



Simpson-Vance House 1892

Redwood Community Action Agency

July 11, 2006

INFORMATION & REFERRAL (707) 269-2002 Federal Housing Finance Board

AMERICORPS (707) 269-2024 1625 Eye Street, NW
Washington, DC 20006

ENERGY SERVICES (707) 444-3831 RE: Federal Housing Finance Board; Proposed Rule: Excess Stock Restrictions and Retained Earnings Requirements for Federal Home Loan Banks; RIN#3069-AB30; Docket#2006-03

Consumer Education, Ext 201
Weatherization, Ext. 204
Lead Based Paint Hazard
Reduction & Inspection, Ext 207
Home Energy Assistance Program

Dear Board Members:

(707) 444-3834 The Affordable Housing Programs (AHP) of the Federal Home Loan Banks (FHLBanks) are a critical source of affordable housing funds that have been accessed by the Redwood Community Action Agency (RCAA): 1. for discounted loans for the implementation of first time homebuyer programs, 2. partially fund a 78 bed transitional housing program for homeless people and 3. for discounted loans to purchase a drop-in/outreach center serving homeless youth. Other agencies in northwestern California have also received funds for first time homebuyer and multi-family housing developments.

FAMILY SERVICES
Transitional Living Program
(707) 269-9590
Family Emergency Shelter
(707) 269-2075

FOOD STAMP DISTRIBUTION OFFICE

(707) 443-6317

In all cases the staffs at the FHLB of San Francisco have worked closely and effectively with the RCAA and local member banks to meet the intent of the AHP program and address pressing local human needs for housing and supportive services. Another community benefit of the AHP is the involvement of member banks with AHP supported projects. This not only provides CRA credit to the member bank, but promotes their active involvement and understanding local housing needs and often results in a bank's increased lending (e.g. 1st mortgage loans to first time homebuyers) and philanthropic activity locally.

HOUSING SERVICES (707) 269-2033
Housing Rehabilitation
Grant Administration
Program Consulting
Wheelchair Ramp Program
(707) 269-2031

NATURAL RESOURCES SERVICES

(707) 269-2057 or 269-2065
Planning & Implementation
Restoration/Mitigation
Consulting & Education
Ecosystem Management Training
Landscape Contractor License #518874

It is RCAA's understanding that the proposed rule, with its requirement to increase retained earnings by \$562 million and thereby decrease the dividends available to members, is likely to make membership in the Bank less attractive for some current members. The proposed rule would require the combined FHLBanks to increase retained earnings by over \$3 billion, according to a Bank estimate. Some members, particularly larger ones, may choose to borrow less and, therefore, reduce the profitability of the Bank, and consequently the net earnings that support the AHP.

NORTH COAST MENTOR PROGRAM (707) 269-2052

While RCAA is not a financial institution nor are its staff fully informed about FHLB laws and regulations; we do understand that if the FHLB's AHP and related programs have fewer dollars to invest in affordable housing, less housing will be produced for low and very low income households. California has just experienced another period of rapidly rising single family housing prices that has been paralleled by increasing rents.

PROPERTY MANAGEMENT Affordable Housing (707) 269-2011

VISTA PROJECT (707) 269-2052

YOUTH SERVICE BUREAU

Administration & Case Management
(707) 443-8322 Ext 201
24-Hour Youth & Family Hotline
(707) 444-CARE
Launch Pad Long Term T.L.P.
(707) 445-1360
Mentoring **(707) 443-8322 Ext. 204**
Our House Short Term Shelter
(707) 444-2273
Raven Street Outreach Program
(707) 443-7099
Thrift Stores **(707) 445-4217**

The Redwood Community Action Agency urges you to withdraw this proposed rule. If my understanding of the rule's impact on AHP activities is alarmist from your perspective, please provide information to me indicating the neutrality or beneficial aspects of it.

Cordially,

Kermit Thobaben, LCSW, Interim Executive Director

George Koortbojian
Board President

Equal Opportunity Housing Provider/EOE
904 G Street • Eureka, CA 95501 • FAX: (707) 445-0884

Lloyd Throne
Executive Director