United States Senate
WASHINGTON, DC 20510

July 30, 2024

Mr. Kirk Malmberg
President and CEO
Federal Home Loan Bank of Atlanta
1475 Peachtree Street, NE
Atlanta, GA 30309

Dear Mr. Malmberg:

We write to ask that the Federal Home Loan Bank of Atlanta (FHLB Atlanta) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs spent only $395 million on affordable housing payments.[6] In the past five years, 42% of the more than 6,500 FHLB members have not originated a single mortgage, a stunning indication of the

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[1] White House, "FACT SHEET: President Biden Announced Plan to Lower Housing Costs for Working Families," March 7, 2024, https://www.whitehouse.gov/briefing-room/statements-releases/2024/03/07/fact-sheet-president-biden-announces-plan-to-lower-housing-costs-for-working-families/#:~:text=The%20President%20is%20proposing%20that,and%20assist%20nearly%20380%2C000%20households; U.S. Department of the Treasury, "Treasury Secretary Janet L. Yellen to Announce New Housing Efforts as Part of Biden Administration Push to Lower Housing Costs," June 24, 2024, https://home.treasury.gov/news/press-releases/jy2424; Federal Housing Finance Agency, "FHLBank System at 100: Focusing on the Future," November 2023, p. 50, https://www.fhfa.gov/sites/default/files/2024-01/FHLBank-System-at-100-Report.pdf.

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[4] New York Times, "The Housing Market Is Weird and Ugly. These 5 Charts Explain Why," Ben Casselman, June 20, 2024, https://www.nytimes.com/2024/06/20/business/economy/housing-market-explained.html.

[5] Consumer Federation of America, "New Report Shows Federal Home Loan Banks Received $7.3 Billion in Subsidies, but Offered Little Public Benefits in Return," press release, March 15, 2024, https://consumerfed.org/press_release/new-report-shows-federal-home-loan-banks-received-7-3-billion-in-subsidies-but-offered-little-public-benefits-in-return.

extent to which the FHLBs have strayed from their housing mission.[7]

FHLBs are required to contribute at least 10% of their net income to affordable housing programs, and in May 2023, they pledged to voluntarily increase their combined affordable housing and community development payments to 15%.[8] While we appreciate the 11 FHLBs' voluntary agreement, we strongly believe the Banks can allocate at least 20% of net income for affordable housing and community development grants.

As an initial matter, the FHLBs have yet to fulfill this 15% pledge. At the end of December 2023, the FHLBs expensed $180 million on voluntary AHP and community development contributions, less than 2.5% of their net income.[9] Moreover, in 2023, the Banks' aggregate net income reached $6.7 billion, which is more than double their 2022 income of $3.2 billion.[10] According to the FHFA, the FHLBs "remain well capitalized and hold the highest retained earnings balance in their history."[11] While the System's $752 million in AHP assessments and an additional $340 million in voluntary programs available for deployment in 2024 may sound significant, compared to $6.7 billion in net income, the investment is inadequate, especially after years of minimal investments to meet our communities' needs for affordable housing.

The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB Atlanta invested $27.6 million in voluntary housing programs, while it paid $864 million in compensation and benefits to members.[12] Last year, FHLB Atlanta contributed $11 million[13] voluntarily to AHP while at the same time, you, as President of FHLB Atlanta, were paid $2.6 million.[14] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

More fundamentally, the FHLBs clearly have the capacity to contribute far more than they currently do to affordable housing programs. Historically, the FHLBs have remained profitable even with a 30% annual deduction from their earnings. From 1999 until 2011, the FHLBs were required to pay 20% of their profits toward bond repayments for the Resolution Funding Corporation (REFCORP), in addition to their statutory 10% payments to the Affordable Housing Program.[15] As FHFA Director Thompson stated in a U.S. Senate Committee on Banking, Housing, and Urban Affairs hearing this April, "[t]he FHLBanks have demonstrated the financial

[6][6] Federal Home Loan Banks, "Combined Financial Report for the Year Ended December 31, 2023," March 22, 2024, pp. 51, 89, https://www.fhlb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf.

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[10] Federal Housing Finance Agency, "2023 Report to Congress," June 14, 2024, p. 20 https://www.fhfaoig.gov/sites/default/files/WPR-2023-002.pdf.

[11] *Id.*

[12] Research prepared by Senator Cortez Masto's staff.

[13] As reported in FHLBank Atlanta 10-K.

[14] Federal Housing Finance Agency, "2023 Report to Congress," p. 32, https://www.fhfa.gov/sites/default/files/2024-06/FHFA-2023-Annual-Report-to-Congress.pdf; President compensation data on file is research from Senator Cortez Masto's office.

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capacity to make a larger AHP funding contribution without adversely affecting their safety and soundness."[16]

We also would like to see greater use of the Community Investment Program (CIP), Community Investment Cash Advances (CICA), and letters of credit to help our nation's developers finance housing and economic development projects. Until last year, most FHLBs spent less than one percent of their net income on voluntary programs every year.[17] As president of a FHLB, you have the authority to influence your Bank and its members to more frequently and effectively utilize the statutorily-mandated CIP and other voluntary programs, including CICA and letters of credit. The fixed rate discounted terms and credit enhancement offered through voluntary programs can transform an aspiration into a completed resource for a community.

The FHLBs must do more to fulfill their mission and meet the affordable housing and community development needs of the communities they serve. Accordingly, we ask that you respond by September 3, 2024 regarding FHLB Atlanta's commitment to contribute at least 20% of its net income to AHP and other voluntary programs that meet communities' dire housing and community development needs.

Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
United States Senator

Ron Wyden
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Bernard Sanders
United States Senator

[16] Written Testimony of Director Sandra Thompson of the Federal Housing Finance Agency Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, April 18, 2024, https://www.banking.senate.gov/imo/media/doc/thompson_4-18-24.pdf.

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John Fetterman
United States Senator

United States Senate
WASHINGTON, DC 20510

July 30, 2024

Mr. Timothy J. Barrett
President and CEO
Federal Home Loan Bank of Boston
800 Boylston Street, 6th Floor
Boston, MA 02199

Dear Mr. Barrett:

We write to ask that the Federal Home Loan Bank of Boston (FHLB Boston) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs spent only $395 million on affordable housing payments.[6] In the past five years, 40% of the more

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than 6,500 FHLB members have not originated a single mortgage, a stunning indication of the extent to which the FHLBs have strayed from their housing mission.[7]

FHLBs are required to contribute at least 10% of their net income to affordable housing programs, and in May 2023, they pledged to voluntarily increase their combined affordable housing and community development payments to 15%.[8] While we appreciate the 11 FHLBs' voluntary agreement, we strongly believe the Banks can allocate at least 20% of net income for affordable housing and community development grants.

As an initial matter, the FHLBs have yet to fulfill this 15% pledge. At the end of December 2023, the FHLBs expensed $180 million on voluntary AHP and community development contributions, less than 2.5% of their net income.[9] Moreover, in 2023, the Banks' aggregate net income reached $6.7 billion, which is more than double their 2022 income of $3.2 billion.[10] According to the FHFA, the FHLBs "remain well capitalized and hold the highest retained earnings balance in their history."[11] While the System's $752 million in AHP assessments and an additional $340 million in voluntary programs available for deployment in 2024 may sound significant, compared to $6.7 billion in net income, the investment is inadequate, especially after years of minimal investments to meet our communities' needs for affordable housing.

The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB Boston invested $42 million in voluntary housing programs, while it paid $476 million in compensation and benefits to members.[12] Last year, FHLB Boston contributed $2 million[13] voluntarily to AHP while at the same time, you, as President of FHLB Boston, were paid $3.1 million.[14] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

More fundamentally, the FHLBs clearly have the capacity to contribute far more than they currently do to affordable housing programs. Historically, the FHLBs have remained profitable even with a 30% annual deduction from their earnings. From 1999 until 2011, the FHLBs were required to pay 20% of their profits toward bond repayments for the Resolution Funding Corporation (REFCORP), in addition to their statutory 10% payments to the Affordable Housing Program.[15] As FHFA Director Thompson stated in a U.S. Senate Committee on Banking, Housing, and Urban Affairs hearing this April, "[t]he FHLBanks have demonstrated the financial

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[13] FHLBank Boston 10-K [on file with the Office of Senator Cortez Masto].

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We also would like to see greater use of the Community Investment Program (CIP), Community Investment Cash Advances (CICA), and letters of credit to help our nation's developers finance housing and economic development projects. Until last year, most FHLBs spent less than one percent of their net income on voluntary programs every year.[17] As president of a FHLB, you have the authority to influence your Bank and its members to more frequently and effectively utilize the statutorily-mandated CIP and other voluntary programs, including CICA and letters of credit. The fixed rate discounted terms and credit enhancement offered through voluntary programs can transform an aspiration into a completed resource for a community.

The FHLBs must do more to fulfill their mission and meet the affordable housing and community development needs of the communities they serve. Accordingly, we ask that you respond by September 3, 2024 regarding FHLB Boston's commitment to contribute at least 20% of its net income to AHP and other voluntary programs that meet communities' dire housing and community development needs.

Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
United States Senator

Ron Wyden
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Bernard Sanders
United States Senator

[16] Written Testimony of Director Sandra Thompson of the Federal Housing Finance Agency Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, April 18, 2024, https://www.banking.senate.gov/imo/media/doc/thompson_4-18-24.pdf.

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John Fetterman
United States Senator

Edward J. Markey
United States Senator

United States Senate
WASHINGTON, DC 20510

July 30, 2024

Mr. Michael A. Ericson
President and CEO
Federal Home Loan Bank of Chicago
433 West Van Buren Street Suite 501S
Chicago, IL 60607

Dear Mr. Ericson:

We write to ask that the Federal Home Loan Bank of Chicago (FHLB Chicago) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs spent only $395 million on affordable housing payments.[6] In the past five years, 42% of the more than 6,500 FHLB members have not originated a single mortgage, a stunning indication of the

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Sincerely,

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United States Senator

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United States Senator

Ron Wyden
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Tina Smith
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Tammy Baldwin
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Bernard Sanders
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John Fetterman
United States Senator

United States Senate
WASHINGTON, DC 20510

July 30, 2024

Mr. Andrew S. Howell
President and CEO
Federal Home Loan Bank of Cincinnati
221 East Fourth St., Suite 600
Cincinnati, OH 45201

Dear Mr. Howell:

We write to ask that the Federal Home Loan Bank of Cincinnati (FHLB Cincinnati) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

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[2] National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes," March 2024, https://nlihc.org/gap.

[3] National Low Income Housing Coalition, "The National Need for Affordable Housing," Andrew Aurand, Mackenzie Pish, https://nlihc.org/sites/default/files/AG-2024/1-4_The-National-Need-for-Affordable-Housing.pdf.

[4] New York Times, "The Housing Market Is Weird and Ugly. These 5 Charts Explain Why," Ben Casselman, June 20, 2024, https://www.nytimes.com/2024/06/20/business/economy/housing-market-explained.html.

[5] Consumer Federation of America, "New Report Shows Federal Home Loan Banks Received $7.3 Billion in Subsidies, but Offered Little Public Benefits in Return," press release, March 15, 2024, https://consumerfed.org/press_release/new-report-shows-federal-home-loan-banks-received-7-3-billion-in-subsidies-but-offered-little-public-benefits-in-return.

extent to which the FHLBs have strayed from their housing mission.[7]

FHLBs are required to contribute at least 10% of their net income to affordable housing programs, and in May 2023, they pledged to voluntarily increase their combined affordable housing and community development payments to 15%.[8] While we appreciate the 11 FHLBs' voluntary agreement, we strongly believe the Banks can allocate at least 20% of net income for affordable housing and community development grants.

As an initial matter, the FHLBs have yet to fulfill this 15% pledge. At the end of December 2023, the FHLBs expensed $180 million on voluntary AHP and community development contributions, less than 2.5% of their net income.[9] Moreover, in 2023, the Banks' aggregate net income reached $6.7 billion, which is more than double their 2022 income of $3.2 billion.[10] According to the FHFA, the FHLBs "remain well capitalized and hold the highest retained earnings balance in their history."[11] While the System's $752 million in AHP assessments and an additional $340 million in voluntary programs available for deployment in 2024 may sound significant, compared to $6.7 billion in net income, the investment is inadequate, especially after years of minimal investments to meet our communities' needs for affordable housing.

The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB Cincinnati invested $32.5 million in voluntary housing programs, while it paid $470 million in compensation and benefits to members.[12] Last year, FHLB Cincinnati contributed $7 million[13] voluntarily to AHP while at the same time, you, as President of FHLB Cincinnati, were paid $3.5 million.[14] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

More fundamentally, the FHLBs clearly have the capacity to contribute far more than they currently do to affordable housing programs. Historically, the FHLBs have remained profitable even with a 30% annual deduction from their earnings. From 1999 until 2011, the FHLBs were required to pay 20% of their profits toward bond repayments for the Resolution Funding Corporation (REFCORP), in addition to their statutory 10% payments to the Affordable Housing Program.[15] As FHFA Director Thompson stated in a U.S. Senate Committee on Banking,

[6] *Id.*; Federal Home Loan Banks, "Combined Financial Report for the Year Ended December 31, 2023," March 22, 2024, pp. 51, 89, https://www.fhlb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf.

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[8] Affordable Housing Finance, "FHLBanks Anticipate Providing $1 Billion for Affordable Housing and Community Development," May 8, 2024, https://www.housingfinance.com/finance/fhlbanks-anticipate-providing-1-billion-for-affordable-housing-and-community-development_o.

[9] Federal Home Loan Banks, "Combined Financial Report for the Year Ended December 31, 2023, pp. 22, 51, https://www.fhlb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf.

[10] Federal Housing Finance Agency, "2023 Report to Congress," June 14, 2024, p. 20 https://www.fhfaoig.gov/sites/default/files/WPR-2023-002.pdf.

[11] *Id.*

[12] Research prepared by Senator Cortez Masto's staff.

[13] As reported in FHLBank Cincinnati 10-K.

[14] Federal Housing Finance Agency, "2023 Report to Congress," p. 32, https://www.fhfa.gov/sites/default/files/2024-06/FHFA-2023-Annual-Report-to-Congress.pdf; President compensation data on file is research from Senator Cortez Masto's office.

[15] Federal Register, "Termination of Federal Home Loan Bank Resolution Funding Corporation Obligation," Volume 76, Number 154, August 10, 2011, https://www.govinfo.gov/content/pkg/FR-2011-08-10/html/2011-20311.htm; Investopedia, "Resolution Funding Corporation (REFCORP)," James Chen, September 7, 2022, https://www.investopedia.com/terms/r/refcorp.asp.

Housing, and Urban Affairs hearing this April, "[t]he FHLBanks have demonstrated the financial capacity to make a larger AHP funding contribution without adversely affecting their safety and soundness."[16]

We also would like to see greater use of the Community Investment Program (CIP), Community Investment Cash Advances (CICA), and letters of credit to help our nation's developers finance housing and economic development projects. Until last year, most FHLBs spent less than one percent of their net income on voluntary programs every year.[17] As president of a FHLB, you have the authority to influence your Bank and its members to more frequently and effectively utilize the statutorily-mandated CIP and other voluntary programs, including CICA and letters of credit. The fixed rate discounted terms and credit enhancement offered through voluntary programs can transform an aspiration into a completed resource for a community.

The FHLBs must do more to fulfill their mission and meet the affordable housing and community development needs of the communities they serve. Accordingly, we ask that you respond by September 3, 2024 regarding FHLB Cincinnati's commitment to contribute at least 20% of its net income to AHP and other voluntary programs that meet communities' dire housing and community development needs.

Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
United States Senator

Ron Wyden
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Bernard Sanders
United States Senator

[16] Written Testimony of Director Sandra Thompson of the Federal Housing Finance Agency Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, April 18, 2024, https://www.banking.senate.gov/imo/media/doc/thompson_4-18-24.pdf.

[17] Consumer Federation of America "An Unfulfilled Promise: Affordable Housing and the Federal Home Loan Bank System," Sharon Cornelissen, February 15, 2024, https://consumerfed.org/an-unfulfilled-promise-affordable-housing-and-the-federal-home-loan-bank-system/.

John Fetterman
United States Senator

United States Senate

WASHINGTON, DC 20510

July 30, 2024

Mr. Sanjay K. Bhasin
President and CEO
Federal Home Loan Bank of Dallas
8500 Freeport Parkway South
Irving, TX 75063

Dear Mr. Bhasin:

We write to ask that the Federal Home Loan Bank of Dallas (FHLB Dallas) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs spent only $395 million on affordable housing payments.[6] In the past five years, 42% of the more than 6,500 FHLB members have not originated a single mortgage, a stunning indication of the

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As an initial matter, the FHLBs have yet to fulfill this 15% pledge. At the end of December 2023, the FHLBs expensed $180 million on voluntary AHP and community development contributions, less than 2.5% of their net income.[9] Moreover, in 2023, the Banks' aggregate net income reached $6.7 billion, which is more than double their 2022 income of $3.2 billion.[10] According to the FHFA, the FHLBs "remain well capitalized and hold the highest retained earnings balance in their history."[11] While the System's $752 million in AHP assessments and an additional $340 million in voluntary programs available for deployment in 2024 may sound significant, compared to $6.7 billion in net income, the investment is inadequate, especially after years of minimal investments to meet our communities' needs for affordable housing.

The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB Dallas invested $19.4 million in voluntary housing programs, while it paid $532 million in compensation and benefits to members.[12] Last year alone, you, as President of FHLB Dallas, were paid $2.2 million.[13] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

More fundamentally, the FHLBs clearly have the capacity to contribute far more than they currently do to affordable housing programs. Historically, the FHLBs have remained profitable even with a 30% annual deduction from their earnings. From 1999 until 2011, the FHLBs were required to pay 20% of their profits toward bond repayments for the Resolution Funding Corporation (REFCORP), in addition to their statutory 10% payments to the Affordable Housing Program.[14] As FHFA Director Thompson stated in a U.S. Senate Committee on Banking, Housing, and Urban Affairs hearing this April, "[t]he FHLBanks have demonstrated the financial capacity to make a larger AHP funding contribution without adversely affecting their safety and

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[8] Affordable Housing Finance, "FHLBanks Anticipate Providing $1 Billion for Affordable Housing and Community Development," May 8, 2024, https://www.housingfinance.com/finance/fhlbanks-anticipate-providing-1-billion-for-affordable-housing-and-community-development_o.

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[12] Research prepared by Senator Cortez Masto's staff.

[13] Federal Housing Finance Agency, "2023 Report to Congress," p. 32, https://www.fhfa.gov/sites/default/files/2024-06/FHFA-2023-Annual-Report-to-Congress.pdf; President compensation data on file is research from Senator Cortez Masto's office.

[14] Federal Register, "Termination of Federal Home Loan Bank Resolution Funding Corporation Obligation," Volume 76, Number 154, August 10, 2011, https://www.govinfo.gov/content/pkg/FR-2011-08-10/html/2011-20311.htm; Investopedia, "Resolution Funding Corporation (REFCORP)," James Chen, September 7, 2022, https://www.investopedia.com/terms/r/refcorp.asp.

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We also would like to see greater use of the Community Investment Program (CIP), Community Investment Cash Advances (CICA), and letters of credit to help our nation's developers finance housing and economic development projects. Until last year, most FHLBs spent less than one percent of their net income on voluntary programs every year.[16] As president of a FHLB, you have the authority to influence your Bank and its members to more frequently and effectively utilize the statutorily-mandated CIP and other voluntary programs, including CICA and letters of credit. The fixed rate discounted terms and credit enhancement offered through voluntary programs can transform an aspiration into a completed resource for a community.

The FHLBs must do more to fulfill their mission and meet the affordable housing and community development needs of the communities they serve. Accordingly, we ask that you respond by September 3, 2024 regarding FHLB Dallas's commitment to contribute at least 20% of its net income to AHP and other voluntary programs that meet communities' dire housing and community development needs.

Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
United States Senator

Ron Wyden
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Bernard Sanders
United States Senator

John Fetterman
United States Senator

15 Written Testimony of Director Sandra Thompson of the Federal Housing Finance Agency Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, April 18, 2024, https://www.banking.senate.gov/imo/media/doc/thompson_4-18-24.pdf.

16 Consumer Federation of America "An Unfulfilled Promise: Affordable Housing and the Federal Home Loan Bank System," Sharon Cornelissen, February 15, 2024, https://consumerfed.org/an-unfulfilled-promise-affordable-housing-and-the-federal-home-loan-bank-system/.

United States Senate
WASHINGTON, DC 20510

July 30, 2024

Ms. Kristina K. Williams
President and CEO
Federal Home Loan Bank of Des Moines
909 Locust Street
Des Moines, IA 50309

Dear Ms. Williams:

We write to ask that the Federal Home Loan Bank of Des Moines (FHLB Des Moines) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs

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spent only $395 million on affordable housing payments.[6] In the past five years, 42% of the more than 6,500 FHLB members have not originated a single mortgage, a stunning indication of the extent to which the FHLBs have strayed from their housing mission.[7]

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The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB Des Moines invested $32 million in voluntary housing programs, while it paid $629 million in compensation and benefits to members.[12] Last year, FHLB Des Moines contributed $5 million[13] voluntarily to AHP while at the same time, you, as President of FHLB Des Moines, were paid $2.2 million.[14] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

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Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
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Ron Wyden
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Bernard Sanders
United States Senator

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John Fetterman
United States Senator

United States Senate
WASHINGTON, DC 20510

July 30, 2024

Ms. Cindy L. Konich
President and CEO
Federal Home Loan Bank of Indianapolis
8250 Woodfield Crossing Blvd
Indianapolis, IN 46240

Dear Ms. Konich:

We write to ask that the Federal Home Loan Bank of Indianapolis (FHLB Indianapolis) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

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FHLBs are required to contribute at least 10% of their net income to affordable housing programs, and in May 2023, they pledged to voluntarily increase their combined affordable housing and community development payments to 15%.[8] While we appreciate the 11 FHLBs' voluntary agreement, we strongly believe the Banks can allocate at least 20% of net income for affordable housing and community development grants.

As an initial matter, the FHLBs have yet to fulfill this 15% pledge. At the end of December 2023, the FHLBs expensed $180 million on voluntary AHP and community development contributions, less than 2.5% of their net income.[9] Moreover, in 2023, the Banks' aggregate net income reached $6.7 billion, which is more than double their 2022 income of $3.2 billion.[10] According to the FHFA, the FHLBs "remain well capitalized and hold the highest retained earnings balance in their history."[11] While the System's $752 million in AHP assessments and an additional $340 million in voluntary programs available for deployment in 2024 may sound significant, compared to $6.7 billion in net income, the investment is inadequate, especially after years of minimal investments to meet our communities' needs for affordable housing.

The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB Indianapolis invested $12.5 million in voluntary housing programs, while it paid $542 million in compensation and benefits to members.[12] Last year, FHLB Indianapolis contributed $2 million[13] voluntarily to AHP while at the same time, you, as President of FHLB Indianapolis, were paid $4.3 million.[14] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

More fundamentally, the FHLBs clearly have the capacity to contribute far more than they currently do to affordable housing programs. Historically, the FHLBs have remained profitable even with a 30% annual deduction from their earnings. From 1999 until 2011, the FHLBs were required to pay 20% of their profits toward bond repayments for the Resolution Funding Corporation (REFCORP), in addition to their statutory 10% payments to the Affordable Housing

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[8] Affordable Housing Finance, "FHLBanks Anticipate Providing $1 Billion for Affordable Housing and Community Development," May 8, 2024, https://www.housingfinance.com/finance/fhlbanks-anticipate-providing-1-billion-for-affordable-housing-and-community-development_o.

[9] Federal Home Loan Banks, "Combined Financial Report for the Year Ended December 31, 2023, pp. 22, 51, https://www.fhlb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf.

[10] Federal Housing Finance Agency, "2023 Report to Congress," June 14, 2024, p. 20 https://www.fhfaoig.gov/sites/default/files/WPR-2023-002.pdf.

[11] *Id.*

[12] Research prepared by Senator Cortez Masto's staff.

[13] As reported in FHLBank Indianapolis 10-K.

[14] Federal Housing Finance Agency, "2023 Report to Congress," p. 32, https://www.fhfa.gov/sites/default/files/2024-06/FHFA-2023-Annual-Report-to-Congress.pdf; President compensation data on file is research from Senator Cortez Masto's office.

Program.[15] As FHFA Director Thompson stated in a U.S. Senate Committee on Banking, Housing, and Urban Affairs hearing this April, "[t]he FHLBanks have demonstrated the financial capacity to make a larger AHP funding contribution without adversely affecting their safety and soundness."[16]

We also would like to see greater use of the Community Investment Program (CIP), Community Investment Cash Advances (CICA), and letters of credit to help our nation's developers finance housing and economic development projects. Until last year, most FHLBs spent less than one percent of their net income on voluntary programs every year.[17] As president of a FHLB, you have the authority to influence your Bank and its members to more frequently and effectively utilize the statutorily-mandated CIP and other voluntary programs, including CICA and letters of credit. The fixed rate discounted terms and credit enhancement offered through voluntary programs can transform an aspiration into a completed resource for a community.

The FHLBs must do more to fulfill their mission and meet the affordable housing and community development needs of the communities they serve. Accordingly, we ask that you respond by September 3, 2024 regarding FHLB Indianapolis's commitment to contribute at least 20% of its net income to AHP and other voluntary programs that meet communities' dire housing and community development needs.

Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
United States Senator

Ron Wyden
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Bernard Sanders
United States Senator

[15] Federal Register, "Termination of Federal Home Loan Bank Resolution Funding Corporation Obligation," Volume 76, Number 154, August 10, 2011, https://www.govinfo.gov/content/pkg/FR-2011-08-10/html/2011-20311.htm; Investopedia, "Resolution Funding Corporation (REFCORP)," James Chen, September 7, 2022, https://www.investopedia.com/terms/r/refcorp.asp.

[16] Written Testimony of Director Sandra Thompson of the Federal Housing Finance Agency Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, April 18, 2024, https://www.banking.senate.gov/imo/media/doc/thompson_4-18-24.pdf.

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John Fetterman
United States Senator

United States Senate
WASHINGTON, DC 20510

July 30, 2024

Mr. José R. González
President and CEO
Federal Home Loan Bank of New York
101 Park Avenue
New York, NY 10178

Dear Mr. González:

We write to ask that the Federal Home Loan Bank of New York (FHLB New York) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs spent only $395 million on affordable housing payments.[6] In the past five years, 42% of the more than 6,500 FHLB members have not originated a single mortgage, a stunning indication of the

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[4] New York Times, "The Housing Market Is Weird and Ugly. These 5 Charts Explain Why," Ben Casselman, June 20, 2024, https://www.nytimes.com/2024/06/20/business/economy/housing-market-explained.html.

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As an initial matter, the FHLBs have yet to fulfill this 15% pledge. At the end of December 2023, the FHLBs expensed $180 million on voluntary AHP and community development contributions, less than 2.5% of their net income.[9] Moreover, in 2023, the Banks' aggregate net income reached $6.7 billion, which is more than double their 2022 income of $3.2 billion.[10] According to the FHFA, the FHLBs "remain well capitalized and hold the highest retained earnings balance in their history."[11] While the System's $752 million in AHP assessments and an additional $340 million in voluntary programs available for deployment in 2024 may sound significant, compared to $6.7 billion in net income, the investment is inadequate, especially after years of minimal investments to meet our communities' needs for affordable housing.

The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB New York invested $51 million in voluntary housing programs, while it paid $846 million in compensation and benefits to members.[12] Last year, FHLB New York contributed $13 million[13] voluntarily to AHP while at the same time, you, as President of FHLB New York, were paid $3.4 million.[14] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

More fundamentally, the FHLBs clearly have the capacity to contribute far more than they currently do to affordable housing programs. Historically, the FHLBs have remained profitable even with a 30% annual deduction from their earnings. From 1999 until 2011, the FHLBs were required to pay 20% of their profits toward bond repayments for the Resolution Funding Corporation (REFCORP), in addition to their statutory 10% payments to the Affordable Housing Program.[15] As FHFA Director Thompson stated in a U.S. Senate Committee on Banking,

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We also would like to see greater use of the Community Investment Program (CIP), Community Investment Cash Advances (CICA), and letters of credit to help our nation's developers finance housing and economic development projects. Until last year, most FHLBs spent less than one percent of their net income on voluntary programs every year.[17] As president of a FHLB, you have the authority to influence your Bank and its members to more frequently and effectively utilize the statutorily-mandated CIP and other voluntary programs, including CICA and letters of credit. The fixed rate discounted terms and credit enhancement offered through voluntary programs can transform an aspiration into a completed resource for a community.

The FHLBs must do more to fulfill their mission and meet the affordable housing and community development needs of the communities they serve. Accordingly, we ask that you respond by September 3, 2024 regarding FHLB New York's commitment to contribute at least 20% of its net income to AHP and other voluntary programs that meet communities' dire housing and community development needs.

Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
United States Senator

Ron Wyden
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Bernard Sanders
United States Senator

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[16] Written Testimony of Director Sandra Thompson of the Federal Housing Finance Agency Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, April 18, 2024, https://www.banking.senate.gov/imo/media/doc/thompson_4-18-24.pdf.

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John Fetterman
United States Senator

United States Senate
WASHINGTON, DC 20510

July 30, 2024

Mr. Winthrop Watson
President and CEO
Federal Home Loan Bank of Pittsburgh
601 Grant Street
Pittsburgh, PA 15219

Dear Mr. Watson:

We write to ask that the Federal Home Loan Bank of Pittsburgh (FHLB Pittsburgh) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs spent only $395 million on affordable housing payments.[6] In the past five years, 42% of the more than 6,500 FHLB members have not originated a single mortgage, a stunning indication of the

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The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB Pittsburgh invested $49 million in voluntary housing programs, while it paid $514 million in compensation and benefits to members.[12] Last year alone, you, as President of FHLB Pittsburgh, were paid $2.4 million.[13] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

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The FHLBs must do more to fulfill their mission and meet the affordable housing and community development needs of the communities they serve. Accordingly, we ask that you respond by September 3, 2024 regarding FHLB Pittsburgh's commitment to contribute at least 20% of its net income to AHP and other voluntary programs that meet communities' dire housing and community development needs.

Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
United States Senator

Ron Wyden
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Tina Smith
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United States Senate
WASHINGTON, DC 20510

July 30, 2024

Ms. Alanna McCargo
President and CEO
Federal Home Loan Bank of San Francisco
333 Bush Street, Suite 2700
San Francisco, CA 94104

Dear Ms. McCargo:

We write to ask that the Federal Home Loan Bank of San Francisco (FHLB San Francisco) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs

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As an initial matter, the FHLBs have yet to fulfill this 15% pledge. At the end of December 2023, the FHLBs expensed $180 million on voluntary AHP and community development contributions, less than 2.5% of their net income.[9] Moreover, in 2023, the Banks' aggregate net income reached $6.7 billion, which is more than double their 2022 income of $3.2 billion.[10] According to the FHFA, the FHLBs "remain well capitalized and hold the highest retained earnings balance in their history."[11] While the System's $752 million in AHP assessments and an additional $340 million in voluntary programs available for deployment in 2024 may sound significant, compared to $6.7 billion in net income, the investment is inadequate, especially after years of minimal investments to meet our communities' needs for affordable housing.

The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB San Francisco invested $101 million in voluntary housing programs, while it paid $842 million in compensation and benefits to members.[12] Last year alone, the President of FHLB San Francisco was paid $2.3 million.[13] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

More fundamentally, the FHLBs clearly have the capacity to contribute far more than they currently do to affordable housing programs. Historically, the FHLBs have remained profitable even with a 30% annual deduction from their earnings. From 1999 until 2011, the FHLBs were required to pay 20% of their profits toward bond repayments for the Resolution Funding Corporation (REFCORP), in addition to their statutory 10% payments to the Affordable Housing Program.[14] As FHFA Director Thompson stated in a U.S. Senate Committee on Banking,

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[6] Federal Home Loan Banks, "Combined Financial Report for the Year Ended December 31, 2023," March 22, 2024, pp. 51, 89, https://www.fhlb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf.

[7] Consumer Federation of America, "New Report Shows Federal Home Loan Banks Received $7.3 Billion in Subsidies, but Offered Little Public Benefits in Return," press release, March 15, 2024, https://consumerfed.org/press_release/new-report-shows-federal-home-loan-banks-received-7-3-billion-in-subsidies-but-offered-little-public-benefits-in-return.

[8] Affordable Housing Finance, "FHLBanks Anticipate Providing $1 Billion for Affordable Housing and Community Development," May 8, 2024, https://www.housingfinance.com/finance/fhlbanks-anticipate-providing-1-billion-for-affordable-housing-and-community-development_o.

[9] Federal Home Loan Banks, "Combined Financial Report for the Year Ended December 31, 2023, pp. 22, 51, https://www.fhlb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf.

[10] Federal Housing Finance Agency, "2023 Report to Congress," June 14, 2024, p. 20 https://www.fhfaoig.gov/sites/default/files/WPR-2023-002.pdf.

[11] *Id.*

[12] Research prepared by Senator Cortez Masto's staff.

[13] Federal Housing Finance Agency, "2023 Report to Congress," p. 32, https://www.fhfa.gov/sites/default/files/2024-06/FHFA-2023-Annual-Report-to-Congress.pdf; President compensation data on file is research from Senator Cortez Masto's office.

[14] Federal Register, "Termination of Federal Home Loan Bank Resolution Funding Corporation Obligation," Volume 76, Number 154, August 10, 2011, https://www.govinfo.gov/content/pkg/FR-2011-08-10/html/2011-20311.htm; Investopedia, "Resolution Funding Corporation (REFCORP)," James Chen, September 7, 2022, https://www.investopedia.com/terms/r/refcorp.asp.

Housing, and Urban Affairs hearing this April, "[t]he FHLBanks have demonstrated the financial capacity to make a larger AHP funding contribution without adversely affecting their safety and soundness."[15]

We also would like to see greater use of the Community Investment Program (CIP), Community Investment Cash Advances (CICA), and letters of credit to help our nation's developers finance housing and economic development projects. Until last year, most FHLBs spent less than one percent of their net income on voluntary programs every year.[16] As president of a FHLB, you have the authority to influence your Bank and its members to more frequently and effectively utilize the statutorily-mandated CIP and other voluntary programs, including CICA and letters of credit. The fixed rate discounted terms and credit enhancement offered through voluntary programs can transform an aspiration into a completed resource for a community.

The FHLBs must do more to fulfill their mission and meet the affordable housing and community development needs of the communities they serve. Accordingly, we ask that you respond by September 3, 2024 regarding FHLB San Francisco's commitment to contribute at least 20% of its net income to AHP and other voluntary programs that meet communities' dire housing and community development needs.

Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
United States Senator

Ron Wyden
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Bernard Sanders
United States Senator

[15] Written Testimony of Director Sandra Thompson of the Federal Housing Finance Agency Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, April 18, 2024, https://www.banking.senate.gov/imo/media/doc/thompson_4-18-24.pdf.

[16] Consumer Federation of America "An Unfulfilled Promise: Affordable Housing and the Federal Home Loan Bank System," Sharon Cornelissen, February 15, 2024, https://consumerfed.org/an-unfulfilled-promise-affordable-housing-and-the-federal-home-loan-bank-system/.

John Fetterman
United States Senator

United States Senate
WASHINGTON, DC 20510

July 30, 2024

Mr. Jeffrey Kuzbel
President and CEO
Federal Home Loan Bank of Topeka
500 SW Wanamaker Road
Topeka, KS 66606

Dear Mr. Kuzbel:

We write to ask that the Federal Home Loan Bank of Topeka (FHLB Topeka) voluntarily contribute at least 20 percent of its net income to grants that support affordable housing and community economic development investments by increasing support for your Affordable Housing Program (AHP) and creating new voluntary programs. In doing so, we echo the calls of the Federal Housing Finance Agency (FHFA), the White House, and the Treasury Department.[1]

The United States is in the middle of an affordable housing crisis. By some estimates, we are short 7.3 million housing units nationwide.[2] Currently, for every ten extremely low-income renters, there are fewer than four affordable and available rental homes.[3] High interest rates and high costs continue to burden renters and make homeownership unaffordable for too many Americans.[4]

Unfortunately, the FHLBs have failed to adequately respond to this crisis. Created in 1932 to address the housing crisis of the Great Depression, the FHLBs have been granted a host of government subsidies by Congress—valued at $7.3 billion this year alone—including an implied government guarantee, tax exemptions, and regulatory benefits.[5] However, last year, the FHLBs spent only $395 million on affordable housing payments.[6] In the past five years, 42% of the more than 6,500 FHLB members have not originated a single mortgage, a stunning indication of the

[1] White House, "FACT SHEET: President Biden Announced Plan to Lower Housing Costs for Working Families," March 7, 2024, https://www.whitehouse.gov/briefing-room/statements-releases/2024/03/07/fact-sheet-president-biden-announces-plan-to-lower-housing-costs-for-working-families/#:~:text=The%20President%20is%20proposing%20that,and%20assist%20nearly%20380%2C000%20households; U.S. Department of the Treasury, "Treasury Secretary Janet L. Yellen to Announce New Housing Efforts as Part of Biden Administration Push to Lower Housing Costs," June 24, 2024, https://home.treasury.gov/news/press-releases/jy2424; Federal Housing Finance Agency, "FHLBank System at 100: Focusing on the Future," November 2023, p. 50, https://www.fhfa.gov/sites/default/files/2024-01/FHLBank-System-at-100-Report.pdf.

[2] National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes," March 2024, https://nlihc.org/gap.

[3] National Low Income Housing Coalition, "The National Need for Affordable Housing," Andrew Aurand, Mackenzie Pish, https://nlihc.org/sites/default/files/AG-2024/1-4_The-National-Need-for-Affordable-Housing.pdf.

[4] New York Times, "The Housing Market Is Weird and Ugly. These 5 Charts Explain Why," Ben Casselman, June 20, 2024, https://www.nytimes.com/2024/06/20/business/economy/housing-market-explained.html.

[5] Consumer Federation of America, "New Report Shows Federal Home Loan Banks Received $7.3 Billion in Subsidies, but Offered Little Public Benefits in Return," press release, March 15, 2024, https://consumerfed.org/press_release/new-report-shows-federal-home-loan-banks-received-7-3-billion-in-subsidies-but-offered-little-public-benefits-in-return.

extent to which the FHLBs have strayed from their housing mission.[7]

FHLBs are required to contribute at least 10% of their net income to affordable housing programs, and in May 2023, they pledged to voluntarily increase their combined affordable housing and community development payments to 15%.[8] While we appreciate the 11 FHLBs' voluntary agreement, we strongly believe the Banks can allocate at least 20% of net income for affordable housing and community development grants.

As an initial matter, the FHLBs have yet to fulfill this 15% pledge. At the end of December 2023, the FHLBs expensed $180 million on voluntary AHP and community development contributions, less than 2.5% of their net income.[9] Moreover, in 2023, the Banks' aggregate net income reached $6.7 billion, which is more than double their 2022 income of $3.2 billion.[10] According to the FHFA, the FHLBs "remain well capitalized and hold the highest retained earnings balance in their history."[11] While the System's $752 million in AHP assessments and an additional $340 million in voluntary programs available for deployment in 2024 may sound significant, compared to $6.7 billion in net income, the investment is inadequate, especially after years of minimal investments to meet our communities' needs for affordable housing.

The FHLBs' limited affordable housing contributions are especially troubling given the generous compensation currently awarded to FHLB executives and board members. For instance, from 2012 to 2023, FHLB Topeka invested $3 million in voluntary housing programs, while it paid $398 million in compensation and benefits to members.[12] Last year alone, the President of FHLB Topeka was paid $2.5 million.[13] These compensation practices, especially when juxtaposed with the FHLBs' lackluster affordable housing contributions, are antithetical to the mission of the System.

More fundamentally, the FHLBs clearly have the capacity to contribute far more than they currently do to affordable housing programs. Historically, the FHLBs have remained profitable even with a 30% annual deduction from their earnings. From 1999 until 2011, the FHLBs were required to pay 20% of their profits toward bond repayments for the Resolution Funding Corporation (REFCORP), in addition to their statutory 10% payments to the Affordable Housing Program.[14] As FHFA Director Thompson stated in a U.S. Senate Committee on Banking, Housing, and Urban Affairs hearing this April, "[t]he FHLBanks have demonstrated the financial capacity to make a larger AHP funding contribution without adversely affecting their safety and

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[8] Affordable Housing Finance, "FHLBanks Anticipate Providing $1 Billion for Affordable Housing and Community Development," May 8, 2024, https://www.housingfinance.com/finance/fhlbanks-anticipate-providing-1-billion-for-affordable-housing-and-community-development_o.

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Sincerely,

Catherine Cortez Masto
United States Senator

Elizabeth Warren
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Ron Wyden
United States Senator

Tina Smith
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[15] Written Testimony of Director Sandra Thompson of the Federal Housing Finance Agency Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, April 18, 2024, https://www.banking.senate.gov/imo/media/doc/thompson_4-18-24.pdf

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