

## SUPPORT GROUP INITIATIVE RESULTS IN NEW HOUSING OPPORTUNITIES

Last October, Congressman Gregory W. Meeks (NY-6) opened the Federal Home Loan Bank of New York's 2012 round of Affordable Housing Program grants by announcing a \$550,000 grant to Calvary Baptist Church of Jamaica New York to help build 58 affordable homes in his district. The grant will help fund construction efforts on the Calvary Grandparent Residence, which will provide affordable housing for seniors who are taking on the responsibility of raising their grandchildren.

"Southeast Queens has an ever growing number of grandparents who are the primary caregivers for their grandchildren," stated Congressman Meeks. "The Federal Home Loan Bank of New York's award of \$550,000 to assist in the construction of affordable apartments for the Calvary Grandparent Residence is a valuable contribution to ensuring that grandparents have the housing they need to nurture the grandchildren in their care. This award will go a long ways toward alleviating the pressures these families face in restrictive housing."

The residence will provide several on-site supportive services, including parenting classes, respite care, counseling and support groups, summer programs for children, stress reduction and exercise classes. The idea for the residence came from the church's grandparents support group, comprised mainly of community members not associated with Calvary Baptist Church.

"This is why Calvary Baptist Church is doing such a great job," Congressman Meeks said. "This is not



Congressman Gregory W. Meeks (NY-6), pictured here with FHLBNY Director Rev. Edwin C. Reed presenting an Affordable Housing Program grant to Calvary Baptist Church of Jamaica New York, kicked off the FHLBNY's 2012 round of Affordable Housing Program funding. (photo credit: Nat Valentine)

just for Calvary members. It's the church reaching out to the community."

The FHLBNY partnered with its member, New York Community Bank, to make the grant, which was part of \$26.4 million in Affordable Housing Program subsidies that the Federal Home Loan Bank of New York will award as its 2012 AHP grant round. It also marks the 15th time the two organizations have partnered to award an AHP grant. The AHP has been a very active program in Congressman Meeks' district: since

1998, six AHP grants totaling \$3.5 million have been awarded in the district, helping to create or preserve more than 400 affordable homes for Queens families.

"What we have found is that by investing in projects, we provide the foundation for continued community development and growth," said Rev. Edwin C. Reed, director of the Federal Home Loan Bank of New York, at the event. "But we do this because we believe banking and finance is more than about the numbers. It's about the people." ■

### The Promise of Housing *by Alfred A. DelliBovi*



Senator Marco Rubio (R-FL), pictured here with FHLBNY President Al DelliBovi, spoke to the importance of a strong middle class at the Jack Kemp Foundation's Leadership Award Dinner. (photo credit: The Jack Kemp Foundation)

that "the path to a prosperous and growing American middle class is the combination of a vibrant economy that creates middle class jobs and people with the skills needed for these new jobs." I believe that this path is laid out on the stable ground of a strong housing market.

The economic benefits of a strong housing market are clear. Over the past four decades, the contribution of housing to the national GDP has

averaged between 17 and 19 percent, and still accounts for approximately 15 percent of GDP despite ongoing challenges facing housing. And homeownership is the greatest tool for wealth creation our nation's families have. For much of the past 25 years, home equity has accounted for approximately one quarter of total household wealth.

We must make sure that our legislators embrace policies that support and strengthen housing, not

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In December, I had the privilege of attending the Jack Kemp Foundation's Leadership Award Dinner, which honored Senator Marco Rubio of Florida. In his remarks, Senator Rubio stated

# A Unified Voice for Housing

On March 19, the Honorable Mel Martinez — co-chair of the Bipartisan Policy Center's Housing Commission — appeared before the Senate's Committee on Banking, Housing and Urban Affairs to discuss the bipartisan solutions for housing finance reform outlined in the Housing Commission's report, *Housing America's Future: New Directions of National Policy*.

"Our nation's system of housing finance is broken," Mr. Martinez said in his testimony. "It's been more than four years since Fannie Mae and Freddie Mac were placed under government conservatorship, yet there is still no clear path forward. The Commission felt that there was an opportunity to fill this policy void and offer a blueprint for a new system that can support both the homeownership and rental markets of the future."

Indeed, *Housing America's Future* does offer a blueprint for a new system. The report is the result of a 16-month effort made by the Commission, which is comprised of 21 housing experts from diverse political and professional backgrounds, including Al DelliBovi, president of the Federal Home Loan Bank of New York. In preparing the report, the Commission held public forums on housing across the country, met with numerous housing providers and practitioners, consulted with housing experts and conducted several housing research projects.

"It is time for those of us committed to responsible and sustainable housing finance policies to speak in one voice," said Mr. DelliBovi. "This report provides us with the framework we need to give our voice power."

*Housing America's Future* lays out a plan for a reformed housing finance system in which the private sector plays a far more prominent role in bearing credit risk. This belief is at the heart of the Housing Commission's report: the current government role in the mortgage market must be decreased and the private sector role must be increased if any housing recovery is to not only be achievable, but sustainable, as well. As long



The AHP has been an active program for more than two decades. In 2001, the FHLBNY and M&T Bank partnered to provide a \$1.3 million grant to renovate the Doris Day Apartments in New York, New York.

as the federal government continues to play an oversized role in the mortgage market, housing cannot normalize and properly recover.

Through Fannie Mae, Freddie Mac and the Federal Housing Administration, the government supports more than 90 percent of single-family mortgages, and approximately 65 percent of mortgages for rental properties. As part of the needed rebalancing within the mortgage market, the report proposes, over a multi-year period, the winding down and ultimate elimination of Fannie Mae and Freddie Mac. As the report states, "the business model of these government-sponsored enterprises — publicly traded companies with implied government guarantees and other advantages — has failed and should not be repeated."

The report proposes replacing Fannie and Freddie with an independent, wholly-owned, government corporation — the public guarantor. This new guarantor would not buy or sell mortgages or sell MBS; rather it would guarantee investors the timely payment of principal and interest on these securities, and would serve only as a catastrophic government guarantee. The report proposes that the government would stand in the "fourth loss" position behind three layers of private capital.

Under this new model, private capital would once again be the primary source of funding in the mortgage market, a system that benefits consumers, taxpayers and the overall economy.

"I believe that, when done right, homeownership can produce powerful economic, social and civic benefits that serve the individual homeowner, the larger community and the nation," said Mr. DelliBovi. "The report calls for a return to the sensible and responsible approach to housing that has been proven over time: solidly underwritten, fixed-rate mortgages with reasonable down payments suited to each individual borrower; loans which have the expectation to be repaid; and a system in which homeowners have a reasonable expectation for home value appreciation."

This is the type of responsible lending our nation's network of community banks is built on, and it is the type of lending that the members of the Federal Home Loan Bank of New York do every day. The best way to meet the needs of consumers and communities is to once again have the private sector play the lead role in the housing market, led by responsible local lenders. A durable housing finance system provides access to lenders of all types and sizes, including community banks and credit unions. These local lenders know the communities they serve, and their continued involvement in the mortgage market allows for mortgage credit to reach all communities in a responsible and localized manner. These are goals echoed in the Housing Commission's report.

It took nearly two years to develop the detailed proposals laid out in *Housing America's Future: New Directions of National Policy*, and it is clear that it was time well spent. The nation's economy and its people cannot afford for the housing market to languish for another six years with no progress made on reforms. Mr. Martinez's appearance in front of Congress is a step in the right direction. As policymakers continue to struggle to find an appropriate response to the challenges facing housing and look to the private sector for guidance, *Housing America's Future* can serve as the blueprint for a new and better housing system. ■

## Program Spotlight: Affordable Housing Program

On February 25, the Bipartisan Policy Center's Housing Commission issued *Housing America's Future: New Directions of National Policy*, a detailed report outlining the challenges facing our nation's housing market and providing recommendations on how to improve current national housing policy. The report noted that the Federal Home Loan Banks' Affordable Housing Program ("AHP") is "a working example of a federal housing policy that promotes access to private capital."

Created by Congress in 1989, the AHP has grown to become one of the largest private sources of grant funds for affordable housing in the United States. Every year since the program's inception, each Home Loan Bank sets aside 10 percent of its annual net income to fund the program. With funds from the AHP, Home Loan Bank members make grants to local housing organizations to benefit affordable housing initiatives in the communities they serve. The AHP allows for funds to be used in combination with other programs and funding sources, like the Low-Income Housing Tax Credit. These projects serve a wide range of neighborhood needs — many are designed for seniors, the disabled, homeless families, first-time homeowners and others with limited resources.

Since 1990, AHP grants have exceeded \$4.8 billion; over the past decade, total AHP contributions have averaged approximately \$200 million nationally each year. And these dollars work: more than 776,000 housing units have been built using AHP funds, including 475,000 units for very low-income residents. Additionally, through the AHP, the Federal Home Loan Bank System is the largest single funding provider to Habitat for Humanity.

At the Federal Home Loan Bank of New York, the AHP has supported 1,343 projects with more than \$440 million in grants, helping to create or preserve nearly 58,000 units of affordable housing and generating an estimated \$8 billion in total development costs. In 2012, the FHLBNY announced the results of two rounds of AHP funding: \$33.6 million awarded in January, and an additional \$26.4 million in October. In total, these two rounds of funding provided grants to help fund 94 affordable housing initiatives across the region, which will result in the creation or rehabilitation of more than 5,500 affordable homes. Additionally,



In 2009, the FHLBNY and Ocean City Home Bank partnered to provide a \$500,000 grant to Seashore Gardens, a senior living center in Galloway Township, New Jersey.

nearly \$1 billion in development costs are expected to be generated from the development of these initiatives, driving economic growth in communities across New York, New Jersey and beyond.

And there is more funding available in 2013. The deadline for the 2013 AHP application — which is available on the FHLBNY's web site — is **June 28, 2013**. The FHLBNY has made \$32 million available for the 2013 round.

AHP funds are awarded to FHLBNY members who submit applications on behalf of project sponsors who are planning to purchase, rehabilitate, or construct affordable homes or apartments. Funds are awarded through a competitive process, and can be used for the acquisition, construction or rehabilitation of either rental housing in which at least 20 percent of the project's occupants earn 50 percent or less of the area median income; or owner-occupied housing in which households earn 80 percent or less of the area median income.

For more information regarding the Affordable Housing Program, please contact our Community Investment Department at (212) 441-6850.

# A Place to Call Home



Congressman Jon Runyan (NJ-3) and FHLBNY Director Richard S. Mroz present an Affordable Housing Program grant to Kent Pipes, president of The Salt & Light Company, Inc., in front of the Amity Transitional Housing site. (photo credit: Tony Graves)

On March 11, Congressman Jon Runyan (NJ-3) visited the site of The Salt & Light Company's Amity Transitional Housing project, an affordable supportive housing initiative in Mount Holly, New Jersey. Congressman Runyan was there to present the organization with a \$200,000 Affordable Housing Program grant, which had been awarded as part of the Federal Home Loan Bank of New York's 2012 AHP round.

"As families in New Jersey continue to struggle to recover from the housing crisis, federal affordable housing programs play a key role in helping families," said Congressman Runyan. "I applaud the Federal Home Loan Bank of New York for their decision to invest in much-needed affordable and supportive housing in Mount Holly. I am confident that this grant will help get low-income women and their children back on their feet, and give them a place to call home."

"New Jersey's 3rd District has a strong supporter of affordable housing in Congressman Jon Runyan, and we appreciate the support he has shown for the Affordable Housing Program, as well as many other affordable housing initiatives across his District," said Richard S. Mroz, director of the Federal Home Loan Bank of New York, at the event.

The Amity Transitional Housing site provides 10 units of affordable housing for single homeless women and homeless women with children. The \$200,000 grant will help fund the rehabilitation of two adjoining buildings and will reconfigure the

buildings so that each resident will have a self-contained independent dwelling unit with living space, a kitchen and bath. Comprehensive on-site supportive services available for residents will include individual and group counseling; crisis intervention; and education in areas of budgeting, money management, housing and life skills training. 1st Colonial National Bank, a member of the Federal Home Loan Bank of New York, submitted the application for the funding. Additional financing will be provided by the New Jersey Department of Community Affairs' Shelter Support Program, a capital grant from

1st Colonial National Bank, developer equity and permanent financing from Roma Bank.

"Developing affordable housing is a difficult challenge since it usually requires working with a seller who can or is willing to wait months for the closing on the sale and a couple of years for all the funding sources to be secured to fully finance the purchase and renovation of a property," said Kent R. Pipes, president of The Salt & Light Company, Inc., a member of The Affordable Homes Group. "The Federal Home Loan Bank of New York understands this struggle and is willing to work with non-profit groups like ours to help make needed projects possible. We are thankful to the staff of both 1st Colonial Bank and the FHLB for the commitment of this \$200,000 grant since we know that homeless women and children for 20-plus years will benefit from this investment in their futures."

Mr. Pipes led guests including Congressman Runyan and Mr. Mroz on a tour of the site, explaining the transformation the buildings will undergo as a result of the renovations. By the end of the afternoon, it was clear just how important the housing is to its residents.

"Building quality affordable housing is the work of many hands," said Mr. Mroz, Director of the Federal Home Loan Bank of New York. "The AHP program works because it supports the strong partnerships that exist between elected officials like Congressman Runyan, community-focused

local lenders like 1st Colonial National Bank, and non-profit housing organizations like The Salt & Light Company, Inc., all working together to build affordable housing for all who need it." ■

**AHP Application Deadline:**  
June 28, 2013

Applications are available at  
[fhlbny.com/community/housing-programs/ahp](http://fhlbny.com/community/housing-programs/ahp).

## The Promise of Housing (continued from page 1)

damage it. The recommendations laid out in the Bipartisan Policy Center Housing Commission's report speak to this need for sensible housing policy. "For most of us, we need to look no further than our own communities to see where the answers to our challenges lie," said Senator Rubio in his remarks. "It starts with strong and stable families. It continues with a vibrant civil society filled with people working together to improve their country, and with a thriving free enterprise economy that creates good paying jobs and can draw upon people with the skills to do those jobs."

Housing has long been a traditional cornerstone of our economy and a key driver of economic development and job creation. But it is also the foundation of strong families and healthy communities. Studies have shown that homeownership has a significant positive effect on children's educational success, community involvement, neighborhood stability and even homeowners' physical and psychological health.

In his comments, Senator Rubio said that "one of the fundamental promises of America is the opportunity to make it to the middle class." I agree with the Senator — one of nation's greatest strengths is the understanding that, with enough hard work, we can all achieve the American Dream. A cornerstone of that dream is a home to call one's own, and with sensible and balanced housing policies, we can ensure that America keeps its promise. ■

## A Commitment to Rebuilding Communities FHLBNY Responds to Hurricane Sandy



As communities throughout New York and New Jersey were reeling in the aftermath of one of the most costly and catastrophic storms to ever strike the region, the FHLBNY was preparing to support its members' efforts to help their communities pick up the pieces. In response to the extensive damage caused by Hurricane Sandy, the Home Loan Bank made \$1 billion in Disaster Relief Funding available to nearly 340 community-based lenders in New York and New Jersey through its Community Lending Programs ("CLP"). This CLP commitment can be used for small business and economic development lending in FEMA-designated disaster areas, including bridge financing.

These low-cost advances are being used by the FHLBNY's member-lenders for various financing purposes, essential to those areas that suffered the worst effects of the storm. The funds also serve to meet the short-, medium-, and long-term funding needs of the affected communities throughout New York and New Jersey. Commitments are being issued to members in \$50 million increments, and can be used for loans originated within 90 days.

Home Loan Bank members have used the funding to bolster their efforts to rebuild small business and communities. To date, Flushing Savings Bank, The Westchester Bank, Crest Savings Bank, Oritani Bank, The Provident Bank, Community National Bank, Empire State Bank, Columbia Bank, Investors Bank, and Magyar Bank, have been approved for more than \$530 million in Disaster Relief Funding commitments. And already more than \$330 million in advances have been drawn, financing a variety of activities including rehabilitation and restoration, bridge financing, working capital and refinancing.

But this commitment is far from exhausted, and members are encouraged to take advantage of these discounted Disaster Relief advances. Our region has been rocked by epic storms during the

last two hurricane seasons, and as the lingering effects of these storms, as well as concerns for the future, remain, the FHLBNY will remain committed to partner with our members to assist their communities in the event of a natural disaster. For more information on the Disaster Relief Funding, please contact your calling officer, or the Community Investment Department at (212) 441-6850. ■

### Eligible Uses of Funds

The \$1 billion CLP commitment can specifically be used for qualified small businesses, and economic development lending. Some examples of eligible uses of CLP funds are:

- » For the acquisition, construction, refinancing, or restoration of branches, and small businesses.
- » Commercial/economic development.

# Affordable Housing Program Success Stories

## Independence Crossing



FHLBNY Director Rev. DeForest B. Soaries and FHLBNY Chairman Michael M. Horn, break ground for Independence Crossing in Somerset, New Jersey. (photo credit: The Genesis Companies)

Construction is underway on a complex in Somerset, New Jersey, that will add 64 new apartments for seniors to the area. In December, Federal Home Loan Bank of New York Chairman Michael Horn and fellow Board member Rev. DeForest B. Soaries were on hand at the groundbreaking for Independence Crossing. The FHLBNY partnered with its member, Citibank, to award a \$630,000 Affordable Housing Program grant to the Rockland Housing Action Coalition to help finance the construction of the new apartments. Of the 64 senior residence units, five supportive housing units will be reserved for special needs residents, with preference given to homeless or disabled veterans.

“As Board members of the Federal Home Loan Bank of New York, Dr. Soaries and I see firsthand how vital our local lenders and non-profits are to communities across New Jersey, each and every day,” Chairman Horn said at the event.

## The Hegeman Residence



This ribbon-cutting officially opened The Hegeman Residence, which provides permanent affordable housing for 100 formerly homeless single adults and 61 low-income working adults at or below 60% of the area median income in Brownsville, Brooklyn.

“We are always proud to support the great work Common Ground does here in New York,” said Alfred A. DelliBovi, president of the Federal Home Loan Bank of New York, at the ribbon-cutting ceremony marking the opening of The Hegeman Residence in Brownsville, Brooklyn. “Common Ground is committed to developing solutions for homelessness and ensuring that all people have safe, supportive and affordable homes.”

The Hegeman Residence provides permanent affordable housing for 100 formerly homeless single adults and 61 low-income working adults at or below 60% of the area median income. In 2008, the FHLBNY awarded a \$1.65 million Affordable Housing Program grant to help finance construction costs. The partnership between Common Ground and the FHLBNY has resulted in eight AHP grants totaling more than \$7.7 million, which have helped build nearly 1,400 permanent and transitional homes.

## The Concern Heights Apartments



The Concern Heights Apartments, a new six-story, 90-unit building, brings innovative supportive housing, as well as new jobs, to Crown Heights in Brooklyn. (photo credit: Dattner Architects)

For more than a decade, the Federal Home Loan Bank of New York has partnered with its member, Astoria Federal Savings, to proudly support the tremendous work Concern for Independent Living does across New York. This support has included 10 Affordable Housing Program grants totaling more than \$6 million, which have helped create or preserve more than 400 affordable homes across New York City. In September, a ribbon cutting was held to officially open The Concern Heights Apartments, bringing an innovative supportive housing development and more than a dozen new jobs to the Crown Heights section of Brooklyn. The Concern Heights Apartments represents Concern for Independent Living’s first mixed-use building, providing housing and supportive services to formerly homeless individuals recovering from mental illness and to low-income individuals and families from the community. The brand new six-story, 90-unit building is located on a formerly vacant lot which was purchased by Concern in 2009, helping to revitalize the area.

## Morgan Village



Guests cut the ribbon at Morgan Village, a new 40-unit affordable housing facility serving low to moderate income families in Camden, New Jersey. The apartments were nearly fully occupied shortly after construction was completed.

On November 27, 2012, community leaders and local and federal officials gathered to celebrate the grand opening of Morgan Village, a new 40-unit affordable housing facility serving low to moderate income families in Camden, New Jersey. All of the units will serve families earning less than 60 percent of the area median income, with five units reserved for individuals with special needs. Morgan Village will also provide supportive services to all its residents, including on-site educational and job training programs.

It took a collaborative effort to secure funding for this project, which included \$6.5 million in financing from the HUD Neighborhood Stabilization Program 2 administered through the Housing Authority of Camden; a \$500,000 allocation from the NJHMFA Special Needs Housing Trust Fund; and Low Income Housing Tax Credits equity. An Affordable Housing Program grant of \$555,674 filled the financing gap, and was used to help fund construction costs. Morgan Village continues the revitalization efforts to preserve this historic neighborhood, and this affordable housing has met an essential need within South Camden – as made evident by the fact that the apartments were nearly fully occupied shortly after construction was completed.



## Questions?

For more information about any of the FHLBNY’s affordable housing and community lending programs, contact the Community Investment department at (212) 441-6850 or visit [www.fhlbny.com/community](http://www.fhlbny.com/community).

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