

Joseph A. Yarzebinski, CEcD
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January 5, 2015

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:

Thank you for the opportunity to comment on your proposed rule making. As a community and economic development professional for over 35 years throughout rural America, I currently sit on the FHLBank Pittsburgh Affordable Housing Advisory Council (AHAC). As a member of that Council, I am a strong advocate for affordable housing and the role FHLBank and member banks have in implementing affordable housing developments throughout rural America.

Your proposed rule will profoundly change, in a negative way, the relationship between FHLBanks and their member banks/institutions undertaking the much needed affordable housing developments. This proposed rule will clearly result in serious negative impacts to the affordable housing market. Allow me to provide detail and connect some dots.

Your proposed rule will make membership in the FHLBank less attractive to existing and potential financial institutions. Participation in FHLBanks becomes less attractive because continued access by an existing or potential member to FHLBank funding will be contingent on new on-going asset tests. The result will be fewer members in the FHLBanks. Fewer members means less lending by FHLBank which will result in less earnings, and thus, in less funding available for affordable housing programs. Therefore, the number of affordable housing units will be significantly reduced – and fewer low income families served.

As you know, ten 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, based on your proposed ruling, FHLBank Pittsburgh's ability to provide AHP grants to affordable housing partners will be significantly diminished, leaving those housing partners with no ability to fill the funding gaps in their affordable housing developments.

Your proposed ruling attacks the partnership built between and among financial institutions, affordable housing partners and FHLBanks for a successful AHP program. That partnership saves at-risk families, veterans, senior citizens and people with disabilities from "falling through the cracks". Working together, this partnership currently keeps people off the streets and helps stabilize lives and communities. 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.

While working for the Local Initiatives Support Corporation (LISC) over the past decade, I had the opportunity to personally work with grass-roots community organizations across rural America that had development of affordable housing as a key pillar in their comprehensive community development program. LISC has helped these local organizations build over 313,400 affordable housing units. One key funding line item for these projects, at the local level, has been the funds granted through the FHLBanks. Without the availability of FHLBank AHP funds, many of these developments would have had budget gaps, and the affordable housing units would not have been constructed. Your proposed ruling negatively threatens affordable housing development projects going forward.

The neighborhoods and community organizations that I served throughout rural America require access to credit to build new housing, rehab existing stock and stimulate community investment. An arbitrary asset test for continued FHLBank membership, as proposed by your new ruling, will achieve the opposite effect. That partnership that I mentioned earlier, that partnership built between and among financial institutions, affordable housing partners and FHLBanks, works directly with vulnerable populations in neighborhoods and communities throughout this nation with urgent needs for safe and affordable housing. That partnership succeeds due to the access to FHLBank capital for affordable housing. Restricting the continued access of financial institutions to FHLBank membership by your proposed ruling will hurt communities.

I strongly urge FHFA to withdraw RIN 2590-AA39.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Yarzebinski', with a long horizontal flourish extending to the right.

Joseph A. Yarzebinski, CEcD