



Community Lending Plan 2012



Executive Summary

The Federal Home Loan Bank of New York herein presents its 2012 Community Lending Plan ("Plan"). For this Plan, "Community Lending" is defined as "providing financing for economic development projects for targeted beneficiaries." The Community Investment Cash Advance ("CICA") regulation, published by the Federal Housing Finance Agency ("Finance Agency"), states that each Federal Home Loan Bank shall offer an Affordable Housing Program and Community Lending Programs to provide financing for eligible housing and community lending activities. The CICA regulation also requires that each Federal Home Loan Bank develop and adopt a Community Lending Plan on an annual basis.

To this end, the Bank has developed this Plan, which summarizes the Bank's recognition of the District's community lending needs and describes the Bank's initiatives and goals for 2012. Also presented, is an overview of the Bank's community lending related initiatives and accomplishments in 2011.

Community Lending Needs in the District

The Bank consults with our member institutions, our Affordable Housing Advisory Council and various other organizations regarding the challenges, needs, and opportunities facing our district. The Bank also sponsors and participates in meetings, workshops, and conferences throughout the District to gain insight regarding the community lending needs in the communities that our member institutions serve. The Bank supplements these activities with market research about relevant socio-economic and geographic trends in the District. The Bank's current research regarding various regional trends is presented in Exhibit A - District II Market Profile. Although housing market trends and economical conditions are discussed, the objective of this plan is not to provide a comprehensive analysis of the economy or the housing market, but rather to strive to assist the Bank in identifying relevant community lending needs within our District.

For 2012, the Bank plans to continue its focus of supporting our members in meeting the following community lending needs within our District:

- Need for available credit to finance community lending and economic development activities within the communities served by our member banks
- Need for technical assistance to member banks and community organizations to foster a better understanding of how the Bank's Community Lending Programs can meet the financing needs of the District

Community Lending Related Initiatives & Lending Goal for 2012

Initiatives for 2012

In an effort to both meet the identified community lending needs in our District, and further the results achieved in 2011, the Bank will undertake the following community lending initiatives for the year 2012:

- A. Encourage continued use of the Bank's CICA products and programs
 - Continue to build relationships with community and economic development organizations
 - Consider special offerings to increase program participation
- B. Provide technical assistance to members and community groups
 - Participate in and support conferences and workshops sponsored by community organizations
 - Conduct meetings with member banks and community organizations to increase awareness of the Bank's community lending programs
- C. Provide informational and marketing outreach
 - Press releases
 - Special Mailings
 - Community Investment Newsletter
 - The Bank's website, www.fhlny.com

Quantitative Community Lending Goal for 2012

The Bank proposes the following community lending goal for 2012:

- Originate new community/economic development commitments - \$100 million

Community Lending Related Initiatives for 2011

Community and Economic Lending in 2011

The Urban Development Advance and the Rural Development Advance programs serve as funding sources specifically for community lending and economic development activities. The UDA provides financing for economic development projects or programs in urban areas, benefitting individuals or families with incomes at or below 100% of the area median income level. The RDA provides financing for economic development projects or programs in rural areas, benefitting individuals or families with incomes at or below 115% of the area median income level. These programs offer low-cost advance rates and are available on a daily basis. From January to October 31, 2011 the Bank committed a total of \$92 million in UDA funds to the following programs:

Member Name:	The National Union Bank of Kinderhook	Commitment Amount:	\$2,000,000
Project Name:	2011 Small Business and Mixed-Use/Commercial Loan Program		
Project Description:	The National Union Bank of Kinderhook was approved for a commitment to be used as a source of financing for small business loans and mixed-use and commercial properties.		

Member Name:	The Westchester Bank	Commitment Amount	\$10,000,000
Project Name:	2011 UDA Mixed-Use/Commercial Loan Program		
Project Description:	The Westchester Bank was approved for a UDA commitment to provide financing for mixed-use properties and commercial loans. The UDA funds will be used for various purposes including acquisition, construction and rehabilitation of properties.		

Member Name:	The Dime Savings Bank of Williamsburgh	Commitment Amount	\$25,000,000
Project Name:	2011 UDA Mixed-Use/ Commercial Loan Program		
Project Description:	The Dime Savings Bank of Williamsburgh was approved for a commitment to be used as a source of financing for mixed-use and commercial properties. The UDA funds will be used for various purposes including the acquisition, construction and rehabilitation of properties.		

Member Name:	ESL Federal Credit Union	Commitment Amount	\$25,000,000
Project Name:	2011 UDA/Mixed-Use Commercial Loan Program		
Project Description:	ESL Federal Credit Union was approved for a commitment to be used as a source of financing for mixed-use and commercial properties. The UDA funds will be used for various purposes including the acquisition, construction and rehabilitation of properties.		

Member Name:	Oritani Bank	Commitment Amount	\$30,000,000
Project Name:	2011 UDA/Mixed-Use Commercial Loan Program		
Project Description:	Oritani Bank was approved for a commitment to be used as a source of financing for mixed-use and commercial properties. The UDA funds will be used for various purposes including the acquisition, construction and rehabilitation of properties.		

During 2011, the Bank did not commit any RDA funds. In the current economic environment, our member banks are flush with retail deposits. As such, their need for additional liquidity to finance RDA eligible activities has diminished.

Community Investment Newsletters

Periodically, the Bank distributes the CI News, a newsletter of the Community Investment activities of the Bank. The newsletter is used as a vehicle to showcase and describe successful housing and community development initiatives undertaken by the Bank and its members.

This “best practice” approach highlights initiatives for all of the Bank’s programs, including the Affordable Housing Program, First Home Club, and Community Lending Programs.

With its broad circulation, the CI News provides a blueprint of successful ventures for the housing and economic development community. It is distributed to all member banks and over 1,400 housing and economic development organizations within our district.

Outreach and Technical Assistance Meetings

Throughout the year, Bank personnel hold numerous technical assistance meetings with our member banks and community development organizations, as well as participate in various conferences and seminars throughout the District. In these forums, the Bank presents successful projects and discusses how the Bank’s products can be useful tools in meeting the challenges of community development. Examples of successful forums held in 2011 are:

- On June 28, 2011, the Bank, in partnership with the Puerto Rico Housing Finance Authority, sponsored a Community Lending Forum in San Juan, Puerto Rico. Government representatives, developers, housing advocates, and financial institutions gathered for a joint presentation of the various financing programs available through the two respective agencies.

- On June 22, 2011, the Bank and the New Jersey Housing and Mortgage Finance Agency (NJHMFA) held a joint housing seminar at the NJHMFA headquarters in Trenton, New Jersey, in an effort to educate developers, sponsors, and financial institutions on the housing financing tools available to them through each organization.



Above (left to right) Bridget Morrissey, Community Lending and Outreach Manager, FHLBNY and Joseph Gallo, VP, Director of Community Investment, FHLBNY, provide technical assistance at the New Jersey Housing and Mortgage Finance Agency ("NJHMFA") and the Federal Home Loan Bank of New York's ("FHLBNY") joint training seminar, which was held on June 22, 2011. This joint training event is one of many organized throughout the year, illustrating how the Home Loan Bank brings local industry professionals together in efforts to promote housing and community development in our district.

Other Community Lending Related Activities in 2011

Community Investment Program ("CIP")

The Community Investment Program provides a continuous source of below-market rate advances for housing related activities for households whose incomes do not exceed 115% of the area median income. The Bank offers CIP funds as an incentive to its members for originating community investment financing. CIP funds may benefit member banks by providing a continuous source of low-priced funds, enhancing CRA performance, enhancing profitability, and improving community and public relations. From January to October 31, 2011 the Bank committed \$256 million in CIP funds.

Fresh-Start Home Finance Program

Under the umbrella of the Community Investment Program, the HLB developed the Fresh-Start Home Finance Program to assist qualified homeowners with incomes at or below 115% of the area median that are facing unaffordable or soon-to-be unaffordable mortgage payments.

Member banks that utilize this program are offered at-cost advances to provide foreclosure prevention assistance for low- to moderate-income households that are unable to afford the terms of their existing mortgages. During 2011, the Bank committed \$6 million to Magyar Bank to fund a pool of existing single-family owner-occupied units and future single-family and rental units that are part of the Housing Assistance and Recovery Program (HARP). HARP, administered by the First Baptist Community Development Corporation will accomplish its objective through the purchase of properties at the risk of foreclosure that will then be leased back to the current owners or tenants. In addition, HARP will prepare the households to re-purchase their homes by providing financial education, counseling and family support services.

Disaster Relief Program

The Disaster Relief Program provides immediate financing to assist with restoration efforts in areas that have been officially designated as Federal or State disaster areas. During August of 2011, in response to damage done to many local communities due to Hurricane Irene, the Bank made a commitment to provide \$500 million in disaster relief financing to begin the process of rebuilding our communities across New Jersey, New York, Puerto Rico and the US Virgin Islands. The \$500 million can specifically be used for community and economic development lending, regardless of income status. During 2011, the Bank committed \$10 million to Community National Bank to finance small business loans and commercial/economic development activities, in response to Hurricane Irene in both Nassau and Suffolk counties.

Affordable Housing Program ("AHP")

Created by Congress in 1989, the AHP provides subsidies to assist financial institutions in supporting the creation and preservation of housing for very-low, low, and moderate-income families and individuals. In 2011, the Bank conducted one application period. A total of 148 applications were submitted including 86 applications for projects located in New York, 46 for projects located in New Jersey, 6 applications for projects located in Puerto Rico, and 10 for projects located out of district. In total \$79.2 million dollars of subsidy was requested to finance 7,247 units of affordable housing.

First Home Club Program ("FHC")

The First Home Club was developed by the Home Loan Bank to help provide added financial incentive for savings toward homeownership for low- and moderate-income, first-time homebuyers. The Bank will provide up to four dollars for each dollar saved in a dedicated savings account, resulting in a grant of up to \$7,500 per household. All households must

participate in the systematic savings plan with a participating member institution for a minimum of ten months. In addition to requiring a First Home Club savings account, a participating household must participate in an approved homeownership counseling program. The benefits of a dedicated savings program and rigorous homebuyer counseling program are made evident by a study recently completed by the Bank, which determined roughly a one half of one percent foreclosure rate among First Home Club households.

Interest in the First Home Club has dramatically increased in recent years. Prior to 2009, annual enrollment averaged approximately 1,200 per year. During 2009, and 2010, a total of 1,935 and 1,984 households, respectively, were enrolled in the First Home Club. Through the first two enrollment periods of 2011, 1,732 households have been enrolled. Furthermore, home closings have increased substantially over the past several years. Total funding requests processed for 2007 and 2008 were 364 and 350 respectively, soaring to a remarkable 819 FHC closings in 2009, with a total of \$6,354,084 funded in subsidy. In 2010, six hundred ninety two homes were closed, subsidized with \$5,366,494 in FHC grants. Through October 31, 2011, 656 FHC homes were closed with FHC assistance grants totaling \$5,066,710.

First Home Club Program Activity (since inception)

- \$57,632,276 total program allocation
- \$33,515,878 funded to 5,477 First Home Club households
- 3,203 households are currently enrolled and fulfilling program requirements

As of October 31, 2011, there are 73 FHLBNY member banks approved to participate in the First Home Club Program.

Letters of Credit

The Bank's Letter of Credit ("LOC") product supports community development by reducing transaction cost and enhancing the marketability of various bond issuances. As of October 31, 2011 the Bank had a total of 195 outstanding letters of credit amounting to \$2,008,726,320 consisting of the following letter of credit types:

<u>Total Outstanding</u>	<u>Letter of Credit Type</u>	<u>Amount Outstanding</u>
8	CICA Letters of Credit	\$42,913,515
13	Standby Letters of Credit	\$44,365,078
1	Direct Pay Letters of Credit	\$3,352,674
152	Municipal Letters of Credit	\$1,815,292,052
9	Refundable Municipal Letters of Credit	\$182,800,000

These letters of credit were issued on behalf of members to support credit needs, as well as housing and economic development activities.

CICA Letters of Credit provide funds to finance lending activities that also qualify for the Bank's Community Lending Programs.

Municipal Letters of Credit enable members to more easily attract municipal deposits as additional forms of liquidity, which help members better serve their communities.

Below is an example of LOC issued this year:

- At the request of First Niagara Bank, N.A., a nationally chartered commercial bank in New York, the Bank issued a confirming standby LOC, in the amount of \$5,967,225 over a term of two years from July 28, 2011 to July 28, 2013, to provide credit enhancement for the New York State Housing Finance Agency Affordable Housing Revenue Bonds. The bonds were issued to finance mortgage loans for the development and construction of an affordable multifamily rental housing project in five buildings in Rochester, New York.



EXHIBIT A

DISTRICT II MARKET PROFILE

District II Market Profile

District II Unemployment & Job Data

National:

The national year-over-year unemployment rate fell from 9.7% in October 2010 to 9.0% in October 2011.¹

New York State & New York City:

New York State's unemployment rate, after seasonal adjustment, fell from 8.3% in October of 2010 to 7.9% in October of 2011. The rate for New York City likewise fell from 9.0%, as reported in October of 2010, to 8.8%, in October of 2011.^{1,2}

New Jersey:

New Jersey employment rate decreased from 9.2% in October 2010 to 9.1% in October 2011.²

Puerto Rico:

The Puerto Rico unemployment rate increased from 15.6% in October 2010 to 16.1% in October 2011.²

District II Civilian Labor Force (Employed vs. Unemployed Rates)

The table below displays the District II civil labor force numbers and District II employed and unemployed rates as of October 2011 (numbers in thousands).²

District II Civil Labor Force		
District	Employed	Unemployed
New York State	9,541.6	757.0
New York City	3,992.0	350.2
New Jersey	4,541.7	414.8
Puerto Rico	1,277.3	206.1

Demographic Factors:

Household Growth / Immigration

According to The Joint Center for Housing Studies of Harvard University, The State of the Nation's Housing 2011 report, "The 2010 Decennial Census reveals that household growth averaged only 1.12 million per year during the 2000s—a full 17 percent lower than in the 1990s. After a strong start, household growth dropped sharply by the end of the decade. According to the major

¹ United States Department of Labor, Bureau of Labor Statistics (<http://data.bls.gov/timeseries/LNS14000000>)

federal surveys, the pace of household growth averaged well below 1.0 million annually in 2007–10. Immigration played a key role in this slowdown. For the first time in decades, growth in the foreign-born population slowed in the 2000s, and growth in the number of foreign-born households appeared to stall in the wake of the recession.

Lower household formation rates among young adults are another contributing factor. After declining slightly from the mid-1990's to the early 2000's, the share of young adults in their 20s living in parental homes began to rise by mid-decade. In 2010, the shares had reached 44.7 percent for 20–24 year-olds and 18.0 percent of 25–29 year-olds. With some 42.6 million adults aged 20–29 in 2010, the increase in these shares since 2005 amounts to an additional 1.6 million young adults living at home.

With household growth among young adults slowing, the aging of the baby boomers will dominate changes in the age distribution of households. While shrinking in size as mortality rates rise, the baby-boom generation far outnumbers its immediate elders and will therefore add dramatically to the senior population. The number of households with heads between the ages of 55 and 74 is set to increase by 10.2 million from 2010 to 2020. This projection is much more certain than that for younger households because it is less subject to unknowns about trends in immigration and headship rates.²

New York:

According to The Federation for American Immigration Reform (FAIR), using the Current Population Survey, as a guide, the U.S. Census Bureau estimated that in July 2008 New York's population had increased to 19,490,297 residents, i.e., an annual average increase of about 61,910 residents since 2000. That is a rate of increase of about 0.3 percent per year. FAIR estimates that the foreign-born population of New York was about 4,253,425 residents in July 2008. This is equivalent to a foreign-born population share of 21.8 percent. The amount of change since the 2000 Census indicates an average annual rate of increase in the foreign-born population of about 46,420 people, which is three-fourths (75%) of the state's annual average population increase. Since 2000, the foreign-born population has increased by ten percent compared to a 0.9 percent increase in the native-born population."³

² Joint Center for Housing Studies of Harvard University: "The State of the Nation's Housing 2011" Report.
<http://www.jchs.harvard.edu/publications/markets/son2011/index.htm>

³ Federation for American Immigration Reform (FAIR); "Immigration Issues Center: Immigration Impact: New York."
http://www.fairus.org/site/PageNavigator/facts/state_data_NY

New Jersey:

Using the Current Population Survey, the U.S. Census Bureau estimated that in July 2008 New Jersey's population had increased to 8,682,661 residents, i.e., an annual average increase of about 32,325 residents since 2000. That is a rate of increase of about 0.4 percent per year.

The amount of change since the 2000 Census indicates an average annual rate of increase in the foreign-born population of about 37,785 people, which is more than the total (116.9%) of the state's annual average population increase. Since 2000, the foreign-born population has increased by 21.2 percent compared to a 0.7 percent decrease in the native-born population.⁴

Puerto Rico:

The 2010 U.S. Census reported that Puerto Rico's population declined by 2.2 percent to 3.7 million people between 2000 to 2010.⁵

National:

Lingering economic uncertainty makes it difficult to predict the pace of household growth. Nonetheless, the aging of the echo boomers should boost the number of households in their late 20s and early 30s by replacing the smaller baby-bust generation currently in that age group. But employment growth will be a critical factor in how quickly echo boomers form independent households. A lackluster economy could keep headship rates lower than those of the baby-bust generation at the same ages, muting household growth among this large generation. Over the next decade, it is much more certain that the baby boomers will boost the number of senior households to unprecedented heights.⁶

The Census Bureau estimates on the basis of the American community Survey that the foreign-born population was about 38,517,234 residents in July 2009. This means a foreign-born population share of 12.5 percent — one-in-every-eight residents. The amount of change since the 2000 Census indicates an average annual rate of increase in the foreign-born population of nearly 800,000 people, which is 29 percent of the nation's annual average population increase. Immigration also contributes to population growth through the children born to immigrants in this

⁴ Federation for American Immigration Reform (FAIR); "Immigration Issues Center: Immigration Impact: New Jersey," http://www.fairus.org/site/PageNavigator/facts/state_data_NJ

⁵ 2010 Census Brief on Population Distribution and Change: 2000 to 2010 <http://2010.census.gov/2010census/popmap/ipmtext.php?fl=72>

⁶ Joint Center for Housing Studies of Harvard University: "The State of the Nation's Housing 2011," <http://www.jchs.harvard.edu/publications/markets/son2011/index.htm>

country. Nationally the share of births to the foreign-born is about double their share of the population. That share of the nation's current births is enough to account for about 690,300 births a year. Combining the increase in the foreign-born population and estimated immigrant births suggests that immigration accounts for the majority (54.1%) of the nation's annual increase in population.⁷

Affordable Rental Housing:

New York:

In New York, the Fair Market Rent (FMR) for a two-bedroom apartment is \$1,268. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$4,225 monthly or \$50,700 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$24.38.

In New York, 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 134 hours per week, 52 weeks per year. Or, a household must include 3.4 minimum wage earner(s) working 40 hours per week year-round in order to make the two bedroom FMR affordable.

In New York, the estimated mean (average) wage for a renter is \$19.98 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 49 hours per week, 52 weeks per year. Or, 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.

Monthly Supplemental Security Income (SSI) payments for an individual are \$761 in New York. If SSI represents an individual's sole source of income, \$228 in monthly rent is affordable, while the FMR for a one-bedroom is \$1,117.⁸

A unit is considered affordable if it costs no more than 30% of the renter's income.

⁷ Immigration Facts provided by the Federation for American Immigration Reform
http://www.fairus.org/site/PageNavigator/facts/national_data.html

⁸ National Low-Income Housing Coalition; Out of Reach 2011: "State Ranks Based on Two Bedroom Housing Wage" - New York.
<http://www.nlihc.org/oor/oor2011/data.cfm?getstate=on&state=NY>

New Jersey:

In New Jersey, the Fair Market Rent (FMR) for a two-bedroom apartment is \$1,276. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$4,254 monthly or \$51,044 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$24.54.

In New Jersey, 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 135 hours per week, 52 weeks per year. Or, a household must include 3.4 minimum wage earner(s) working 40 hours per week year-round in order to make the two bedroom FMR affordable.

In New Jersey, the estimated mean (average) wage for a renter is \$15.82 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 62 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.6 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable.

Monthly Supplemental Security Income (SSI) payments for an individual are \$705 in New Jersey. If SSI represents an individual's sole source of income, \$212 in monthly rent is affordable, while the FMR for a one-bedroom is \$1,092.⁹

Least Affordable States	Housing Wages For 2-Bedroom (2010)	Housing Wages For 2-Bedroom (2011)	Percent Increase/Decrease 2-bedroom Housing Wage
New York	\$23.87	\$24.38	2.14%
New Jersey	\$24.32	\$24.54	0.90%

National:

According to the Center for Housing Policy's Insights from Housing Policy Research series, "After remaining relatively steady for the previous decade, between 2004 and 2007, the number of renter households increased by 2.13 million. This acceleration coincided with rising numbers of mortgage delinquencies, particularly among borrowers with unsustainable subprime and adjustable rate loans.

⁹ National Low-Income Housing Coalition; Out of Reach 2011: "State Ranks Based on Two Bedroom Housing Wage" - - New Jersey. <http://www.nlihc.org/oor/oor2010/data.cfm?getstate=on&state=NJ>

In the decade leading up to the foreclosure crisis, immigrant and minority households drove the growth in renter households, starting a trend that experts expect to continue.” During the decade between 1995 to 2005, two units were demolished or permanently removed from inventory for every three units added to the housing stock.¹⁰

The recession further exacerbated longstanding affordability challenges. High unemployment has driven up the share of households with severe cost burdens, while the ongoing foreclosure crisis has displaced families and blighted whole communities.¹¹

Homeownership Trends:

- Homeownership rates slid again in 2010 as foreclosures mounted and the weak economy, house price volatility, and overall uncertainty chilled demand from potential buyers. While all household types have been affected, the decline in homeownership rates among families with children has been particularly large. Between the post-2000 peak and 2010, the homeownership rate for married couples was down 2.1 percentage points while that for single-parent households was down 2.4 percentage points. Meanwhile, the rate for single-person households—especially single male-headed households—fell only modestly.
- While the shifting age distribution of the US population favors growth in homeownership, market conditions could continue to hold down homeownership rates just as they have for the past five years. The projections provided by the Joint Center for Housing Studies of Harvard University suggest, however, that if homeownership rates for each five-year age group remain at 2010 levels, the number of homeowners should increase by 8.2 million in 2010–20. And even if homeownership rates fall substantially, overall household growth should restore growth in the number of homeowners over the coming decade.
- While the homeowner market remains mired in foreclosures and weak demand, rental market conditions have improved. Renter household growth has outpaced owner household growth for four consecutive years. From 2006 to 2010, the number of renter households jumped by 692,000 annually on average, to 37 million, while the number of owner households fell on net by 201,000 annually.¹²

¹⁰ Rental Housing Affordability – A review of Current Research, The center for Housing Policy Insights from Housing Policy Research. <http://www.nhc.org/media/files/RentalHousing.pdf>

¹¹ Joint Center for Housing Studies of Harvard University: “The State of the Nation’s Housing 2011.” <http://www.jchs.harvard.edu/publications/markets/son2011/index.htm>

¹² Joint Center for Housing Studies of Harvard University: “The State of the Nation’s Housing 2011.” <http://www.jchs.harvard.edu/publications/markets/son2011/index.htm>

