



Mercy Housing

Mercy Housing California

July 11, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Re: *Federal Housing Finance Board; Proposed Rule: Excess Stock Restrictions and Retained Earnings Requirements for Federal Home Loan Banks; RIN Number 3069-AB30; Docket Number 2006-03*

Dear Sir/Madam:

Thank you for the opportunity to comment on the Federal Housing Financing Board's proposed rule on excess stock and retained earnings requirement.

Mercy Housing depends on the Affordable Housing Programs (AHP) of the Federal Home Loan Banks (FHLBanks) to fulfill our mission of "Creating and strengthening healthy communities through the provision of quality affordable, service-enriched housing for individuals and families who are economically poor". Affordable housing development requires an extensive collaboration of public and private partnerships among FHLBanks, their member institutions, community-based sponsors, state and local governments, and other entities. As you will see in the attached sheets, the AHP funds have made possible over 2,273 units and have leveraged over \$400 million. The AHP funds have served diverse populations such as families, seniors, special needs, homeless/HIV/AIDS, etc.

Funds for the Bank's AHP are made possible through the borrowing activities of its members. The proposed rule, with its requirement to increase retained earnings by the \$562 million and thereby decreases 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 large ones, may choose to borrow less and, therefore, reduce the profitability of the Bank, and consequently the net earnings that support the AHP.

The proposed regulation may also limit the ability of the Bank to provide additional voluntary contributions for affordable housing and community economic development initiatives, in addition to supporting the AHP.

The overall impact of the proposed rule could be particularly adverse in this period of increasing mortgage rates and reduced federal funding for housing. It would be unfortunate if the enactment of this proposed rule caused families to be shut out of the housing market due to their inability to afford higher mortgage rates.

We urge you to withdraw this proposed rule. Its impact could be extremely damaging to the efforts of our organization and similar organizations nationwide that are working to provide affordable housing opportunities to families in need. Thank you for your consideration of these comments.

Sincerely,


Greg Sparks
Regional Vice President

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Mercy Housing is sponsored by communities of Catholic Sisters

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Developments with AHP Funding Sources

Project Name	City	Phase	Certificate of Occupancy	Office	# of Units	Population Served	Financing Type	Total Development Cost	MHC Role
1 1500 South Grand	Los Angeles	Close out	9/20/2005	SoCal	62	Families	AHP; RDA Tax Increment; Tax Credits - 9%	\$32,167,094.00	Sponsor/Owner
2 Cantabria Senior Homes	Encinitas	Close out	12/16/2004	SoCal	45	Seniors	HUD 202; City; AHP	\$5,082,901.00	Sponsor/Owner
3 White Rock Village	El Dorado Hills	Close out	5/1/2005	Sacramento	168	Families Special Needs - Individuals	MHP; AHP; HOME; HELP; El Dorado County	\$54,969,496.00	Sponsor/Owner
4 Belmont House	Belmont	Completed	6/30/1995	San Francisco	6	Homeless/HIV/AIDS	CDBG; AHP	\$595,000.00	Consulting
5 Beverly Terrace Apartments	Linda	Completed	5/31/2000	Sacramento	40	Families	USDA-RD 514/516; HOME; CDBG; AHP; FWHG	\$5,284,824.00	RCHC Owned/Sponsor
6 Country West II	Esparto	Completed	4/15/2004	Sacramento	53	Families - Self Help	USDA 502; AHP	\$8,549,362.00	Developer
7 Countrywood Apartments	Linda	Completed	5/1/2004	Sacramento	65	Families	CalHFA; HOME; Sec. 8; AHP	\$2,142,781.00	RCHC Owned/Sponsor
8 Crossroad Gardens	Sacramento	Completed	1/1/1995	Sacramento	70	Families	Tax Credits - 9%; B of A; AHP; HOME; HCD	\$7,892,111.00	Sponsor/Owner
9 El Centro	Santa Cruz	Completed	1/1/1997	Santa Cruz	45	Seniors	Tax Credits - 9%; RHCP; CDBG; AHP	\$100,000.00	Sponsor/Owner
10 Fleming Place II	Sacramento	Completed	6/1/2003	Sacramento	15	Families - Self Help	Wells Fargo; SHRA; AHP; CallHome	\$3,804,797.00	Consulting
11 Freedom Boulevard Cottages	Santa Cruz	Completed	1/1/1999	Santa Cruz	7	Families	RDA Tax Increment; AHP		Sponsor/Owner
12 Grizzly Hollow II	Galt	Completed	6/1/2002	Sacramento	49	Families - Self Help	USDA 502; AHP	\$6,558,585.00	
13 Kennedy Estates	Sacramento	Completed	1/1/1999	Sacramento	100	Families	Tax Credits - 9%; SHRA; AHP; B of A;	\$6,827,982.00	Sponsor/Owner
14 La Playa Apartments	Santa Cruz	Completed	1/1/1997	Santa Cruz	8	Families	Tax Credits - 9%; SCRA; CDBG; AHP; HCD CHRP	\$80,000.00	Sponsor/Owner
15 Land Park Woods	Sacramento	Completed	1/13/1997	Sacramento	75	Families	Tax Credits - 9%; SHRA; AHP; B of A	\$6,602,307.00	RCHC
16 Mayacamas Apartments	Napa	Completed	6/1/1994	Sacramento	51	Families	Tax Credits - 9%; HCD RHCP; AHP; Housing Authority of Napa	\$3,525,000.00	RCHC
17 Mercy Gardens Mountain View	San Diego	Completed	5/24/2002	SoCal	23	Individuals Homeless/HIV/AIDS	HUD 811; HOPWA; AHP	\$3,842,213.00	Sponsor/Owner
18 Townhomes	Tracy	Completed	7/1/1995	Sacramento	26	Seniors	Tax Credits - 9%; AHP; HOME; Tracy RDA; B of A	\$4,884,915.00	RCHC/ACLC
19 Nueva Vista	Santa Cruz	Completed	12/1/2003	Santa Cruz	48	Families	Tax Credits - 9%; CDBG; AHP; RCAC		Sponsor/Owner
20 Oak Court Self-Help	Rocklin	Completed	1/15/2004	Sacramento	8	Families - Self Help	AHP; CalHFA; CDBG; AHP; City of Rocklin RDA; CHAP; CDDAP	\$2,694,919.00	
21 Odd Fellows Building	Live Oak	Completed	12/30/2000	Sacramento	14	Seniors	Tax Credits - 9%; HOME; CDBG; AHP; AHP; EDBG	\$2,943,012.00	RCHC Owned/Sponsor
22 Pinewood Court Apts.	Williams	Completed	12/21/2004	Sacramento	72	Families	Tax Credits - 9%; HOME; AHP; US Bank	\$9,647,094.00	RCHC Owned/Sponsor

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23 Rio Linda Subdivision	Rio Linda	Completed	6/1/1997	Sacramento	8	Families - Self Help	AHP; SHRA; US Bank		
24 Riverview Homes Strawberry Manor Subdivision	Truckee	Completed	12/1/2000	Sacramento	39	Families	Tax Credits - 9%; AHP; HOME; B of A	\$9,158,321.00	RCHC Owned/Sponsor
25 Sunset Valley Duplexes	Wheatland	Completed	1/1/1994	Sacramento	88	Families	AHP; SHRA; US Bank	\$6,620,982.00	RCHC Owned/Sponsor
26 Folsom Seniors	Folsom	Construction	9/15/2007	Sacramento	138	Seniors	Tax Credits - 9%; AHP; HCD CRHP Tax Credits - 9%; Folsom RDA; AHP; CDBG	\$18,120,584.00	Sponsor/Owner
27 Grizzly Hollow III	Galt	Construction	10/2/2006	Sacramento	54	Families	AHP; CalHFA; FWHG; MHP; SHRA; Tax Credits - 4% Bond	\$17,374,928.00	Sponsor/Owner
28 Power Inn Self-Help	Sacramento	Construction	6/1/2007	Sacramento	35	Families - Self Help	AHP; CalHFA; SHRA; HAC; Bank of America	\$14,085,253.00	Sponsor/Owner
29 Serna Village	Sacramento	Construction	7/31/2006	Sacramento	84	Special Needs - Homeless	HOPWA; Sec. 8 Mortgage; Citibank Mortgage	\$32,218,130.00	Developer/Sponsor
30 Sierra Vista	Linda	Construction	12/1/2007	Sacramento	101	Families - Self Help	USDA 602; AHP; SHOP; RCAC	\$2,995,000.00	Developer/Sponsor
31 Surreal Estates	Sacramento	Construction	7/31/2006	Sacramento	11	Families - Self Help	CSHHP; US Bank; BEGIN funds; SMUD grant	\$2,573,676.00	RCHC Developer/Sponsor
32 Tierra del Sol	Cathedral City	Construction	9/30/2006	SoCal	76	Seniors	HUD 202; City; County HOME; AHP	\$11,904,800.00	Sponsor/Owner
33 Acacia Meadows	Sacramento	Development	10/1/2007	Sacramento	22	Families - Self Help	AHP; CalHFA; BEGIN; CSHHP	\$6,565,351.00	Developer
34 Colonia San Martin Village (aka Golden Day)	Sacramento	Development	4/1/2008	Sacramento	60	Special Needs - Individuals	AHP; HOPWA; Tax Credits - 9%	\$10,465,000.00	Co-Sponsor
35 Pittsburg Family Housing	Pittsburg	Development	7/1/2007	Sacramento	80	Special Needs - Homeless	MHP; AHP; Tax Credits - 4%; CalHFA	\$19,446,149.00	Sponsor/Owner
36 Villa Amador	Brentwood	Development	9/15/2007	Sacramento	96	Families	Agency; AHP; MHP; Tax Credits - 4% Bond	\$22,443,685.00	Developer
37 Arden Aire	Sacramento	Predevelopment	9/1/2008	Sacramento	53	Families	MHP; AHP; County HOME; City RDA; Developer Equity	\$34,289,813.00	Sponsor/Owner
38 Essex Hotel	San Francisco	Predevelopment	12/15/2007	San Francisco	84	Special Needs	AHP; MHP; Tax Credits - 4% Bond	\$35,168,284.00	Developer/Sponsor
39 New Dana HOPE VI-Seniors	Los Angeles	Predevelopment	11/15/2007	SoCal	100	Seniors	AHP; HOME; HUD 202; Tax Credits - 4% Bond		Owner/Sponsor
40 Santa Monica	Fairfield	Predevelopment	6/30/2008	Sacramento	18	Families - Self Help	CalHFA; AHP; City of Fairfield; Redevelopment; CDBG; AHP; SHOP; CSHHP	\$7,218,973.00	Developer/Sponsor

42 Total Developments **Total Units: 2,273** **Total Development Cost: \$448,939,922.00**