

Accessing the FHLBanks' Community Investment Programs

Access to Capital Convening | June 29, 2022

Presenters

Annie Kraft
FHLBank Chicago

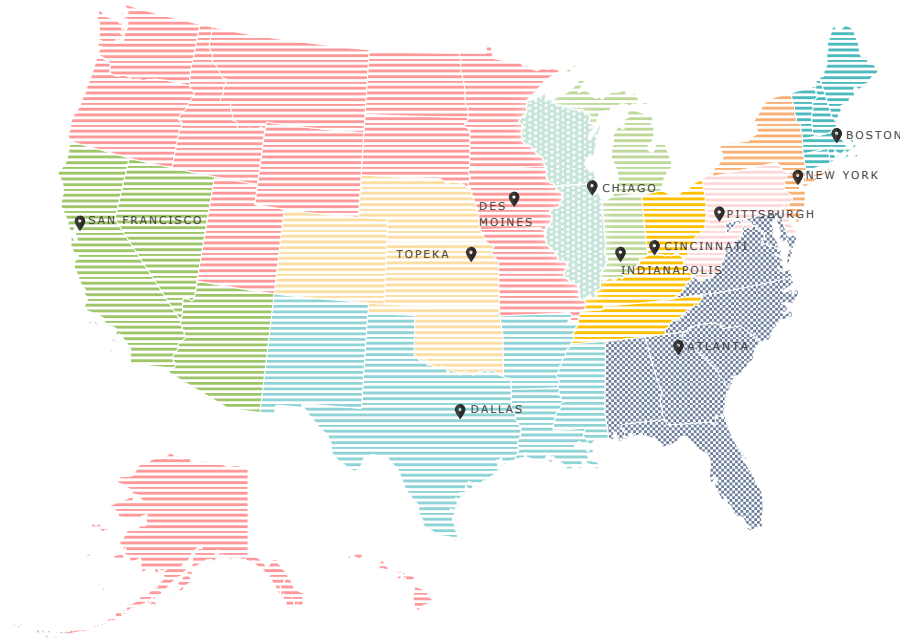


Tom Dapice
FHLBank San Francisco



The Federal Home Loan Bank System

- Chartered by Congress in the 1930's to bolster homeownership
- 11 districts across the US
- Each Bank is a member cooperative that provides liquidity to its members to support their housing and community lending activities
- Regulated by the Federal Housing Finance Agency
- Significant contributors to affordable housing and economic development initiatives across the nation



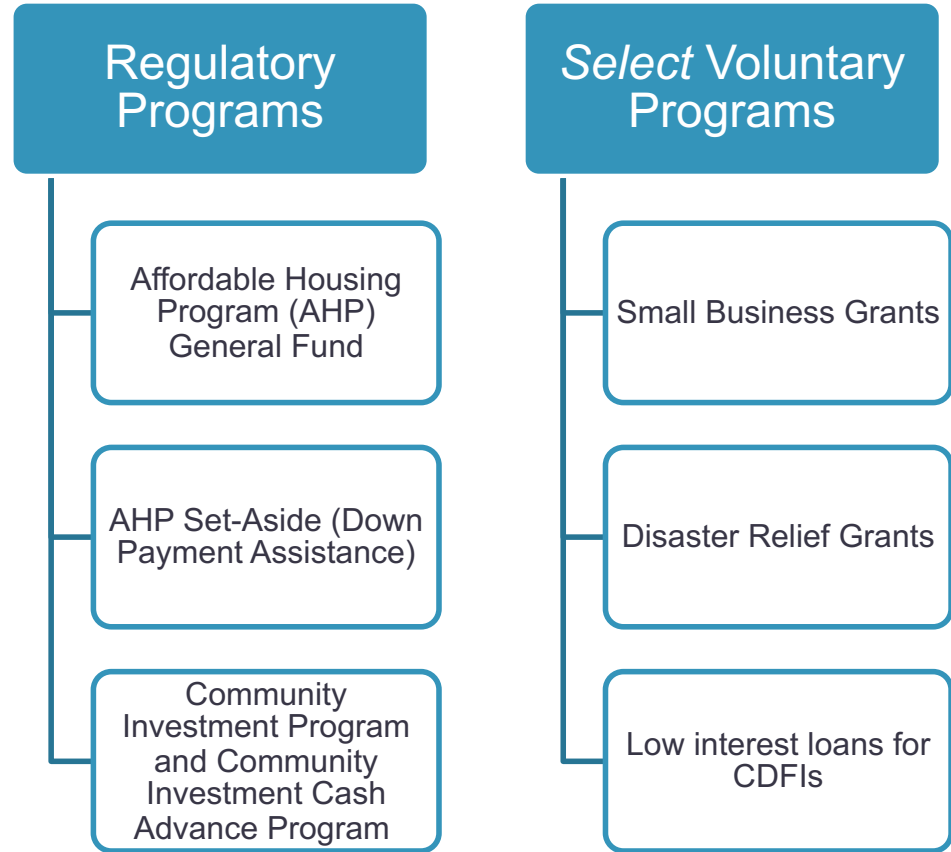
FHLBank Membership Breakdown

Member Type	Q1 2022 Count
Commercial Bank	3,762
Credit Union	1,562
Insurance Company	552
Saving Associate	306
Savings Bank	299
Community Development Financial Institution	68
Housing Associate	42
Total	6,591

Advisory Council

- Appointed by the Board of each FHLBank
- Comprised of community development leaders
- Advises on affordable housing and economic development needs and programs
- Many FHLBank Advisory Councils include representatives with experience working in tribal communities
- Nominations accepted annually (typically)





Affordable Housing Program (AHP)

- Each FHLBank contributes 10% of its net income to the AHP
- Includes the **AHP General Fund** and **Set-Aside**
- One of the largest sources of private sector grants for housing in the country
- Between 1990 and 2020, the FHLBanks distributed approximately \$5.6 billion in AHP General Fund grants

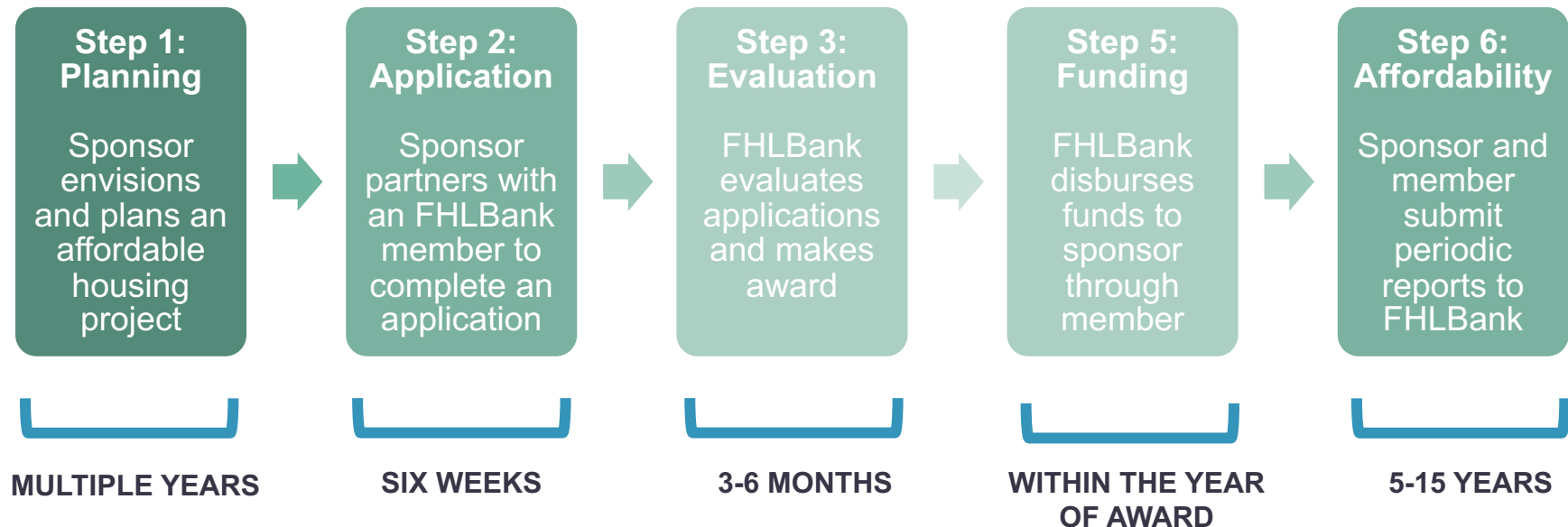




AHP General Fund

- Provides critical **gap financing** for the development of affordable rental and owner-occupied projects
- Sponsors (developers, not-for-profits, and tribal housing authorities) work with FHLBank member institutions to access funding
- Each FHLBank has a competitive scoring system specific to district priorities

Development Life Cycle with AHP Capital



AHP General Fund: Impact in Tribal Communities



116 projects



\$51 million
granted

AHP General Fund Projects Serving Native American Communities



Success Story: AHP General Fund

Project	Hawkeye Sands Apartments
Sponsor	Lumbee Tribe of NC
Member	Lumbee Guaranty Bank
Location	Red Springs, North Carolina
Grant Amount	\$1,000,000.00
Description	Rehabilitation of 62 multifamily affordable housing units.



Success Story: AHP General Fund

Project	Sokaogon Supportive Residences
Sponsor	Sokaogon Chippewa Housing Authority
Member	Bay Bank
Location	Crandon, Wisconsin
Grant Amount	\$414,000.00
Use of Funds	Conversion of a motel into 23 affordable units.



AHP Set-Aside (Down Payment Assistance)

- Grants for down payment, closing cost, or rehabilitation assistance for low-to-moderate income homebuyers
 - Native American Homeownership Initiative (FHLBank Des Moines)
 - First-time homebuyers
 - Veterans
 - Elderly
 - First-responders
- Programs tailored by each FHLBank for its region





AHP Set-Aside (Down Payment Assistance)

- Eligible borrowers work with participating members to access the FHLBank grants
- Grant amounts range from \$5,000 to \$22,000 per household depending on the FHLBank
- Lists of participating members can be found on different FHLBank websites

Success Story: AHP Set-Aside

Native American Homeownership Initiative

- Grants providing down payment, and closing cost assistance to income-eligible Native American, Native Alaskan, or Native Hawaiian households
- Households access up to \$15,000 through a FHLBank Des Moines member institution
- Property purchased must be within FHLBank Des Moines's district



Community Lending

- Includes the **Community Investment Program (CIP)** and **Community Investment Cash Advance (CICA) Program**
- Provides advances to members to assist in financing housing or economic development initiatives (not grants)



Voluntary Programs

- Designed to address affordable housing and economic development needs in each District
- Not statutorily-mandated
- Each FHLBank offers different programs
- Work with your member partners and FHLBank to best access these programs



Voluntary Programs – Examples

District	Voluntary Program
FHLBank Chicago	Diverse Developer Initiative – Grant funding to support career and talent development initiatives for diverse developers of affordable housing.
FHLBank Indianapolis	Elevate Small Business – Grant funding to assist the growth and development of small businesses, their workforce, and the communities where they are located.
FHLBank San Francisco	Access to Housing & Economic Assistance for Development – Grant funding for nonprofit organizations, local government agencies, and tribal associations engaged in economic development activities.

Success Story: Elevate Small Business

Small Business	Back Road Organic Supply
Member	Lake Superior CDC
Location	Baraga, Michigan
Grant Amount	\$25,000.00
Use of Funds	Installation of a new greenhouse for year-round operation to meet demand for healthy food



Success Story: AHEAD

Sponsor	White Mountain Apache Housing Authority
Member	Sunwest Bank and Mohave State Bank
Location	Whiteriver, AZ
Grant Amount	\$70,000.00
Use of Funds	Creation of a public transportation system around the Apache reservation.



CDFI Membership

- Regulation amended in 2010 to allow CDFIs membership
- Benefits include reliable liquidity, access to secondary mortgage products, and access to community investment programs
- CDFI Membership is complicated due to unique business models and capital structures



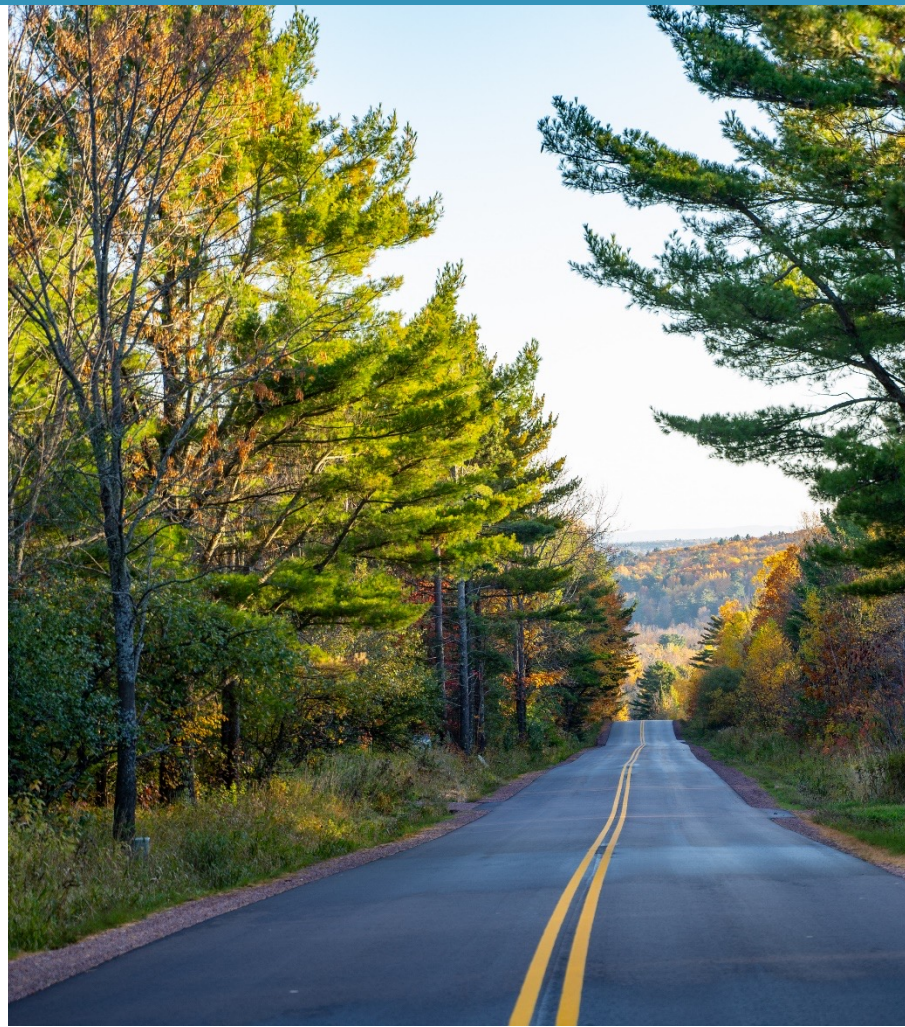
CDFI Membership Requirements

Regulatory Financial Standard for Non-Depository CDFIs

Net Asset Ratio	<ul style="list-style-type: none">• Minimum: Net Assets to Total Assets ≥ 20• Net and Total Assets include restricted assets
Earnings	<ul style="list-style-type: none">• Minimum: Positive Net Income• Measured as a rolling three-year average
Loan Loss Reserves	<ul style="list-style-type: none">• Minimum: $\geq 30\%$ of Loans and Leases 90+ Days Past Due• LLR should be a specified balance sheet account
Liquidity	<ul style="list-style-type: none">• Minimum: ≥ 1.0• Meets or exceeds for the four most recent quarters or for one or both of the two preceding years

Key Takeaways

- AHP is flexible capital Tribal organizations can leverage to build and preserve affordable rental housing and create homeownership opportunities
- FHLBank programs offer grants and loans to help Tribal communities build capacity, finance small businesses, and expand economic development initiatives
- Connect with FHLBank member financial institutions
- Engage with the FHLBank covering your geographic area





Questions?