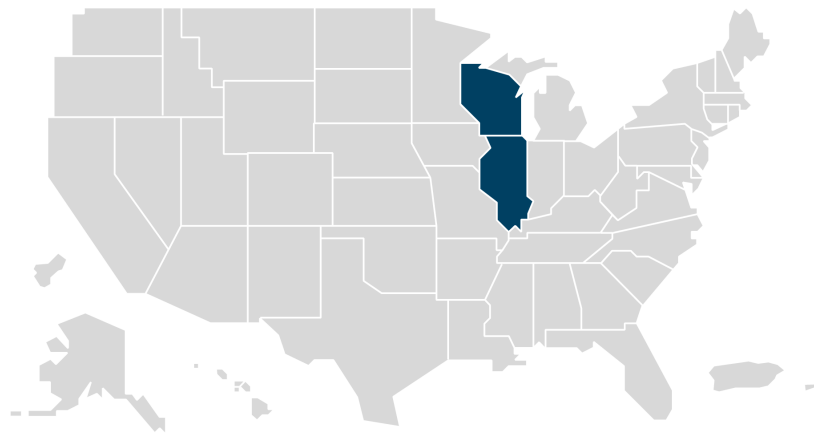


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



FHLB  **Chicago**

Federal Home Loan Bank of Chicago

ILLINOIS WISCONSIN
DISTRICT REPORT

FEDERAL HOME LOAN BANK OF CHICAGO DISTRICT REPORT

Table of Contents



Rental, Home Construction and Rehabilitation Activities Economic Basis	2
Home Purchase Activities Economic Basis.....	3
Rental, Home Construction and Rehabilitation Activities Economic Impact	4
Home Purchase Activities Economic Impact.....	5
Community Insight.....	6
Project Profile: Home Purchase Activity	7
Community Insight.....	8
Project Profile: Rental Activity	9

Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The Chicago district includes Illinois and Wisconsin. This report details the economic impact of housing within the Chicago district that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within FHLBank Chicago’s district received AHP funding from another Federal Home Loan Bank. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

CHICAGO DISTRICT Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$315.23 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$394.76 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$7.32 BILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

\$9.16 BILLION

DEVELOPMENT COST INFLATION-ADJUSTED



6,857

PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).



58,587

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

CHICAGO DISTRICT Home Purchase Activities

Economic Basis



\$185.53 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$221.45 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$2.15 BILLION

FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

\$2.57 BILLION

FIRST MORTGAGES INFLATION-ADJUSTED



35,675

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

CHICAGO DISTRICT Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$19.18 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



129,440 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



\$7.21 BILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages, and profits made by developers, builders and contractors.

2.09

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

CHICAGO DISTRICT Home Purchase Activities

Economic Impact



\$3.22 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



21,881 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home-purchase activities.



\$659.84 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages, and profits made by developers, builders and contractors.

1.61

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.



Focus on Community and Meeting Our Business Needs

Illinois National Bank (INB) is a community bank serving Springfield, Illinois and its surrounding areas. Mark Donovan, senior vice president of commercial lending, views the FHLBank Chicago's suite of products as a toolbox of solutions.

"One of the attractive features of the mix of products available from the FHLBank Chicago is that we can pick and choose what works best for our bank as our needs evolve. From a tactical perspective, we use advances to 'match fund' affordable housing project loan terms so that we're not taking on interest-rate risk on longer terms. To meet our community investment goals, we use both the DPP Program and the Competitive AHP.

"In 2017, a beautiful new project called The Villas at Vinegar Hill opened on the site of two previously demolished high-rises. The project, created in partnership with the Springfield Housing Authority, came to fruition with the help of a \$700,000 competitive AHP award. Leveraging AHP funding helps INB reinvest in the community. It changes the dynamics with our community partners when a transaction is more than just providing a loan; we're also helping deliver grant funding for the development of someone's new home.

"To the extent that we can match FHLBank Chicago products with client-specific needs, we leverage our shareholder value to do so. But membership value is affirmed by creating customer value, and that's what the FHLBank Chicago helps us accomplish."

Mark Donovan

Senior Vice President of Commercial Lending



CHICAGO DISTRICT

Project Profile: Home Purchase Activity



Movin' Out, Inc. Purchase Phase XXIII Statewide Wisconsin

(Photo courtesy of Rebecca Wiese, Movin' Out, Inc.)

Between 2014 and 2017 Movin' Out, Inc. Purchase Phase XXIII provided 60 homebuyers throughout the state of Wisconsin with down payment and closing cost assistance. Each household also received comprehensive pre- and post-purchase housing counseling. Household sizes ranged from one individual to larger families with multiple children; the majority had at least one family member with a permanent disability.

SOURCES (Estimated)

First Mortgages	\$	4,842,496
Other Grant Sources	\$	860,676
FHLBank Chicago AHP	\$	479,900
Homebuyers' Contribution	\$	235,682
Closing Credits	\$	34,242
Total	\$	6,452,996



Wisconsin Developers Use the Affordable Housing Program to Preserve the Past While Looking to the Future

(Photo courtesy of Oconomowoc School Apartments, LLC)

Oconomowoc School was more like a haunted house than an inviting home when developers Cal Schultz and Andy Dumke first toured the building. But Schultz and Dumke looked past that to see a historic structure in good condition and the opportunity to provide affordable, high-quality apartments with unique character and charm.

“Historic rehabilitation is extremely expensive,” says Schultz. Because the developers had obtained competitive Affordable Housing Program (AHP) grants from the FHLBank Chicago for previous projects, they thought the program would be a natural fit.

So Schultz and Dumke approached Michael Boettcher at FNB Fox Valley,* who had worked with them on three previous projects. “It seemed like a unique proposal and a neat project to be a part of,” says Boettcher, FNB Fox Valley’s senior vice president and chief financial officer. “Providing affordable, quality housing to residents of the community who wouldn’t otherwise be able to have that type of living space, providing residents with a greater quality of life — that’s truly the benefit of the AHP. Just being a part of those projects helps support the community in a visible way.”

For Boettcher, helping to secure AHP funds seems like a natural extension of FNB Fox Valley’s mission. “It’s a privilege for us to be a part of programs like this,” he says, “because we believe in the communities we serve and we believe one of the primary functions of a community bank is to give back to both businesses and residents of these communities, whether it’s through AHP grants or providing direct community service and financial support. It’s just a part of who we are.”

*FNB Fox Valley is now known as Nicolet National Bank

Northpointe Development Corporation

Sponsor

FNB
FOX VALLEY

CHICAGO DISTRICT

Project Profile: Rental Activity



5th Avenue Lofts Kenosha, Wisconsin

(Photo courtesy of Bear Development)

5th Avenue Lofts provides 60 units of rental housing in the heart of downtown Kenosha, near the shores of Lake Michigan. The development has a combination of one-, two- and three-bedroom units. Resident amenities include Energy Star appliances, a community room, storage and covered parking. The surrounding neighborhood offers parks, retail and restaurants within walking distance.

SOURCES (Estimated)

Low Income Housing Tax Credit Equity	\$	6,795,873
FHLBank Chicago Member Loan	\$	2,295,000
Tax Increment Financing	\$	1,150,000
FHLBank Chicago AHP	\$	720,000
Deferred Developer Fee	\$	450,640
General Partner Equity	\$	100
Total	\$	11,411,613