



FHLBank
Chicago

2022 FHLBank Chicago Community Investment Advisory Council Report

Letter from the Advisory Council Leadership

2022 was a year of “returning to a new normal” for FHLBank Chicago’s Community Investment Advisory Council (CIAC). While the lingering effects of the COVID-19 pandemic continued to touch our lives and work, we resumed in-person meetings and reconnected with one another after two years apart. As we caught up with our CIAC colleagues in 2022, we reflected on how much had changed in the housing and economic development industries over the course of the pandemic – construction cost increases, supply chain shortages, and rapidly increasing interest rates, to name a few items. However, we also noted several things that had remained constant – our commitment to meeting shifting needs of the communities we serve, our mutual dedication to supporting FHLBank Chicago’s community investment mission, and the collaborative spirit that has allowed us and the Bank to accomplish so much, even under the most challenging of circumstances.

Several great successes for the Bank grew out of the CIAC’s work during the pandemic. As a result of a 2020-2021 CIAC working group focused on racial equity, we launched two new Bank programs in 2022: the Community First® Housing Counseling Resource Program and the Community First Diverse Developer Initiative. These programs were created to help address the gap in homeownership rates in communities, as well increase the number of diverse developers in the marketplace, who in turn would develop affordable housing in more diverse segments of our district. Both programs also increase access to wealth-building opportunities for underserved populations within our district.

The Community First Housing Counseling Resource Program (HCRP) provides grants to HUD-approved housing counseling agencies in Illinois and Wisconsin to expand service to minority

and low- and moderate-income homebuyers and facilitate sustainable homeownership. Based on the feedback and recommendation of the CIAC, FHLBank Chicago committed \$6 million to the program over three years, which will allow at least 30 HUD-approved counseling agencies to reach historically underserved communities. This program leverages the Bank’s strategic partnerships with two associate members, Illinois Housing Development Authority (IHDA) and Wisconsin Housing and Economic Development Authority (WHEDA), which administer the program on behalf of the Bank. Near-term program success will be measured by the increase in low-income and minority households receiving homebuyer education and counseling services on topics such as budgeting, the home buying process, and credit repair. The longer term goal of HCRP is to provide a pipeline of mortgage-ready borrowers to our member institutions, while expanding the economic benefits of homeownership to historically-underserved communities.



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The Community First Diverse Developer Initiative (DDI) also commenced in 2022, leveraging guidance from the CIAC. This program provides nonprofit and for-profit organizations with funds to support career development initiatives for diverse developers of affordable housing in FHLBank Chicago's district. Our definition of "diverse" refers to any population experiencing inequitable, systemic barriers to entry or career development in the affordable housing industry. Through member institutions, the Bank offers grants to help qualifying organizations attract new talent, provide skills training, and further their mission. In 2022, the Bank awarded over \$1M of its \$3M, three-year program commitment to support diverse developers in Illinois and Wisconsin. Ten organizations received grants via eight member institutions.

In 2022, the CIAC continued our journey into Deep Dive Discussions around topics of importance in the industry. These robust discussions between members of the CIAC, the Affordable Housing Committee of the Board of Directors, Bank leadership, and Community Investment staff ultimately informed FHLBank Chicago's [2023 Targeted Community Lending Plan](#). Discussion topics in 2022 focused on:

- **The specialized housing needs of specific, underserved populations in our District, including permanent supportive housing, justice-involved housing, and housing for Native Americans.** This CIAC discussion informed the Bank's Community Investment outreach strategy and resulted in an expanded 2022-2023 outreach plan to reach identified communities.

- **The housing and economic development challenges and opportunities in rural communities.** The CIAC took part in the Board of Directors' 2022 Cultural Exploration which focused on needs in rural areas. This experience highlighted the extreme lack of housing (both for-sale and rental) for low-moderate households, including workforce housing, in rural areas. Additional rural challenges identified were lack of access to healthcare, broadband availability, and structural challenges to building housing on tribal lands.



BUILDING A PIPELINE OF DIVERSE DEVELOPER TALENT



Rafael Garcia, the executive director of the nonprofit, Community First MKE, has one mission: to expand affordable housing opportunities to those most vulnerable in Milwaukee, WI. For 12 years, he's been chipping away at this mission and recently celebrated the completion of the organization's \$13 million redevelopment of a former school into a modern apartment building. The development was awarded the Mayor's Design Award for its work in providing nearly 50 units for seniors and veterans in need of housing.

To do more of these important projects, Rafael knew he needed to hire a full staff, since he had largely been on his own from the beginning. Rafael applied for a grant through FHLBank Chicago's Community First® Diverse Developer Initiative and received \$230,000 which he used to hire two full-time additions to his staff, Michelle Long and Alejandro Rodriguez. "Because of this grant, Community First MKE is now a pipeline of diverse development talent, which is beneficial to the entire region," he said.

Through the City of Milwaukee's Neighborhood Improvement Program, Community First MKE also helps low-income homeowners with home repairs and upkeep that might otherwise make their home unaffordable or unlivable. To date, the organization has helped over 420 families avoid foreclosures because of these repairs. With these new hires, Rafael says Community First MKE can now expand its footprint and help more families in need. "We're looking at northern Illinois next. If it wasn't for this grant from FHLBank Chicago, we wouldn't be able to do this at all."

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- The impact of climate change on affordable housing.**
 Climate events have immediate impacts on existing housing as well as implications for the housing ecosystem of the future. Low- and moderate-income communities and households are disproportionately, adversely affected, and discussion revolved around how the Bank's programs can support climate resilience in existing and future housing development.
- The increasing cost of affordable housing development.**
 Affordable housing development is experiencing unprecedented financing challenges that began during the pandemic, but continue to persist. Increased construction costs, higher interest rates, labor shortages, and falling Low-Income Housing Tax Credit (LIHTC) equity pricing are all factors facing developers. Presentations from two member-experts in the development finance field shared their perspectives on what FHLBank Chicago can do to assist the projects the Bank currently supports, as well as those that are in the development pipeline.

FHLBank Chicago believes that for communities to thrive, affordable housing and economic development must go hand in hand. For that reason, the CIAC also supported the Bank's 2022 launch of the Community First® Accelerate Grants for Small Business, to support the growth of the small businesses that fuel local economies and provide economic opportunities for residents. This program was another 2022 highlight, as 34 small businesses were awarded a total of nearly \$834,000 via 29 member institutions; these grants will positively impact business owners, their employees, and their communities, and we look forward to sharing more of these stories in 2023.

As the Bank looks ahead to what more it can do in the coming years to support community investment throughout Illinois and Wisconsin, the CIAC will continue to provide critical leadership to ensure the Bank's activities and programs yield maximum impact for communities throughout the District.

In service,



CHAIR

David Porterfield

Senior Advisor
Movin' Out, Inc.



VICE-CHAIR

Jackie L. Newman

Executive Director
Springfield Housing Authority

PARTNERING WITH COMMUNITY BANKS TO SUPPORT DEERFIELD



Deerfield Coffeehouse in Dane County, Wisconsin is more than a quick stop for your morning joe and a bite to eat. Since opening on Deerfield's Main Street in 2019, the shop has been a popular destination for people who live and work in the area, as well as bikers from the Glacial Drumlin Bike Trail.

Owner Teresa Pelletier has been curating a welcoming community space for all, especially mothers and children. If they don't have childcare lined up, employees can bring their kids into work; and the community is encouraged to bring kids in on Fridays for story time. Before opening, she knew she'd have to eventually make improvements to the space—it had strong bones and character but was run down from weather and needed repairs to the storefront.

When she started hearing from new customers that the building was tough to find due to the building's appearance and signage, she knew she needed help. Her local banker at the Bank of Deerfield, Ben MIsna, told her about FHLBank Chicago's Community First Accelerate Grant for Small Businesses, which provides grant funds to strengthen small businesses. Pelletier applied and received a \$25,000 grant for building upgrades, and a five percent match from Bank of Deerfield. "A lot of our job as a small community bank is focusing on the relationship," said MIsna. "When you have an opportunity to give back like that, and you know the people personally, it makes the decision easy."

Pelletier is excited about what this grant means for Deerfield. "Our mission is to be a community gathering spot and part of that is enhancing the downtown of Deerfield," said Pelletier. "We live in the best community and people here are so supportive. I'm going to use the grant to have the building reflect all the greatness in our community."

2022 Community Investment Impact at a Glance

\$46M+
in Housing
and Economic
Development
Grants



PROGRAM	BENEFICIARIES	DOLLARS
Affordable Housing Program (AHP)	1,980 affordable housing units created or preserved	\$24M
Downpayment Plus® Program (DPP)	3,000+ homebuyers provided with downpayment assistance	\$18M
Housing Counseling Resource Program*	30 housing counseling agencies with expanded resources	\$2.1M
Diverse Developer Initiative*	10 organizations with new talent development initiatives	\$1.3M
Accelerate Grants for Small Businesses*	34 small businesses grown and developed	\$834K

*New Community First Program

Nearly \$2B
originated in
Community Advances

6,487
jobs created or retained

10,982
housing units created or
preserved

COMMUNITY LENDING

Community Development Advances
Promoting economic development in member communities through small business, agricultural, commercial, and infrastructure lending

Community Housing Advances
Supporting purchase, construction, and rehabilitation of affordable homes

Community Small Business Advances
Provides members with zero-rate financing to support small business lending in low and moderate-income areas, contributing to the local economy and community revitalization efforts

Community First Fund

A revolving fund designed to provide unsecured loans to community organizations, including non-depository CDFIs, to support their affordable housing and community development lending

Since inception in 2014:



\$46.5M
deployed



4,971
jobs[†]



9,510
housing units[†]

[†]as reported by our CDFI partners

Community Investment Advisory Council



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Movin' Out, Inc.



Jackie L. Newman, Vice-Chair

Executive Director
Springfield Housing Authority



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