

# affordable housing advisory council

## 2023 AHAC Report

FHLBank Topeka

AFFORDABLE HOUSING ADVISORY COUNCIL

# Letter from the Chair

When reflecting on 2023, words cannot bring adequate importance to the efforts being made to ensure housing and community lending remain accessible and affordable in our district.

With FHLBank Topeka's increased commitment to voluntary funding in 2023, the Native American Housing Initiatives (NAHI) Grants Program proved beneficial to our members and the tribal communities they serve. What began as a $1 million commitment grew to providing eight recipients with a share of $3 million for housing initiatives in Native communities. Given NAHI's success, the Affordable Housing Advisory Council (AHAC) endorsed funding the program again in 2024.

Beyond the start of NAHI in 2023, AHAC also supported several programs for implementation in 2024. TurnKey, our new suite of down payment assistance products, supports both first-time homebuyers earning less than 80% of area median income (AMI) through our traditional Homeownership Set-aside Program (HSP) as well as supporting the "missing middle" through our new Homeownership Possibilities Expanded (HOPE). HOPE serves homeowners regardless of whether they've owned a home in the past and who earn up to 150% AMI. The program is funded with voluntary contributions.

We also have kept assistance for first-time homebuyers in high-cost areas but expanded the footprint to include difficult development areas with our newly minted HSP Plus (HSP+). We are excited to see all these TurnKey opportunities help unlock homeownership in our district.

Among the most impactful developments in 2023, the Federal Housing Finance Agency published the FHLBank System at 100 Report in recognition of the more than 90-year partnership FHLBanks share with our members. While FHLBanks serve a dual purpose of providing liquidity and supporting affordable housing, the report put special emphasis on the System's commitment to addressing housing challenges across the country. The AHAC, too, has become increasingly aware of the importance of continuing to support and sustain affordable housing and community lending. We were encouraged by FHLBank Topeka's additional voluntary funding, which will increase even further in 2024 and 2025.

It is always important to acknowledge not only where you're going but how far you've come. I am proud to lead the AHAC as we continue to explore the opportunities and challenges that lie ahead. With FHLBank's ongoing support for housing and community development, I know that we are making a difference, building communities and changing lives.

Nate Clyncke

**Nate Clyncke**
*AHAC Chair*

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VOLUNTARY PROGRAM

# New NAHI grant offers $3 million in first year

## Eight projects awarded the inaugural funds

In 2023, FHLBank Topeka announced it was growing its annual contribution to affordable housing and community development initiatives by 50%.

This voluntary increase began with the creation of a brand new grant program designed to serve the specific needs of our district.

"FHLBank Topeka has a higher Native American population percentage than any other district in the System," said Community Investment Officer Kylie Mergen. "Tribal housing has been chronically underfunded. We wanted to invest in communities that needed it most."

The Native American Housing Initiatives Grants Program, also called NAHI, offered Native American tribes or tribally designated housing entities funding for housing or community development projects. To create the grant, FHLBank sat down with representatives from such organizations to ensure NAHI would be of value.

"It was designed to support tribal organizations working at the grassroots level," Kylie explained. "They are in the best position to identify tribal needs."

The inaugural round of NAHI applications opened in July 2023. FHLBank Topeka received 13 eligible applications. Eight projects were selected to receive funding.

And while FHLBank originally pledged $1 million for the NAHI program, the total swelled to $3 million instead.

"We knew these were projects that in partnership with our members could make a huge difference," Kylie said.

The NAHI funds will be used in varied ways to support Native American communities. Some examples include a 12-room youth homeless shelter, assistance with home repairs for tribal elders and down payment assistance for Native American homeowners.

To see a complete list of the 2023 NAHI recipients, please visit **fhlbtopeka.com/NAHI**. Application for the 2024 round of NAHI grants will open in June with at least $3.6 million to give.





TAHLEQUAH, OKLAHOMA

# A Center, A Shelter

## Grant to build safety and community for tribal elders

In the Cherokee language, "Gadugi" describes one of the tribe's most important values — working together for the betterment of the community.

Through the inaugural offering of the Native American Housing Initiatives (NAHI) Grants Program, the Cherokee Nation did just that. In partnership with Chickasaw Community Bank, they secured a $500,000 grant from FHLBank Topeka to help build a community center for tribal elders.



The community center is a critical need for elders living in rental housing managed by the Housing Authority of the Cherokee Nation. Along with offering a gathering place for residents, the center will also include a storm shelter. As it is now, the closest shelter is several miles away from the housing complex.

Plus, traditional in-ground shelters aren't suitable for residents with mobility issues. This shelter will be above ground to serve all residents, and the gathering place will offer hands-on activities to build a sense of community.

When the Housing Authority of the Cherokee Nation first began planning for the community center, they received a grant from another source to cover what they expected would be the full construction costs. With skyrocketing prices in recent years, the expected development budget doubled. The $500,000 NAHI grant means the center can now be a reality.

FHLBank Topeka's NAHI Grants Program supports Native American tribes or tribally designated housing entities which then partners with an FHLBank member on the grant application. Chickasaw Community Bank was quick to offer their assistance on the Cherokee Nation's application.

Since they were founded in 2002, Chickasaw Community Bank has endeavored to meet the needs of Native Americans across the country. Partnering on this grant opportunity close to home made perfect sense.

"We knew right away we wanted to be involved with this program," said Director of Tribal & Construction Lending Nancy Bainbridge. "FHLBank Topeka's NAHI program is unusual in its flexibility. It provides funding tribes can use for items that don't fit into other grant programs or even lending offerings."

FHLBank structured the program this way in direct response to feedback from stakeholders during last year's FHLBanks at 100 Review by the Federal Housing Finance Agency.

"We made the NAHI process easier by design in response to what we heard in the Native American-focused roundtable," said FHLBank Topeka's Community Investment Officer Kylie Mergen. "We are pleased that our purpose-driven culture aligns with that of our member, Chickasaw Community Bank, and the Housing Authority of the Cherokee Nation."

DENVER, COLORADO

# Fixing the Fax

## Affordable housing project helping revitalize entire area




From east to west, Colfax is the longest running street through Denver, but parts of the prominent avenue had seen better days.

When ANB Bank was asked to help fund a residential facility on the city's east side, it wasn't just a benefit to the future residents but to the community as a whole.

"Areas of Colfax were underserved," said ANB Community Bank President Jennifer Vagher. "They are trying to redevelop and revitalize that area, so Valor on the Fax was a big deal. It is a big part of that effort."

Valor on the Fax was built by Brothers Redevelopment, Inc., a nonprofit known for its affordable housing solutions in the greater Denver area. The apartment complex has 72 units, including single and family occupancy, a 24-7 front desk, communal spaces and transportation close by.

Perhaps its most important feature, however, is its focus on residents who have suffered traumatic injuries to the brain.

"Because of a disability the residents have struggled to find housing stability in their lives," said Brother's President Jeff Martinez. "Some of them were living in their car or living on the streets. Valor on the Fax gave them a safe place to live, and they designed everything to reduce triggers for those who call it home."

Trauma-informed efforts, Jeff said, include subdued lighting, calming colors and noise-reducing materials. Brothers worked with the Brain Injury Alliance of Colorado to build the apartments and ANB Bank to find the funds.

As an FHLBank Topeka member, ANB applied for and received a $635,000 Affordable Housing Program grant in 2021on Brother's behalf.

"We were really excited to get the grant," Jeff said. "Once it was identified as a source of funding, it really helped us secure other funding and tax credits. It was a huge asset."

With funding secure, Valor on the Fax broke ground in 2021 and opened its doors in October 2023. Already, Jeff said, the community is growing around them.

"The city has started to look at Colfax as an area of urban renewal. We were one of the first to be here, and we'll probably see more investment in affordable housing in the future" he said. "It's a great community. We're proud to help our neighbors who are vulnerable and in need of housing."





KANSAS CITY, KANSAS

# Tiny Homes, Huge Help

## Small villages combating homelessness nationwide



Tiny homes are a trend for those looking to lessen their carbon footprint.

The efficient housing is now having a moment as an affordable option too.

Eden Village was created in Springfield, Missouri, as a community of tiny homes for people experiencing chronic homelessness. The small dwellings were designed to serve residents with no where else to turn.

"These are people that have been on the streets for a year or longer," said Nate Schlueter, who serves as the Chief Visionary Officer for Eden Village USA. "Ninety-three percent of the residents that move into Eden Village retain housing permanently. They can live there the rest of their lives."

The original Eden Village opened in August 2018 and was partially funded by a grant from FHLBank Des Moines. Nate said there are now three Eden Villages in Springfield, which have contributed to a 25% drop in the city's homeless population.

Because of that success, the set up has been licensed to 12 cities across the country including one in Wilmington, North Carolina, which received a grant from FHLBank Atlanta, and the newest location in Kansas City, Kansas, funded by a $1 million Affordable Housing Program grant from FHLBank Topeka and member sponsor Capitol Federal.

"(FHLBank grants) get our projects around the country shovel-ready," he said. "From there, we can raise the rest of the money at a rapid pace."

Once full funding was available, Eden Village KC broke ground in June 2023. The complex includes 23 one bedroom, one bathroom units and also offers residents access to a neighborhood clubhouse, recreation areas and resources for mental health.

"Homelessness is a huge issue in the metro, and there is a severe shortage of affordable housing," said BRG Engineers' Katrina Gerber, who is helping oversee the KC construction. "This project helps both of those needs as well as taking a very run down part of the city and improving it greatly."

Eden Village KC, which was built on a former mobile home site, will open in May 2024. After that, Katrina said they plan to follow Springfield's blueprint to change even more local lives.

"We get about 30 calls a week from people who want to live here. They all love the homes" she said. "We hope this is the first of several communities in the KC metro. We have had such a wonderful outpouring of support."

MORE ONLINE Take a tour of a tiny home

OMAHA, NEBRASKA

# Growing in Spades

## Market, cost of living expand need for down payment help

The mortgage division at ACCESSbank in Nebraska started with only two employees.

In 12 years, they've upsized to a full in-house team with originators, underwriters, processors and compliance. Needless to say, they know a thing or two about growing.

So when people have outgrown their currently dwellings, ACCESSbank knows exactly how to help.

"Omaha continues to attract a diverse range of buyers, supported by the area's strong job market and high quality of life," said Katie Henry, who serves as the Consumer Banking Officer for ACCESSbank. "Consequently, the market has been active with properties often selling quickly, sometimes just days after being listed."

To better serve buyers in this environment, Katie said they rely not only on their knowledge of mortgage lending but also on their experience helping customers save. One such opportunity is FHLBank 's Homeownership Set-aside Program (HSP), which in 2023 offered up to $7,500 in down payment assistance, closing costs and eligible repairs to first-time buyers at or below 80% of the area median income.

Like its mortgage department, ACCESSbank's participation in HSP has also grown. They more than doubled their number of HSP disbursements from 12 in 2022 to 26 in 2023.

"Faced with declining affordability and a growing need for financial assistance, we recognized a valuable chance to support our community in achieving homeownership, which might otherwise be out of their reach," Katie explained. "The HSP program significantly enhances our bank's ability to support families and individuals as they achieve their dream of homeownership. It's incredibly rewarding to witness the joy at the closing table, knowing that we, as a financial institution, have played a small but vital role in making those dreams a reality."

In areas where that reality is even more difficult due to real estate prices, FHLBank introduced High-Cost Area HSP in 2023. The program provided first-time homebuyers in eligible counties, all of which were in Colorado, with up to $15,000 in down payment assistance. In its first year, 24 homebuyers were helped by the grant.

Katie said such funding is instrumental for buyers and essential for the community as a whole.

"Homeownership fosters community stability for those who purchase, which in turn helps our local economy thrive," she said. "This cycle of positive impact underscores the importance of programs like the HSP and our commitment to facilitating them."







CHANUTE, KANSAS

# Drinks at a Discount

## Low-cost advance funds improvements to rural water supply

As a community bank that serves rural areas in southeast Kansas, Bank of Commerce knows the importance of quality water supply.

"The communities we serve are farm-oriented," explained Ken Lickteig, a senior vice president at Bank of Commerce. "We have also noticed a growing trend that many of our clients want to live in rural areas that are outside the reach of city water facilities."

Aging infrastructure and increased demand for a quality water supply means rural water districts will need help finding solutions to finance improvements. When the local water district was unable to accept new clients due to its inefficient infrastructure, Bank of Commerce knew they had to fund this community need.

The local rural water district required a long-term loan, and Bank of Commerce wanted to match the loan with long-term funding. That's where their relationship with FHLBank Topeka came into play.

Bank of Commerce secured a Community Development Program (CDP) advance to fund their loan to the rural water district. CDP advances are priced below FHLBank's regular advance rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve.

The CDP advance funded two phases of improvement for the Rural Water District #4 in Neosho County, Kansas. The first phase built a new water tower, a new pumping station and expanded distribution to more patrons in the two-county area. The second phase was to improve infrastructure by replacing, enlarging and repairing the existing system.

Bank of Commerce has found other ways to use discounted advance funding to support their community. They have used CDP funds to finance land purchases for local agricultural producers by consolidating several agricultural land purchases into one CDP advance from FHLBank.

FHLBank Topeka's Community Housing Program (CHP), which provides advances below FHLBank's rates to finance over-55 rental housing and various terms, is another important tool for Bank of Commerce. They used a CHP advance to fund assisted living centers in their market area, providing a safe, affordable housing option for local seniors.

"CDP and CHP advances offer a good discount," Ken said, "which helps our bank's margins while also allowing us to offer a competitive rate to fund important and worthwhile projects for our community."



LENDING ANALYSIS

# By the Numbers

## Facts and figures from District 10

FHLBank Topeka's housing and community development programs are funded annually with a 10% contribution from the previous year's net income.

Strong earnings in 2022 led to a record accrual of more than $26.7 million for our Affordable Housing Program (AHP), which was divided between AHP and Homeownership Set-aside Program (HSP) funds. In addition, FHLBank allocated $3 million of voluntary funding this past year to establish the Native American Housing Initiatives (NAHI) Grants Program.

The combined amount totaled nearly $30 million (See Table No. 1 on page 12), which was the highest grant funding committed in our history.

*Click to continue '**Numbers**' on p. 12*



| 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 $1 million per project<br><br>$17,704,473 approved in 2023 | Competitive program<br>Must meet regulatory guidelines and eligibility/feasibility requirements<br>Must demonstrate need for subsidy<br>5-year retention period for owner-occupied purchase projects and 15-year retention period for rental projects<br>Owner-occupied rehabilitation is not subject to retention |
| **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 $7,500 per household<br><br>More than $8,897,174 approved and 1,213 first-time homebuyers assisted in 2023 | Non-competitive, first-come, first-served program<br>Must meet regulatory guidelines and eligibility/feasibility requirements<br>5-year retention period |
| **High-Cost Area HSP** | Down payment, closing cost and purchase related repair assistance | First-time homebuyers in high-cost areas of FHLBank Topeka's district with incomes at or below 80% of the AMI | Grants of up to $15,000 per household<br><br>More than $386,919 approved and 26 first time homebuyers assisted in 2023 | Non-competitive, first-come, first-served program<br>Must meet regulatory guidelines and eligibility/feasibility requirements<br>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<br><br>$27,258,200 of advance commitments in 2023 | Non-competitive; available terms from four months to 30 years<br>Eligibility requirements apply<br>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<br><br>$39,658,200 of advance commitments in 2023 | Non-competitive; Available terms from four months to 30 years<br>Eligibility requirements apply<br>Members must comply with FHLBank credit guidelines |
| **Native American Housing Initiatives Grants Program (NAHI)** | Grant funds intended to build the capacity of tribal organizations in support of housing for tribal members in FHLBank Topeka's district | Native American tribes and tribally designated housing entities impacting housing for Native Americans including tribal members residing in FHLBank's district | Grants from $100,000 to $500,000 per recipient<br><br>$3 million awarded in 2023 | Competitive application program<br>Recipients must provide housing services to tribal members in Colorado, Kansas, Nebraska and Oklahoma |

# Numbers: AHP, HSP commitments set FHLBank records

*Continued from p. 10*

All states in FHLBank's district have received at least one AHP award from the 2019 to 2023 AHP rounds with the exception of Colorado in 2022 (Table No. 2). The increase in the number of projects awarded in 2023 is attributable to the increase in available AHP funding.

## HSP & High-Cost Area HSP

Likewise, more than $9 million was available in 2023 for HSP, the highest in FHLBank's history (Table No. 3). In 2021, the maximum HSP subsidy per household increased from $5,000 to $7,500 to attract additional participation and to address increasing housing costs throughout the district. The HSP is utilized by members in all four of FHLBank's states.

New in 2023, High-Cost Area HSP provided an enhanced level of HSP funding for first-time homebuyers in designated high-cost areas. This subset of HSP funding was an incentive for Colorado members to participate in the HSP in 2023, providing more meaningful support for first time homebuyers in those areas.

High-cost areas are counties in which 115% of the local median home value exceeds the baseline conforming loan limit as established annually by the Federal Housing Finance Agency. In high-cost areas, the average household income is $69,448 with an average house price of $335,499 (Table No. 4). These homebuyers paid an average of 4.83 times their household income for their homes, compared to 2.72 times household income in the non high-cost areas of the district.

**Table No. 1** AHP Accrual and Voluntary Funding

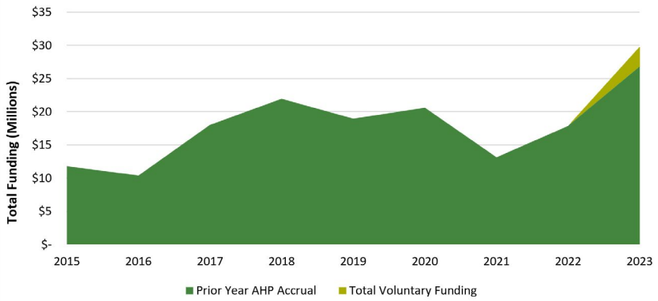
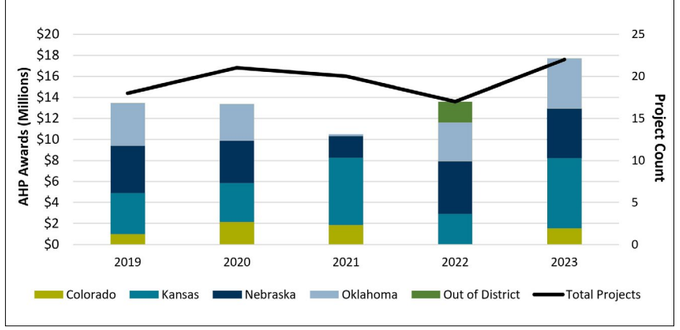



**Table No. 2** AHP Subsidy by Year and State




## CDP & CHP

Distribution of Community Development Program (CDP) and Community Housing Program (CHP) projects is predominately in Kansas and Nebraska with a lower level of participation by members in Colorado and Oklahoma.

All states, however, have projects approved for funding from FHLBank members using the CDP and CHP. Member utilization of the program has declined from pre-pandemic levels (Table No. 5).

**Table No. 3** HSP Funding Summary

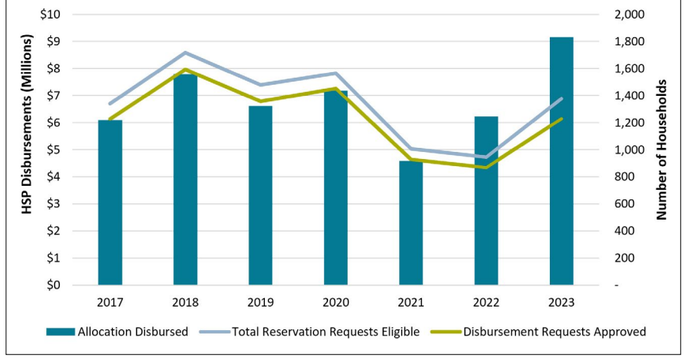



**Table No. 4** HSP & HSP High-Cost Area Home Purchases

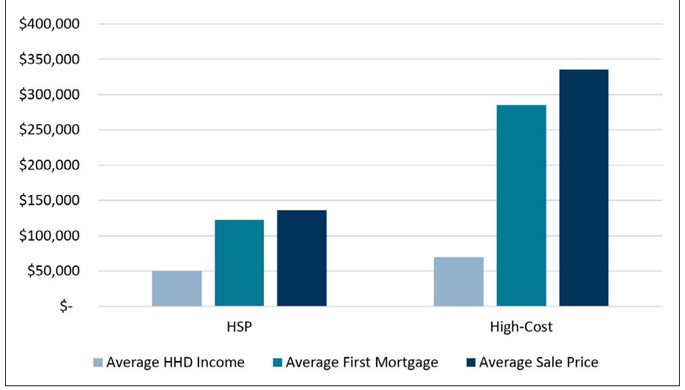
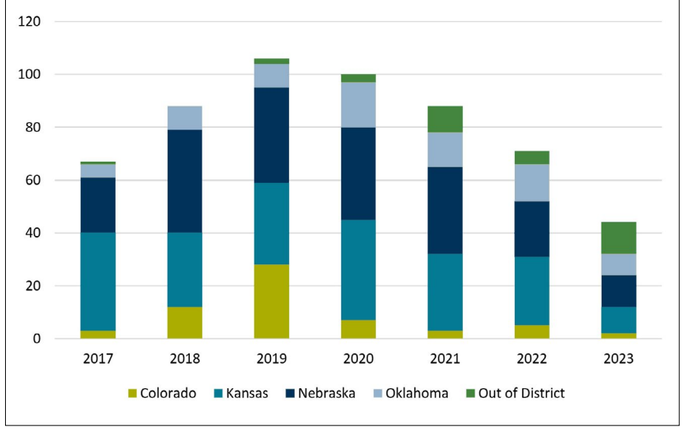



**Table No. 5** Geographic Distribution of CDP/CHP Projects




## NAHI

As mentioned, NAHI was also new in 2023. It is FHLBank's voluntary grant program providing Native American tribes and tribally designated housing entities with access to grant funds intended to build their communities in support of housing for tribal members residing in the district.

NAHI supports tribal organizations working at the grassroots level, which are in the best position to identify tribal needs. Many NAHI applications indicated the need for rehabilitation funds for both owner-occupied and rental housing.

Several applications sought additional funding for down payment assistance programs that serve tribal members. Tribes are emphasizing homeownership to build household wealth for tribal members and close the wealth gap. Other uses included storm shelters and other infrastructure, strategic planning for housing, addressing homelessness and foreclosure prevention.



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OUR MISSION

*we make a difference*

**by providing reliable liquidity and funding to help our members build strong communities**

FHLBank Topeka

