



FHLBank
Chicago

WHITE PAPER FROM THE **SOLUTIONS DESK**

Providing Meaningful Community Investment in 2023

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Overview

Community Investment serves as one of the Federal Home Loan Banks' (FHLBanks') core missions across the system. FHLBank Chicago's programs are designed to serve as a conduit to elevate the quality of life through the availability of affordable housing and increased economic development for communities and households throughout our district.

2023 brings continued economic headwinds to communities within FHLBank Chicago's District of Illinois and Wisconsin. Small businesses, not-for-profits, and those seeking housing have all borne the brunt of inflationary pressure that is eroding real income, and the resulting challenges stemming from higher interest rates that have increased the cost of borrowing. In response, FHLBank Chicago has recognized the significance of these challenges and made deliberate adjustments to our Community Investment programs to place our members in the best possible position to meet the needs of their communities within this challenging economic environment. Accordingly, there are many Community Investment products currently available for FHLBank Chicago members to access.

About the Affordable Housing Program (AHP)

AHP is the single largest Community Investment program offered by FHLBank Chicago in terms of annual dollars awarded and disbursed. Under the Federal Home Loan Bank Act, FHLBank Chicago annually contributes 10% of its prior year's net income into AHP to support affordable housing within our members' communities. This 10% allocation is allocated between two programs – the AHP General Fund and the AHP Set-Aside program, known as our Downpayment Plus® (DPP®) program.

Since its inception in 1990, the AHP General Fund has served as one of the largest private sector grants for housing and community development within the United States. In 2022, FHLBank Chicago awarded approximately \$23.7 million to 39 projects. For 2023, FHLBank Chicago has

announced an allocation of just over \$33 million.

Key AHP Program Takeaways

Each year, FHLBank Chicago operates the AHP General Fund as a competitive grant program. To participate, a member will work with an AHP sponsor (i.e. a for-profit, not-for-profit, or government entity) to submit an application for an opportunity to secure AHP subsidy for an eligible project. Applications which receive the highest scores will be awarded subsidy from FHLBank Chicago to help finance the creation or preservation of these projects.

In 2023, there will be a single AHP funding round with an application deadline of 5 p.m. CT on June 9, 2023. Proposed AHP projects must meet eligibility requirements, which can be found in the [2023 AHP Implementation Plan](#). To understand how applications are scored, the AHP general fund scoring guidelines can be found in section II.E of the AHP Implementation Plan. Additional information can be found by accessing the [Guide for Member Applicants](#) and general program information on the [AHP Program Policy and Forms](#) page on fhlbc.com.

2023 AHP Program Updates

- In 2023, the maximum per-project subsidy has been increased from \$900,000 to \$1 million or 75% of the total project cost, whichever is less.
- To meaningfully address underserved communities, additional general fund scoring points are available for in-district projects located within a county or sponsored by a Tribal Nation that has not received an AHP subsidy in at least three years.
- A new Developer Team Inclusion (DTI) category has been created to help prioritize projects with diverse development teams and enables members to support competitive projects in partnership with diverse development teams.
- In response to development challenges resulting from rising housing costs, we have eliminated the subsidy per-unit scoring category to help ensure that projects with greater need are not less competitive.

Key Downpayment Plus Program Takeaways

DPP is the Community Investment grant program most widely accessed by FHLBank Chicago members. FHLBank Chicago's DPP program is unique in the FHLBank system, because it is available for FHLBank Chicago members to access during the full calendar year after its annual round opens in January.

DPP provides down payment and closing cost assistance for income-eligible homebuyers in the form of a forgivable grant. Grants are paid on behalf of the borrower at the time of closing with a participating FHLBank Chicago member financial institution. The Downpayment Plus Advantage[®] (DPP Advantage[®]) is a similar program but assists income-eligible homebuyers participating in homeownership programs offered by nonprofit organizations that provide mortgage financing directly to the homebuyer. Members are able to access DPP Advantage in partnership with nonprofit organizations.

The DPP program opened January 17, 2023. Participating members must complete a [Program Agreement](#), which can be found in the [DPP Program Guide](#). Program Agreements can be

established at no cost and zero obligation. To complete the Program Agreement, please ensure it is executed by an authorized signer and send it to ciagreements@fhlbc.com.

2023 DPP Program Updates

- To help address the rise in interest rates and housing costs, grant sizes have been increased from \$6,000 to \$10,000.
- Maximum member limits have been increased to \$700,000 this year, allowing members to make a larger impact within their communities.
- Downpayment Plus can now also be used for interest rate write-down at closing.

Community First® Programs with a Focus on Diversity Equity and Inclusion

[Community First Programs](#) at FHLBank Chicago offer a broader and more holistic approach to community development. Key highlights for 2023 include the introduction of three new Community First Grant programs:

- [Community First Housing Counseling Resource Program](#)
 - Providing grants to housing counseling agencies in Illinois and Wisconsin to help expand services to minority and low to moderate-income homebuyers.
- [Community First Diverse Developer Initiative](#)
 - Provides grant funding for career and talent development initiatives supporting developers of affordable housing in Illinois and Wisconsin. Target grant amounts are from \$50,000 - \$250,000 per beneficiary organization. This initiative is designed to help expand the market of diverse housing developers within members' communities.
- [Community First Accelerate Grants for Small Business](#)
 - An initiative to assist the development of small businesses within our district, fostering economic opportunities within member communities. Grants of up to \$25,000 are eligible to small businesses.

To Learn More

Contact your Sales Director or email ci@fhlbc.com to learn more about the benefits of the various Community Investment programs that FHLBank Chicago has to offer or have questions on how to get started.

DPP Program Guide	HUD Income Guidelines
DPP Solutions White Paper	Income Calculation Guidelines
AHP Program Policy and Forms	AHP Product Sheet
Community First Programs	Diverse Developer Initiative
Accelerate Grants	Housing Counseling Resource Program

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