FHLBank
San Francisco

Targeted Community Lending Plan 2022

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Executive Summary

Per the Federal Housing Finance Agency (FHFA) regulation section 1290.6, each Federal Home Loan Bank's community support program is required to include an annual Targeted Community Lending Plan (Plan) approved by the Bank's Board of Directors which shall:

(i) Reflect market research conducted in the Bank's district;

(ii) Describe how the Bank will address identified credit needs and market opportunities in the Bank's district for targeted community lending;

(iii) Be developed in consultation with (and may only be amended after consultation with) its Advisory Council and with members, housing associates, and public and private economic development organizations in the Bank's district;

(iv) Establish quantitative targeted community lending performance goals; and

(v) Identify and assess significant affordable housing needs in its district that will be addressed through its Affordable Housing Program.

Per the regulation, the Bank continuously conducts market research to identify housing and economic development needs, community lending credit needs, and market opportunities in the Bank's district of Arizona, California, and Nevada. Since the 2021 Plan was published in October 2020, the Bank has continued to focus particularly on key needs related to poverty and the demand for affordable housing, racial disparity in housing and economic development, and the COVID-19 pandemic. In addition, this 2022 Plan identifies housing and economic needs related to climate change. The Bank consulted its Affordable Housing Advisory Council (AHAC), members, a housing associate, and economic development organizations in the district to conduct this research, develop and implement the 2022 Plan, and establish performance goals. This research and consultation included:

- Consultation with AHAC on district needs and the Plan outline.
- A survey of members, a housing associate, and nonprofit organizations on the housing and economic development needs in the district.
- Review of established national, state, and local reports on housing and economic development needs.
- Participation in key housing and economic development conferences and webinars in the district.

As a result, the Bank identified the following key information related to housing and economic needs and opportunities:

- The Bank's district survey identified family, homeless, permanent, rental, and new construction housing as priorities.
- The district's needs are similar to or greater than those of the U.S. overall, especially in the areas of income and homelessness.
- The Bank's district has the greatest shortage of affordable housing for extremely low-income households in the U.S.
- There is significant racial and gender disparity in income, housing cost burden, homelessness, homeownership, small business ownership, and the impact of the COVID-19 pandemic.

- Supportive services are an essential part of housing and economic needs both nationally and in the district.

Over the past few decades, the Bank's community investment programs have achieved substantial milestones in addressing district needs and opportunities. The Bank has created Plan goals for 2022 to strengthen the impact of the programs and build on these milestones. The Plan also describes potential changes to the Bank's programs to address district priorities.

National Housing and Economic Development Needs

Housing Conditions and Homelessness

The demand for affordable housing in the U.S. continues to be strong. According to the National Low Income Housing Coalition's (NLIHC) 2021 report *The GAP*, there are only four million affordable rental homes available for 10.8 million extremely low-income renters.[1] The report states that "Black, Native American, Latino, and Asian households are more likely than white households to be extremely low-income renters" and that "Twenty percent of Black households, 18% of American Indian or Alaska Native households, 14% of Latino households, and 10% of Asian households are extremely low-income renters." In addition, seniors or people with disabilities make up 48% of extremely low-income renter households.

Homelessness increased across the U.S. by two percent from 2019 to 2020 according to the U.S. Department of Housing and Urban Development's (HUD) 2020 *Annual Homeless Assessment Report (AHAR) to Congress*. This change was driven by an increase in unsheltered individuals. In 2019, 63% of people experiencing homelessness were sheltered and 37% were unsheltered per the 2019 *AHAR* report. In comparison, the 2020 report states that "On a single night in 2020, roughly 580,000 people were experiencing homelessness in the United States. Six in ten (61%) were staying in sheltered locations—emergency shelters or transitional housing programs—and nearly four in ten (39%) were in unsheltered locations such as on the street, in abandoned buildings, or in other places not suitable for human habitation."

The 2020 *AHAR* report states that **"**African Americans and indigenous people (including Native Americans and Pacific Islanders) remained considerably overrepresented among the homeless population compared to the U.S. population." African Americans accounted for 39% of all people experiencing homelessness in 2020 and 53% of people experiencing homelessness as members of families with children, despite being 12% of the U.S. population. American Indian, Alaska Native, Pacific Islander and Native Hawaiian populations accounted for only one percent of the total U.S. population yet represent five percent of the homeless population and seven percent of the unsheltered population. In contrast, White people make up 74% of the U.S. population and 48% of all people experiencing homelessness.

Housing needs continue to have a significant connection with the COVID-19 pandemic. As of August 2021, there were over 39 million COVID-19 reported cases and over 637,000 COVID-19 deaths in the U.S. according to the Centers for Disease Control and Prevention (CDC). As the NLIHC report *The Gap* states, "the pandemic makes clear that affordable homes are a prerequisite for individual and public health." The report notes that people experiencing homelessness, overcrowding, or housing instability are at greater risk of contracting COVID-19 because transmission of the virus is more likely in places where people can't maintain safe social distancing, such as in shelters or crowded homes. Furthermore, the report highlights that racial disparities in housing (Blacks, Native Americans, and Latinos are more likely than Whites to experience homelessness and overcrowded housing) have contributed to people of color being significantly more likely to contract, be hospitalized for, and die from COVID-19. Per the CDC, Hispanic people are almost twice as likely as White people to contract the virus, American Indian/Alaska Native people are 3.4 times more likely as White people to be hospitalized from the virus, and Black people are twice as likely as White people to die from the virus.

The effects of housing needs on pandemic infection rates are compounded by the fact that there have been low vaccination rates among communities of color. According to research from the Kaiser Family Foundation (KFF), "Black and Hispanic people have received smaller shares of vaccinations compared to their shares of cases and compared to their shares of the total population in most states." The study found that in California, while Hispanic people make up 40% of the total population, and account for 63% of COVID-19 cases and 48% of deaths, only 30% of vaccinations have gone to Hispanic people.

In addition to housing needs affecting the pandemic, the pandemic has affected housing needs by widening racial disparities. Per the NLIHC report *The Road Ahead for Low Income Renters*, the Census

[1] Households with an income at or below 30% of the HUD Area Median Income (AMI)

Bureau's Household Pulse Survey shows that "millions of renter households lost employment income and millions fell behind on their rent during the pandemic." The report states that many lower-income renters have had, and will continue to have, trouble paying rent. As of July 2021, approximately 6.5 million renter households were behind on rent, and more than half of those households had annual incomes less than $35,000. Renters of color were more likely to be struggling with rent: over 26% of Black renters were behind on rent, 20% of Latino renters, and 19% of Asian renters, compared to only 11% of White renters. Bank AHAC members have stated that many low-income tenants have chosen to avoid paying utilities during the pandemic in order to afford rent payments, and some families have been living in overcrowded conditions in order to afford rent.

Furthermore, despite eviction moratoriums, Black and Hispanic renters face a disproportionate risk of eviction. An Urban Institute survey found that between March and September 2020, 7.8% of Black renters and 7.7% of Hispanic renters reported receiving an eviction notice or being threatened with eviction, compared to 2.1% of White renters. The Federal Trade Commission and Consumer Financial Protection Bureau also found that "Many of the tenants at risk of eviction are older Americans and people of color, who already experience heightened risks from COVID-19."

Aside from the pandemic's impact on housing affordability, it has also affected other housing and health issues for people. A recent U.C. Davis study found that while pandemic-related lockdowns may have decreased the spread of COVID-19, they appear to have increased domestic violence. The study states that "Extra stress in the COVID-19 pandemic caused by income loss, and lack of ability to pay for housing and food has exacerbated the often silent epidemic of intimate partner violence." Another study conducted by the Council on Criminal Justice, a nonpartisan think tank, found that domestic violence incidents increased by 8.1% in the U.S. following the stay-at-home orders. The Bank's AHAC has reported increased domestic violence among affordable housing residents during the pandemic, and the need for services to address this issue.

Lastly, along with the pandemic, climate change has had a negative impact on housing. The United Nations' (UN) *Climate Change 2021* report states that "Human-induced climate change is already affecting many weather and climate extremes in every region across the globe. Evidence of observed changes in extremes such as heatwaves, heavy precipitation, droughts, and tropical cyclones, and, in particular, their attribution to human influence, has strengthened since [the previous UN report on climate change]." According to the Aspen Institute, the frequency and reoccurrence of climate-related disasters, such as floods, storms, wildfires, droughts, and heatwaves, have exacerbated affordable housing crises around the country. Renters face challenges in accessing federal disaster aid and finding housing after a disaster due to higher rent prices and limited supplies of rental housing.

Homeownership

Consistent with rental housing, there was a growing lack of affordability for homeownership. The May 2021 FHFA *Housing Price Index* report notes that U.S. house prices increased by 12.6% from the first quarter of 2020 to the first quarter of 2021. The increase has more than doubled since the previous year: the May 2020 FHFA *Housing Price Index* report noted that U.S. house prices increased by 5.7% from the first quarter of 2019 to the first quarter of 2020. Research from the Harvard Joint Center for Housing Studies provides several reasons that, cumulatively, seem to be causing the sharp increase in house prices despite an economic downturn:

1. Ultra-low interest rates
2. Housing production shortfall
3. Fewer houses for sale
4. A shift in family spending towards housing
5. A pandemic-induced acceleration in the purchase of second homes

The study further states that housing production has yet to recover from the impacts of the 2008 financial crisis and estimates that the shortfall of units ranges between three and five million. While the production shortfall is not new, household spending patterns shifted during the pandemic: less spending on travel, entertainment, and eating out, and more on housing, especially since many households needed more space to work from home.

There continues to be racial disparity in homeownership rates. *The Gap* report explains the history of this discrimination and its impact on inequality today. The report states that: “One reason white households are more likely than people of color to be homeowners is the immense racial wealth gap, which is the product of centuries of slavery, Jim Crow, and ubiquitous anti-Black discrimination. Even after the end of many of these institutions and practices, our society has failed to redress the economic inequalities already engendered by racist policies, and those inequalities persist today.”

Recent studies have found that the COVID-19 pandemic and economic downturn may widen the homeownership gap between White and Black households. U.C. Berkeley’s Terner Center for Housing Innovation found that nearly 20% of Black homeowners were behind on their mortgage payments in December 2020, compared to less than 10% of White households. In addition, an article in The Wall Street Journal notes that tighter lending standards and the pandemic’s impact on Black Americans’ health and employment could make it harder to buy a home or keep the one they have. Per the Federal Reserve Bank of St. Louis, homeowners of color also face disproportionate risk of foreclosure. As of February 2021, 4.7% of White homeowners reported being behind on housing payments, compared to 10.5% of Hispanic homeowners and 13.4% of Black homeowners.

Climate change has also affected homeownership housing. As natural disasters become more severe and frequent, homeowners will need to repair and rebuild or find more stable housing elsewhere. Per the Aspen Institute, “Those who are forced to move will often face displacement and a loss of their stability and community, as well as a drain on their financial resources.” As with the pandemic, climate change has widened racial disparities in homeownership. The Aspen Institute points to research that analyzed changes in household wealth in counties across the U.S. with high damage from natural disasters between 1999 and 2013. The researchers found that over the 14-year period, White wealth in high damage counties increased by an average of $126,000, compared to an average loss of $27,000 and $29,000 in wealth for Black and Latinx households, respectively. The Aspen Institute states that “With white households’ accumulated wealth at 10 times that of an average Black household, the consistent and damaging occurrence of natural disasters is likely to contribute to increasing the racial wealth gap.”

Economic Conditions

The pandemic continues to have a negative impact on the economy in terms of employment, wages, small businesses, and housing construction. This is especially the case for women, people of color, and low-income households. First, while unemployment in the U.S. is not as severe as it was during the beginning of the pandemic, it increased from 3.7% to 5.9% during the period of June 2019 to June 2021 per the U.S. Bureau of Labor Statistics (BLS). BLS data demonstrates the racial disparity in employment, and provides the following unemployment rates for June 2021: Whites 5.2%, Blacks 9.2%, Hispanics 7.4%, and Asians 5.8%.

According to the Pew Research Center, from February 2020 to February 2021, about 600,000 more women left the workforce than men, despite making up slightly less than half the workforce. The Federal Reserve estimates nearly 75% of the women leaving the workforce were mothers or parents. On top of the gender disparity, mothers in the lowest income bracket (less than $50,000 annual family income) exited the labor force at four times the rate of mothers in the highest income bracket (greater than $100,000 annual family income), indicative of the lack of childcare resources at the lowest income levels.

The Pew Research Center noted that for the women leaving the labor force, Hispanic and Black women represented 46% of the total decrease while representing less than 33% of the labor pool. For comparison across different races, the decrease in labor force participation was 3.6% for Hispanic women, 3.4% for Black women, 1.9% for Asian women, and 1.3% for White women. Per the Congressional Research Service, one reason for these disparities is that the service sector, which employs more women than men and a disproportionate number of Hispanic women, has lost more jobs during the pandemic than any other sector. The public sector, which employs a disproportionate number of Black women per the U.S. Department of Labor, has experienced the second largest number of job losses during the pandemic according to the Congressional Research Service.

Despite reports on worker shortages in the service sector, the Economic Policy Institute (EPI) found that low wages, caregiving responsibilities, and continued health concerns are driving unemployment rather than worker shortages. Like unemployment, wages also continue to reflect the lack of gender equity in the economy. The 2020 U.S. Census report *Income and Poverty in the United States* notes that income inequality remained relatively constant between 2018 and 2019 with women earning about 82 cents for every dollar earned by men. The report also states that the poverty rate for women was 11.5% in 2019 compared to 9.4% for men.

In addition, low wages continued to drive the demand for affordable housing and housing cost burden for low-income households. *The Gap* report states that "Twelve of the twenty largest occupations in the country, including home health aides, janitors, and food servers, provide a median wage lower than what is needed for a full-time worker to afford modest rental housing." According to the report, about 70% (7.6 million) of extremely low-income renter households are severely cost burdened, spending more than half of their incomes on housing costs, which leaves little for other necessities such as food, transportation, and childcare.

The pandemic's impact on employment and wages is connected to its impact on small businesses. In 2018, firms with less than 500 employees accounted for 46.8% of the private-sector workforce per the U.S. Census Bureau. According to the Federal Reserve Banks' *Small Business Credit Survey: 2021 Report on Employer Firms,* most small businesses reported declines in revenues and employment between 2019 and 2020. The survey states that 78% of firms reported decreases in revenues, and 46% reduced their workforce during this time. The survey also notes that, in 2020, 57% of businesses characterized their financial condition as "fair" or "poor," and that four out of five businesses reported experiencing financial challenges. In response to those challenges, firms reported taking the following actions:

- 62% used owner's personal funds.
- 55% cut staff, hours, and/or downsized operations.
- 52% obtained funds through grants, crowdfunding, or donations.
- 50% took out debt.
- 38% made a late payment or did not pay.
- 9% took other action.
- 3% took no action.

The Federal Reserve Bank published a companion report to the survey above called *Small Business Credit Survey: 2021 Report on Firms Owned by People of Color.* For employer firms, the survey revealed that businesses owned by people of color reported greater challenges than White-owned businesses: "While 79% of Asian-owned firms and 77% of Black-owned firms reported that their financial condition was poor or fair, 54% of white-owned firms reported similar conditions." In addition, 90% of Asian-owned businesses reported a decline in revenue, the largest decrease of any type of business owner. Asian-owned businesses also experienced the largest increase in financial challenges over the last few years of the report, from being at a similar level as White-owned businesses in 2017 to having financial challenges worse than Hispanic-owned businesses and at a similar level as Black-owned businesses in 2020. For Black-owned businesses, the biggest challenge businesses expected to face was credit availability. Only 13% of Black-owned businesses that sought financing received the full amount requested, compared to 40% of White-owned businesses that sought financing and received the full amount. This resulted in 74%

of Black-owned businesses using personal funds to sustain operations, a challenging situation considering the disparities in Black wealth compared to other racial categories. The racial disparities across small businesses were exacerbated by disparities in the Paycheck Protection Program (PPP). A National Community Reinvestment Coalition study showed that White applicants for small business PPP loans received more favorable treatment than Black applicants in terms of the information provided and products offered.

Consistent with employment and wage inequality, there is gender disparity in small business ownership and financing. The Federal Reserve Bank survey notes that about 64% of small businesses were men-owned, 21% were women-owned, and 16% were equally owned by men and women in 2020.

Lastly, the pandemic increased housing construction costs by compounding pre-pandemic workforce shortages and raw materials costs. Per the BLS, the construction industry lost 238,000 jobs between February 2020 and June 2021. A 2020 Associated General Contractors of America (AGC) survey of construction firms found that 52% reported difficulty in filling positions. Another AGC survey in 2021 found that nearly 85% of respondents reported that materials, parts, and supplies costs have increased over the past year, and 52% reported experiencing project delays or disruptions due to a shortage of materials, equipment, or parts. The Bank's AHAC has frequently reported that affordable housing costs have been increasing due to increased materials costs during the pandemic.

A comparison of the key national data on housing and economic needs to the Bank's district, including needs related to the pandemic, is provided in the following sections.

The 11th District Needs & Opportunities

Overall, the Bank's district of Arizona, California, and Nevada varied in how each state experienced housing and economic needs compared to the rest of the U.S. The sections below provide detailed comparisons between national and state data in the key need areas of housing affordability and homelessness, economic conditions, and the impact of the pandemic. These needs represent market opportunities, which are being addressed by the Bank as described in the following section on community investment programs.

Housing Conditions and Homelessness

The tables below show how housing affordability and homelessness vary within the Bank's district compared with the U.S. average. Overall, the district continues to experience a severe shortage of affordable housing compared to the rest of the nation. NLIHC's *The Gap* report ranks Nevada, California, and Arizona in that order as three of the top four states in the nation where "extremely low-income renters face the greatest challenges in finding affordable homes."[2] Similarly, the affordable housing need for very low-income renters was greater in the district than the U.S. overall. Consistent with the national average, there is a gap between the wage needed to afford housing and the average wage across the district, with California having the second largest gap in the U.S. after Hawaii.

U.S. Compared to District (Rental Affordability)[3]		U.S.	Arizona	California	Nevada
1	Rental homes affordable and available per 100 Extremely Low Income (ELI[4]) renters – 2019	37	26	24	20
2	ELI households with severe housing cost burden – 2019	70%	75%	76%	81%
3	Rental homes affordable and available per 100 Very Low Income (VLI[5]) renters – 2019	60	49	34	38
4	VLI households with severe housing cost burden – 2019	30%	34%	47%	43%
5	Hourly wage needed to afford fair market rent for a 2-bedroom unit – 2021 estimate	$24.90	$22.30	$39.03	$21.83
6	Average renter wage – 2021 estimate	$18.78	$18.12	$24.89	$17.52

While the percentage of people experiencing homelessness between 2019 and 2020 remained about the same in the U.S. and Arizona, and Nevada saw a small decline, there was an increase in homelessness in California, and the number of people experiencing homelessness in both California and Nevada continued to be above the national average. The percentage of unsheltered homeless increased in the U.S., as well as in Arizona and Nevada, and decreased slightly in California. For the percentage of people experiencing homelessness who were unsheltered, HUD's 2020 *Annual Homeless Assessment Report* ranks California number one and Nevada number two. For the percentage of unsheltered *individuals*, the report ranks California number one, Nevada number three, and Arizona number four.[6] California had the highest rate of homelessness among veterans in the U.S., with 77 of every 10,000 veterans experiencing homelessness.

[2] The top four states in order are: Nevada, California, Oregon, and Arizona
[3] Source: NLIHC
[4] ELI renters are households with an income at or below 30% of the HUD Area Median Income (AMI)
[5] VLI renters are households with an income at or below 50% AMI
[6] Hawaii ranked second.

U.S. Compared to District (Homelessness)[7]		U.S.	Arizona	California	Nevada
1	Number of homeless in every 10,000 people – January 2019 / 2020	17 / 18	14 / 15	38 / 41	24 / 22
2	Unsheltered homeless – January 2019 / 2020	37% / 39%	45% / 50%	72% / 70%	53% / 61%

Regarding affordable housing in Native American communities, the Bank hosted the Tribal Nations Opportunities Forum (Forum) in April 2021, a virtual event focused on Native American housing, infrastructure, and economic development needs and opportunities in the Bank's district. Over 170 people from about 100 organizations registered for the event, including representatives from tribal organizations, member financial institutions, government agencies, and community partners. Panelists discussed the following challenges in tribal communities:

- Lack of services (from ambulances to financial services to construction contractors)
- Lack of infrastructure (housing, water, power, roads, internet)
- Government restrictions (e.g. Bureau of Indian Affairs property recording process can take two years and Tribes may be ineligible for state and local grants).

The challenges Native American communities face in housing and infrastructure make them at increased risk for COVID-19. The Bank's AHAC has noted that multi-generational families living in smaller homes have been one of the factors in high COVID-19 infection, hospitalization, and death rates among Native Americans in the Bank's district.

In terms of climate change and housing, the Federal Reserve Bank of San Francisco states that its district, the 12th District which includes the Bank's district[8], faces significantly more wildfire risk than the rest of the country and this risk is likely to grow as climate change continues. In 2018 the 12th District had the highest share of housing stock, employment, earnings, and economic output (measured in gross domestic product) in elevated wildfire hazard areas compared to the other 11 Federal Reserve Districts across the U.S. In addition, the Guinn Center and Arizona State University conducted a survey to understand the impact of extreme heat during the pandemic on Latino and Native American communities in Nevada and Arizona. Nearly all (91%) of survey respondents reported being somewhat or very concerned about physical and financial risks posed by extreme heat, including the access to and cost of running air conditioning, and aggravation of underlying health conditions (e.g. asthma and high blood pressure). These challenges became worse during the pandemic because of increased financial issues, and air-conditioned facilities being closed (e.g. libraries, schools, and movie theatres).

Homeownership

The table below shows how homeownership affordability varies within the Bank's district compared with the U.S. average. Housing prices increased by double digits across the district with Arizona and California prices increasing at a higher rate than the U.S. overall. The homeownership rate was lower in the district than the national average, and Arizona and Nevada's rates continued to be higher than California.

U.S. Compared to District (Homeownership)[9]		U.S.	Arizona	California	Nevada
1	Increase in housing prices – Q1 2019 - Q1 2020 / Q1 2020 - Q1 2021	5.7% / 12.6%	8.5% / 17.4%	5.9% / 14.3%	4.1% / 12.3%
2	Homeownership rate – Q1 2021	65.6%	64.5%	54.4%	58.3%

[7] Source: HUD
[8] Other states in the 12th District are Alaska, Hawaii, Idaho, Oregon, Utah, and Washington; data not available at state level
[9] Source: item 1 – FHFA, item 2 – U.S. Census Bureau

Economic Conditions

Economic conditions in the Bank's district affect the supply and demand of affordable housing just as they do in the U.S. overall. Data on poverty, health coverage, the COVID-19 pandemic, and employment show areas where the district has greater challenges than the rest of the U.S., which increase the need for affordable housing, and may make households more vulnerable to the pandemic due to a lack of affordable housing and healthcare.

Per the table below, the supplemental poverty rate was higher across the district than the national average. The percentage of households without health insurance was higher in Arizona and Nevada than California and the national average. Consistent with the U.S. overall, the Bank's district has experienced a large number of COVID-19 cases and deaths, making up about 14% of both U.S. COVID-19 cases and deaths. Unemployment in the Bank's district has improved but has not yet returned to pre-pandemic levels, which affects the number of households that have employer covered health insurance.

U.S. Compared to District (Economic Conditions and COVID-19)[10]		U.S.	Arizona	California	Nevada
1	Supplemental poverty rate – 2019[11]	11.7%	12.0%	17.2%	13.4%
2	Households without health insurance – 2019	9.2%	11.3%	7.7%	11.4%
3	Reported COVID-19 cases / deaths – August 2021	39,110,086 / 637,385	1,011,923 / 18,786	4,222,663 / 65,287	390,600 / 6,510
4	People fully vaccinated against COVID-19 – August 2021	174,121,529	3,534,417	22,569,243	1,386,681
5	Unemployment rate – June 2019 / 2021	3.7% / 5.9%	4.9% / 6.8%	4.2% / 7.7%	4.0% / 7.8%

Small businesses in the district continue to play a substantial role in employment, and thus affordable housing needs, as they do in the U.S. overall. The U.S. Census Bureau data in the table below shows the percentage of the private workforce employed by small businesses in the district versus the U.S.

U.S. Compared to District (Small Business)[12]	U.S.	Arizona	California	Nevada
Private workforce employed by small businesses – 2018	46.8%	42.9%	48.2%	42.9%

Small businesses in the district face greater challenges to obtaining credit than in the U.S. overall. According to the Federal Reserve Bank's 2020 *Small Business Credit Survey*, while 32% of firms with less than 500 employees experienced challenges related to credit availability in the U.S., 37% of firms in the 12th District experienced these challenges.

Lastly, high construction costs exacerbate the pressures on affordable housing demand by negatively impacting the supply of affordable housing in the district. The Bank's AHAC has noted that labor and materials shortages are key drivers of these costs. In addition, a 2021 Associated General Contractors (AGC) survey found that 26% of contractors in the West division of the U.S., which includes the Bank's district[13], had difficulty filling positions, and only 33% of contractors expect their business's headcount to increase in 2021. The survey provides the following information on the pandemic's impact on construction in the U.S. West division:

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[10] Source: item 1-2 – U.S. Census Bureau, item 3-4 – CDC, ADHS, California Government, NDHHS, item 5 – BLS
[11] 2019 figures reflect a three-year average (2017-2019)
[12] Source: U.S. Census Bureau
[13] Other states in division are Alaska, Colorado, Hawaii, Idaho, Montana, New Mexico, Oregon, Utah, Washington, and Wyoming

- 30% of respondents expect it will continue to be hard to hire and 21% of respondents expect it will become harder to hire over the next 12 months.

- 61% of respondents postponed a construction project that was scheduled to start in 2020, and 22% did so for a project scheduled to start in between January and June 2021.

- 75% of respondents reported that projects have taken longer than anticipated and 64% reported that costs have been higher than anticipated due to the pandemic.

Housing & Economic Needs Survey

In July 2021, the Bank sent a housing and economic needs survey to AHAC, community investment program member and sponsor participants, a housing associate, and other community organizations in the district. The survey included the following items:[14]

- What geographic area does your organization serve?

- Rank the following affordable housing needs.

- What income level has the greatest affordable housing need?

- Rank the following supportive service needs.

- Rank the following community lending credit needs and market opportunities.

- Rank the following impacts of the COVID-19 pandemic.

The Bank received 229 responses from organizations serving every county in the district.[15] Overall, the responses were consistent with AHAC input on district priorities, and report data on housing and economic needs in the U.S.

Respondents ranked these affordable housing needs as top priorities, listed in order of priority. Consistent with the national reports, permanent, rental and homeless housing continue to be key priorities. These housing types are not mutually exclusive.

1. Family housing

2. Homeless / Supportive housing

3. Permanent housing

4. Rental housing (includes rental assistance)

5. New construction

For housing needs by income level, 35% of respondents selected income between 31% to 50% of AMI (Very Low-Income) as having the greatest affordable housing need, 29% selected between 0% to 30% of AMI (Extremely Low-Income), 25% selected between 51% to 80% of AMI (Low-Income), 8% selected between 81% to 120% of AMI (Moderate Income), and 3% selected “Other” (these responses were write-in answers, which included responses up to 200% of AMI and an overall need for housing at all income levels). The overall survey results are consistent with the NLIHC reports on the lack of affordable housing for extremely low- and very low-income households across the U.S.

[14] Complete survey and results are attached in the appendix

[15] Data is reported at district level and not by state given sample size and some organizations are active in multiple states

Respondents emphasized the importance of supportive service needs, ranking these services needs as top priorities, which are listed in order of priority below. This ties with the national reports on how housing cost burdens make it more difficult for households to afford basic needs.

1. Health services (including mental health and drug treatment)
2. Childcare
3. After school care
4. Food assistance
5. Job training / placement

Lastly, the district survey results are consistent with the national reports on the impact of the pandemic. Respondents ranked home loans to low-income households and loans to minority- or women-owned businesses as top community lending credit needs. In addition, respondents ranked these pandemic impacts as top priorities, which are listed in order of priority.

1. Greater demand for affordable housing and social services
2. Housing stability, evictions and / or foreclosures (includes increased homelessness)
3. Affordable housing construction labor shortages, delays and / or cancellations
4. Increase in racial or gender economic disparity
5. Reduced affordable housing occupancy and / or rental income

The following sections highlight key information on housing and economic development needs and opportunities for each state in the district.

Arizona

Housing Conditions and Homelessness

NLIHC's *The Gap* report ranks Arizona number four in the U.S. for lowest number of affordable rental homes available for Extremely Low-Income (ELI) renters: 26 homes were available for every 100 ELI renters in 2019, and 75% of ELI renters had a severe housing cost burden. For every 100 Very Low Income (VLI) renters, there were 49 affordable homes available, and 34% of VLI households had a severe housing cost burden. NLIHC estimates that in 2021 the hourly wage needed to afford the fair market rent for a 2-bedroom unit in Arizona is $22.30 while the average renter wage is $18.12.

HUD's *Annual Homeless Assessment Report* states that 15 in every 10,000 people in Arizona were homeless in 2020 (10,979 total). The number of people experiencing homelessness between 2019 and 2020 increased by 9.7%. In addition, the percentage of people experiencing homelessness who were unsheltered increased from 45% to 50% from 2019 to 2020. Arizona ranks fourth in the U.S. for the percentage of unsheltered individuals (63.7%). Researchers with the Knowledge Exchange for Resilience at Arizona State University predicted that 20% of households (80,000 households) in the metro-Phoenix area would be at risk of eviction once all pandemic eviction bans ended.

As of August 2021, there have been 1,011,923 reported COVID-19 cases and 18,786 reported COVID-19 deaths in Arizona according to the Arizona Department of Health Services. Native Americans in Arizona continue to face disproportionate impacts from the pandemic. Overcrowded housing is one of the key factors in high COVID-19 infection among Native American communities per the Bank's AHAC. According to research on Arizona from the Brookings Institution in February 2021:

- The death rate for Native Americans 85 years and over was over 5,700, which means that over 5.7% of that group had been lost to COVID-19.

- The death rates for Native Americans aged 45-54 years were similar to those of Whites aged 75-84, which means that Native Americans were dying of COVID-19 at a rate similar to Whites who were 30 years older than them.

Homeownership

FHFA's May 2021 news release on the Housing Price Index states that house prices in Arizona increased by 17.4% from the first quarter of 2020 to the first quarter of 2021, higher than the national increase of 12.6% during that period. According to the U.S. Census Bureau, the Arizona homeownership rate in Q1 2021 was 65% compared to 66% in the U.S. overall.

Economic Conditions

The U.S. Census Bureau states that the supplemental poverty rate in Arizona was 12% in 2019, higher than the U.S. rate of 11.7%. Consistent with the U.S. overall, the unemployment rate in Arizona increased after the COVID-19 pandemic from 4.9% to 6.8% between June 2019 and 2021.

California

Housing Conditions and Homelessness

NLIHC's *The Gap* report ranks California number two in the U.S. for lowest number of affordable rental homes available for ELI renters: 24 homes were available for every 100 ELI renters in 2019, and 76% of ELI renters had a severe housing cost burden. For every 100 VLI renters, there were 34 affordable homes available, and 47% of VLI households had a severe housing cost burden. NLIHC estimates that in 2021 the hourly wage needed to afford the fair market rent for a 2-bedroom unit in California is $39.03 while the average renter wage is $24.89.

As of August 2021, there have been 4,222,663 reported COVID-19 cases and 65,287 reported COVID-19 deaths in California according to the California Department of Public Health (CDPH). Per California Government data, the COVID-19 death rate for Latino people is 21% higher and for Black people 9% higher than statewide. Renters in California are at increased risk of housing instability and homelessness due to COVID-19, according to the California Budget & Policy Center. Nearly 17 million Californians are renters, and even before the pandemic many struggled to afford housing: over half of renters were housing cost-burdened (paying more than 30% of their income on rent) and more than one in four renters were severely cost-burdened (paying more than 50% of their income on rent). Per the California Budget & Policy Center, "Many of these same Californians have been most affected by the COVID-19 economic slowdown, as job losses have been concentrated in industries with low average weekly earnings." Despite eviction bans throughout the pandemic, CalMatters estimates that sheriffs' departments across the state enforced lockouts of at least 10,000 households between March 2020 and March 2021.

Per HUD's *Annual Homeless Assessment Report*, homelessness in California continues to be exceptionally high compared to the rest of the U.S. The report notes that:

- On a single night in January 2020, more than half of all people experiencing homelessness in the country were in four states: California (28% or 161,548 people); New York (16% or 91,271 people); Florida (5% or 27,487 people); and Texas (5% or 27,229 people).

- California has more than half of all unsheltered homeless people in the country (51% or 113,660), with nearly nine times as many unsheltered homeless as the state with the next highest number (Texas at 6% or 13,212).

- California also had the highest percentage of all people experiencing homelessness staying in unsheltered locations (70%), and highest number of unsheltered *individuals* (79%).

- California had some of the highest rates of homelessness at 41 people per 10,000.[16]

- California had the largest increase in homelessness in the U.S. between 2019 and 2020, from 151,278 people experiencing homelessness to 161,548 (a 6.8% increase).

- California had the largest absolute increase in the number of individuals experiencing homelessness between 2007 and 2020, with 24,819 more individuals experiencing homelessness (a 22% increase).

- California had the largest number of homeless unaccompanied youth[17] (12,172) and veterans (11,401), representing about a third of all unaccompanied youth (36%) and veterans (31%) nationally.

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[16] New York (with 47 people experiencing homelessness per 10,000) and Hawaii (46 people per 10,000) had the highest rates of homelessness followed by California.
[17] Per HUD, unaccompanied youth are defined as people in households with only children who are not part of a family with children or accompanied by their parent or guardian.

Climate change affects California housing in a variety of ways. According to the California Coalition for Rural Housing's 2021 report *Affordable Housing and Natural Disasters,* climate change has exacerbated natural disasters in recent years. These events, including wildfires, droughts, heatwaves, and floods, have become more common, more severe, and more costly in communities throughout California. The report states that "California is experiencing the nation's greatest housing crisis. The loss of housing in communities affected by wildfire and other disasters produces a multiplier effect on California's undersupply of affordable housing by creating direct displacement due to reduced housing supply and new demand for housing, which drives up housing costs." The report also states that there are currently 140,000 units of affordable housing vulnerable to wildfire in California. In addition, AHAC has noted the negative impact of the California wildfires on affordable housing project construction timing.

Homeownership

FHFA's May 2021 news release on the Housing Price Index states that house prices in California increased by 14.3% from the first quarter of 2020 to the first quarter of 2021, higher than the national increase of 12.6% during that period. According to the U.S. Census Bureau, the California homeownership rate in Q1 2021 was 54% compared to 66% in the U.S. overall.

In November 2020 The Greenlining Institute published the report *Home Lending to Communities of Color in California*, which analyzed home mortgage data from six metropolitan areas of California (Sacramento, San Francisco, Oakland, Fresno, Los Angeles, and San Diego) and found disparities in lending patterns to communities of color. In 2019, Latino households accessed under 22% of the state's home purchase loans, despite making up over 39% of the population, and Black households accessed 3% of home loans, while making up over 5% of the population. In comparison, White households accessed 41% of home loans while making up 36% of the population. According to the report, White households are more likely to successfully take out a home purchase loan even among low-income communities. In addition, "the rate of Black and Latino homeownership is significantly worse in California compared to other states. At the national level, the Black and Latino homeownership rates are 42 percent and 47 percent, respectively, compared to 35 percent and 42 percent in California."

As with rental housing, climate change negatively affects homeownership in California. Research from the Federal Reserve Bank of San Francisco provides one example of how climate change is impacting the value of people's homes in the Central Valley. Due to a combination of overconsumption and drought that has been intensified by climate change, wells are running dry. The Federal Reserve report states: "The bottom line is that areas with less sustainable access to water will be worth less. That is going to shift populations and land values, if it isn't already."

Economic Conditions

The U.S. Census Bureau states that the supplemental poverty rate in California was 17.2% in 2019, higher than the U.S. rate of 11.7% and highest in the nation. A United Way study estimates that more than one in three households in California (33% or 3.5 million families) did not earn enough income to meet their basic costs of living in 2019. Households led by people of color were more likely to struggle to afford food, housing, transportation, childcare, and other basic needs. Using U.S. Census data, the study estimated that the following California households did not earn enough to get by:

- 52% of Latino households (1.7 million Latino households)
- 41% of African American households (261,000 African American households)
- 39% of Native American/Alaska Native households (13,600 Native American/Alaska Native households)
- 28% of Asian households (482,800 Asian households)
- 21% of White households (1.06 million White households)

Consistent with the U.S. overall, the unemployment rate in California increased after the COVID-19 pandemic from 4.2% to 7.7% between June 2019 and 2021. A February 2021 California Budget & Policy Center article notes the following pandemic impacts on employment in California:

- California had 1.5 million fewer jobs in December 2020 than in February 2020 due to the COVID-19 Recession, more than the state lost due to the Great Recession.

- Low-paid workers continue to be the hardest hit: low-paying industries had 15% fewer jobs in December than in February 2020, compared to moderate- and high-paying industries which had 5% and 3% fewer jobs, respectively.

- About three in five Latinx and Black households in California lost earnings during the pandemic, while well under half of Asian and White households lost earnings.

Lastly, a Public Policy Institute of California (PPIC) report found that the effects of the current recession are concentrated among low-income workers, African Americans, Latinos, and women, which may lead to growing wealth inequality. The report found that unemployment rates between April and October 2020 ranged from 25-30% for families with incomes under $30,000, compared to 5-10% for families with incomes above $150,000. The pandemic disproportionately affected the jobs of African Americans and Latinos, with 74% of Latino households reporting either a job loss or reduced hours/pay cut, and 67% of African American households reporting this, compared to 43% of White households in May 2020. Between April and October 2020, women experienced a larger decline in labor market activity, with higher unemployment and underemployed / underutilized rates than men.

Nevada

Housing Conditions and Homelessness

NLIHC's *The Gap* report ranks Nevada number one in the U.S. for lowest number of affordable rental homes available for Extremely Low-Income (ELI) renters: 20 homes were available for every 100 ELI renters in 2019, and 81% of ELI renters had a severe housing cost burden. For every 100 Very Low Income (VLI) renters, there were 38 affordable homes available, and 43% of VLI households had a severe housing cost burden. NLIHC estimates that in 2021 the hourly wage needed to afford the fair market rent for a 2-bedroom unit in Nevada is $21.83 while the average renter wage is $17.52.

HUD's *Annual Homeless Assessment Report* states that 22 in every 10,000 people in Nevada were homeless in 2020 (6,900 total). Nevada had the largest percentage increase (37%) in the number of veterans experiencing homelessness between 2019 and 2020 and ranked second in the U.S. for the percentage of people experiencing homelessness who were unsheltered (61%). At a Nevada Housing Coalition webinar in July 2021, the Guinn Center reported that there were approximately 50,000 renter households that were likely to be evicted within the next two months.

As of August 2021, there have been over 390,000 reported COVID-19 cases and 6,510 reported COVID-19 deaths in Nevada according to the Nevada Department of Health and Human Services.

Homeownership

FHFA's May 2021 news release on the Housing Price Index states that house prices in Nevada increased by 12.3% from the first quarter of 2020 to the first quarter of 2021, similar to the national increase of 12.6% during that period. Homeownership affordability worsened in 2020, primarily due to in-migration of higher income people from California per the Lied Center for Real Estate at the University of Nevada, Las Vegas. According to the U.S. Census Bureau, the Nevada homeownership rate in Q1 2021 was 58% compared to 66% in the U.S. overall.

Economic Conditions

The U.S. Census Bureau states that the supplemental poverty rate in Nevada was 13.4% in 2019, higher than the U.S. rate of 11.7%. The unemployment rate in Nevada increased after the COVID-19 pandemic from 4.0% to 7.8% between June 2019 and June 2021, which is the third highest unemployment rate in the country.[18] Per the U.S. Bureau of Labor Statistics, the economic conditions in Nevada are primarily driven by the leisure and hospitality industries. These industries lost over 197,000 jobs in Nevada from March 2020 to May 2020 during the early days of the pandemic. Although leisure and hospitality employment is recovering, in June 2021 it was still over 22% lower than pre-pandemic employment levels from March 2020.

[18] Connecticut and New Mexico had the highest unemployment rates at 7.9%

Addressing Needs & Opportunities: The Bank’s Community Investment Programs

The Bank’s Community Investment (CI) programs address the housing and economic needs and opportunities in the district. Below is a brief description of many of the Bank’s CI programs accomplishments:

Affordable Housing Program (AHP)

- From 1990 through 2020, the Bank awarded about $1.2 billion for affordable rental and homeownership housing to over 143,000 low-income households[19] in the district through the AHP General Fund and Set-Aside programs.

- During this period, the Bank’s AHP General Fund program awarded about $1.1 billion for affordable rental and homeownership housing to over 134,000 low-income households in the district.

- From 2000 through 2020, the Bank’s AHP Homeownership Set-Aside programs (WISH & IDEA) disbursed about $114 million for affordable homeownership, in the form of downpayment and closing cost assistance, to over 8,100 low-income households in the district.

- Based on extensive outreach activities over the past few decades, the Bank has found that both its AHP rental and homeownership grants serve a diverse population.

Access to Housing and Economic Assistance for Development (AHEAD)

- From 2004 through 2020, the Bank awarded over $18.5 million to over 600 economic development projects in the district through this discretionary program. These projects include job training, small business assistance, homeless services, and other services targeted to a diverse population.

Quality Jobs Fund (QJF)

- From 2017 through 2020, the Bank recommended over $48 million in funds contributed to program administrator New World Foundation (NWF) to be awarded to 11 economic development projects for creating over 21,500 quality jobs in the district through this discretionary program. The definition of a “quality job” is a job that pays a living wage, provides a safe workplace, and includes benefits such as healthcare, retirement savings, and paid time off. In addition, these projects provide small business assistance and job training to a diverse population.

Community Investment Cash Advances (CICA) & Letters of Credit (LOC)

- From 2001 through 2020, the Bank provided discounted member advances of about $11.1 billion and LOCs of about $3.3 billion for affordable housing and economic development in the district through the CICA programs.

- The Bank’s CICA Advances for Community Enterprise (ACE) program, used to finance economic development, provided advances of over $4.2 billion and LOCs of over $570 million to create over 49,000 jobs for low- and moderate-income households in the district.

- The Bank’s CICA Community Investment Program (CIP), primarily used to finance the purchase, construction, and rehabilitation of affordable housing, provided advances of over $6.9 billion and LOCs of over $2.7 billion to create over 82,000 housing units for low- and moderate-income households in the district.

[19] Includes very low- and extremely low-income households

- In response to the pandemic, the Bank increased the overall borrowing limits for the CIP and ACE discount advance programs from $8 billion to $13 billion, and individual Bank member borrowing limits for these programs to twice the existing eligible amount through the end of 2020. Three Bank members transacted $217 million in CICA advances specifically for pandemic relief. Of the $217 million, one of the three members transacted $76 million of its increased limit in advances specifically for pandemic relief.

Recovery Advance

- In response to the pandemic, the Bank created a zero interest (0%) 6-month and / or 1-year advance (Recovery Advance) to support members in their efforts to respond to the pandemic in May 2020. During that month, 181 Bank members transacted 356 Recovery Advances totaling $1.74 billion, which represents a Bank subsidy of $4.1 million to members.

Disaster Relief

- From 2017 through 2020, the Bank donated about $517,000 to nonprofit community organizations for disaster relief in the district, leveraging over $1.1 million from members for this critical need through matching donations.

- From 2017 through 2019, the Bank also donated $100,000 directly to four nonprofit organizations providing disaster relief to wildfire victims in Northern and Southern California.

Pandemic Relief

- In 2020, the Bank donated over $738,000 to nonprofit community organizations and small businesses for pandemic relief in the district, leveraging about $1.36 million from members for this critical need through matching donations.

Sponsorships

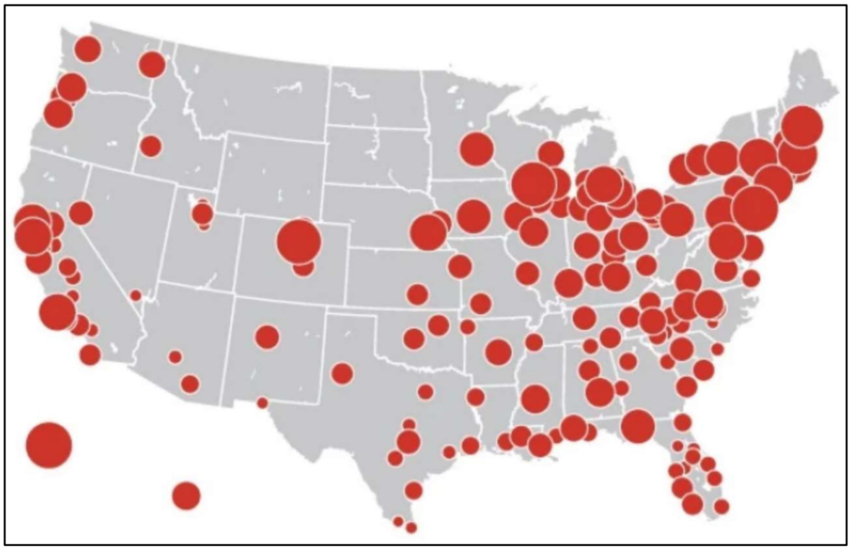
- From 2009 through 2020, CI donated over $745,000 to nonprofit community organizations to serve other affordable housing and economic development needs in the district.

The data below provides detail on how the Bank has addressed district needs and opportunities in 2020:

AHP General Fund Program - 2020

The Bank awarded almost $37 million for 3,426 affordable rental units in the district in 2020. There is a higher proportion of funds awarded in California[20] which reflects the higher development costs in the state. Discussions with the Bank's AHAC on the different state housing programs in the district suggest that another important factor is the larger amount of Low-Income Housing Tax Credit (LIHTC) funding available for housing in California. Per the state LIHTC agencies, California awarded 284 LIHTC projects in 2020 while Arizona awarded 13 and Nevada awarded 12. In addition, the nonprofit capacity in each state may affect the number of AHP applications and awards. The National Center for Charitable Statistics reported that in 2018 Arizona had over 6,000 active public charities with revenues of $29.4 billion, California had over 51,000 with $189.4 billion, and Nevada had 2,114 with $3.5 billion. Governing's map below shows where nonprofits are most prevalent in the U.S. with a larger number and size of red dots indicating a larger number of nonprofits in each state. This map supports the data that there is a substantial variety of nonprofit capacity between states.

[20] State population statistics source for amount per capita: U.S. Census Bureau (2021)



Regarding the housing priorities identified in state reports and the Bank's survey, the table below highlights how the AHP projects address these priorities based on whether they provide rental housing and the scoring categories for which they received points.[21] For the district overall, the projects awarded address the housing needs identified. To address household income needs, the Bank awards points to projects that have over 60% of the units dedicated to households at or below 50% AMI, which includes both Extremely Low-Income (ELI) and Very Low-Income (VLI) units. The projects awarded reflect this scoring with 53% of the projects having ELI units and 100% having VLI units. The scoring categories Homeless and Special Needs (which includes seniors and people with disabilities) also serve to promote the creation of ELI units since there is often overlap between ELI households and these populations. As shown below, a substantial percentage of AHP projects received points under these categories.

Award Data (2020)	Arizona	California	Nevada	Total
Amount awarded	$800,000	$34,298,960	$1,570,000	$36,668,960
Amount per capita	$0.11	$0.87	$0.51	$0.74
Number of affordable housing units	78	3,156	192	3,426
Number of housing projects	1	44	4	49
Rental projects	100%	100%	100%	100%
Homeless projects	0%	91%	50%	86%
Senior projects	100%	34%	50%	37%
People with disabilities projects	0%	50%	0%	45%
ELI (0-30% AMI) projects	0%	55%	50%	53%
VLI (31-50% AMI) projects	100%	100%	100%	100%
LI (51-80%) AMI projects	100%	100%	100%	100%
Transit-oriented development projects	100%	75%	50%	73%
Green building projects	100%	82%	100%	84%

In addition to the project characteristics listed above, a significant portion of AHP projects are permanent housing and serve families[22], and all of the projects received points under the Empowerment scoring category, which includes points for having health services, job training, childcare, after school care, and / or a service coordinator. Aside from the transit-oriented and green building project scoring categories listed above, the Bank has other Community Stability scoring categories related to neighborhood revitalization, economic development and integration, and household displacement prevention. The Bank also has the scoring categories Donated Property, First-Time Homebuyers, In-District Projects, Nonprofit

[21] Excludes one California project withdrawn as of July 2021; Project types are not mutually exclusive.

[22] While the Bank does not collect data on these specific housing types, an estimate that there is a substantial portion of this housing may be determined from the fact that 20% of the projects awarded in 2020 had unit sizes of three bedrooms or more.

Sponsorship, Project Readiness, Rural Housing, and Subsidy per Unit. These additional scoring categories are based on the AHP regulation and needs identified by the AHAC over the years.

AHP Homeownership Set-Aside Programs (WISH & IDEA) - 2020

Per the table below, the Bank disbursed over $8.2 million in homebuyer assistance to provide affordable homeownership to 403 low-income households in the district. In contrast to the AHP General Fund, there is a higher proportion of funds awarded to Arizona and Nevada than California. This reflects a combination of the affordable homeownership opportunities and Bank member participation in each state. When adding the per capita AHP General Fund and Set-Aside amounts, the figures for each state are $0.84 for Arizona, $0.93 for California, and $0.75 for Nevada.

Disbursement Data (2020)	Arizona	California	Nevada	Total
Amount disbursed	$5,227,549	$2,281,076	$740,000	$8,248,625
Amount per capita	$0.73	$0.06	$0.24	$0.17
Number of households assisted	252	112	39	403
Average household AMI	62%	65%	64%	63%

In October 2020, per an FHFA Advisory Bulletin, the Bank adopted the Homebuyer Income Proxy methodology effective January 1, 2021 for determining if AHP-assisted homebuyers need to repay AHP subsidy if they sell their home within the AHP five-year retention period. This methodology reduces the AHP subsidy repayment burden for these homebuyers if they sell their home at a price that is at or below a limit determined by HUD.

AHEAD - 2020

The Bank disbursed $3.5 million through the AHEAD program to 97 economic development and pandemic relief projects serving low- and moderate-income communities in the district. The funding was greater on a per capita basis in Nevada than in Arizona and California which reflects Bank member participation in each state. In 2020, about $1.9 million of the AHEAD funding went to 52 pandemic relief projects.

Award Data (2020)	Arizona	California	Nevada	Total
Number of projects	12	76	9	97
Amount awarded	$417,500	$2,752,500	$330,000	$3,500,000
Amount per capita	$0.06	$0.07	$0.11	$0.07

QJF - 2020

In 2020, the Bank recommended that NWF award $3 million through the QJF program to one economic development project to create 600 quality jobs in the district. In addition, the Bank worked with NWF to earmark $10 million of the QJF for two grantmaking initiatives to respond to the pandemic: 1) $7 million for existing QJF intermediaries to shore up quality job gains and 2) $3 million for an Innovation Fund to support quality job projects in early development stages. NWF awarded $314,000 to two projects in the Innovation Fund.

Conclusion and Performance Goals for 2022

In 2022, the Bank will continue to administer and manage the AHP General Fund and Set-Aside programs, the discretionary programs AHEAD and Quality Jobs Fund, and the Community Investment advances and letters of credit, CIP and ACE. The Bank will consider the needs and opportunities shown in the research when policy decisions regarding any of the programs need to be made.

In addition, the Bank will consider the following potential program changes in accordance with AHP regulation, and based on affordable housing needs identified in this Plan, the 2020 Plan, and the 2021 Plan:

- Under the AHP General Fund, create a scoring category and retention document requirements for Native American affordable housing projects to make the program more accessible for these projects

- Create the infrastructure to offer an AHP Targeted Fund for Nevada in 2023 to address exceptional housing needs in this state

- Consolidate the Homeownership Set-Aside programs WISH and IDEA into one program by 2022 to facilitate member participation

The Bank will also continue to perform outreach by developing and maintaining relationships with members and community organizations, creating opportunities to support and participate in conferences and workshops sponsored by community organizations, promoting relationships among the Bank, its members, housing associates and community-based organizations, providing technical assistance to community and economic development organizations on the Bank's community programs, and providing support to community organizations to link them with experienced partners in community development.

Such outreach efforts provide the Bank with additional information on existing and emerging housing and economic development needs and initiatives. In addition, the Bank provides regular updates to the Board and the AHAC on this outreach. The Board and the AHAC review progress and help identify new areas of opportunity to promote the Bank's community programs.

The Bank's 2022 quantitative goals related to its CI programs and outreach activities are provided in the following section.

Quantitative Goals

The Bank has established three quantitative performance goals to measure performance against the Plan. By setting standards to support the implementation of the Bank's CI programs, these goals strengthen the Bank's focus on addressing needs and opportunities in the district.

CIP and ACE advances and letters of credit and AHEAD grants*:*
Transact Community Investment Program (CIP) and Advances for Community Enterprise (ACE) advances and letters of credit and award AHEAD grants.

2022 Goal	Meets	Exceeds	Far Exceeds
CIP and ACE advances and letters of credit and AHEAD awards (# of members)[23]	50	60	70

Management has increased the first quantitative goal from the 2021 goal below based on year-to-date performance.

Actively participate in and/or convene conferences, meetings, workshops, and other project-related events:
Promote understanding of the Bank's mission and CI programs and learn about district housing and economic needs through these events.

2022 Goal	
Actively participate in and / or convene conferences, meetings, workshops, and other project-related events[24]	55

Management has increased the second quantitative goal from the 2021 goal below based on year-to-date performance.

Member participation in AHP workshops and technical assistance:
Promote member participation in Bank-sponsored AHP (General Fund and Set-Aside programs) workshops and provide technical assistance to members on the use of the Bank's CI programs.

2022 Goal	Meets	Exceeds	Far Exceeds
Member participation in AHP workshops and technical assistance (# of unique members)	73	78	83

Management has increased the third quantitative goal from the 2021 goal below based on year-to-date performance.

The tables below summarize the 2022 goals and 2021 goals achievement as of 8/31/21:

2022 Goals Summary		Meets	Exceeds	Far Exceeds
1	CIP and ACE advances and letters of credit and AHEAD awards (# of members)	50	60	70
2	Actively participate in and / or convene conferences, meetings, workshops, and other project-related events	55		
3	Member participation in AHP workshops and technical assistance (# of unique members)	73	78	83

[23] Members that sponsor a successful AHEAD grant application are counted separately from participation in CIP and ACE advances and letters of credit. This goal is tied to the Bank's 2022 corporate goals and it might change when the final corporate goals are approved by the Bank's Board of Directors.
[24] Includes virtual meetings and webinars.

2021 Targeted Community Lending Plan Update Goals Summary		Meets	Exceeds	Far Exceeds	As of 8/31/21
1	CIP and ACE advances and letters of credit and AHEAD awards (# of members)	40	50	60	59[25]
2	Actively participate in and / or convene conferences, meetings, workshops, and other project-related events	35			52[26]
3	Member participation in AHP workshops and technical assistance (# of unique members)	70	75	80	73

25 Includes 12 CIP and ACE members and 47 AHEAD members

26 Includes interviews which the Bank conducts every few years with AHP project members, sponsors, other FHLBanks, and other affordable housing funders to develop best practices for AHP General Fund implementation. The Bank does not expect to conduct these interviews in 2022.

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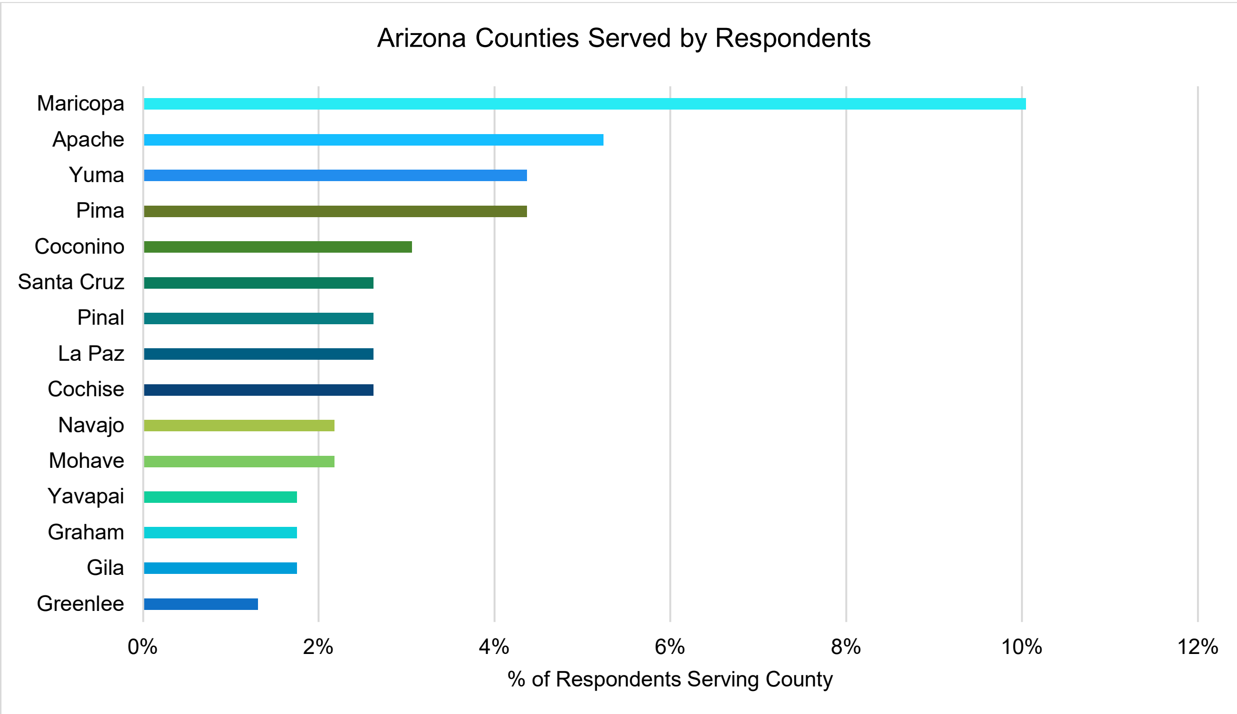
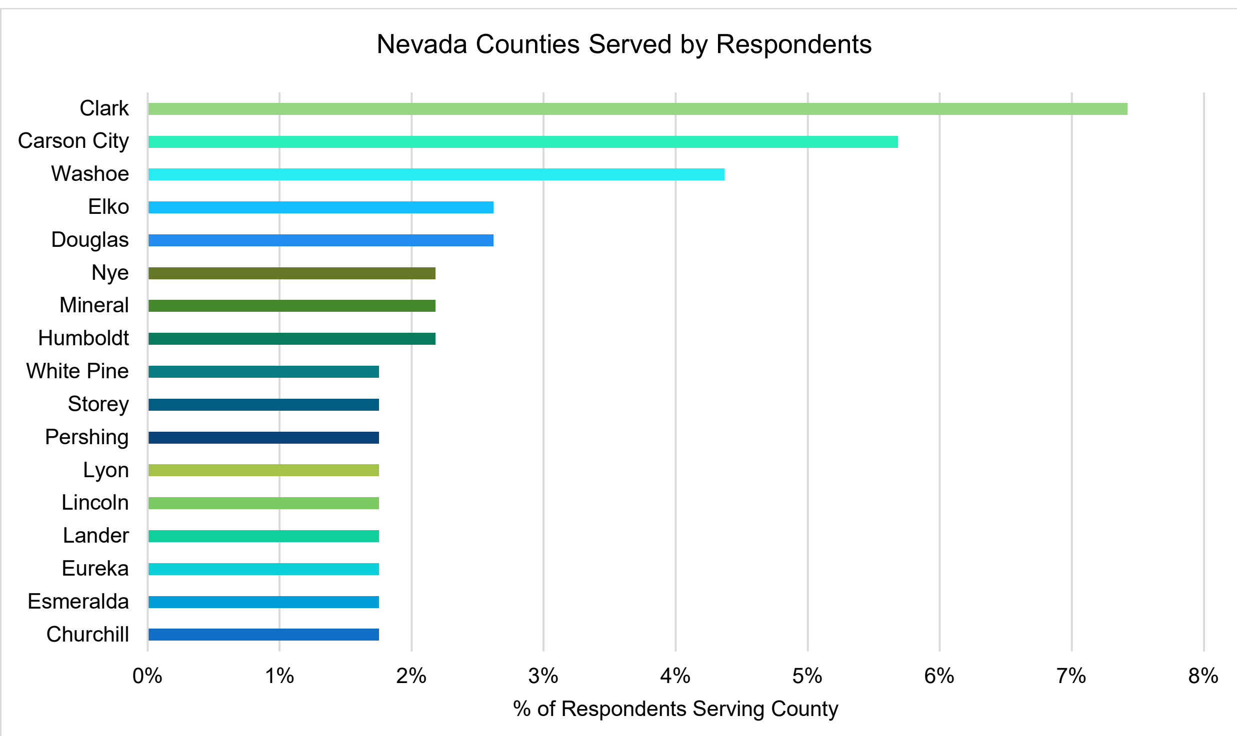
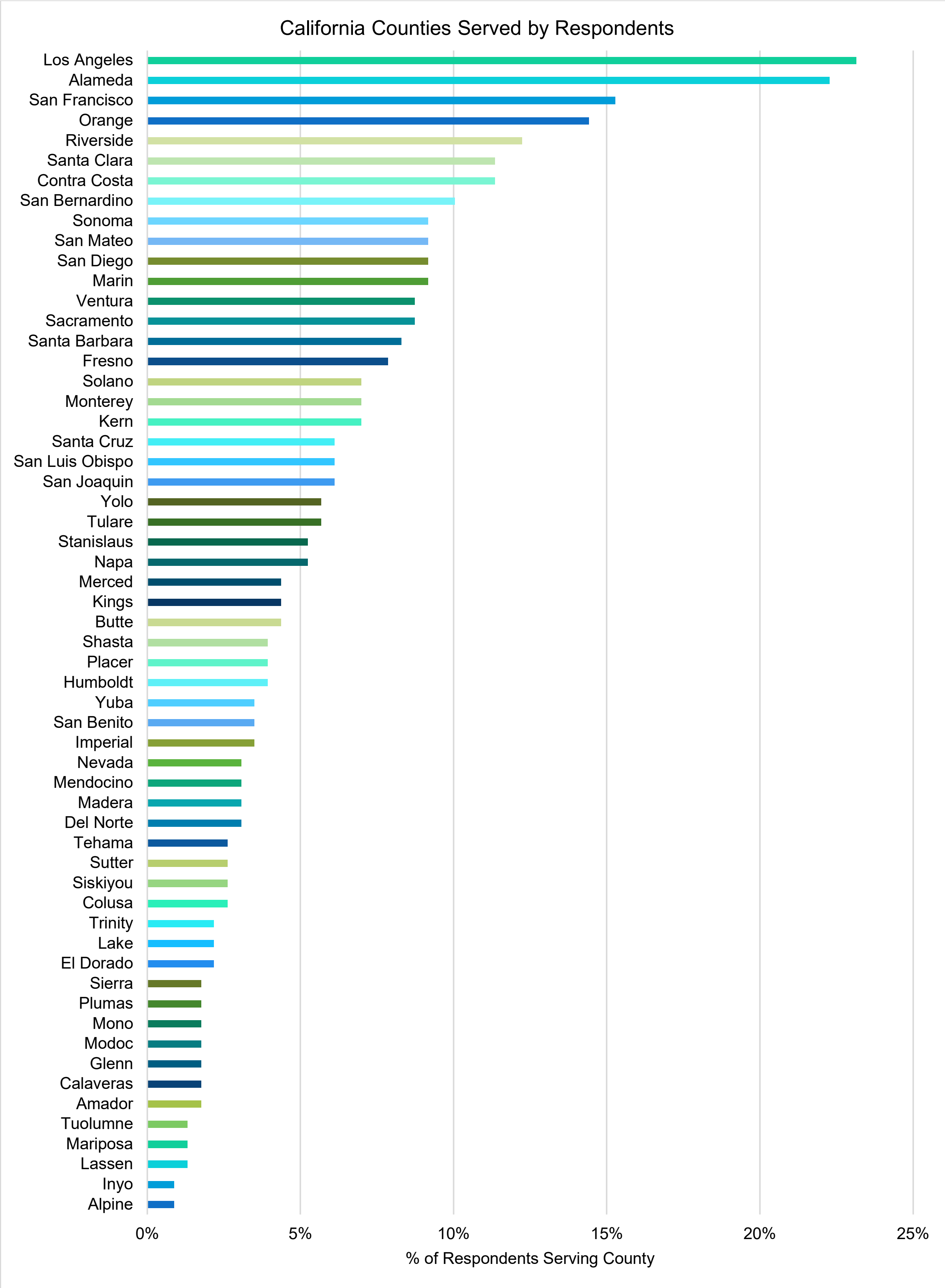
Appendix: 11th District Survey - 2021

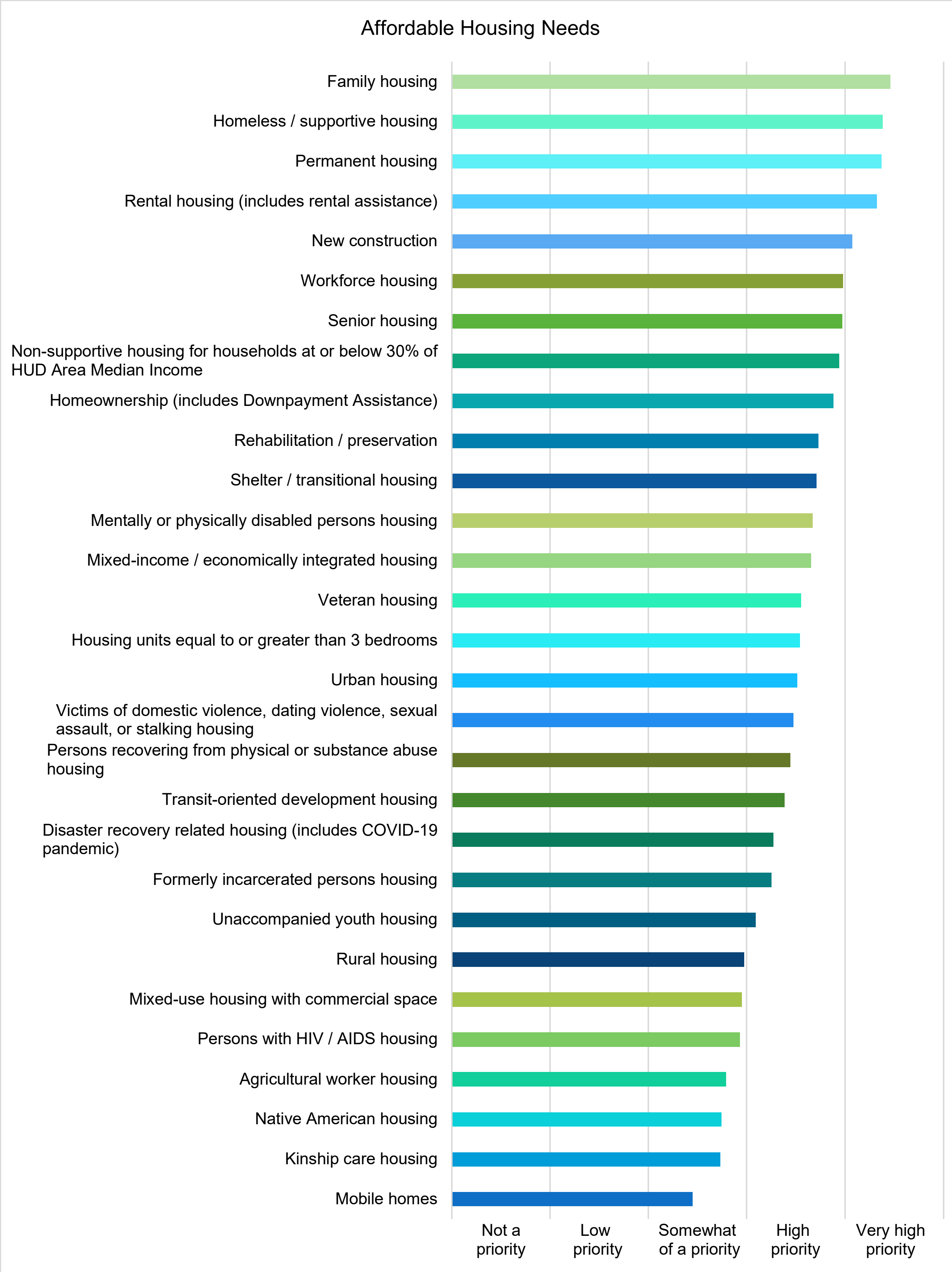
Question 1: What geographic area does your organization serve? Counties are listed by state, check all that apply.



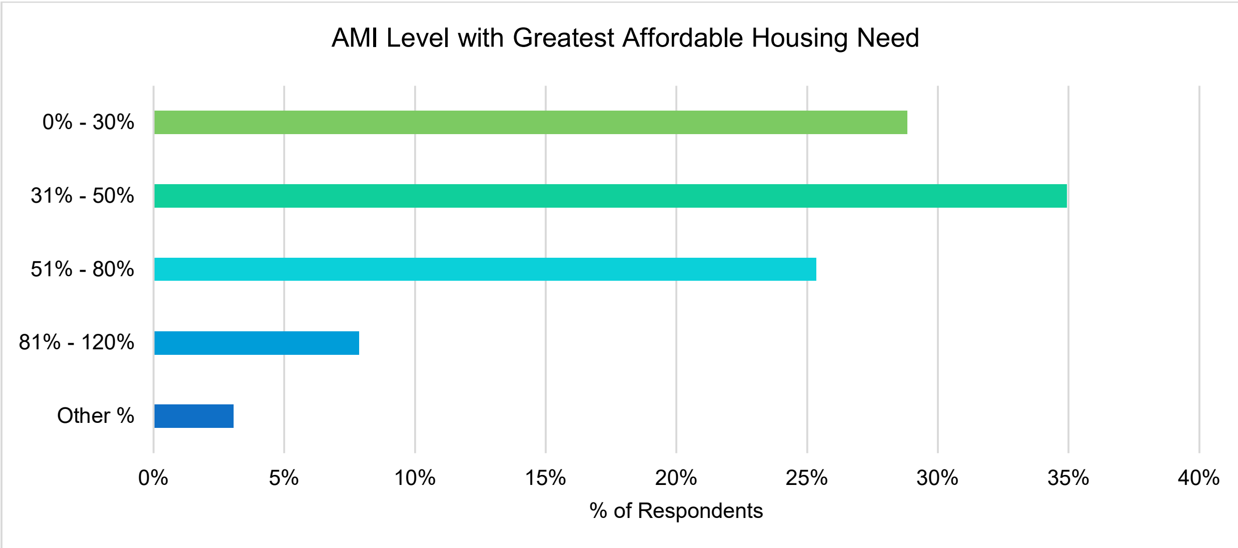



California Counties Served by Respondents
Los Angeles
Alameda
San Francisco
Orange
Riverside
Santa Clara
Contra Costa
San Bernardino
Sonoma
San Mateo
San Diego
Marin
Ventura
Sacramento
Santa Barbara
Fresno
Solano
Monterey
Kern
Santa Cruz
San Luis Obispo
San Joaquin
Yolo
Tulare
Stanislaus
Napa
Merced
Kings
Butte
Shasta
Placer
Humboldt
Yuba
San Benito
Imperial
Nevada
Mendocino
Madera
Del Norte
Tehama
Sutter
Siskiyou
Colusa
Trinity
Lake
El Dorado
Sierra
Plumas
Mono
Modoc
Glenn
Calaveras
Amador
Tuolumne
Mariposa
Lassen
Inyo
Alpine
0%
5%
10%
15%
20%
25%
% of Respondents Serving County

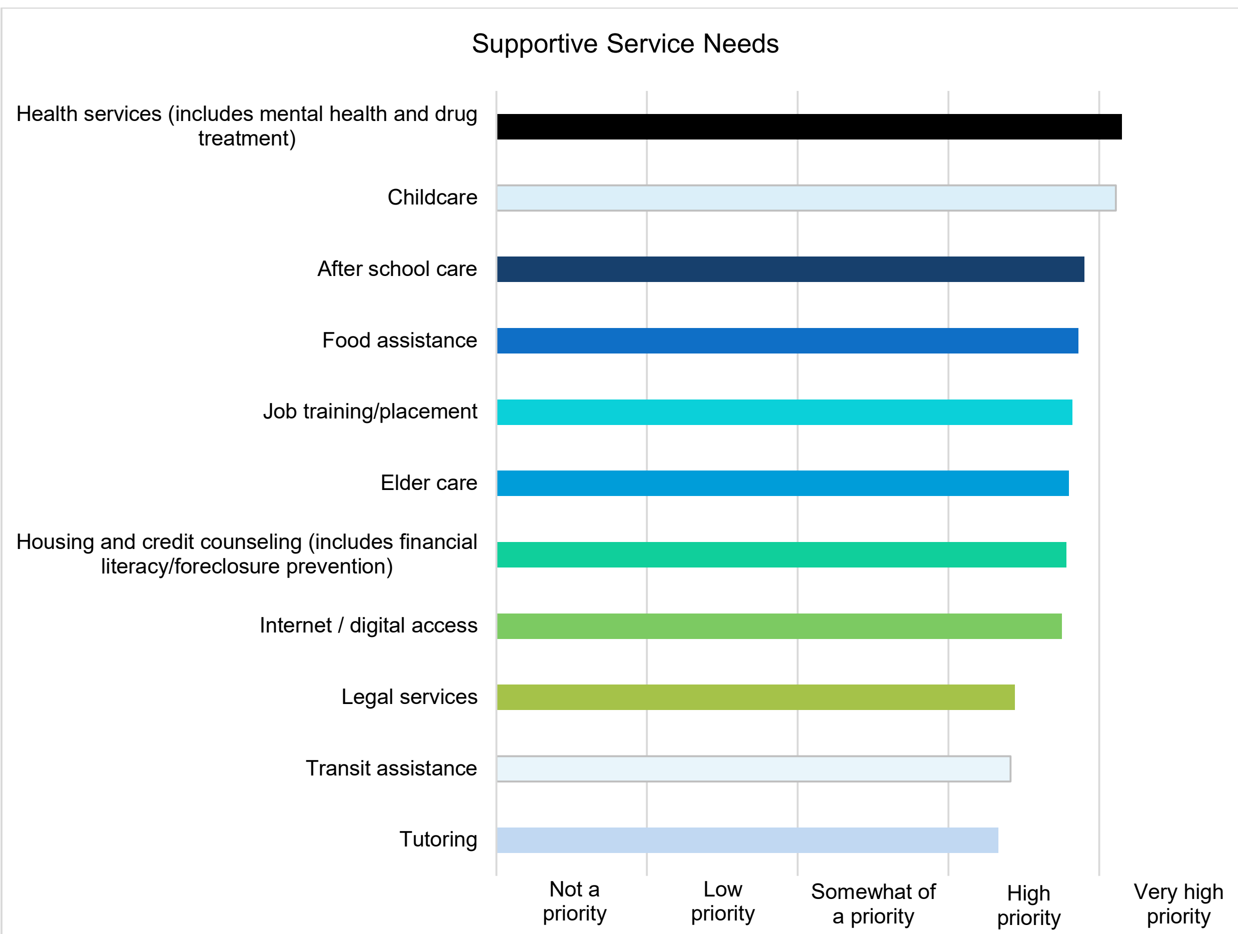
Question 2: Rank the following affordable housing needs in your geographic area by priority.



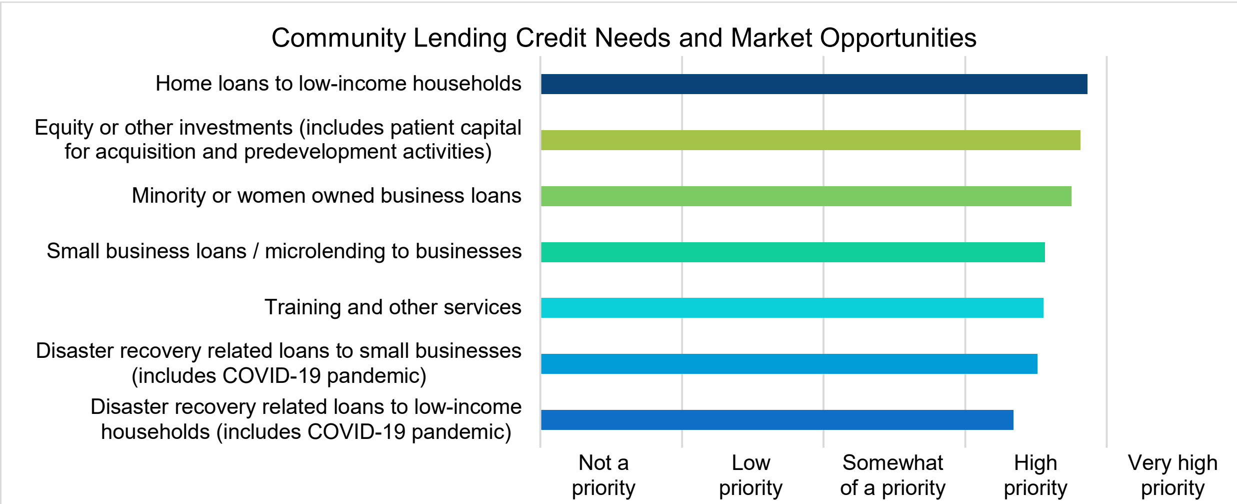
Question 3: What income level has the greatest affordable housing need in your geographic area as a percentage of the HUD Area Median Income? Select one only.



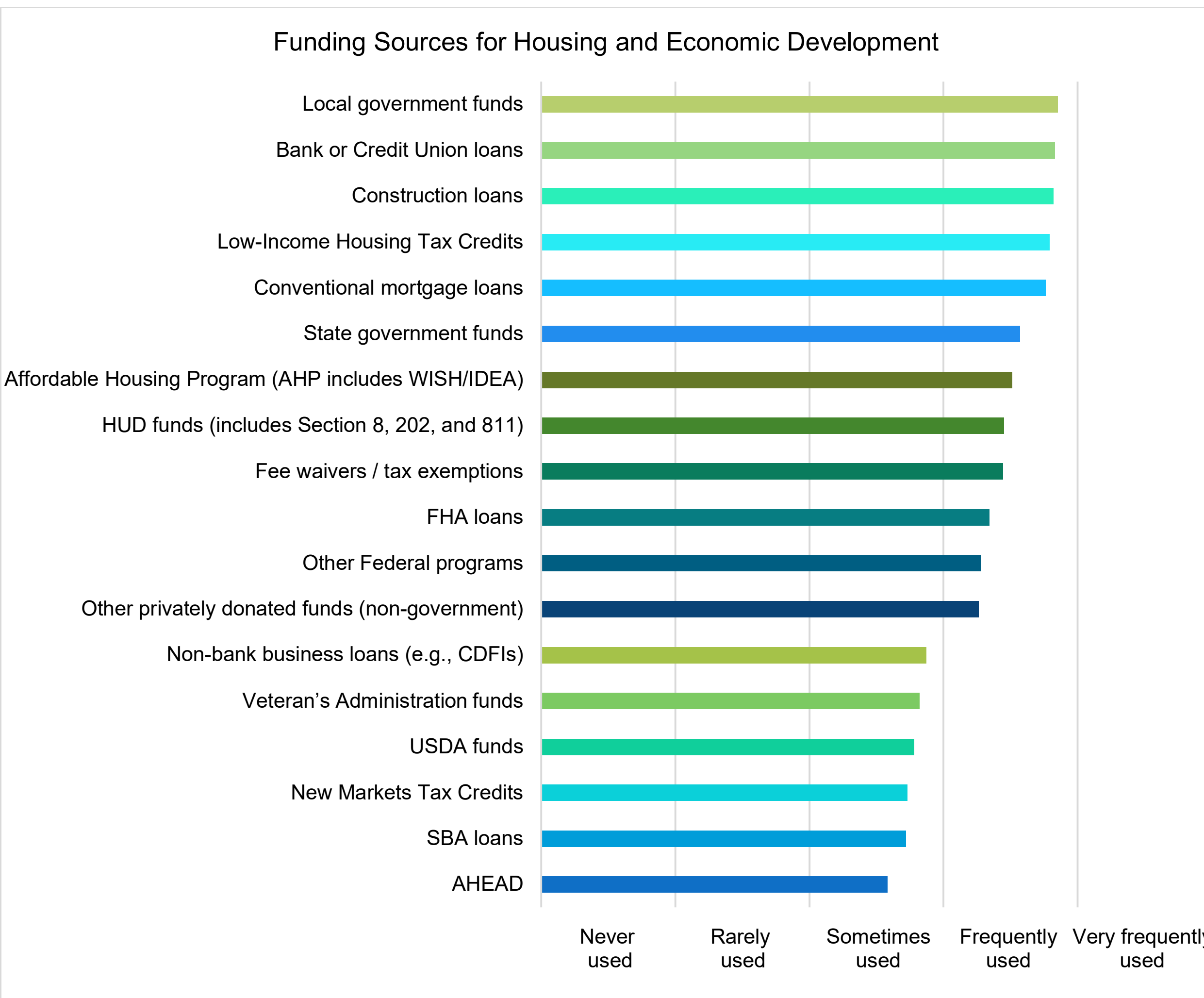
Question 4: Rank the following supportive service needs in your geographic area.



Question 5: Rank the following community lending credit needs and market opportunities in your geographic area.



Question 6: Rank the following funding sources for housing and economic development in your geographic area by frequency of use.



Question 7: Rank the impact of the COVID-19 pandemic in your geographic area on the following.