



July 7, 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 the state of 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.

My region alone has been awarded **\$959,810** for the development or rehabilitation of **78** housing units for persons with serious and persistent mental illness or co-occurring disorders.

'Sam' is an example of the individuals who have benefited from FHLBank assistance. He had been homeless much of the past six years. He never seemed able to "keep it all together" as he called it. His mental illness, his inability to pay for the medications he needed and his inconsistency with appointments prevented him from maintaining housing and employment for more than a few weeks at a time. Sam was invited to apply for housing at Park Harbor, a 24-unit rental program in Knoxville; in addition to housing, the program provides supportive services and case management to its residents who live independently in apartments. Sam has thrived at Park Harbor; the small number of units in the program, rent based on his income, the availability of staff, and the security of having his own private unit has helped him achieve and maintain a level of stability he had not known for many years. Without FHLBank funding, Park Harbor would not have been able to acquire and convert the structure from its previous life as a homeless shelter – and folks like Sam would not have a chance to recapture their hopes for a "normal" life.

The Congressionally mandated affordable housing mission of the Federal Home Loan Bank (FHLBank) has improved the lives of 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 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. 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.

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,


Sandra S. Shaver, LCSW
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 Representatives
Marie Williams, Tennessee Department of Mental Health & Developmental Disabilities
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