



March 15, 2023

Director Sandra L. Thompson  
Federal Housing Finance Agency  
Constitution Center  
400 Seventh Street, SW  
Washington, DC 20219

Re: Federal Home Loan Bank System

Dear Director Thompson,

Thank you for the opportunity to respond to the Federal Housing Finance Agency's (FHFA) comprehensive review of the Federal Home Loan Bank (FHLB) system.

The Indianapolis Neighborhood Housing Partnership (INHP) is a Community Development Financial Institution (CDFI) certified by the U.S. Department of the Treasury. Working exclusively in Indianapolis, Indiana, INHP's vision is for every resident to have access to safe, decent affordable housing. We pursue this vision by accessing and deploying capital (i) through mortgages to allow residents with low and moderate incomes to attain and retain housing, and (ii) to cause the development of affordable housing.

INHP is a member of the FHLB of Indianapolis and the CDFI/FHLB working group which was formed by CDFIs to advocate for membership, advances, respect, and parity for CDFIs within the FHLB system. INHP is thankful for the ongoing engagement with the leadership of the FHLB of Indianapolis as we work together to ensure capital flows equitably to all communities. CDFIs are a valuable conduit for capital to responsibly reach under-resourced communities.

We continue to challenge the FHLB system to increase the flow of capital to under-resourced communities through changes such as reducing *haircuts* on advances to non-depository CDFIs and removing collateral requirements on AHP grant programs. While we believe the FHLB system can increase efforts to equitably connect more capital to communities, we also recognize the need for safety and soundness in the system. The FHFA, in its role as regulator can impede or encourage this flow of capital and INHP encourages more of the latter.

INHP is an active sponsor of AHP grants in the FHLB of Indianapolis Bank but must restrict our engagement because of collateral requirements. We will continue to work with the FHLB of Indianapolis to reconsider these requirements and encourage all parties to continue to look for innovations through the discretionary grant programs to accomplish more as a system. For example, the FHLB could use a small amount of profits to establish a CDFI credit enhancement fund which would support reduced *haircuts* and increased advances to non-depository CDFIs. Such an

innovation would increase the flow of capital to under-resourced communities and increase access to affordable housing.

Through continued engagement by the FHFA, FHLBanks and CDFIs, I am optimistic we can find safe and sound ways to increase the flow of capital equitably to under-resourced communities.

Thank you,

Joe Hanson, EVP Strategic Initiatives, CDFI/FHLB Working Group Member