

July 15, 2024

Joshua Stallings  
Deputy Director  
Division of Bank Regulation Federal Housing Finance Agency  
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Subject: Response to [Request for Input: Federal Home Loan Bank Core Mission Activities and Mission Achievement](#)

Dear Deputy Director Stallings,

The [National Cooperative Business Association CLUSA International \(NCBA CLUSA\)](#) has served as the apex association for cooperative businesses in the U.S. for over 108 years by representing and promoting the interests of cooperatives across all sectors, from financial services to energy, food production and distribution to health care and housing. The following provides responses to FHFA's [Request for Input: Federal Home Loan Bank Core Mission Activities and Mission Achievement](#) (RFI). We write this letter to ensure that the federal government, through all its agencies and programs tasked with addressing the housing crisis and wealth gaps, recognizes affordable housing cooperatives as a proven, affordable shared equity model that is eligible for financing and other federal support.

Affordable housing cooperatives and other shared equity models provide benefits that other options such as rental housing, cannot provide, including: building wealth, increasing agency, advancing well-being and health, and achieving generational affordability. For example, Acolin et al. (2021) reported the first study to compare wealth accumulation over the previous two decades for participants in different types of shared-equity housing (SEH) programs with outcomes of renters and homeowners with similar characteristics. The researchers found "SEH homeowners accumulate significantly (statistically and economically) more home equity than renters accumulate wealth."

Federal policy and channels of support to address housing and the economic development needs of communities often fail to expressly include or prioritize shared equity models in the list of alternatives or priorities. Individuals and families should not be given the Hobson's choice of single-family homeownership or rental housing when cooperatives present a viable, proven, and long-established alternative.

The following provides responses to FHFA's three areas of inquiry within the RFI:

1. Updating the regulatory statement of the FHLBank System's mission to better reflect its appropriate role in the housing finance system;
2. Developing metrics and thresholds to evaluate mission achievement; and
3. Identifying how the FHLBanks could incorporate incentives for members with a strong and demonstrable connection to the FHLBank System's mission.

**The National Cooperative Business Association • CLUSA International**

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1. **Updating the regulatory statement:** There are more than 190,000 affordable cooperative homes in the U.S. There are 326 resident-owned communities (ROCs [also known as manufactured housing communities]) in 21 states in the ROCUSA network; 75% of homebuyers in these ROCs earn less than 80% of Area Median Income. Evidence from the last housing crisis in 2008-2010 suggests that shared equity models, including affordable cooperatives, fared better than their conventional housing neighbors. Resident-owned communities in the ROCUSA network experience a zero-default rate. The FHLB's mission to advance housing and community economic development clearly encompasses permanently affordable housing cooperatives and other shared equity models. In an era of increasing housing unaffordability, expanding wealth gaps, and mass gentrification, the potential for permanent affordability that comes from cooperatives and other shared equity housing can serve as a bulwark against displacement for historically disenfranchised people and communities.

The FHLB recognizes the value of the cooperative model because it operates as one. As highlighted in FHLB's own description of its structure:

*The cooperative structure of the FHLBank System eliminates many of the incentives a publicly traded company may have to increase risk and, in fact, discourages FHLBanks from taking excessive risk. As cooperatives, FHLBanks do not have the pressure for high rates of return as do publicly traded companies. They pass their borrowing benefits in the global debt markets on to their members in the form of lower borrowing costs, which are subsequently passed on to consumers, businesses, and communities. Additionally, the cooperative nature and regional structure of the FHLBank System enables each FHLBank to respond to local needs and design products and services tailored to the communities served by their members.(emphasis added)*

As the FHLB acknowledges, cooperatives are designed to meet the needs of communities rather than incentivizing risk and profits that often drive outside, non-mission-oriented investors. The more lending and incentives for affordable cooperatives, particularly in communities of color that have been historically and systemically underserved, the more communities can thrive.

2. **Developing metrics:** Metrics should align with the mission and should help identify success for communities and their residents. Direct investments in lower-income communities, rural areas, Native American communities, and households of color should be weighted more heavily. Benefits to communities and households of color in the area of advancing housing stability and economic well-being should be tracked to ensure that lending through the FHLB system is linked to outcomes. We urge FHLB to work with communities and cooperative experts to identify how to identify and track more metrics – and make them easily available - to understand how cooperatives and other forms of shared equity can be preserved or developed in ways that advance the identified goals of communities.
3. **Identifying how the FHLBanks could incorporate incentives for members with a strong and demonstrable connection to the FHLBank System's mission:** We urge incentives for preserving and developing more affordable housing in low-income communities. Given the affordable housing crisis and the racial wealth gap, it is critical that the FHLB incentivizes members to lend in measurably beneficial ways, including advancing housing stability and economic well-being, and preserving and creating more affordable housing units in lower-income and communities of color. Incentives for more loan funds,

credit enhancement tools for cooperative lending institutions, share loans and blanket mortgage loans to cooperatives, and other forms of lending that support cooperative development are needed.

Finally, we urge more outreach to and participation of affordable housing cooperative and other shared equity housing experts and members on advisory boards throughout the FHLB regional system to help these models gain more understanding and support.

We appreciate your consideration of these comments. If you have questions, please reach out to me directly or to our Director of Government Relations, Aaliyah Nedd at [anedd@ncba.coop](mailto:anedd@ncba.coop)

In cooperation,

A handwritten signature in black ink, appearing to read "Doug O'Brien", with a long horizontal flourish extending to the right.

Doug O'Brien  
CEO, NCBA CLUSA