

REPORT FROM THE CHAIR

The Federal Home Loan Bank of San Francisco’s Affordable Housing Advisory Council is very proud of the specific and substantial ways the Bank’s community investment programs and products expand access to safe, decent, affordable housing and economic opportunity for low- to moderate-income families and individuals. Despite familiar and new obstacles to achieving these goals, we take heart in the remarkable progress that we continue to make together.

In the aftermath of the biggest disruption to the housing market we have seen since the Great Depression, however, it is clear that business as usual has to change. Going forward, we will continue to look for the most effective ways to respond to new paradigms in affordable housing and economic development.

We are pleased to present this annual report summarizing what the Bank’s community investment activities accomplished in 2011.

COMPETITIVE AFFORDABLE HOUSING PROGRAM RESULTS

(Dollars in millions, except subsidy per unit)	2011 RENTAL	2011 OWNERSHIP	2011 TOTAL	1990 - 2011
Applications Received				
Number of Applications	241	27	268	5,122
Subsidy Requested	\$145.9	\$6.1	\$152.0	\$1,907.7
Approved Applications				
Number of Applications	89	14	103	1,910
Subsidy Awarded	\$58.3	\$2.7	\$61.0	\$670.1
Number of Units	5,584	141	5,725	100,060
Effectiveness				
Average Subsidy per Unit	\$10,440	\$19,450	\$10,662	\$6,697

These results reflect adjustments, cancellations, and modifications to projects as of December 31, 2011.

Projects funded through the competitive Affordable Housing Program (AHP) offer low-income and moderate-income families, seniors, veterans, young people transitioning out of the foster care system and other at-risk youth, people with disabilities, individuals struggling to overcome addiction, and homeless men, women, and children an affordable place to call home. With other sources of funding for affordable housing decimated, limited AHP resources were in great demand in 2011.

To make the most of available funds, the Advisory Council and the Bank focused the AHP on helping to move as many projects as possible to completion and maximizing the number of affordable housing units created. A total of \$61 million awarded in two competitive rounds in 2011 will leverage \$1.3 billion in total development costs to create over 5,700 new units.

AHP subsidies help finance a wide range of affordable housing solutions, from new construction or historic preservation and adaptive reuse to rehabilitation and resale of foreclosed homes. And the value of AHP dollars is not limited to the number of new housing units produced. Where AHP projects are developed, local economies are given a real boost: these projects create jobs, increase construction and consumer spending, and generate new tax revenues.

Local communities in Arizona, California, Nevada, and nine other states served by Bank members will experience the ripple effects of the \$61 million awarded in 2011. We estimate that a temporary workforce of more than 6,000 people will be needed to deliver on the affordable housing development commitments of 103 [AHP grant recipients](#). Once occupied, the funded projects will produce 314 new, permanent jobs for staff involved with operations, compliance, property management, and services to residents.

WISH AND IDEA FIRST-TIME HOMEBUYER PROGRAMS

The Bank allocated \$12 million to its 2011 Workforce Initiative Subsidy for Homeownership (WISH) and Individual Development and Empowerment Account (IDEA) first-time homebuyer programs. In 2011, 32 of the Bank's member financial institutions reserved [\\$9.4 million in WISH funds](#) and [\\$2.6 million in IDEA funds](#) to help lower- to moderate-income families and individuals become homeowners in Arizona, California, Nevada, and other states where Bank members do business. Six institutions are participating in these programs for the first time.

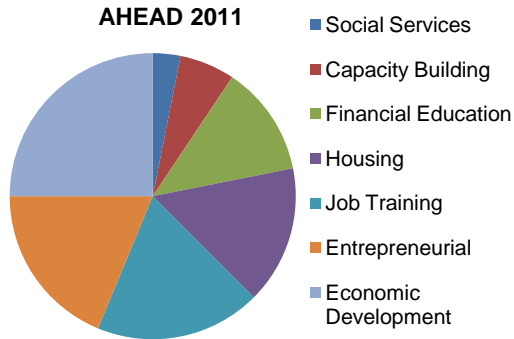
WISH and IDEA grants match \$3 for every \$1 contributed by the homebuyer, up to a maximum grant of \$15,000, and can be used for downpayment and closing costs. Grants are made available to households earning up to 80% of area median income through participating Bank members. Eligible participants must successfully complete a homebuyer counseling program, meet the member financial institution's definition of a first-time homebuyer, and qualify for a mortgage.

WISH grants are targeted to working families and individuals who are ready to purchase their first home. The program can complement or supplement a variety of local, state, and federal homeownership programs. The asset-building IDEA program is directed at homebuyers who have been saving for the purchase of their first home through an Individual Development Account or participating in their local housing authority's Family Self-Sufficiency homeownership program. In recognition of the need to implement creative, responsible solutions to the ongoing foreclosure crisis, the Bank has broadened IDEA program eligibility to include households participating in lease-to-own programs administered by a nonprofit or government entity.

AHEAD GRANTS

The Bank makes Access to Housing and Economic Assistance for Development (AHEAD) grants through Bank members to local community groups initiating projects or programs that will:

- create or retain jobs,
- facilitate public or private infrastructure improvements, or
- produce housing, services, or other benefits for low- to moderate-income households.



Designed to help get good ideas off the ground, AHEAD is a non-mandated grant program funded each year at the discretion of the Bank's Board of Directors. Demand for these early-stage funds continues to grow. With \$1 million available in 2011, the Bank received 125 applications requesting over \$5 million.

In 2011, AHEAD grants averaging \$30,000 were awarded to community groups through 17 Bank members, including two credit unions and the

Bank's first community development financial institution member. With all funded projects aiming to foster economic development and promote community stability and self-sufficiency, particular goals of the diverse [2011 AHEAD grant recipients](#) include:

- creating or expanding job training programs and employment services targeted specifically to at-risk youth, low-income immigrant populations, participants in recovery programs, and others
- incubating or growing entrepreneurial social enterprises that generate living-wage jobs
- facilitating commercialization of emerging clean energy and environmental technology companies
- providing technical assistance and support to establish or grow healthy-food enterprises in underserved areas
- implementing site improvement and economic development plans on a Native American campground to create a multi-generational affordable housing village designed for families, children being raised by relatives, and transition-aged youth

The Bank and the Advisory Council are very pleased with the results being generated by the recipients of AHEAD grants, and appreciate the Board's commitment to supporting the efforts of Bank members and their community partners in tackling such challenging problems.

CIP AND ACE CREDIT PROGRAMS

The Bank's Community Investment Program (CIP) continues to be an essential source of lower-cost funding for affordable housing activities. In 2011, members borrowed \$378.8 million in CIP advances to benefit low- to moderate-income people, a 56% increase over borrowings in 2010.

Members also continued to tap the Advances for Community Enterprise (ACE) program to provide their customers with lower-cost funding for projects and activities that result in the creation of jobs or other benefits for low- and moderate-income communities. Members borrowed \$70 million in ACE advances during the year, more than double the prior year's total, to finance commercial, industrial, and manufacturing activities; support social service, community, and public works projects; or fund public or private infrastructure projects such as roads and utilities.

The Bank issued ten lower-cost Standby Letters of Credit, of which \$4.1 million facilitated the creation or retention of jobs while \$101.6 million supported the development of affordable housing projects.

OUTREACH, TRAINING, AND TECHNICAL ASSISTANCE

Reaching out to and collaborating with other affordable housing advocates, policymakers and public officials, government agencies, and a host of community and economic development organizations are key to achieving the Bank's Community Lending Plan goals. To establish and deepen these vital relationships, the Bank participated in over 100 public and industry events and affordable housing and community development conferences, forums, and meetings, including:

- **Low-Income Housing Tax Credits Simplified Conference, Phoenix, AZ**
The Bank co-sponsored and presented at this conference, convened by the Federal Reserve Bank of San Francisco and the Office of the Comptroller of the Currency, which focused on the use of low-income housing tax credits for the development of affordable housing.
- **"Such a Time as This" Conference, Las Vegas, NV**
The Bank co-sponsored this faith-based conference with HUD and presented information about the Bank's community investment grant programs.
- **Strengthening Small Business Workshop, Sacramento, CA**
The Bank participated in a workshop, hosted by the Federal Reserve Bank of San Francisco and California Capital Financial Development Corporation, which provided an overview of small business lending programs and explored opportunities to support local business development efforts.

The Bank also hosted a number of foreclosure prevention events that offered at-risk homeowners access to individual counseling with HUD-certified housing counselors and opportunities for mortgage modifications through participating lenders. Hundreds of families attended these events, with many receiving private one-on-one counseling. These events also provided an opportunity for potential first-time homebuyers to learn about WISH and IDEA, the Bank's homeownership set-aside programs.

Bank staff continued to offer both new and experienced community investment program participants training and technical assistance on using Bank grant programs and credit products. Members and project sponsors received updates and guidance on the application and disbursement processes for AHP, WISH and IDEA, and AHEAD at both workshops and webinars, and learned about the Bank's compliance requirements and procedures through quarterly webinars. In 2011, the Bank conducted:

- 13 AHP competitive application workshops: 2 in Arizona, 1 in Nevada, 7 in California, and 3 webinars
- 17 AHP compliance webinars
- 21 WISH and IDEA workshops: 3 in Arizona, 1 in Nevada, 12 in California, and 5 webinars
- 2 Household Income Qualification webinars (new)
- 1 AHEAD workshop in California

IN CLOSING

On behalf of the Council, I would like to thank the Bank's members, Board of Directors, management, and staff, without whom the results presented in this report would not have been possible. In addition, the Council looks forward to continuing our collaboration and enhancing our engagement with the Bank's Board of Directors, exchanging ideas and sharing information on how to help our constituents meet the unique housing and economic development challenges we face today.

I offer the Council's sincere gratitude to outgoing Advisory Council member Jacque Haas Woodring, whose enthusiasm, support, and guidance on the Council will be deeply missed. We are very pleased to be able to welcome back to the Council Mike Mullin, President of Nevada HAND.

It has been an honor and a great privilege to serve as Chair and to work with the Bank on helping to meet the needs of the communities served by the Bank and its members. My best wishes to the new chair, James Feltham, President and CEO of Neighborhood Housing Solutions, who will lead the Council in advising the Bank as we work to develop new and innovative ways to meet our shared housing and community economic development mission in 2012 and beyond.

Respectfully submitted,



Robin Hughes
Chair
Affordable Housing Advisory Council

ABOUT THE FEDERAL HOME LOAN BANK OF SAN FRANCISCO

The Federal Home Loan Bank of San Francisco delivers low-cost funding and other services that help member financial institutions make home mortgages to people of all income levels and provide credit that supports neighborhoods and communities. The Bank also funds community investment programs that help members create affordable housing and promote economic development. The Bank's members are headquartered in Arizona, California, and Nevada and may include commercial banks, credit unions, industrial loan companies, savings institutions, insurance companies, and community development financial institutions.



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