THE FEDERAL HOME LOAN BANKS: CONGRESS CAN UNLOCK $600 MILLION MORE EVERY YEAR FOR AFFORDABLE HOUSING

Congress chartered the Federal Home Loan Bank (FHLB) System in 1932 to help lower housing costs by providing reliable, affordable liquidity to institutions engaged in mortgage lending. Today, the System serves over 6,500 member institutions, including banks, insurance companies, credit unions, and community development financial institutions (CDFIs).

In 2025, FHLBanks spent 3X as much on dividends than on housing programs.

As government-sponsored enterprises (GSEs), the **FHLBs receive an estimated $7.3 billion in public subsidies each year**, according to the Congressional Budget Office. But the FHLBs have strayed from their housing mission. The majority of FHLB loans ("advances") now go to the nation's largest banks and insurance companies. The benefits of the System have increasingly skewed towards maximizing profits and executive pay rather than meeting the nation's housing needs.

In 2025, the FHLBs made **$5.6 billion** in net income:

- **$3.5 billion** was paid out as dividends to members.
- **$2 billion** was added to retained earnings, which grew to **$33 billion** in total.
- **$887 million** was spent on compensation and benefits, including an average CEO salary of **$2.4 million**.
- Congress required only **$632 million** to be contributed to the Affordable Housing Program (AHP).

Under political pressure, the FHLBs have increased their "voluntary contributions" to housing programs from near-zero to 5 percent of net income over the last three years: meaning that they contributed **$1.1 billion in total to housing in 2025**. But these concessions can disappear as quickly as they appeared.

It's time for Congress to raise the floor on housing contributions.

Visit fhlbankreform.org for more information or contact Sharon Cornelissen at scornelissen@consumerfed.org

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An Increase In AHP Can Help Tackle Our Housing Crisis

Congress designed the Affordable Housing Program to help develop and preserve affordable rental housing for low- to moderate-income families and expand homeownership opportunities.

Doubling AHP from 10% to 20% would add around $600M in funding for affordable housing every year and could annually:

- Help finance the development and preservation of **over 25,000 affordable rental units**
- Support down payment and closing costs for **14,000 households**
- Help more than **1200 families** make necessary home repairs

Raising AHP is Long Overdue

Congress first passed the 10 percent AHP contribution in the 1989 Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), recognizing that the System had neglected its responsibility to support affordable housing and community development. This low floor was established in the aftermath of the Savings and Loans Crisis. At the same time, FIRREA required the FHLBs to contribute 20 percent of net income each year toward paying off REFCORP obligations.

The FHLBs safely and soundly sustained this combined 30 percent annual deduction from net income from 1989 to 2011. Since paying off REFCORP obligations, the FHLBs have grown increasingly wealthy and overcapitalized, adding billions of dollars to retained earnings. Retained earnings have increased from $8 billion in 2011 to $33 billion in 2025.

It is long overdue for Congress to update this outdated legislation and raise the floor for the FHLBs to share the benefits of their GSE subsidies with the broader public.

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