



Our Neighborhood. Our Home. Our Future.

**NEIGHBORHOOD HOUSING SERVICES
OF NEW YORK CITY, INC.**

307 West 36th Street • 12th Floor • New York, NY 10018

January 12, 2015

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency - Fourth Floor
1700 G Street, NW
Washington, D.C. 20552

Re: Notice of Proposed Rulemaking and Request for Comments—Members of FHLB (RIN 2590-AA39)

Dear Mr. Pollard:

Neighborhood Housing Services of New York City, Inc. (NHSNYC) is a Community Development Financial Institution and not for profit organization serving the New York City area for over thirty three years. NHSNYC is a member of several networks including: the Housing Partnership Network and NeighborWorks America. In addition, I serve as vice chair of the Affordable Housing Advisory Council of the Federal Home Loan Bank of New York (“FHLBNY”). I greatly appreciate the opportunity to submit comments regarding the Notice of Proposed Rulemaking (NPR) on Federal Home Loan Bank (FHLB) membership.

On January 15, 2014, the FHLBNY announced that it had awarded \$35.5 million in Affordable Housing Program (“AHP”) grants to 48 affordable housing initiatives across its region. These grants will help create or preserve more than 3,000 affordable housing units. In each year since 1990, the FHLBNY has made similar announcements. In total, the FHLBNY has awarded \$470 million in AHP grants to support 1,380 projects build or rehabilitate 60,000 affordable homes. Through the AHP, the FHLBNY and its membership has become one of the most reliable supporters of affordable housing initiatives; however, I am concerned that the notice of proposed rulemaking (“NPR”) in which the Federal Housing Finance Agency (“FHFA”) has expressed its desire to revise its regulations governing FHLB membership has the potential to jeopardize this reliability and limit funds for much-needed affordable housing.

Each year, the FHLBNY devotes 10 percent of its income to funding AHP grants. This practice is repeated at the other eleven Home Loan Banks, providing every community in the nation with access to housing grants. But the membership requirements in this proposal could disqualify a significant number of current Home Loan Bank members, thereby limiting each Home Loan Bank’s earnings potential. Lower earnings translate to a diminished pool of AHP funding. Additionally, AHP funds are made available to housing organizations only through local lenders which are members of a Home Loan Bank. A smaller membership base means fewer community partners through which we can access this vital funding.

This past fall I had the opportunity to attend a meeting of FHLB Affordable Housing Councils’ chairs and vice chairs to discuss the AHP program. Overwhelmingly the opinion was that Congress has given the FHLB System a mission that includes housing as well as community and economic development. Clearly, there are a variety of ways which members can partner

with the FHLB System and support the mission. It is my concern that the NPR incorrectly elevates a single dimension of mission participation, that is residential mortgage holdings, above all else. Coming from an organization that is devoted to homeownership, we could very easily support the recommended changes. We at NHSNYC; however, know that it is the complement of rental, supportive and for sale housing, economic and community development that truly benefits and builds communities serving numerous of our constituents.

In addition, the FHLB system has made great strides in recent years, accepting community development financial institutions as members. As previously mentioned NHSNYC is a member of the NeighborWorks network. Seven CDFIs in the NeighborWorks network are currently FHLB members; and although NHSNYC is not currently a member, it is one of our long term goals to one day become a member. Several more organizations are pursuing membership, and many others are interested in applying for FHLB membership. Opening up of FHLB membership to CDFIs is still a work in progress. FHLBs have made progress in extending membership to CDFIs since the 2008 Housing and Economic Reform Act first opened Bank membership to CDFIs, and since membership regulations were finalized in January 2010. The 2010 final rules on FHLB membership state that FHFA "is confident that CDFIs will bring added value to the Federal Home Loan Bank System consistent with the Banks' mission and without compromising their safety and soundness." With this in mind, FHFA should be looking for ways to help the FHLB System meet the Congressional intent of the Housing and Economic Reform Act, and continue to consider membership to CDFIs.

NHSNYC ask that FHFA carefully consider the impact that the proposed changes will have on AHP and other FHLB affordable housing programs. In addition, NHSNYC encourages FHFA to consider ways to include in AHP other allowed regulatory uses such as Revolving Loan Funds, which could increase the impact of AHP in communities even more. Now is a time for the banking and housing system participants to be innovative, providing families with a choice in home and allowing for existing systems to continue to facilitate and expand the process.

Once again, thank you for this opportunity to comment.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bernell K. Grier".

Bernell K Grier
Chief Executive Officer