



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 the President of the Board of Directors for the Appalachian Regional Coalition on Homelessness I am writing to convey our sincere concern regarding the Finance Board's proposed excess stock and retained earnings rule and its potentially detrimental effect on a particularly vulnerable group of Tennesseans. ARCH is a public/private partnership with more than 50 organizations/agencies represented by more than 100 individuals and is the HUD-recognized Continuum of Care for the Northeast Tennessee region.

ARCH's mission is to "end homelessness as currently experienced in our region."

Through a series of HUD-mandated Point-in-Time counts over the past three years, ARCH has gathered the first ever regional picture of homelessness and the resources available to reduce and prevent homelessness as currently experienced in our region. As a result of these counts and based on the data gathered, ARCH has identified a persistent and significant lack of safe, decent, and affordable housing as both a major contributing factor for individuals and families entering homelessness and as a serious barrier for persons seeking to exit homelessness.

Current waiting lists for public housing are either closed or have an average wait time of more than 2 years. Our region includes the Veterans Affairs Medical Center (Mountain Home) located in Johnson City, Tennessee. This is one of only two such facilities in the state. Housing for veterans, particularly for veterans on disability, is in chronically short supply. The housing facilities at the VA (the Dom) are full with waiting lists averaging 18 months or more.

Our region includes Hancock County, the 7th poorest county in the nation; Greene County with an unemployment rate consistently above that of the state average; Uncoi County where 51% of the land is State or Federal park/reserve and unavailable for housing or for economic development; Johnson County with an historic shortage of any rental property let alone affordable rental units. All of these counties are in the Appalachia region of the country, and the region as a whole is predominantly both rural and mountainous in nature.

All of these factors together contribute to the need our region has for safe, decent, affordable housing.

The Congressionally mandated affordable housing mission of the Federal Home Loan Bank (FHLBank) has improved the lives of Tennesseans, including homeless/at-risk; veterans, particularly those with disabilities; and persons 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. In addition, both the AHP and the American Dream Homeownership Challenge are critical components in ARCH's 10-year Strategic Housing Plan to end homelessness as currently experienced in our region.

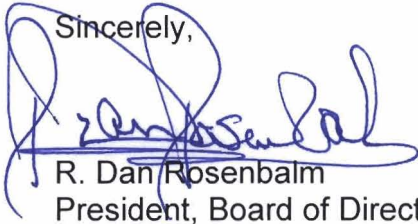
The persistent lack of safe, decent, permanent, and affordable housing options for the working poor in our communities; for the veterans who answered their nation's call; for persons seeking a way out of homelessness; and for persons with mental illness and co-occurring disorders is a crisis in Tennessee. But through the active involvement of the Federal Home Loan Bank of Cincinnati in providing funding for new housing opportunities, Tennessee has begun to address this housing crisis. Since 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 our belief as a Continuum of Care that the Finance Board's proposed rule would result in lower overall profits for the FHLBank, which in turn would significantly reduce the amount of the 10 percent set-aside that currently funds the Affordable Housing Program and other programs such as the American Dream Home Ownership Challenge. The loss of these funds would strike a serious blow to some of Tennessee's neediest and most vulnerable citizens— the working poor in our communities; the veterans who met their nation's need; for persons seeking a way out of homelessness those who have serious and persistent mental illness or co-occurring disorders.

Our belief is that this proposed rule will cause much future harm to people in desperate need of affordable, safe, permanent and quality housing options in our local communities. We therefore ask you to withdraw the proposed rule. Thank you for the opportunity to express our recommendations.

Sincerely,



R. Dan Rosenbalm
President, Board of Directors
Appalachian Regional Coalition on Homelessness

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 Representatives
Marie Williams, Tennessee Department of Mental Health & Developmental Disabilities
Gregory Fisher, Tennessee Department of Mental Health & Developmental Disabilities