



MAILING LABEL

Advancing Housing and Community Growth

Spring 2010

AHP GRANTS PROVIDE WINTER WARMTH

FHLBNY Awards \$18.1 Million in AHP Grants



The FHLBNY and its member M&T Bank awarded the Cedar Creek apartments in Ithaca, NY with a \$270,000 AHP grant in the second round of 2007 funding. The FHLBNY announced 40 grants totaling \$18.1 million for the second round of 2009, which will help to build communities just like Cedar Creek across the region.

Having a home of one's own provides a feeling of warmth that is both figurative and literal. On January 20, the Federal Home Loan Bank of New York ("FHLBNY") announced that the Bank and its members would help more than 2,000 households cut through the winter chill by awarding \$18.1 million in Affordable Housing Program ("AHP") grants to 40 housing initiatives across New Jersey, New York, Maryland and Pennsylvania. These initiatives include housing for seniors, low-

income families and the workforce, as well as supportive housing facilities.

These grants represented the AHP's second round of funding for 2009. For the full year, the FHLBNY awarded 81 affordable housing projects with \$35.4 million in AHP grants that will help create more than 3,700 affordable homes. It is anticipated that more than \$828 million in development costs will be generated from these initiatives, benefiting

communities across the region by not only providing housing, but boosting local economies as well.

The \$18.1 million awarded through the AHP are funds drawn from the Bank's earnings. As mandated by Congress, the Bank forgoes 10% of its earnings each year to support these neighborhood housing and economic development initiatives. For more information on the specific grants, please see the back page of this newsletter.

In 2009, the Federal Home Loan Banks marked the 20th anniversary of the Affordable Housing Program, which was created by Congress in 1989. Since the Program's inception, the Federal Home Loan Banks have provided more than \$3.6 billion to facilitate more than 15,000 affordable housing projects across the nation. These grants have created nearly 670,000 units of affordable housing. At the Federal Home Loan Bank of New York, the AHP has supported nearly 1,200 projects with grants totaling more than \$330 million, creating more than 48,000 units of affordable housing and generating more than \$6 billion in total development costs.

"For the past two decades, the Affordable Housing Program has been one of the nation's most successful housing initiatives because of the partnership between the Home Loan Bank, our members, community organizations and elected officials," said Alfred A. DelliBovi, President and CEO of the Federal Home Loan Bank of New York. "As we start a new decade, we look forward to continuing this partnership and helping to build stronger communities across our region for years to come." ■

Commentary: "Support Your Local Lender"

The past three years provide a stern reminder that housing is the beating heart of both our nation's economy and its communities. Last month, the House Financial Services Committee held a hearing on the future of housing finance. There is no doubt that our housing finance system is in need of healing, but it is vital that policymakers do no harm. Community lenders do not require intensive care.

The 12 Federal Home Loan Banks are a source of strength and stability for the community banking system. They enable the delivery of credit to communities for homeownership and rental housing, businesses, infrastructure and jobs. In her statement to the House Financial Services Committee on the future of housing finance, Sarah Rosen Wartell, executive vice president of the Center for American Progress Action Fund, noted that "the goals of the housing finance system should include liquidity, stability, and affordability." These are values the Federal Home Loan Bank System provides to its more than 8,000 community member-lenders every day. The System has remained a stable source of credit for local lenders throughout this most recent crisis because that is precisely what it was designed to do when it was created eight decades ago, during the Great Depression. During the hearing, Chairman Barney Frank noted that the Federal Home Loan Banks "play a very important role in housing finance." The 12 Federal Home Loan Banks have repeatedly been called "a System that works," and it is a System that must be allowed to continue to work if the economy is to fully recover.

The most concise way to capture what the Federal Home Loan Bank System means to the economy is simple: the System supports the local lender. Of course, as the past three years have proved, it is the local lenders who are supporting the nation. While the tactics of the shadow banking industry have created veritable ghost towns of homes left vacant by irresponsible, inappropriate loans, the local lender continues to build strong, vibrant communities through the simple, time-tested method of providing affordable mortgages suitable for each individual borrower. It was not these regulated local lenders – active, involved and invested members of the communities they serve – that brought our economy to the brink of disaster. But, they continue to play an important role in its turnaround.

The Home Loan Banks support this role by providing these community lenders with a consistent source of liquidity. Ms. Wartell stated that "...to ensure that U.S. housing markets are relatively stable, this credit liquidity must be relatively constant over time, including during economic and financial downturns." At the height of this most recent crisis, while other sources of credit froze, the Home Loan Banks continued to provide their members with liquidity, with advances topping \$1 trillion during the third quarter of 2008. Our members pour these advances back into the community in the form of home loans and other investments aimed at strengthening communities, such as small business and agricultural loans. This countercyclical lending is vital to the continued survival of the housing system; without Home Loan Bank advances, the economic downturn of the past three years could have been significantly worse.

In her closing statement, Ms. Wartell warned that "the wrong steps that too quickly constrain access to credit could result in far greater taxpayer losses from our existing exposure to the housing market." When other sources of funding were frozen during the height of the crisis the Home Loan Banks continued to provide advances that our members turned into responsible home mortgages. And now that the economy is showing signs of recovery, it is important that policymakers do no harm to the System.

Sincerely,

Alfred A. DelliBovi
President

There's a Brand New Day Dawning in Irvington

New homeownership project brings 11 new homes to a blighted NJ neighborhood

On February 16, Irvington officials broke ground on the Nelson Estates, a new development that will create new, affordable homes for first-time homebuyers. The event marked the first step in the construction of 11 new single-family homes. By mid-March, demolition on six of the 11 sites was complete, leaving a blank slate for Brand New Day, the project's non-profit developer, to begin its work.

The groundbreaking marked not only the beginning of the Nelson Estates, but also New Jersey's first usage of federal Neighborhood Stabilization Program grants. In 2009, Brand New Day received a federal grant to purchase foreclosed properties in Irvington. Irvington is the first of 22 New Jersey municipalities to utilize these grants – New Jersey received an allocation of nearly \$50 million from the Housing and Economic Recovery Act of 2008.

The Federal Home Loan Bank of New York also provided support, partnering with its member HSBC Bank to award the project with a \$77,000 Affordable Housing Program grant. The grant will be used to help fund construction of the sites, which serve as the first part of a major revitalization in the Irvington community. The Nelson Estates could eventually

provide 30 families with housing. In addition to providing monetary support, the AHP grant will ensure that the site remains affordable. AHP restrictions require that the homes remain affordable for at least five years. This means that only income eligible homeowners are legally premised to occupy the units during that five-year timeframe.

The section of Irvington that will soon house the Nelson Estates is not much to look at now, littered with boarded-up homes and abandoned buildings. But thanks to the efforts of a non-profit developer and state and township officials, a truly brand new day is dawning in Irvington, creating a community out of what was once a blighted neighborhood. ■



A community of affordable family homes will replace neighborhood blight in this architect's rendering of the completed Nelson Estates in Irvington, NJ. Photo Credit: Pereiras Architects Ubiquitous

CIN Q&A: Highlighting the Drivers of Community Development The Apartments at The Belmont

In Allegany County, a historic building has undergone a transformation. The Belmont Hotel, which has stood in Belmont, New York, for more than a century, has recently been reborn as the Apartments at The Belmont. The project, which has already filled all 19 of its affordable rental apartments and some of its commercial space, recently won an Excellence in Historic Preservation award from the Preservation League of New York State. In 2007, the Federal Home Loan Bank of New York and Steuben Trust Company provided the project with a \$168,526 AHP grant. We spoke with Dan Gallagher, Director of Real Estate Development for Arbor Development, and Wendy Skinner, Executive Director of the Fountain Arts Center, about restoring the historic site.

CIN: Where did the idea come from to reuse the historic Belmont Hotel?

The Fountain Arts Center ("FAC") recognized the community importance of the site and purchased it in 2000. They led a grassroots effort to rehab the storefront units to keep the building in use while identifying funding for a full "top to bottom" rehab. In 2005, FAC partnered with Arbor Development to provide management of the proposed residential sections, and Edgemere Development to provide affordable housing finance consulting.

CIN: What advantages does reusing an existing structure as affordable housing have over creating new housing? Are there any disadvantages? If so, how did you overcome these issues?

There are both community and "green" advantages to adaptive reuse projects like the Apartments at The Belmont: the heritage of downtown Belmont was restored and, in fact, the new residents of the apartments value the historic "feel" of the building as much as the longtime Village residents do. The "green" benefit comes from the reuse of building materials which reduces both the amount of landfill and the production of new building materials. When executed well, this approach can be cost neutral. The most significant disadvantage is that the NYS Historic Preservation requirements yield buildings that are less energy efficient than typical new construction.

Through our Community Investment activities, the FHLBNY, our members, and local non-profit organizations support a wide range of affordable housing initiatives across New Jersey, New York, Puerto Rico and the U.S. Virgin Islands. In this new *Community Investment News* feature, we will highlight some of the organizations and individuals that drive community development. Is there a non-profit organization or member institution that you would like *Community Investment News* to highlight? Please contact the newsletter's editors for more information: Brian Finnegan at brian.finnegan@fhlbny.com or Rosemary Robinson at rosemary.robinson@fhlbny.com



From the exterior, The Apartments at The Belmont looks as impressive as it did when the original hotel opened more than 100 years ago. Many of the historic features have been retained while the apartments themselves have been upgraded with modern fittings.

CIN: How is the history of the building reflected in the current setting? Is it important to the community to keep the historical structure?

From the exterior, the building looks as impressive as it did when it opened over one hundred years ago. The commercial spaces have retained many of the features that existed from the start including the vault in the former bank, the ornate ballroom and the restaurant area. While the apartment interiors are upgraded with modern appliances and cabinetry, the hallways and common areas retain the original

rounded corners and arches; the massive central stairwell remains a focal point of all three floors. It may be difficult to quantify but the appreciation of the hundreds of folks who have toured the site is hard to miss when you speak with them. So many have wonderful stories of special occasions in the old Belmont Hotel. We're convinced that this project has renewed a sense of pride and created an optimism in the Belmont area that echoes the prosperous rural New York that existed when the Belmont Hotel was built. ■

Senior Housing Shines in Dumont

March 8 brought more than the year's first warm and sunny day to Dumont, New Jersey; it also brought some much-needed senior housing.

Dignitaries from the Archdiocese of Newark, the Borough of Dumont and Bergen County joined with local seniors to celebrate the opening of St. Mary's Senior Residence, a new complex that offers affordable housing options for low-income residents ages 62 and older. The new housing, located on the site of a former convent that stood near St. Mary's Roman Catholic Church, was developed by the Domus Corporation, the housing arm of Catholic Charities of the Archdiocese of Newark, and the project's contractor, Del-Sano Construction. The creation of the residence came about because of significant support at the local, state and Federal levels, as well as from the Federal Home Loan Bank of New York.

"We have a successful track record of not only working with both the local communities and government leaders, but also with securing the funding needed for these projects," Dr. Phillip Frese, President of the Domus Corporation said in a press release.

The Federal Home Loan Bank of New York's Affordable Housing Program ("AHP") has seen tremendous success over the past two decades through a similar partnership, one between the Home Loan Bank, its members, local non-profit organizations like the Domus Corporation, and city, state and community leaders. Working with its member, Valley National Bank, the Federal Home Loan Bank of New York provided the residence with a \$375,000 AHP grant in 2008 to aid in the construction efforts.

"Access to safe, decent, affordable housing is vital to every community," said Michael M. Horn, Chairman of the Federal Home Loan Bank, at the dedication ceremony. He added that all those who contributed



Michael M. Horn, Chairman of the FHLBNY, speaks at the St. Mary's Senior Residence dedication ceremony in Dumont, NJ. Bergen County Executive Dennis McNerney and Dr. Philip Frese, CEO of Catholic Charities of the Archdiocese of Newark, both pictured here, also spoke at the event.

to the building of these homes will take pride in their work every time they pass the residence, located on Dumont's main thoroughfare.

In addition to the homes it will provide for 49 seniors, the residence will also benefit the community spirit of Dumont.

"Our community can be a complete community," said Dumont Mayor Matthew McHale at the event. "We can keep our seniors here."

The Affordable Housing Program has been very active in New Jersey; since its inception, the AHP has helped 400 projects create more than 15,000

homes with grants totaling nearly \$110 million. St. Mary's Senior Residence is the sixteenth AHP project on which the Home Loan Bank has partnered with Valley National Bank, providing more than \$4 million in grants to bring nearly 700 units of affordable housing to the Garden State.

Following the dedication of the new homes, the Most Reverend John W. Flesey, the Auxiliary Bishop of Newark, reflected on the success of St. Mary's Senior Residence. "This is the way it can work when the goal isn't what's in it for me, but how can we help others?" ■

A Meeting of the Housing Minds

For two days in February, architects, developers, nonprofit executives, bankers, housing activists and public officials braved blizzard conditions in Manhattan to discuss the challenges of workforce housing at an event hosted by the Urban Land Institute's Terwilliger Center.

The ULI Terwilliger Center was formed in 2007 to seek new housing finance approaches for people earning between 60 and 120 percent of an area's median income. Its 3rd Annual Workforce Housing Forum was held to confront the issues of creating and maintaining affordable housing for the nation's working families.

Adolfo Carrion, Jr., Director of the White House's Office of Urban Affairs, gave the keynote address on the second day of the Forum and discussed a focus on building stronger regional economies, leveraging a region's competitive strengths. "Every region of the country should have a business plan and every Federal investment should be driven by that plan," he said. Director Carrion used examples of plans in Seattle and Denver that encouraged housing and sector-driven businesses to grow near transit areas.

In his address, Director Carrion referenced "affordable living," an idea promoted by J. Ronald Terwilliger, founder of the Center, that involves creating affordable housing which considers both housing costs and commuting costs, or creating "opportunities where people really want to live," as Mr. Terwilliger put it. Several other speakers during the day brought up this idea of "affordable living," as affordable housing continues to be built further and further out from city centers, canceling out housing savings by increasing commuting costs. Many of the projects supported by the Federal Home Loan Bank of New York's Affordable Housing Program promote this idea of affordable living by



FHLBNY President Al DelliBovi leads a panel discussion during the Urban Land Institute Terwilliger Center's Third Annual Workforce Housing Forum. Photo Credit: ULI Terwilliger Center

building housing near public transportation, business districts, retail shopping and community centers.

Alfred A. DelliBovi, President and CEO of the Federal Home Loan Bank of New York, headed a panel on "Innovative Financing Options for the Development of Workforce Housing" at the Forum. "Every deal is always creative, so we can find deals by following demand," he noted.

As the Forum came to an end and the participants and speakers trudged back out onto the snowy streets of Manhattan, it was clear that while providing adequate and affordable workforce housing remains a significant issue, it is one that is being actively discussed and confronted by housing experts across the nation. ■

Did You Know?

With the passage of the Housing and Economic Recovery Act of 2008, Community Development Financial Institutions ("CDFI") that have been certified by the CDFI Fund of the Treasury Department are eligible to become members of the Federal Home Loan Bank. Earlier this year, the Federal Housing Finance Agency published regulations that govern CDFI membership. The FHLBNY has developed a team and is working in conjunction with our Affordable Housing Advisory Council to research the issues. More information will follow.

Program Spotlight: The Urban Development Advance

The Urban Development Advance (“UDA”) program serves as a source of low-cost funding specifically for economic development activities. The UDA provides financing for economic development projects in urban areas with a population greater than 25,000 which benefit individuals or families with incomes at or below 100% of the area median income.

These special advances may be used to finance commercial and economic development projects that meet certain geographic, individual, or small business criteria. Projects have utilized UDA funds for the financing of daycare centers, healthcare centers and retail stores, as well as to assist small businesses in a variety of ways, including the purchase of new equipment and expansion into new locations.

For further details, please contact your calling officer at (212) 441-6700 or a member of the Community Investment Department at (212) 441-6850.

United International Bank received a \$1,570,550 Urban Development Advance commitment from the FHLBNY to provide funding to Chinatown Preservation Housing Development Fund Company for the acquisition and rehabilitation of 81 Baxter Street in Manhattan (pictured here). This mixed-use property consists of two retail units on the ground floor, as well as 18 two- and three-bedroom rent control/rent stabilized residential apartments. This property is also qualified for NYC Economic Development programs located in the Chinatown area of NYC.



FHLBNY Awards \$18.1 Million for 40 Affordable Housing Initiatives

In January, the Federal Home Loan Bank of New York announced that the Bank had awarded \$18.1 million in subsidies to fund 40 affordable housing initiatives throughout New Jersey, New York, Maryland and Pennsylvania through its Affordable Housing Program. These awards will result in the creation or rehabilitation of 2,052 affordable housing units in our district and drive community development. It is anticipated that \$405 million in development costs will be generated by these initiatives. The AHP is a competitive grant process made available to Home Loan Bank members. Each AHP subsidy award is specified below, as well as the logos of our members who sponsored award winners in this round.



NEW JERSEY WINNERS

City National Bank of New Jersey
and **LaCasa de Don Pedro**
6 owner-occupied units in Newark, NJ - \$60,000

Columbia Bank
and **Housing Authority of the City of Paterson**
79 rental units in Paterson, NJ - \$400,000

Columbia Bank
and **Long Branch Housing Authority**
60 rental units in Long Branch, NJ - \$610,000

Columbia Bank
and **Habitat for Humanity of Paterson, Inc.**
11 owner-occupied units in Paterson, NJ - \$132,000

Cornerstone Bank
and **Zurbrugg Partnership, LLC**
25 rental units in Delanco, NJ - \$305,000

Investors Savings Bank
and **Cerebral Palsy of North Jersey, Inc.**
14 rental units in Scattered Sites throughout New Jersey - \$140,000

Mariner's Bank
and **Housing Development Corp./Bergen County**
11 rental units in Northvale, NJ - \$110,000

New Community Federal Credit Union
and **Life Management, Inc.**
49 rental units in Newark, NJ - \$380,000

Ocean City Home Bank
and **Seashore Gardens Foundation**
58 rental units in Galloway, NJ - \$500,000

RSI Bank
and **Jersey City VOA Elderly Housing**
99 rental units in Jersey City, NJ - \$1,500,000

Sun National Bank
and **Living Springs Senior Residence, LLC**
20 rental units in Delanco, NJ - \$400,000

The Provident Bank
and **Community Access Institute**
9 rental units in Elizabeth, NJ - \$75,000

NEW YORK WINNERS

Amalgamated Bank
and **Council Towers VI HDFC**
77 rental units in Fresh Meadows, NY - \$770,000

BPD Bank
and **116th Block Association, Inc.**
54 rental units in New York, NY - \$525,000

First Niagara Bank
and **Urban League/Rochester**
10 rental units in Holley, NY - \$175,000

First Niagara Bank
and **Episcopal Community Housing Dev. Org. Inc.**
15 rental units in Williamsville, NY - \$142,500

First Niagara Bank
and **Joseph's House & Shelter, Inc.**
20 rental units in Troy, NY - \$400,000

First Niagara Bank
and **Lakeview Mental Health Services, Inc.**
40 rental units in Seneca Falls, NY - \$343,200

First Niagara Bank
and **Pathstone, Inc.**
52 rental units in Orchard Park, NY - \$494,000

HSBC Bank USA, National Association
and **The Bridge, Inc.**
18 rental units in Bronx, NY - \$360,000

HSBC Bank USA, National Association
and **CAMBA Housing Ventures, Inc.**
200 rental units in Brooklyn, NY - \$1,400,000

M&T Bank
and **Isla Housing and Development Corp.**
186 rental units in Brewerton, NY - \$1,500,000

M&T Bank
and **Hope Buffalo, Inc.**
8 rental units in Buffalo, NY - \$76,000

M&T Bank
and **Chautauqua Home Rehab./Imp. Corp.**
30 owner-occupied units in Scattered Sites throughout New York - \$331,560

M&T Bank
and **Buffalo City Mission**
182 rental units in Buffalo, NY - \$406,000

M&T Bank
and **The Community Builders**
73 rental units in Cohoes, NY - \$500,000

M&T Bank
and **Ibero-American Development Corporation**
25 rental units in Rochester, NY - \$70,815

M&T Bank
and **Geel Community Services**
56 rental units in Bronx, NY - \$520,048

M&T Bank
and **Diocese of Buffalo, NY**
35 rental units in Buffalo, NY - \$300,125

M&T Bank
and **North Star Housing and Development Corp.**
88 rental units of Ogden, NY - \$702,000

M&T Bank
and **Westhab, Inc.**
28 rental units in Greensburgh, NY - \$560,000

NBT Bank, N.A.
and **Liberty Affordable Housing, Inc.**
88 rental units in Utica, NY - \$1,320,000

New York Community Bank
and **Allen A.M.E. Neighborhood P & D Corp.**
58 rental units in Jamaica, NY - \$525,100

Provident Bank
and **Rockland Housing Action Coalition**
26 rental units in Haverstraw, NY - \$520,000

The Bank of Castile
and **McGraw Housing Co., Inc.**
103 rental units in Ithaca, NY - \$515,000

Ulster Savings Bank
and **Hudson Valley Housing Develop. Fund, Inc.**
36 rental units in Chester, NY - \$180,000

MARYLAND WINNER

M&T Bank, Buffalo
and **Conifer Realty, LLC**
53 rental units in North East, MD - \$300,000

PENNSYLVANIA WINNERS

First Niagara Bank
and **Warren-Forest Counties Econ.**
9 rental units in Warren, PA - \$100,000

M&T Bank
and **Citizens Acting Together Can Help, Inc.**
15 rental units in Phila., PA - \$300,000

M&T Bank
and **Friends Rehabilitation**
26 owner-occupied units in Phila., PA - \$200,000



101 PARK AVENUE • NEW YORK, NY 10178-0599

Community Investment News is published by the Federal Home Loan Bank of New York, a privately owned, Congressionally chartered wholesale bank serving the financial needs of community lenders in New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands.