2013 LOW-INCOME HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES OF THE FEDERAL HOME LOAN BANKS

OCTOBER 2014

Division of Bank Regulation

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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 Federal Home Loan Bank System (Bank System), which includes the 12 Federal Home Loan Banks (Banks) and the Office of Finance. 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 Banks support a range of low-income housing and community development activities through the Affordable Housing Program (AHP), Community Investment Program (CIP) and Community Investment Cash Advance Program (CICA). The Banks administer these three principal affordable housing and targeted economic development programs, which are authorized by the Federal Home Loan Bank Act (Bank Act), as part of their mission to support financing for affordable housing and community investment.[1] Under these programs, the Banks provide grants and loans (referred to as advances) to their members, and the members then use these funds to benefit very low- and low- or moderate-income households and communities. FHFA is required to monitor and report annually on the Banks' support of their low-income housing and community development activities to the Banks' Advisory Councils.[2,3] This report fulfills that requirement.

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[1] The CICA regulation (12 C.F.R. § 1292.1) defines CICA programs to include the AHP, CIP, and Rural Development Funding, Urban Development Funding, and other targeted economic development advance or grant programs established by a Bank and approved by FHFA. Because the 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] See Bank Act, 12 U.S.C. § 1430(j)(12). Under the Bank Act, each of the 12 Banks that make up the Bank System 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 Bank and submit the report annually to FHFA. See 12 U.S.C. § 1430(j)(11); AHP regulation, 12 C.F.R. § 1291.4. In 2013, all 12 Advisory Councils submitted their reports on these activities to FHFA.

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

In 2013, the Banks contributed approximately $297 million to the AHP, equal to ten percent of their net earnings for the preceding year and up approximately 57 percent from 2012. Including funds returned to the Banks from prior years, the Banks awarded $322 million in AHP funds in 2013, assisting over 37,000 low- or moderate-income households, which includes 20,000 very low-income households.[4] Since 1990, the Banks have awarded more than $4.4 billion through the AHP, assisting more than 724,000 households, including 428,000 very low-income households. These AHP funds have supported rental and owner-occupied housing in both urban and rural areas, as well as a range of special needs households, including individuals with disabilities and the elderly.

Additionally, the Banks funded approximately $2.7 billion in CIP advances for housing and community development projects in 2013, assisting over 25,000 rental and owner-occupied housing units. The Banks also provided over $2.6 billion in advances for targeted economic development projects under the CICA program in 2013, which was nearly double the 2012 volume. Since 1990, the Banks have funded approximately $57 billion in CIP advances, including $50 billion in CIP housing advances and approximately $7 billion in CIP economic development advances. From 1990 to 2013, the Banks also funded $17 billion in CICA economic development advances.

The three programs are detailed below:

- **Affordable Housing Program (AHP)** is an affordable housing subsidy program that is divided into two separate funding streams.[5]
  - **AHP Competitive Application Program:** The primary funding stream for AHP subsidies is through a competitive application program, where a Bank's member submits an application for subsidy on behalf of a housing sponsor, typically a non-profit housing corporation. Banks can provide the subsidy as a grant or as an advance with a reduced interest rate. This program assists very low- and low- or moderate-income households.
  - **AHP Homeownership Set-Aside Grant Program:** The second funding stream is through a homeownership set-aside grant program. Under the set-aside program, a Bank's member applies for grants and then provides these grants to households.

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[4] 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.
[5] See 12 C.F.R. part 1291.

Grants may be used for down payment or closing cost assistance, counseling or rehabilitation assistance towards the purchase or rehabilitation of an owner-occupied home. This program assists very low-, and low- or moderate-income households.

- **Community Investment Program (CIP)** provides Bank advances or letters of credit for affordable housing and targeted economic development. CIP housing advances must benefit households at or below 115 percent of Area Median Income (AMI). CIP economic development advances must benefit either low- or moderate-income households or economic development projects located in low- or moderate-income neighborhoods.
- **Community Investment Cash Advance (CICA) Program** provides Bank advances, letters of credit, or grants for economic development targeted for lower-income communities. The targeted income level for CICA economic development advances in rural areas is at or below 115 percent of AMI, and in urban areas it is at or below 100 percent of AMI, both adjusted for family size.[6]

In addition, Bank membership for non-depository Community Development Financial Institutions (CDFIs), such as loan funds, was implemented by FHFA regulation in 2010 pursuant to requirements established in HERA.[7] Since then, the Banks have admitted 18 non-depository CDFIs for Bank membership as of December 31, 2013. Additionally, the Banks are subject to housing goals if their Acquired Member Assets (AMA) programs exceed an annual volume threshold of $2.5 billion. In 2013, none of the Banks exceeded this level, and none was subject to meeting these housing goals.[8]

The next section provides program information on the AHP, which includes program reviews of both the competitive application and set-aside AHP programs. The section following that details the Banks' CIP and CICA performance. Lastly, the appendices include Bank examples of low-income housing and community development activities, Bank initiatives as provided in the 2013 Advisory Council Reports to FHFA, and Community Development Financial Institution membership.

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[6] 12 C.F.R. § 1292.1 (definition of "targeted income level").
[7] See 12 C.F.R. Part 1263.
[8] The AMA program is a whole loan mortgage purchase program under which Banks may purchase qualifying loans from their members. In 2013, 8 of the 12 Banks purchased loans through these programs.

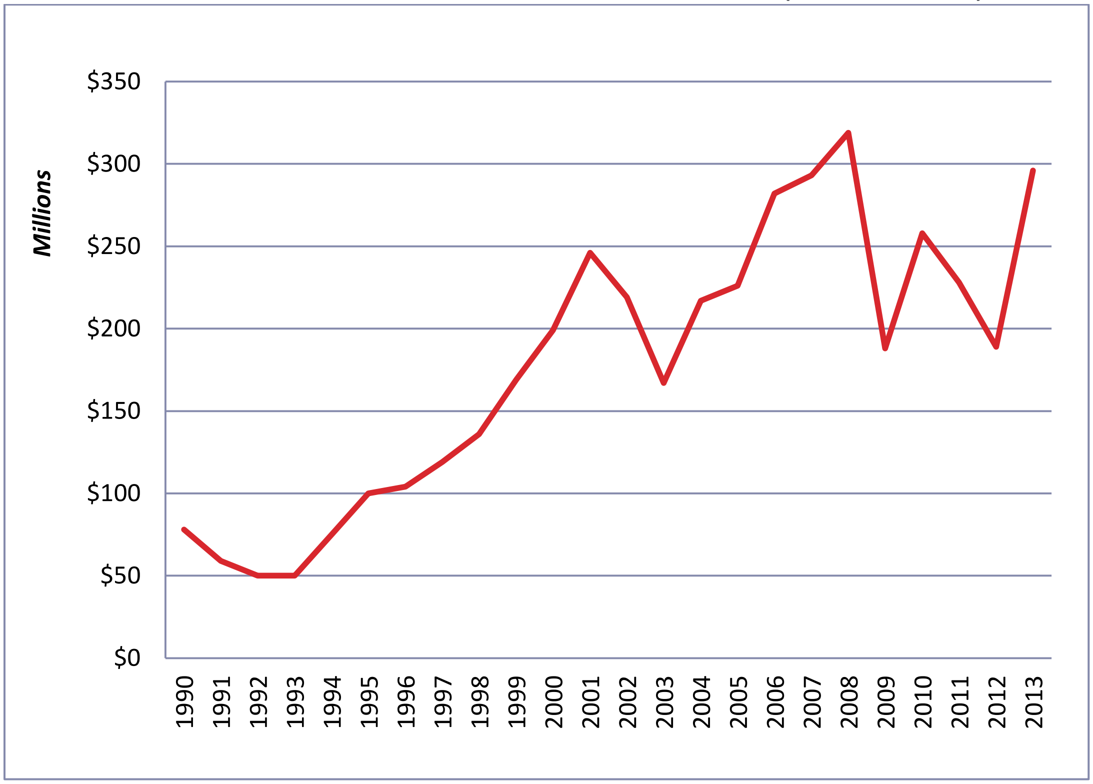
THE AFFORDABLE HOUSING PROGRAM

The Bank Act requires each Bank to establish an AHP, which must be used for the purchase, construction, or rehabilitation of housing.[9] Under the AHP, a Bank's member applies to the Bank for AHP funds, and the member then provides these funds to eligible projects and households. AHP funds may be in the form of a grant or a subsidized interest rate advance (loan) from a Bank to its member. The eligible household income for AHP funds varies by 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 2013, the 12 Banks allocated more than $4.2 billion to the AHP (see Figure 1). A Bank's statutory contribution to its AHP must equal at least 10 percent of its earnings for the prior year subject to an annual $100 million minimum combined contribution by the 12 Banks.[10] As a result, a Bank's statutory contribution to its AHP will change as earnings change from one year to the next. The actual amount of funds available to be awarded in a given year may also reflect funding adjustments from prior years. Therefore, in some circumstances, a Bank's amount of awarded funds may differ from a Bank's statutorily-required allocation of funds to the AHP.[11]

[9] See 12 U.S.C. § 1430(j).
[10] See 12 U.S.C. 1430(j)(5)(C).
[11] There are several situations that would cause an increase or decrease in total AHP funding available to be awarded in a given year. 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 is insufficient allocated subsidy remaining to award to the next highest scoring project (including projects approved as alternates), the remaining subsidy is used for modifications to existing projects and set-aside programs. If there is still allocated subsidy remaining after these uses, the subsidy is carried over to the Bank's AHP for the next year. Additionally, funds that are returned to the program as a result of a cancellation of an award (a "de-obligation"), funds that are returned to the Bank due to sale or refinancing during the AHP affordability retention period (a "repayment"), or funds returned to the Bank for non-compliance (a "recapture") can also influence a Bank'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, a Bank's awarded funds may not equal statutory allocations.

FIGURE 1: BANKS' AHP STATUTORY CONTRIBUTIONS (1990 – 2013)



Source: FHFA

Note: The Banks' statutory contributions consist of 10 percent of the previous year's net earnings. The figure above does not include de-obligated funds, recaptured funds, or carried over funds.

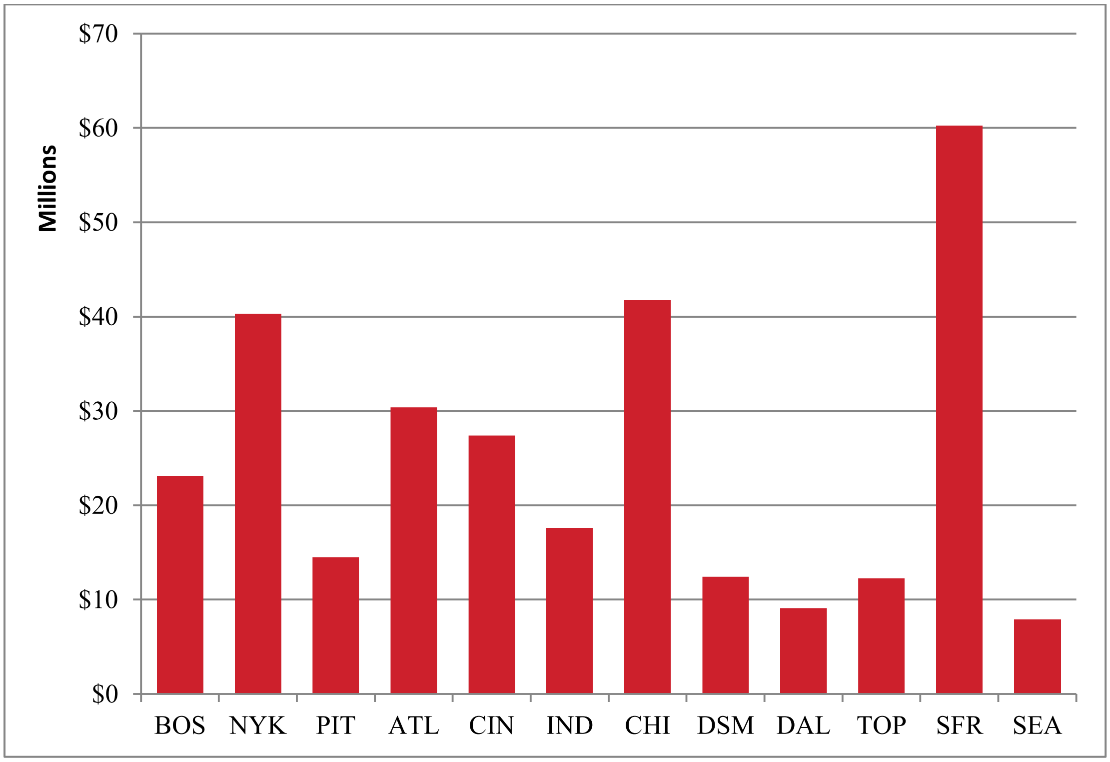
In 2013, the 12 Banks awarded approximately $322 million in AHP subsidies to help finance over 37,000 housing units. This amount, which includes the mandatory statutory allocation of 10 percent of the previous year's net earnings ($297 million), represents an increase of 57 percent compared to 2012. Additionally, the number of units supported increased by almost 40 percent compared to 2012. The Banks used approximately $254 million of the funds awarded in 2013 to assist 27,258 households under their competitive application programs, and used approximately $68 million to assist 10,013 households under their set-aside programs.

In 2013, as in past years, the Banks' individual AHP contributions varied, ranging from a low of approximately $7.8 million at the Seattle Bank to a high of approximately $60.2 million at the San Francisco Bank (see Figure 2). The San Francisco Bank's contribution reflects the Bank's increased earnings in 2012, which were approximately $274 million higher than in 2011.[12] Flat

[12] The Chicago Bank contributed $30.6 million to its AHP in 2012 and was the highest Bank contributor that year.

or negative earnings, however, may drive a Bank's annual statutory contribution requirement to zero. This was the case in 2010 for the Boston, Pittsburgh, Chicago and Seattle Banks. Each of these Banks had negative earnings in 2009, and therefore had zero AHP contributions requirements in 2010.[13]

FIGURE 2: 2013 BANK STATUTORY CONTRIBUTIONS



Source: FHFA

As noted, the AHP funds two programs, a competitive application program for rental housing and homeownership and a set-aside program for homeownership. These programs are described in more detail in the subsections below. All Banks are required to offer the competitive application program, while adoption by a Bank of a homeownership set-aside program is elective to each Bank. Under the competitive application program, a Bank member submits an application on behalf of a project sponsor. The application is evaluated against other applications for funding based on minimum eligibility requirements and scoring criteria established by the Bank pursuant to AHP regulatory parameters. Under the set-aside program, a Bank member applies to a Bank for grant funds, and then either disburses these funds to a

[13] In some cases, Banks with no statutory contributions in a given year funded their AHP for that year from expected future contributions.

household or fronts its own funds to a household and is reimbursed by the Bank. A Bank may allocate annually to its set-aside program up to the greater of $4.5 million or 35 percent of its annual statutorily-required AHP contribution.

Table 1: AHP 2013 Overview		
AHP Program	**Funds Awarded**	**Housing Units**
Competitive Application Program	$253.7 million	27,582
Set-Aside Program	$68.4 million	10,013
Total AHP	$322.1 million	37,595
Data as of December 31, 2013, and only includes active projects. Dollars have been rounded.		

Source: Data submitted by the Banks and validated by FHFA

HEARTHSTONE
Hearthstone at Hover Crossing in Longmont, Colorado, consists of 50 accessible apartments for low-income seniors. The project, developed by Longmont Housing Authority, was assisted with a $250,000 AHP grant through Guaranty Bank & Trust, Denver, Colorado. (Source: The Topeka Bank)

I. THE AHP COMPETITIVE APPLICATION PROGRAM

The AHP competitive application program supports lower-income rental and owner-occupied housing in both urban and rural areas, as well as a range of special needs households. Since the program's inception in 1990, approximately $3.7 billion in awarded funds have supported over 15,500 projects, assisting nearly 600,000 units. In 2013, 607 individual projects were awarded funds under the competitive application program. Awards ranged from approximately $12,000 to $3.2 million for rental projects, and from approximately $15,000 to $850,000 for owner-occupied projects. These funds support a range of affordable housing projects, the majority of which work in conjunction with other federal housing programs and assist households with special needs.

The AHP is particularly valued as a gap financing program that enables sponsors to develop housing affordable to very low-income households.[14] Since the program's inception, approximately 72 percent of units funded (428,729 of 598,312 total units) have been affordable to very low-income households (see Table 2). In 2013, approximately three out of every four rental units and over half of all owner-occupied units assisted by the AHP competitive application program served very low-income households. Many units assisted by the AHP competitive application program target households with even lower incomes. In 2013, a quarter of rental

[14] The Bank Act requires that AHP rental projects reserve at least 20 percent of the housing units for very low-income households. The scoring criteria in the AHP regulation provide preferential scoring to project applications that pledge income targeting of more units.

units and five percent of owner-occupied units served extremely low-income households, which are households with incomes at or below 30 percent of AMI (see Figures 3 and 4).

The AHP competitive application program subsidized 27,582 units in 2013, over 7,700 more units than in 2012. Approximately 87 percent of these units were rental units, an increase from 83 percent of units in 2012. The number of rental units assisted by the AHP competitive application program has increased markedly since 2007, adding critically-needed rental housing units for lower-income households. Since the program's inception, approximately 76 percent of total units were for rental housing ($2.8 billion of $3.7 billion in total funding).

TABLE 2: AHP COMPETITIVE APPLICATION PROGRAM OVERVIEW (1990 2013)

	Rental Projects	Owner-Occupied Projects	Total Projects
Total Number of Awarded Projects	9,331	6,218	15,549
Funds Awarded	$2.8 billion	$933 million	$3.7 billion
Housing Units	452,091	146,221	598,312
Very Low-Income Housing Units[a]	342,466	86,263	428,729

Data as of December 31, 2013, and only includes active projects.
Dollars have been rounded.
[a] Very low-income is defined as households with incomes at 50 percent or less of area median income.
Source: Data submitted by the Banks and validated by FHFA

FIGURES 3 & 4: 2013 HOUSEHOLD INCOME DISTRIBUTION FOR THE COMPETITIVE APPLICATION PROGRAM

Figure 3.

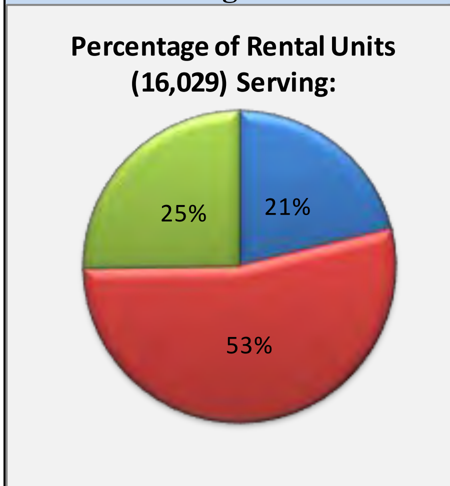
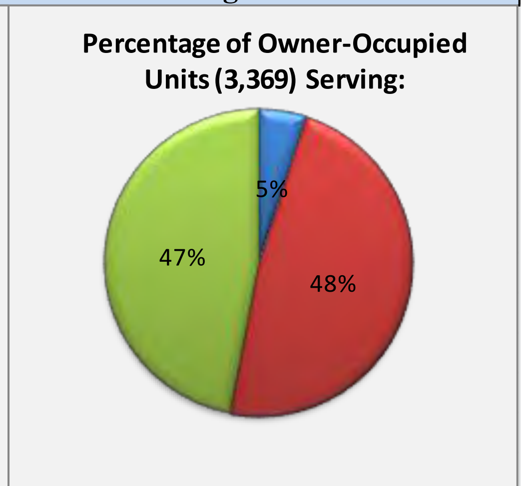


Figure 4.



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

Source: Data submitted by the Banks and validated by FHFA
Data is as of December 31, 2013, and only includes active projects.

SPRINGFIELD VILLAGE

Springfield Village project creates 49 new one-, two-, and three-bedroom rental units on a vacant lot. The construction of this housing for low- and very low-income families and individuals will contribute to the revitalization of a primary commercial corridor in the City of Newark. The project will feature an energy-efficient design using sustainable construction materials in accordance with the Environmental Protection Agency's Energy Star Program requirements. (Source: The New York Bank)

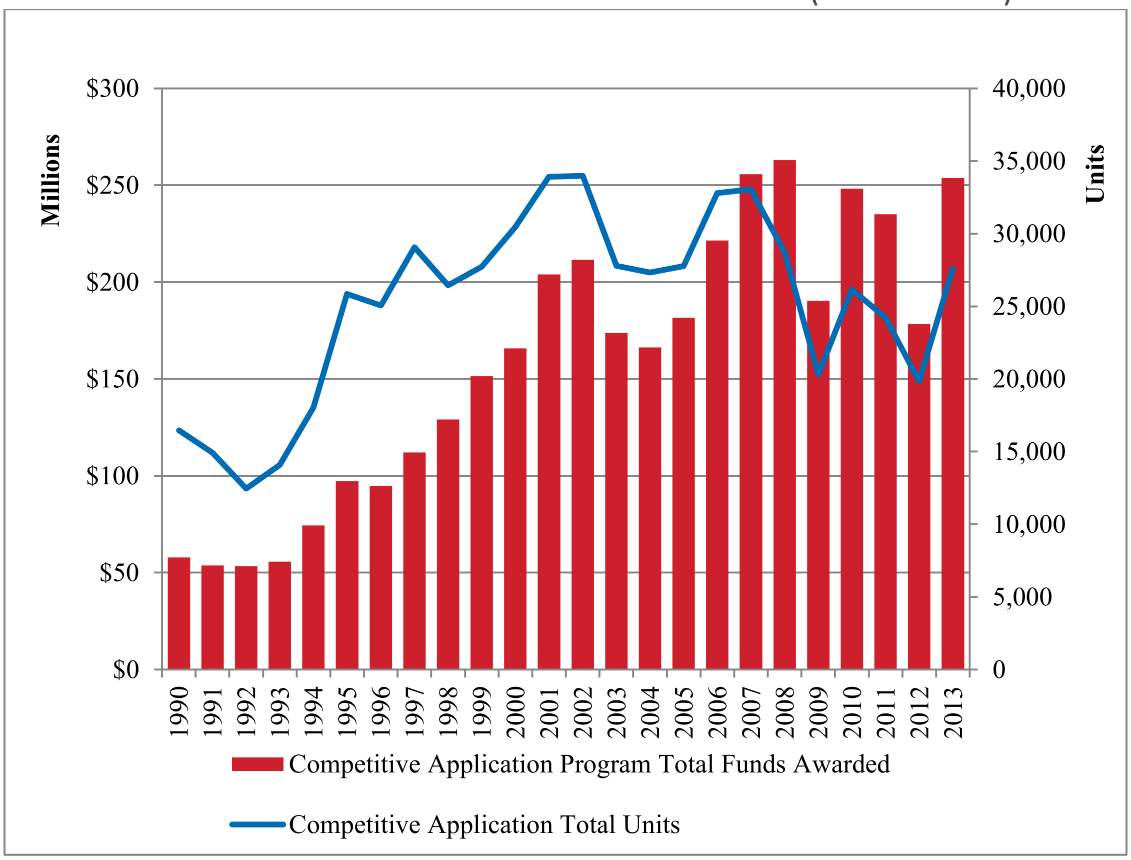
AHP competitive application program subsidy per unit has increased over the last six years. As Figure 5 shows, the Banks' AHP subsidy per unit was greater from 2007 through 2013 than from 1990 through 2006. Indeed, the subsidy per unit from 2000 to 2006 was about $6,100, but from 2007-2013 the subsidy per unit was approximately $9,100 (see Figure 5). However, the AHP subsidy is generally a small portion of the total development costs of a project, which have increased since 2012. The average total cost per unit was $151,000 in 2012 and increased to about $166,000 per unit in 2013. Table 3 outlines the average total cost per unit at each Bank.[15]

[15] These average costs were derived by dividing the aggregate proposed costs in the AHP applications received by each Bank by the total number of units proposed in the applications.

The costs may reflect a variety of considerations, including location. The San Francisco Bank had the highest average cost per unit, while the Des Moines Bank had the lowest.

Applicants submit data on proposed costs of projects at the time of application. Figure 6 details total AHP subsidy awarded as a percent of proposed costs per Bank. AHP subsidy as a percent of proposed costs fell across the majority of Banks in 2013, as was the case in 2012. In total, eight Banks had a lower ratio of total subsidy to proposed costs than in 2012. These Banks were the New York, Pittsburgh, Atlanta, Indianapolis, Chicago, Des Moines, Dallas, and Topeka Banks.

FIGURE 5: AHP COMPETITIVE APPLICATION PROGRAM (1990 – 2013)

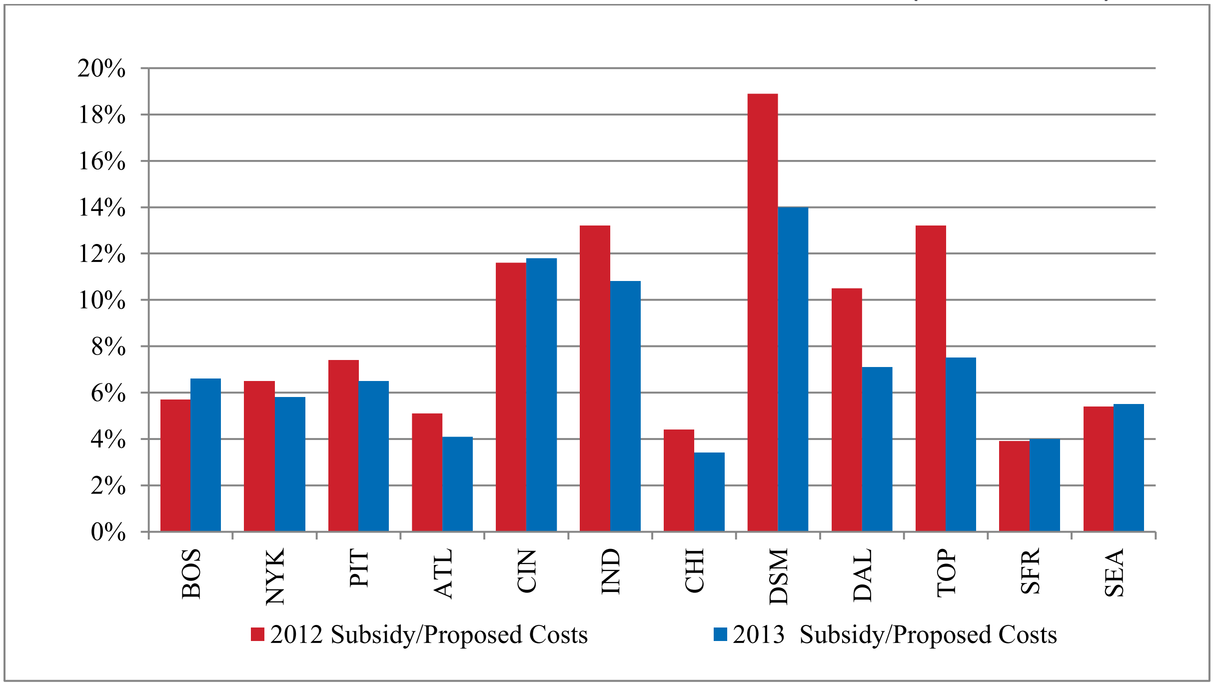


Source: Data submitted by the Banks and validated by FHFA
Data as of December 31, 2013.

TABLE 3: 2013 BANK AHP COMPETITIVE APPLICATION PROGRAM AVERAGE COST/UNIT	
Bank	**Average Cost**
Boston	$227,132
New York	$196,836
Pittsburgh	$145,309
Atlanta	$137,650
Cincinnati	$118,631
Indianapolis	$138,502
Chicago	$179,952
Des Moines	$61,628
Dallas	$95,910
Topeka	$100,215
San Francisco	$247,004
Seattle	$151,195
Data as of December 31, 2013, and only includes active projects.	
Dollars have been rounded.	

Source: Data submitted by the Banks and validated by FHFA

FIGURE 6: AHP SUBSIDY AS A PERCENT OF PROPOSED COSTS (2012 – 2013)



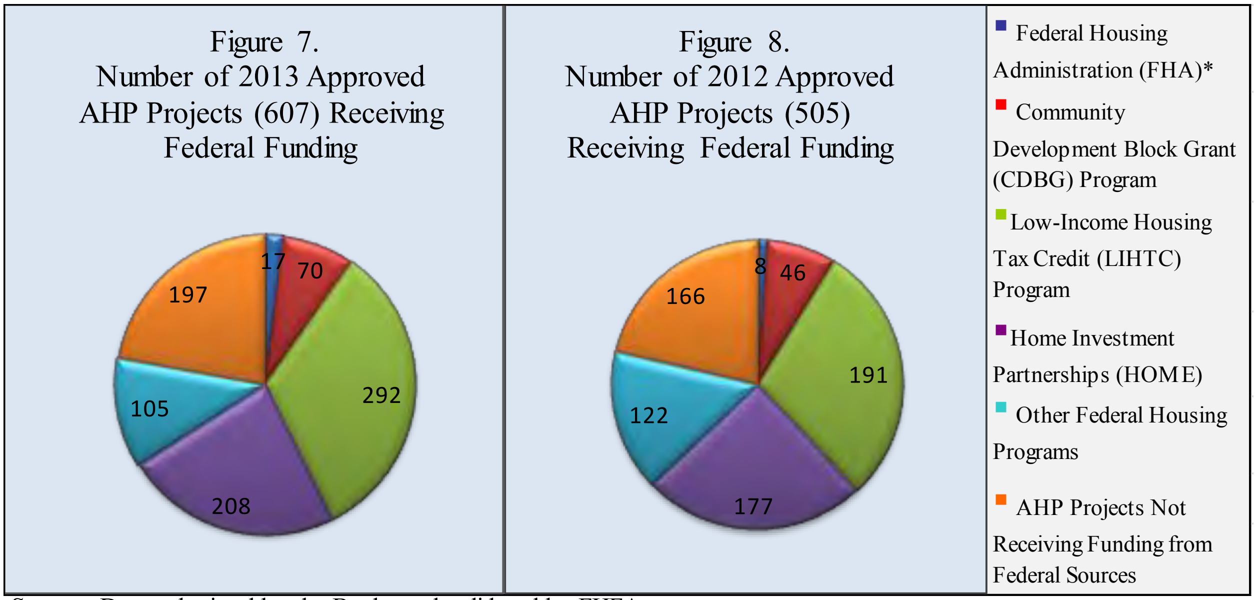
Source: Data submitted by the Banks and validated by FHFA

CRAWFORD APARTMENTS

Crawford Apartments is the result of a regional, collaborative effort to provide services to persons who experience homelessness by providing housing, case management, recovery, and life skills education. The project received a $380,000 AHP award

Although the AHP subsidy represents only a small percentage of the development costs per unit in most projects, this AHP gap funding can deliver benefits. One of these benefits is that the program provides developers with a subsidy that is sufficiently flexible to use with multiple sources of additional 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. The programs most commonly used in conjunction with the AHP include the Federal Housing Administration (FHA) insurance program, the Community Development Block Grant program (CDBG), the Low-Income Housing Tax Credit (LIHTC) program, and the Home Investment Partnerships (HOME) program. In 2013, more than two-thirds of AHP projects obtained funding from at least one other federal housing program (see Figures 7 and 8).

FIGURES 7 & 8: APPROVED AHP PROJECTS RECEIVING FEDERAL FUNDING



Source: Data submitted by the Banks and validated by FHFA
Data as of December 31, 2013, only includes active 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 – 2013.*

Of the 607 approved AHP projects in 2013, the LIHTC program was the most frequently used source of additional funding, financing 292 AHP projects, or nearly half of all projects. This is an increase from 2012 when approximately 38 percent of projects cited LIHTC as a funding source. In 2011, the LIHTC program funded 42 percent of AHP projects. HOME program funds financed 208 AHP projects in 2013 (about 34 percent of projects) while the CDBG program supported 11.5 percent of projects, up from 9 percent of AHP projects in 2012. FHA funded a little less than 3 percent of projects in 2013, and various other federal housing programs assisted around 17 percent of AHP projects in 2013.

The AHP competitive application program serves lower-income households in both urban and rural areas. Since 1990, about 68 percent of AHP competitive application funding, or approximately $2.5 billion, has supported projects in urban communities (see Table 4). Approximately 73 percent of units funded in urban communities were for very low-income households, compared with 68 percent of rural units. Additionally, AHP competitive application projects in rural areas have fewer units than those in urban areas. From 1990 to 2013, urban projects had an average of 44 units, while rural projects had about 29 units. However, the average AHP subsidy per unit for projects in rural areas has historically exceeded the average AHP subsidy per unit for projects in urban areas by more than $1,000.

The trend toward a higher distribution of projects located in urban areas continued in 2013. The percent of urban units assisted in 2013 was approximately 78 percent, up from 70 percent in 2012, and the highest since 1997. This pattern is likely reflective of higher densities and economies of scale possible in urban areas. However, despite the relative decrease in rural units assisted, there was a large difference in 2013 between the average AHP subsidy per unit in rural areas and the average AHP subsidy per unit in urban areas: the subsidy per unit was $12,381 in rural areas, but in urban areas it was $8,317.

Table 4: AHP Competitive Application Program Serving Urban and Rural Communities (1990 2013)

	Urban Projects	Rural Projects	Total Projects
Total Number of Awarded Projects	9,868	5,681	15,549
Funds Awarded	$2.5 billion	$1.2 billion	$3.7 billion
Housing Units	431,770	166,542	598,312
Average Number of Units per Project	44	29	38
Average Subsidy per Unit	$5,952	$7,258	$6,316
Number of Very Low-Income Housing Units*	315,809	112,920	428,729
Data as of December 31, 2013, only includes active projects. Dollars have been rounded. *Very low-income is defined as households with incomes at 50 percent or less of the area median income.			

Source: Data submitted by the Banks and validated by FHFA.

MCKINLEY GROVE

McKinley Grove is a two-story, 17-unit apartment complex serving very low-income, homeless, and special needs households in Painesville, Ohio. (Source: The Cincinnati Bank)

A significant number of competitive application projects serve individuals who are homeless and persons with special needs. The special needs addressed by competitive application projects are outlined in the AHP regulation. These special needs include individuals with disabilities, individuals living with AIDS, individuals recovering from substance or physical abuse, as well as the elderly. Projects may serve one or more special needs population simultaneously.

In 2013, 358 projects served individuals who are homeless or persons with special needs. Of these projects, almost three quarters (263 projects) were rental projects that assisted 13,423 households. Additionally, 95 projects serving persons with special needs were owner-occupied projects, assisting 2,215 households. Most competitive application projects addressed some of the special needs categories identified in the AHP regulation, with the disabled, homeless and those recovering from substance abuse most frequently assisted. In 2013, approximately 31 percent of AHP-awarded projects reserved units for individuals with disabilities, while projects supporting either elderly or homeless households represented approximately 43 percent of projects – down from 53 percent in 2012 (see Table 5). There were two projects assisting 105 units that addressed all the special needs populations identified in the AHP regulation, as well as homeless individuals, in 2013.

Table 5: AHP Competitive Application Program: AHP Projects Serving Special Needs and Homeless Households	2013 Total	1990 – 2013
Total Number of Awarded Projects	607	15,549
Number of Projects with Units Reserved for Disabled Households[a]	190	3,265
Number of Projects with Units Reserved for Elderly Households[a]	118	2,946
Number of Projects with Units Reserved for Homeless Households[a]	144	4,661
Number of Projects with Units Reserved for Two or More Special Needs or Homeless Households	94	2,256

Data as of December 31, 2013, excluding withdrawn projects.
[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.

II. The AHP Homeownership Set-Aside Program

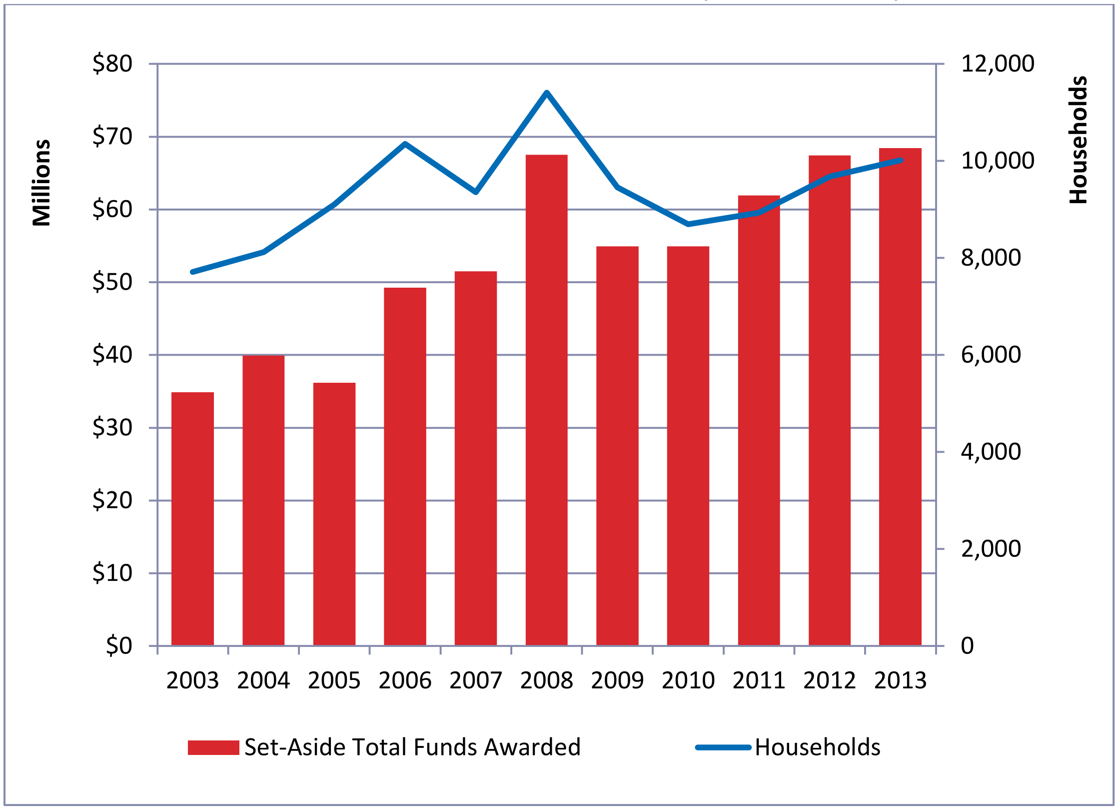
Authorized by regulation in 1995, the Banks' AHP homeownership set-aside programs expand homeownership opportunities for very low- and low- or moderate-income households. Bank members apply for set-aside funds from their Bank and distribute the funds as grants to eligible households. Grants may be no greater than $15,000 per household, and households may use the grants for down payment, closing costs, counseling or rehabilitation assistance towards the purchase or rehabilitation of an owner-occupied home to be used as a primary residence. The maximum allowable share of AHP funding a Bank may allocate to its set-aside program per year is $4.5 million or 35 percent of its annual AHP statutory contribution, whichever is greater.

A Bank may establish one or more AHP homeownership set-aside programs. For example, some Banks 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. However, at least one-third of a Bank's aggregate annual set-aside contribution must be allocated to first-time homebuyers.

From 1995 through 2013, the Banks' set-aside programs provided approximately $679 million in funding, supporting more than 125,000 households. Nearly 80 percent (99,862) of these households assisted were first-time homebuyers. Over this period, the average AHP subsidy per household was $5,396. Figure 9 provides detail on set-aside funds awarded and total households assisted, showing that funding per household increased slightly in the post-2010 period compared to the 2003-2010 period.

In 2013, the total funding for the set-aside program was approximately $68.4 million, about one million dollars higher than in 2012, and assisted 10,013 households. The average AHP subsidy per household was $6,835.

FIGURE 9: AHP SET-ASIDE PROGRAM (2003 – 2013)



Source: Data submitted by the Banks and validated by FHFA.
Data as of December 31, 2013 (annual data on the set-aside program became available in 2003).

Set-aside program funding as a percent of total AHP funding has increased over the last decade. From 2003-2007, set-aside program funding was between 17 and 19 percent of total AHP funding, whereas set-aside program funding has been at least 20 percent of total AHP funding from 2008-2013, with the exception of 2010, when it was 18 percent (see Table 6).

TABLE 6: AHP ALLOCATIONS TO THE SET ASIDE AND COMPETITIVE APPLICATION PROGRAMS (2003 2013)		
Year	**Set-Aside Funding as a percent of AHP Funding**	**Competitive Funding as a percent 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%
Data as of December 31, 2013, only includes active projects. Dollars have been rounded.		

Source: Data submitted by the Banks and validated by FHFA.

Table 7 outlines the percent of Bank funding allocated to the set-aside program by Bank in 2013.[16] In 2013, both the Indianapolis Bank and the Topeka Bank allocated 35 percent of their annual AHP allocations, respectively, to their set-aside programs. The Cincinnati Bank and the Chicago Bank each allocated almost 35 percent of their annual AHP allocations to their set-aside programs, while the Atlanta Bank allocated approximately 30 percent of its annual AHP allocation to its set-aside program.

[16] Allocation totals may differ from actual disbursements because Banks may carry forward uncommitted or unused AHP funds from prior years (or accelerate AHP funds from future years). For example, in 2013, the Dallas Bank did not allocate AHP funds to its set-aside program but the Bank disbursed approximately $1.5 million under the program.

TABLE 7: 2013 AHP FUNDING ALLOCATED TO THE SET ASIDE PROGRAM BY BANK			
Bank	**Total Funding**	**Funding Allocated to Set-Aside**	**Percent of Funding Allocated to Set-Aside**
Boston	$23,122,000	$3,218,000	13.9%
New York	$40,286,000	$8,000,000	19.9%
Pittsburgh	$14,480,000	$2,000,000	13.8%
Atlanta	$30,377,000	$9,256,000	30.5%
Cincinnati	$27,379,000	$9,500,000	34.7%
Indianapolis	$17,599,000	$6,160,000	35%
Chicago	$41,706,000	$14,500,000	34.8%
Des Moines	$12,408,000	$2,000,000	16.1%
Dallas	$9,090,000	$0	0%
Topeka	$12,261,000	$4,291,000	35%
San Francisco	$60,200,000	$10,000,000	16.6%
Seattle	$7,866,000	$2,000,000	25.4%

Source: FHFA

The Banks may use sub-allocations of their set-aside program funds to meet certain needs related to homeownership (down payment or closing cost assistance, home rehabilitation, and counseling costs).[17] Historically, the majority of funds have been allocated for down payment or closing costs assistance. In 2013, the Banks allocated almost $54 million to down payment and closing costs, which represented about 79 percent of total AHP set-aside program funding. They allocated about $14 million to rehabilitation costs, which was about 21 percent of total program funding.

While down payment and closing costs assistance continues to be the largest subcategory of the set-aside program, the use of the program for rehabilitation costs has been growing over the last

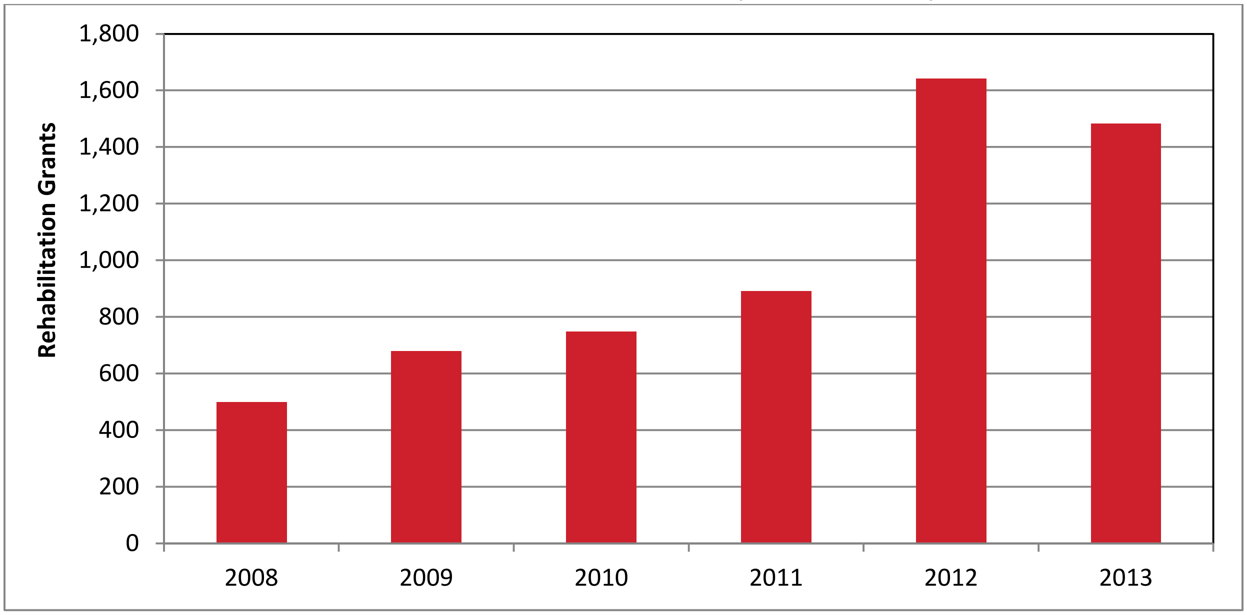
[17] FHFA does not collect data on the use of set-aside funds to pay for counseling costs. Data for set-aside funds used for closing costs and down payments is aggregated. Banks submit data to FHFA on down payment and closing costs assistance as one data reporting category. They also submit data on home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

few years. Indeed, loans for home rehabilitation can be difficult for a lower-income household to obtain and Banks have responded to this need by increasing funds for rehabilitation costs.[18] As shown in Figure 10, rehabilitation assistance under the AHP set-aside program grew steadily from 2008-2012, peaking at 1,642 grants and over $16 million in funding in 2012. In 2013, the number of rehabilitation grants and level of funding declined moderately to 1,483 grants and about $14.6 million in funding. The average rehabilitation subsidy, however, was higher in 2013 ($9,892) than it was in 2012 ($9,680).

The uses of set-aside funds differ among the Banks. In 2013, six Banks distributed their set-aside funds only for down payment assistance or closing costs assistance (the Cincinnati, New York, Pittsburgh, Topeka, San Francisco, and Seattle Banks). The Chicago Bank distributed 99 percent of its set-aside funds to down payment or closing costs assistance (see Figure 11). The Des Moines and Boston Banks distributed 98 percent of their funds for this purpose. In 2013, three Banks allocated a substantial percentage of their set-aside funds to rehabilitation costs (the Dallas, Indianapolis and Atlanta Banks). The Dallas Bank distributed its set-aside funding evenly between rehabilitation and down payment and closing cost assistance, while the Indianapolis Bank allocated nearly half (47 percent) of its set-aside funding to rehabilitation costs. The Atlanta Bank was the only Bank to distribute the majority of its set-aside funding to rehabilitation costs.

[18] Uses of set-aside funds for rehabilitation have included removing lead-based paint, weatherproofing homes, and adding accessibility features such as ramps or aging in place home improvements.

FIGURE 10: NUMBER OF AHP HOMEOWNERSHIP SET-ASIDE GRANTS USED FOR REHABILITATION ASSISTANCE (2007 – 2013)

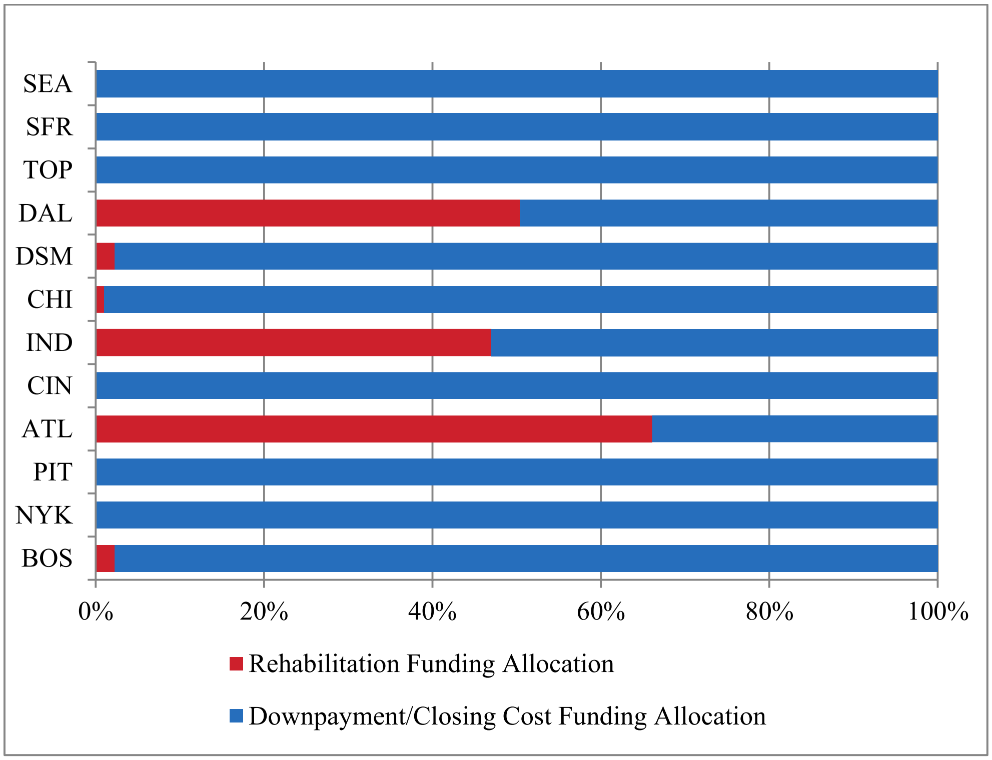


Source: Data submitted by the Banks and validated by FHFA
Data as of December 31, 2013

HOME REHABILITATION

Scattered site homeownership rehabilitation in New Haven, Connecticut. The home before rehabilitation is shown on the left, and after rehabilitation is shown on the right. (Source: The Boston Bank)

FIGURE 11: 2013 SET-ASIDE GRANT PROGRAMS



Source: Data submitted by the Banks and validated by FHFA
Data as of December 31, 2013.

Across all types of sub-allocation funding, the set-aside program must target very low- or low- or moderate-income households. In 2013, the average income for households assisted by the set-aside program was about $37,000 per year, or 58 percent of AMI (see Table 8). The average house price was approximately $110,000. As might be expected, house prices vary across Bank districts. For example, the San Francisco Bank had a substantially higher average home price ($163,298) than other Banks due to higher housing costs and land costs. Data from the Seattle and Boston Banks also reflected higher house prices.

Table 8: 2013 Set Aside Household and House Price Characteristics			
Bank	**Average Household Income**	**Average Household Income as a Percent of AMI**	**Average House Price**
Boston	$40,283	64%	$136,525
New York	$43,120	55%	$122,911
Pittsburgh	$35,591	55%	$106,702
Atlanta	$41,474	65%	$134,778
Cincinnati	$38,708	55%	$94,920
Indianapolis	$28,715	58%	$74,819
Chicago	$34,077	61%	$88,234
Des Moines	$40,822	55%	$98,748
Dallas	$27,992	55%	$86,516
Topeka	$40,269	58%	$84,115
San Francisco	$39,651	62%	$163,298
Seattle	$33,380	58%	$138,823
Data as of December 31, 2013. Excludes households receiving rehabilitation assistance awards.			

Source: Data submitted by the Banks and validated by FHFA

As stated earlier, if a Bank 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. Indeed, since program inception, a large majority of households assisted have been first-time homebuyers. In 2013, over 8,100 first-time homebuyers were assisted, and the average AHP subsidy award for these buyers was $6,346. This is about 400 more first-time homebuyers assisted than in 2012. Most households assisted by the AHP set-aside program in 2013 had incomes between 50 percent and 80 percent of AMI (72 percent of households assisted). Notably, nearly a quarter of households (2,005 households) assisted by the AHP set-aside program in 2013 were very low-income households with incomes between 30 percent and 50 percent of AMI, and about 3 percent of households (270 households) were extremely low-income households with incomes of 30 percent or less of AMI.

Table 9 outlines the financing characteristics of first-time homebuyers assisted by the set-aside program in 2013. Approximately 92 percent of buyers assisted received fixed-rate mortgage loans, and almost 90 percent of these first-time buyers received a first mortgage loan financed by a Bank member. Even with a set-aside grant, some lower-income homebuyers need additional assistance to purchase a home. In 2013, approximately 17 percent of first-time homebuyers assisted under the AHP set-aside program obtained a grant or forgivable loan from other sources to use in conjunction with the set-aside grant, the same percent of homebuyers as in 2012.[19] These additional grants or loans ranged from $500 to $202,000. Relatively few of the assisted first-time homebuyers (234) also had a second mortgage, although this was an increase from 172 in 2012. Even fewer assisted first-time homebuyers (31) received a combination of a first mortgage loan, second mortgage loan and non-AHP grant or forgivable loan in 2013.

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

TABLE 8: AHP HOMEOWNERSHIP SET ASIDE PROGRAM
2013 FIRST TIME HOMEBUYERS' FINANCING CHARACTERISTICS

Household Incomes	First Mortgage Loans Financed by Bank 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	239	216	9	68	2
Incomes greater than 30 percent, to 50 percent of AMI	1,653	1,761	52	433	10
Incomes greater than 50 percent, to 80 percent of AMI	5,343	5,493	173	941	19
Total	**7,235**	**7,470**	**234**	**1,442**	**31**

Data as of December 31, 2013

[a]First-time homebuyers receiving set-aside down payment/closing cost assistance in 2013

[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 Bank 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

fFirst-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

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

Under the set-aside program, if a homeowner sells the home during the first five years, the homeowner must return the remaining pro-rata amount of the AHP grant to the Bank subject to certain exceptions.[20] Repayments in the program have been low. Over the last five years, seven Banks have received repaid funds in the set-aside program. These Banks were the Atlanta, Boston, Chicago, Dallas, Des Moines, Indianapolis, and Topeka Banks. During this time, subsidy repayments have been low, averaging approximately $1,700, and have most frequently

[20] Specifically, AHP homeownership subsidies are required to be repaid on a pro rata basis if AHP-assisted households sell their homes within the AHP five-year retention period for a net gain to homebuyers who are not very low- or low- or moderate-income, or if AHP-assisted households refinance their homes within the AHP five-year retention period and do not maintain the AHP retention agreement for the remainder of the retention period.

occurred at the Indianapolis Bank. In 2013, just 14 households repaid subsidy, 13 at the Indianapolis Bank and 1 at the Atlanta Bank. The grants repaid at the Indianapolis Bank averaged approximately $400.

The Community Investment Program and Community Investment Cash Advance Program

Bank members can finance eligible targeted housing and economic development projects through the CIP and CICA programs. Economic development projects funded by either the CIP or CICA programs may include commercial, industrial, manufacturing, special purpose and capital improvement infrastructure projects. Examples include service or educational facilities, hospitals, nursing homes, civic centers, daycare centers, grocery stores, roads, utilities, water, and wastewater 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.

While the CIP and CICA programs have similarities, they also have five main differences. First, the CIP is mandated by the Bank Act, whereas the CICA program is voluntary for the Banks. Second, the CIP funds housing-only projects in addition to economic development projects and mixed-use projects that combine housing and economic development investments, while the CICA program only funds economic development projects or mixed-use projects. Third, the CIP economic development program is designed to benefit areas with lower AMIs than the CICA economic development program. Fourth, the pricing of CIP advances must be at the cost of funds plus reasonable administrative costs (which may be lower than regular advance pricing), whereas the CICA advances may be priced as regular or discounted advances. Lastly, the CIP does not offer grants, while the CICA program does. The programs are detailed below.

- **Community Investment Program:** As noted, the Bank Act requires that the Banks price CIP advances to members at the cost of funds plus reasonable administrative costs. The proceeds of these 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. Economic development projects must benefit low- or moderate-income households with incomes at 80 percent or less of AMI or commercial and economic development activities located in low- and moderate-income neighborhoods (neighborhoods where at least 51 percent of households are low-or moderate-income).[21] Although the majority of CIP funding is through advance products, the program also offers letters of credit.

- **Community Investment Cash Advance Program:** The CICA program is a voluntary program under which a Bank may offer regular or discounted long-term advances for members and housing associates to use toward financing economic development projects, including mixed-use projects, for targeted beneficiaries.[22] The targeted beneficiaries include projects in designated redevelopment areas, such as brownfields and closed military bases, or in designated Empowerment Zones or Champion Communities, projects serving targeted income levels, or projects involving small businesses.[23, 24, 25] The targeted income level for CICA targeted 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, both adjusted for family size.[26] Although the majority of CICA funding is through advance products, the program also offers grants and letters of credit.

In 2013, CIP and CICA program commitments funded an array of housing, economic development and mixed-use projects. CIP advances financed single-family mortgage loans, multifamily housing, accessible housing, brownfield conversion, and elementary school building construction. CICA funding uses in 2013 included a shopping center, the acquisition of cropland, disaster relief and a local recreational facility. As in 2012, in 2013 the Banks utilized the CICA targeted economic development program to a greater degree than the CIP economic development program in terms of both the volume of advances dollars used to finance projects and the number of economic development projects financed. In total, both programs financed 1,133 projects in 2013. The CICA program financed 660 projects during this time, while the CIP financed 473 projects. Only 8 of the 473 CIP projects were economic development projects.

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[21] 12 U.S.C. § 1430(i); 12 C.F.R. part 1292.
[22] 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. See 12 U.S.C. § 1430b; 12 C.F.R. part 1264.
http://potal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/economicdevelopment/programs/rc.
[23] A brownfield is land formerly used as an industrial or commercial site. Brownfields may require remediation to remove contaminants.
[24] "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 June 10, 2014.
[25] 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.
[26] 12 U.S.C. § 1430(j)(10); 12 C.F.R. § 1292.1.

Total funding commitments for both the CIP and CICA programs in 2013 was $6.1 billion, which includes advances, letters of credit and grant funding. In 2013, CICA advance funding was approximately $2.6 billion, up sharply from approximately $1.3 billion in 2012.[27] This total includes approximately $152 million in mixed-use advances. Since 2000, CICA advances have totaled approximately $17.3 billion. Over this time, CICA economic development advances were approximately $16.9 billion and CICA mixed-use advances were approximately $426 million.[28] CIP advances for economic development totaled approximately $25 million in 2013, while CIP housing advances were approximately $2.7 billion. CIP advances for mixed-use projects were approximately $2 million for the same time period. From 1990 to 2013, CIP advances totaled approximately $57 billion, with CIP housing advances constituting approximately $50.5 billion of that total. Table 10 provides an overview of CIP funding from the inception of the program.

[27] In 2013, CICA letters of credit were approximately $598 million and CICA grants were approximately $3.1 million.
[28] CICA mixed-use advances data is only available starting in 2007.

Table 9: CIP Overview		
	2013 Total	**1990 - 2013**
Total CIP Advance Commitments[a]	$2,705	$57,537
CIP Advance Commitments for Housing Projects	$2,677	$50,575
CIP Advance Commitments for Economic Development	$25.4	$6,919
Total Housing Units	25,361	797,045
Owner-Occupied Housing Units	16,891	542,650
Rental Housing Units	8,470	254,395

Dollars have been rounded. Dollars in Millions.
Data as of December 31, 2013.
[a]Total advance commitments include CIP advance commitments where an initial disbursement occurred. Excludes rollovers and refinancing of previous advances. Data are based on Bank member projections at the time of application.

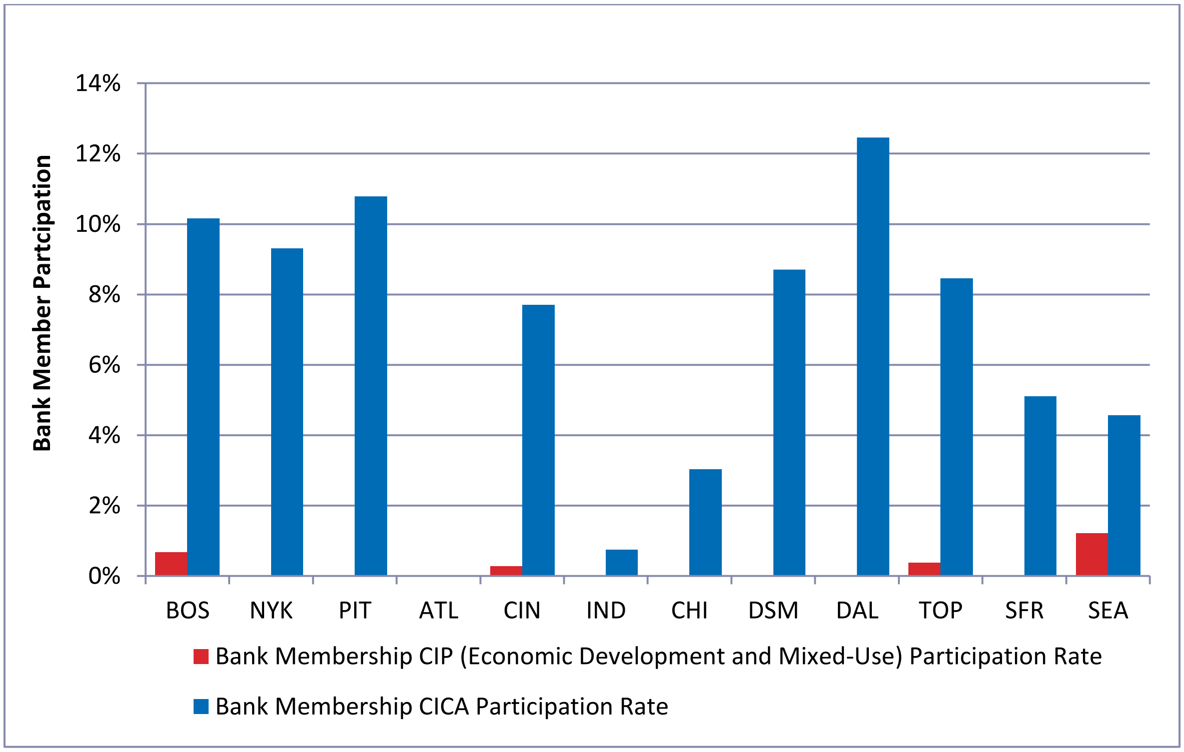
Source: Data submitted by the Banks and validated by FHFA

PROJECT PRIDE

Project Pride, a division of East Bay Community Recovery Project, is a residential treatment center in West Oakland, California where pregnant and parenting women and their families can begin to recover from drug abuse, mental illness, trauma, domestic violence, homelessness, chronic medical conditions such as HIV/AIDS, or other issues. It is one of the few programs in Oakland that specializes in providing low-income women with housing and services that facilitate recovery and promote family reunification. The project received both an AHP competitive application program and a CICA grant. (Source: The San Francisco Bank)

Figure 12 shows the percentage of total Bank members that participated in either the CICA program or CIP economic development and mixed-use program. In 2013, all Banks funded a CICA program except for the Atlanta Bank. The Dallas Bank had the highest member participation rate in its CICA program. As was the case in 2012, the CIP economic development program was not widely utilized for issuing new economic development or mixed-use advances in the Bank System. Only four Banks issued new CIP economic development advances in 2013: the Boston, Cincinnati, Topeka, and Seattle Banks. The Seattle Bank issued $12.4 million in CIP economic development advances and $1 million in CIP mixed-used advances. The Boston Bank issued $7 million in CIP economic development advances and approximately $1 million in CIP mixed-used advances. The Cincinnati and the Topeka Banks issued approximately $3.5 million and $2.6 million, respectively, in CIP economic development advances.

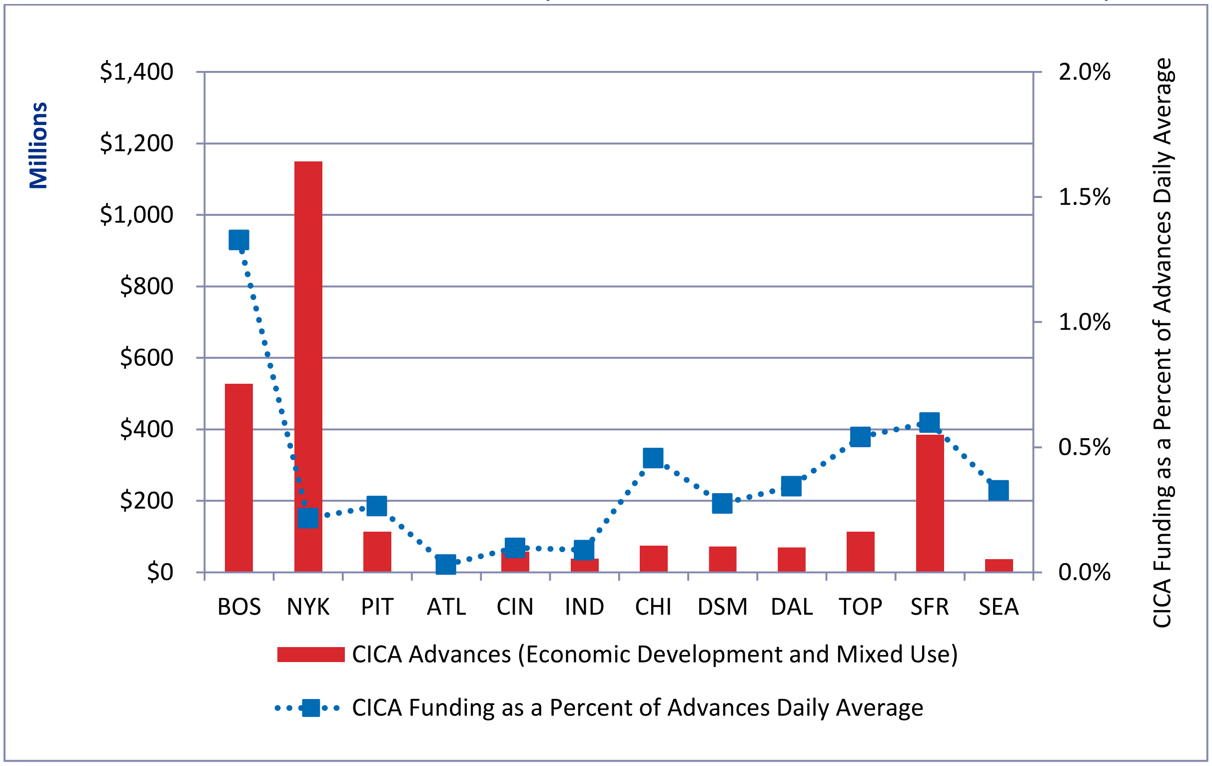
FIGURE 12: 2013 BANK MEMBERSHIP CIP (ECONOMIC DEVELOPMENT AND MIXED-USE) AND CICA PARTICIPATION



Source: Data submitted by the Banks and validated by FHFA

Figures 13 through 16 show the advance levels for the CIP and CICA programs as they relate to overall Bank advances. Figure 13 focuses on CICA economic development and CICA mixed-use financing. It details total CICA funding at each Bank, while also showing each Bank's CICA funding as a percentage of the Banks' overall advances (the daily average of the Banks' advances). The New York Bank had the highest total CICA funding in 2013; the San Francisco Bank had the highest CICA funding in 2012. However, the Boston Bank's CICA funding in 2013 was the highest in relation to its average daily advances for the year, which was also the case in 2012.

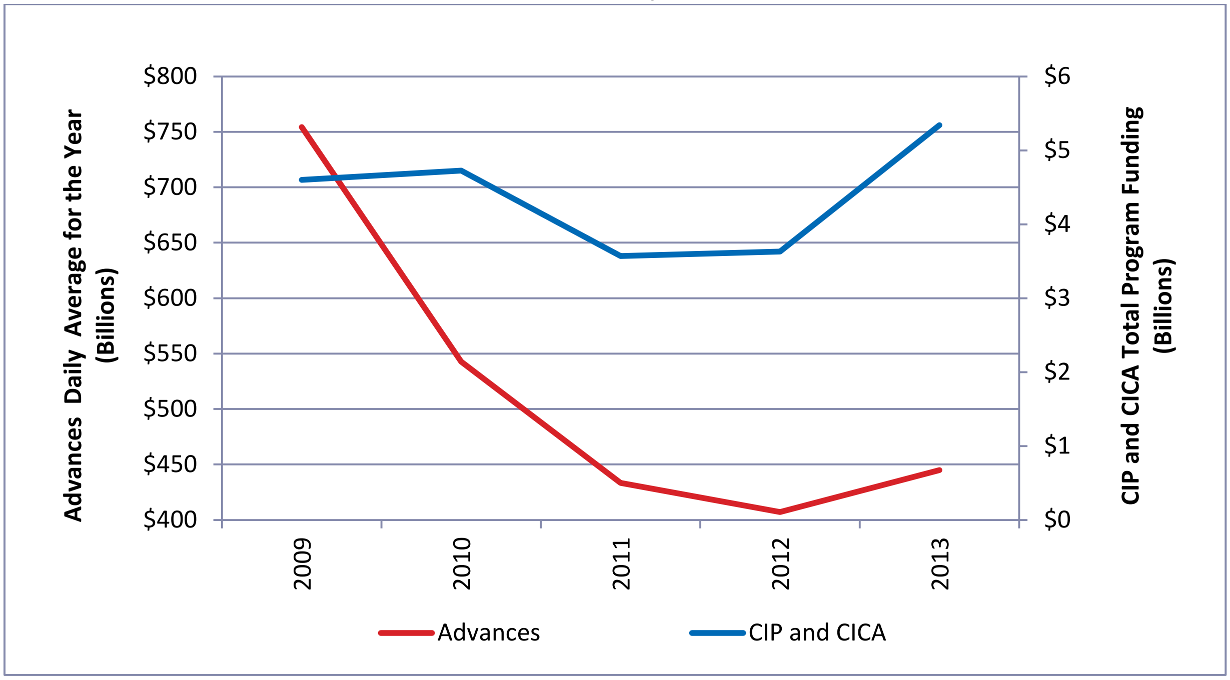
FIGURE 13: 2013 CICA FUNDING (ECONOMIC DEVELOPMENT AND MIXED-USE)



Source: Data submitted by the Banks and validated by FHFA.
Advances data from FHFA's Call Report System.
Note: CICA mixed-use advances data is only available starting in 2007

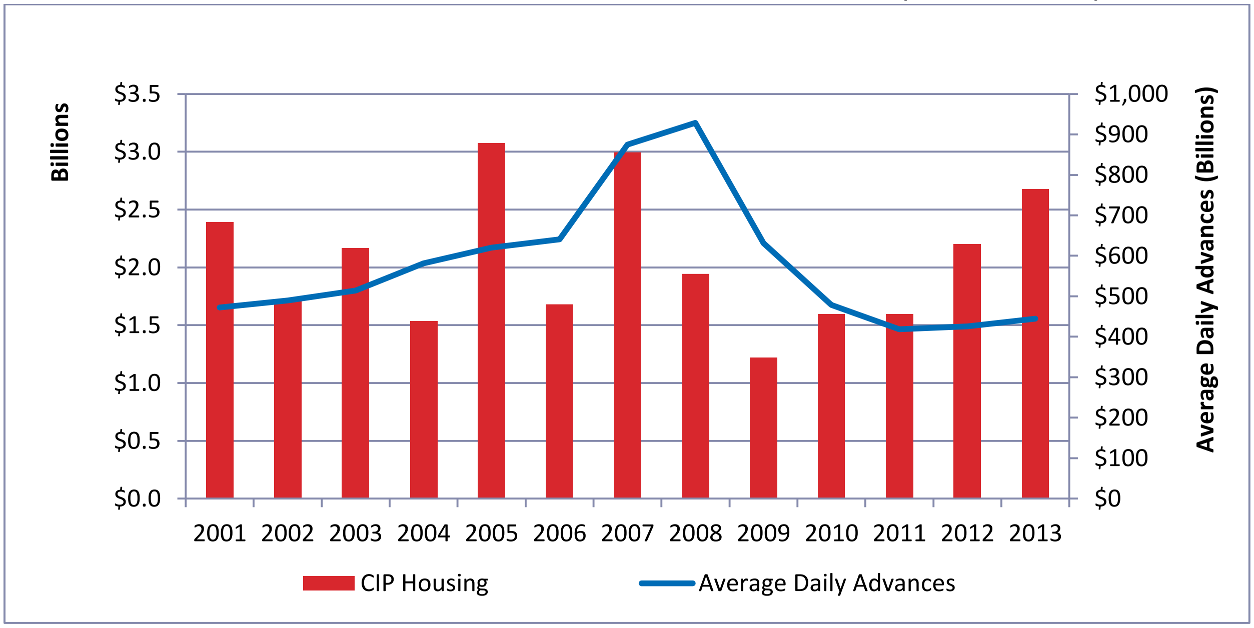
Generally, CIP and CICA total funding levels reflect a relationship to member demand for Bank advances. In 2013, Bank advances increased as did CIP and CICA total program funding (see Figure 14). While CIP housing advances did increase more than Bank advances in 2013, over the 2001 through 2013 period CIP housing advances tended to move in the same direction as Bank advances (see Figure 15). As shown in Figure 16, CICA economic development funding also appears to move in the same direction as Bank advances over the 2001 to 2013 period, although CICA economic development funding also showed a greater increase in 2013 than overall Bank advances. However, CIP economic development funding does not appear to show as close a relationship to Bank advances as the CICA program funding does, particularly after 2006.

FIGURE 14: ADVANCES DAILY AVERAGE, AND CIP AND CICA TOTAL PROGRAM FUNDING (2007 – 2013)



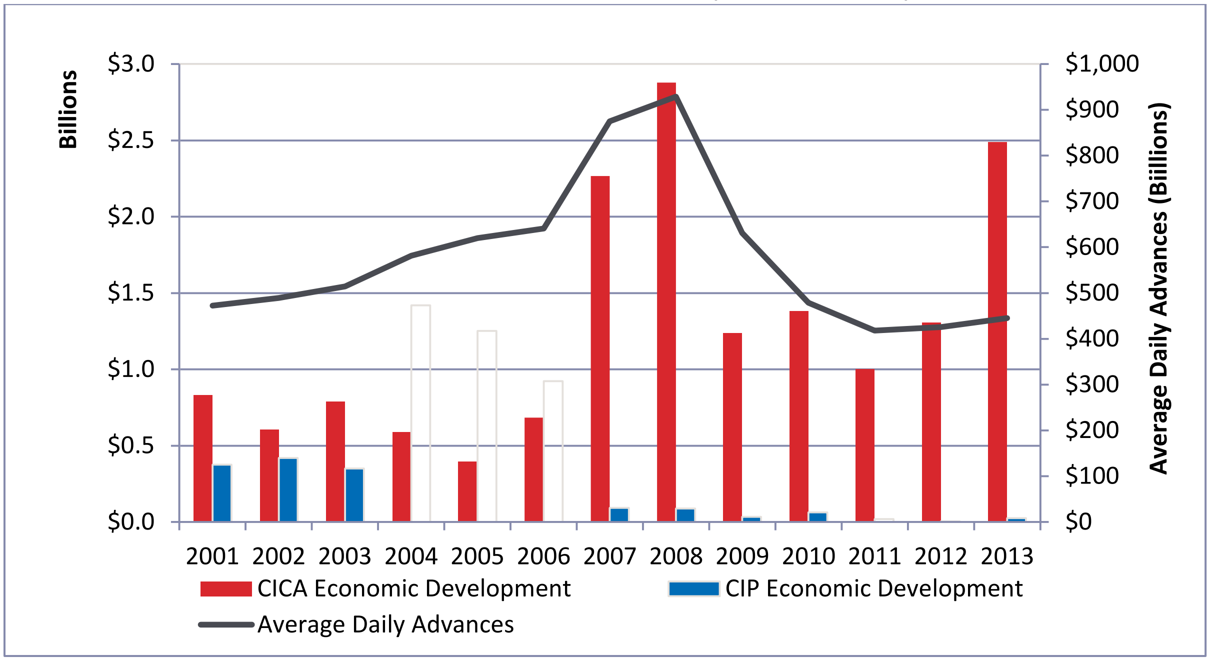
Source: Data submitted by the Banks and validated by FHFA.
Advances data from FHFA's Call Report System.

FIGURE 15: CIP HOUSING AND AVERAGE DAILY ADVANCES (2001 – 2013)



Source: Data submitted by the Banks and validated by FHFA
Advances data from FHFA's Call Report System.

Figure 16: CIP Economic Development and CICA Economic Development, and Average Daily Advances (2001 – 2013)



Source: Data submitted by the Banks and validated by FHFA.
Advances data from FHFA's Call Report System.

In 2013, Bank members used CIP and CICA program funds to finance housing, economic development, and mixed-use projects in both urban and rural communities. Approximately $5.1 billion of CIP and CICA commitments funded urban projects in 2013 (see Table 11). Although urban projects made up only about half of total projects in 2013, the majority of housing units (approximately 92 percent) were in urban areas. Just over half of these units (16,186) were rental units. Rural projects had approximately $1.0 billion in funding in 2013, and this funding supported 2,802 housing units, the majority of which (62 percent) were owner-occupied.

Table 10: 2013 CIP and CICA Program Projects Serving Urban and Rural communities	2013 Urban[a] Projects				2013 Rural[a] Projects				
	Housing	Economic Development	Mixed-Use	Total Urban Projects	Housing	Economic Development	Mixed-Use	Total Rural Projects	2013 Total
Total Approved Projects	301	266	8	575	162	396	3	561	1,133
Total Commitments[b]	$2,744	$2,286	$143	$5,173	$194	$831	$9	$1,034	$6,195
Projected Number of Rental Housing Units (CIP only)	14,978	0	1,208	16,186	1,032	0	38	1,070	17,196
Projected Number of Owner-Occupied Housing Units (CIP only)	15,210	0	315	15,525	1,727	0	5	1,732	17,211
Projected Number of Housing Units (CIP only)	30,188	0	1,523	31,711	2,759	0	43	2,802	34,407

Source: Data submitted by the Banks and validated by FHFA.

Dollars are in millions.

Sums have been rounded.

Data as of December 31, 2013.

NA means not applicable.

[a]"Urban" and "rural" as defined in 12 CFR part 1292.

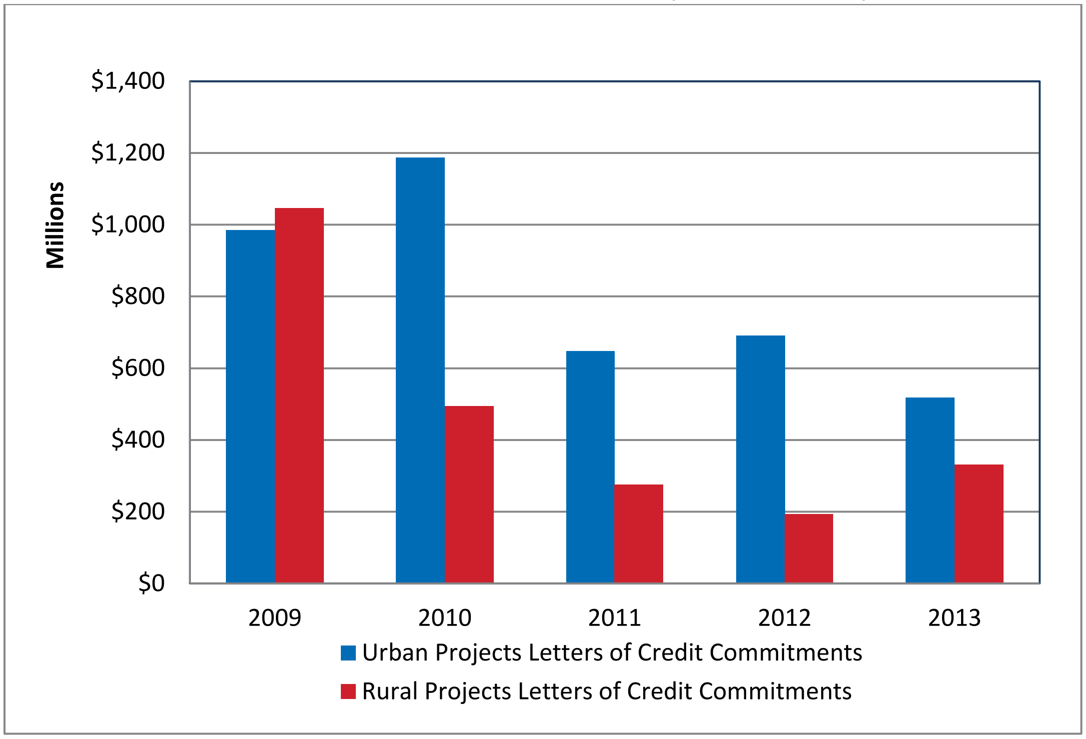
[b]Total commitments include advances and grants where an initial disbursement occurred. Total commitments also include letters of credit, but exclude rollovers and refinancing of previous advances. Data based on Bank member projections at the time of application.

BARRY STREET COMMONS

Magyar Bank and Metuchen Savings Bank used CIP advances to partake in a loan consortium project from TICIC, Inc., a wholly owned subsidiary of the New Jersey Bankers Association. Funds were used to convert a brownfield site into Berry Street Commons, a multifamily rental apartment complex in Franklin Township, New Jersey. The four-story, 94-unit housing project revitalized the neighborhood and increased the availability of high-quality affordable housing in Somerset County. (Source: The New York Bank)

Although Bank members most commonly used advances to finance CIP and CICA projects, they also used collateralized Bank CIP and CICA letters of credit for some projects (see Figure 17). After falling for four straight years, letters of credit commitments for rural projects increased, climbing from $193 million in 2012 to $331 million in 2013. Letters of credit commitments to urban projects continued a general trend downward, falling from $691 million in 2012 to $518 million in 2013. CICA letters of credit financed about 70 percent of Bank total letters of credit, while CIP letters of credit financed about 30 percent of Bank total letters of credit in 2013.

FIGURE 17: CIP AND CICA PROGRAM URBAN AND RURAL PROJECTS LETTERS OF CREDIT COMMITMENTS (2009 – 2013)



Source: Data submitted by the Banks and validated by FHFA
Data as of December 31, 2013

Appendix 1. Examples of Low-Income Housing and Community Development activities

The examples below of low-income housing and community development activities financed by the Banks are summarized from the 2013 Advisory Council Reports submitted to FHFA.

The **Des Moines Bank** Advisory Council Report details the Bank's Strong Communities Fund, which includes the Native American Homeownership Initiative. The initiative provides $300,000 to members that help eligible Native American households purchase single-family owner-occupied homes. Available funds are used for down payment and closing cost assistance, or to pay the costs of homeownership counseling or property rehabilitation that is part of the home purchase.

The **Boston Bank** Advisory Council Report highlights the Bank's AHP projects, and details competitive projects from the perspectives of the sponsor, member, and housing resident. One such project detailed is Thayer House in Burlington, Vermont. The narrative explains the beginning of the plans for the project, which would be built on an underutilized former Registry of Motor Vehicles site. The state approved a plan to permit three developers to build housing on the site: a for-profit developer would build market-rate housing, a nonprofit would develop family housing, and the Cathedral Square Corporation, the sponsor for Thayer House, would create senior housing. The project received a $320,000 AHP award. Cathedral Square built 69 senior apartments.

The **Chicago Bank** Advisory Council Report details the use of an AHP competitive application program grant to transform an abandoned school into 55 rental units. The project was located in Oconomowoc, Wisconsin, a small town in the lake country of Wisconsin. The rehabilitation of the school maintained many of the characteristics of the original building, including keeping the exterior intact. Each of the one-, two-, and three-bedroom apartments was designed individually.

The **Indianapolis Bank** Advisory Council Report features *Benjamin's Hope*, a housing facility that allows adults with autism to live as independently as possible. There is a substantial shortage of such housing, noted the Executive Director of *Benjamin's Hope*, adding that the organization had over 140 applications for housing on its waiting list. The project's sponsor, the Bank of Holland, passed through a $750,000 AHP grant to build three homes, and another AHP award in 2013 will assist the development of a four-bedroom home.

The **Pittsburgh Bank** Advisory Council Report highlights a community investment initiative called Blueprint Communities. Blueprint Communities is a program intended to create momentum for revitalizing older communities and neighborhoods by building strong local leadership, collaboration and development capacity, developing sound local and regional planning, and encouraging coordinated investments by public and private funders in targeted communities. As an example of its Blueprint Communities, the Bank's Advisory Council Report details the "Princeton Renaissance Project," a project aimed at renovating a historic theater in Princeton, West Virginia. The Blueprint Communities "helped Princeton form and train a cross-functional team – including leaders in media, architecture, arts, nonprofits, local government and banking – to lead the Renaissance Project."

The **Seattle Bank** Advisory Council Report highlights the Bank's Community Spirit Award. This annual award recognizes a Seattle Bank member that exemplifies the spirit of community partnerships in creating affordable housing and economic development opportunities for residents, small business owners, and community service providers within the Bank's eight-state region. In 2013, the award was presented to Sterling Bank, headquartered in Spokane, Washington. The award includes a $5,000 contribution to Sterling Bank's community investment programs.

The **Atlanta Bank** Advisory Council Report notes the launch of the Bank's Veterans Products Suite. The program provides funding to help veterans and active-duty members of the U.S military, or their surviving spouses, purchase a home or complete energy efficient or accessibility renovations to a current home. The Bank began the program in 2012 and notes that in 2013, 90 military households were assisted, and funding for the program was $1,173,770.

The **New York Bank** Advisory Council Report details the Bank's AHP "First Home Club" set-aside program. The "First Home Club" program was developed by the Bank to help provide added financial incentives for savings toward homeownership by low- and moderate-income first-time homebuyers. In 2008, the Bank enhanced the program to provide a grant of up to four dollars for each dollar saved in a dedicated savings account, resulting in a grant of up to $7,500 per household. The Bank notes that interest in the program has increased dramatically in recent years: prior to 2009, annual household enrollments averaged approximately 1,200; by 2013, over 3,650 households had enrolled in the program.

The **San Francisco Bank** Advisory Council Report details examples of the Bank's CIP and CICA funding. One credit union member used $176 million in CIP advances to provide first mortgages to more than 300 credit union members earning up to 115 percent of AMI. The homebuyers were primarily located in California, but were also located in Florida, Idaho, Montana, Nevada, New Mexico, Texas, Virginia, and Washington. Another Bank member used CICA advances to assist in financing Small Business Administration lending in its local area, including loans for capital and acquisition of fixed assets, business lines of credit, and debt refinancing. Another member utilized the Bank's CIP Standby Letter of Credit product to provide credit enhancement for a 46-unit multifamily apartment project in a rural area.

The **Topeka Bank** Advisory Council Report details a use of the Bank's AHP set-aside funds. The town of Columbus, Nebraska, received funds from the Department of Economic Development, which assisted the town in buying land, developing infrastructure, and building 42 units of lower-income housing. The Topeka Bank's set-aside grants helped provide down payment assistance to new homeowners in this community: 13 households were each awarded $5,000 in set-aside grants through Pinnacle Bank.

The **Dallas Bank** Advisory Council Report discusses the Bank's Housing Assistance for Veterans (HAVEN) program. The program targets veterans and active duty service members who have been disabled in the line of duty since September 11, 2001. It provides grants of up to $7,500 to support home modifications. The Dallas Bank made $250,000 in HAVEN funds available through its members. In 2013, Bank member Kirtland Federal Credit Union provided three veterans HAVEN grants to modify their homes. These veterans had served multiple tours of duty and had extensive disabilities.

The **Cincinnati Bank** Advisory Council Report notes two volunteer programs the Bank created to respond to housing needs: the Carol M. Peterson Housing Fund and the Disaster Reconstruction Program. Carol M. Peterson was the Bank's Community Investment Officer for more than 20 years. After her passing in 2010, the Bank created the Fund in her name to support housing programs benefiting special needs households. In 2013, $1.0 million was set aside for this Fund. Additionally, the Bank's Disaster Reconstruction Program helped residents in the Bank's district whose homes were damaged or destroyed by natural disasters. In 2013, the program funded approximately $1.4 million to help 87 homeowners.

Appendix 2. Federal Home Loan Bank Initiatives

The examples below of Bank initiatives are summarized from the 2013 Advisory Council Reports and other Bank reports submitted to FHFA. They reflect a variety of education initiatives on affordable housing and community development in the following areas:

Affordable Housing and Community Development

- The **Atlanta Bank** participated in North Carolina's and Maryland's "Matchmaking" Forum. Discussion at the Forum included business opportunities focused on affordable housing and small business lending. The discussion was conducted in partnership with the FDIC, OCC, and Federal Reserve Bank of Richmond. The Bank's Advisory Council members from Maryland participated and served as hosts for the Maryland Forum, and the Bank's Advisory Council members from North Carolina participated and served as hosts for the North Carolina Forum.

Disaster Recovery

- Working with the Vermont State Housing Authority and the Randolph Area Community Development Corporation, the **Boston Bank** organized a roundtable discussion addressing the damage caused by Tropical Storm Irene and the recovery efforts underway. The event was cosponsored by the Vermont Bankers Association, Vermont Department of Housing and Economic Development and Vermont Small Business Development Center. The purpose of the roundtable was to share information about the recovery efforts and to discuss disaster response in general, including how the Boston Bank might address future natural disaster events through funding its New England programs. Approximately 50 percent of member institutions in Vermont attended this roundtable discussion, which generated multiple issues to explore and research as the Bank goes forward in addressing the impact of disasters on its members and their communities.
- The **Cincinnati Bank's** $5 million voluntary housing program was authorized by the Bank's Board of Directors in March 2012 following tornadoes that swept through parts of the Bank's district earlier that month, killing 41 people and damaging hundreds of homes. By year-end 2013, the Bank had disbursed $2.3 million to 138 households whose homes were damaged or destroyed.
- The **Chicago Bank** created the Community First Disaster Relief Program in response to the November 2013 devastation created by tornadoes in many Illinois towns. Assistance included a $500,000 grant fund, increased Down Payment Plus Program grants for the

replacement of permanent manufactured homes, and reduced rates on CICA advances in affected areas. The Bank stated that the program will serve as a model for response to future disasters.

Outreach and Training

- The **Seattle Bank** continued its outreach efforts in 2013, educating the Bank's members and their community partners about the application and use of its programs, through various web seminars and in-person workshops. In 2013, over 300 Seattle Bank members and community partners learned how to use and participate in the Bank's programs. The Bank also supported numerous state and regional housing conferences through its sponsorship contributions and program participation.
- The **San Francisco Bank** staff presented information on the Bank's AHEAD grant program at the California Community Economic Development Association's Annual Teaching and Learning Conference, where representatives from financial institutions, local governments, and community organizations discussed funding for community development in California. The conference was an opportunity for organizations to connect with potential financial partners and learn about funding resources.
- Throughout 2013, **New York Bank** personnel performed outreach and provided technical assistance activities to various interested parties in the Bank's District to ensure that the benefits of the Bank's programs are well known. These activities included individual meetings with member institutions, with non-profit organizations, developers or other interested parties, and with state and local government agencies.

Distressed Homeowners and Foreclosure Prevention

- The **San Francisco Bank** participated in the California Housing Consortium's First Annual Homeownership Forum. At the Forum, financial institutions, government housing agencies, and nonprofit developers discussed scalable solutions for reducing the inventory of distressed properties, how to bring stability back to the market, and how to help distressed homeowners. The Bank presented AHP WISH and IDEA set-aside program information in both English and Cantonese.
- At the **Indianapolis Bank** Advisory Council's July quarterly meeting, representatives working with the Michigan and Indiana Hardest Hit Funds served as guest speakers to educate the Advisory Council, the Bank's Board of Directors and Bank staff regarding current efforts toward foreclosure prevention and intervention.

Special Initiatives

- The **San Francisco Bank** provided CICA grants in support of a larger effort to revitalize the Los Angeles River and foster community development in the Elysian Valley. This initiative mobilized high school students to help transform neglected streets in the neighborhood adjacent to the river. The project employed local youth to develop skills related to sustainability, applied landscape design, and civic engagement. The funds were used for design, government permits, materials, construction, and landscaping.
- The **Dallas Bank** established the Partnership Grant Program, which enhances the operational capacity of community-based organizations that provide affordable housing, small business technical assistance, or operate local community development funds. The program encourages relationships between community-based organizations and member financial institutions, while also complementing the development activities currently fostered by the AHP and CIP.
- The **Boston Bank** helped sponsor the 13th annual *Affordable Housing Development Competition* to help foster solutions and partnerships needed to solve the Greater Boston area's affordable housing crisis. The competition paired Boston-area graduate students with housing professionals to develop innovative proposals for affordable housing. It provided 41 students from 4 colleges and universities with educational opportunities to test their ideas in action.

Appendix 3. 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.[29]

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 a Bank. HERA opened Bank membership eligibility to non-depository CDFIs. FHFA published a final rule implementing the HERA membership eligibility requirement for non-depository CDFIs on February 4, 2010.

CDFIs eligible for membership under HERA include community development loan funds, venture capital funds, and state-chartered credit unions that demonstrate a commitment to housing finance, among other membership eligibility requirements. Membership in a Bank can provide these non-depository CDFIs with access to long-term Bank funding, which can increase their ability to promote economic growth and stability in low- and moderate-income communities.

As of December 31, 2013, there were 55 federally insured certified CDFIs, 43 federally insured credit unions and 18 non-depository CDFIs with Bank membership. The following Banks had at least one non-depository CDFI member: Boston, New York, Atlanta, Cincinnati, Indianapolis, Chicago, Des Moines, Dallas, and San Francisco.

[29] Community Development Financial Institutions Fund (Department of the Treasury). "Community Development Financial Institutions Program." Accessed August 19, 2013. http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=7.

Non Depository CDFI Members per Bank	
Boston	1
New York	2
Pittsburgh	0
Atlanta	1
Cincinnati	4
Indianapolis	1
Chicago	1
De Moines	1
Dallas	3
Topeka	0
San Francisco	4
Seattle	0
Total	**18**

Source: FHFA