

Federal Housing Finance Agency



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

2010

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Introduction

The Federal Housing Finance Agency (FHFA) is required by law¹ to monitor and report annually to the advisory councils of the 12 Federal Home Loan Banks (FHLBanks) on the support of low-income housing and community development and the use of FHLBank member advances for these purposes.

As part of their overall mission to support financing for housing and community investment, the FHLBanks administer three targeted and regulated housing and economic development programs:

- Affordable Housing Program (AHP);
- Community Investment Program (CIP); and
- Community Investment Cash Advance (CICA)² Program.

Through these programs, the FHLBanks help expand homeownership and rental opportunities for low-, moderate-, and middle-income households. These programs also finance economic development projects benefitting low- and moderate-income households and other targeted beneficiaries.

From 1990 through 2010, the FHLBanks awarded more than \$3.7 billion in subsidies under the AHP competitive application and homeownership set-aside programs, assisting in the purchase, construction, or rehabilitation of more than 637,000 housing units. Under the CIP and CICA programs, the FHLBanks made more than \$61.7 billion available in advance commitments to help finance

¹ See 12 U.S.C. 1430(j)(12)(A).

² The CICA regulation (12 CFR § 952.1) defines CICA programs to include the AHP, CIP, Rural Development Funding (RDF), Urban Development Funding (UDF), and other economic development advance or grant programs established by an FHLBank and approved by the 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.

FHLBanks' Advisory Council Reports and Community Lending Plans

The advisory council for each FHLBank advises it 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. Each advisory council submits an analysis of its FHLBank's low- and moderate-income housing and community lending activity to FHFA annually.

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 submit an annual community lending plan that assesses the credit needs and market opportunities for targeted community lending in the FHLBank's district to FHFA annually.

FHFA posted the FHLBanks' 2010 advisory council annual reports and community lending plans on FHFA's website under **Federal Home Loan Bank Information** and **Housing and Community Investments** at www.fhfa.gov.

more than 726,000 housing units and economic development projects.

This report summarizes the FHLBanks' 2010 programs and outreach activities related to community investment, and FHFA's 2010 regulatory initiatives and outreach activities related to the AHP, CIP, and CICA programs. It also summarizes each of these programs' requirements and operations and aggregates the results data of these programs for the year and cumulatively from 1990 to 2010.

Regulatory Initiatives

In 2010, FHFA published the following final rules to implement the requirements of the Housing and Economic Recovery Act of 2008 (HERA) and to enhance the FHLBanks' ability to respond to the mortgage crisis:

- ***FHLBank Membership for Community Development Financial Institutions*** – On February 4, 2010, FHFA published a final rule setting forth eligibility and procedural requirements for not federally insured community development financial institutions (CDFIs) to become members of an FHLBank.

The rule amended the FHLBank membership regulations to implement provisions of HERA that authorized CDFIs that have been certified by the U.S. Treasury Department (CDFI Fund) to become members of an FHLBank. Before HERA became law and FHFA finalized the new rule, a CDFI could not become a member of an FHLBank unless it was eligible for membership as a federally insured bank, thrift, or credit union.

Newly-eligible CDFIs include community development loan funds, venture capital funds, and state-chartered credit unions without federal insurance. Membership in an FHLBank gives CDFIs access to long-term funding to increase their abilities to promote economic growth and stability in low- and moderate-income communities.

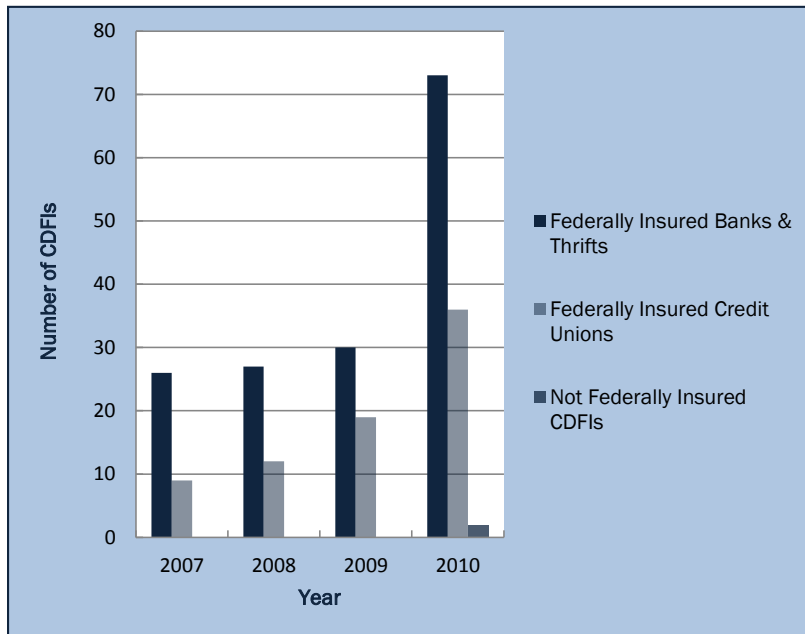
As of December 31, 2010, there were 109 federally insured certified CDFIs and two not federally insured certified CDFIs with FHLBank membership (see Figure 1).

- ***FHLBank AHP Mortgage Refinancing Authority*** – HERA amended the Federal Home Loan Bank Act (Bank Act) by adding a provision requiring FHFA to allow the FHLBanks to use subsidy funds from their AHP homeownership set-aside programs for a two-year period to refinance low- or moderate-income households' first mortgage loans on primary residences.

On May 28, 2010, FHFA published a final rule allowing

an FHLBank to use up to two-thirds of its aggregate annual homeownership set-aside allocation to assist households that qualify for refinancing under eligible federal, state, or local targeted refinancing programs. The refinancing subsidy may be used to reduce the outstanding principal balance of the household’s mortgage by the amount necessary for the new loan to qualify under both the maximum household mortgage debt-to-income ratio and the maximum loan-to-value ratio required by the eligible targeted refinancing program.

Figure 1. Number of Certified CDFIs – Federal Home Loan Bank Members



Source: Federal Housing Finance Agency

The final rule also added administrative flexibility to the program, extending the date for eligible households to submit applications for refinancing to an eligible targeted refinancing program from July 30, 2010 to December 31, 2010.

The FHLBank of Pittsburgh used this authority to help 18 households refinance their mortgages through the FHLBank’s mortgage relief fund. The fund was established to help homeowners avoid foreclosure by

restructuring their first mortgages to terms they could better manage. The FHLBank provided more than \$233,000 of AHP direct subsidy funding in the effort.

- **AHP Competitive Application Program (Second District Priority Scoring Criterion)** – The May 28, 2010, rule also authorized FHLBanks to adopt multiple housing needs in their districts under the second district priority scoring criterion under the AHP competitive application program. This amendment was intended primarily to give FHLBanks more flexibility in responding to the current housing crisis by allowing the AHP competitive application program to complement the efforts of the AHP set-aside refinancing program and other targeted refinancing programs for foreclosure prevention and HERA’s Neighborhood Stabilization Program for the disposition of foreclosed properties. Under this authority, during the 2010 AHP competitive application funding rounds, several FHLBanks selected as second district priorities housing projects that addressed foreclosure recovery and prevention, housing located in Native American communities, adaptive reuse, farm worker housing, and employer-assisted housing.

- *Affordable Housing Program Amendment: Acceleration of Future AHP Contributions*— The May 28, 2010, rule also provided greater flexibility for FHLBanks to accelerate their future annual statutory AHP contributions for use in AHP programs in the current year. This allows FHLBanks to credit the amount of the accelerated contribution against required AHP contributions over one or more of the following five years. In addition, the rule increased the maximum amount that an FHLBank may accelerate from the subsequent year's required annual AHP contribution for use in the current year to \$5 million or 20 percent, whichever is greater, of the FHLBank's required annual AHP contribution for the current year. These provisions are intended to help FHLBanks make some amount of AHP funding available in a current year even if they are uncertain about the amount of the following year's earnings.

FHFA Outreach Activities

In 2010, FHFA continued its emphasis on reaching out to key stakeholders and industry partners. Our outreach activities were designed to relay information on FHFA actions and to gather information on current housing and community investment conditions and issues. These included:

- *NeighborWorks of America* - During 2010, FHFA partnered with NeighborWorks of America, a national network of more than 235 independent community-based nonprofit organizations serving more than 4,500 communities nationwide, to hold workshops at NeighborWorks' four national training institutes in New Orleans, Philadelphia, Phoenix, and Washington, D.C. These institutes attract as many as 2,100 participants per year. FHFA is using this partnership to address and learn from a broad cross-section of affordable housing and community development industry participants.
- *FHFA Economic Development Research Surveys* - In 2010, FHFA's Office of Housing and Community Investment began a series of economic development research activities to gather information on community and economic development issues for consideration in preparation to revise FHFA's CICA regulation. The first phase of the research consisted of six economic development surveys sent to community and economic development organizations and trade groups, economists, state and local finance agencies, FHLBank members, and federal agencies. Survey respondents provided information about the types of economic development activities and projects that require long-term financing to create jobs and spur economic growth and suggested ways to improve the CICA regulation.

- *FHLBank Economic Development Forums* - In 2010, to assist FHFA in its economic development research, the FHLBanks of Atlanta, Boston, Dallas, Des Moines, Pittsburgh, and San Francisco held regional economic development open discussion forums. Community and economic development experts attended, sharing their experiences and ideas about the challenges of and opportunities for financing community and economic development projects and how the FHLBanks' economic development advances could be used to support them.

- *FHFA Economic Development Conference* - In October 2010, FHFA held "Federal Home Loan Banks: How Can They Contribute to Sustainable Communities Through Economic Development?" its first economic development conference in more than 10 years. Some 70-plus community and economic development experts met to exchange information and ideas about the nation's unmet credit needs and how the FHLBanks could support sustainable communities. Several participants also shared ideas about how the CICA regulation could be amended.

- *FHLBanks Advisory Council Leadership Meeting* - In December 2010, FHFA held its annual FHLBanks advisory council leadership meeting in Washington, D.C. This two-day meeting included 21 of the FHLBanks' advisory councils' chairs and vice-chairs and 10 of the FHLBanks' community investment officers. Topics included support by the FHLBanks, Fannie Mae and Freddie Mac for small and multifamily projects, possible rulemaking on sustainable mortgages, revisions to the CICA regulation, and ongoing AHP matters.

FHLBanks' Outreach and Program Initiatives

In 2010, the FHLBanks increased their outreach and affordable housing and economic development program activities to raise FHLBank members' and community leaders' awareness, educate communities, and assist homeowners avoid foreclosure. Several examples of the FHLBanks' outreach programs and initiatives include:

Outreach

- **The FHLBank of Boston** sponsored "Through the Lens of Housing: New England Economic Recovery," a conference held to explore the role housing plays in maintaining a healthy regional economy.

This conference educated member banks, developers, local governments, and others.

- **The FHLBank of Des Moines** advisory council toured AHP competitive application funded projects in St. Louis, Missouri; White Earth Reservation, Minnesota and Fargo, North Dakota.

- **The FHLBank of New York** sponsored a housing and community development forum in San Juan, Puerto Rico, which brought together member banks and various Puerto Rican housing organizations to discuss the unique housing and community development needs on the island and to attend an educational session about the FHLBank's housing and community development programs.

- **The FHLBank of Pittsburgh** held business and industry lending seminars in Altoona, Pennsylvania and Charleston, West Virginia. These seminars featured the programs of the U.S. Department of Agriculture, the U.S. Small Business Administration, and a variety of other state and local small business organizations.

The seminars continued the FHLBank's member education series, which began in 2009.

- **The FHLBank of Seattle** presented at the U.S. Department of Agriculture’s 2010 Multi-state Multi-family Housing Buyers and Sellers Green Conference.

Foreclosure Prevention

- **The FHLBank of Cincinnati** funded ant foreclosure efforts through its voluntary “Preserving the American Dream” program, which awards up to \$3,500 per household for counseling and foreclosure mitigation. Since 2008, more than \$2.6 million has been used to assist 2,244 homeowners.
- **The FHLBank of Indianapolis** invited guest speakers from the Indiana Foreclosure Prevention Network and Michigan Foreclosure Task Force to report on their efforts to address foreclosures and the impact on families and communities in the district.
- **The FHLBank of San Francisco** organized and held 11 foreclosure prevention workshops in areas severely affected by the foreclosure crisis. The workshops gave homeowners at risk of default the opportunity to consult with lenders and U.S. Department of Housing and Urban Development certified housing counselors to understand their alternatives and potentially keep their homes.

Affordable Housing Program

The Bank Act requires each FHLBank to establish an AHP to help subsidize the construction, purchase, or rehabilitation of:

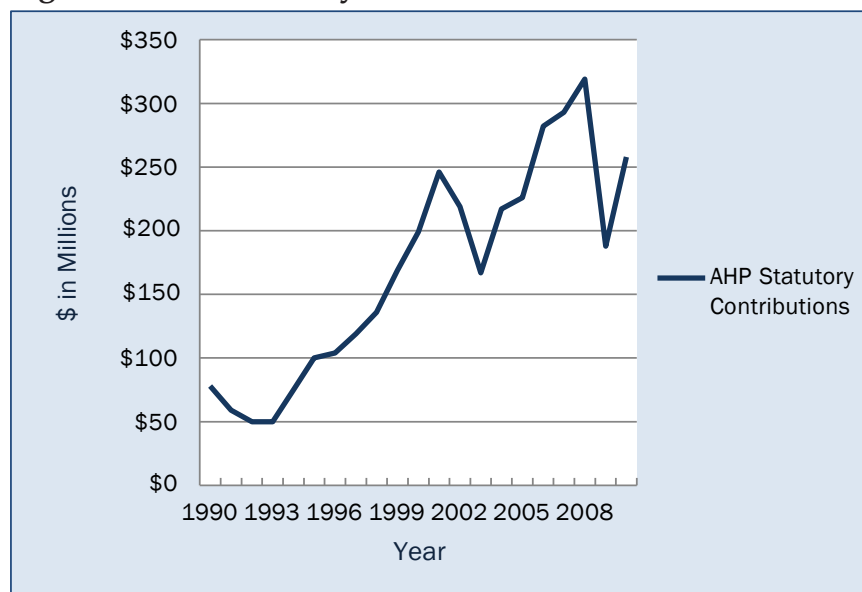
- 1) owner-occupied housing for households with incomes at or below 80 percent of area median income; and
- 2) rental housing where at least 20 percent of the units are reserved for households with incomes at or below 50 percent of area median income.

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

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

From 1990 to 2010, the 12 FHLBanks contributed more than \$3.5 billion to their affordable housing programs. In 2010, eight FHLBanks made more than \$258 million in AHP subsidies available nationwide (see Figure 2).

Figure 2. AHP Statutory Contributions



Source: Federal Housing Finance Agency

Most of the FHLBanks administer two AHP programs – a competitive application program and a homeownership set-aside program. The majority of the AHP subsidy is made available through the FHLBanks’ competitive application programs, which are mandatory and generally comprise at least 65 percent of an FHLBank’s AHP annual statutory contribution.

Offering a homeownership set-aside program is voluntary. An FHLBank may annually set aside up to \$4.5 million, or 35 percent, of the FHLBank’s AHP annual statutory contribution (whichever is greater), to assist low- or moderate-income households to purchase or rehabilitate homes or refinance first mortgage loans on primary residences. At least one-third of an FHLBank’s aggregate annual set-aside contribution must be allocated to first-time homebuyers.

Since the competitive application program began in 1990, the FHLBanks have awarded more than \$3.2 billion total in AHP subsidies to help finance more than 540,000 housing units (see Table 1). From 1995 to 2010, the FHLBanks awarded nearly \$473 million in set-aside program grants, assisting more than 96,000 households.

Table 1. AHP Overview			
AHP Program	Time Period	Total Funds Awarded (\$ in Millions)	Total Housing Units
Competitive Application Program	1990 - 2010	\$3,235	540,546
Homeownership Set-Aside Program	1995 - 2010	\$473	96,537
Total AHP	1990 - 2010	\$3,708	637,083

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

Data as of December 31, 2010, excluding AHP Competitive Application withdrawn projects. Dollars have been rounded.

AHP Competitive Application Program

Under the AHP competitive application program, an FHLBank member institution may submit applications to the FHLBank on behalf of sponsors of eligible housing projects. Projects must meet statutory and regulatory requirements to be eligible for competitive application funding. AHP subsidies may be used to purchase, construct, or rehabilitate rental or owner-occupied single and multi-family housing projects.

Each FHLBank establishes a point allocation system for scoring 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 fully allocated.

Table 2. AHP Competitive Application Program Overview:
January 1, 1990 through December 31, 2010

	Rental Housing Projects	Owner-Occupied Housing Projects	Total Projects
<i>Total Number of Awarded Projects</i>	8,385	5,836	14,221
<i>Subsidy Awarded (\$ in Millions)</i>	\$2.4	\$862	\$3.2
<i>Number of Housing Units</i>	402,566	137,980	540,546
<i>Average Subsidy per Unit</i>	\$5,896	\$6,246	\$5,985
<i>Number of Very Low-Income Housing Units^a</i>	305,759	81,376	387,135

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks. Data as of December 31, 2010, excluding AHP Competitive Application withdrawn projects. Dollars have been rounded.

^aVery low-income is defined as households with incomes at or below 50 percent of area median income.

AHP-assisted projects address a wide range of housing needs. 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

2010 AHP Competitive Application Projects

In 2010, the FHLBanks approved 695 AHP applications awarding over \$283 million in AHP subsidies, assisting nearly 30,000 rental and owner-occupied housing units. Of the 695 projects, 501 were rental and 194 were owner-occupied. The majority of AHP funding – more than \$240 million (84 percent) supported rental housing projects. Over eighty-three percent (24,958) of the housing units were designated as rental. The average number



Williams Square Apartments in Durham, North Carolina, will provide permanent supportive housing for homeless persons with a disabling condition. The development features 24 single-occupancy efficiency apartments, fully equipped with furnishings, appliances, air conditioning units, and private bathrooms. An on-site management office and community center provide space for tenant meetings and social gatherings, as well as for a permanent staff of engagement leaders who help coordinate services for residents.



Gimaajii Mino Bimaadiziyaan in Duluth, Minnesota, will provide 29 units of permanent supportive housing for the homeless. It is the first of its kind in the region and was developed in direct response to requests by Native Americans in the community.

of units per awarded project was larger for rental projects (50) than for owner-occupied (26). AHP projects subsidy award amounts ranged from \$14,000 to nearly \$3 million.

The following are examples of 2010 AHP competitive application project awards:

- **Camp Verde, Arizona**—Yavapai-Apache Homes IV received an AHP subsidy award of \$400,000 for 35 single-family rental homes targeted for very low-income residents of the Yavapai-Apache Nation. The sponsor will set aside units for special needs households and will make extensive social services available to residents.

- **Waynesboro, Georgia**—Waynesboro

Senior Homes received an AHP subsidy award of \$292,500 to construct 39 rental units for senior citizens (age 62-plus). The organization will use a vacant high school and two residential buildings for the project.

- **Evansville, Indiana**—Lucas Place II received an AHP subsidy award of \$500,000 to construct 27 rental units for homeless and disabled veterans with histories of physical and mental health disabilities, chronic illness, and substance dependency.

- **Des Moines, Iowa**—City of Des Moines Owner-Occupied Repair Program received an AHP subsidy award of \$300,000 to repair 100 owner-occupied homes.

- **Pikeville, Kentucky**—Mountain Comprehensive Care Veterans Transitional Housing received an AHP subsidy award of \$375,000 to construct 25 rental units for veterans transitional housing.

- **Boston, Massachusetts**—Victory Gardens received an AHP subsidy award of \$800,000 and a \$3.3 million advance to build 74 rental units on the Veterans Affairs medical center campus. Fifty percent of these units will be available for homeless veterans.

- **Newark, New Jersey**—Baxter Park South Project received an AHP subsidy award of \$1.35 million to create 90 units of rental housing for low- and very low-income families.

- **Berino, New Mexico**—Tierra del Sol Housing Corporation received an AHP subsidy award of \$146,000 to build 20 homeownership units targeted to low-income households.

- **Seminole Nation of Oklahoma**—Seminole Nation Homes I received a subsidy award

of \$450,000 to build 25 single-family rental units for low-income individuals and families on the waiting list of the Housing Authority of the Seminole Nation of Oklahoma.

- **Scranton, Pennsylvania**—Cedar Neighborhood Revitalization Initiative received an AHP subsidy award of \$92,230 to purchase foreclosed and abandoned properties, demolish them, and construct six new townhomes and four new single-family homes for sale.

- **Spokane, Washington**—Habitat of Spokane received an AHP subsidy award of \$134,700 to provide down payment and closing cost assistance to nine households for owner-occupied housing.

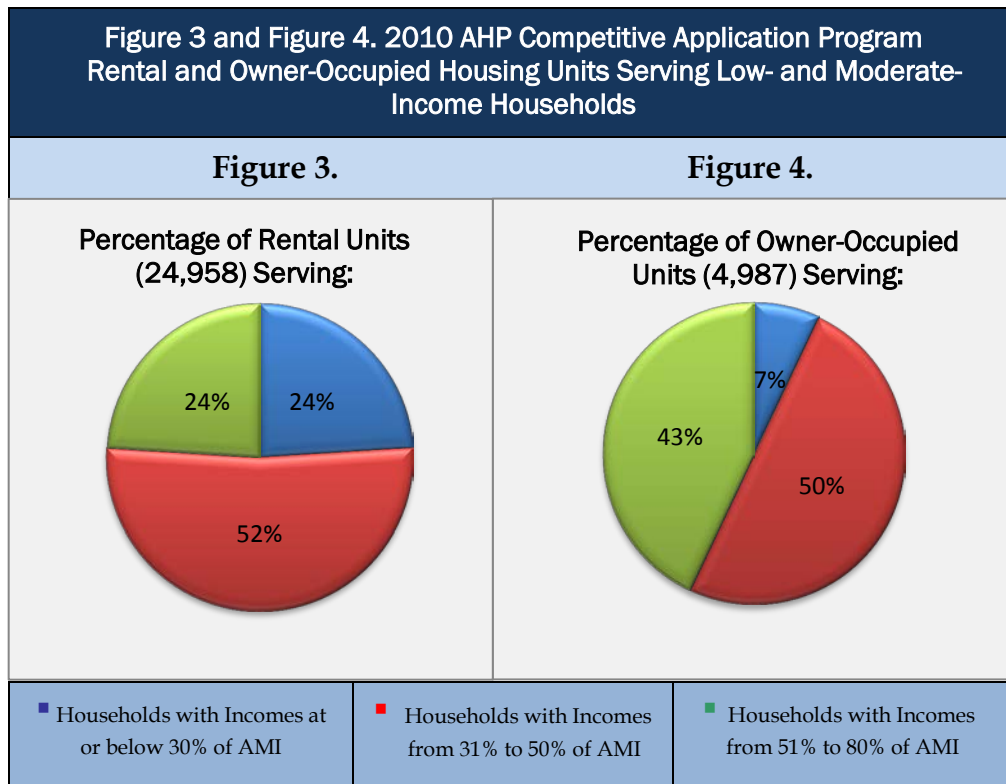
- **Saint Croix Falls, Wisconsin**—J & R Apartments received an AHP subsidy award of \$26,920 to buy and rehabilitate 12 rental units for seniors and disabled households.



Westminster Place in Chester County, Pennsylvania (Parkesburg), will provide 72 units of senior rental housing with features such as Energy Star appliances, community rooms, and weekly on-site events.

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

The Bank Act defines “low- and moderate-income” as households with incomes at or below 80 percent of area median income. Very low-income is defined as households with incomes at or below 50 percent of area median income, and 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 FHLBanks to reserve for occupancy a specific percentage of an AHP project’s housing units for extremely low-income households (defined as households with incomes at or below 30 percent of area median income), many AHP projects provide housing units for this income category. The figures below illustrate the percentages of AHP housing units serving households within various area median income categories (see Figures 3 and 4).



Source: Federal Housing Finance Agency’s AHP database, as reported by the Federal Home Loan Banks. Data as of December 31, 2010, excluding withdrawn projects.

AHP Competitive Application Program Serving Special Needs and 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.

The AHP competitive application program's scoring allocation system helps finance housing in which at least 20 percent of the units are reserved under the following housing funding priorities (by AHP regulation):

- households with special needs, such as the elderly, mentally or physically disabled persons,
- persons recovering from physical abuse or alcohol or drug abuse,
- persons with AIDS, and
- homeless households.

In 2010, approximately 31 percent of the awarded projects reserved units for disabled households, while projects supporting both elderly and homeless households represented approximately 43 percent (see Table 3).

The share of projects with units reserved for disabled households is much higher in 2010 (31 percent) than the 1990 through 2010 average (20 percent). While the share of projects with units reserved for the homeless was much lower in 2010 (21 percent) than the 1990 through 2010 average of 30 percent.

Table 3. AHP Competitive Application Program Serving Special Needs and Homeless Households		
	2010 Total	1990 - 2010
<i>Total Number of Awarded Projects</i>	695	14,221
Number of Projects with Units Reserved for Disabled Households ^a	214	2,796
Number of Projects with Units Reserved for Elderly Households ^a	154	2,577
Number of Projects with Units Reserved for Homeless Households ^a	148	4,335
Number of Projects with Units Reserved for Two or More Types of Special Needs or Homeless Households	150	1,960

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

Data as of December 31, 2010, excluding withdrawn projects.

^aProjects with 20 percent or more of total units reserved for occupancy by such households.

AHP Competitive Application Program Serving Urban and Rural Communities

Since 1990, the majority of AHP funding – more than \$2 billion (or 69 percent) – has supported projects in urban communities (see Table 4). Approximately 73 percent of units in urban communities were targeted to very low-income households, while 68 percent of rural units were targeted to very low-income households. Urban projects were larger on average than projects in rural areas.

Table 4. AHP Competitive Application Program Serving Urban and Rural Communities			
	1990 – 2010 Urban Projects	1990 – 2010 Rural Projects	1990 – 2010 Urban and Rural Projects
<i>Total Number of Awarded Projects</i>	9,037	5,184	14,221
Subsidy Awarded (\$ in Millions)	\$2.2	\$1.0	\$3.2
Number of Housing Units	387,899	152,647	540,546
Rental	310,808	91,758	402,566
Owner-Occupied	77,091	60,889	137,980
Average Number of Units per Project	43	29	38
Average Subsidy per Unit	\$5,629	\$6,890	\$5,985
Number of Very Low- Income Housing Units*	283,260	103,875	387,135

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

Data as of December 31, 2010, excluding withdrawn projects. Dollars have been rounded.

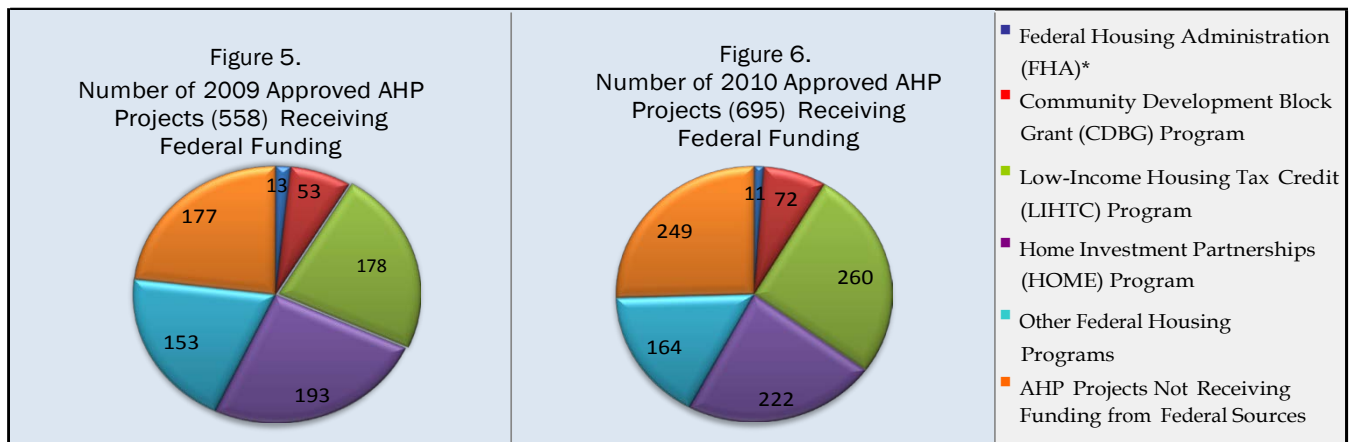
*Very low-income is defined as households with incomes at or below 50 percent of area median income.

Federal Housing Programs: A Funding Source of AHP Projects

AHP subsidies are often used with other sources of funds, such as the FHLBanks' CIP and federal, state, local, or private assistance programs. As a group, federal housing programs are an important funding source of AHP projects. These programs include the Federal Housing Administration (FHA), Community Development Block Grant (CDBG) program, Low-Income Housing Tax Credit (LIHTC) program, and Home Investment Partnerships (HOME) program. In 2010, at least one of three AHP projects obtained funding from at least one federal housing program.

Of the 695 approved AHP projects in 2010, LIHTC program was the most frequently cited source of additional funding, helping finance 260, or 37 percent, of total AHP projects. In 2009, the tax credit helped fund 32 percent of projects. The HOME program was the additional funding source used most often for AHP-assisted housing in 2010. HOME program funds helped finance 222 AHP projects, compared with 193 projects in 2009, an increase of approximately 15 percent (see Figures 5 and 6).

Other federal funding came from the CDBG program which helped fund more than 10 percent of AHP projects. The FHA helped fund 2 percent of projects, and various other federal housing programs helped fund 25 percent, collectively. Thirty-six percent of AHP projects approved in 2010 did not use federal program funding, a slightly higher percentage than in 2009, in which 32 percent of projects did not use federal program funding.



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

Data as of December 31, 2009 and 2010, 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. Federal Housing Administration program totals for years 2006-2010 is 50.

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 could 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. In some instances, 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, and members of a federally recognized tribe.

Table 5. AHP Homeownership Set-Aside Program Overview		
	2010 Total	1995 to 2010 ^a
Total AHP Homeownership Set-aside Funding (\$ in Millions)	\$52	\$473
Homebuyer Units		
Total AHP Homeownership Set-aside Units	8,455	96,537
Average Subsidy per Household	\$6,198	\$4,905
Rehabilitation Units		
Total AHP Homeownership Set-aside Rehabilitation Units	747	*
Total Rehabilitation Subsidy Disbursements (\$ in Millions)	\$5	*
Average Subsidy per Household for Rehabilitation	\$6,488	*
First-time Homebuyer Units		
Total AHP Homeownership Set-aside First-time Homebuyer Units	7,627	75,561
Average Subsidy per First-time Homebuyer	\$6,212	*

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

Data as of December 31, 2010. Dollars have been rounded. AHP Homeownership Set-aside disbursement may be used for both down payment/closing cost assistance and rehabilitation. Table does not include Federal Housing Finance Agency's AHP Mortgage Refinancing Authority data.

^aThe 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.

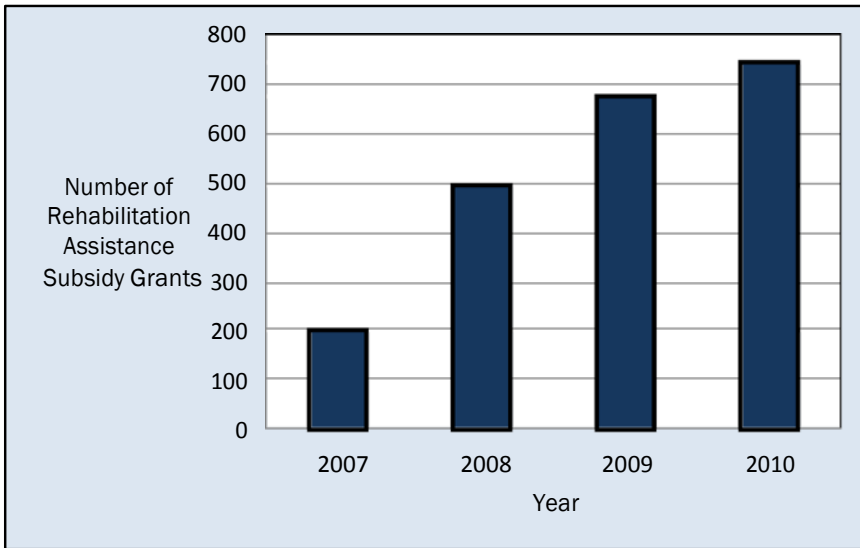
Members obtain the set-aside funds from the FHLBank and give the funds directly to eligible low- or moderate-income households as grants of no more than \$15,000 per household.

The household uses the grants for down payment, closing costs, counseling or rehabilitation assistance during the purchase or rehabilitation of an owner-occupied unit. In addition, in 2010, the FHLBank of Pittsburgh provided homeownership set-aside grant assistance for households to refinance first mortgage loans on their primary residence.

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 more than tripled from 215 in 2007 to nearly 750 in 2010 (see Figure 7).

Figure 7. Number of AHP Homeownership Set-Aside Grants Used for Rehabilitation Assistance



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

Data as of December 31, 2010.

Aging housing stock, along with limited rehabilitation assistance programs, has created a need for some FHLBanks to establish set-aside programs for owner-occupied housing rehabilitation. The rehabilitation has included removing lead-based paint, weather proofing and adding accessibility features such as ramps. In 2010, the average subsidy per household for rehabilitation was \$6,488 (see Table 5).



An AHP Homeownership set-aside grant was used for the rehabilitation of an owner-occupied home in Detroit. (Before inset upper left.)

AHP Homeownership Set-Aside Program First-Time Homebuyer Units

From 2007 through 2010, the median household income of first-time homebuyers increased steadily, from \$32,704 to \$36,427. The median home price was just under \$100,000 and all but five percent of assisted households purchased houses under \$200,000 (see Table 6).

Table 6. AHP Homeownership Set-Aside Program First-Time Homebuyer Units				
Home Purchase Price Ranges	Households with Extremely Low-Incomes ^a	Households with Very Low-Incomes ^b	Households with Low- and Moderate-Incomes ^c	Total First-time Homebuyers
>\$0 and <\$50,000	85	220	249	554
>=\$50,000 and <\$100,000	164	1,088	1,978	3,230
>=\$100,000 and <\$200,000	51	658	2,607	3,316
>=\$200,000	2	61	321	384
Total	302	2,027	5,155	7,484
First-time Homebuyers Median Income	\$16,564	\$27,214	\$39,555	\$36,427
First-time Homebuyers Median Home Purchase Price	\$65,000	\$85,000	\$108,750	\$99,500

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.
Data as of December 31, 2010.

^aExtremely low-income is defined as households with incomes at or below 30 percent of area median income.

^bVery low-income is defined as households with incomes from 31 percent to 50 percent of area median income.

^cLow- and moderate-income is defined as households with incomes from 51 percent to 80 percent of area median income.



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

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 homebuyers.

Even with the set-aside grant, many low- and moderate-income first-time homebuyers need extra subsidy to

purchase a home. In 2010, 18 percent of AHP set-aside first-time homebuyers obtained a non-AHP grant or forgivable loan, along with the set-aside grant. These non-AHP grants or forgivable loans ranged from \$45 to \$300,000 and assisted in making mortgage payments more affordable. Only 43 first-time homebuyers received a non-AHP grant or forgivable loan and a second mortgage loan in addition to an AHP set-aside grant (see Table 7).

Table 7. AHP Homeownership Set-Aside Program
2010 First-time Homebuyers' Financing Characteristics

Homebuyers Income Categories	Set-aside Down payment/Closing Cost Assistance in 2010 ^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	302	255	274	12	82	3
Incomes from 31 percent to 50 percent of AMI	2,027	1,729	1,87	70	453	3
Incomes from 51 percent to 80 percent of AMI	5,155	4,464	4,91	162	813	37
Total	7,484	6,448	7,06	244	1,348	43

Source: Federal Housing Finance Agency's AHP database, as reported by the Federal Home Loan Banks.
Data as of December 31, 2010.

^aFirst-time homebuyers receiving set-aside down payment/closing cost assistance in 2010.

^bFirst-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.

^cFirst-time homebuyers with set-aside assistance plus a fixed rate first mortgage loan.

^dFirst-time homebuyers with set-aside assistance plus a second mortgage loan, along with a first mortgage loan.

^eFirst-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.

Community Investment Program and Community Investment Cash Advance Program

The CIP and CICA program are sources of FHLBank funds that members may use to finance eligible targeted housing and economic development projects. The Bank Act requires FHLBanks to offer the CIP. CICA programs are voluntary programs authorized by FHFA regulation since 1998. For CIP, FHLBanks may use advances and letters of credit. For CICA programs, FHLBanks may use advances, letters of credit, and grants.

CIP provides financing for housing for households with incomes at or below 115 percent of area median income, including rental projects, owner-occupied housing, and manufactured housing parks, as well as for 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 (state and local housing finance agencies and economic development finance authorities) to use for financing 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.



Economic development projects include

A community development advance financed "The Shops at Riverwood." The Shops at Riverwood replaced an aging mill complex with a new supermarket in an under-served Boston neighborhood.

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 LIHTCs and mortgage securities.

Table 8. CIP and CICA Program Overview		
(\$ in Millions)	2010 Total	1990 - 2010
Total Advance Commitments ^a	\$3,044	\$61,765
Advance Commitments for Economic Development and Mixed-Use Projects (CIP and CICA)	\$1,448	\$17,663
Advance Commitments for Housing Projects (CIP Only)	\$1,595	\$44,101
<i>Total Housing Units (CIP Only)</i>	13,555	726,328
Owner-Occupied Housing Units	9,494	494,739
Rental Housing Units	4,061	231,589
Estimated Number of Jobs Created or Retained ^b	35,680	199,944

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

Data as of December 31, 2010. Dollars have been rounded.

^aTotal 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 Bank member projections at the time of application.

^bEstimated by Federal Home Loan Bank members in CIP or CICA program application.

CIP and CICA Program Supporting Communities

In 2010, CIP and CICA program commitments funded an array of housing, economic development and mixed-use projects. Most CIP funding was used for housing projects that financed down payment and closing cost assistance, purchases of owner-occupied housing, and construction and rehabilitation of multifamily rental properties.

CICA program funding was most frequently used by small businesses and for public facility projects and social services. Examples include agribusinesses, farms, fire stations, hospitals, manufacturing plants, day care centers and recreational facilities. Funding also helped mixed-use projects.



A community development advance financed a fire truck for the Beverly Volunteer Fire Department in Beverly, Ohio.

The following are examples of 2010 CIP and CICA program projects.

- **Phoenixville, Pennsylvania**— A CIP advance supported the redevelopment of a 100-year-old vacant industrial building into an educational, corporate, and recreational facility called Franklin Commons.
- **Indiana County, Pennsylvania**— A CICA advance assisted a start-up company, Edgewood Ag, which provides harvesting services (labor and equipment) to farmers in Indiana County.
- **Las Vegas, New Mexico**— A CICA advance provided financing for Martinez & Sons Livestock to purchase a six-acre site to house a new meat processing facility and an existing sale barn, where animals are penned before auction. The plant will employ 12 to 20 workers when it begins operations.
- **La Marque, Texas**— A CIP advance helped finance Highland Manor, a 141-unit affordable senior-living community targeting households with incomes at or below 60 percent of area median income.

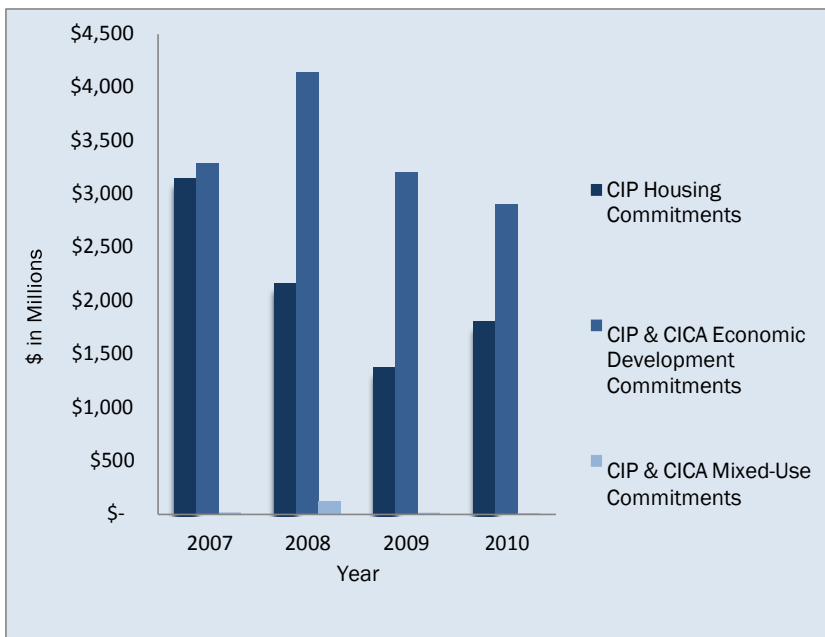


An economic development advance was used to renovate a 1938-era vacant power plant to create the new headquarters of Accident Fund Insurance Company in downtown Lansing, Michigan. The project will create 250 jobs and retain 622 jobs (before and after photographs).

CIP and CICA Program Funding Commitments

From 2007 through 2010, CIP and CICA funding commitments for economic development projects outpaced funding commitments for housing. In 2007, funding commitments for both housing and economic development were nearly equal, with 603 FHLBank members participating in the programs. However, due to the changes in the housing market

**Figure 8. CIP and CICA Program Funding Commitments-
for Housing, Economic Development and Mixed-Use
Projects**



Source: Federal Housing Finance Agency's CIP and CICA program database, as reported by the Federal Home Loan Banks.
Data as of December 31, 2010.

beginning in 2008, the ratio of economic development funding commitments to total funding commitments increased from 2008 to 2009 but dropped in 2010. Economic development funding commitments represented 64 percent of the total funding commitments in 2008, 70 percent in 2009, and 61 percent in 2010 (see Figure 8).

In 2008, 745 FHLBank members participated in the CIP and CICA program, compared to:

- 529 in 2009 (decline of 29 percent), and
- 491 in 2010 (decline of 34 percent).

From 2009 through 2010, total CIP and CICA funding commitments decreased due to a decline in the number of FHLBank members participating in the CIP and CICA,

and FHLBank members requesting smaller CIP and CICA funding amounts. Also, the decrease appears to mirror the decline in advance demand more generally.

CIP and CICA Program Serving Urban and Rural Communities

In 2010, 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 9). CIP and CICA provided almost \$1.9 billion in economic development and mixed-used financing for urban projects, and more than \$1 billion for rural projects. FHLBank members used \$1.7 billion in CIP financing for 18,220 urban housing units and nearly \$102 million for 2,822 rural housing units.

Table 9. CIP and CICA Program Projects Serving Urban and Rural Communities									
(\$ in Millions)	2010 Urban ^a Projects				2010 Rural ^a Projects				2010 Total
	Housing	Economic Development	Mixed-Use	Total Urban Projects	Housing	Economic Development	Mixed-Use	Total Rural Projects	
<i>Total Approved Projects</i>	214	249	4	467	139	679	1	819	1,286
<i>Total Commitments^b</i>	\$1.704	\$1.882	\$0.007	\$3.6	\$0.102	\$1.028	\$0.004	\$1.1	\$4.7
<i>Projected Number of Rental Housing Units</i>	9,737	NA	116	9,853	1,811	NA	82	1,893	11,746
<i>Projected Number of Owner-Occupied Housing Units</i>	8,483	NA	0	8,483	1,011	NA	0	1,011	9,494
<i>Projected Number of Housing Units</i>	18,220	NA	116	18,336	2,822	NA	82	2,904	21,240
<i>Estimated Number of Jobs Created or Retained</i>	NA	17,705	2	17,707	NA	17,813	160	17,973	35,680

Source: Federal Housing Finance Agency's CIP and CICA program database as reported by the Federal Home Loan Banks.

Data as of December 31, 2010. Dollars have been rounded.

NA means not applicable.

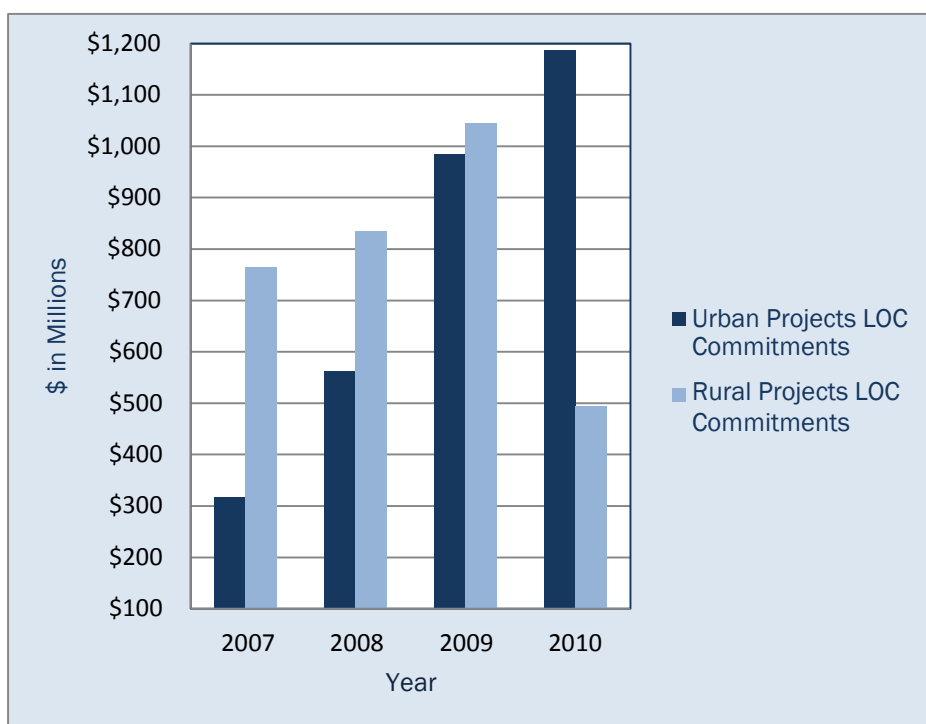
^a“Urban” and “rural” as defined in 12 CFR part 952.

^bTotal 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 CIP and CICA program advances to finance projects, letters of credit (LOC) commitments supporting CIP and CICA projects doubled from 2007 to 2010 (see Figure 9). In 2007, FHLBanks made more than \$1 billion in CIP and CICA letters of credit commitments for housing, economic development, and mixed-use projects in rural and urban communities. Of these, 70 percent of the commitments financed rural projects and 30 percent financed urban projects. In 2010, FHLBank members used more than \$1 billion of CIP and CICA letters of credit financing for urban projects and nearly \$500 million for rural projects.

Figure 9. CIP and CICA Program Urban and Rural Projects Letters of Credit Commitments



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

Data as of December 31, 2010.

CIP and CICA Program

Letters of Credit Supporting Nonhousing Tax Exempt Bonds

Before HERA became law, the FHLBanks could provide letters of credit for tax exempt housing bonds, in addition to taxable bonds for housing and nonhousing purposes.

With HERA's extended authority, the FHLBanks issued 232 letters of credit for tax exempt bonds for nonhousing activities totaling over \$4.3 billion.

These activities included health care facilities, educational institutions, shopping centers, businesses, hotels, water and sewer and infrastructure projects, entertainment complexes and airports. Several examples of these projects follow:

- **The FHLBank of Atlanta** issued a \$25.2 million letter of credit supporting the financing of the Tuscaloosa Riverfront Development in Tuscaloosa, Alabama.
- **The FHLBank of Chicago** issued a \$6.9 million letter of credit securing financing for the purchase of equipment and expansion of the facility of Dutchland Plastics in Oostburg, Wisconsin.



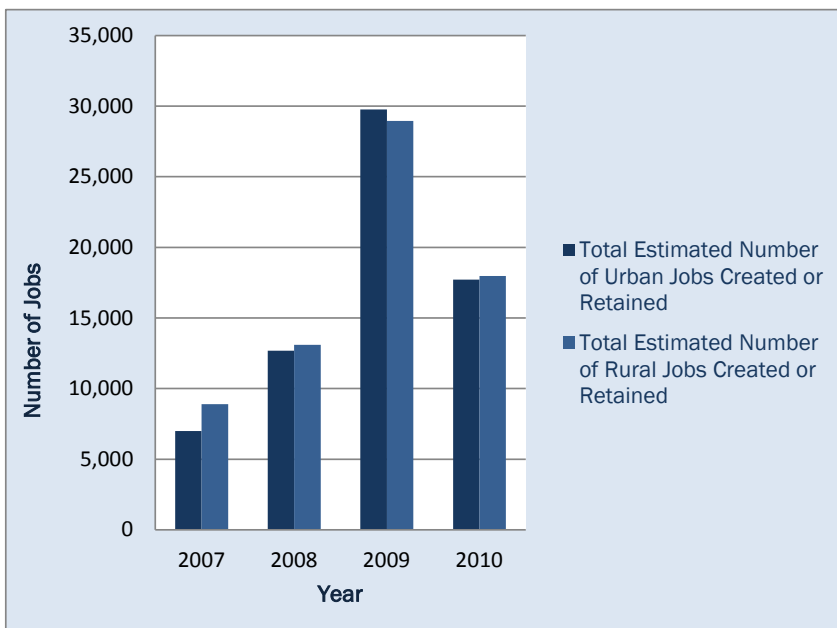
A community investment advance funded the construction of Woodstock Municipal wind system in Woodstock, Minnesota. The turbine has been linked directly to an electrical feeder supply line that provides the community with renewable energy.

- **The FHLBank of Cincinnati** issued a \$1.3 million letter of credit to support the purchase of additional property and to develop the infrastructure for Union University in Jackson, Tennessee, which is in a federally declared disaster area.
- **The FHLBank of Dallas** issued a \$14.5 million letter of credit securing bond proceeds used to develop, construct, and expand Entertainment Properties Trust's movie theatre with stadium seating in Slidell, Louisiana.
- **The FHLBank of Indianapolis** issued a \$9.7 million letter of credit to support a 16,600-square-foot addition to nonprofit Straith Hospital in Southfield, Michigan. The funds also helped renovate existing facilities and upgrade medical technology.
- **The FHLBank of San Francisco** issued a \$5.7 million letter of credit securing funding for East Bay Society for the Prevention of Cruelty to Animals care facility in Dublin, California. The facility's activities include animal care, adoption, community outreach and education.

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

FHLBank members estimate the CIP and CICA program have created or retained thousands of jobs in rural and urban communities since 2007 (see Figure 10). In 2009, FHLBank members financed 1,399 CIP and CICA projects which created or retained an estimated 58,710 jobs. Projects financed in urban areas have created or retained slightly more jobs (29,755) than projects financed in rural areas (28,955). The FHLBank members financed fewer CIP and CICA projects (1,286) in 2010, compared with 2009. Of the 2010 projects, the estimated number of jobs (35,680) created or retained in urban and rural areas were equally represented.

Figure 10. CIP and CICA Program Estimated Number of Jobs Created or Retained in Urban and Rural Areas



Source: Federal Housing Finance Agency's CIP and CICA program database, as reported by the Federal Home Loan Banks.
Data as of December 31, 2010.