

220 RXR Plaza
Uniondale, NY 11556

March 8, 2023

Sandra L. Thompson
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, D.C. 20024

Dear Director Thompson:

I appreciate the opportunity to comment on the *FHLBank System at 100: Focusing on the Future* initiative. Throughout my career, I have seen the FHLBank System from various angles – first from outside the System as United States Deputy Secretary of Housing and Urban Development for three years, then from within the System as president and CEO of the Federal Home Loan Bank of New York (“FHLB NY”) for more than 21 years, and, for the past six years as a member of the System, serving as Chairman of Flushing Bank, a longtime member of the FHLB NY. From any angle, it is clear that the FHLBank plays a vital role in our nation’s financial system as both a reliable source of critical liquidity for America’s local lenders, and as a catalyst for significant investment in housing and community development activities across every state.

The FHLBanks are able to play this vital role through the execution of their Congressionally mandated liquidity mission. Everything the FHLBanks are able to support flows through this liquidity mission. However, thus far, the majority of the *FHLBank System at 100* review’s focus has been on the housing component of the FHLBanks’ mission, most notably through the Affordable Housing Program (“AHP”). The AHP is a very important tool for the FHLBanks, one that each institution has built into its strategy and culture. When I first joined the FHLB NY in 1992, the AHP was in its nascent stages, having been incorporated into the FHLBanks’ mission in 1989, with the first round of grants issued in 1990. Over the course of my career at the FHLB NY, I had the pleasure of seeing the tremendous growth of this program, to the tune of more than \$7.3 billion in grants through 2021. More importantly, I was able to see the impact of these grants at groundbreaking and ribbon-cuttings for the housing initiatives they helped fund.

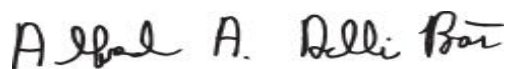
However, while the AHP positions each FHLBank to make a direct and targeted contribution to housing and community development efforts in the communities it serves, it is through executing on its liquidity mission that the FHLBank System makes its most broad and significant impact on these efforts nationwide. I understand why the liquidity mission is not as central to this review as the housing component: “liquidity” is a nebulous term, a bit of regulatory and industry in-speak that does not tell a story. The real story, however, is in what FHLBank members are able to do with that reliable source of liquidity.

What FHLBank liquidity means for a community lender like Flushing Bank is that we can lend out our deposits knowing that we have a reliable source of funding to repay those depositors whenever the need arises. That means that Flushing Bank, one of the leading multifamily lenders in New York, is able to make the mortgages that put people in homes. Flushing Bank has originated and purchased more than \$2.6 billion of multifamily mortgages that finance tens of thousands of housing units for seniors and working families in hundreds of buildings in the five boroughs of New York City, Westchester, Long Island, New Jersey and Connecticut. Yes, FHLBank members still originate mortgages, despite some critics' claims otherwise. It is equally important to note that nonbank mortgage originators do not portfolio the loans they originate, but package them into securities that community banks – and credit unions and insurance companies – purchase. These institutions can then hold these securities on their balance sheets knowing that they can be pledged as collateral at their FHLBank – a relationship that supports the ongoing availability and accessibility of mortgages, including the cornerstone 30-year mortgage, to American households.

Access to FHLBank liquidity also means more community development lending activity for members. For example, in 2019, Flushing Bank was selected to provide financing for a new healthcare facility – the Charles B. Wang Community Health Center - in the heart of Flushing, Queens, one of the most diverse communities in the world. We joined with another FHLBNY member as syndication agents on a construction loan for the development of a charter school in the Bronx. And we recently provided lending support to the creation of a new hotel at John F. Kennedy Airport, helping to create good paying hospitality industry jobs – a crucial part of New York City's local economy.

These examples are just a small sample size of the impact Flushing Bank's lending activity has on the communities we serve. And Flushing Bank is just one of the more than 6,500 FHLBank System members – each of which has its own story to tell about the impact of its loans on a local community. These 6,500 institutions are of different shapes and sizes, with different business models and areas of focus. But each is supported by the liquidity mission of the FHLBanks, a mission that makes it easier for them to make the loans that provide housing and job opportunities, and that grow and strengthen their communities. This is the true impact of the FHLBank System. It is important that, in developing recommendations resulting from the *FHLBank System at 100* review, this critical mission be recognized and preserved, so that the FHLBanks, through their members, can continue to make the same broad, significant and positive impact on American life well into their second century.

Sincerely,



Alfred A. DelliBovi
Chairman of the Board of Directors
Flushing Bank

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Bank