



2012 Community Lending Plan

Table of Contents

Executive Summary

Part One: Market Assessment

A. Primary Research	1
B. Secondary Research	5
C. Opportunities	8

Part Two: Goals and Initiatives

A. Recap of 2011 Initiatives	10
B. 2012 Key Initiatives and Goals	15

Executive Summary

The Federal Home Loan Bank of Pittsburgh (Bank) is pleased to provide its Year 2012 Community Lending Plan (hereinafter "Plan"). The Plan describes the Bank's efforts to assist its members in reaching their housing and economic development goals for the communities they serve. Within this Plan, the Bank provides a summary of the credit needs and market opportunities identified by the Bank for its district, which includes Delaware, Pennsylvania and West Virginia (hereinafter "district"). These findings were derived from a variety of sources, including meetings with members and community stakeholders, research from various state and federal agencies, and information gathered during the preparation of the Bank's 2010-12 Strategic Plan.

The research conducted and findings identified in the Plan represent the various challenges facing affordable housing and community development in the district and the nation. High unemployment, weak economic conditions and unstable real estate values have exacerbated the demand for affordable housing and created a climate of uncertainty making it difficult for small businesses to obtain credit.

In 2012, the Federal Home Loan Bank of Pittsburgh will continue efforts to assist our members and other stakeholders in the district to address the increasing affordable housing and community development challenges ahead. The goals proposed in this report have been developed after careful consideration and are a result of the affordable housing and community development findings addressed herein.

I. Market Assessment

The Bank annually conducts research of pertinent data sources that helps to identify challenges and opportunities related to housing and community development in the market areas served by its members. That research includes both primary and secondary sources of information.

Primary sources include information gathered from member banks serving various market areas, housing and community development advocates, public officials and other community stakeholders. Several different methodologies have been used to gather primary research information including facilitated small-group discussions, surveys and ongoing contacts with customers and other stakeholders.

Secondary sources of information included reviews of third party housing and community development research and analysis.

Primary Research

Learning Forums/Housing Roundtables

The Bank conducted two Learning Forums in 2011. The first forum was in Lancaster, Pennsylvania, and the second in Roanoke, West Virginia.

The purpose of the forums was to facilitate a sharing of information and observations among primary FHLBank constituencies that included Board directors, members of the Bank's Affordable Housing Advisory Council, member financial institutions and community leaders. The forums provided:

- A first-hand discussion of the affordable housing and community development needs in underserved geographies within FHLBank Pittsburgh's district
- An opportunity to learn more about the capacity and appetite of member banks for community lending and investing
- Identification of action-oriented solutions that could be considered during future product/policy discussions
- Enhanced relationships between member banks, Board and Council members, and other community stakeholders.

The following needs/challenges/opportunities were identified and discussed at the Lancaster Learning Forum:

- A new buyer profile will likely emerge – 20% down and higher credit standards are the new norms, leading to longer lead time for home purchase
- Changes in consumer perceptions are in order; markets may not return to pre-crisis standards
- Demand for rental units is on the rise, especially smaller 1-4 family rentals
- Permanent rental housing for seniors and persons with disabilities is needed
- The high cost of land and taxes are obstacles to affordable housing
- Real concerns about senior population in terms of their ability to afford to stay in their homes
- The move-up homebuyer market is dead
- Young buyers are afraid and largely unprepared to enter the home-buying market
- Credit deterioration will be a long-term issue
- GSE reform and budget cuts will impact affordable housing
- Need for better coordination of resources and programs
- Mixed-use, mixed-income projects are more impactful in terms of community revitalization
- Access to capital for entrepreneurs and general support for small business is critical
- Development focus should be on neighborhood building, not just housing
- More support is needed for manufacturing
- Partnerships, coordination and consolidation are needed

The following needs/challenges/opportunities were identified and discussed at the Roanoke Learning Forum:

- Seniors are aging in place, some due to choice and others out of necessity – no options. This leads to deferred maintenance of the housing stock.
- Foreclosures and seriously delinquent mortgages have increased during the recession, but not as severely as in other parts of the country
- Market data is difficult to secure and usually not specific enough to justify need and demand for housing
- Cost burden is high for renters compared to homeowners, which is typical, but the cost burden is relatively high compared to renters in other states
- The different requirements among funders make it difficult to develop housing projects

- There is significant pressure on rental housing market caused by:
 - Young adults and families remaining in rental housing due to stricter underwriting standards for traditional homes and manufactured housing
 - The lack of permanent rental housing for seniors and persons with disabilities
 - Marcellus Shale workers seeking housing. Financing is difficult for these workers because the duration of demand for housing is unknown.

- Homeownership rates are declining due to:
 - Reduced manufactured home purchases
 - Increased regulations and underwriting standards for mortgages
 - Appraisals are difficult to secure in some locations
 - The move-up home buyer market is dead, largely due to lack of expected home quality
 - Lack of down-payment closing cost assistance
 - Young adults are not making sound financial decisions, which is affecting their ability to qualify for a mortgage

- The poor condition of the housing stock and significant code issues are a challenge

- Economic development needs include:
 - Broadband, better support for food industry and tourism, funding for site preparation/ development and support for small and expanding businesses
 - There is a weak support system for entrepreneurs
 - Health insurance costs and lack of experience in business planning are deterrents to new business start-ups
 - There is little diversification of industry; the area economy is dependent on forestry, mining, and tourism
 - Economic development needs include general worker training program, Marcellus Shale worker training, access to low-interest loan funds, and infrastructure support (water, sewer, corridor H road completion)

In addition to the learning forums, the Bank conducted four housing roundtables throughout the district. Three roundtables were held in Pennsylvania (Bristol, Pottsville and Philadelphia) and the fourth was held in Milford, Delaware.

The purpose of the housing roundtables was to provide an opportunity for stakeholders to discuss regional housing issues. Some of the points discussed during the roundtables included:

- The importance of ensuring that Federal housing and community development programs are continued at current funding levels
- Concerns over the emerging burdensome regulatory environment and the challenges it presents particularly to any recovery in the real estate markets
- Need to continue the Neighborhood Stabilization Program as an effective tool for addressing the foreclosure crisis
- The future of the secondary market for homeownership and how GSE reform will impact that future
- Recognition that homeownership is not always the best route to sustainable wealth building and the need for more effective rental models for wealth building
- Uncertainty over the new qualified residential mortgage requirements and how they will impact the market for first-time homebuyers.

Affordable Housing Advisory Council (AHAC)

The AHAC has 15 members who represent a cross-section of housing and community development professionals from the Bank's three-state district. The Council's purpose is to advise the Bank's Board and staff on housing and community development matters in the district. The Council meets quarterly, and the Council members also serve in between meetings on a variety of working committees that advise the staff on specific issues. In 2011, the AHAC contributed to specific recommendations for improvements to the Affordable Housing Program Implementation Plan including market study requirements, supportive services guidelines, clearer definition of overcrowding, changes to the community stability scoring category and development cost standards.

Housing and Economic Development Conferences and Committees

In 2011, Bank staff attended several major housing and community development conferences including the Pennsylvania Housing Finance Agency Conference, the Housing Alliance of Pennsylvania's Homes Within Reach Conference, the Pennsylvania Association of Housing and Redevelopment Agencies annual conference, the Appalachian Funders Conference, the West Virginia Development Hub Conference and the Small Business Credit and Development Forum sponsored by the Federal Deposit Insurance Corporation and Federal Reserve Bank of Richmond. These

conferences presented current program information and as well as best practices in the field of housing and community development, which helped shape the Bank’s goals.

Secondary Research

State Consolidated Plans

The Consolidated Plans for Delaware, Pennsylvania and West Virginia were reviewed and analyzed. The plans are required by the Department of Housing and Urban Development and are intended to address the critical housing and community development needs faced by each state, provide housing market analysis and summarize the State’s methods of distributing funds to local governments and organizations.

A consistent measure of affordability and relative need across all three state plans is the concept of housing cost burden. The cost burden factors for Pennsylvania, Delaware and West Virginia renter households are presented below. Households that are housing cost “burdened” are spending greater than 30% of income on their housing. “Severely burdened” households are defined as households spending greater than 50% of income on their housing. High levels of severe rental housing cost burden particularly among the very-low-income households exist in all three states.

Housing Wage

The National Housing Coalition annually expresses housing needs for various jurisdictions in terms of the wages needed by an average family for average housing in that jurisdiction. Specifically, the housing wage is the hourly rate required in order for a family to afford a two-bedroom apartment. Certainly there are local market differences, but the data indicates that rental housing is still out of reach for most lower-income families in Pennsylvania, Delaware and West Virginia with average or minimum wages.

<u>State</u>	<u>Housing Wage to Afford 2-BR Unit</u>	<u>Average Hourly Wage</u>	<u>Difference</u>
Delaware	\$18.74	\$14.13	-\$4.34
Pennsylvania	\$16.09	\$12.49	-\$3.60
West Virginia	\$11.30	\$ 9.58	-\$1.72

The housing ratio analysis for Pennsylvania, Delaware and West Virginia are outlined below.

Pennsylvania

In Pennsylvania, the Fair Market Rent (FMR) for a two-bedroom apartment is \$837. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$2,790 monthly or \$33,476 annually. Assuming a 40-hour work week over 52 weeks per year, this level of income translates into a Housing Wage of \$16.09.

In Pennsylvania, a minimum wage worker earns an hourly wage of \$7.25. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 89 hours per week, 52 weeks per year, or alternatively a household must include 2.2 minimum wage earner(s) working 40 hours per week year-round in order to make the two-bedroom FMR affordable.

In Pennsylvania, the estimated mean (average) wage for a renter is \$12.49 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 52 hours per week, 52 weeks per year, or alternatively, working 40 hours per week year-round, a household must include 1.3 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable.

Delaware

In Delaware, the Fair Market Rent (FMR) for a two-bedroom apartment is \$974. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$3,248 monthly or \$38,979 annually. Assuming a 40-hour work week over 52 weeks per year, this level of income translates into a Housing Wage of \$18.74.

In Delaware, a minimum wage worker earns an hourly wage of \$7.25. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 103 hours per week, 52 weeks per year, or alternatively a household must include 2.6 minimum wage earner(s) working 40 hours per week year-round in order to make the two bedroom FMR affordable.

In Delaware, the estimated mean (average) wage for a renter is \$14.13 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 53 hours per week, 52 weeks per year, or alternatively, working 40 hours per week year-round, a household must include 1.3 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable.

West Virginia

In West Virginia, the Fair Market Rent (FMR) for a two-bedroom apartment is \$588. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$1,959 monthly or \$23,510 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$11.30.

In West Virginia, a minimum wage worker earns an hourly wage of \$7.25. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 62 hours per week, 52 weeks per year, or alternatively a household must include 1.6 minimum wage earner(s) working 40 hours per week year-round in order to make the two bedroom FMR affordable.

In West Virginia, the estimated mean (average) wage for a renter is \$9.58 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 47 hours per week, 52 weeks per year, or alternatively, working 40 hours per week year-round, a household must include 1.2 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable.

2011 Pennsylvania Rental Housing Survey

The Pennsylvania Housing Finance Agency (PHFA) commissioned Bowen National Research to conduct a rental housing survey for Pennsylvania in 2011. Bowen surveyed 1,498 rental projects comprised of 147,520 units in the state. The major findings of the study focused on occupancy and vacancy rates for market-rate, tax-credit and subsidized properties. With occupancy rates at 94.9%, 98.5% and 99.3% respectively, the conclusion is that the rental market in Pennsylvania, particularly for units typically considered affordable, is very tight, arguing for a need to expand the rental housing supply generally and the affordable rental housing supply specifically.

Delaware State Housing Authority (DSHA) Statewide Housing Needs Assessment

The DSHA has prepared a Statewide Housing Needs Assessment to examine current and near-future needs for housing among low-income households for the period 2008 to 2012. The major findings of that study include:

- Over 34,000 Delawarean residents currently face worst-case housing needs, based on their either paying more than 50% of their income for rent or living in substandard housing.
- By 2012 more than 59% (8,058) of the current inventory of assisted rental housing in Delaware will be over 20 years old.
- It is estimated that 50% to 70% of the units over 20 years of age may be in need of substantial rehabilitation.

State of West Virginia Consolidated Annual Performance and Evaluation Report

The State of West Virginia's 2011 Consolidated Action Plan identifies 140,296 households with unmet housing needs. Those considered as having the most serious unmet need and the highest priority for action include large families in need of rental housing with incomes at or below 30% of the Area Median Income, and households that are owner-occupants in that same income category. The number of households in these two priority categories totals over 33,000.

2010-12 FHLBank Pittsburgh Strategic Plan

FHLBank Pittsburgh's strategic plan cited the following challenges coming out of the recent economic recession:

- Consumer confidence, hindered by high unemployment and future uncertainty, remains low, leading to decreased spending activity and increased savings rates. Any unexpected improvements to employment will likely increase consumer activity and yield higher than expected economic growth.
- The national real estate market remains in turmoil due to a multitude of factors, resulting in continued elevated foreclosure levels and delinquency rates. The Bank's district has not been affected as severely as other parts of the country, but the district's housing market remains vulnerable. The problem is greater for lower-income and subprime borrowers, but extends to homeowners at all income levels.

Opportunities

Based on the research findings, needs and opportunities contained in the primary and secondary sources of information cited above, the following are suggested general action items for consideration in future policy/product development:

- Focus on education – explore opportunities to enhance financial literacy for all, especially young adults
- Prioritize rehabilitation and preservation – including owner-occupied housing, home modifications for seniors and persons with disabilities, small scale rental 1-4 units (mod-rehab program) and preservation of existing subsidized units

- Address the most critical housing needs in the district – including housing issues for seniors, persons with special needs and those severely cost burdened
- Coordinate programs to support innovative approaches – coordinating investment of limited resources among funders, developing banking partnerships and convening stakeholders to share best practices and ideas to address significant issues, i.e., Marcellus Shale’s impact on the housing markets
- Support economic development – by encouraging mixed-use development, focusing support for manufacturing and providing capital available for entrepreneurs and small businesses
- Align messages on policy-related issues – including GSE reform and support for important programs

Recap of 2011 Initiatives

The information below summarizes the goal performance through October 31, 2011 and projects the year-end results:

- 1. Expand the use of the Bank's existing community lending products and services through the following:**

1(A). Community Lending Program (CLP) – commitment to specific projects

2011 Goal: Commit funds to 40 specific projects

Results: The Bank has committed CLP funds to 15 specific projects through October 31, with commitments to 20 projects expected by December 31.

The Bank approved a total of 53 CLP applications through October 31 (15 specific projects and 38 portfolio applications). The total dollar amount requested was \$106.4 million (\$30.3 million for specific projects and \$76.1 million for portfolio).

1(B). Letters of Credit

2011 Goal: Five new LOCs issued to support bond transactions, provided that the extension of the Bank's authority is secured.

Results: In 2008, the Housing and Economic Recovery Act (HERA) was passed providing the FHLBanks the authority to issue letters of credit to enhance tax-exempt bond issues. The HERA authority expired on December 31, 2010 and has not been extended as of this date. The 2011 goal was contingent on the extension of the authority. As a result, no LOCs were issued to support tax exempt bond transactions in 2011.

1(C). Technical Assistance

2011 Goal: Continue to expand relationships with the Bank's partners and provide technical training to members.

Results: The Bank conducted various technical assistance and training sessions

throughout the district in 2011.

In support of the 2011 Affordable Housing Program (AHP) funding round, the Bank conducted one webinar and four face-to-face workshops with a total 166 attending. In addition to the webinar and workshops, the Community Investment Department staff conducted sixty project-specific technical assistance consultations related to the AHP funding round.

Webinars were also conducted on the new AHP funding/disbursement process and performance monitoring/reporting process. A total of 51 participated in funding/disbursement webinars and 36 participated in performance monitoring/reporting webinars.

Bank staff also provided technical assistance to 35 members and conducted one face-to-face workshop in conjunction with the BOB funding rounds.

1(D). Banking On Business Program

2011 Goal: Commit all available funds (\$2.5 million) to eligible small businesses

Result: The Bank committed \$2.3 million through October 31, and we project committing \$2.5 million by December 31. A total of 29 businesses were approved through October 31 (with 20 located in Northeastern PA, six in Southeastern PA, two in Southwestern PA and one in Northwestern PA), and 31 businesses are projected by December 31. The BOB funds leverage ratio for 2011 is approximately four dollars of member/other funding to every dollar of BOB.

1(E). Increase the number of members participating in community investment products or initiatives

2011 Goal: Increase the number of members participating in the Bank's Community Investment products to 100 members.

- **Results:** Through October 31, 99 members have used or participated in at least one of the Bank's community investment products or initiatives. By year end, the Bank expects the number of participating members to increase to 104.

2. Create new products and delivery capacities

2(A). Increase Capacity in Underserved Areas

2011 Goal: The Bank will support and sponsor training/education in workshops conducted by other organizations.

Results: The bank sponsored and participated in several housing and community development conferences in 2011:

- In Pennsylvania, the Bank was a major sponsor for both the Pennsylvania Housing Finance Agency Housing Conference and the Homes Within Reach Conference sponsored by the Housing Alliance of Pennsylvania. These two conferences were attended by over 900 housing advocates from across the Commonwealth.
- Pennsylvania Association of Housing and Redevelopment Authorities Conference – approximately 200 attended.
- In West Virginia, the Bank also sponsored several conferences including:
 - The West Virginia Community Development Hub Conference – approximately 80 attended
 - The Appalachian Funders Conference – approximately 75 attended
 - Small Business Credit and Lending Forum, sponsored by the FDIC and the Federal Reserve Bank of Richmond – approximately 80 attended.

In addition to conference sponsorship, the Bank also organized four educational workshops for Bank members in Pennsylvania and West Virginia that addressed the impact of the growing Marcellus Shale drilling industry on local communities. The seminars were co-sponsored by Risk Management Associates (RMA) and featured speakers from the Department of Environmental Resources, Penn State University, First Commonwealth Bank and Ballard Spahr LLP. A total of 275 attended the four sessions (of which there were three in Pennsylvania and one in West Virginia), including 210 representatives of member banks.

2(B). Blueprint Communities (BC)

2011 Goal: The Bank will complete the recertification process for the Delaware Blueprint Communities in early 2011 and support recertified communities.

Result: In 2011, the Bank continued its work with eight community teams in West Virginia, 14 in Pennsylvania and six in Delaware who had previously recertified their Blueprint Communities designation.

In Delaware, the Bank's partner, the Center for Community Research and Service (CCRS) at the University of Delaware, continued to provide technical assistance and coaching to the six teams as they enhanced their team organizations and their community plans. Bank funding for Delaware leveraged \$110,000 in funding support provided by the Jesse Ball DuPont Foundation. CCRS also initiated the process for designating two new Blueprint Communities in Delaware in 2011. The Bank and CCRS added the two new Blueprint Communities, Browntown in Wilmington and Georgetown, in November 2011.

Pennsylvania and West Virginia community teams reported on their progress in October and cited several significant accomplishments in support of their community plans, including projects involving economic, housing, recreation and infrastructure activities.

In addition, community teams in Pennsylvania and West Virginia were given the opportunity to compete for \$10,000 mini-grants to support current projects that demonstrate their enhanced capacity. Ten communities in Pennsylvania and six communities in West Virginia submitted proposals for the mini-grants. Those grants will be awarded before the end of the year.

Also planned before the end of 2011 is an interactive webinar that will bring together representatives from the 28 recertified Blueprint Communities to discuss replenishing leadership long term and funding community development work, all while sharing experiences and best practices.

The Bank also provided resources to support specific activities in several Blueprint Communities:

- AHP funding was awarded to three Blueprint Communities (Hamburg and Waynesburg in Pennsylvania and Fairmont in West Virginia) to support a total of 29 affordable housing units.
- A small business located in the Blueprint Community of Tamaqua, Pennsylvania was supported with a Banking On Business loan.

2(C). Expand Access of Intermediary Lenders

2011 Goal: Enhance relationships with intermediaries, explore membership opportunities with Community Development Financial Institutions (CDFIs) and continue to partner with various intermediary lenders serving the Bank's district.

Results: In 2011, the Bank met with three CDFIs in the district to review the criteria of membership. To date, no CDFIs have submitted an application for membership.

2(D). Maintain and Expand Partnerships

2011 Goal: Facilitate the creation of partnerships with state agencies, member banks, and other bank constituents through conference sponsorships, a targeted marketing strategy and presenting the Pillars of the Community Awards.

Results: The Bank initiated a learning forum series that was designed to bring together the Bank's major stakeholders (Board members, Affordable Housing Advisory Council members, Bank members and community leaders) in a roundtable discussion format that focused on identifying challenges and opportunities in specific market areas in the Bank's district. Two forums were conducted: one in Lancaster, Pennsylvania and the other in Roanoke, West Virginia. Five Board members, five Council members and over 20 member banks attended the two forums. The results of the discussions have been summarized and will be used to guide policy and product discussions.

The Bank conducted a series of four housing roundtables. Three roundtables were held in Pennsylvania (Bristol, Pottsville and Philadelphia) and the fourth was held in Milford, Delaware.

The Bank also recognized the significant contributions of its members to community investment, presenting its Pillars of the Community and Council awards. The Pillars winners were Peoples Neighborhood Bank (for using the AHP and BOB programs) and S&T Bank (for using CLP loans). The Council's Award recipient was Donna Sellers of United Bank.

2012 Key Initiatives and Goals

1. Expand the use of the Bank's existing community lending products and services through the following:

1(A). Community Lending Program – commitment to specific projects

The Bank has created a loan product that incorporates the broader eligibility criteria permitted in the CICA regulation. The loan product, called the Community Lending Program (CLP), is priced at the Bank's cost of funds.

Creative partnerships with federal, state and local economic development funders will be cultivated to produce leverage opportunities. Combining loans with loan guarantees, Banking On Business funds, or creative equity investments from third parties could be incorporated to achieve greater value and impact.

The Bank will continue to emphasize specific project financing as well as member bank usage of CLP to match-fund loans to specific deals.

2012 Goal: The Bank will commit funds to 20 specific projects.

1(B). Technical Assistance

The Bank's Community Investment Department staff meets with members and partners, providing technical assistance to these groups on the use of our housing and community investment products. This practice will continue to be provided as a component of the Bank's 2012 Plan. In addition, the Bank will provide other training/education opportunities to members by partnering with other community and economic development entities.

2012 Goal: Continue to expand relationships with the Bank's partners and provide technical training to members.

1(C). Banking On Business Program

In 2000, the Bank successfully launched the Banking on Business (BOB) program, which is designed to assist member-financed small business start-ups and expansion. The Bank will continue to emphasize technical assistance and promote usage to members in Blueprint Communities and underserved markets in 2012.

2012 Goal: Commit all available funds (\$2.2 million) to eligible small businesses. Increase the number of members enrolled to use BOB by 8 members.

1(D). Member Education Initiative

In 2012, the Bank will continue to offer the member education initiative it started in 2009, which focuses on providing members with the latest information on programs and/or activities related to housing, community and economic development. The educational sessions will strive to present relevant information that may lead to potential business opportunities for our members.

2012 Goal: Develop and conduct quarterly member educational seminars that provide member banks with the opportunity to increase their lending and investing in affordable housing and/or community development.

1(E). Increase the number of members that submit an application, enroll in or participate in a community investment product or initiative in 2012

Members must complete one or more of the following requirements in 2012 to qualify toward the achievement of the goal:

- 1) Submit an eligible business under the Banking On Business (BOB) program, enroll to use BOB for the first time, or update their enrollment in BOB if they have been inactive since 2007
- 2) Submit a qualified AHP, CLP or Letter of Credit application

- 3) Participate in member education training or Bank initiatives (Blueprint Communities or other new initiatives).

For purposes of goal measurement, a member can only be counted once even if they use multiple products during the year.

2012 Goal: 100 members participating in a community investment product or initiative

2. Support cooperation and partnerships and align the Bank's program priorities to meet housing and economic development needs.

2(A). Increase Capacity in Underserved Areas

The Bank will pursue opportunities to enhance the capacity of existing Community Based Organizations (CBOs) and developers to undertake affordable housing and economic development projects. The Bank recognizes that effective CBOs are a key element in encouraging members to participate in non-traditional partnerships for affordable housing and community development. In studying this issue, Bank staff found that CBOs require additional training in developing business plans, budgets, marketing and technology. The effective use of these tools by CBOs will assist members in understanding the characteristics of these organizations, which will enable members to more effectively assist CBOs in improving local communities.

2012 Goal: The Bank will support training/education in workshops conducted by other organizations.

2(B). Blueprint Communities (BC)

During 2011, the focus of the Blueprint Communities initiative was on helping designated communities maintain the momentum created by their team-building and revitalization planning activities. A recertification process was established to reenergize participating communities, and assistance was also provided through sponsorship of events, the targeting of technical assistance, and marketing CID products to the communities.

2012 Goal: The emphasis in 2012 will be on working with local partners and community stakeholders to support the efforts of the 28 recertified Blueprint Communities in Pennsylvania, West Virginia and Delaware with the implementation of their community plans.

In addition, support will be provided for the two newly designated Blueprint Communities in Delaware, and the Bank will work with its partners in West Virginia to designate new Blueprint Communities there.

2(C). Expand Access of Intermediary Lenders

For some economic development activities, other organizations may offer the best opportunity to meet credit needs in underserved markets. For example, CDFIs, SBA 504 Corporations, Community Development Entities under the New Market Tax Credits (NMTC), or local economic development intermediaries may be able to finance projects that contain a higher degree of risk or that require a higher level of technical assistance. The Bank will explore opportunities for our members to partner with these entities.

The Housing and Economic Recovery Act (HERA) of 2008 included an amendment to the FHLBank Act permitting CDFIs to become members of the FHLBanks. Membership would provide CDFIs with an alternative source of funds and access to community investment products provided by the Bank.

2012 Goal: Enhance relationships with intermediaries, explore membership opportunities with CDFIs, and continue to partner with various intermediary lenders serving the Bank's district.

2(D). Facilitate the creation of partnerships with member banks, funding sources and other stakeholders to address critical affordable housing and community development needs.

2012 Goal: The Bank will seek opportunities to support housing and community development events and meetings to address issues such as the affect of Marcellus Shale on housing markets and financial literacy.

2(E). Align the Bank’s program priorities to meet the critical affordable housing and community development needs.

The Bank will work with the AHAC and the Board of Directors to enhance, as needed, the policies, priorities and guidelines to address the critical affordable housing and community development needs.

2012 Goal: The Bank will continue to refine its programs in order to best meet the needs within the district. Specifically, the Bank will explore enhancements that: (1) address housing issues for seniors, persons with special needs and those severely cost burdened, and (2) focus on rehabilitation and preservation.