



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES
OFFICE OF RECOVERY SERVICES AND PLANNING
Cordell Hull Building - 3rd Floor
425 5th Avenue North
Nashville, TN 37243

June 30, 2006

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

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

Dear Board Members:

We are writing to express our concern regarding the Finance Board's proposed excess stock and retained earnings rule and the disastrous effect it would have on one of the most vulnerable groups of people in Tennessee—people who have serious and persistent mental illness or co-occurring disorders (mental illness and substance abuse).

Through our work with the Tennessee Department of Mental Health and Developmental Disabilities' Creating Homes Initiative (CHI), we have enjoyed a long-standing and mutually beneficial relationship with the Federal Home Loan Bank (FHLBank). The CHI is a strategic plan to partner with local communities to create housing options for people with mental illness and co-occurring disorders throughout the state. For Tennesseans who have serious and persistent mental illness or co-occurring disorders, the need for housing that is safe, decent, permanent, and affordable is at a code-red, emergency level. But through our partnership with the FHLBank, we have used the CHI to improve the lives of thousands of Tennesseans. Since the CHI's beginning in 2000, the FHLBank of Cincinnati has awarded the following funds:

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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

With the much-needed help of these funds, 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 largest contributors** to Tennessee's Creating Homes Initiative (CHI). Furthermore, the funding from FHLBank often serves as the initial financial foundation of a housing project, without which additional public and private funding could not be leveraged.

The positive effect of Tennessee's partnership with the FHLBank of Cincinnati is illustrated by dozens of accomplishments where our work together to develop affordable housing has made a significant difference in the lives of many. One such example can be seen in rural Anderson County, north of Knoxville, where rental apartments were fully subsidized by a \$500,000 grant from the FHLBank Affordable Housing Program. Today, **25** individuals have a place to live that is safe, decent, and affordable and where they can live fully integrated into their community despite their mental illness.

In Nashville, two members of the Sertoma Club were listening to a presentation on affordable housing for individuals with serious mental illness and decided to get involved. Working with the then CHI Regional Housing Facilitator, Mary Gormley, they formed a Community Housing Development Organization and secured an FHLBank AHP grant for \$827,430 to build **18** units of independent congregate housing.

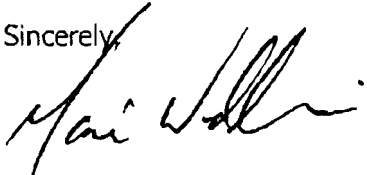
In rural west Tennessee, Regional Housing Facilitator Rozann Downing has worked successfully with four different community agencies to apply for FHLBank American Dream Home Ownership Challenge grants. With a combined total award from the FHLBank of \$140,000, these agencies have been able to provide homebuyer education counseling and down-payment assistance to **18** individuals with serious mental illness, some of whom have families, so that they now enjoy something they never believed would be possible—their own home.

These stories are but a few of the **4,468** personal stories that represent the need for safe, decent, permanent, and affordable housing options for persons with mental illness and co-occurring disorders in Tennessee. They further illustrate the success of the Creating Homes Initiative, a program that has the potential for even more success if the FHLBank remains a crucial financial partner.

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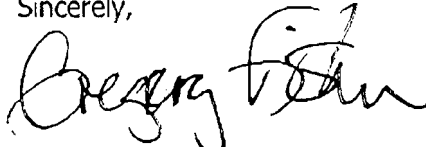
The devastating ripple effects of this proposed rule will harm a vulnerable group of Tennesseans in need of affordable, safe, permanent and quality housing options in local communities. We respectfully request that you withdraw the proposed rule so that we can maintain our successful partnerships and create new ones with local communities to expand housing resources. Thank you for your consideration.

Sincerely,



Marie Williams, LCSW
Executive Director
Division of Recovery Services & Planning

Sincerely,



Gregory Fisher, CMSW
Director, Office of Housing & Homeless Services
Division of Recovery Services & Planning

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)
Marsha Blackburn, U.S. House of Representatives (TN, Seventh District)
Jim Cooper, U.S. House of Representatives (TN, Fifth District)
Lincoln Davis, U.S. House of Representatives (TN, Fourth District)
John J. Duncan, U.S. House of Representatives (TN, Second District)
Harold E. Ford, U.S. House of Representatives (TN, Ninth District)
Bart Gordon, U.S. House of Representatives (TN, Sixth District)
William L. Jenkins, U.S. House of Representatives (TN, First District)
John S. Tanner, U.S. House of Representatives (TN, Eighth District)
Zach Wamp, U.S. House of Representatives (TN, Third District)

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