

Connecticut Economic Inclusion Forum

Community Reinvestment Act and Disaster Relief Efforts

Central CT State University School of Business

July 23, 2013

FDIC

Agenda

1. Bank Overview
2. Disaster Recovery Lessons Learned
3. CRA Compliment
4. Housing and Community Investment Programs
5. Questions & Answers

FHLB Boston

- **A cooperatively-owned, wholesale bank**
- **Served shareholders since 1932; 453 members**
- **Over \$40.2 billion in assets (12/31/2012)**
- **Provide reliable funding and liquidity products and services that facilitate housing and economic growth**
- **Administer Housing and Community Investment Programs**
- **Over 20 years of working with members and housing developers**

Membership Profile



Connecticut

77 members

Advances: \$5.3B

Capital Stock: \$501M

453 Members:

205 thrifts, 155 credit unions, 65 commercial banks, 27 insurance companies, 1 CDFI

Disaster Response: Opportunities and Lessons Learned

- Early response and partnership is critical
- Emergency triage and longer-term redevelopment
- Future preparedness (land use planning)
- Lenders are part of the solution
- Housing/Small Business/Municipalities
- What role for FHLB Boston – CDA, AHP, EBP?

CRA Compliment

- Regulated members using FHLB Boston's Housing and Community Investment Programs for community development projects may qualify for favorable CRA consideration under one of the following programs:
 - Affordable Housing Program
 - Equity Builder Program
 - Community Development Advance Program
- Program characteristics and priorities complement CRA and are designed to assist financial institutions in meeting the credit needs of their communities
- Access to the programs is a core benefit of membership

FHLB Boston Programs

- Affordable Housing Program (AHP)
- Equity Builder Program (EBP)
- Community Development Advance (CDA and CDA Extra)



Affordable Housing Program

- Funded through 10 percent of the Bank's net earnings
- Provides grants and subsidized interest rates on advances for investment in affordable housing production and preservation that serves very low-, low, and moderate-income families
 - CRA credit under the “service” test for applying for funds
 - May also receive additional consideration under the “lending” and “investment” tests for providing construction or permanent financing, or investing in Low Income Housing Tax Credits
 - Dependent on the bank's role in the project and whether the activity meets a community development purpose

2013 Member and Round Limits

- Member Application Limit
None
- Member Approval Limit
25% of subsidy available
- AHP Maximum (direct subsidy and advance subsidy)
\$1,000,000 per application (increased for 2013)
- AHP Maximum Grant (direct subsidy)
\$500,000 per application (increased for 2013)
- AHP Maximum for Homeownership (direct subsidy)
\$30,000 per ownership unit

Key AHP Dates for 2013

- Application Opens:
Monday, July 29, 2013
- Applications Due:
Friday, September 13, 2013 by 5:00pm
- Award Announcements:
December 2013

Equity Builder Program

- Individual grants of up to \$15,000 that provide down-payment, closing-cost, homebuyer counseling, and rehabilitation assistance to households with incomes at or below 80 percent of AMI
 - Works with members' existing residential mortgage products and helps to expand lending
 - Can be combined with other subsidy programs
 - Members provide concessions and ensure homebuyers receive homeownership counseling
 - CRA consideration for “flexible and innovative financing”
 - May also receive additional consideration if the member provides the counseling directly or the EBP is targeted to an identified need

CDA Program

The CDA Program has two options to provide financing for predevelopment, purchase, construction, rehabilitation, or refinance: CDA and CDA Extra

- Housing (residential)
- Economic Development (nonresidential)
- Mixed Use (combination of residential & nonresidential)
- Eligibility based on geographic and targeted beneficiaries of the funds
 - Includes State or Federal-declared disaster areas

Program Benefits

Benefits :

- Bank's lowest cost advances
- Expand community development lending
- Meet the credit needs of communities
- Easy to find qualifying loans

Allows you to:

- Compete on term
- Lock in spread and term
- Mitigate interest rate risk
- Provide lower cost of funding to community
- CRA benefits

Community Development Lending

\$Millions	CT	MA	ME	NH	RI	VT	Total
Community Development Advances							
\$ Disbursed	\$1,869.0	\$7,439.0	\$1,091.2	\$750.5	\$356.9	\$656.1	\$2,232.9
Small Business Funding	\$479.0	\$1,465.2	\$580.8	\$235.1	\$79.8	\$318.8	\$3,193.7
Total CDA Housing Units	10,718	55,427	8,076	8,091	2,814	4,576	90,294
Affordable Housing Program							
Direct Subsidy/Grant	\$23.6	\$80.3	\$26.7	\$14.8	\$12.5	\$12.0	\$170.7
Subsidized Advances	\$27.7	\$87.0	\$11.2	\$17.2	\$22.9	\$25.4	\$191.4
Total AHP Subsidy	\$32.5	\$102.3	\$31.2	\$19.8	\$18.6	\$18.0	\$232.2
Total AHP Units	3,234	13,496	2,699	1,581	1,438	1,728	24,255
Equity Builder Program							
\$ Disbursed	\$2.0	\$8.0	\$2.3	\$1.2	\$1.0	\$3.3	\$17.8
Total EBP Units	191	842	223	98	85	300	1,739
Total Housing Units	14,143	69,765	10,998	9,770	4,337	6,604	116,288

FHLB Boston Double-Bottom Line

- FHLB Boston's Housing and Community Investment programs allows its members to realize business opportunities in community development lending, while enhancing CRA consideration
 - Provides private capital to expand community development lending, while helping to limit risk
 - Encourages public/private partnerships to finance complex affordable housing and economic development projects
 - Communities receive sustainable asset that meet the needs of its residents and stabilizes neighborhoods
 - Investments in community assets have an economic ripple effect that benefits everyone
 - Programs are flexible and developed to meet CRA