SL GREEN
REALTY CORP.

June 23, 2020

Federal Housing Finance Agency
Division of Federal Home Loan Bank Regulation
400 7th Street SW, 7th Floor
Washington, DC 20219

Re: Federal Housing Finance Agency Request for Input – Federal Home Loan Bank Membership (February 2020)

To whom it may concern:

SL Green Realty Corp. ("SLG"), a S&P 500 fully integrated real estate investment trust (REIT) with a significant affordable housing portfolio located primarily in the New York City metropolitan area, appreciates the opportunity to respond to the Federal Housing Finance Agency's (FHFA) *Federal Home Loan Bank Membership Request for Input*, published in February of this year. Specifically, SLG owns interests in 4.26 million square feet of residential multi-family housing, representing 4,541 units, 27% of which are affordable housing (rent stabilized, rent-controlled, 421a, Affordable NY). Historically, SLG has loaned nearly $3 billion to renovate or construct 23 million square feet of residential multi-family housing.

SLG strongly supports access to the Federal Home Loan Bank System ("FHLB System") for any well-regulated eligible entity that is committed to the purpose and mission of the Federal Home Loan Bank Act, especially as affordable housing becomes increasingly scarce for the millions of American families that rely upon it. Unfortunately, the FHFA's 2016 final rule excluding "captive" insurance companies from the types of organizations eligible to be FHLB members has increased the cost of capital that SLG historically has committed to building affordable housing in New York City, one of the highest cost housing areas in the country.

During the period of time when captive insurance companies *were* allowed—and in fact were welcomed into the FHLB System by various FHLBs around the country—captives and their related financial institutions had a track record of success as responsible members of their respective FHLBs and facilitated lending and liquidity to the residential housing market in ways that benefitted affordable housing. Although it is understandable that FHFA would want to take steps to ensure the safety and soundness of the System, the ban on captives amount to a blanket approach that ignored the diversity of the industry, the ability of FHLBs to recognize and mitigate concerns, and the value that captive insurers bring to the market.

Because SLG's primary use of FHLB capital is to construct brick and mortar buildings (and not, for example, to purchase Agency MBS), the impact of the FHFA's 2016 final rule excluding captives from FHLB membership has been tangible. Most notably, SLG has significantly

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decreased its underwriting of new construction loans and, consequently, of affordable housing—the very outcome Congress sought to ameliorate by making low-cost financing available to eligible financial institutions, including without limitation "insurance companies," when it created the Federal Home Loan Bank System decades ago.

Now, perhaps more than ever, affordable housing is desperately needed, especially in high-cost areas like the New York metropolitan area where the majority of workers spend a significant amount of their income on rent. SLG appreciates the FHFA's request for input on FHLB members and encourages the FHFA to reconsider the 2016 rule or, alternatively, to construct a new rule that allows responsible, well-capitalized entities committed to the affordable housing goals of the Federal Home Loan Bank Act to access low-cost capital to meet the Nation's residential housing needs. We welcome a more formal process by which the FHFA may consider SLG and other REITs' data to understand the positive impact FHLB access by these financial institutions affords.

Sincerely,

SL Green Realty Corp.