



## FHLBank Affordable Housing Program and Voluntary Programs Update

Affordable Housing Program (AHP) provisions in the “Federal Home Loan Bank Act” state:

*Each Bank shall annually contribute the percentage of its annual net earnings prescribed... In 1995, and subsequent years, 10 percent of the preceding year’s net income, or such prorated sums as may be required to assure that the aggregate contribution of the Banks shall not be less than \$100,000,000 for each such year.*

*If any Bank fails to utilize or commit the full amount provided in this subsection in any year, 90 percent of the amount that has not been utilized or committed in that year shall be deposited by the Bank in an Affordable Housing Reserve Fund administered by the Director. The 10 percent of the unutilized and uncommitted amount retained by a Bank should be fully utilized or committed by that Bank during the following year and any remaining portion must be deposited in the Affordable Housing Reserve Fund. Under regulations established by the Director, funds from the Affordable Housing Reserve Fund may be made available to any Bank to meet additional affordable housing needs in such Bank’s district pursuant to this section.<sup>1</sup>*

As specified in the statute, since 1995 each FHLBank has been required to set aside 10 percent of net earnings for its affordable housing program and award the funds in the following calendar year. Furthermore, the FHLBanks are subject to a Systemwide AHP contribution minimum of \$100 million. Unutilized AHP funds are required, by statute, to be deposited in the Affordable Housing Reserve Fund administered by the FHFA Director; however, as of December 31, 2023, no FHLBank has had to deposit funds in the Affordable Housing Reserve Fund. The aggregate FHLBank System contribution from 1995 to 2023 averaged \$273 million annually, more than 2.7 times the minimum in the statute. In 2023, the FHLBanks contributed \$752 million, more than 7.5 times the statutory minimum.

In 2024, the FHLBanks will award AHP funds assessed in 2023 to support homeownership and affordable rental housing projects across the 11 FHLBank districts. In addition, in 2023, the FHLBanks committed to provide an additional 50 percent of prior year earnings to fund voluntary AHP awards and other voluntary programs, which is anticipated to result in \$1 billion in grants and subsidized loan awards in 2024.<sup>2</sup>

The figure below shows Mandatory AHP, Voluntary AHP, and Other Voluntary Program activity from 2021 through June 30, 2024. AHP usage in the first six months of 2024 already reached nearly 70 percent of average annual usage from 2021-2023. As previously reported, statutory AHP assessments in 2023 were the highest in the history of the FHLBank System.<sup>3</sup> Here we see that 2023 voluntary contributions (Voluntary AHP + Other Voluntary Programs) exceed prior year

<sup>1</sup> [USCODE-2020-title12-chap11.pdf \(govinfo.gov\)](#)

<sup>2</sup> <https://fhlbanks.com/wp-content/uploads/2024/05/1-BN-in-2024-press-release-full-list2.pdf>

<sup>3</sup> [2023 Q4 Document \(fhlb-of.com\)](#)

commitments by a sizeable margin and, by themselves, exceed the \$100 million annual AHP minimum amount. Looking at the first six-months of 2024, Voluntary AHP contributions already exceed the full-year totals in 2021-2023, a reflection of the FHLBanks' increased commitment to voluntary programs. While affordable housing challenges persist, the FHLBanks are well equipped to supply the funding their members need to meet lending demands and are on track to deliver an impactful, record-breaking amount of grant funding for AHP and voluntary initiatives in 2024.

