

FEDERAL HOME LOAN BANK OF SAN FRANCISCO

2012 Community Lending Plan

Introduction

The Bank gives regular updates to the Affordable Housing Advisory Council (AHAC) and the Board on the Bank's progress developing and implementing the Community Lending Plan (Plan). The AHAC and the Board review progress on the Plan and help identify new areas of opportunity for promoting the Bank's community investment programs. The activities described in Section I are designed to gather input for the Plan from members, housing associates, and public and private economic development organizations in the Bank's district. Sections II and III outline plans for the Bank's 2012 non-mandated grant program, Access to Housing and Economic Assistance for Development (AHEAD), and for Community Support Program activities. Section IV describes the Bank's quantitative community lending performance goals.

The AHEAD program and the homeownership set-aside programs, the Individual Development and Empowerment Account (IDEA) Program and the Workforce Initiative Subsidy for Homeownership (WISH) Program, were developed in response to identified credit needs and market opportunities in the Bank's district. In response to the current foreclosure crisis, the Bank plans to expand its 2012 IDEA program to incorporate lease-to-own programs that offer low- and-moderate-income families that have lost their homes an opportunity to repair their credit and save money to eventually purchase a house. The Bank also plans to support efforts to address the affordable housing needs of returning veterans and former prisoners.

The activities identified in Sections I, II, and III are similar to those in the 2011 Community Lending Plan, except for the expansion of the IDEA program guidelines in Section I.F. and the addition of the Bank's support for efforts to reach out to returning veterans and former prisoners, described in Section I.G. In Section IV, the first, third and fourth goals are the same as in 2011; the second is slightly higher due to an increased number of webinars. The last goal specifies the target amount of small business, small farm, and small agribusiness loan collateral to be pledged as of yearend 2012 by Community Financial Institution (CFI) members that receive borrowing capacity on their CFI collateral. The target amounts are lower than in the 2011 goals as a result of general changes in member balance sheets and member consolidations, mergers, and failures.

Recommendation

Management recommends that the Affordable Housing Committee, acting under delegated authority from the Board, approve the proposed 2012 Community Lending Plan that appears on pages 2-4.

2012 Community Lending Plan

- I. Develop and Maintain Relationships with Community and Economic Development Organizations**
 - A. Create opportunities to support and participate in conferences and workshops sponsored by community organizations.
 - B. Develop, sponsor, and co-sponsor workshops and meetings to promote relationships among the Bank, its members, housing associates, and community-based organizations.
 - C. Provide technical assistance to community and economic development organizations on the Bank's programs and products.
 - D. Provide support to community-based organizations, including faith-based organizations, to link such organizations to sources of technical assistance, experienced partners in community development, and advocacy groups.
 - E. Support members, housing associates, and their community partners in their foreclosure prevention and community recovery initiatives through the competitive AHP, the AHP set-aside programs, and the AHEAD program.
 - F. Develop and expand the IDEA program guidelines to include the eligibility of low- and moderate-income families participating in lease-to-own programs. Increase outreach and information sharing activities to promote the expanded eligibility guidelines.
 - G. Support members, housing associates, and their community partners in their efforts to address the needs of returning veterans and released prisoners.

- II. Non-Mandated Grant Program: Access to Housing and Economic Assistance for Development (AHEAD)**
 - A. Promote the AHEAD program and encourage members and housing associates to participate.
 - B. Accept and evaluate applications and administer the program in 2012.

- III. Community Support Program Activities**
 - A. Promote affordable housing finance and partnerships among members, housing associates, and community developers.
 - B. Administer the Affordable Housing Program, including the competitive program and the set-aside programs, WISH and IDEA.
 - C. Promote the Bank's community investment programs and products in seminars, workshops, and meetings.

IV. Quantitative Goals for 2012

- A. **CIP, ACE, and HPA advances and letters of credit:** Transact Community Investment Program (CIP), Advances for Community Enterprise (ACE), and Homeownership Preservation Advance (HPA) advances and letters of credit (number of members). *The 2012 goal is the same as 2011: given the state of the economy, increased activity among members is not expected.*
- B. **Bank-sponsored AHP workshops:** Conduct Bank-sponsored AHP (competitive and set-aside) workshops to increase member involvement in the Bank's programs, improve the quality of applications, and reduce compliance issues. *The 2012 goal is slightly higher due to the number of planned webinars.*
- C. **Actively participate in and/or convene conferences, meetings, and workshops:** Foster expansion of, and member and housing associates' involvement in, affordable housing and economic development and promote understanding of the Bank's mission and community investment programs by supporting and actively participating in, or convening, conferences, workshops, and meetings with members and public and private community and economic development organizations. *The 2012 goal is the same as in 2011.*
- D. **Provide technical assistance and guidance on the Bank's products and programs:** Provide technical assistance and guidance on the use of the Bank's affordable housing, credit, and economic development programs to members, housing associates, and affordable housing and economic development organizations. *The 2012 goal is the same as in 2011.*
- E. **CFI collateral:** Increase the amount of small business, small farm, and small agribusiness loans pledged by Community Financial Institution (CFI) members that receive borrowing capacity on their CFI collateral, as measured by the total unpaid principal balance of each loan type pledged as of yearend 2012. *The 2012 goal is lower than in 2011. The same financial conditions that impacted the members' unpaid principal balances in 2011 are expected to persist. The 2012 goal of \$4.5 billion, which considers the following: estimated increases in pledged collateral because of improved member credit quality (members do not deliver CFI collateral and it was therefore previously ineligible); and potential pledging changes from specific listing to blanket lien. CFI collateral has only come from members pledging under blanket lien.*

2012 Goals	Meets	Exceeds	Far Exceeds
CIP, ACE, and HPA advances and letters of credit (# <i>members</i>)	7	10	13
Bank-sponsored AHP workshops	43		
Actively participate in and/or convene conferences, meetings, and workshops	80		
Provide technical assistance and guidance on the Bank's products and programs	150	175	200
CFI collateral (<i>Unpaid principal balance in millions</i>):			
Small business loans	\$4,144		
Small farm loans	\$263		
Small agribusiness loans	\$136		

2011 Goals	Meets	Exceeds	Far Exceeds	As of 10/31/11
CIP, ACE, and HPA advances and letters of credit (# <i>members</i>)	7	10	13	8
Bank-sponsored AHP workshops	40			50
Conferences, meetings, and workshops	80			86
Technical assistance	150	175	200	226
CFI collateral (<i>Unpaid principal balance in millions</i>):				
Small business loans	\$4,931			\$3,563
Small farm loans	\$333			235
Small agribusiness loans	\$183			156