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PARK CENTER HOUSING

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SAFE HAVEN PROGRAM

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The mission of Park Center is to serve individuals with mental illness through comprehensive and integrative services focusing on needs, choices and strengths promoting personal growth and improved quality of life.

July 10, 2006

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

Subject: Public Comments
Excess Stock Restrictions and Retained Earnings Requirements
for the Federal Home Loan Banks

Dear Board Members:

As a Regional Housing Facilitator for Nashville, Tennessee, I am writing to convey my sincere concern regarding the Finance Board's proposed excess stock and retained earnings rule and its potentially detrimental effect on a particular vulnerable group of Tennesseans.

The Nashville region alone has been awarded \$1,675,820 for the development or rehabilitation of 69 housing units for persons with serious and persistent mental illness or co-occurring mental illness and substance abuse disorders since 2000.

One of these units belongs to Philip and David. These are two brothers in their mid thirties who both have long histories of severe mental illnesses including years of hospitalizations. They are on SSI due to their mental disabilities, each receiving about \$580 per month. FHLB's and HUD's 30%-for-housing guideline allows them about \$174 per month or a total of \$348 per month for housing. Compare this to the Fair Market Rent in Nashville on a two bedroom apartment of \$666 and a 30 year fixed mortgage at 6.5% on an average cost home in Nashville (\$146,000) of \$992 for just principal and interest and **it would seem that Philip and David would need public support for their housing all their lives.**

However, the American Dream Home Ownership Challenge and Welcome Home programs of the Cincinnati FHLB were an essential part of **turning Philip and David from life-long subsidized housing recipients into tax-paying homeowners.** They are now the proud owners of 2 bedroom condo, each paying \$188 per month for housing (33% total debt-to-income ratio). Since becoming homeowners, their self-esteem has continued to rise, their hospitalizations decreased, and they have provided hope and inspiration to hundreds of other people suffering from mental illness by sharing their story in talks and newsletters.

Also, the Federal budget saves significant money in the long run on this kind of investment. Just considering the decreased government expense of \$350 each in rental subsidy for two housing units, **the \$20,800 in front-end homeownership subsidy to Philip and David will be offset in 2 ½ years and thereafter save the government an additional \$231,000 over the 30 years of their mortgage.**

The Congressionally mandated affordable housing mission of the Federal Home Loan Bank (FHLBank) has also improved the lives of many other Tennesseans with

serious and persistent mental illness or co-occurring disorders (mental illness and substance abuse). With the much-needed help of the FHLBank's Affordable Housing Program, the American Dream Home Ownership Challenge, and the Welcome Home program, Tennessee has seen the development of **4,468** affordable, safe, permanent and quality housing options in local communities for people with mental illness and co-occurring disorders since 2000. In fact, the FHLBank of Cincinnati stands today as one of the **single largest contributors** to Tennessee's Creating Homes Initiative (CHI), a Tennessee Department of Mental Health and Developmental Disabilities strategic plan to partner with communities to create housing options for people with mental illness and co-occurring disorders in Tennessee. As a Regional Housing Facilitator and an integral part of the CHI, I work with housing developers, mental health providers, and other interested stakeholders to facilitate the development of housing for persons like Philip and David with serious and persistent mental illness or co-occurring disorders.

The lack of safe, decent, permanent, and affordable housing options for persons with mental illness and co-occurring disorders is a crisis in Tennessee. But through the success of the CHI, Tennessee has begun to rectify this housing crisis. Since the CHI's beginning in 2000, the FHLBank of Cincinnati has awarded the following funds:

FHLBank Affordable Housing Program - \$15,168,258
FHLBank American Dream Home Ownership Challenge - \$215,000
FHLBank Welcome Home - \$433,500

After careful consideration and analysis, it is my belief that the Finance Board's proposed rule would result in lower overall profits for the FHLBank, which would in turn significantly reduce the amount of the 10 percent set-aside that currently funds the Affordable Housing Program. It would also likely eliminate optional programs such as the American Dream Home Ownership Challenge that helped Philip and David. The loss of these funds would strike a serious blow to some of Tennessee's neediest and most vulnerable citizens—those who have serious and persistent mental illness or co-occurring disorders. Also, as the \$231,000 savings in Philip and David's case shows, the government will end up with significant, ongoing expenses that could be saved if the programs can be continued.

Our belief is that this proposed rule will cause much future harm to the Creating Homes Initiative of Tennessee and more importantly, to a group of people in desperate need of affordable, safe, permanent and quality housing options in local communities. I therefore ask you to withdraw the proposed rule. Thank you for the opportunity to express my recommendations on behalf of Tennessee residents who have serious and persistent mental illness or co-occurring disorders.

Sincerely,



Robert G. Currie,
Nashville Regional Housing Facilitator

cc: David H. Hehman, FHLBank of Cincinnati
Carol Peterson, FHLBank of Cincinnati
Jeff Reynolds, FHLBank of Cincinnati
William H. Frist, U.S. Senate (TN)
Lamar Alexander, U.S. Senate (TN)
U.S. Congressional Representative Jim Cooper
Marie Williams, Tennessee Department of Mental Health &
Developmental Disabilities
Gregory Fisher, Tennessee Department of Mental Health &
Developmental Disabilities