Federal Housing Finance Agency

Low-Income Housing and Community Development Activities of the Federal Home Loan Bank System

2011

Contents

Introduction

The Federal Home Loan Bank Act (Bank Act) requires each of the 12 Federal Home Loan Banks (FHLBanks) to appoint an advisory council of 7 to 15 persons drawn from community and nonprofit organizations actively involved in providing or promoting low and moderate-income housing in the FHLBanks' districts. Each advisory council advises the FHLBank on low- and moderate-income housing and community lending needs in the FHLBank's district and on the use of available FHLBank funds to address those needs. Additionally, each advisory council is required to submit annually to FHFA its analysis of the low-income housing and community lending activity of the FHLBank.[1]

FHFA monitors and reports annually to the advisory councils on the 12 FHLBanks' support of low-income housing and community development, as well as on the use of FHLBank member advances for these purposes.[2]

The FHLBanks administer three housing and economic development programs, authorized by the Bank Act and FHFA regulation as part of the FHLBanks' mission to support financing for housing and community investment.[3] The programs are the:

- Affordable Housing Program (AHP), consisting of a competitive application program and homeownership set-aside grant program;
- Community Investment Program (CIP), an FHLBank advances program for targeted housing and community development; and the
- Community Investment Cash Advance (CICA) program, an FHLBank advances or grant program for targeted economic development.

Through these programs, the FHLBanks help expand homeownership and rental opportunities for low-, moderate-, and middle-income households. The CIP and CICA programs also finance economic development projects benefitting low- and moderate-income households.

From 1990 through 2011, the FHLBanks awarded more than $3.9 billion in subsidies

[1] Each FHLBank is required to publish its advisory council's annual report on activities that support low- and moderate-income housing and community lending activities on its website. Each FHLBank must also adopt and annually submit to FHFA a community lending plan that assesses the credit needs and market opportunities for targeted community lending in the FHLBank's district.

[2] See 12 U.S.C. § 1430(j)(12)(A).

[3] The CICA regulation (12 C.F.R. § 952.1) defines CICA programs to include the AHP, CIP, and Rural Development Funding, Urban Development Funding, and other economic development advance or grant programs established by an FHLBank and approved by FHFA ("other CICA programs"). Because the AHP and CIP are specifically required by statute, they are generally described separately from other programs under the CICA umbrella. We follow this convention in this report.

under the AHP competitive application and homeownership set-aside programs for the purchase, construction, or rehabilitation of more than 664,000 housing units. Over the same period, the FHLBanks made available to their members more than $64.4 billion in CIP and CICA advance commitments to finance more than 744,600 housing units and economic development projects.

This report summarizes FHFA's 2011 program initiatives, the FHLBanks' 2011 programs and outreach activities related to community investment, and the FHLBanks' outreach activities related to the AHP, CIP, and CICA programs. It also summarizes each of these program's requirements and operations, and aggregates the programs' 2011 results, as well as cumulative results from 1990 to 2011. In addition, this report describes the FHLBanks' partnerships with Community Development Financial Institutions and FHLBank initiatives.

Affordable Housing Program

The Bank Act requires each FHLBank to establish an Affordable Housing Program (AHP) to help FHLBank members subsidize the construction, purchase, or rehabilitation of housing as follows:

1) Owner-occupied housing for households with incomes at or below 80 percent of area median income; and

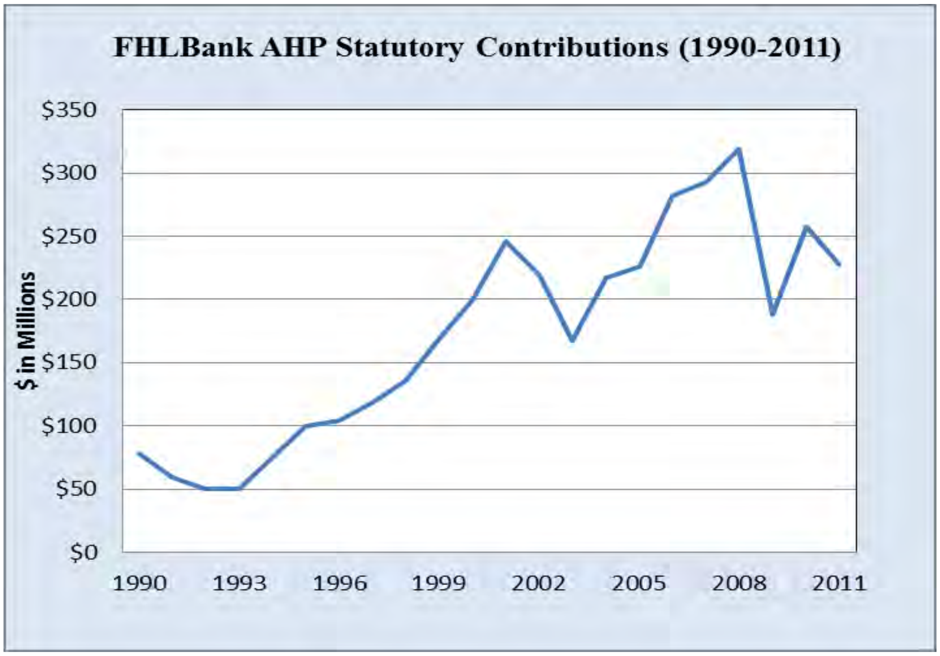
2) Rental housing where at least 20 percent of the units are reserved and affordable for households with incomes at or below 50 percent of area median income.

The subsidy may be in the form of a grant or a subsidized interest rate on an advance loan from an FHLBank to a member.

The Bank Act requires each FHLBank to contribute at least 10 percent of its previous year's net earnings to its AHP annually. The minimum annual combined contribution by the 12 FHLBanks must total $100 million.

From 1990 to 2011, the 12 FHLBanks contributed more than $3.7 billion to their Affordable Housing Programs, with more than $228 million contributed in 2011 (see Figure 1). Two FHLBanks have each made available more than $500 million in AHP subsidy over the 21-year period.

Figure 1.



Source: Federal Housing Finance Agency (as of March 1, 2012)

The AHP consists of two programs: a competitive application program and a homeownership set-aside program.

All FHLBanks must offer the competitive application program, but participation in the set-aside is elective. In 2011, 11 of the 12 FHLBanks offered a homeownership set-aside program.

Under the competitive application program, an FHLBank member submits on behalf of a project sponsor an application which competes against other applications for funding. In the homeownership set-aside program, an FHLBank member applies for grant funds and disburses the funds directly to the homeowner. The majority of the AHP subsidy is made available through the FHLBanks' competitive application programs. The competitive application program generally represents at least 65 percent of an FHLBank's AHP annual statutory contribution.

An FHLBank may annually set aside up to $4.5 million, or 35 percent, of its AHP annual statutory contribution (whichever is greater) to assist low- or moderate-income households to purchase or rehabilitate homes. At least one-third of an FHLBank's aggregate annual set-aside contribution must be allocated to first-time homebuyers.

In 2011, the FHLBanks awarded $295 million in AHP subsidies to help finance more than 33,000 housing units (see Table 1).[4] FHLBanks awarded about 80 percent of those funds in the competitive application program ($238 million) and 20 percent of the funds in the homeownership set-aside program ($57 million). Despite the challenges in

[4]AHP statutory contributions and AHP award amounts can differ due to a number of factors, such as FHLBank cancelation of funding before it has been dispersed (deobligation) or collection of funding after it has been dispersed (recapture).

single-family housing finance resulting from the recent crisis, the homeownership set-aside program assisted nearly 8,500 units.

Table 1. AHP Overview (2011)			
AHP Program	Time Period	Total Funds Awarded ($ in Millions)	Total Housing Units
Competitive Application Program	2011	$238	24,591
Homeownership Set-Aside Program	2011	$57	8,462
Total AHP	2011	$295	33,053
Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks. Data as of December 31, 2011, excluding AHP Competitive Application withdrawn projects. Dollars have been rounded.			

AHP Competitive Application Program

Under the AHP competitive application program, AHP subsidies fund the purchase, construction, or rehabilitation of rental or owner-occupied single- and multifamily housing projects. To receive funding, FHLBank member institutions may submit applications to an FHLBank on behalf of sponsors of eligible housing projects. Projects must meet statutory and regulatory requirements to be eligible for competitive application funding.

Each FHLBank establishes a point allocation system to score the applications based on nine criteria required by regulation. The FHLBanks award AHP subsidies in scheduled funding rounds each year, starting with the highest scoring application, until the available money is distributed.

Although the average amount of AHP subsidy per unit is relatively low, the value to users is its adaptability with other funding sources and flexibility in meeting a wide range of housing needs that might otherwise be difficult to serve. For example, since its inception, the program has helped finance housing for:

- Farm workers
- First-time homebuyers

- Homeless households
- Households facing home foreclosures
- Households in disaster areas
- Households with special needs, including elderly households
- Households in rural and urban communities
- Households on Native American tribal lands
- Veterans

From 1990-2011, the FHLBanks awarded over $3.4 billion in the competitive application program. Moreover, the program served households with acute affordable housing needs. Although the AHP is a shallow-subsidy program (the average subsidy per unit in the competitive program during this period was approximately $6,100) the program has had a far reach, assisting over half a million households from 1990-2011 (see Table 2). More than 70 percent of the units funded (400,691) were very low-income housing units (households with incomes at or below 50 percent of area median income) and the majority of these units were in rental housing projects.

As shown in Figure 2, beginning in 2007, there has been a change in the share of AHP subsidy per unit relative to other sources. In each year from 1990-2006 the total number of units funded exceeded the competitive application program's total awarded funds. However, since 2007, the total awarded funds exceeded the total number of units funded. More specifically, the average subsidy per unit was approximately $6,100 from 2000-2005, but from 2006-2011 the average subsidy per unit was 43 percent higher—at approximately $8,700 per unit. This increase in subsidy per unit possibly reflects stress in the housing markets during that time, with the AHP subsidy playing a greater source of gap financing for units as other funding sources declined.

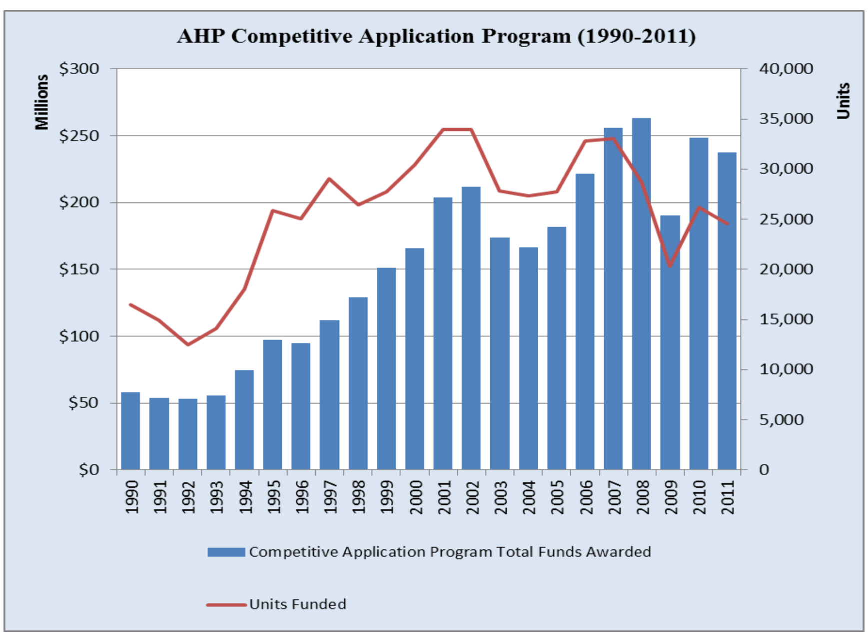
Table 2. AHP Competitive Application Program Overview (1990 2011)			
	Rental Housing Projects	Owner-Occupied Housing Projects	Total Projects
Total Number of Awarded Projects	8,717	5,931	14,648
Subsidy Awarded ($ in Millions)	$2,546	$878	$3,424
Number of Housing Units	419,120	139,882	559,002
Average Subsidy per Unit	$6,073	$6,279	$6,125
Number of Very Low-Income Housing Units[a]	318,027	82,664	400,691

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

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.

Data as of December 31, 2011, excluding AHP Competitive Application withdrawn projects. Dollars have been rounded.

Figure 2.



Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks
Data as of December 31, 2011

AHP Competitive Application Program Rental and Owner-Occupied Housing Units Serving Low- and Moderate-Income Households

The Bank Act requires an AHP rental project to reserve at least 20 percent of its housing units for very low- income households. Although the Bank Act does not require the FHLBanks to reserve a specific percentage of an AHP project's housing units for occupancy by extremely low-income households, many AHP projects provide housing units for this income category.

The Bank Act defines "low- and moderate-income" as households with incomes at or below 80 percent of area median income, and "very low-income" as households with incomes at or below 50 percent of area median income.

AHP funding was used to renovate a former high school in Paoli, Indiana, to include 24 units of affordable housing called College Hill Apartments. The renovation followed a green development plan to have a lower impact on the environment.

A noteworthy aspect of the AHP is that it serves very low- and low-income households in both rental and homeownership housing. It also provides funds for rental housing for extremely low-income households.

In 2011, the majority of projects served very low-income households with incomes in the 31 to 50 percent of area median income range (see Figures 3 and 4). Slightly less than a quarter of rental units served extremely low-income households and seven percent of owner-occupied units assisted this income group. The percentage of AHP projects serving extremely low-income households (24 percent of rental units, 7 percent of owner-occupied) was unchanged from 2010.

Figure 3 and Figure 4. 2011 AHP Projects: Rental and Owner-Occupied Housing Units Serving Low- and Moderate Income Households

Figure 3.

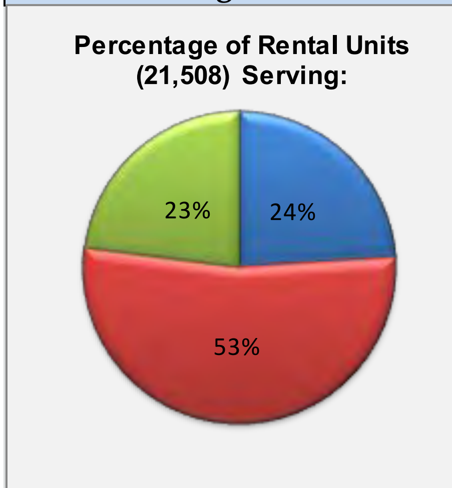
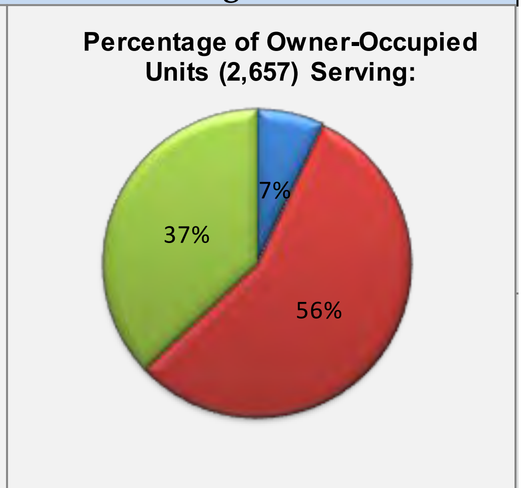


Figure 4.



■ Extremely Low Income Households with Incomes at or below 30% of AMI	■ Very Low-Income Households with Incomes in the 31% to 50% of AMI Range	■ Low- and Moderate-Income Households with Incomes in the 51% to 80% of AMI Range

Source: Federal Housing Finance Agency's AHP Database, as reported by the Federal Home Loan Banks
Data as of December 31, 2011, excluding withdrawn projects.

2011 Competitive Application Projects

In 2011, the FHLBanks approved 551 AHP project applications, awarding approximately $238 million in subsidies. Individual AHP project subsidy awards ranged from $18,000 to nearly $2.7 million for rental projects and from around $5,200 to $750,000 for owner-occupied projects.

These subsidies supported 427 rental projects and 124 owner-occupied projects. The majority of AHP funding—90 percent (almost $214 million)—supported rental housing projects. More than 24,000 total housing units were assisted, and more than 89 percent of those were designated as rental. Rental housing projects tended to be larger than owner-occupied projects. The average number of units per rental project was approximately 50 compared to around 21 units for owner-occupied projects.

The following are examples of 2011 AHP competitive application project awards:

- ***Modesto, California*****—**Habit for Humanity (Stanislaus), using the self-help sweat equity model, received an AHP subsidy award of $180,000 to create new affordable homeownership opportunities for low-income families in a community with one of the highest rates of mortgage defaults in the country.

The Greens at Rolling Road in Baltimore County, Maryland, has 83 units of senior housing. The project used $373,500 of AHP funding.

Abandoned or vandalized homes will either be rehabilitated or demolished and replaced with new houses. The project is expected to create six units.

- ***Somerville, Massachusetts*—**Volunteers of America of Massachusetts received a $454,894 AHP subsidy award and a $250,000 AHP subsidized advance to buy and rehabilitate a former group home to create 29 apartments for very low-income homeless veterans. The building will be developed with high energy efficiency. Volunteers of America of Massachusetts, in partnership with other service providers, will offer financial planning, transportation, employment training, and substance abuse counseling. The project is receiving U.S. Department of Veterans Affairs capital and operating support.

- ***Chicago, Illinois*—**Volunteers of America of Illinois and Volunteers of America National Services received a $500,000 AHP subsidy award to build 73 rental units. A portion of the units will be reserved for homeless and disabled households.

- ***Milwaukee, Wisconsin*—**Martin Luther King Economic Development Corporation received a $315,000 AHP subsidy award to build 39 single-family rental units and substantial rehabilitation of a vacant 6-unit building.

- ***Phoenix, Arizona*—**Tanner Properties, Inc. and Alliance Property Group received a $330,000 AHP subsidy award to build 56 rental units. The project will target elderly people who are raising grandchildren.

- ***Brookline, Massachusetts*—**Brookline Housing Authority received a $572,997 AHP subsidy award and an $800,000 AHP subsidized advance to build one-, two-, and three-bedroom units on an existing site for low- and very low-income families known as the Trustman Development. The new building will incorporate energy-efficient design and be easily accessible to public transportation. The sponsor will provide after-school activities, English as a Second Language and employment training, as well as job matching. The project is expected to have 32 rental units.

- ***Greenville, South Carolina*—**Miracle Hill Ministries, Inc. received a $1 million AHP subsidy award to rehabilitate and redevelop 5 family units and 137 emergency shelter units for men. The project is part of the Southernside Neighborhood redevelopment plan.

- ***Berlin, New Hampshire*—**Tri-County Community Action Program, Inc. received a $493,058 AHP subsidy award and $213,000 AHP subsidized advance for the adaptive reuse and rehabilitation of a former high school to create 33 one-bedroom units of rental housing for low- and very low-income independent seniors. The building, which will be sold by the city for $1, is a former brownfield site and is eligible for listing on the National Register of Historic Places.[5] An on-site resident services coordinator will connect seniors with an array of services that will enable them to age in place. The project design will also incorporate green and energy-efficiency elements to reduce operating costs.

- ***Los Angeles, California*—**Navy Village for Families (sponsored by Volunteers of America of Los Angeles) received a $1 million AHP subsidy award to rehabilitate former officers' quarters at the San Pedro Naval Base in Los Angeles and provide permanent supportive housing to formerly homeless households, with a special focus on homeless women with children. Families will benefit from a variety of support services provided on-site, including case management, financial education, job training, and a Head Start education center. The project is expected to have 76 units.

[5] A brownfield is land formally used as an industrial or commercial site. Brownfields may require remediation to remove contaminants.

The Devine Legacy Project is an award-winning low income housing tax credit project in Arizona that is designed and operated to embrace and uphold Native American culture, and encourages the residents to do the same.

AHP Competitive Application Program Serving Special Needs and Homeless Households

By regulation, the AHP competitive application program's scoring allocation system includes an optional scoring criterion that FHLBanks may adopt for projects that finance housing with at least 20 percent of the units reserved for households with special needs, such as the elderly, persons with AIDS, mentally or physically disabled persons, or persons recovering from physical, alcohol, or drug abuse. In addition, the regulation includes a mandatory scoring criterion FHLBanks must adopt for projects that finance rental housing if at least 20 percent of the units are reserved for homeless households.

A significant number of AHP projects have reserved at least 20 percent of their total units to assist homeless individuals and families and people with special needs. In 2011, approximately 33 percent of projects awarded AHP funds reserved units for disabled households, while projects supporting either elderly or homeless households represented approximately 58 percent (see Table 3).

The percent of projects reserved for these different priorities has varied over the years. For example, the share of projects with units reserved for disabled households was considerably higher in 2011 at 33 percent than the average of 20 percent over the 1990 through 2011 period. Conversely, the share of projects with units reserved for the homeless was lower in 2011 at 26 percent than the average of 30 percent over 1990 through 2011.

However, in terms of year-over-year data, the share of projects reserved for the homeless was higher in 2011 at 26 percent than it was in 2010, when the share was only 21 percent. Although the share of projects directed toward disabled and homeless households increased over the last year, over the last 21 years the proportionate share of projects aimed at homeless households decreased slightly and the proportionate share of projects directed toward disabled households increased considerably. The reasons behind this change are not clear, but the rising elderly population, and the associated disability within this population, could partially explain why the share of projects reserved for the disabled has increased.

Table 3. AHP Competitive Application Program: AHP Projects Serving Special Needs and Homeless Households

	2011 Total	1990 – 2011
Total Number of Awarded Projects	*551*	*14,648*
Number of Projects with Units Reserved for Disabled Households[a]	181	2,955
Number of Projects with Units Reserved for Elderly Households[a]	175	2,733
Number of Projects with Units Reserved for Homeless Households[a]	143	4,443
Number of Projects with Units Reserved for Two or More Special Needs or Homeless Households	133	2,076

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

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.

Data as of December 31, 2011, excluding withdrawn projects.

The Borough of Elverson, Pennsylvania, recycled a firehouse and transformed it into a 71-unit rental development for seniors using AHP funds.

AHP funding will be used to rehabilitate vacant commercial building Market Street Station in Spokane, Washington, into a 33-unit apartment building for seniors age 55 and older, for households with disabilities, and for formerly homeless individuals. The building also will include commercial space.

AHP Competitive Application Program Serving Urban and Rural Communities

Since 1990, the majority of AHP funding—more than $2.3 billion, or about 68 percent—has supported projects in urban communities (see Table 4a). Urban projects were larger than projects in rural areas from 1990 to 2011, supporting 43 units on average, while projects in rural areas assisted 29 units on average. Approximately 73 percent of units in urban communities were targeted to very low-income households, compared to 68 percent of rural units targeted to very low-income households. There are several factors that could explain these findings: lower median incomes in rural areas, a higher percentage of ownership projects, and the scarcity of subsidies in addition to the AHP. For any of these reasons, the AHP can be an important source of funding for rural housing. The average subsidy per unit in rural projects was more than $1,000 higher than the average subsidy per unit in urban projects over the same period.

Table 4a. AHP Competitive Application Program Serving Urban and Rural Communities (1990 2011)

	1990-2011 Urban Projects	1990-2011 Rural Projects	1990-2011 Total Urban and Rural Projects
Total Number of Awarded Projects	*9,300*	*5,348*	*14,648*
Subsidy Awarded ($ in Millions)	$2,319	$1,105	$3,424
Number of Housing Units	401,821	157,181	559,002
Rental	323,555	95,565	419,120
Owner-Occupied	78,266	61,616	139,882
Average Number of Units per Project	43	29	38
Average Subsidy per Unit	$5,772	$7,028	$6,125
Number of Very Low-Income Housing Units*	293,859	106,832	400,691

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

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.

Data as of December 31, 2011, excluding withdrawn projects. Dollars have been rounded.

Table 4b. AHP Competitive Application Program Serving Urban and Rural Communities (2010 2011)			
	2010-2011 Urban Projects	2010-2011 Rural Projects	2010-2011 Total Urban and Rural Projects
Total Number of Awarded Projects	*342*	*209*	*551*
Subsidy Awarded ($ in Millions)	$169.2	$68.6	$237.8
Number of Housing Units	18,373	6,218	24,591
Rental	16,925	5,009	21,934
Owner-Occupied	1,448	1,209	2,657
Average Number of Units per Project	54	30	45
Average Subsidy per Unit	$9,404	$11,110	$9,840
Number of Very Low-Income Housing Units*	14,065	4,147	18,212

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

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.

Data as of December 31, 2011, excluding withdrawn projects. Dollars have been rounded.

Federal Housing Programs: A Funding Source of AHP Projects

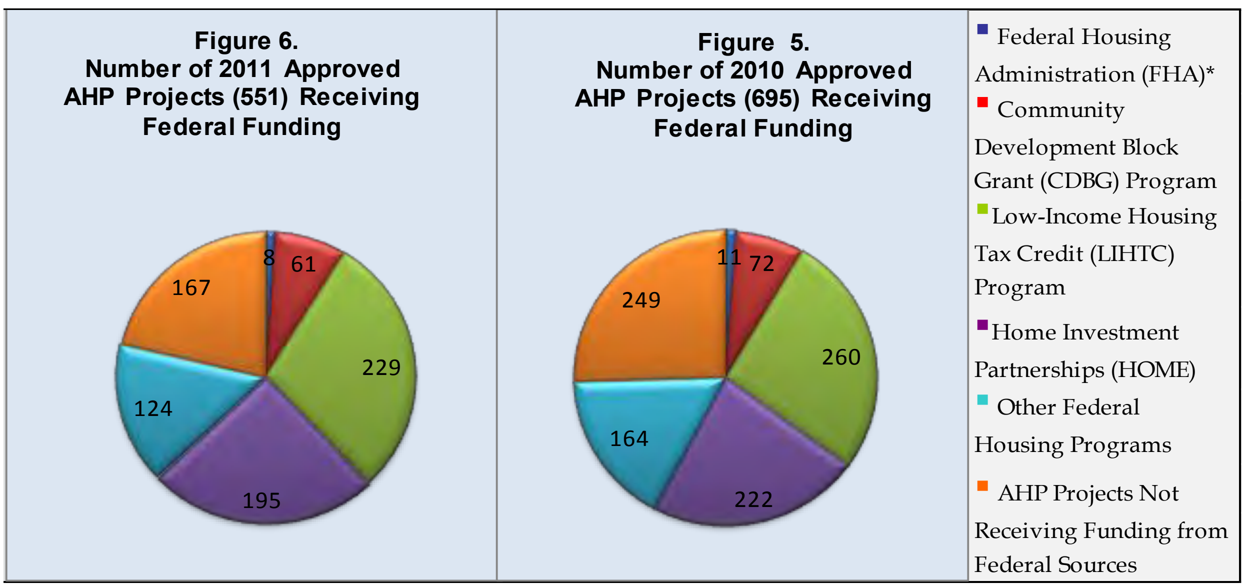
AHP subsidies are often used by projects in conjunction with other FHLBank and non-FHLBank sources of funds, such as the FHLBanks' CIP, and federal, state, local, or private assistance programs. Moreover, the Bank Act requires that FHFA coordinate its regulations with other federal housing programs. These programs include the Federal Housing Administration (FHA), the Community Development Block Grant program (CDBG), the Low-Income Housing Tax Credit (LIHTC) program, and the Home Investment Partnerships (HOME) program. In 2011, more than one-third of AHP projects obtained funding from at least one other federal housing program.

Of the 551 approved AHP projects in 2011, the LIHTC program was the most frequently cited source of additional funding, helping finance 229 of total AHP projects (approximately 42 percent). In 2010, the program helped fund 37 percent of total AHP projects.

HOME program funds helped finance 195 AHP projects in 2011, compared with 222 projects in 2010. Although this is a decrease in the aggregate number of AHP projects the HOME program funded from the previous year, the percent of total AHP projects funded by the program increased from 32 percent to 35 percent from 2010 to 2011 (See figures 5 and 6).

Other federal funding in 2011 came from the CDBG program, which helped fund 11 percent of AHP projects. FHA helped fund a little less than 1.5 percent of projects, and various other federal housing programs assisted around 23 percent of AHP projects in 2011.

In 2011, 30 percent of AHP projects approved did not use funding from other federal programs, a slightly lower percentage than in 2010, when 36 percent of projects did not use federal program funding. (See Figures 5 and 6).



Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.
Data as of December 31, 2010 and 2011, excluding withdrawn projects.
Projects receiving federal funding will not equal the number of awarded projects because projects may use more than one federal funding source.
*Data collected beginning in 2006. FHA programs totals for years 2006-2011

AHP Homeownership Set-Aside Program

The FHLBanks' AHP homeownership set-aside programs expand homeownership opportunities for low- or moderate-income households. Since 1995, the maximum allowable share of AHP funding an FHLBank may allocate to its set-aside program has increased from 10 percent to 35 percent.

An FHLBank may establish one or more AHP homeownership set-aside programs. 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 including members of a federally recognized tribe.

Members obtain set-aside funds from their FHLBank and distribute the funds directly to eligible low- or moderate-income households through grants of no more than $15,000 per household. Households use the grants for down payment, closing costs, counseling or rehabilitation assistance during the purchase or rehabilitation of an owner-occupied home.

From 1995 to 2011, FHLBanks supported more than 105,000 units with approximately $533 million in set-aside funding. Nearly 80 percent (83,172) were first-time homebuyer units. In 2011, the total funding for the set-aside program was $57 million, which funded more than 8,400 units. Approximately $6 million in subsidies in 2011 was used for rehabilitation (see Table 5).

Set-aside funding and number of units funded generally climbed from 2005 and peaked in 2008. Since 2008, the number of units funded has held relatively steady, while the set-aside total funds awarded climbed moderately in 2011 (see Figure 7).

Table 5. AHP Homeownership Set-Aside Program Overview		
	2011 Total	1995 to 2011[a]
Total AHP Homeownership Set-aside Funding ($ in Millions)	$57	$533
Homeowner Units		
Total AHP Homeownership Set-aside Units	8,462	105,271
Average Subsidy per Household	$6,726	$5,189
Rehabilitation Units		
Total AHP Homeownership Set-aside Rehabilitation Units	$891	*
Total Rehabilitation Subsidy Disbursements ($ in Millions)	$6	*
Average Subsidy per Household for Rehabilitation	$6,738	*
First-time Homebuyer Units		
Total AHP Homeownership Set-aside First-time Homebuyer Units	7,341	83,172
Average Subsidy per First-time Homebuyer	$6,764	*

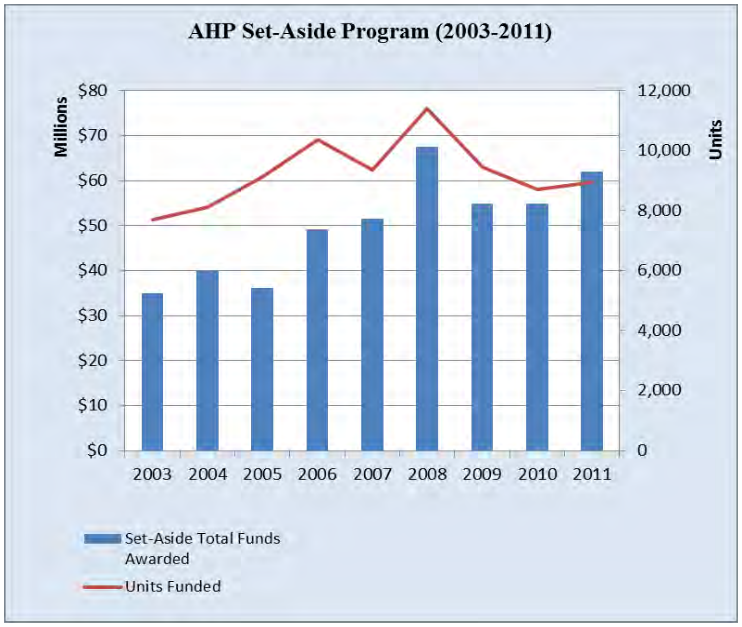
[a]The AHP Homeownership Set-Aside program was not authorized until 1995 and not all Federal Home Loan Banks started programs in 1995.

*Represents incomplete or missing data.

Data as of December 31, 2011. Dollars have been rounded. Table does not include Federal Housing Finance Agency's AHP Mortgage Refinancing Authority data.

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.

Figure 7.

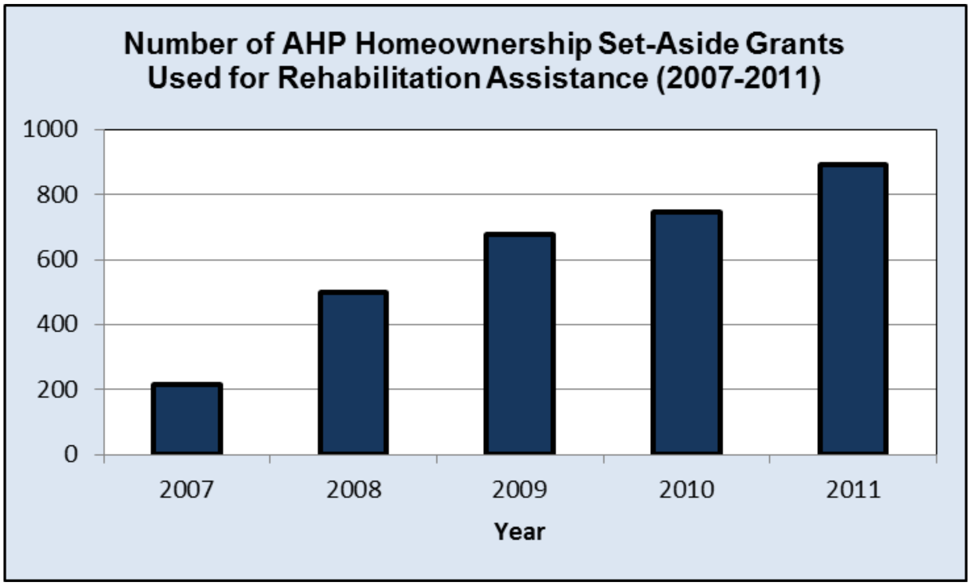


Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks
Data as of December 31, 2011.

AHP Homeownership Set-Aside Program Rehabilitation Units

Although the majority of the set-aside grants have been used for down payment and closing cost assistance, the number of set-aside grants used for owner-occupied rehabilitation assistance has grown rapidly since 2007 (see Figure 8). Aging housing stock, along with limited rehabilitation assistance programs, has led some FHLBanks to establish set-aside programs for owner-occupied housing rehabilitation, which has included removing lead-based paint, weather proofing or adding accessibility features such as ramps. In 2011, the average subsidy per household for rehabilitation was $6,738 (see Table 5).

Figure 8.



Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks
Data as of December 31, 2011

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

The FHLBanks are required to allocate at least one-third of their aggregate annual set-aside contribution to first-time homebuyers. Several FHLBanks have established set-aside programs exclusively for first-time home-buyers. Even with a set-aside grant, many low- and moderate-income first-time homebuyers need additional subsidy to purchase a home.

In 2011, nearly 23 percent of AHP set-aside first-time homebuyers obtained a grant or forgivable loan from other sources to use alongside an AHP set-aside grant. These non-AHP grants or forgivable loans ranged from $100 to $294,449 and assisted in making mortgage payments more affordable.

In addition to a first mortgage loan, 205 AHP-assisted first-time homebuyers also used second mortgages. Only 52 AHP-assisted first-time homebuyers received a first mortgage loan, second mortgage loan and a non-AHP grant or forgivable loan (see Table 6).

Table 6. AHP Homeownership Set-Aside Program 2011 First-time Homebuyers' Financing Characteristics						
Household Incomes	Set-aside Down payment/ Closing Cost Assistance in 2011[a]	First Mortgage Loans Financed by FHLBank Members[b]	Fixed Rate First Mortgage Loans[c]	Second Mortgage Loans[d]	Non-AHP Grants or Forgivable Loans[e]	Non-AHP Grants or Forgivable Loans and Second Mortgage Loans[f]
Incomes at or below 30 percent of AMI	263	237	243	8	85	3
Incomes from 31 percent to 50 percent of AMI	3,689	3,262	3,508	87	946	18
Incomes from 51 percent to 80 percent of AMI	3,619	3,221	3,454	110	699	31
Total	7,571	6,720	7,205	205	1,730	52

[a]First-time homebuyers receiving set-aside down payment/closing cost assistance in 2011.

[b]First-time homebuyers with set-aside assistance and Federal Home Loan Bank 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 fixed rate first mortgage loan.

[d]First-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.

[f]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.

Data as of December 31, 2011.

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks

Community Investment Program and Community Investment Cash Advance Program

The CIP and CICA programs are funded by FHLBank advances that members use to finance eligible targeted housing and economic development projects. The Bank Act requires FHLBanks to offer the CIP. CICA economic development programs are voluntary programs authorized by FHFA regulation since 1998.

The CIP finances housing for households with incomes at or below 115 percent of area median income, including rental projects, owner-occupied housing, and manufactured housing parks. The program also finances economic development projects located in low- and moderate-income neighborhoods or benefitting low- and moderate-income households.

The CICA program offers low-cost, long-term funding for members and housing associates, such as state and local housing finance agencies and economic development finance authorities, to use to finance economic development projects for targeted beneficiaries. Targeted beneficiaries include projects in various designated redevelopment areas, such as brownfields and closed military bases, projects hiring or serving targeted income levels, and small businesses. (See footnote on page 10 for more on brownfields.)

Economic development projects include commercial, industrial, manufacturing, social service and public facility projects and activities, and public or private infrastructure projects such as roads, utilities, and sewers. Members may use CICA funds to finance loan originations, loan participations, revolving loan funds, and purchases of low income housing tax credits, as well as mortgage securities.

FHLBanks may use advances and letters of credit for CIP. They may use advances, letters of credit, and grants for CICA programs.

Table 7. CIP and CICA Program Overview		
($ in Millions)	2011 Total	1990 - 2011
Total Advance Commitments[a]	$2,645	$64,410
Advance Commitments for Economic Development and Mixed-Use Projects (CIP and CICA)	$1,050	$18,713
Advance Commitments for Housing Projects (CIP Only)	$1,595	$45,697
Total Housing Units (CIP Only)	18,296	744,624
Owner-Occupied Housing Units	13,839	508,578
Rental Housing Units	4,457	236,046
Estimated Number of Jobs Created or Retained[b]	35,680	223,456

Source: Federal Housing Finance Agency's CIP and CICA Program database, as reported by the Federal Home Loan Banks. Dollars have been rounded.

Data as of December 31, 2011.

[a]Total advance commitments include CIP and CICA program advance commitments where an initial disbursement occurred. Excludes rollovers and refinancing of previous advances. Data are based on Federal Home Loan Blank member projections at the time of application.

[b]Estimated by Federal Home Loan Bank members in CIP or CICA program application.

CIP and CICA Program Supporting Communities

In 2011, CIP and CICA program commitments funded an array of housing, economic development and mixed-use projects. CIP funding was used for activities such as down payment and closing cost assistance, purchases of owner-occupied housing, and the acquisition, construction, and rehabilitation of multifamily rental and owner-occupied properties.

Sources including small businesses and others used CICA program funding for public projects and social services. Examples include primary and preventative health care services, medical clinics, rural businesses, youth entrepreneurship education, business incubation, fire stations, hospitals, manufacturing plants, women's business centers, microloans, street improvement/infrastructure, day care centers and recreational facilities.

The Spokane Teachers Credit Union used $4.9 million in CIP funding to finance the purchase of two apartment buildings in Spokane, Washington, which were developed using low income housing tax credits.

CIP and CICA Program Funding Commitments

CIP and CICA funding commitment composition has varied over the last five years. In 2007, funding commitments for both housing and economic development were nearly equal, with 603 FHLBank members participating in the programs. The ratio of the FHLBanks' economic development funding commitments to total funding commitments increased from 2008 to 2009 but dropped in 2010. Economic development funding commitments represented approximately 64 percent of total funding commitments in 2008, 70 percent in 2009, and 62 percent in 2010 (see Figure 8).

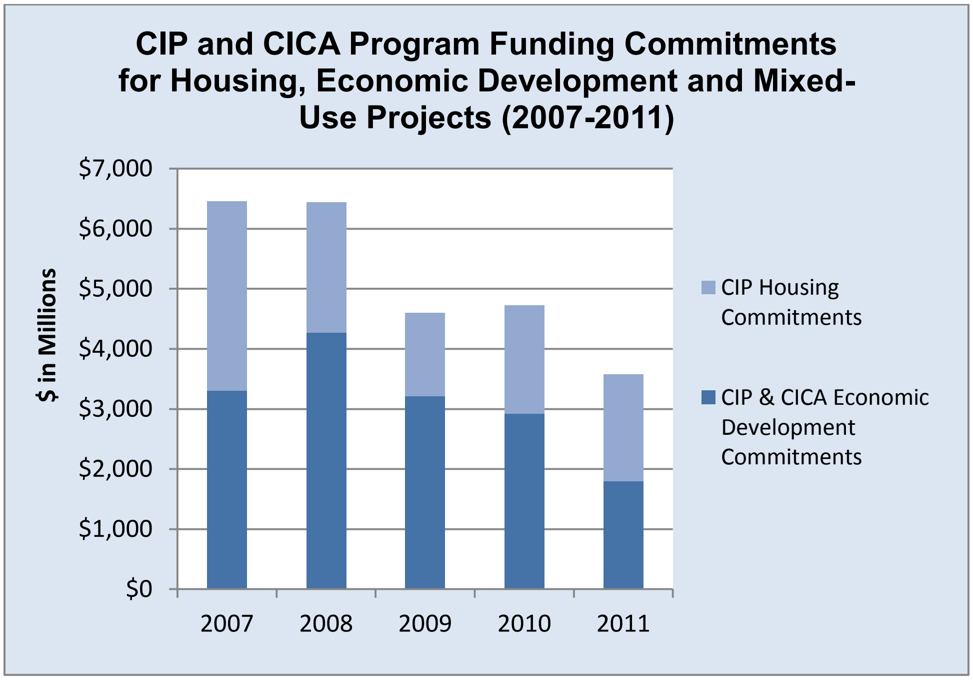
In 2011, CIP and CICA funding commitments for economic development projects and CIP funding commitments for housing were at virtually the same level. Project composition of CIP and CICA funding was similar to that in 2007, but the level of funding was considerably lower.

Federal Home Loan Bank of New York advances financed the New Community Corporation's Workforce Development Center. The center offers employment programs, training courses, financial aid, and job placement assistance to New Jersey underprivileged residents. The advances helped stabilize the center and improve the quality of life of inner-city residents.

The number of FHLBank members participating in CIP and CICA programs rose in 2011 after a period of decline. In 2011, 943 members approved and made initial disbursements of funding for CIP or CICA projects, an increase from 491 members participating in 2010 and 529 participating in 2009. In 2008, the programs had 745 members participating.

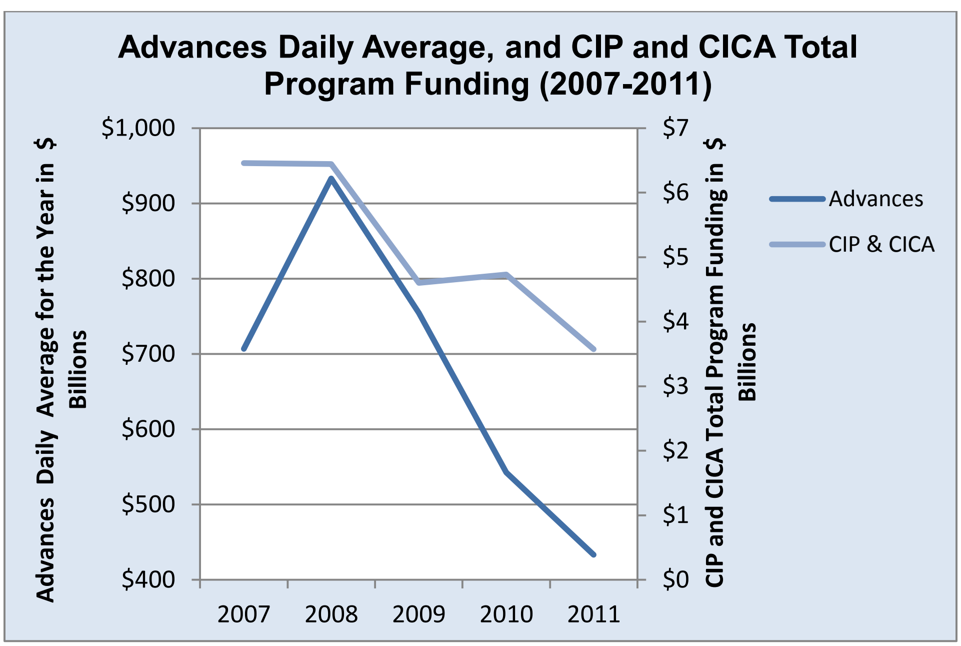
Total 2011 funding commitments remained below 2010 levels. In 2010, total funding commitments were approximately $4.7 billion, and in 2011 the total decreased to approximately $3.6 billon (see Figure 9), likely tracking the decline in member demand for FHLBank advances (see Figure 10).

Figure 9.



Source: Federal Housing Finance Agency's CIP and CICA program database, as reported by the Federal Home Loan Banks
Data as of December 31, 2011.
Note: CIP and CICA economic development commitments include CIP and CICA mixed-use commitments.

Figure 10.



Source: Federal Housing Finance Agency's CIP and CICA program database (as reported by the Federal Home Loan Banks) and the Call Report System

CIP and CICA Program Serving Urban and Rural Communities

In 2011, FHLBank members used CIP and CICA program funds to finance housing, economic development, and mixed-use projects in both urban and rural communities (see Table 8). CIP and CICA provided more than $1 billion in economic development and mixed-used financing for urban projects and more than $600 million for rural economic development projects. FHLBank members used nearly $1.7 billion in CIP financing for 22,460 urban housing units and $106 million for 2,190 rural housing units.

Table 8. CIP and CICA Program Projects Serving Urban and Rural Communities

	2011 Urban[a] Projects				2011 Rural[a] Projects				
($ in Millions)	Housing	Economic Development	Mixed-Use	Total Urban Projects	Housing	Economic Development	Mixed-Use	Total Rural Projects	2011 Total
Total Approved Projects	*226*	*203*	*6*	*435*	*94*	*414*	*0*	*508*	*943*
Total Commitments[b]	$1,668	$1,130	$32	$2,830	$106	$636	0	$742	$3,572
Projected Number of Rental Housing Units	9,179	NA	190	9,369	1,632	NA	0	1,632	11,001
Projected Number of Owner-Occupied Housing Units	13,281	NA	25	13,306	558	NA	0	558	13,864
Projected Number of Housing Units	22,460	NA	215	22,675	2,190	NA	0	2,190	24,865
Estimated Number of Jobs Created or Retained	NA	15,067	8	15,075	NA	8,437	0	8,437	23,512

Source: Federal Housing Finance Agency's CIP and CICA Program database as reported by the Federal Home Loan Banks. Dollars have been rounded.

Data as of December 31, 2011.

NA means not applicable.

[a]"Urban" and "rural" as defined in 12 CFR part 952.

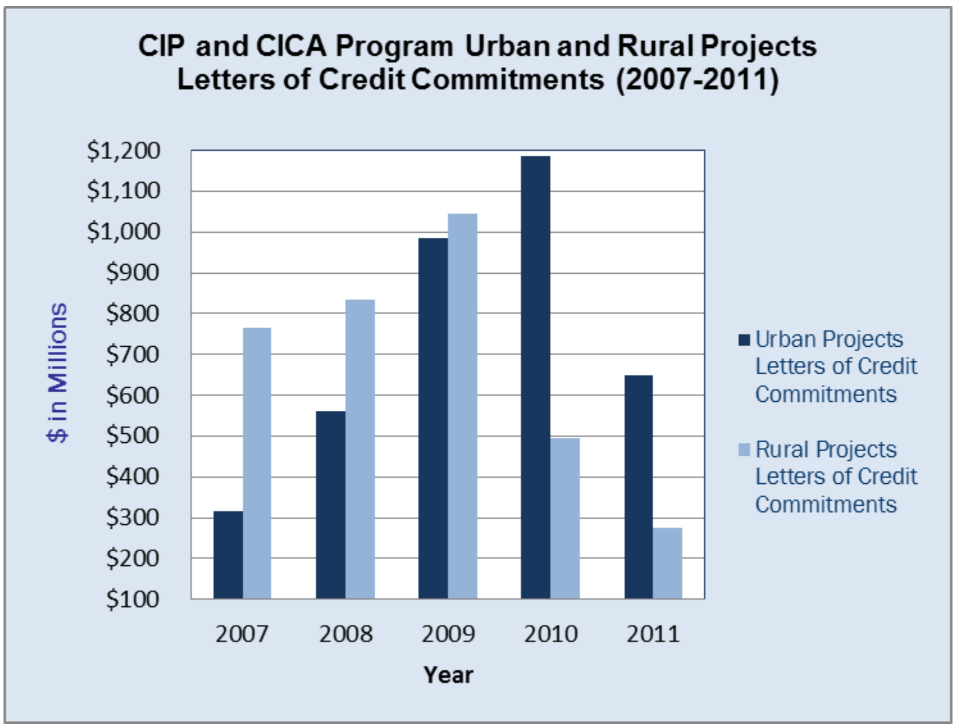
[b]Total commitments include advances and grants where an initial disbursement occurred. Total commitments also include letters of credit, but exclude rollovers and refinancing of previous advances. Data are based on Federal Home Loan Bank member projections at the time of application.

CIP and CICA Program Letters of Credit Commitments

Although FHLBank members most commonly used advances to finance CIP and CICA projects, collateralized FHLBank letters of credit were also used to support CIP and CICA projects (see Figure 11). In 2010, FHLBanks made more than $1 billion in CIP and CICA commitments for housing, economic development, and mixed-use projects in rural and urban communities using letters of credit.

In 2011, FHLBank members used less than $1 billion of CIP and CICA letters of credit financing for both urban and rural projects. Letters of credit financing urban projects decreased by more than $500 million dollars, from $1.187 billion in 2010 to around $648 million in 2011. Letters of credit financing rural projects also decreased in 2011, from $494 million in 2010 to approximately $275 million in 2011.

Figure 11.



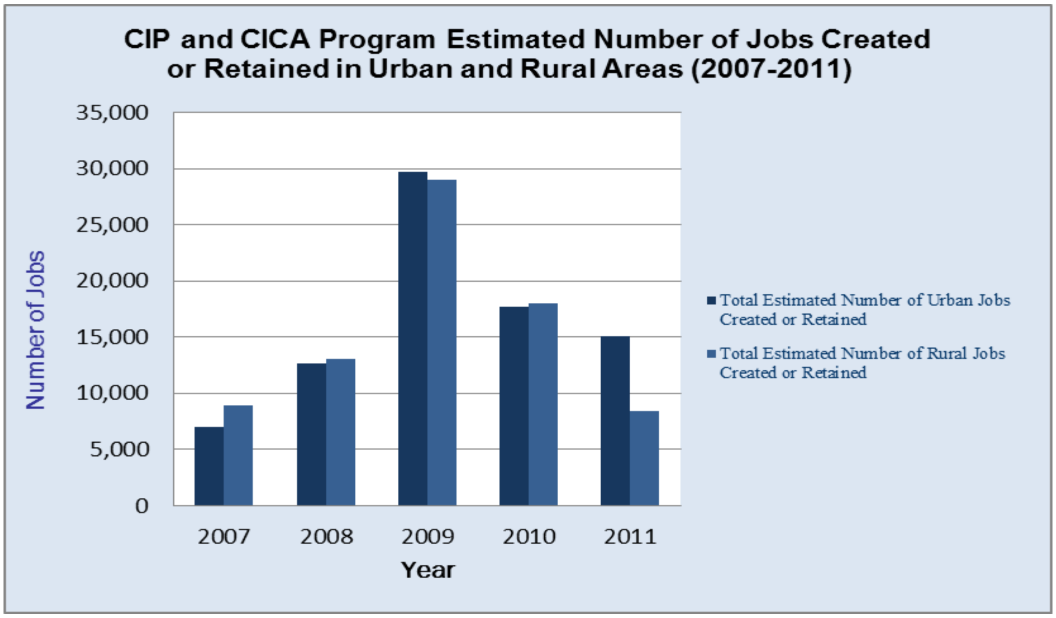
Source: Federal Housing Finance Agency's CIP and CICA program database, as reported by the Federal Home Loan Banks
Data as of December 31, 2011.

CIP and CICA Program Jobs Created or Retained in Urban and Rural Areas

FHFA collects data on jobs created or retained under the CIP and CICA programs. However, the data are estimated and self-reported by FHLBank members. FHFA does not verify the data's accuracy.

FHLBank members estimate that CIP and CICA program funding has helped create or retain thousands of jobs in rural and urban communities since 2007 (see Figure 12). In 2010, an estimated 35,680 jobs were created or retained as a result of CIP and CICA funding, with urban and rural areas almost equally represented (17,707 jobs in urban areas and 17,973 jobs in rural areas). In 2011, CIP and CICA funding helped create or retain an estimated 23,512 jobs, with more jobs created in urban areas (15,075) than rural areas (8,437).

Figure 12.



CICA funding was used to redevelop an old furniture factory (the Drueke Building) in Grand Rapids, Michigan, for new office space, which will be leased to insurance and information technology firms. The project, which is located in a Michigan Renaissance Zone, retained 45 jobs and created 55 jobs.

FHLBank Membership for Community Development Financial Institutions

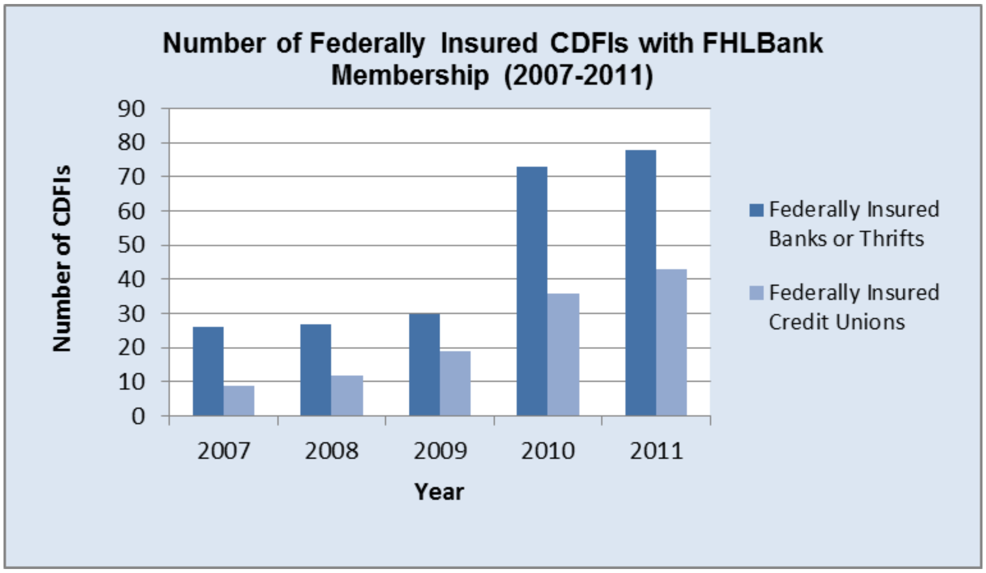
Community Development Financial Institutions (CDFIs) are financial intermediaries dedicated to assisting underserved communities. CDFIs are certified by the CDFI Fund within the U.S. Department of the Treasury.

Since the beginning of the CDFI certification program, CDFIs that are federally insured depositories such as banks, thrifts, or credit unions have been eligible to apply for membership in an FHLBank. The 2008 Housing and Economic Recovery Act (HERA) also opened up membership to nondepository CDFIs. On February 4, 2010, FHFA published a final rule implementing this requirement.

Newly-eligible CDFIs include community development loan funds, venture capital funds, and state-chartered credit unions that can demonstrate a commitment to housing finance, among other membership requirements. Membership in an FHLBank gives CDFIs access to long-term funding, which can increase their ability to promote economic growth and stability in low- and moderate-income communities.

Since 2007, CDFI FHLBank membership has increased in all categories (see Figure 13). In 2010, CDFI membership increased to 109 from 49 in 2009. CDFI membership grew an additional 11 percent in 2011. As of December 31, 2011, there were 121 federally insured certified CDFIs with FHLBank membership. Additionally, eight nondepository CDFIs became members by the end of 2011. The FHLBanks of Atlanta, Cincinnati, Chicago, Des Moines, and San Francisco each had at least one nondepository CDFI member in 2011.

Figure 13.



Source: Federal Housing Finance Agency
Data as of December 31, 2011

FHLBank Initiatives

In 2011, the FHLBanks engaged in a variety of education initiatives on affordable housing and community development in the following areas:

- Foreclosure prevention (including foreclosure prevention products)
- Affordable housing
- Member education
- Sustainable communities

Foreclosure Prevention

- **The FHLBank of Atlanta** partnered with the Federal Reserve Bank of Atlanta, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and Office of Thrift Supervision to develop housing solutions with specific emphasis placed on foreclosure recovery lending needs and strategies. The FHLBank also developed a foreclosure recovery product that provides up to $12,000 in down payment, closing cost, and rehabilitation funding for the purchase, or purchase and rehabilitation, of an existing home from the real estate owned (REO) inventory of an FHLBank Atlanta member financial institution, member's affiliate, or housing associate.
- **The FHLBank of New York** developed the Fresh-Start Home Finance Program through its CIP to assist qualified homeowners at or below 115 percent of area

median income who are facing unaffordable or soon-to-be unaffordable mortgage payments. Member banks that participate in the program are offered below market rate advances to provide foreclosure prevention assistance for low- to moderate-income households unable to afford the terms of their existing mortgages.

Affordable Housing

- **The FHLBank of Atlanta** sponsored and participated in the National Council of State Housing Agencies 2011 Housing Credit Conference, which brought together various housing stakeholders including state housing finance agency staff, developers, tax advisors, lenders, syndicators, investors, asset managers, compliance experts, property managers, nonprofits, and other stakeholders. FHLBank staff also presented at the Virginia Governor's Housing Conference, which had 900 attendees, including affordable housing advocates, practitioners, and policy makers.
- **The FHLBank of Boston** coordinated a breakout workshop on the challenges and opportunities for developing affordable homeownership as a result of the recession at The Changing Face of Affordable Homeownership Workshop. FHLBank staff were also lead presenters for a training class for housing developers held by Rhode Island Housing. The training was focused on educating attendees on available state funding sources to develop affordable housing.
- **The FHLBank of New York**, in partnership with the Puerto Rico Housing Finance Authority, sponsored a Community Lending Forum in San Juan, Puerto Rico. Government representatives, developers, housing advocates, and financial institutions gathered for a joint presentation of the various financing programs available through their respective agencies.
- **The FHLBank of Pittsburgh** staff attended several major housing and community development conferences including the Pennsylvania Housing Finance Agency Conference, the Housing Alliance of Pennsylvania's Homes Within Reach Conference, the Pennsylvania Association of Housing and Redevelopment Agencies annual conference, the Appalachian Funders Conference, the West Virginia Development Hub Conference and the Small Business Credit and Development Forum sponsored by the Federal Deposit Insurance Corporation and Federal Reserve Bank of Richmond. The FHLBank also held four housing roundtables throughout the district.
- **The FHLBank of Indianapolis** Community Investment staff exhibited and distributed program information at Indiana and Michigan banking and credit union conferences and presented at community development, Community Reinvestment Act association, Land Bank Habitat, and small town and rural development conferences.

Member Training

- **The FHLBank of Indianapolis** held webinar training sessions during the competitive AHP funding round and offered three training institutes in Indianapolis for first-time AHP applicants and members.
- **The FHLBank of Dallas** provided technical assistance through six training workshops in Irving and Houston, Texas; Baton Rouge, Louisiana; Little Rock, Arkansas; Albuquerque, New Mexico; and Jackson, Mississippi.
- **The FHLBank of Pittsburgh** organized four educational workshops for FHLBank members in Pennsylvania and West Virginia that addressed the impact of the growing Marcellus Shale drilling industry on local communities. The seminars were cosponsored by Risk Management Associates and featured speakers from the Department of Environmental Resources and Pennsylvania State University.

Sustainable Communities

The **FHLBank of Boston** cosponsored The Future of Homeownership: Creating Sustainable Opportunities in a Changing Environment, a conference that brought together a wide range of lenders, affordable housing developers, community advocates, municipal and state officials, and other public and private agencies to discuss how homeownership is changing as a result of the recession, foreclosures, and regulatory and policy responses. The FHLBank's activities also included the New England Smart Growth Leadership Forum, which focused on planning and policies for sustainability, and moving from planning to implementation.