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October 31, 2022

Federal Housing Finance Agency  
400 7<sup>th</sup> Street SW  
Washington, DC 20024  
RE: FHLBank System at 100: Focusing on the Future

FHLBank Topeka's Affordable Housing Advisory Council (AHAC) is honored to offer our collective thoughts and comments for the Federal Housing Finance Agency (FHFA) "FHLBank System at 100: Focusing on the Future" initiative. FHFA's willingness to consider a wide variety of opinions is necessary for FHLBank programs, especially the Affordable Housing Program (AHP), to remain relevant in the future.

AHAC's comments are centered on the AHP, our competitive grant program, and Homeownership Set-aside Program (HSP), which provides down payment, closing cost and repair assistance to first-time homebuyers earning at or below 80% of area median income.

### **The FHLBanks' general mission and purpose in a changing marketplace**

FHLBank Topeka's mission is centered on making a difference by helping our members build their communities. Serving on the AHAC for FHLBank Topeka allows us to impart insight and consultation on how the AHP and HSP provide funding within our district. Our AHAC is comprised of twelve housing professionals with a variety of knowledge and expertise, which allows a unique opportunity to share the housing challenges faced within our four states and create solutions to address the needs of our communities. As housing initiatives continue to evolve, it is imperative for FHLBanks to understand and react to the complexities of affordable housing and partner with those who desire to work toward the common goal of creating and providing affordable housing for all.

### **FHLBank organization, operational efficiency, and effectiveness**

The cooperative structure of the FHLBanks is unique in the affordable housing finance space. No other affordable housing funding source generates its own resources independent of government outlays or tax incentives. That said, with the increasing construction cost of affordable housing units and the growing scope of the AHP and HSP to address non-housing issues such as climate change and historically marginalized communities, resources are spread increasingly thin.

Accordingly, this process provides an opportunity to evaluate those allocations and make strategic determinations about the ways we believe we can do the most good without diluting the cumulative impact of these resources. If System banks are, indeed, expected to do more, the expansion should be targeted, practical, and regional in nature. It is our hope that this comment period and listening tour reflect only a starting point for discussion and thoughtful consideration.

## **FHLBanks' role in promoting affordable, sustainable, equitable, and resilient housing and community investment**

FHLBanks partner with their members, housing authorities, developers, community organizations and government agencies to provide grant funding and down payment assistance to promote and sustain affordable housing. FHLBanks have long been a convener of stakeholders to find housing gaps and provide opportunity to funding. The approach taken by FHLBanks has proven to be beneficial as awards and funding have been provided to entities large and small with a diverse set of needs and backgrounds.

Because of the FHLBanks' regional focus, they can be flexible and develop unique solutions to affordable housing issues in their service areas. It is equally essential that regional banks maintain a sense of autonomy when creating new programs or changing existing programs to meet the needs in our rural and underserved markets.

### **Addressing the unique needs of rural and financially vulnerable communities**

Rural areas and financially vulnerable communities lack the capacity to build, rehabilitate, and operate not only affordable housing units, but housing for all income levels. These areas lack capacity in skilled tradespeople and must compete with urban areas for construction labor and materials. Downward pressure on subsidy per unit stemming from regulatory examinations results in affordable housing development being steered away from rural and financially vulnerable communities. [Compliance, controls, and governance of the AHP should mimic the funding sources in a project's capital stack.](#)

The AHP has helped with the housing shortage in rural areas. One such story is Stafford County in south central Kansas. We profiled how a 2020 AHP grant helped their community in our [latest AHAC Report](#). AHP funds helped the community build 10 rental homes to attract and retain businesses and residents.

### **Considerations for Reform**

We value the regional nature of the System, which allows us to provide unique and individualized perspective of the needs and realities in our communities throughout the district. As this evaluation process moves forward, it's one of the features of the System we believe provides a very tangible value. Should the System move to a more centralized model or fund, it is probable that rural and already underserved populations are the most likely to be left out of the conversation.

Thank you for the opportunity to provide feedback and comment. We find it admirable that you are seeking to enhance the already impressive accomplishments of the FHLBanks and encourage you to continue to look for ways to improve the impacts of the affordable housing programs on the lives of those within our district, communities, and nation.

Sincerely,



Claudia Brierre  
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Chair of FHLBank Topeka's Affordable Housing Advisory Council