



Press Release

What Are the Federal Home Loan Banks Even For?

PAULINA ENCK | AUGUST 13, 2024

The role the Federal Home Loan Banks (FHLBs) play in both the housing and finance sectors has come under increased scrutiny in Washington since it was revealed in 2023 that the network of banks issued loans to Silicon Valley Bank, Silvergate, and Signature Bank shortly before each collapsed – a decision seemingly at odds with the FHLBs’ mandate to support housing finance and community investment. In a new insight, Director of Financial Services Policy Thomas Kingsley reviews the failures of FHLBs and considers what role they should play in the creation of affordable housing.

Kingsley concludes:

We have been down this road before. Quasi-governmental and thinly capitalized housing finance titans engaging in mission creep to make ever-more risky forays into products and services both in and out of explicit congressional approval rarely ends well. At the end of the day, the American taxpayer will foot the bill. While increasing the supply of affordable housing is a laudable policy goal, the FHLB network is simply not the appropriate vehicle to meet these aims, and policymakers should not be calling for an expansion in the FHLBs’ role in any way. Instead, they should revoke the network’s charters entirely.

[Read the analysis](#)