank's amount of awarded AHP funds may differ from an FHLBank's statutorily-required allocation of funds.[16]

[14] See 12 U.S.C. § 1430(j).
[15] See 12 U.S.C. 1430(j)(5)(C).
[16] There are several situations that would cause an increase or decrease in total AHP funding available to be awarded in a given year compared with the total statutorily-required allocation of funds. During an AHP competitive application review round, AHP funds must be awarded in descending order based on the number of scoring points an application receives. After the highest scoring applications have been awarded funds, if there are insufficient subsidy funds remaining to subsidize the next highest scoring project (including projects approved as alternates), the remaining subsidy is used for modifications to existing projects and set-aside program applications. If there are still subsidy funds remaining after these uses, the funds are carried over to the FHLBank's AHP for the next year. Additionally, funds that are returned to the program as a result of cancellation of an award (a "de-obligation"), sale or refinancing of an existing project during the AHP affordability retention period (a "repayment"), or non-compliance (a "recapture"), can influence an FHLBank's awarded funds total. Further, a Bank may accelerate, up to a limit, AHP funds from its statutory contribution requirement for future years to the current year. Given any of these funding adjustments, an FHLBank's awarded funds may not equal its statutorily-required allocation in any given year.

Figure 1: FHLBanks' AHP Statutory Contributions (1990 – 2014)

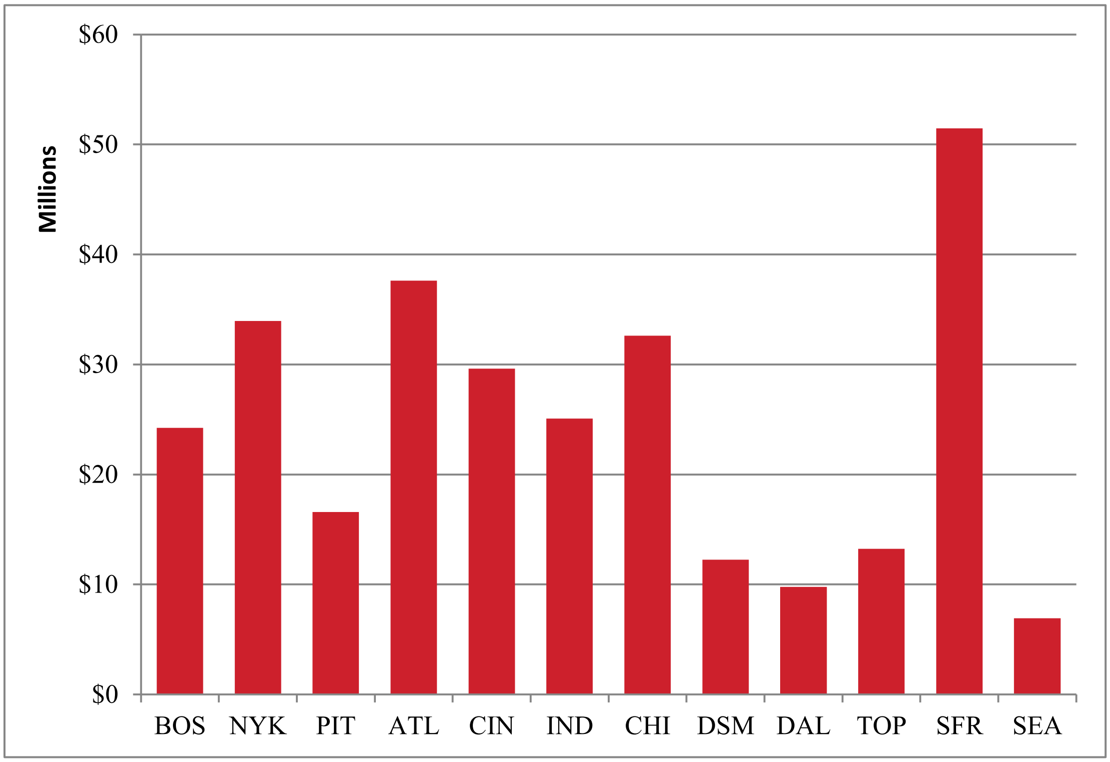


Source: FHFA[17]
Note: The FHLBanks' statutory contributions consist of 10 percent of the previous year's net earnings. The figure above does not include de-obligated funds, recaptured funds, repaid funds, or carried over funds.

As in past years, the FHLBanks' 2014 individual AHP statutory contributions varied. Contributions ranged from a low of approximately $6.9 million at the Seattle FHLBank to a high of approximately $51.5 million at the San Francisco FHLBank (see Figure 2).

[17] Unless otherwise noted, data contained in all charts and tables in this report were submitted by the FHLBanks as of December 31, 2014 and validated by FHFA. Dollars have been rounded. Additionally, AHP competitive application program data include only approved, active projects.

Figure 2: 2014 FHLBank Statutory Contributions



The FHLBanks can choose how to distribute their AHP awarded funds among the competitive application and set-aside programs. The distribution of these funds for 2014 and the number of housing units supported in 2014 are reflected in Table 1.

Table 1: AHP 2014 Overview

AHP Program	Funds Awarded	Housing Units
Competitive Application Program	$238.5 million	24,859
Set-Aside Program	$89.5 million	12,814
Total AHP	$328.0 million	37,673

Village at Kingsprings

The Village at Kingsprings is a new construction project in Johnson City, Tennessee, sponsored by Eastern Eight Community Development Corporation. It features handicapped accessible one- and two-bedroom units and is targeted to very low-income elderly residents. (Source: Atlanta FHLBank)

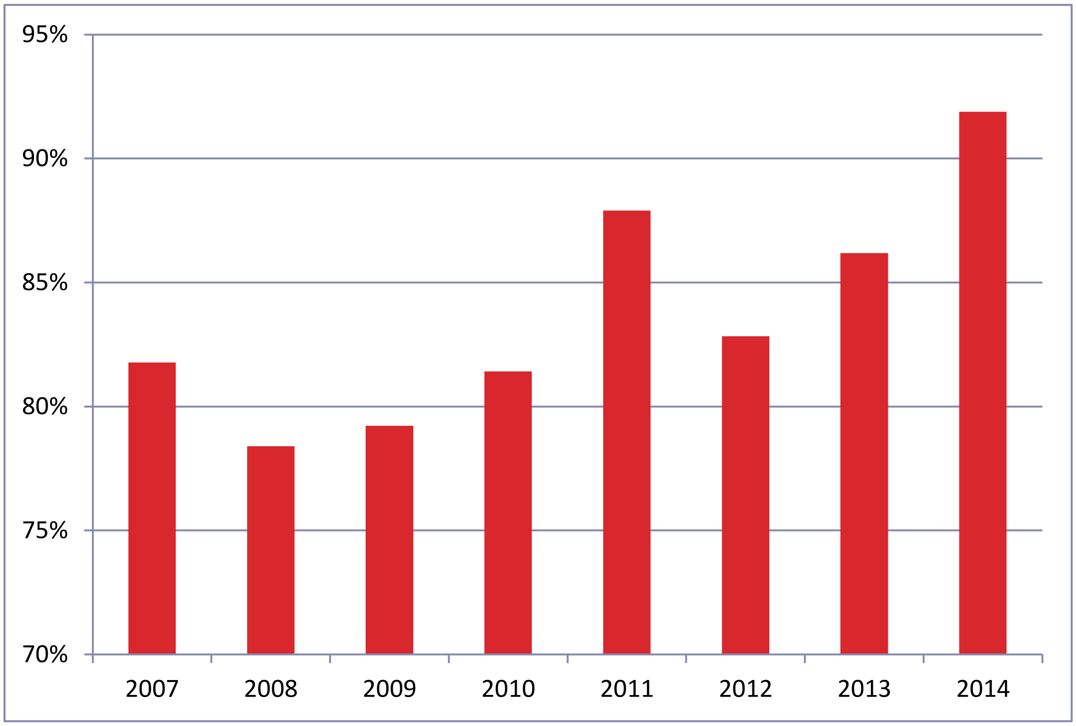
I. AHP Competitive Application Program

The AHP competitive application program supports very low-income and low- or moderate-income, rental and owner-occupied housing projects in both urban and rural areas. The majority of AHP competitive program projects work in conjunction with other federal housing programs. The program awards funds to projects based on a scoring point system, and it allows a scoring preference to households with special needs.

The competitive program is the larger of the two AHP programs, in terms of both units and funding. In 2014, 519 competitive program projects were awarded funds, ranging from approximately $72,000 to $2.2 million for rental projects, and from approximately $13,500 to $750,000 for owner-occupied projects. In total, the FHLBanks awarded $238.5 million through the competitive program, which assisted 24,859 units. Since the competitive program's inception in 1990, the FHLBanks have awarded approximately $4 billion in funding to nearly 16,000 projects, supporting over 619,000 units. Over that period, the majority of units were in urban areas (72 percent) and over three quarters were rental units (76 percent).

In 2014, the percentage of competitive program units in urban areas was similar to its historical average, but the percentage of rental units increased to almost 92 percent (see Figure 3). Indeed, the percentage of competitive program units assisting rental units has trended up over the last eight years, peaking in 2014. This has added critically needed lower income rental housing units to the housing stock.

Figure 3: AHP Competitive Application Program Percentage of Rental Units (2007-2014)



By statute, at least 20 percent of a project's rental units must assist very low-income households, and owner-occupied units must assist low- or moderate-income households. However, many competitive program projects assist households with lower incomes.[18] In 2014, 23 percent of rental units and 8 percent of owner-occupied units served extremely low-income households, with incomes at or below 30 percent of AMI. The percentage of total competitive program owner-occupied units serving extremely low-income households edged up from 5 percent in

[18] The scoring criteria in the AHP regulation provide preferential scoring generally to project applications that pledge income targeting of more units.

2013 to 8 percent in 2014. The percent of total owner-occupied units serving very low-income households also grew from 2013 to 2014, from 48 to 58 percent (see Figures 4 and 5).[19]

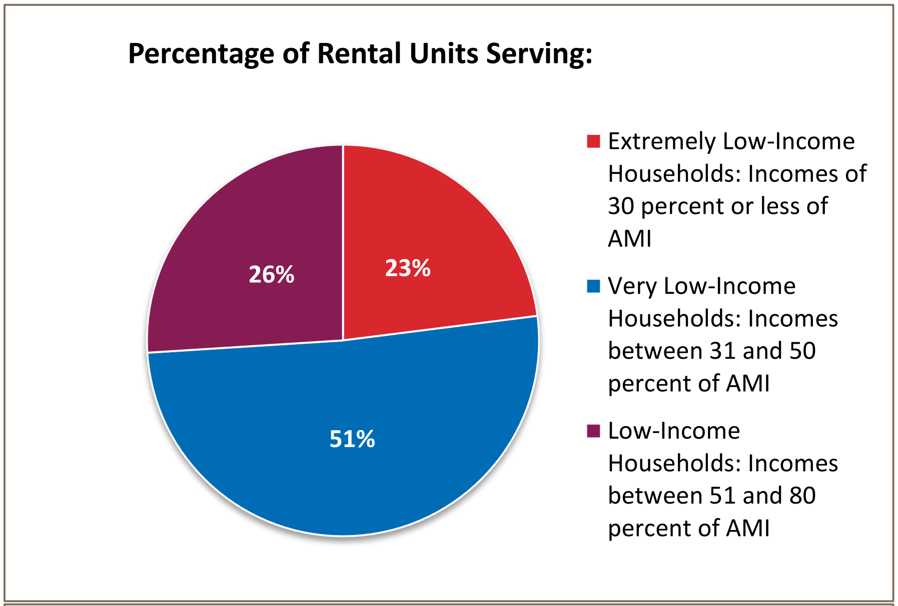
In aggregate, since the program's inception, approximately 72 percent of total competitive program units assisted with AHP subsidy (443,265 of 619,448 units) have served very low-income households. In 2014, about 69 percent of total competitive program units served very low-income households.

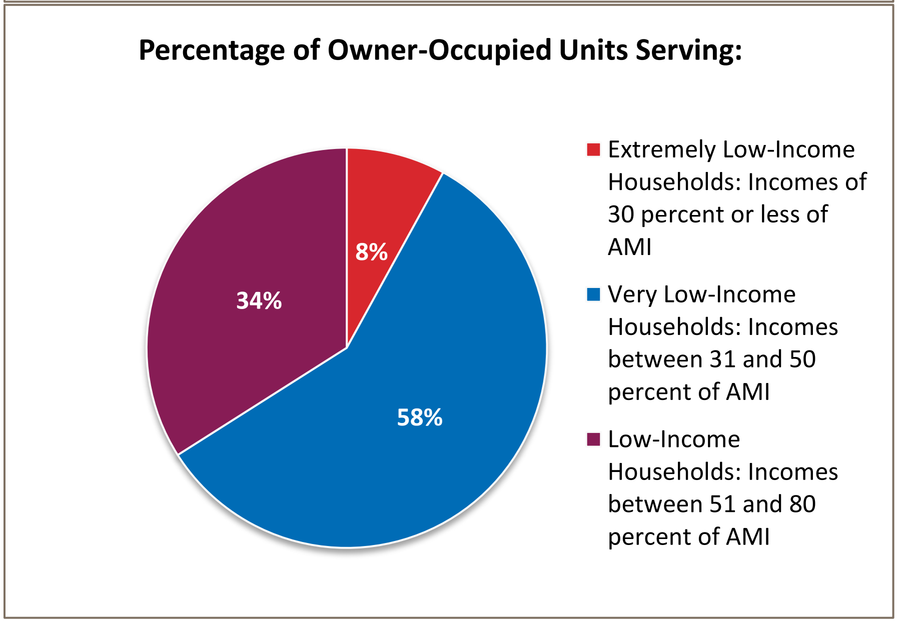
Star Apartments

Star Apartments provide permanent supportive housing for formerly homeless individuals with health issues. It is considered a safe haven for the most vulnerable, with an on-site medical clinic and comprehensive supportive services that promote wellness and housing retention. The project, located in downtown Los Angeles, CA, received a $1 million AHP award through Community Bank and was developed by Skid Row Housing Trust. (Source: San Francisco FHLBank)

[19] Very low-income households include extremely low-income households with incomes of 30 percent of AMI or less.

Figures 4 & 5: 2014 Household Income Distribution for the Competitive Application Program





Opportunity Place

YWCA's Opportunity Place, sponsored by the YWCA of Seattle (King and Snohomish Counties), provides 145 apartments for very low-income individuals in downtown Seattle, Washington. Residents have on-site access to health care, mental health counseling, and employment services. Angeline's Day Center, located on the building's first floor, provides chronically homeless women a place to shower, do laundry, get a decent meal, see a nurse, and connect with community services. WorkSource Downtown, located on the second floor, offers direct access to computers, job search support, classes, and training, as well as case management to improve employability for homeless adults, welfare recipients, veterans, older workers, and other target populations. (Source: Seattle FHLBank)

AHP competitive program project applications include proposed development costs of units. Table 2 details the average of these costs per unit at each FHLBank under the competitive application program in 2013 and 2014.

Table 2: FHLBank AHP Competitive Application Program Average Proposed Development Cost Per Unit (2013-2014)

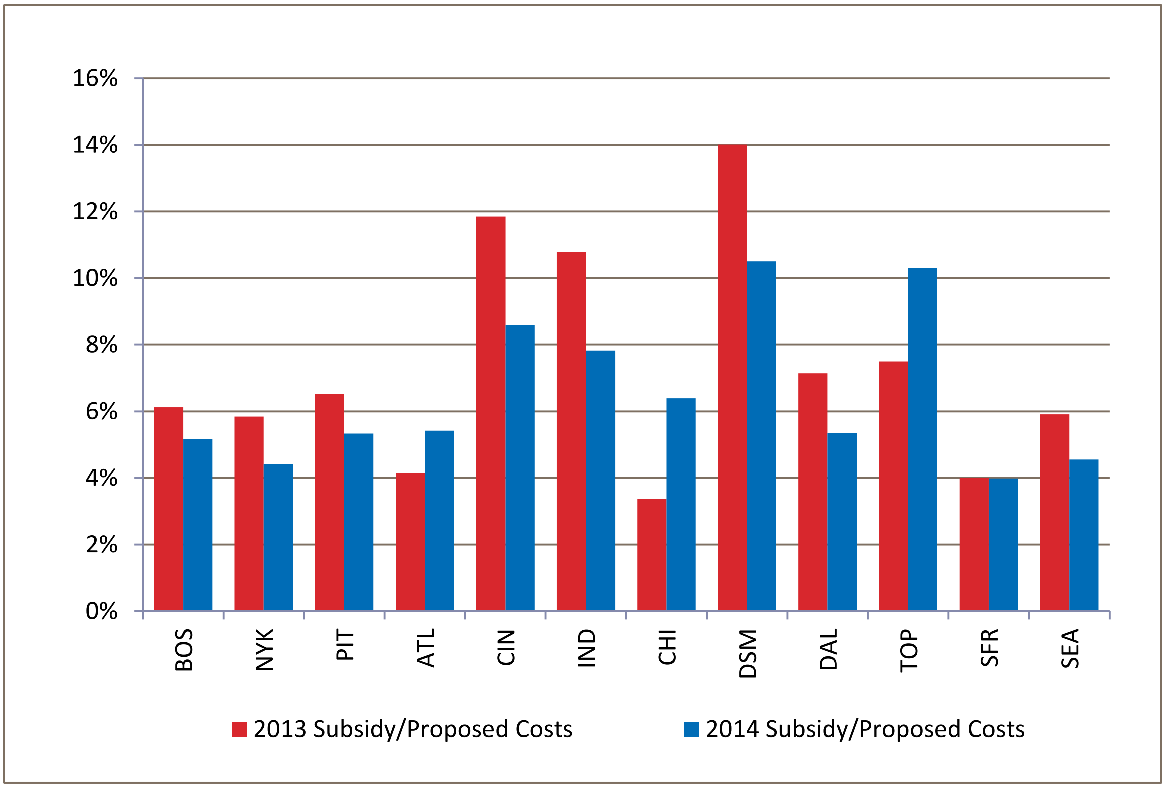
FHLBank	2013 Average Development Cost	2014 Average Development Cost
Boston	$227,132	$197,527
New York	$196,836	$225,544
Pittsburgh	$145,309	$143,514
Atlanta	$137,650	$128,536
Cincinnati	$118,631	$135,324
Indianapolis	$138,502	$146,785
Chicago	$179,952	$205,863
Des Moines	$61,628	$76,354
Dallas	$95,910	$114,245
Topeka	$100,215	$94,589
San Francisco	$247,004	$245,795
Seattle	$151,195	$227,463

Note: Development costs are proposed at the time of application

AHP plays an important role in the development of affordable housing by filling a subsidy gap in a project development budget. One way of examining this gap is by analyzing AHP subsidy in relation to proposed development costs. Figure 6 outlines AHP subsidy as a percentage of proposed development costs per unit during the period from 2013 to 2014.[20] In 2014, as was the case in 2013 and 2012, the ratio of AHP subsidy to proposed development costs fell across the majority of FHLBanks from the previous year. Eight FHLBanks had a lower ratio of AHP subsidy to proposed development costs in 2014 than in 2013.

[20] AHP subsidy may not be the only source of subsidy for a project. AHP development cost per unit will depend on local housing costs and the availability of other subsidies in addition to AHP.

Figure 6: AHP Subsidy as a Percentage of Proposed Development Costs Per Unit (2013 – 2014)



Gertrude Flats Apartments

The Greater Wheeling Coalition for the Homeless plans to transform a century-old three-story apartment building called the Gertrude Flats Apartments in Wheeling, West Virginia into six apartments of affordable housing dedicated to serve hard-to-house chronically homeless individuals with long-term disabilities. (Source: Pittsburgh FHLBank)

Although the AHP competitive program subsidy represents only a small percentage of total development costs per unit in most projects, a significant benefit of the program is that the AHP subsidy may be used with multiple sources of funding to develop affordable housing. In fact, the Bank Act requires that FHFA's AHP regulation coordinate AHP activities with other federal affordable housing activities to the maximum extent possible. In 2014, about two-thirds of AHP projects obtained funding from at least one other federal housing program (see Table 3).

Table 3: 2014 Approved AHP Projects Receiving Federal Funding

Federal Program	Projects Assisted	Projects Assisted as a Percentage of Total Projects
Low-Income Housing Tax Credit (LIHTC) Program	281	54%
Home Investment Partnerships (HOME) Program	156	30%
Other Federal Housing Programs	75	14%
Community Development Block Grant (CDBG) Program	46	9%
Federal Housing Administration (FHA) Programs	10	2%
AHP Projects Not Receiving Funding From Federal Sources	172	33%

Note: Projects receiving federal funding will not equal the total number of awarded projects because projects may use more than one federal funding source.

Leonard Lake Senior Housing

The three-story elevator building will include 22 one-bedroom units and 4 two-bedroom units for very low- and low-income seniors. This infill project, sponsored by Penquis Housing, is located in Ellsworth, Maine, on a wooded lot that is adjacent to a public park in a residential neighborhood. Residents will have access to a range of community services including training on fraud avoidance, financial stability, and self-sufficiency. The new construction building will include many sustainable building features. The sponsor has committed to recycling 50 percent of the construction waste. (Source: Boston FHLBank)

An important contribution of the AHP competitive application program is that a significant number of projects serve homeless persons and persons with special needs.[21] Examples of the types of special needs populations that may be addressed by competitive application projects include the elderly, individuals with disabilities, persons living with AIDS, and persons recovering from substance or physical abuse. 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 total units for households with special needs. A project may reserve units for more than one special needs population simultaneously. In 2014, 323 projects served homeless persons or persons with special needs, and two projects assisted all of the special needs populations specifically listed in the AHP regulation, as well as homeless persons.

Of the competitive program projects that served households with special needs or the homeless in 2014 almost 78 percent (251 projects) were rental projects, which assisted 13,403 special needs and/or homeless households, while 22 percent (72 projects) were owner-occupied projects, assisting 1,507 special needs and/or homeless households. In 2014, approximately 53 percent of all projects that addressed special needs or the homeless reserved some units for persons with disabilities, while 38 percent of all special needs or homeless projects reserved some units for the elderly.

[21] The AHP regulation includes a mandatory scoring criterion under the competitive application program for homeless persons and an optional scoring criterion for special needs households.

Victory Gardens

Victory Gardens is 74 units of rental housing and community space on the site of the Veterans Affairs medical center campus in Newington, Connecticut. The project, sponsored by the Women's Institute for Housing and Economic Development, is part of the federal initiative to end veteran homelessness and 50 percent of the units will be set aside for formerly homeless veterans. The project will provide a service-enriched environment with intensive case management services, including substance abuse counseling, employment training, GED high school equivalency preparation and English as a Second Language lessons. Over four acres of the 11-acre site will be set aside as dedicated green space with walking paths and community gardens. Financing includes permanent debt through an AHP subsidized advance. Other funding will be provided through Veterans Affairs Military Construction appropriations, the Connecticut Department of Economic and Community Development, and Low-Income Housing Tax Credit equity. (Source: Boston FHLBank)

A scoring point allocation system determines how the FHLBanks prioritize which types of projects to assist through the competitive application program. The AHP regulation requires each FHLBank to allocate scoring points to 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;[22]

6) First District priority;[23]

7) Second District priority;[24]

8) AHP subsidy per unit; and

9) Community Stability.[25]

Table 4 outlines the FHLBanks' 2014 competitive program scoring allocations.

[22] 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.

[23] The First District priority criterion is designed to provide greater scoring flexibility to the FHLBanks by allowing them to select housing scoring priorities from categories identified in the AHP regulation. These categories are the following: special needs populations (these populations include the elderly, mentally or physically disabled persons, persons with AIDS, or persons recovering from physical abuse or alcohol or drug abuse), community development, first-time homebuyers, FHLBank 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, and projects that promote economic diversity. Economic diversity is intended to end isolation of very low-income households. 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. The First District Priority criterion also includes the financing of housing as a remedy for violations of fair housing laws, projects with community involvement, projects involving lender consortia of at least two financial institutions, or projects located in the FHLBank's district.

[24] The Second District priority provides still greater flexibility to the FHLBanks to respond to housing needs, including those not specifically identified in the AHP regulation. The AHP regulation requires this priority to be the satisfaction of one or more housing needs in an FHLBank's district.

[25] 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 households impacted by displacement.

Table 4: 2014 FHLBank Competitive Application Program Scoring Points Allocations (Criteria 1 - 9)

FHLBank	1	2	3	4	5	6	7	8	9
Boston	5	5	20	5	10	30	5	5	15
New York	5	10	20	7	5	6	20	5	22
Pittsburgh	5	5	20	6	10	13	8	8	25
Atlanta	5	5	20	5	5	15	30	10	5
Cincinnati	5	5	20	5	5	28	12	10	10
Indianapolis	5	7	20	6	5	19	10	15	13
Chicago	5	5	20	5	5	16	11	10	23
Des Moines	5	10	20	5	5	18	17	10	10
Dallas	5	5	25	5	5	25	5	10	15
Topeka	5	7.5	20	5	7.5	25	15	7.5	7.5
San Francisco	5	10	20	6	6	16	10	12	15
Seattle	5	5	20	9	5	8	19	6	23

Source: 2014 FHLBanks' Implementation Plans

POPE FIELD TERRACE

Pope Field Terrace is a 56-unit new construction project in Easley, South Carolina. It is a Low-Income Tax Credit project, featuring one-, two-, and three-bedroom units, and is targeted to low- and very low-income residents. (Source: Atlanta FHLBank)

II. AHP Homeownership Set-Aside Program

Authorized by regulation in 1995, the FHLBanks' AHP homeownership set-aside programs have expanded homeownership opportunities for very low- and low- or moderate-income households. FHLBank members apply to their FHLBanks for set-aside funds and then distribute the funds as grants to eligible households. Grants may be no greater than $15,000 per household. Households may use the grants for down payment, closing costs, counseling, or rehabilitation assistance towards the purchase or rehabilitation of an owner-occupied home. The home must be used as a primary residence. 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 annual AHP statutory contribution.

An FHLBank may establish one or more AHP homeownership set-aside programs. For example, some FHLBanks have established targeted set-aside programs to assist with home financing for special needs households, households located in state or federally declared disaster areas, or households that are members of a federally recognized tribe. However, at least one-third of an FHLBank's aggregate annual set-aside contribution must be allocated to first-time homebuyers.

From 1995 through 2014, the FHLBanks' set-aside programs provided approximately $775 million in funding, supporting more than 139,000 households. Nearly 80 percent (111,309) of these households assisted were first-time homebuyers. Over this period, the average AHP set-aside subsidy per household was $5,557.

In 2014, total funding for the set-aside program increased nearly 31 percent, to approximately $89.5 million from about $68.4 million in 2013. The average AHP set-aside subsidy per household also increased slightly from 2013 to 2014, growing to $6,985 from $6,835, or about 2 percent. Set-aside program funds as a percentage of total AHP funds allocated was 27 percent in 2014, equal to the highest percentage of total AHP funds allocated to the set-aside program since program inception.[26]

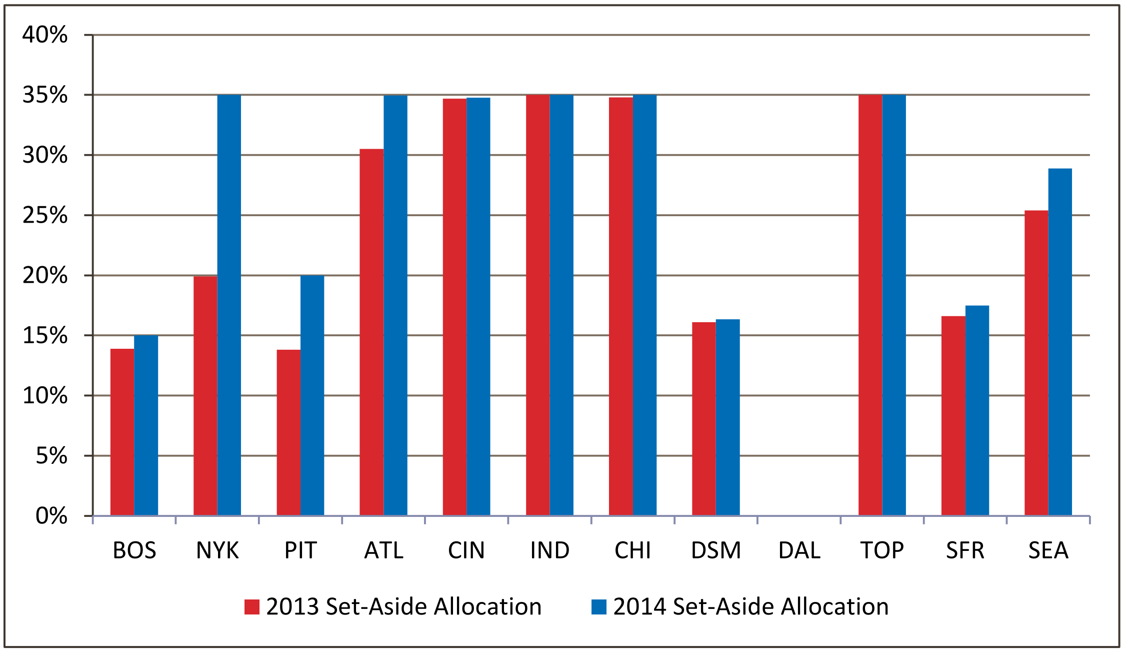
Table 5 compares each FHLBank's annual statutory contributions for 2013 and 2014, alongside the funds they allocated to their set-aside programs. Figure 7 details these programs as a percent of AHP funds in 2013 and 2014.[27]

[26] Set-aside funding allocated as a percentage of total AHP funding allocated was also 27 percent in 2012.
[27] Allocation totals may differ from actual disbursements because FHLBanks may, for example, carry forward uncommitted or unused AHP funds from prior years (or accelerate AHP funds from future years). As an illustration, in 2014, the Dallas FHLBank did not allocate AHP funds to its set-aside program but the FHLBank disbursed approximately $2.8 million under its set-aside program.

Table 5: 2013-2014 AHP Funds Allocated to the Set-Aside Program by FHLBank

FHLBank	Total 2014 AHP Statutory Funding Allocation	Funds Allocated to Set-Aside in 2014	Funds Allocated to Set-Aside in 2013
Boston	$24.2	$3.6	$3.2
New York	$34.0	$11.9	$8.0
Pittsburgh	$16.6	$3.3	$2.0
Atlanta	$37.6	$13.1	$9.3
Cincinnati	$29.6	$10.3	$9.5
Indianapolis	$25.1	$8.8	$6.2
Chicago	$32.6	$11.4	$14.5
Des Moines	$12.2	$2.0	$2.0
Dallas	$9.8	$0.0	$0.0
Topeka	$13.2	$4.6	$4.3
San Francisco	$51.5	$9.0	$10.0
Seattle	$6.9	$2.0	$2.0

Figure 7: FHLBank Set-Aside Allocations (2013-2014)



The FHLBanks may use their set-aside program funds to assist households to pay for down payment or closing cost assistance, home rehabilitation, and counseling costs in connection with the household's purchase or rehabilitation of an owner-occupied unit.[28] Historically, the majority of funds have been allocated for down payment or closing costs assistance. In 2014, the FHLBanks allocated almost 84 percent of total set-aside program funding to down payment or closing costs, up from 79 percent in 2013. Rehabilitation funding in 2014 was 16 percent of total funding, down from around 21 percent in 2013. Total down payment or closing costs funding was approximately $75.1 million, and total rehabilitation funding was approximately $14.3 million in 2014. The average set-aside subsidy per unit for rehabilitation also declined from $9,892 in 2013 to $9,190 in 2014.

While use of the set-aside program for rehabilitation costs leveled off in 2014, it had been growing over the last few years. As shown in Figure 8, rehabilitation assistance set-aside grants grew steadily from 2007 through 2011, increased more significantly in 2012, declined in 2013, and increased again in 2014.

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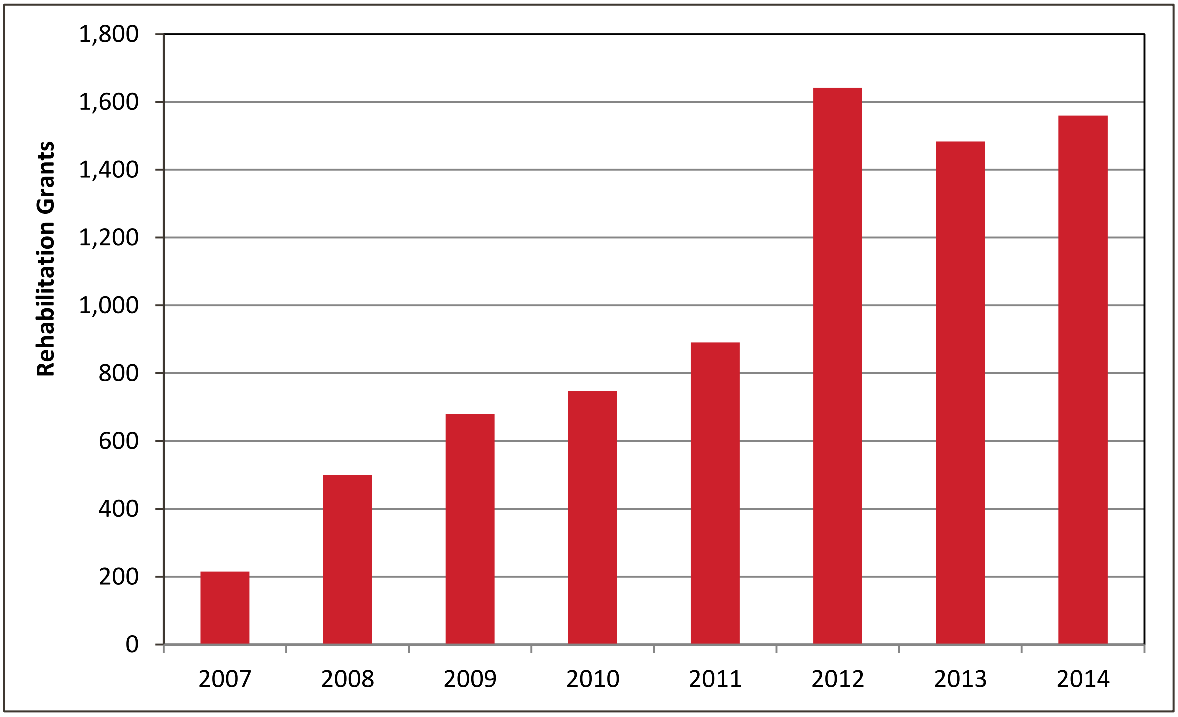
[28] FHFA does not collect data on the use of set-aside funds to pay for counseling costs. Data for set-aside funds used for closing costs and down payments is aggregated. FHLBanks submit data to FHFA on down payment and closing costs assistance as one data-reporting category. They also separately submit data on home rehabilitation assistance.

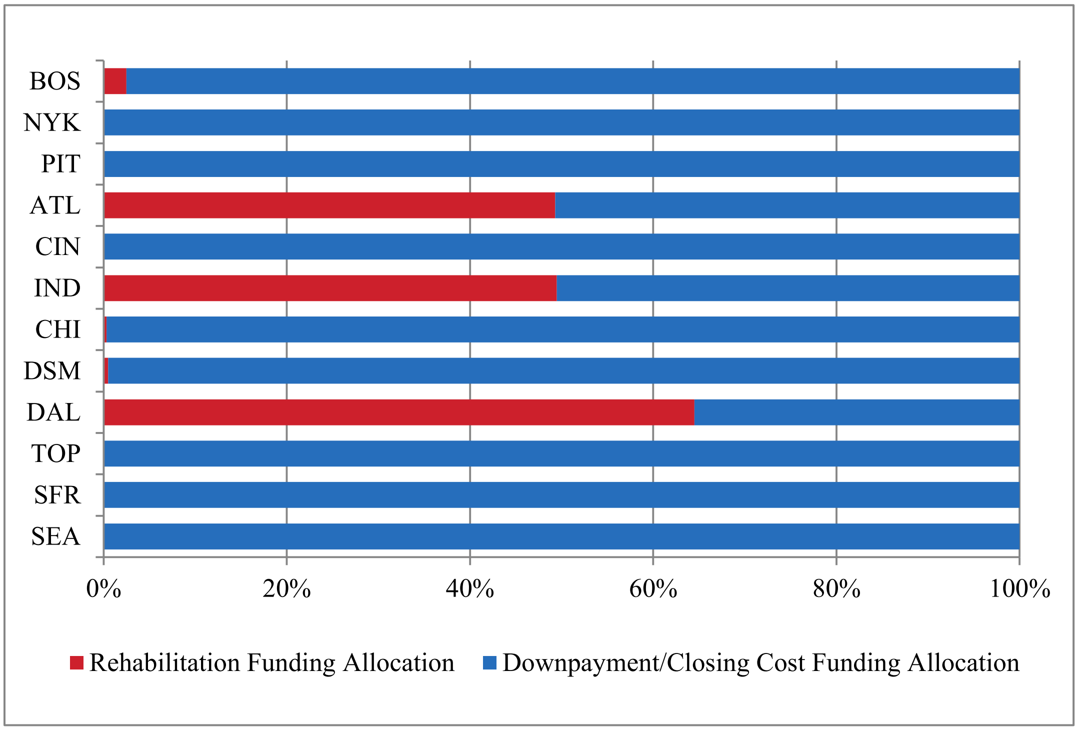
Figure 8: Number of AHP Homeownership Set-Aside Grants Used for Rehabilitation Assistance (2007 – 2014)



The FHLBanks have flexibility in their uses of set-aside funds, and their uses of these funds differ. In 2014, as in 2013, six FHLBanks provided set-aside funds only for down payment or closing costs assistance (the Cincinnati, New York, Pittsburgh, Topeka, San Francisco, and Seattle FHLBanks). The Chicago FHLBank distributed 99.7 percent of its set-aside funds for down payment or closing costs assistance, the Des Moines FHLBank distributed 99.5 percent of its set-aside funds for such assistance, and the Boston FHLBank distributed 97.5 percent of its set-aside funds for this purpose. These distributions were similar to each of these FHLBanks' distributions in 2013.

In 2014, three FHLBanks allocated a substantial percentage of their set-aside funds to rehabilitation costs (the Dallas, Indianapolis and Atlanta FHLBanks). While the Atlanta FHLBank distributed the highest percentage of its set-aside funds to rehabilitation funding in 2013, in 2014 the Dallas FHLBank, at 64.5 percent, distributed the most funding among the FHLBanks to rehabilitation assistance, while the Indianapolis FHLBank distributed 49.5 percent of its funding for this purpose, and the Atlanta FHLBank distributed 49.3 percent for rehabilitation, as well.

Figure 9: 2014 Set-Aside Program Allocations



Accessibility improvements for seniors aging in place in Belding, Missouri: an elderly couple was able to install an ADA-compliant shower with grab bar and a ramp with a $6,000 set-aside program grant. (Source: Indianapolis FHLBank)

Although the set-aside program must target households with low- or moderate-incomes, in a substantial number of cases AHP set-aside grants have been provided to households with lower incomes. In 2014, the average income of households assisted by the set-aside program was about $36,000 per year, or 57 percent of AMI. Also in 2014, the Dallas FHLBank assisted households with an average income of about $21,000, and the Indianapolis FHLBank assisted households with an average income of about $25,000.

The average house price for households assisted by the FHLBanks was a little less than $100,000 in 2014. As might be expected, house prices vary across FHLBank districts. Data on the household incomes and average house prices assisted by the set-aside program for each FHLBank in 2014 is shown in Table 6.

Table 6: 2014 Set-Aside Program Average Household Incomes and House Prices

FHLBank	Average Household Income	Average Household Income as a Percentage of AMI	Average House Price
Boston	$40,588	63	$140,959
New York	$42,504	55	$116,418
Pittsburgh	$35,420	55	$103,610
Atlanta	$37,042	62	$99,964
Cincinnati	$39,317	55	$95,228
Indianapolis	$25,093	52	$35,593
Chicago	$34,717	61	$91,815
Des Moines	$40,997	56	$95,223
Dallas	$21,445	47	$32,212
Topeka	$40,402	58	$90,847
San Francisco	$36,316	62	$149,154
Seattle	$35,073	60	$143,875

Note: Excludes households receiving rehabilitation assistance funds

If an FHLBank 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. FHLBanks often reserve more than one-third of their set-aside program funding for first-time homebuyers. Indeed, since program inception, almost 80 percent of households assisted by the set-aside program have been first-time homebuyers. In 2014, over 10,700 first-time homebuyers were assisted, about 2,600 more than in 2013. The average AHP subsidy provided to these homebuyers was about $6,700, up from approximately $6,300 in 2013. Most first-time homebuyers assisted by the set-aside program in 2014 had incomes between 50 percent and 80 percent of AMI. Notably, about 20 percent of first-time homebuyers (2,260 households) assisted by the set-aside program in 2014 were very low-income households with incomes between 30 percent and 50 percent of AMI, and about 3 percent of these households (343 households) were extremely low-income households with incomes of 30 percent or less of AMI.

Table 7 outlines the financing characteristics of these first-time homebuyers assisted by the set-aside program in 2014. Approximately 95 percent of these homebuyers (10,171) received fixed rate first mortgage loans, up from 91 percent in 2013. Additionally, almost 90 percent of first-time homebuyers (9,783) received a first mortgage loan financed by an FHLBank member. This percentage is consistent with previous years.

Some lower income households, even with a set-aside grant, need additional assistance to purchase a home. Approximately 17 percent of first-time homebuyers assisted under the set-aside program obtained a grant or forgivable loan from other sources to use in conjunction with a set-aside grant.[29] However, relatively few of the first-time homebuyers receiving set-aside funds (231) received a second mortgage loan along with the first mortgage loan, and even fewer (45) received a combination of a first mortgage loan, second mortgage loan, and non-AHP grant or forgivable loan in 2014.

[29] 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 residency requirement. After these conditions are met, the loan effectively becomes a grant.

Table 7: 2014 AHP Homeownership Set-Aside Program First-Time Homebuyers' Financing Characteristics

Household Incomes	Fixed Rate First Mortgage Loans[a]	First Mortgage Loans Financed by FHLBank Members[b]	Non-AHP Grants or Forgivable Loans[c]	Second Mortgage Loans[d]	Non-AHP Grants or Forgivable Loans and Second Mortgage Loans[e]
Incomes at or below 30 percent of AMI	306	310	96	5	2
Incomes greater than 30 percent, to 50 percent of AMI	2,453	2,303	551	52	15
Incomes greater than 50 percent, to 80 percent of AMI	7,412	7,170	1,143	174	28
Total	10,171	9,783	1,790	231	45

[a]*First-time homebuyers with set-aside assistance plus a fixed rate first mortgage loan*
[b]*First-time homebuyers with set-aside assistance and an FHLBank 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 non-AHP grant or forgivable loan*
[d]*F irst-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 and a second mortgage loan, along with a first mortgage loan*

The Community Investment Program and the Community Investment Cash Advance Program

The FHLBanks' support of low-income housing and community development activities also includes the CIP and CICA programs. FHLBank members can finance eligible targeted housing through the CIP program, and eligible targeted economic development projects and mixed-use projects through both the CIP and CICA programs. Unlike AHP, however, CIP and CICA funding is not subject to specific statutory contribution requirements, and this funding can vary as a variety of factors drive FHLBank member demand for the programs. These factors include community needs in FHLBank districts, as well as broader economic dynamics.

Economic development projects funded by either the CIP or the CICA program include commercial, industrial, manufacturing, social services, and public facility projects and activities, as well as public or private infrastructure projects. Examples include service or educational facilities, hospitals, nursing homes, civic centers, daycare centers, grocery stores, roads, utilities, water projects and waste water structures. Members may use CIP or CICA funds to finance loan originations, loan participations, revolving loan funds, and purchases of low-income housing tax credits and mortgage securities.

The CIP is a statutorily-required housing and economic development program for the FHLBanks and the Bank Act specifies the program's targeted beneficiaries and pricing.[30] The FHLBanks must price CIP advances to members at the cost of funds plus reasonable administrative costs. CIP housing advances may finance: home purchases by, or rehabilitation of, housing for households with incomes at 115 percent or less of AMI, commercial and economic development activities, and mixed-use projects. CIP commercial and economic development advances must benefit low- or moderate-income households with incomes at 80 percent or less of AMI, or commercial and economic development activities located in neighborhoods where at least 51 percent of households are low- or moderate-income.[31] Although the majority of CIP funding is through FHLBank advance products, the FHLBanks also offer CIP letters of credit.[32]

The CICA program is a voluntary economic development program under which an FHLBank may offer regular or discounted long-term advances to members or housing associates to use toward financing for targeted areas and small businesses.[33] The targeted areas include projects in designated redevelopment areas, such as brownfields and closed military bases, projects in designated Empowerment Zones or Champion Communities, and projects in neighborhoods with a median income at or below the applicable CICA targeted income level.[34, 35, 36] The targeted income level for CICA targeted economic development funding in rural areas is at or below 115

[30] Although the CIP program is statutorily-required, specific funding contributions are not statutorily-required.
[31] 12 U.S.C. § 1430(i); 12 C.F.R. part 1292.
[32] A letter of credit is a letter issued by an FHLBank guaranteeing payments made to another entity under stated conditions.
[33] 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 and economic development finance authorities. Housing associates are not FHLBank members but FHLBanks may offer them advance products. See 12 U.S.C. § 1430b; 12 C.F.R. part 1264.
[34] A brownfield is land formerly used as an industrial or commercial site. Brownfields may require remediation to remove contaminants.
[35] "Introduced in 1993, the Empowerment Zone . . . [i]nitiatives sought to reduce unemployment and generate economic growth through the designation of Federal tax incentives and award of grants to distressed communities." HUD, "Welcome to the Community Renewal Initiative." Accessed August 12, 2015. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/economicdevelopment/programs/rc.
[36] 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 United States Department of Agriculture as an Empowerment Zone or Enterprise Community, but was designated a Champion Community.

percent of AMI, and in urban areas it is at or below 100 percent of AMI.[37] As is the case with CIP, the majority of CICA funding is through advance products, although the program also offers grants and letters of credit.

The CIP and CICA programs are similar. However, they have five main differences. First, CIP is required by the Bank Act, whereas participation in the CICA program is voluntary for the FHLBanks. Second, CIP funds affordable housing projects, targeted economic development projects, and mixed-use projects that combine housing and economic development, while the CICA program only funds targeted economic development projects and mixed-use projects. Third, the CIP's targeted economic development program is designed to benefit areas with lower AMIs than the CICA targeted economic development program. Fourth, CIP advances must be priced at the cost of funds plus reasonable administrative costs (which may be lower than regular advance pricing), whereas CICA advances may be priced as either regular or discounted advances. Finally, the FHLBanks may provide advances and letters of credit under both programs, but they may provide only grants under the CICA program.

Total CIP funding commitments fell in 2014 from 2013, while total CICA program funding ticked up slightly. In 2014, CIP total advance commitments were about \$2.4 billion, down from \$2.7 billion in 2013. CIP advance commitments for housing projects fell by approximately \$360 million, but about 3,600 more housing units were assisted in 2014 than in 2013. Consistent with 2013, the majority of these were rental units in urban areas.

CIP advance commitments for economic development projects climbed from \$25.3 million in 2013 to \$44.6 million in 2014. However, over the last eight years, CIP advance commitments for economic development projects have declined sharply, and 2014 followed this pattern: only 9 of 405 CIP projects were economic development projects. On the other hand, CICA commitments for economic development projects are widely used by FHLBank members. Total CICA advance funding was approximately \$2.7 billion in 2014, up about \$30 million from 2013. (This total includes approximately \$21.7 million in mixed-use CICA advances.)

Funding for letters of credit under the CIP and CICA programs fell slightly from 2013 to 2014, but funding for CICA letters of credit remained higher than that for CIP letters of credit. CICA letters of credit were about 71 percent of the total FHLBank System's letters of credit, while CIP letters of credit were about 29 percent of that total. Tables 8a and 8b provide details of the CIP and CICA program for 2013 and 2014.

[37] 12 U.S.C. § 1430(j)(10); 12 C.F.R. § 1292.1.

FHLBank funding of the CIP and CICA programs can be analyzed in relation to FHLBank regular advances. Figure 10 details CIP and CICA funding and the FHLBanks' regular advances daily average (the daily average of the FHLBanks' regular advances). From 2008 to 2013, the funding for these programs broadly tracked FHLBank regular advances, even as the programs' funding did not proportionally fall as much as FHLBank regular advances over the peak years of the financial crisis.

Table 8a: CIP Overview (2013-2014)

		2013 Total	2014 Total
Total CIP Advance Commitments[a]		$2,705	$2,355
CIP Advance Commitments for Housing Projects		$2,677	$2,310
CIP Advance Commitments for Mixed-Use Projects		$2	$0
CIP Advance Commitments for Economic Development		$25.4	$44.6
Total CIP Projects		473	405
CIP Letters of Credit		$252.4	$242.4
Total Housing Units		25,361	29,000
	Owner-Occupied Housing Units	16,891	12,415
	Rental Housing Units	8,470	16,585

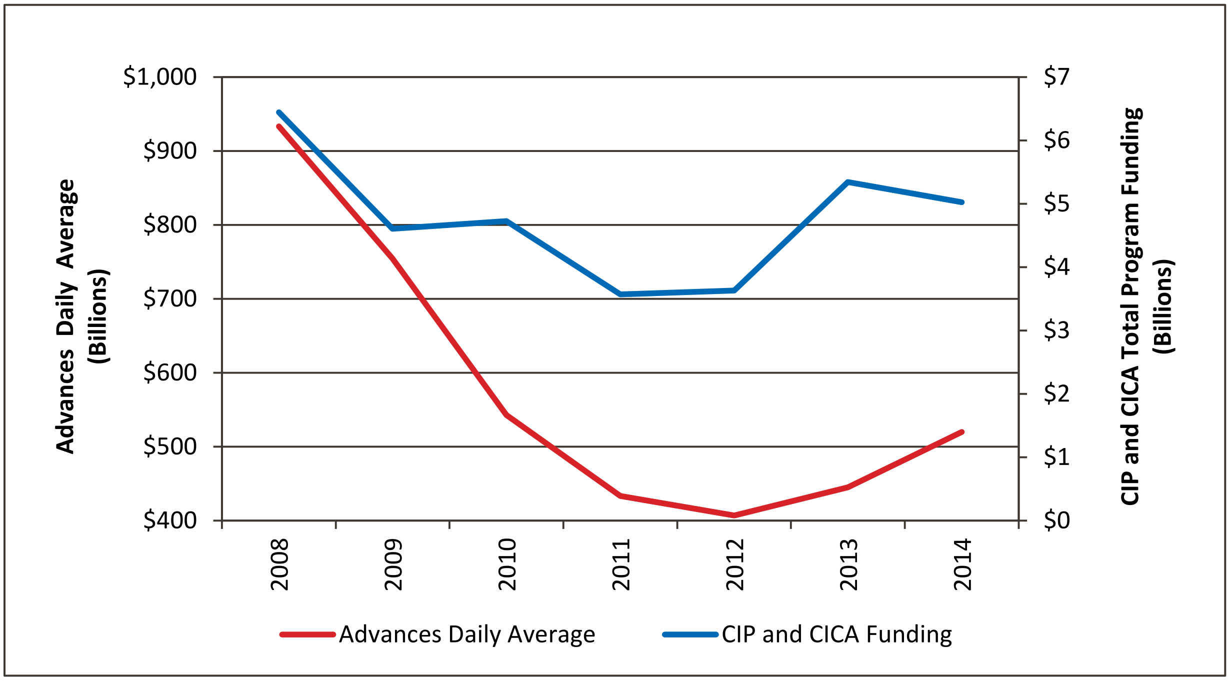
[a]Total advance commitments include CIP advance commitments where an initial disbursement occurred. Excludes rollovers and refinancing of previous advances.
Note: Dollars in millions. Data based on FHLBank member projections at the time of application.

Table 8b: CICA Overview (2013-2014)

	2013 Total	2014 Total
Total CICA Advance Commitments[a]	$2,637	$2,667
CICA Advance Commitments for Mixed-Use Projects	$152.4	$21.7
CICA Grants	$3.1	$3.9
CICA Letters of Credit	$597.2	$579.4
Total CICA Projects	660	528

[a]Excludes rollovers and refinancing of previous advances
Note: Dollars in millions. Data based on FHLBank member projections at the time of application.

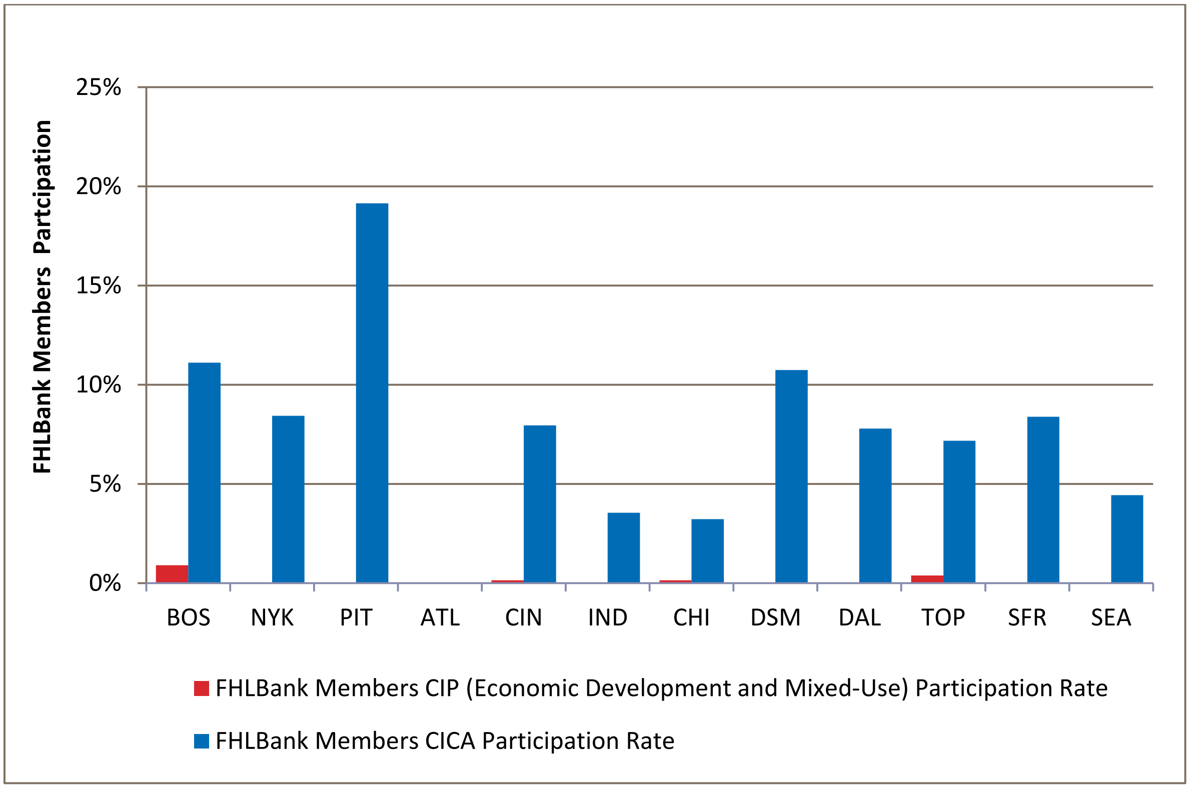
Figure 10: FHLBank Regular Advances Daily Average, and CIP and CICA Total Program Funding (2008 – 2014)



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

Figure 11 shows the percentage of total FHLBank members that participated in the CICA program or CIP economic development and mixed-use program in 2014.

Figure 11: 2014 FHLBank Members' CIP Economic Development and CICA Participation



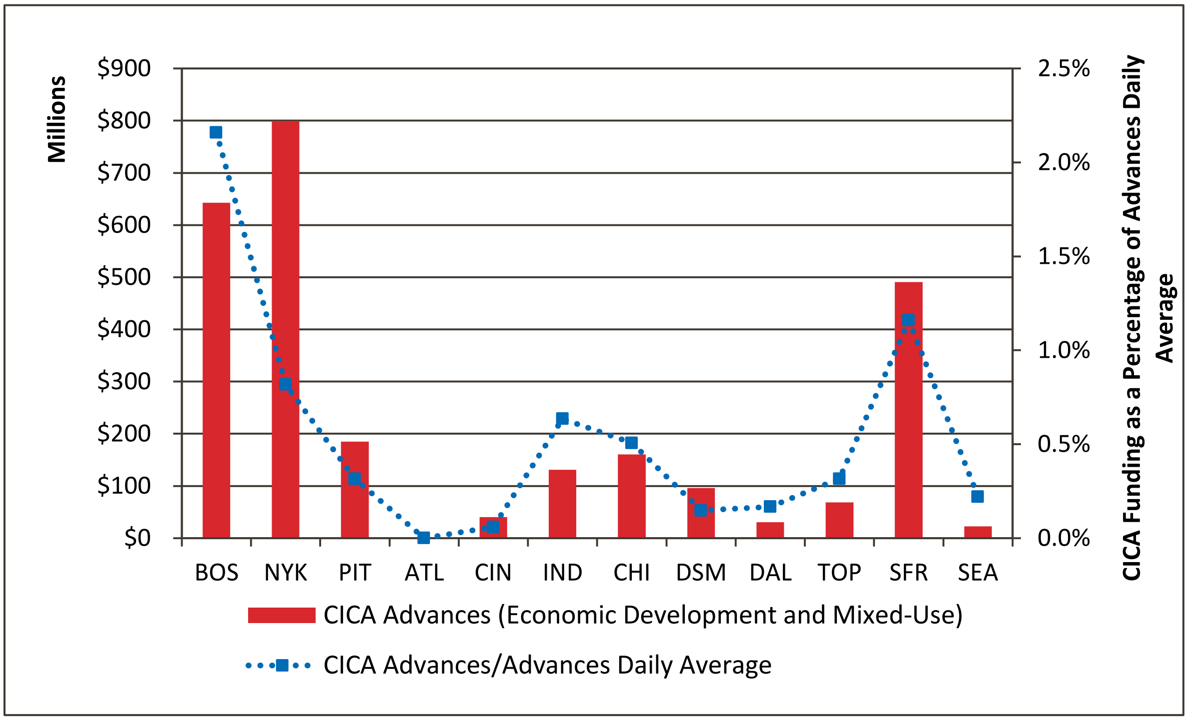
Source: FHFA Membership System

Mesa Housing

A CIP advance will be used for the construction and financing of Mesa Housing, an 81-unit senior living complex in Mesa, Arizona. This multifamily rental apartment project will be financed with Low-Income Housing Tax Credits. The project will be mixed-income, with about 80 percent of units occupied by very low-income households. (Source: San Francisco FHLBank)

Figures 12 through 14 show the advance levels for the CIP and CICA programs as they relate to FHLBank regular advances. Figure 12 focuses on CICA economic development and CICA mixed-use financing.

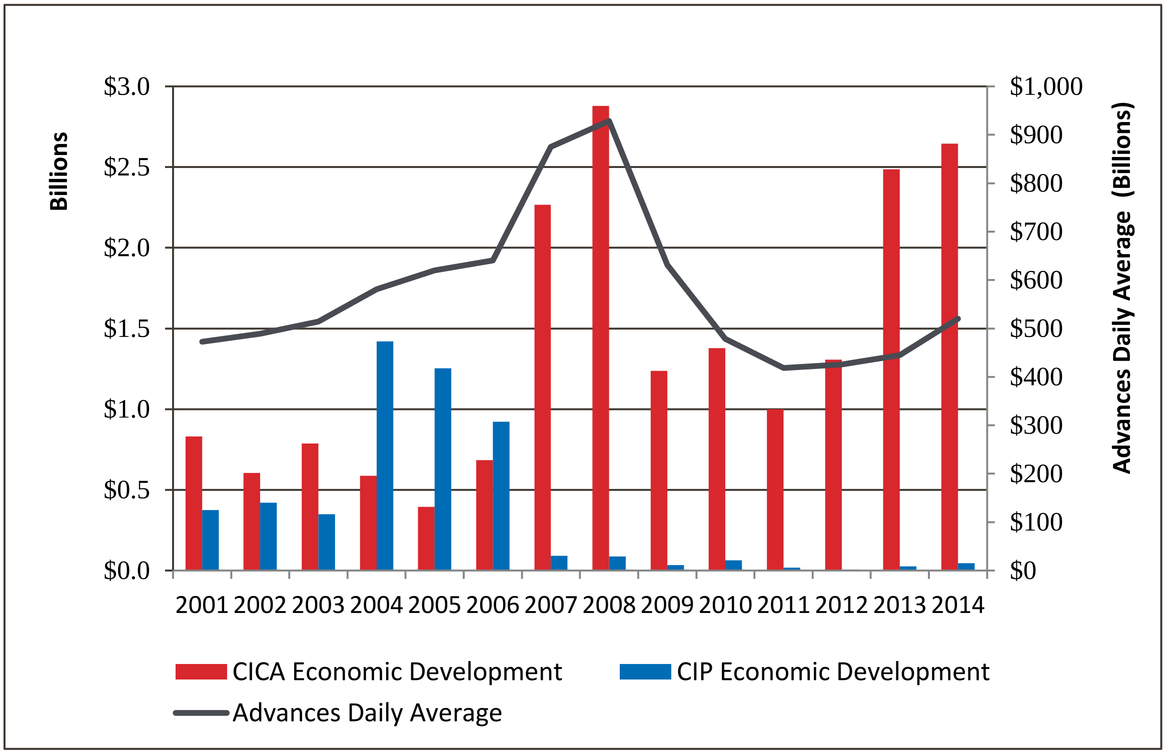
Figure 12: 2014 CICA Funding (Economic Development and Mixed-Use)



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

Generally, CIP and CICA total funding levels reflect a relationship to member demand for FHLBank regular advances. However, as shown in Figure 13, CICA economic development funding showed a greater percentage increase in 2013 and 2014 than FHLBank regular advances. Figure 14 shows CIP housing advances and FHLBank regular advances daily average. They appear to have moved together broadly over the 2001 through 2014 period, although in 2014 CIP housing advances ticked down while FHLBank regular advances ticked up.

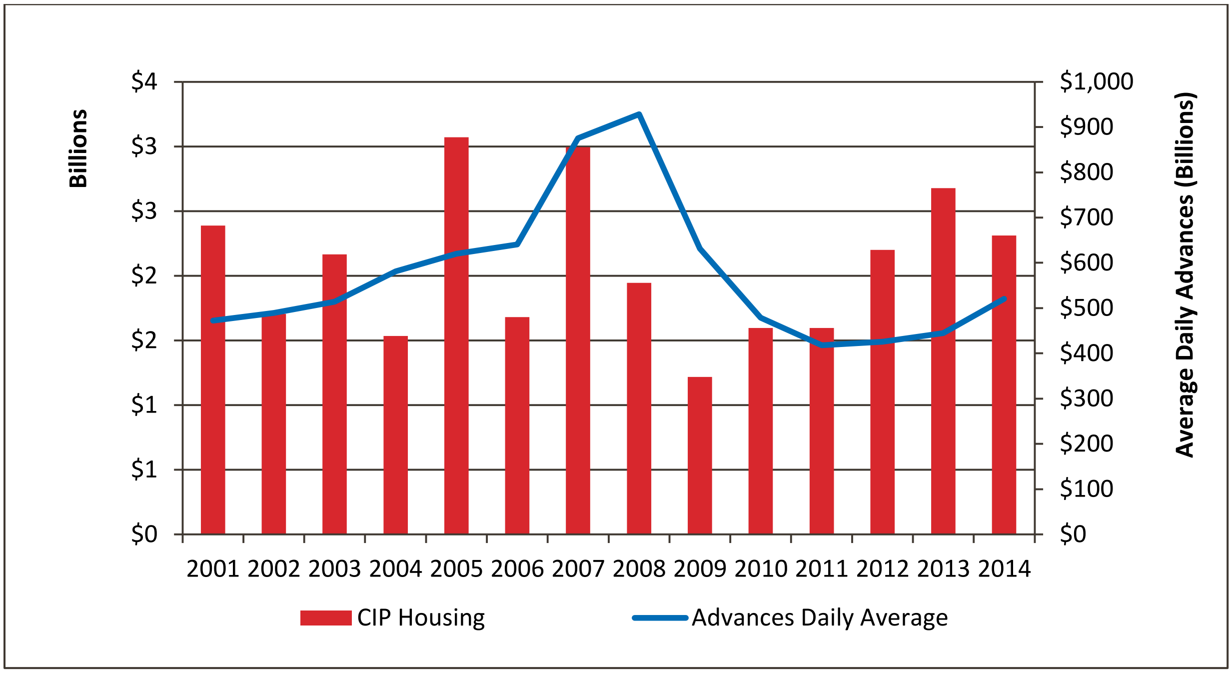
Figure 13: CIP Economic Development and CICA Economic Development, and Advances Daily Average (2001 – 2014)



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

Note: CICA and CIP Economic Development Funding on Left Axis, Average Daily Advances on Right Axis

Figure 14: CIP Housing and Average Daily Advances (2001 – 2014)



Source: Advances daily average data from FHFA's Call Report System
Note: CIP Housing on Left Axis, Average Daily Advances on Right Axis

In 2014, FHLBank members used CIP and CICA funds to finance housing, economic development, and mixed-use projects in both urban and rural communities (see Table 9). Approximately 82 percent of this funding assisted projects in urban areas ($4.8 billion), similar to 2013. Also consistent with 2013, urban projects made up about half of total projects, and a much larger majority of housing units assisted were in urban areas (approximately 92 percent). About 65 percent of total urban units were rental units (20,452). Rural projects received approximately $1.0 billion in funding in 2014, similar to 2013. This funding supported 4,770 housing units, the majority of which (62 percent) were rental.

Table 9: 2014 CIP and CICA Program Projects Serving Urban and Rural Communities

	2014 Urban[a] Projects				2014 Rural[a] Projects				
	Housing	Economic Development	Mixed-Use	Total Urban Projects	Housing	Economic Development	Mixed-Use	Total Rural Projects	2014 Total
Total Approved Projects	278	245	4	527	145	429	3	577	**1,102**
Total Commitments[b]	$2,363	$2,443	$12.4	$4,818	$214.5	$834.4	$9.3	$1,058	**$5,849**
Projected Number of Rental Housing Units (CIP only)	20,277	0	175	20,452	2,942	0	30	2,972	**21,329**
Projected Number of Owner-Occupied Housing Units (CIP only)	10,925	0	4	10,929	1,728	0	70	1,798	**12,559**
Projected Number of Housing Units (CIP only)	31,202	0	179	31,381	4,670	0	100	4,770	**33,888**

Note: Dollars are in millions. Sums have been rounded.

[a] *"Urban" and "rural" as defined in 12 CFR 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 FHLBank member projections at the time of application.*

Community Development Financial Institutions

Community Development Financial Institutions (CDFIs) are financial intermediaries certified by the CDFI Fund within the U.S. Treasury Department. CDFIs are dedicated to assisting underserved communities, and their activities include promoting economic development, affordable housing, community development financial services, and other basic banking services.[38]

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. Non-depository CDFIs eligible for membership under HERA include community development loan funds and venture capital funds that demonstrate a commitment to housing finance, among other membership eligibility requirements.

Membership in an FHLBank can provide these non-depository CDFIs with 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 incrementally increased across the FHLBank System.

In 2014, FHLBank non-depository CDFI membership increased by 12 members, which represented a 66 percent increase from 2013. As of December 31, 2014, there were 30 non-depository CDFIs with FHLBank membership, and all FHLBanks had at least one non-depository CDFI member (see Table 10).

Non-depository CDFI members' total outstanding advance balances were approximately $111.1 million in 2014, up from approximately $59 million in 2013.

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[38] Community Development Financial Institutions Fund (Department of the Treasury). "Community Development Financial Institutions Program." Accessed August 6, 2015 [http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=7.

Table 10: Non-depository CDFI Members Per FHLBank (2013-2014)

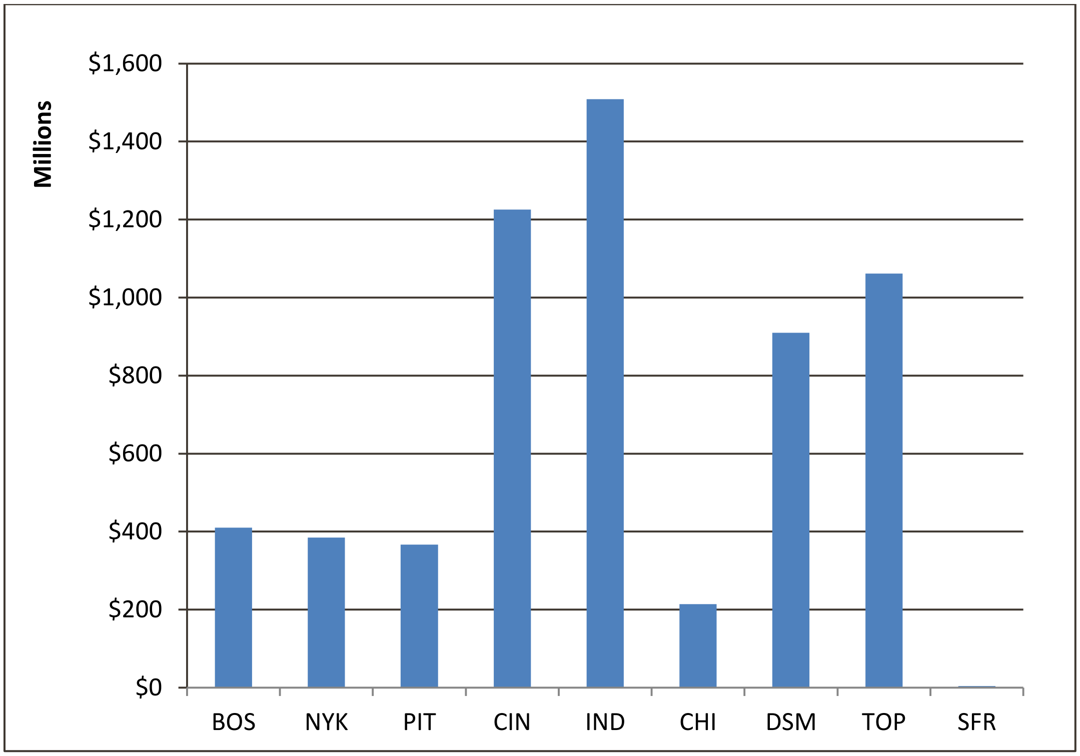
FHLBANK	2013	2014
Boston	1	4
New York	2	2
Pittsburgh	0	1
Atlanta	1	2
Cincinnati	4	4
Indianapolis	1	2
Chicago	1	1
Des Moines	1	1
Dallas	3	4
Topeka	0	2
San Francisco	4	5
Seattle	0	2
Total	**18**	**30**

Source: FHFA Membership System

Affordable Housing Goals

FHLBanks purchase whole mortgages through their AMA programs, and nine of the FHLBanks purchased mortgages through AMA programs in 2014. An FHLBank is subject to affordable housing goals if its AMA purchases exceed an annual volume threshold of $2.5 billion. In 2014, none of the FHLBanks exceeded this level, and as a result, none was subject to meeting the housing goals. Figure 15 details these purchases.

Figure 15: 2014 FHLBank AMA Purchases



Source: FHFA's AMA database

Note: The San Francisco FHLBank's AMA Purchases in 2014 were approximately $3.7 million

Appendix 1: 2014 FHLBank Advisory Council Reports

Below are highlights from the 2014 FHLBank Advisory Council reports provided to FHFA. This summary includes brief descriptions of special FHLBank community investment programs and FHLBank initiatives.

The **Boston FHLBank Advisory Council report** notes that the FHLBank continued its partnership with the Federal Reserve Bank of Boston, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of Currency (OCC) to sponsor conferences. These conferences inform FHLBank members about business development opportunities, as well as about the Community Reinvestment Act value of the FHLBank's housing and community investment programs. In addition, the FHLBank sponsored Access to Capital, a roundtable discussion with Maine CDFIs on the role that CDFIs, FHLBanks, government agencies, and foundations play with regard to expanding investment in Maine's network of CDFIs. The FHLBank also continued its partnership with NeighborWorks America.

The Advisory Council reports that for the fourteenth consecutive year, Boston area graduate students and regional housing developers participated in the FHLBank-sponsored Affordable Housing Development Competition. The competition provides area nonprofit developers with additional expertise to develop new affordable housing initiatives in their communities, while it also aims to educate the next generation of affordable housing developers and designers.

The **New York FHLBank Advisory Council report** discusses the performance of the FHLBank's set-aside program, the First Home Club. The First Home Club is an AHP-matched savings program to assist first-time homebuyers. The FHLBank found that during the period from 2005 to 2009, there was a 0.54 percent foreclosure rate among First Home Club household participants. The report observes that for any program, such a default rate would be remarkably low. This finding is particularly notable, though, considering that the First Home Club participants are households with incomes at or below 80 percent of AMI. The report also notes that the First Home Club requires participants to not only complete a homeownership counseling program, but also commit to a dedicated savings account. The report indicates that the First Home Club has helped more than 9,000 households become responsible, knowledgeable homeowners, and this kind of homeownership helps strengthen communities.

The **Pittsburgh FHLBank Advisory Council report** highlights the FHLBank's Blueprint Community Initiative. This initiative was launched and implemented by the FHLBank in 2005 to catalyze community revitalization and encourage coordinated investments in targeted communities. The report notes that the FHLBank also offers the Banking on Business (BOB) program, which provides funds to small business owners who lack sufficient equity or cash flow to qualify for standard lending. BOB funds are integrated with commercial underwriting and are eligible for credit under the Community Reinvestment Act.

The report also cites another FHLBank initiative to encourage community lending, the Pillars of the Community award program, which provides recognition to financial institutions for outstanding service to the community. Recipient institutions receive $1,000 to donate to the charity of their choice.

The **Atlanta FHLBank Advisory Council report** details FHLBank community outreach, which involved activities and events, including FHLBank-sponsored events as well as events hosted by other stakeholders. The report details a number of events attended by FHLBank staff in 2014, including the Community Reinvestment Act Interagency Conference, the Advancing Your CRA Business Development Opportunities Forum, Georgia's Own Credit Union Homebuyer Workshop, and the Mortgage Bankers Association of Florida Annual Convention. The report also notes attendance at the Florida Housing Coalition Annual Statewide Conference, the National Association of Housing and Redevelopment Authorities National Conference and Exhibition, the Virginia Governor’s Housing Conference, and the Southeast Regional Council of the National Association of Housing and Redevelopment Authorities Fall Conference.

The **Cincinnati FHLBank Advisory Council report** discusses three additional FHLBank affordable housing grant programs under its voluntary (non-statutory) Carol M. Peterson Fund (Peterson led the FHLBank’s affordable housing programs for 20 years). First, the Excellence in Service Awards were used to assist in the development of innovative housing and housing-related projects benefiting special needs households in the FHLBank’s district. Second, the Accessibility Rehab Program provided grants for accessibility rehabilitation and emergency repairs for low- and moderate-income, elderly and special needs homeowners. Third, the Disaster Reconstruction Program assisted residents in the FHLBank’s district whose homes were damaged or destroyed by natural disasters. The FHLBank awarded grants of approximately $140,000 for the Excellence in Service Awards, $861,000 for the Accessibility Rehab Program, and $600,000 for the Disaster Reconstruction Program.

The **Indianapolis FHLBank Advisory Council report** notes that the Advisory Council described its strategic planning initiatives at its May quarterly meeting. Advisory Council members from the Indiana Association of Community Economic Development and the Community Economic Development Association of Michigan gave a joint presentation on Comprehensive Community Development and Placemaking initiatives in the FHLBank’s district. The report indicates that these initiatives are an alternative to conventional approaches to economic development, founded on the belief that problems facing communities need to be addressed in a holistic and participatory way. The report notes that through participation, nonprofits can start with local assets and then incorporate government and private funding to attract people and resources to their communities. The report further notes that at the Advisory Council's July quarterly meeting, the Advisory Council and the FHLBank's board of directors met in Detroit for a bus tour that provided a historical perspective of Detroit and showcased downtown neighborhoods experiencing revival.

The **Chicago FHLBank Advisory Council Report** notes that the FHLBank provided over $332 million in funding for community lending programs. The report provides examples of people assisted through these programs. One notable example was the PhilHaven Project, a special needs project in Wheeling, Illinois, which is an area with limited housing options for people living with disabilities. PhilHaven offers affordable housing for people with different types of disabilities, particularly those with mental health issues. The housing project also provides resources like vocational training, substance abuse programming, case management, and therapeutic services. The project plans to enhance services by collaborating with local mental health organizations to work with each tenant as a team.

The **Des Moines FHLBank Advisory Council report** notes the launch of the FHLBank's Strong Communities Award. The report states that the award honors projects, people and programs that promote small business growth and retention within communities. The report also notes that the award attracted a diverse pool of applicants from the FHLBank's district. The FHLBank chose six finalists for the award to participate in a public vote through its Strengthening Communities Together public policy network. The public voted for the FHLBank to award a $15,000 grant to Pulaski Bank in St. Louis, Missouri. Pulaski Bank will use the grant to finance a facility that houses an incubator for start-up technology companies in the region.

Additionally, the report notes that the Advisory Council visited St. Louis, Missouri, as well as Duluth, Minnesota, and the Pine Ridge Native American Reservation, in order for the Advisory Council to shape and refine its recommendations for the FHLBank's AHP grant funds.

The **Dallas FHLBank Advisory Council report** includes a discussion on the performance of the FHLBank's Housing Assistance for Veterans program (HAVEN) and the FHLBank's Partnership Grant Program (PGP). The HAVEN program is a housing program designed to provide grants to veterans or active service members disabled because of active military service during the period after the September 11th attacks. Through the HAVEN program, the FHLBank allocates funds to FHLBank members for home modifications for such households. Modifications can include the installation of grab bars and ramps, door widening, and lowering of countertops. Grants have totaled approximately $119,000. The PGP assists FHLBank members in helping community organizations with operational and administrative expenses. The FHLBank matches an FHLBank member's cash contribution of $500 up to $4,000 to a community-based organization at a three-to-one ratio. In 2014, the FHLBank awarded $225,000 in PGP grants.

The **Topeka FHLBank Advisory Council report** provides examples of AHP recipients, including Mosaic Housing, which serves more than 3,700 people with intellectual disabilities in 10 states. Mosaic Housing is a long-time recipient of the FHLBank's competitive application program grants, receiving nine grants between 2003 and 2014, totaling nearly $1.5 million. The latest $600,000 grant was for the rehabilitation of two collections of duplexes with 20 units in Omaha, Nebraska. In addition to structural updates, such as new plumbing, flooring and lighting, Mosaic Housing also modernized the space, allowing for more natural light, better livability for families, and improved safety. The rehabilitation also allowed Mosaic Housing to launch new onsite activities to better integrate residents into the surrounding community.

The **San Francisco FHLBank Advisory Council report** notes that the FHLBank received 165 applications for its competitive application program, but it was only able to award funds to 69 projects. Under the FHLBank's set-aside program, the FHLBank funded matching grants for eligible first-time homebuyers through both the Workforce Initiative Subsidy for Homeownership (WISH) and the Individual Development and Empowerment Account (IDEA) programs, which offer 3-to-1 matching grants of up to $15,000 for the purchase of a home.

The FHLBank also participated in a variety of public and industry events, as well as affordable housing and community development conferences, forums, and meetings. These included the Arizona Housing Forum, the Arizona Health Communities Conference, and the California Community Economic Development Association's Twenty-Fifth Annual Teaching and Learning Conference. The report also notes FHLBank attendance at its Affordable Housing Roundtable, the Mayoral Housing, Transportation, and Jobs Summit in Los Angeles, and the National Housing Conference's Solutions 2014 Conference. The report also notes that FHLBank community investment staff conducted webinars (covering the competitive application process and program compliance) and workshops for FHLBank members and partners.

The **Seattle FHLBank Advisory Council report** provides narrative descriptions of the 2014 competitive application projects receiving AHP assistance from the FHLBank. The report cites the Monroe Family Village, a project serving both the homeless and households with special needs. The project includes construction of a 47-unit apartment complex consisting of two- and three-bedroom units that will serve households earning at or below 30 and 50 percent of AMI. Project-based Section 8 vouchers will be available for 24 of the 47 units. Ten units will be reserved for homeless households, and ten units will be reserved for households with a family member recovering from substance abuse. Housing Hope will provide case management, career counseling, employment training, savings and investment education, basic life skills, and parenting training.

Appendix 2: Additional AHP, CIP and CICA Data

Table A below details competitive application projects serving urban and rural communities from 1990 to 2014. Units in urban areas compromised approximately 72 percent of all units funded from 1990 to 2014, while urban projects constituted about 68 percent of all funding. Additionally, approximately 72 percent of all units served very low-income households over this time.

Table A: AHP Competitive Application Program Serving Urban and Rural Communities (1990-2014)

	Urban Projects	Rural Projects	Total Projects
Total Number of Awarded Projects	10,161	5,820	15,981
Funds Awarded	$2.7 billion	$1.3 billion	$4 billion
Housing Units	448,379	171,069	619,448
Average Number of Units per Project	44	29	39
Average Subsidy per Unit	$6,062	$7,389	$6,429
Number of Very Low-Income Housing Units[a]	327,277	115,988	443,265

[a] *Very low-income is defined as households with incomes at 50 percent or less of the area median income.*

Table B details rental and owner-occupied competitive application projects from 1990 to 2014. Approximately 76 percent of all competitive program units funded were rental units, and about three-quarters of those rental units were very low-income housing units. Of the owner-occupied units funded from 1990 to 2014, about 60 percent were also very low-income units.

Table B: AHP Competitive Application Program Overview (1990 – 2014)

	Rental Projects	Owner-Occupied Projects	Total Projects
Total Number of Awarded Projects	9,673	6,308	15,981
Funds Awarded	$3 billion	$1 billion	$4 billion
Housing Units	471,521	147,927	619,448
Very Low-Income Housing Units[a]	355,867	87,398	443,265

[a] Very low-income is defined as households with incomes at 50 percent or less of area median income.

Tables C and D outline competitive application special needs and homeless projects awarded in 2014. Table C shows that most special needs projects serve persons with disabilities (170 projects). Table D details special needs projects by the type of special needs addressed. The highlighted row in blue shows that there were two competitive program projects in 2014 that served all of the special needs populations specifically identified in the AHP regulation, as well as the homeless.

Table C: 2014 AHP Competitive Application Program Projects Serving Special Needs and Homeless Households

	2014 Total	1990-2014
Total Number of Awarded Projects	519	15,981
Number of Projects with Units Reserved for Persons with Disabilities[a]	170	3,409
Number of Projects with Units Reserved for Elderly Households[a]	122	3,042
Number of Projects with Units Reserved for Homeless Households[a]	139	4,771
Number of Projects with Units Reserved for Two or More Special Needs or Homeless Households	109	2,343

[a] Projects with 20 percent or more of total units reserved for occupancy by such households.

Table D: 2014 AHP Competitive Application Program Projects Serving Special Needs and Homeless Households (Detailed)

Persons with Disabilities	Substance Abuse	Homeless	HIV/AIDS	Elderly	Physical Abuse	Total Projects
	X				X	1
		X	X			1
	X	X	X		X	1
X					X	1
X	X				X	1
X	X			X		1
X	X	X	X		X	1
X	X		X	X		1
					X	2
	X	X			X	2
X		X			X	2
X	X	X		X		2
X	X	X		X	X	2
X	X	X	X			2
X	X	X	X	X	X	2
X		X		X		3
X	X					3
		X			X	4
		X		X		5
	X					7
X	X	X				12
	X	X				16
X				X		30
		X				38
X		X				46
X						61
				X		76

Figure A shows that urban letters of credit for CIP and CICA programs continue to outpace rural letters of credit, although both have declined over the last four years.

Figures B and C detail the competitive program and the set-aside program by units and funding. Since 2007, AHP funding per unit for the competitive program has declined. Over the same time, funding and units have generally increased in the set-aside program, with sharp gains in 2014. Lastly, Table E shows that in 2014, funding for the set-aside program jumped to 27 percent of all AHP funds from 21 percent in 2013.

Figure A: CIP and CICA Program Urban and Rural projects Letters of Credit Commitments (2009 – 2014)

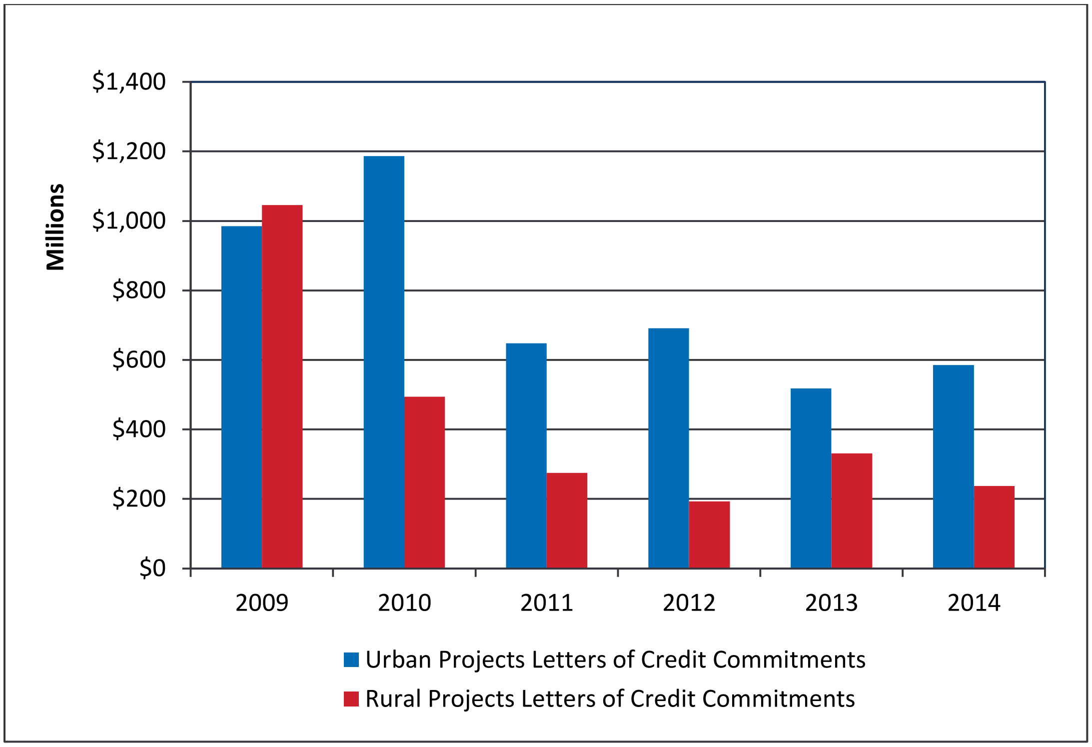


Figure B: AHP Competitive Application Program (1990 – 2014)

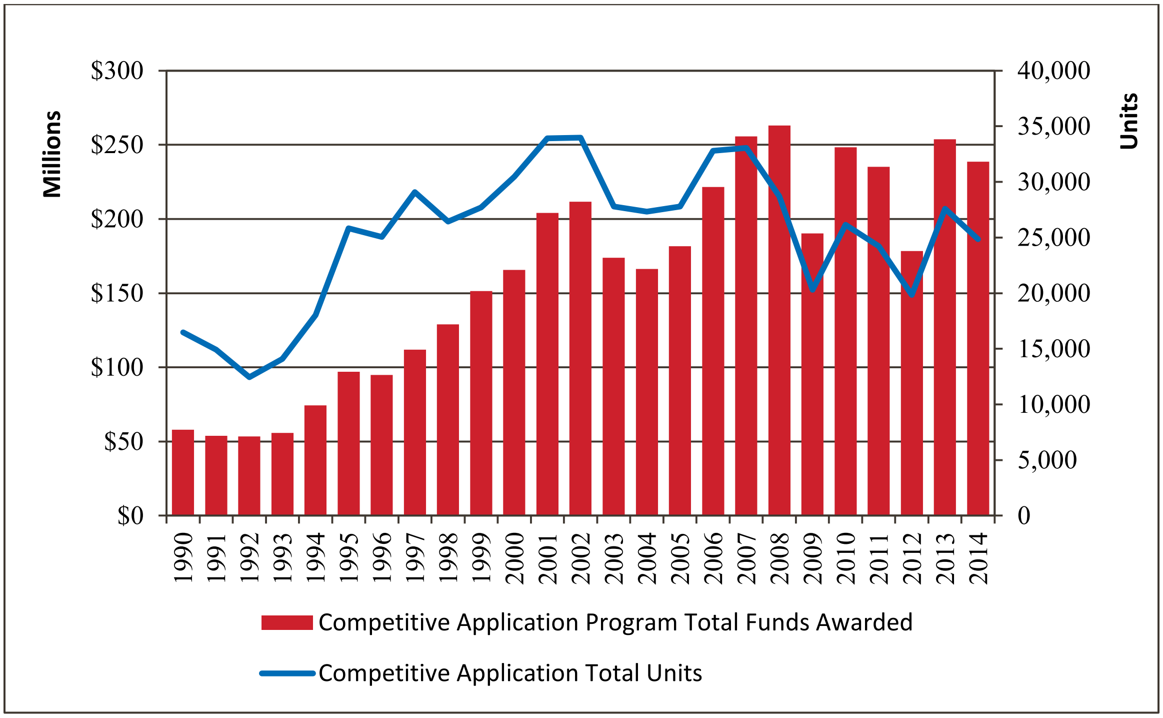


Figure C: AHP Set-Aside Program (2003 – 2014)

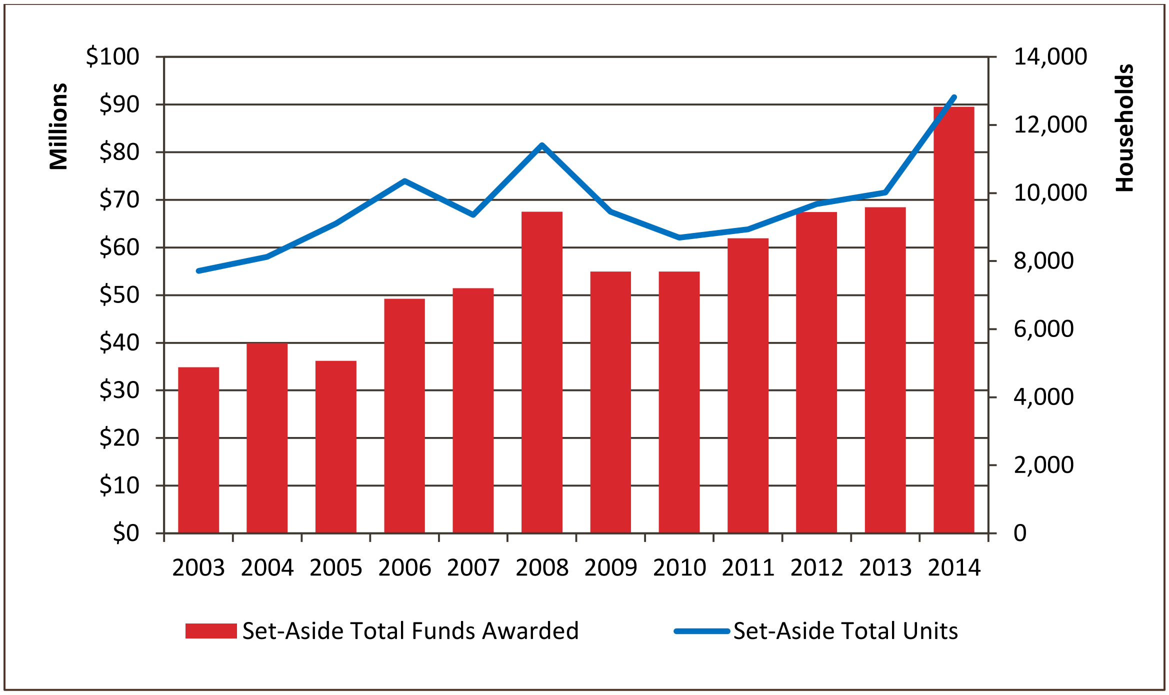


Table E: AHP Allocations to the Set-Aside and Competitive Application Programs (2003 – 2014)

Year	Set-Aside Funding as a Percentage of AHP Funding	Competitive Funding as a Percentage of AHP Funding
2003	17%	83%
2004	19%	81%
2005	17%	83%
2006	18%	82%
2007	17%	83%
2008	20%	80%
2009	22%	78%
2010	18%	82%
2011	21%	79%
2012	27%	73%
2013	21%	79%
2014	27%	73%