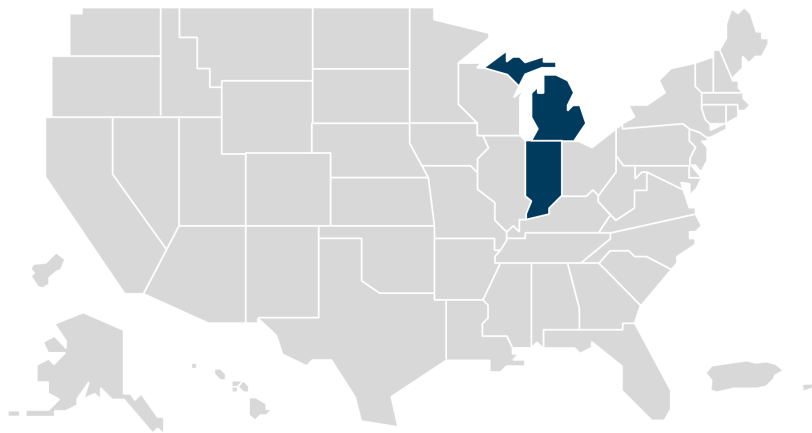


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



INDIANA MICHIGAN
DISTRICT REPORT

FEDERAL HOME LOAN BANK OF INDIANAPOLIS 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 Indianapolis district includes Indiana and Michigan. This report details the economic impact of housing within the Indianapolis district that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within FHLBank Indianapolis’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.

INDIANAPOLIS DISTRICT Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$230.86 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.

\$288.09 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$1.29 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.

\$1.59 BILLION

DEVELOPMENT COST INFLATION-ADJUSTED



5,278

PROJECTS

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



26,364

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.

INDIANAPOLIS DISTRICT Home Purchase Activities

Economic Basis



\$53.72 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.

\$69.62 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$333.32 MILLION

FIRST MORTGAGES

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

\$380.48 MILLION

FIRST MORTGAGES INFLATION-ADJUSTED

 **9,866**

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.

INDIANAPOLIS DISTRICT Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$3.00 BILLION

TOTAL ECONOMIC BENEFITS

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



22,407 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.



\$1.08 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.

1.89

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.

INDIANAPOLIS DISTRICT Home Purchase Activities

Economic Impact



\$789.84 MILLION

TOTAL ECONOMIC BENEFITS

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



5,992 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.



\$205.42 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.

1.97

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.

Post-Secondary Transition House



Post-Secondary Transition House

The Post-Secondary Transition House in Saginaw, Michigan is a small transitional housing project with eight bedrooms for developmentally disabled persons ages 18 to 26. Since it opened in 2011, with the help of Wanigas Credit Union and the Federal Home Loan Bank of Indianapolis' Affordable Housing Program (AHP) funding, it has touched the lives of 46 individuals and their families. Of the 46 individuals that have lived at the transitional-living apartments, 28 were successful in moving on to independent living, and four went on to a college of their choice.

The sponsor of this project, SVRC Industries, has assisted young people in gaining confidence in independent-living abilities such as cooking, cleaning and getting along with others. It has also been an opportunity for residents to take charge of their lives in making their own decisions, taking responsibility for their actions and learning other adult responsibilities.

SVRC Industries has many success stories and many residents like Sally, who was a student at the partnering post-secondary program and applied to live at the apartments. Sally's dad was all for it, but her mom was hesitant. Sally has a learning disability as well as a physical disability, and her mom felt Sally wasn't ready to live independently. After a year of convincing, Sally's mom finally allowed the move. Sally moved in and never looked back. She stayed at the apartment for the full 18 months, then shared an apartment for a couple of years, and currently lives independently. She takes public transportation to and from a full-time job, gets around the community to participate in anything she chooses, cooks and cleans and manages her money independently. She also inspires others to live at the Post- Secondary Transition House, and when asked, lends a helping hand to new residents as they begin their journey.

Rose Jurek

Vice President of Program Management, SVRC, Industries, Inc.



INDIANAPOLIS DISTRICT

Project Profile: Home Purchase Activity



Federal Home Loan Bank of Indianapolis—member Elements Financial Federal Credit Union has partnered with local realtors looking for down payment assistance programs to help their clients with closing costs. Between 2014 and 2016, Elements Financial assisted 44 homeowners with down payment and closing costs through Federal Home Loan of Indianapolis' Homeownership Opportunities Program grants. In total, Elements Financial closed more than \$4.5 million in mortgages to these homeowners, which resulted in more than \$5 million in real estate transactions. Joana Balderrama of Indianapolis, mother of two, is a homeowner who benefited from this assistance. Joana was in the market to buy a home for her family, but her tight budget made the home purchasing process difficult and at times she felt that homeownership was unattainable due to her circumstances. Luckily, she was working with a realtor who was aware of Federal Home Loan Bank of Indianapolis' Homeownership Opportunities Program and connected her with an Elements Financial mortgage loan officer. The loan officer worked with Joana not only to find a mortgage product that met her needs but also helped her to receive the grant dollars to assist in closing costs, which she received 10 days after submitting her paperwork. Now, she's the proud owner of a four-bedroom home.

SOURCES

Purchase Price	\$	95,000
Member Mortgage	\$	85,400
FHLBank Indianapolis		
Down Payment Assistance	\$	10,000

The Mercantile



The Mercantile

In 2014, a local supermarket was forced to close its doors after 78 years in Alexandria, Indiana, leaving an empty storefront next to another vacant building along a once-vibrant main street. A coalition of business partners and community leaders saw an opportunity to reuse the store, build affordable housing and bring new life to Alexandria's downtown.

The project sponsor, Milestone Ventures, helped create a mixed-used affordable housing development with 26 units. They knew that securing funding would be a significant challenge. Despite low-income-housing tax credits and a low-cost loan from the Indiana Housing and Community Development Authority, there was a gap in funding, and they couldn't saddle the project with more debt. They partnered with FHLBank Indianapolis-member Old National Bank to apply for an Affordable Housing Program (AHP) grant.

"In rural Indiana, these projects wouldn't happen without funds from FHLBank Indianapolis," said Chuck Heintzelman of Milestone Ventures. "These projects can't support a great deal of debt. Without a combination of funding from the member bank and the AHP grant, we wouldn't be able to bridge that critical gap."

When construction of The Mercantile was completed, a nearby locally owned grocery store, looking to expand, signed a 10-year lease for the commercial space on the first floor. Alexandria proudly now has a new source of safe and affordable housing, a reliable source of fresh, nutritious food and a vivacious new main street.

Chuck Heintzelman

Principal, Milestone Ventures



INDIANAPOLIS DISTRICT

Project Profile: Rental Activity



Palmer Pointe Townhomes

Palmer Pointe Townhomes is a community of 24 brand-new rental homes built during the great recession in Pontiac, Michigan. The vacant property was purchased in a tax-foreclosure sale, which not only removed it from delinquent tax rolls, but allowed it once again to become a development site, stabilizing the neighborhood with Baker College nearby. Construction of the community was made possible with low-income-housing tax credits and a \$465,000 AHP grant from FHLBank Indianapolis through member Citizens Bank.

The homes provide affordable housing for 24 working, low-income families of mixed income levels earning between 30 percent and 60 percent of Oakland County's area median income. Two of the three-bedroom units are barrier-free, meeting universal accessibility standards. Nine of the homes are set aside for supportive housing. Amenities in the community include a community room, onsite management office, central air, in-unit washer and dryer, attached garages, security, coat closet, dishwasher, frost-free refrigerator, garbage disposal, individual entry, internet hook-up, vertical blinds, patio, self-cleaning oven-range and a walk-in closet. All units are constructed to "green" standards using energy-efficient measures such as a white roof, tankless water heater, thermal windows, energy-star appliances and VOC (volatile organic compounds).

SOURCES

Low-Income-Housing Tax Credit	\$	5,163,521
AHP Subsidy	\$	465,000
Deferred Developer Fee	\$	66,470
Member Bank Donation	\$	1,000
Total	\$	5,695,991