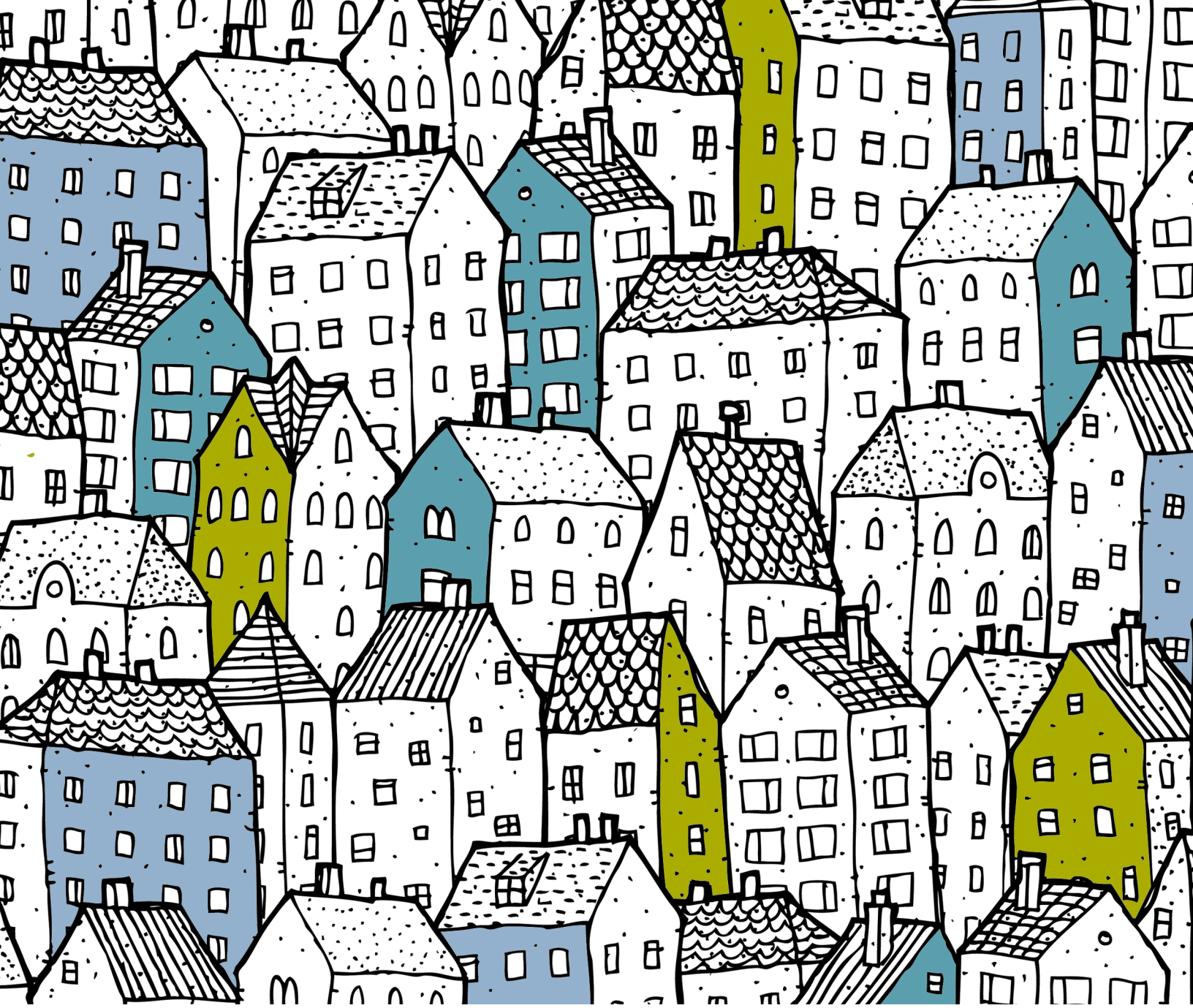


FHLBank Topeka

AHAC 2018 REPORT



LETTER

FROM THE AHAC CHAIR

Responding to local needs was the focus of the Affordable Housing Advisory Council (AHAC) and FHLBank Topeka in 2018.

Beginning in 2013, the Federal Housing Finance Agency (FHFA) sought comment on the existing Affordable Housing Program (AHP) regulations for purposes of improving their effectiveness and reducing their burden.

As noted by the FHFA, the AHP has played an important role in facilitating FHLBank's support of members' efforts to address affordable housing needs in their communities. The AHAC was pleased to participate in the process with the FHFA and the FHLBanks, which resulted in the Final Rule released late in 2018.

The Final Rule addresses local needs by:

- Providing FHLBank with additional authority to allocate AHP funds
- Authorizing FHLBank to establish separate competitive funds targeted to specific housing needs
- Providing FHLBank additional flexibility in designing the AHP scoring system to meet housing needs
- Updating several owner-occupied retention agreement and subsidy repayment requirements
- Aligning project monitoring requirements with those of other funding programs
- Clarifying the requirements for remediating AHP noncompliance.

As local needs change, FHLBank's programs are adjusted to remain effective. The AHAC reviewed the programs throughout the year and FHLBank responded with adjustments for 2019, including:

- Increasing the maximum funding per project to $1,000,000 and the maximum subsidy per unit to $50,000 in response to increasing constructions costs district-wide
- Revising the subsidy per unit (SPU) scoring formulas to accommodate the increased maximum SPU in addition to raising the minimum rental project SPU for scoring from $3,500 to $6,000. The new SPU scoring formula is the same for both rental and owner-occupied projects
- Excluding Service Proformas from the income and expense annual increase guideline.

Ultimately, the importance of the input the AHAC provides to ensure the housing programs respond to local needs is evident in the completed projects. This report highlights projects in Colorado, Kansas, Nebraska, and Oklahoma where FHLBank funding leveraged additional public and private resources for funding affordable housing projects.

Being responsive to local needs demonstrates FHLBank's commitment to its members, their communities and the affordable housing population.

Claudia Brierre
AHAC Chair

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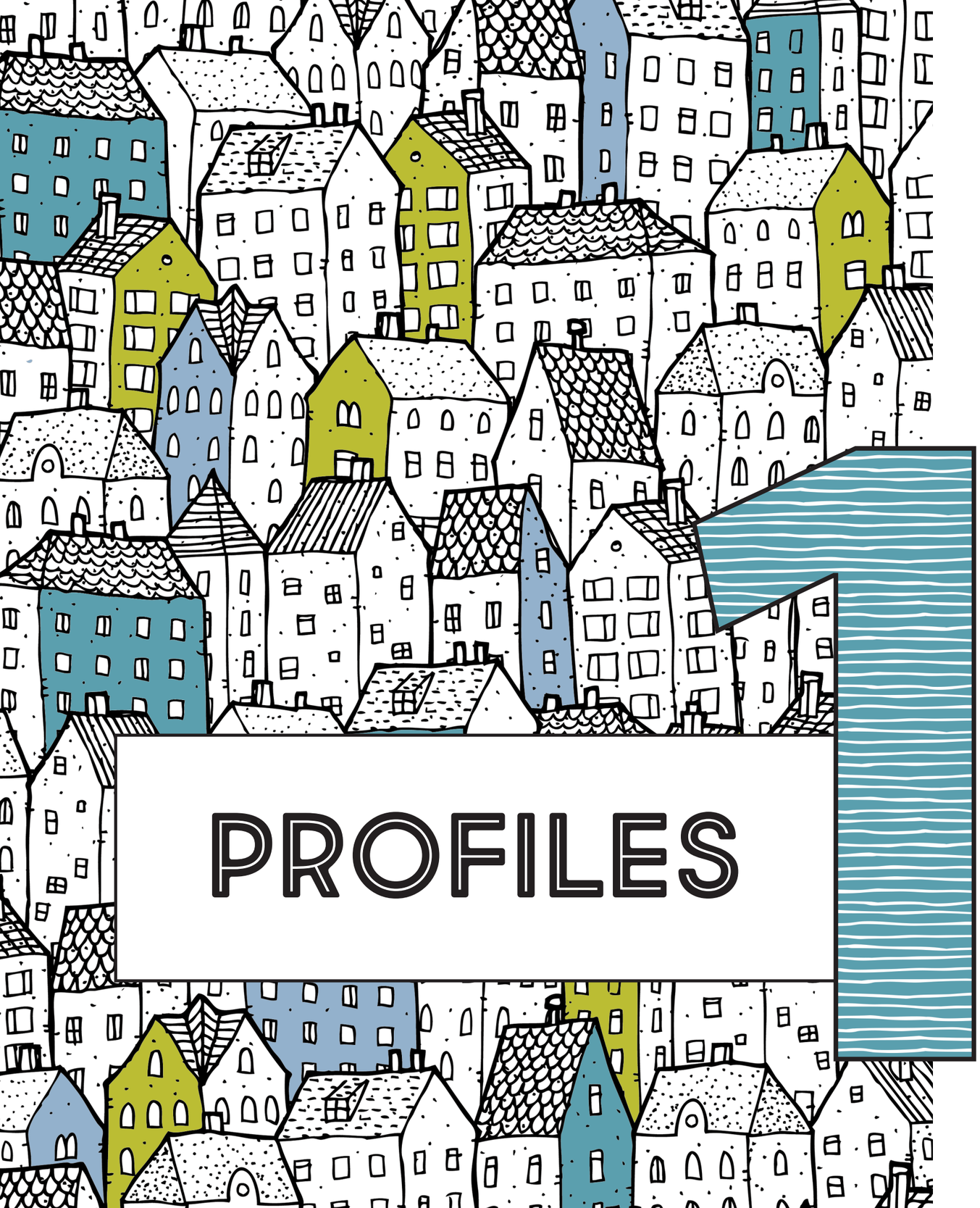
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• • • BARTLESVILLE, OKLAHOMA

Tiny Homes, Big Impact



Nehemiah Community Development Corp.'s Arlando Parker said bright colors make new tiny homes especially inviting.

Micro trend inspires new energy efficient development

A new development of tiny homes is positioned to a make a big impact on the community of Bartlesville, Oklahoma.

Cottages on Sixth Street, a collection of sherbet-hued homes, was the brain child of Arlando Parker, President of Nehemiah Community Development Corp.

About 10 years ago, while serving on the deacon board for the Greater First Baptist Church, Arlando heard laments from several of the widowed men serving alongside him.

"They said they wanted a smaller home but still wanted to be on the west side of Bartlesville," Arlando explained. The community had few options to fit the bill.

With his background in architecture and real estate development, Arlando hatched a plan to create a community of affordable rental homes. He wanted to serve three main purposes with his dream development: energy efficiency, a community accommodating to seniors and single mothers alike and affordability.

He was inspired by the tiny home trend and visited some similar sites in the South for inspiration. The homes on his tour were built using structurally insulated panels and had another surprising quality — vibrant facades.

"The bright colors were so inviting," Arlando said, "And weren't seen much in Oklahoma.

To make his dream into a reality, Arlando needed help on the financial side. He approached the Department of Housing and Urban Development (HUD) first. HUD was supportive of the project and urged him to get in touch with FHLBank Topeka to apply for Affordable Housing Program funding. FHLBank member, Truity Credit Union, sponsored the $225,000 AHP application in 2016.

"It was a pleasure to partner with FHLBank Topeka to sponsor Nehemiah Development's Cottages on Sixth Street project," said Dennis Halpin, president of Truity Credit Union. "This project will make a very visible difference in Bartlesville and will assist Nehemiah in fulfilling their mission to assist the residents of our westside community by providing a high-quality affordable housing option."

The master plan for Cottages on Sixth Street is 23 544-square-foot rental units. The first phase of nine

Please see "Tiny Homes" on Page 8

• • • KANSAS CITY, KANSAS

New and Improved



Affordable Housing Program grants help two Kansas CIty, Kansas, areas fund new neighborhood developments.

Two KC suburbs see construction for the first time in decades

For many of the families who live in the Riverview and Escalade neighborhoods in Kansas City, Kansas, this is the first time they have lived in a single-family home.

This development was spearheaded by Community Housing of Wyandotte County (CHWC). Brennan Crawford, the executive director and CEO of CHWC saw the importance of new housing in Kansas City, Kansas. "New homes hadn't been built in this area for 50 or 60 years," he said. "It was difficult to get financing since there were no comparable properties to appraise."

That changed with the development of Riverview and Escalade. The Riverview homes are in an inner-city location infilled amidst older homes. The Escalade development is a more suburban setting. Both options offer a spacious three-bedroom home, an attached two-car garage and other amenities. "The neighborhood also offers opportunities to age in place," said Brennan. "We have ranch-style homes with accessible bathrooms and kitchens that are attractive to seniors."

The 23 homes in two separate areas of the city provide a novel opportunity for future homeowners earning less than 60% of area median income. The development is a lease-to-own community, which means that each resident earns a 5% reduction to the purchase price of their home for every year they reside there. By year 15, they could purchase their home for 25% of its value. Many are ready much sooner. "Many of the families in our community become ready to purchase their home after just a few years," said Brennan.

The project was financed through a variety of sources, including tax credit equity, conventional lending and equity from CHWC. A $346,339 Affordable Housing Program grant through FHLBank member Horizon Bank in Waverly, Nebraska, completed the funding. "The AHP grant was the difference between the project being feasible or not," Brennan shared. "The AHP funds meant we could lower the debt sufficiently for the rent targets to work."

• • • DENVER, COLORADO

Full Service



Opening in the fall of 2017, Denver's 40 West serves veterans and families at or below 60% area median income.

Colorado complex offers housing, support for veterans

Joyce Alms-Ransford saw a tremendous need in downtown Denver and the surrounding metro area for housing to serve homeless veterans.

In her role as CEO of Archway Housing & Services, Inc., she set about to fill that need.

"While there is a national conversation about helping veterans," Joyce said, "Serving the most vulnerable ones — those that are homeless — is not always at the top of the list."

40 West Residences in Lakewood, Colorado, opened its doors in October 2017 with such veterans in mind. The community consists of 54 one-bedroom units and eight two-bedroom apartments. Twenty-five of the one-bedroom units are set aside for veterans and are fully furnished to make their transition easier. 40 West also offers onsite case management in partnership with the Veterans Administration.

The remainder of the units are occupied by families who are at or below 60% of the area median income. More than 250 families applied for a spot at 40 West with 35 accepted through a lottery process. The remainder of the families were put onto a waiting list.

All residents of the building benefit from supportive services such as access to food from the Food Bank of the Rockies. Staff at the complex visit the food bank twice a week and bring back about 1,000 pounds of groceries to help residents stretch their budget.

"One veteran who had just moved in said he was so happy to see the food," Joyce said. "He wasn't sure what he would eat that night otherwise."

Help at 40 West doesn't end with food and shelter. The community also offers job placement assistance to stabilize the lives of their veterans and families. And case workers will do whatever is needed to help residents succeed.

One veteran, for instance, got a job but needed work boots. A 40 West case worker took him to the store and purchased a new pair.

Archway is currently working on another project near 40 West called Flats at Two Creeks. Construction

Please see "40 West" on Page 8

40 West: New development provides jobs for residents

Continued from Page 7

has provided a new source of jobs for 40 West residents. Three veterans are working on the project now with two more expected to be hired on shortly.

"Everything is great here at 40 West," said Robert Jacobson, one of the tenants. "The environment is stable and calming. Having food from the Food Bank is a big help."

40 West was made possible by funding through many sources, one of which was a $750,000 Affordable Housing Program grant through FHLBank member FirstBank.

"The 40 West property is an amazing place to live and provides much needed affordable housing and supportive services to its residents," said Chad Mitchell, executive vice president of the Lakewood bank. "Since our start over 55 years ago, FirstBank has strived to meet the needs of its customers. Being able to provide permanent financing for 40 West along with sponsoring the FHLBank grant is a testament to that goal."



The west side of Bartlesville is now home to 23 bright yellow, pink and green houses. Another 13 are planned for 2019.

Tiny Homes: Sixty tenants on waiting list

Continued from Page 5

units was completed at the end of December 2018. Five of the units are targeted to renters at 50% of the Area Median Income (AMI), two are for those at 60% of AMI and the remaining two are for those at 70% of AMI.

"Although these are considered low incomes, many of those who qualify are working," Arlando said. "A school teacher, a firefighter or a police officer could easily qualify to live here."

Along with a safe, energy efficient place to call home, Nehemiah Community Development Corp. also offers tenants a range of classes to help them be successful. Topics include financial planning, how to be a good neighbor and — an important skill when moving into a tiny home — how to downsize your belongings.

With the first phase near full occupancy, the community is clamoring for what's next. Nearly 60 possible tenants are on the waiting list. Arlando hopes to build 13 units in 2019.

None of it would be possible, he said, without FHLBank's support.

"Without the AHP funding, we wouldn't have been able to do the project," Arlando said. "Each funding source was linked to the other and made an important impact."

FHLBANK TOPEKA HOUSING PROGRAMS

PROGRAM	USES	BENEFICIARIES	FUNDING	TERMS
Affordable Housing Program (AHP) Owner-occupied and Rental	Gap financing for the acquisition, rehabilitation, or new construction of owner-occupied and rental housing	Households with income at or below 80% of the Area Median Income (AMI)	Grants of up to $750,000 per project $14,594,620 approved in 2018	• Competitive program • Must meet regulatory guidelines and eligibility/ feasibility requirements • Must demonstrate need for subsidy • 5-year retention period for owner-occupied projects and 15-year retention period for rental projects
Homeownership Set-aside Program (HSP)	Down payment, closing cost and purchase-related repair assistance	First-time homebuyer households in FHLBank's district with incomes at or below 80% of the AMI	Grants of up to $5,000 per household; per member limits may be lifted after Aug. 1 $7,763,202 disbursed from 2018 HSP for 1,588 total households	• Non-competitive program • Must meet regulatory guidelines and eligibility/ feasibility requirements • 5-year retention period
Community Development Program (CDP)	Financing for qualifying commercial loans, farm loans and community and economic development initiatives	Small businesses, farms, agribusiness, public or private utilities, schools, medical and health facilities, churches, day care centers or other community and economic development projects	Regular, callable and amortizing fixed rate or adjustable rate advances with a minimum amount of $10,000 priced below FHLBank's regular rates $118,125,200 of approved applications in 2018	• Non-competitive; available terms from four months to 30 years • Eligibility requirements apply • Members must comply with FHLBank credit guidelines
Community Housing Program (CHP)	Financing for owner-occupied and rental housing	Households earning at or below 115% of the AMI	Regular, callable and amortizing fixed rate or adjustable rate advances with a minimum amount of $10,000 priced below FHLBank's regular rates $47,587,000 of approved applications in 2018	• Non-competitive; available terms from four months to 30 years • Eligibility requirements apply • Members must comply with FHLBank credit guidelines
Rural First-time Homebuyer Education Program (RFHEP)	Supporting a community-based delivery system of education that ensures readiness of homebuyers throughout rural areas of FHLBank's district	Statewide homebuyer education coordinating agencies	Grants of up to $18,750 per statewide homebuyer education coordinating agency $75,000 provided in 2018	• Non-competitive program • Program discontinued for 2019



LINCOLN, NEBRASKA

Members, homeowners benefit from popular grant program



From 2014 to 2018, 388 homes were purchased in Lincoln, Nebraska, using Homeownership Set-Aside Program grants.

The HSP Effect

Both bankers and Realtors know home sales spike in the spring.

But in Lincoln, Nebraska, it's not just the warmer weather driving the mortgage business. March also marks the opening of FHLBank Topeka's Homeownership Set-Aside Program (HSP) funding period.

And when HSP opens in Lincoln, the requests come flooding in.

"A lot of people here hold off until March instead of January and February to purchase a home," said Marlon Lyon, vice president of Mortgage Lending for Lincoln's Pinnacle Bank. "The Realtors all know there is money available in March."

HSP grants provide up to $5,000 in closing costs or downpayment assistance for first time homebuyers. While the program is popular across FHLBank Topeka's four-state district, Lincoln financial institutions have particularly honed in on the homeowner advantage.

Between 2014 and 2018, 388 homes were purchased in and around the Lincoln area using HSP funds. More than $2.24 million was awarded through the program in partnership with 24 different member banks and credit unions.

"There's nothing else like it in terms of forgivable grants," said Jordan Moehlenhoff, a mortgage loan officer with West Gate Bank. "It really helps eliminate some of the barriers to owning a home. It's $5,000 for people who maybe couldn't afford it otherwise."

Please see "HSP" on Page 12

$2.24
MILLION AWARDED

388
HOMES PURCHASED

24
PARTICIPATING MEMBERS

2014-2018 HSP in Lincoln, Nebraska

QUOTES

FROM FHLBANK PARTNERS

1 "The policy and financing tools available to build and preserve affordable rental housing continue to decrease. Thankfully, the Federal Home Loan Bank of Topeka has stayed the course as a funding partner and its AHP has remained a consistent funding resource."

John J. Wiechmann
Midwest Housing Equity Group

2 "The AHP is an important resource to help fill funding gaps on critical rental housing developments that serve the most vulnerable populations, including people with disabilities, seniors, homeless persons and those in difficult domestic situations."

Fred Bentley
Kansas Housing Resources Corp.

3 "FHLBank Topeka is an invaluable partner ... Their support of affordable homeownership has a domino effect in that not only do individual families benefit but so do local communities, the local economy and the rental market."

Letitia Horace
Habitat for Humanity of Colorado

HSP: Grants offer institutions a competitive advantage

Continued from Page 11

The homeowners aren't the lone beneficiaries, however. HSP also offers financial institutions a competitive edge.

"Lincoln has 250,000 people, but it's still a small community, especially when it comes to real estate," Marlon explained. "If you have $5,000 to offer a homeowner, that's a huge advantage. And once one bank offered that advantage, others started to do the same."

Marlon and Jordon both credit the domino effect to the growth of HSP in Lincoln over the past five years, and the popularity isn't slowing. Their institutions continue to receive referrals from real estate agents working with first time homebuyers.

Though the business is a boon this time of year, it's the customer and the community who truly get the win.

"Owning a home – that's the American Dream," Jordan said. "HSP can help make it happen."



2018 CDP & CHP BREAKDOWN

	Colorado	Kansas	Nebraska	Oklahoma
No. of Members	3	18	14	5
No. of Projects	12	28	39	9
Amount Approved	$16,192,400	$59,651,400	$46,899,000	$42,969,400
Housing Units	0	179	69	330
Employment Impact	98	116	131	145

Charting the Numbers

In addition to our grant programs, FHLBank Topeka offers specially priced advance products that help support housing and community development in our members' communities. The following is a look at the two advance offerings:

Community Development Program (CDP) Advances

- Cost of Funds: Below FHLBank Topeka's normal market rates
- Eligible Uses: Extend long-term fixed rate credit for community development, including the finance of qualifying commercial loans, farm loans and community and economic development initiatives.
- Term: Four months to 30 years
- Access to Funds: No registration process is required. Request these loans any time throughout the year.

Community Housing Program (CHP) Advances

- Cost of Funds: Below FHLBank Topeka's normal market rates
- Eligible Uses: Finance the construction, acquisition, refinancing or rehabilitation of renter- or owner-occupied housing for households at or below 115% of the area median income.
- Term: Four months to 30 years
- Access to Funds: No registration process is required. Request these loans any time throughout the year by contacting our Lending department.

CDP $118 Million
approved in 2018 to finance

74	123	367
CDP PROJECTS	NEW JOBS	RETAINED JOBS

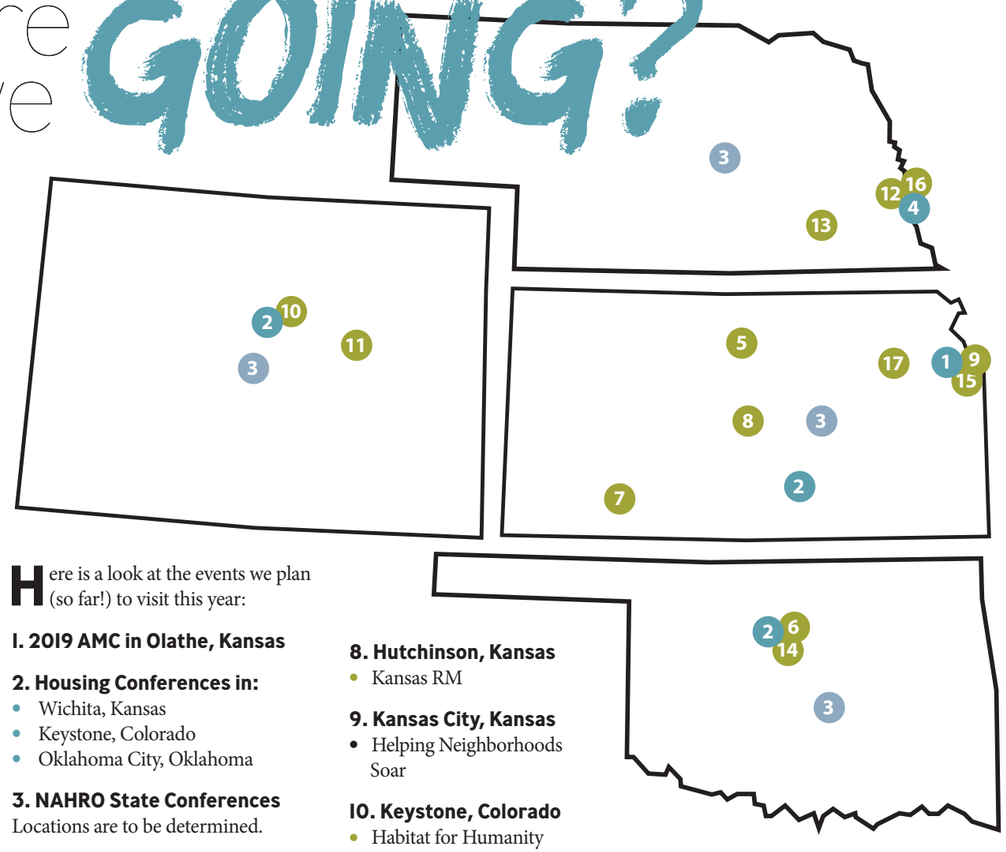
CHP $47 Million
approved in 2018 to finance

155	423
RENTAL UNITS	OWNER UNITS





WHERE are we GOING?



Here is a look at the events we plan (so far!) to visit this year:

1. 2019 AMC in Olathe, Kansas

2. Housing Conferences in:
- Wichita, Kansas
- Keystone, Colorado
- Oklahoma City, Oklahoma

3. NAHRO State Conferences
Locations are to be determined.

4. NIFA in La Vista, NE

Where did we go in 2018?

5. Beloit, Kansas
- Greenleaf USDA Offices Housing Interagency Advisory Committee (HIAC)

6. Edmond, Oklahoma
- Oklahoma Regional Meeting (RM)

7. Fowler, Kansas
- HIAC

8. Hutchinson, Kansas
- Kansas RM

9. Kansas City, Kansas
- Helping Neighborhoods Soar

10. Keystone, Colorado
- Habitat for Humanity

11. Larkspur, Colorado
- Colorado RM

12. LaVista, Nebraska
- NIFA

13. Lincoln, NE
- Nebraska Housing Developers Association Annual Meeting

14. Oklahoma City, Oklahoma
- Oklahoma Coalition of Affordable Housing (OCAH) Conference
- Oklahoma Housing Finance Authority (OHFA) Conference

15. Olathe, Kansas
- 2018 AMC

16. Omaha, Nebraska
- Nebraska RM

17. Topeka, Kansas
- Habitat for Humanity
- Kansas Housing Resources Corp.
- Kansas Housing Conference
- Home Matters Luncheon
- Landlord Expo

HOUSING & COMMUNITY DEVELOPMENT



J. Bohnenkemper
HCD Community Programs & Records Specialist



Mike Borcher
VP, Affordable Housing Program Manager



Kristin Combes
Housing and Community Development Analyst



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Housing and Community Development Analyst II



John Gary
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Joan Lickteig
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Kelly Meerpohl
Housing and Community Development Analyst



Alyse Mioni
HCD Coordinator - AHP Rental



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HCD Coordinator - AHP Owner Occupied



Jessica Puvogel
HCD Coordinator - HSP



Utika Scales
HCD Administrative Specialist



Erika Skinner
Housing and Community Development Analyst II



Terri Smith
HCD Coordinator - Quality Control and Compliance



Tom Thull
FVP, CIO, Director of Housing and Community Development



Mark Ward
AVP, Community Programs, Tech., Compliance and Reporting Manager

FHLBANK TOPEKA AHAC COUNCIL



From the front: Vicky Jordan, Lisa Bloomquist-Palmer, Sophronia George, Claudie Brierre (chair), John Wiechmann, Valerie Powell, Brent Williams, Chad Asarch, Michael Renken **Not pictured**: Matthew Brady, Nathan Clyncke and Lynn Fleming

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FHLBANK TOPEKA BOARD OF DIRECTORS



From the front: Richard Masinton, Holly Johnson, Mark Schifferdecker, Jane Knight, Neil McKay, Kent Needham, Mark O'Connor, Donde Plowman, Douglas Tippens, Donald Abernathy, Thomas Olson, Jr., Milroy Alexander, G. Bridger Cox (chair), Robert Caldwell III (vice chair) Michael Jacobsen, Bruce Schriefer, Greg Vandaveer **Not pictured**: Andrew Hove, Jr.


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Topeka