



2022

# Advisory Council Report

FEDERAL HOME LOAN BANK OF DES MOINES



## Letter from Advisory Council Leadership

As chair of the 2022 Affordable Housing Advisory Council (AHAC or Advisory Council), I am pleased to present the AHAC's analysis of the Federal Home Loan Bank of Des Moines' (FHLB Des Moines' or Bank's) affordable housing and community investment activities. This report summarizes the Advisory Council's policy and strategic discussions that shaped 2022.

Against the backdrop of continuously increasing construction costs and the related pressures on affordable housing, our AHAC approached 2022 with optimism and excitement. The FHLB Des Moines continues to advance affordable housing and community development solutions throughout its large and diverse district. Its members and their community partners continue to produce affordable rental and owner-occupied housing in both urban and rural areas. Our AHAC drew inspiration from the resiliency and unwavering commitment of these partners, and the tangible progress that continues to be made.

Still, we have considerable work ahead of us to create a more equitable environment for affordable housing and disinvested communities. I am proud of the work that FHLB Des Moines and the Advisory Council have done and will continue to do together to move this important objective forward.



**Robert Peterson**  
Advisory Council Chair

## Overview

The AHAC facilitated a comprehensive review of affordable housing and community lending needs of the FHLB Des Moines' large and diverse district, which are summarized in the Bank's 2023 Targeted Community Lending Plan (TCLP). To ensure that real-time market conditions are understood, each AHAC member provided an assessment for the state or area they represent.

As we prepared a recommendation for the 2023 Affordable Housing Program (AHP) Implementation Plan, we ensured that the recommended 2023 AHP scoring criteria were aligned with the needs identified in the TCLP. We also reviewed data about the results of previous AHP funding rounds to gauge how effective the AHP scoring criteria have been for being responsive to those needs.

Our ongoing efforts to advance diversity, equity, and inclusion led us to analyze the extent to which AHP investments have been made in diverse communities. While our work will continue, we were encouraged by past results, particularly as they pertain to AHP's



## Summary of Analysis

The FHLB Des Moines' AHAC totals 15 leaders who actively provide or promote affordable housing or community lending. Serving on the AHAC is one representative from each of the 13 states in the Bank's district as well as two at-large positions, one to represent homeless and another to represent Native people.

Informed by data and steeped in the cultural context of communities that is achieved through deep relationships and in-the-field experience, our AHAC has a command of the affordable housing and community lending needs of the Bank's district. In 2022, we shared this information with the Bank and each other. So that we could compare trends across the district, we structured our reports to include the following information: diversity, equity, and inclusion; climate change; state and local legislative priorities; state housing finance agencies and other key partners; sources of capital; state housing characteristics; community lending; economic indicators; and more.

While our reports were as diverse as the Bank's district, a common theme was that affordable housing and community development are top priorities.



**Robert Peterson**  
Chair



**Heather Piper**  
Vice Chair



**Michael Akerlow**



**Kevin Bryant**



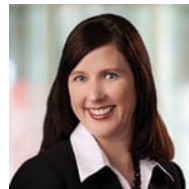
**Juel Burnette**



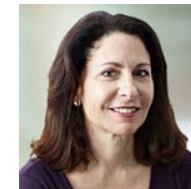
**Andrea Davis**



**Brent Ekstrom**



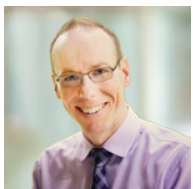
**Lynne Keller Forbes**



**Michelle Griffith**



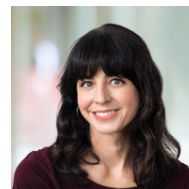
**Stephen Grimshaw**



**Sean Hubert**



**Gary Lozano**



**Amanda Novak**



**Christopher Perez**



**Renee Stevens**

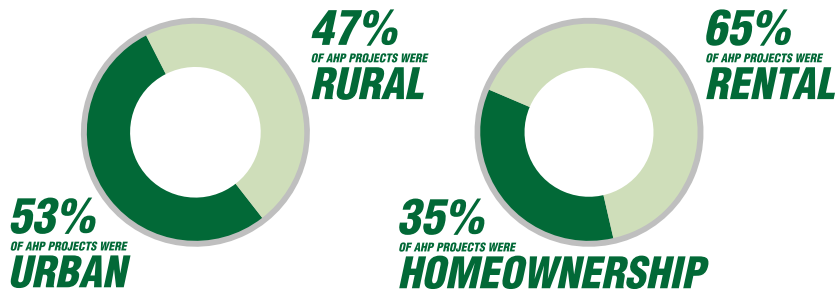


## Meeting the District's Affordable Housing Needs

Nationally, construction costs and inflation were on the rise, which was certainly true across the FHLB Des Moines' district. As we looked ahead to 2023, it was evident that capital sources for affordable housing would continue to be sorely needed. In support of that, the AHAC recommended the maximum AHP grant be increased from up to \$750,000 per project to up to \$1 million per project.

We also performed a thorough analysis of how AHP funds have historically been distributed throughout the district, and found some areas that have been consistently challenged to compete for funds. Understanding the importance of the AHP scoring criteria for helping projects compete, we proposed revisions to the Bank's In-District scoring criterion to award additional points to states and the three U.S. territories in the Bank's district that our analysis showed were poised to benefit from additional support.

Similarly, we analyzed the distribution of AHP funds in rural and urban areas and between rental and owner-occupied projects. Looking at trends from 2019-2021, we were satisfied with the efficacy of the AHP scoring criteria in achieving a reasonably balanced distribution in these areas. For example, during this period, an average of:



The **FHLB Des Moines** is home to approximately 30 percent of the U.S. Native population who reside in urban and rural communities, as well as on Tribal land, in Alaska Native villages, on Department of Hawaiian Homelands, and in the district's three U.S. territories. Additionally, there are 574 Federally recognized tribes, 311 of which are located in the Bank's district.

The Bank has a long history of prioritizing Native housing, therefore enhancing

opportunities for our members to partner with Native organizations. As a result, since 2019, an average of:

**25%**  
OF AHP FUNDS HAVE BEEN AWARDED  
TO SUPPORT NATIVE PROJECTS

**72%**  
**SUCCESS RATE**  
*Native projects have had an average success rate of 72 percent, meaning that when Native projects apply for AHP, they are awarded 72 percent of the time*

In further support of Native communities, the Bank has established a down payment assistance program specifically designated for Native households called the Native American Homeownership Initiative (NAHI). In 2022, the Advisory Council recommended that \$400,000 be allocated to NAHI.

The Bank continues to enhance its outreach to Native communities through its participation in the South Dakota Native Homeownership Coalition, collaboration with the Northwest Area Foundation to finance Native Community Development Financial Institutions (CDFI), and other activities that support Native convenings and Native-led initiatives. To further raise awareness about the availability of AHP and NAHI funds, in 2022, the Bank partnered with a Native CDFI to promote these products and partnerships with Bank members.

In addition to affordable housing, the Bank also promotes community lending through the availability of its Community Investment Advances (CIAs).

The first half of 2022 saw an increase in federal stimulus and decrease in members' lending, which put pressure on members' demand for the Bank's advances. However, during the second half of the year, excess liquidity decreased faster than expected. As a result, the Bank saw an increase in demand for advances overall and a corresponding increase in demand for CIAs. In this environment, the Advisory Council recommended that the 2023 goal for CIA be increased to \$70 million from 2022's goal of \$50 million.

The FHLB Des Moines' Board of Directors approved all the Advisory Council's recommendations.







## Diversity, Equity and Inclusion (DEI)

The Advisory Council remains committed to devoting time, care, and energy to pursuing strategies and initiatives that effectively promote diversity, equity, and inclusion.

As an Advisory Council, we ourselves are diverse. Of the total 15 members in 2022, **40 percent of us identify as female and 33 percent of us identify as ethnically diverse.** It is noteworthy that one of the Advisory Council positions is designated to represent the needs of Native communities.

Important to maintaining that diversity is ensuring that recruitment efforts for open AHAC positions intentionally reach diverse people and communities. Each year, we review the Bank's outreach strategy and provide advice about ways to enhance it. During 2022's recruitment for two open Advisory Council positions, **38 percent of the applicants identified as ethnically diverse and 50 percent as female.**

Additionally, throughout 2022, we developed a methodology for measuring the AHP's impact in diverse communities. To allow for an effective comparison between

states in our district that have relatively large Black, Indigenous, and People of Color (BIPOC) populations versus states that have relatively small BIPOC populations, the Advisory Council developed something we called a Target Quartile.

Each state in the Bank's district had its own Target Quartile, and each Target Quartile had the highest concentration of BIPOC census tracts for that state. When AHP awards across the district's 13 states were compared on a Target Quartile basis, the Target Quartiles served as a proxy for measuring the extent to which AHP has been invested in BIPOC communities.

Using the Target Quartiles to analyze AHP and Down Payment Product (DPP) awards made since 2016, the Advisory Council noted the following results:

- 51 percent of AHP awards for homeownership were located in Target Quartiles
- 36 percent of AHP awards for rental projects were located in Target Quartiles
- 29 percent of Down Payment Product funds were located in Target Quartiles





## Closing

FHLB Des Moines' Community Investment products provide a critical source of financing across our district.

As the Bank's regulator the Federal Housing Finance Agency (FHFA) pursues its initiative, Federal Home Loan Bank at 100: Focus on the Future, the Advisory Council encourages the FHFA to be responsive to stakeholders' calls for a simplification of the AHP.

While AHP is an important and impactful source of financing, it also has compliance and operational requirements that are burdensome and can present barriers for use. We recognize and applaud the FHFA for the steps taken with the 2018 revision to the AHP regulation to modernize the AHP, and respectfully submit that some of the opportunities to enhance AHP discussed then remain opportunities today.

The Advisory Council looks to 2023 with much of the same optimism and energy with which we approached 2022. We compliment the FHLB Des Moines for launching a new program in 2023 called the Member Impact Fund, through which the Bank will match \$3 for every \$1 of a member's grant to nonprofit and government entities located in regions of the Bank's district that have been challenged to compete for AHP. The grant funds will provide the scarcest of all resources – funding for capacity building and working capital to support an organization's affordable housing and community development mission.

We are thankful for the support of FHLB Des Moines President and CEO Kris Williams, Chief Business Officer Wil Osborn, and the entire Community Investment team.

It has been an honor to serve as chair for the 2022 Advisory Council and as vice chair in 2021. Over the course of my four years on the Advisory Council, I have been humbled and proud of the work we have accomplished as a team and in partnership with FHLB Des Moines.

And I am confident this commitment will continue in 2023 under the leadership of AHAC chair Heather Piper (Hawaii), vice chair Sean Hubert (Oregon) and with our newest Advisory Council members.

Personally, I have a long family history of commitment to civil rights, equity and ensuring all people have the tools they need to succeed. Affordable Housing is a large component of community safety and enrichment, and that work is more important than ever.

Sincerely,  
Robert Peterson



# Community Investment Products

## COMPETITIVE AFFORDABLE HOUSING PROGRAM (AHP)

Success of AHP since inception in 1990



**\$688.7 MILLION**

Awarded to FHLB Des Moines member financial institutions



**91,455**

Households impacted



### 2022 IMPACT



**99**

Eligible Applications Submitted



**\$25.6 MILLION**

Awarded to 30 members



**1,585**

Affordable homes



**42**

Affordable rental or owner-occupied projects

**42**

Provide at least 20 percent of the homes to households with special needs

**21**

Located in rural areas

**20**

Provide homeownership opportunities

**10**

Provide housing to Native communities

**6**

Preserve affordable housing

## Home\$tart®

Success of Home\$tart since inception in 1995



**\$147.4 MILLION**

Equity disbursed to FHLB Des Moines members to help finance home purchases



**31,820**

Households provided with down payment and closing cost assistance

### 2022 IMPACT

**799**

Eligible First-Time Homebuyers

**\$5.7 MILLION**

**\$408,305**

**28**

Eligible Native Homebuyers

## NATIVE AMERICAN HOMEOWNERSHIP INITIATIVE (NAHI)

NAHI provides equity for down payment, closing cost, counseling and/or rehabilitation assistance to eligible Native American, Native Alaskan and Native Hawaiians

## COMMUNITY INVESTMENT ADVANCES (CIA)

FHLB Des Moines' CIA is a reduced-rate advance to support affordable housing and economic development projects that meet targeted needs



**58**

Community Investment Advances



**\$133.1 MILLION**

Reduced-Rate Funding





**“To be aligned with a partner and funder like FHLB Des Moines is truly a blessing.**

The partnership is one of the few resources where we can say, ‘We got to scale!’ Block by block, AHP is helping us not only repair homes, but the fabric of a community that has been torn apart.”

**Chris Krehmeyer**  
Beyond Housing  
President/CEO

## AHP Highlight

**Beyond Housing** in North St.  
Louis County generates results  
using FHLB Des Moines grants

**\$13 MILLION**  
IN AHP FUNDING

**700**  
AHP-FINANCED  
HOMES

Access to a quality affordable home is a means to achieving greater social, racial and economic justice. Ultimately, Beyond Housing is helping the community build wealth, create hope and generate a jumping off point for more positive change.





2022

# Competitive Affordable Housing Program

FEDERAL HOME LOAN BANK OF DES MOINES



# ALASKA

## PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
First Bank	Tlingit Haida Regional Housing Authority	Tlingit Haida Regional Housing Authority Home Rehabilitation Program	JUNEAU	AK	<b>\$750,000</b>	35	\$1,500,000
Northrim Bank	Cook Inlet Housing Authority	Mt View 20 (Brewsters)	ANCHORAGE	AK	<b>\$650,000</b>	20	\$7,950,113
Northrim Bank	Valley Residential Services	Old Mat Phase II	WASILLA	AK	<b>\$750,000</b>	24	\$8,778,914

# IOWA

## PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Iowa State Bank	Hope Ministries	Hope Center for Women and Children	DES MOINES	IA	<b>\$750,000</b>	60	\$7,912,464
Iowa State Bank	Region XII Council of Governments Inc	2022 Region XII Owner Occupied Rehabilitation	CARROLL	IA	<b>\$473,875</b>	25	\$473,875
Keystone Savings Bank	East Central Iowa Housing Trust Fund	ECI Homeowner Rehab 2022	CEDAR RAPIDS	IA	<b>\$177,360</b>	12	\$219,600
Northwest Bank	Community Housing Initiatives, Inc.	Adel Manor	ADEL	IA	<b>\$750,000</b>	68	\$9,228,468
Veridian Credit Union	INRCOG	Iowa Northland Owner-Occupied Rehabilitation	WATERLOO	IA	<b>\$221,760</b>	12	\$221,760



# MINNESOTA PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Bremer Bank, National Association	Beacon Interfaith Housing Collaborative	Prairie Pointe Apartments	SHAKOPEE	MN	<b>\$750,000</b>	42	\$15,625,805
First National Bank Bemidji	Red Lake Reservation Housing Authority	Red Lake Homes XIV	REDLAKE	MN	<b>\$750,000</b>	28	\$11,499,019

# MISSOURI (1 OF 2)

## PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Blue Cross and Blue Shield of Kansas City	HopeBUILDERS Home Repair	AHP Kansas City 2022	KANSAS CITY	MO	<b>\$400,000</b>	20	\$400,000
Citizens Bank and Trust Company	Northland Neighborhoods Inc	2023 NNI Minor Home Repair Program	KANSAS CITY	MO	<b>\$365,000</b>	20	\$440,000
Commerce Bank	Beyond Housing	24:1 Zone #5	SAINT LOUIS	MO	<b>\$750,000</b>	30	\$750,000
Enterprise Bank & Trust	Beyond Housing	24:1 Zone #7	SAINT LOUIS	MO	<b>\$749,940</b>	30	\$749,940
Enterprise Bank & Trust	Beyond Housing	24:1 Zone #8	SAINT LOUIS	MO	<b>\$749,910</b>	30	\$749,910
First Bank	Housing Authority of the City of Kirkwood	Kirkwood rehab	SAINT LOUIS	MO	<b>\$750,000</b>	100	\$750,000
First State Community Bank	Housing Authority of the City of Lebanon	Lebanon rehab	LEBANON	MO	<b>\$750,000</b>	100	\$750,000
Guaranty Bank	Habitat for Humanity of Springfield, MO	Creating Healthy Homes 2022	SPRINGFIELD	MO	<b>\$749,988</b>	36	\$749,988
HomePride Bank	City of Fordland	Fordland Housing Support	FORDLAND	MO	<b>\$349,992</b>	18	\$349,992
HomePride Bank	City of Mansfield	Mansfield Matters	MANSFIELD	MO	<b>\$288,468</b>	15	\$288,468

# MISSOURI (2 OF 2)

## PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Mid-Missouri Bank	Joplin Area Habitat for Humanity	Joplin Area Habitat for Humanity (CHRP) Critical Home Repair Project 2023-2024	JOPLIN	MO	<b>\$749,980</b>	28	\$805,700
Midwest BankCentre	Beyond Housing	24:1 Zone #6	SAINT LOUIS	MO	<b>\$749,970</b>	30	\$749,970
Seymour Bank (The)	City of Seymour	Seymour Community Home Improvement	SEYMOUR	MO	<b>\$555,000</b>	30	\$555,000
Sherwood Community Bank	Grand River Senior Housing, INC.	Grand River Housing	URICH	MO	<b>\$396,000</b>	20	\$406,000
Stifel Bank & Trust	Gateway Housing First, Inc.	Francie's Place	SAINT LOUIS	MO	<b>\$500,000</b>	23	\$4,037,585
UMB Bank, National Association	St. Michael's Veterans Center, Inc.	St. Michael's Housing Phase III	KANSAS CITY	MO	<b>\$750,000</b>	62	\$13,178,667



# MONTANA PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
First Interstate Bank	Northern Cheyenne Tribal Housing Authority	2022 Healthy Home Homeownership Supplemental Grant	LAME DEER	MT	<b>\$311,525</b>	10	\$311,525
Glacier Bank	Homeword	Baatz Block Apartments	GREAT FALLS	MT	<b>\$250,000</b>	25	\$6,680,148

# NORTH DAKOTA

## PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Turtle Mountain State Bank	Turtle Mountain Housing Authority	Turtle Mountain Homes #10	BELCOURT	ND	\$750,000	52	\$13,101,201

# OREGON PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Banner Bank	Providence Health & Services	Providence Medford Supportive Housing	MEDFORD	OR	<b>\$750,000</b>	75	\$23,061,617
Standard Insurance Company	Native American Youth and Family Center	Tistilal Village Redevelopment	PORTLAND	OR	<b>\$750,000</b>	58	\$27,701,872



# SOUTH DAKOTA PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Dacotah Bank	GROW South Dakota	2022 GROW SD Home Improvement	SISSETON	SD	<b>\$732,000</b>	40	\$732,000
Dacotah Bank	Homes are Possible Inc	HAPI 2022 Senior Rehab	ABERDEEN	SD	<b>\$672,000</b>	30	\$672,000
Dacotah Bank	Sisseton Wahpeton Housing Authority	SWHA Elderly Rehabilitation Project 2022	SISSETON	SD	<b>\$701,500</b>	18	\$767,500

# WASHINGTON PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Banner Bank	Christian Aid Center	Christian Aid Center Emergency Housing Program	WALLA WALLA	WA	<b>\$750,000</b>	45	\$6,800,494
Banner Bank	Habitat for Humanity- Spokane	Highland Village II	AIRWAY HEIGHTS	WA	<b>\$200,000</b>	5	\$1,432,000
Banner Bank	Habitat for Humanity- Spokane	Hope Meadows III	DEER PARK	WA	<b>\$400,000</b>	10	\$2,785,000
Banner Bank	Low Income Housing Institute	Martin Way Phase II	OLYMPIA	WA	<b>\$750,000</b>	64	\$26,522,559
Heritage Bank	Downtown Emergency Service Center	DESC Burien	SEATTLE	WA	<b>\$750,000</b>	95	\$35,384,854
Heritage Bank	Downtown Emergency Service Center	DESC Woodland	SEATTLE	WA	<b>\$750,000</b>	100	\$36,757,768

# OUT OF DISTRICT PROJECT LISTING



Member	Sponsor	Project Name	City	State	Subsidy	Units	Dev. Costs
Glacier Bank   Kalispell, MT	Laguna Housing Development & Management Enterprise	Laguna #3	LAGUNA	NM	<b>\$750,000</b>	20	\$8,304,414
First National Bank Bemidji   Bemidji, MN	Lac du Flambeau Chippewa Housing Authority	LDF CHA LIHTC II	LAC DU FLAMBEAU	WI	<b>\$750,000</b>	20	\$9,460,049



FEDERAL HOME LOAN BANK OF DES MOINES

2022 AHAC REPORT