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The Fairmont-Morgantown Housing Authority

NeighborWorks® HomeOwnership Center

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OFFICE OF GENERAL COUNSEL

November 21, 2014

Alfred M. Pollard, Esq., General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency, Fourth Floor
400 Seventh Street, S.W.
Washington, DC 20024

Re: Notice of Proposed Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590–AA39)

Dear Mr. Pollard:

As an affordable housing partner that works closely with community lenders and FHLBank Pittsburgh, we have observed firsthand the important role that the FHLBank plays in providing funding for local financial institutions. The proposed rule will profoundly change the relationship between FHLBanks and their member institutions that is so important to the affordable housing community in their local markets.

This rule will make membership in the FHLBank less attractive to financial institutions since continued access to FHLBank funding will be contingent on new ongoing asset tests. This will no doubt result in decreased lending by the FHLBanks, which will hurt their earnings. As you know, 10 percent of the net earnings of each FHLBank funds its Affordable Housing Program (AHP). Since 1990, FHLBank Pittsburgh has provided approximately $183 million in AHP grant awards that have created more than 28,000 units of housing for low- or very low-income residents. If current and prospective membership in an FHLBank is threatened, FHLBank Pittsburgh's ability to provide AHP grants to affordable housing partners will be diminished. In short, FHLBank Pittsburgh will have fewer funds available to provide AHP grants to support very low- and low-income housing. The recent HMDA data for 2013 shows the share of home mortgage loans to borrowers with incomes at or below 80 percent of area median income (borrowers served by FHLBank's AHP program) fell to only 26 percent of the total mortgage loans made in 2013. Consequently, a reduction in funding for housing for low-income borrowers at this time of fragile housing and mortgage markets is particularly damaging. The partnership that results between financial institutions, affordable housing groups and FHLBanks for a successful AHP program saves at-risk families, veterans, senior citizens and people with disabilities from falling through the cracks. Working together, we keep people off the streets and help stabilize lives and communities.

The Fairmont-Morgantown Housing Authority has been utilizing the Pittsburgh FHLB AHP funds for six years providing much need housing rehabilitation services to low–income home owners in Fairmont, West Virginia. These funds are essential in providing home-owners who have no resources funds to repair health and safety issues of their homes. This program also keeps the elderly in a safe environment in lieu of early institutionalization.

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We may not be FHLBank stockholders, but we are stakeholders. The neighborhoods we serve require access to credit to build new housing, rehab existing stock and stimulate community investment. An arbitrary asset test for continued FHLBank membership will achieve the opposite effect. Our relationship with vulnerable populations with urgent needs for safe and affordable housing leads us to conclude that restricting the continued access of financial institutions to FHLBank membership will hurt communities.

The Fairmont-Morgantown Housing Authority strongly urges FHFA to withdraw RIN 2590-AA39.

Sincerely,

John Martys
Executive Director
Fairmont Morgantown Housing Authority
PO Box 2738
Fairmont, WV 26554