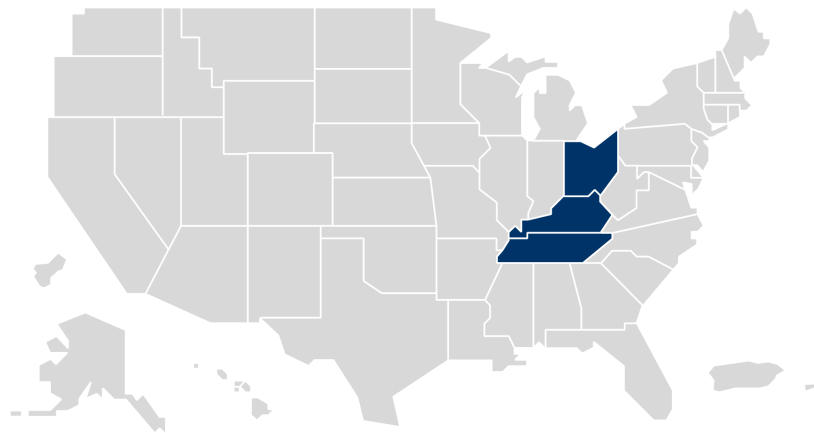


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



KENTUCKY OHIO TENNESSEE
DISTRICT REPORT

FEDERAL HOME LOAN BANK OF CINCINNATI DISTRICT REPORT

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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 Cincinnati district includes Kentucky, Ohio and Tennessee. This report details the economic impact of housing within the Cincinnati district that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within FHLBank Cincinnati’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.

CINCINNATI DISTRICT Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$388.47 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.

\$490.14 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$3.45 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.

\$4.44 BILLION

DEVELOPMENT COST INFLATION-ADJUSTED



1,892

PROJECTS

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



40,693

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.

CINCINNATI DISTRICT Home Purchase Activities

Economic Basis



\$130.08 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.

\$155.78 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$2.07 BILLION

FIRST MORTGAGES

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

\$2.41 BILLION

FIRST MORTGAGES INFLATION-ADJUSTED



26,306

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.

CINCINNATI DISTRICT Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$8.31 BILLION

TOTAL ECONOMIC BENEFITS

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



62,921 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.



\$2.96 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.

1.87

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.

CINCINNATI DISTRICT Home Purchase Activities

Economic Impact



\$5.24 BILLION

TOTAL ECONOMIC BENEFITS

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



38,623 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.



\$1.19 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.

1.92

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.

CINCINNATI DISTRICT Community Insight



Funding provided through the AHP grant has been crucial in providing housing to hundreds of men through our Hope Center Men's Recovery Program. This funding provided the opportunity for these men to get clean and work the program while living in a clean, safe and affordable residence. The men coming through our program are very-low-income, often homeless and struggling to maintain their sobriety while trying to meet their basic needs. Through the AHP grant, they are able to focus on the task of recovering and getting their lives together as their housing needs are met through this program. Without this funding, these men would likely remain on the streets and would not have the tools in place to become sober. Furthermore, without this funding, they would not have the opportunity to improve their lives and become productive members of society. Men leaving this program have the ability to reenter the workforce, reestablish relationships with their families, return to school or obtain their GED and help others in their fight against addiction. The AHP funding not only provides a safe, affordable place to live, but it saves lives.

Hope Center's Recovery Program, operating inside of the George Privett Center, has made a difference in the lives of thousands of men, with 180 to 200 men completing the recovery program each year. One of our program graduates, Shawn, talks about the difference the Hope Center made in his life. He says, "I went from homeless to being a homeowner; from unemployable to a business owner. I went from being someone who was on the sidelines of life to a full participant in life. I get to make a difference for other people, and that has given my life purpose."

Shawn's story is one of many success stories that would not be possible without the funding received from this AHP grant and the support of Federal Home Loan Bank.

The Recovery Kentucky initiative was modeled after the Hope Center's Recovery Program. The Recovery Kentucky centers were designed to reduce the state's drug problem and resolve some of the state's homeless issues. They help people recover from addiction and help them gain control of their lives to eventually reside in permanent housing. As supportive housing projects, each center uses a recovery program model that establishes new behaviors and includes peer support, daily living-skills classes and job responsibilities.

Without a stable place to live and a support system to help them address their underlying problems, most homeless people who also suffer from substance abuse and addiction bounce around between shelters, public hospitals, prisons, psychiatric institutions and detoxification centers. Recovery Kentucky was designed to save Kentuckians millions in tax dollars that would have been spent on emergency room visits and jail costs.

FHLB Cincinnati has provided more than \$8.6 million dollars in AHP subsidy to assist in the development of 15 of the recovery centers to leverage funding from the Department for Local Government, the Department of Corrections and Kentucky Housing Corporation. These centers provide housing and recovery services for up to 2,000 Kentuckians simultaneously across the state.

David Shudd
Director of Programs, Hope Center, Inc

CINCINNATI DISTRICT

Project Profile: Home Purchase Activity



Thanks to the Federal Home Loan Bank of Cincinnati and Bank of Bartlett (Memphis, Tennessee), Habitat for Humanity of Greater Memphis has grown our Aging in Place (AIP) program, directly impacting the life of 210 seniors, allowing them to live safely in their own homes longer, with the dignity and respect they deserve. The repairs and modifications completed through the AIP program can prevent a senior homeowner who can't physically or financially do repairs to their home from prematurely going into a tax-subsidized nursing home or assisted living facility, at a cost of \$42,000 to \$82,000 per year.

Without the financial support of Federal Home Loan Bank of Cincinnati, these seniors would not have had the resources to address their housing issues. One-third of them believe they would have had to leave their homes. Out of that number, 33 percent said they would have had to leave immediately, and 50 percent would have had to leave their home in the next three years. Significant utility savings have been reported by 99 percent of clients, allowing them to spend more on medications and other essential expenses.

Of these clients, 42 percent reported having a respiratory condition. After repairs were completed, 66 percent noticed an improvement in their breathing health. One such homeowner is Carrie. When the teacher said her granddaughter Angelique's grades were falling and that she seemed tired in class, Carrie, a retired math teacher, was not only worried—she was embarrassed. She knew a leaky roof and mold were to blame and that Angelique couldn't sleep because she couldn't breathe. Now, with a new roof and sound ceiling to keep her dry, Angelique is rested and making straight A's. And Joshua, Carrie's great-grandson, uses his asthma medication less.

Repairing housing stock like Carrie's keeps taxpaying homeowners in their homes longer and prevents those properties from becoming vacant, sources of blight that attract crime and affect community stability and wellness.

SOURCES

| | | |
|---------------------------|-----------|------------------|
| Plough Foundation | \$ | 1,026,000 |
| AHP | \$ | 997,500 |
| Member Cash Contribution | \$ | 500 |
| Sponsor Cash Contribution | \$ | 500 |
| Donated Materials | \$ | 500 |
| Total | \$ | 2,025,000 |

CINCINNATI DISTRICT

Project Profile: Rental Activity



Newport Millennium Housing Corporation III, in partnership with member Heritage Bank, Inc., was awarded \$659,952 for the development of the Northern Kentucky Scholar House. Financing for the project included Low Income Housing Tax Credits syndicated by National Equity Fund, CDBG, Affordable Housing Trust Funds from KHC, grants from 11 private foundations, deferred developer fee and a cash contribution from the member.

The project will build 48 apartments in Newport, Kentucky. A new early-childhood-education facility will also be built on the site, as well as offices containing connections to college and career counseling and other social services such as health and wellness and children’s services. To qualify for an apartment at Scholar House, parents will need to be enrolled in full-time coursework at Northern Kentucky University, Gateway Community and Technical College or Cincinnati State. The Housing Authority of Newport will provide rental assistance to families depending on their income and family size.

SOURCES

| | | |
|-----------------------------------|-----------|---------------------|
| LIHTC Equity | \$ | 6,910,044.00 |
| AHP | \$ | 659,952.00 |
| Foundation Grants | \$ | 535,000.00 |
| CDBG Grant | \$ | 470,000.00 |
| Sponsor Equity | \$ | 418,000.00 |
| KHC Affordable Housing Trust Fund | \$ | 300,000.00 |
| Deferred Developer Fee | \$ | 275,982.00 |
| General Partner Contribution | \$ | 100.00 |
| Total | \$ | 9,151,078.00 |