

2012 COMMUNITY LENDING PLAN

Federal Home Loan Bank of Seattle Policy

Maintained by: Community Investment Officer

Reviewed by: Affordable Housing Advisory Council, Financial Operations and Affordable Housing Committee

Approved by: Board of Directors

Review Cycle: Annually

BACKGROUND

The Community Investment Cash Advance (CICA) and Community Support regulations obligate each Federal Home Loan Bank to develop an annual Community Lending Plan for approval by the Board of Directors. In order to successfully develop this plan consistent with the regulations, the Seattle Bank's practice has been to:

- Periodically conduct market research in the Seattle Bank's district.
- Describe how the Seattle Bank will address identified community credit needs and market opportunities in its district.
- Consult with its Advisory Council, Board of Directors, members, and public and private housing and economic development organizations in developing and implementing its Community Lending Plan.
- Establish community investment performance goals.

THE FEDERAL HOME LOAN BANK OF SEATTLE

As of September 30, 2011, the Seattle Bank had \$40.4 billion in assets, 381 stockholder members and six approved housing affiliates. The Seattle Bank's district includes eight states (Alaska, Hawaii, Idaho, Montana, Oregon, Utah, Washington and Wyoming), the Northern Mariana Islands and the U.S. territories of Guam and American Samoa. This region is home to one-third of the Native populations in the United States, encompassing Alaska Natives, Native Americans, Native Hawaiians, and the Native Peoples of the western Pacific Islands.

The Seattle Bank offers a variety of community investment products in addition to advances, Standby Letters of Credits, and other financial products and services for members serving this diverse region. The community investment products are listed below.

SUBSIDY PROGRAMS

The Affordable Housing Program (AHP) is a competitive program that provides funding for the acquisition, development, and/or rehabilitation costs associated with affordable housing. As of September 30, 2011, AHP had committed a net amount of \$140.29 million in subsidy to assist 27,126 low- and moderate-income households.

Home\$tart and Home\$tart Plus (H\$P) are a set aside from the AHP that provide non-competitive grants for low- and moderate-income, first-time homebuyers. As of September 30, 2011, H\$P had

disbursed a net amount of \$42.2 million to 8,554 households. An additional \$70,000 was committed to 14 households enrolled in the program.

The AHP Implementation Plan details how the AHP and H\$P are administered. The AHP Implementation Plan is reviewed by the Seattle Bank's Affordable Housing Advisory Council, approved by the Financial Operations and Affordable Housing Committee, and ratified by the Board of Directors.

ADVANCE PROGRAMS

The Community Investment Program, Economic Development Fund, and Community Investment Program Plus (CIP/EDF/CIP Plus) comprise a \$1 billion revolving advance pool for affordable housing and economic development that benefits low- and moderate-income households and neighborhoods. As of September 30, 2011, the Seattle Bank had made a total of \$3.63 billion in discounted CIP/EDF advances to finance 49,521 units of affordable housing for low- and moderate-income households and 357 economic development projects. Through CIP/EDF, the Seattle Bank also offers discounted prices on its Standby Letters of Credit and forward rate locks for qualifying projects.

MARKET RESEARCH

- In 2011, the Seattle Bank conducted two comprehensive surveys, one for members and a second for community partners. The goals of the survey were to understand: (a) Seattle Bank member and community partner perspectives regarding housing needs with the Seattle Bank's district; (b) the value that the Seattle Bank's community investment programs provide; and (c) what motivates members and community partners to participate in these programs. The survey results are being analyzed and will be used to advance discussions with the Affordable Housing Advisory Council and Board of Directors about AHP's guiding principles.
- The Seattle Bank periodically reviews the Qualified Allocation Plans (QAP) and Consolidated Plans for each state in the district to evaluate market conditions and to compare the funding priorities of local and state governments and state housing finance agencies with the funding priorities of AHP. Other national and local resources are also consulted such as various publications authored by the Federal Reserve Banks, Joint Center for Housing Studies at Harvard University, National Low Income Housing Coalition, National Association of Affordable Housing Lenders, National Housing Conference, etc. The Seattle Bank is also in frequent communication with its members and housing sponsors, which further informs the bank about the district's credit needs.
- Moreover, the Affordable Housing Advisory Council and AHP Subcommittee of the board of directors' Financial Operations and Affordable Housing Committee present information about regional and national trends, initiatives, and market data that both inform the Seattle Bank about the unmet credit needs in our eight-state district and provide context for how to best structure our community investment products to meet those needs.

2011 PERFORMANCE GOALS - REPORT OF ACHIEVEMENT

In addition to the performance goals listed below, the Seattle Bank made available and promoted a special offering of up to \$50 million in 12 to 35 month CIP/EDF advances for qualifying affordable housing and community development projects and activities. Additionally, the Affordable Housing

Advisory Council considered approaches for defining and comparing the “housing needs” of communities within the Seattle Bank’s district.

Develop and implement presentations and/or case studies to demonstrate how the Seattle Bank can support members’ compliance with CRA obligations. On June 23, 2011, the Seattle Bank hosted “CRA: It’s Not Just About Compliance Anymore,” a webinar that highlighted the increasing regulatory focus on CRA compliance, best practices in achieving an “outstanding” CRA rating, and ways in which members can use Seattle Bank community investment programs to promote their CRA goals. 51 individuals representing 41 member institutions attended the webinar.

Continue to pursue new membership opportunities for non-depository CDFIs. The Affordable Housing Advisory Council agreed on an approach for Seattle Bank outreach to non-depository CDFIs.

Promote community investment among Seattle Bank members by recognizing a specific member for its exemplary engagement in its community. The 2011 Community Spirit Award will be presented to West Coast Bank at an event to be held in Salem, Oregon on December 8, 2011.

Cultivate and strengthen relationships among the Seattle Bank, members, and affordable housing sponsors by continuing to support community events that promote affordable housing and community economic development in the Seattle Bank’s district. In 2011, the Seattle Bank sponsored seven housing conferences in four states, facilitated four presentations on community investment programs in three states, and attended three community events sponsored by affordable housing and community outreach organizations.

Provide training for members and housing sponsors that demonstrates how to maximize the benefits of the new community investment online application, disbursement, and monitoring system. Because the community investment online application was not available to members and sponsors, this goal could not be achieved. Notwithstanding this, the Seattle Bank provided three web-based seminars to 27 members and 59 affordable housing sponsors to provide training on the 2011 AHP application approval process.

2012 PERFORMANCE GOALS

Provide three community investment webinars to members and affordable housing sponsors.

Promote community investment activities among Seattle Bank members by recognizing a specific member for its exemplary engagement in its community.

Incorporate feedback from the 2011 community investment survey into discussions about AHP’s guiding principles with the Affordable Housing Advisory Council and board of directors.

Cultivate and strengthen relationships among the Seattle Bank, members, and affordable housing sponsors by continuing to support community events that promote affordable housing and community economic development in the Seattle Bank’s district.

DOCUMENT HISTORY

Last Reviewed/Amended: December 6, 2011

First Approved: