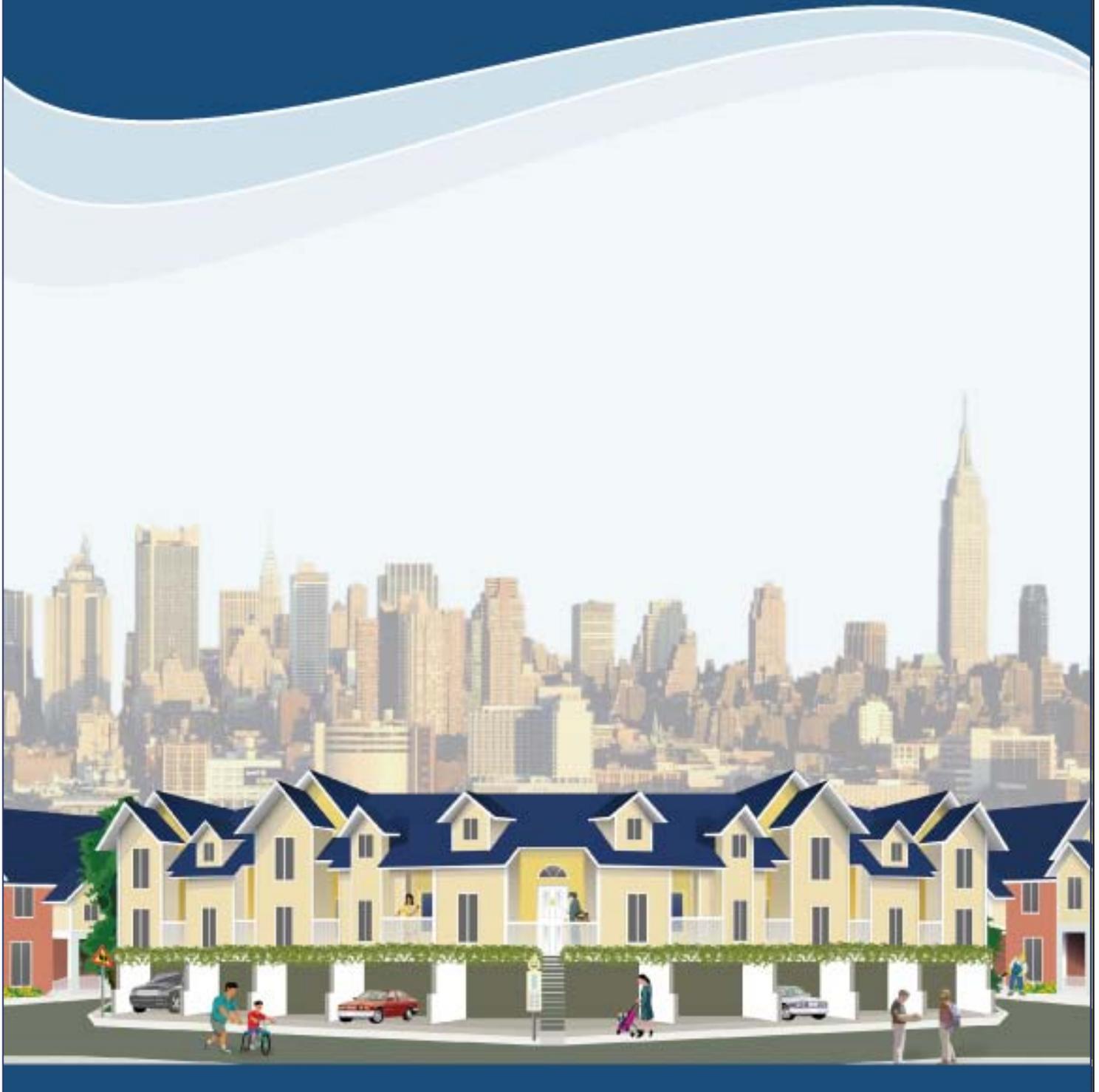




Federal
Home Loan Bank
of New York

Community Lending Plan 2011



Executive Summary

The Federal Home Loan Bank of New York herein presents its 2011 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 2011. Also presented, is an overview of the Bank’s community lending related initiatives and accomplishments in 2010.

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 2011, 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 Goals for 2011:

Initiatives for 2011

In an effort to both meet the identified community lending needs in our District, and further the results achieved in 2010, the Bank will undertake the following community lending initiatives for the year 2011:

- 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.fhlbny.com

Quantitative Community Lending Goal for 2011

The Bank proposes the following community lending goal for 2011:

- Originate new community/economic development commitments - \$30 million

Community Lending Related Activities in 2010:

Community and Economic Lending in 2010

During 2010, the Bank continued promoting the Urban Development Advance (“UDA”) and Rural Development Advance (“RDA”) programs. The UDA and RDA 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 that benefit households 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 which benefit households with incomes at or below 115% of the area median income. These programs offer low-cost advance rates and are available on a daily basis. From January to November 30, 2010 the Bank committed \$25 million in UDA funds to the following program:

Member Name	Flushing Savings Bank
Commitment Amount	\$25,000,000
Program Name:	2010 Mixed-Use Commercial Loan Program
Program Description:	Funds will be used to provide financing for mixed-use properties and commercial loans. UDA funds may be utilized for various uses including the acquisition, construction, rehabilitation, or refinancing of real estate or to make various small business loans. The funds will help revitalize communities within the member banks lending area.

The Bank did not commit any RDA funds in 2010. 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.

B. Outreach and Technical Assistance Meetings

The Bank's Community Investment Officer and other 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.



On June 23, 2010, the New Jersey Housing and Mortgage Finance Agency and the Federal Home Loan Bank of New York hosted a joint training seminar to educate housing and community development organizations in the various financing programs offered by the two agencies. This is one of many examples of how the Home Loan Bank supports housing and community development in our district - by bringing together people who can make a difference in their communities and providing them with the tools to do so. Pictured clockwise above are Bridget Morrissey, Ed Bird (center), Paul Cognetti and Daniel Randall, members of the Bank's Community Investment staff, instructing groups interested in finding ways to support housing and community lending in difficult times.



Other Community Lending Related Activities in 2010

Community Investment Program (“CIP”)

The Community Investment Program provides low-cost financing to support housing initiatives that directly benefit households with low- to moderate-income households. From January 1 to November 30, 2010 the Bank committed \$137 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.

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.

The Bank did not commit any funds under the Fresh-Start Home Finance Program or the Disaster Relief Program in 2010. This is a reflection on the state of the current economic environment, which has left our member banks flush with retail deposits and virtually eliminated their need for additional liquidity to finance eligible activities offered through these Community Lending Programs.



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 2010, the Bank conducted two application periods and received 260 applications in total. During the first round, a total of 135 applications were submitted including 82 applications for projects located in New York, 43 for projects located in New Jersey, 1 project located in Puerto Rico, and 9 for projects located out of district. In total \$74.3 million dollars of subsidy was requested to finance 6,848 units of affordable housing.

During the second round, a total of 125 applications were submitted including 73 applications for projects located in New York, 40 for projects located in New Jersey, 3 projects located in Puerto Rico, and 9 for projects located out of district. In total \$68,504,268 of subsidy was requested to finance 6,376 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 the 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 a 0.54% foreclosure rate among First Home Club households over a five year period.

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, a total of 1,935

households were enrolled in the First Home Club. In 2010, a total of 1,984 households have been enrolled into the program. Furthermore, home closings have increased substantially over the past two years. Total funding requests processed for 2007 and 2008 were 364 and 350, respectively. Eight hundred and nineteen FHC households closed on homes subsidized with a total of \$6,354,084 in subsidy in 2009. Through November 30, 2010, 691 FHC homes were closed with FHC assistance grants totaling \$5,358,194.

First Home Club Program Activity (since inception)

- \$53,132,276 total program allocation
- \$27,924,568 funded to 4,674 First Home Club households
- 3,748 households are currently enrolled and fulfilling program requirements

As of November 30, 2010, there are 69 HLB member banks approved to participate in the First Home Club Program.

Letter 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 November 30, 2010, the Bank had a total of 192 outstanding letters of credit amounting to \$1,757,333,832 consisting of the following letter of credit types:

<u>Total Outstanding</u>	<u>Letter of Credit Type</u>	<u>Amount Outstanding</u>
6	CICA Letters of Credit	\$22,621,502
7	Regular Letters of Credit	\$18,939,156
1	Direct Pay Letters of Credit	\$3,492,674
166	Municipal Letters of Credit	\$1,528,840,500
12	Refundable Municipal Letters of Credit	\$183,440,000



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. In 2009, the HLB launched a new type of letter of credit – the Refundable Municipal Letter of Credit. This letter of credit is more flexible in collateralizing municipal transaction accounts, whose balances fluctuate over time.

Examples of LOCs issued this year include the following:

- At the request of The Canandaigua National Bank and Trust Company, a nationally chartered commercial bank in New York, the Bank issued a confirming standby LOC, in the amount of \$2,607,821.92 over a term of one year from July 8, 2010 to July 7, 2011, to provide credit enhancement for the Geneva Housing Authority Variable Rate Demand Housing Revenue Bonds. The bonds were issued to refinance the acquisition, construction, and equipping cost of an adult care residential building in Canandaigua, New York.
- At the request of Investors Savings Bank, a state chartered savings bank in New Jersey, the Bank issued a standby LOC, in the amount of \$650,000 over a term of 20 months from June 23, 2010 to January 31, 2012, to provide credit enhancement for the Banc of America Commercial Mortgage Inc. Commercial Mortgage Pass-Through Certificates. The certificates were issued to finance the acquisition of a commercial real estate property in Philadelphia.

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 9.8% in September 2009 to 9.6% in September 2010. ¹

New York State & New York City:

As of September 2010, New York State's unemployment rate, after seasonal adjustment, was 8.3%. The national rate was 9.6% and the rate for New York City was 9.3%. The rate for New York State outside of New York City was 7.5 percent. ^{1,3}

New Jersey:

New Jersey employment rate fell from 9.8% in September 2009 to 9.4% in September 2010. ^{2,3}

Puerto Rico:

As of September 2010, Puerto Rico's unemployment rate was 16%. ²

District II Civilian Labor Force and Employed and Unemployed Rates

The table below displays the District II civil labor force numbers and District II employed and unemployed rates as of September 2010 (numbers in thousands). ²

District	Employed	Unemployed
New York State	9,668.2	798.6
New York City	3,997.3	373.5
New Jersey	4,501.9	423.5
Puerto Rico	1,296.0	207.2



Demographic Factors:

Slowed Household Growth / Immigration

According to “The Joint Center for Housing Studies of Harvard University, The State of the Nation’s Housing 2010,” household growth slowed in the late 2000’s resulting from an intense housing down turn and a severe recession—led primarily by a retreat in immigration. “Household growth from 2005-2009 fell well below what would be expected in less challenging economic times, slowing from about 1.2 -1.4 million annually in the first half of the decade to less than 1 million per year. The main explanation appears to be a marked drop in immigration, though doubling up among economically stressed families has also played a role.” By and large, U.S. job losses also played a role in immigration decline, especially among undocumented entrants.

Under the Census Bureau’s current estimate regarding immigration, the number of echo boomers will swell to 92.9 million by 2025. Even with immigration at half that pace, their numbers will grow to 86.5 million. This highly diverse generation will give demand for apartments and smaller starter homes a lift over the next 15 years. Meanwhile, the baby boomers will boost the demand for senior housing. The units built over the next 10-20 years that intentionally cater to older Americans will be the housing available for many future generations. Since the current funding system is geared towards stays at skilled nursing facilities at the expense of the more popular assisted living and aging in place options, greater attention and urgency will be given to housing issues over the next ten years.⁴

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.⁵

New Jersey:

According to The Federation for American Immigration Reform (FAIR), New Jersey's population increased by 9.1 percent between 1990 and 2000, and by 3.4 percent between 2000 and 2006, bringing New Jersey total population to approximately 8.7 million. New Jersey's foreign born population increased by 19.8 percent between 2000 and 2006. During that period New Jersey gained over 292,000 immigrants bringing the total number of foreign-born residents in the state to nearly 1.8 million. The population projection for 2010 is 9 million.⁶

Puerto Rico:

Nearly four million people live in Puerto Rico, (about equal to the population of Kentucky) today. This represents a 0.3% change since the 2009 estimate.⁸

National:

In the US, the aging of the echo-boom generation into young adulthood, augmented by immigration, will increasingly drive household growth over the next 15 years. The sheer size of the echo-boom generation will produce record numbers of households headed by young adults thereby setting record highs by 2025 even if immigration is low. At 80.8 million strong, this generation is even larger than the baby-boom generation is now.⁴



Studies show that immigration also contributes to population growth through the children born to immigrants in this country. Nationally, the share of births to the foreign-born is about double their share of the population. A 43.6 % share of the state’s current births is large enough to account for about 106,345 births a year. Combining the increase in the foreign-born population and estimated immigrant births suggests that immigration may account for nearly 152,850 persons added to the state’s population annually, i.e., more than double the state’s overall population increase.⁵

Finally, according to the State of the Nation’s Housing 2010, other issues such as reduced mobility, lost household income, residential development and a host of other reasons serve to be the motivating factors involved with our changing population, especially with regard to density and capacity for expansion.

The chart below shows the rise in year-over-year population in our District from July 2007 through July 2009:¹⁰

District	State Population (July 2007 est.)	State Population (July 2008 est.)	State Population (July 2009 est.)	Population Increase (2007-2009)
New York	19,422,777	19,467,789	19,541,453	118,676
New Jersey	8,636,043	8,663,398	8,707,739	71,696
Puerto Rico	3,941,235	3,954,553	3,967,288	26,053

Affordable Rental Housing:

New York:

According to the National Low Income Housing Coalition, in New York, the 2010 Fair Market Rent (FMR) for a two-bedroom apartment is \$1,241. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$4,138 monthly or \$49,660 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$23.87.

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 132 hours per week, 52 weeks per year. Or, a household must include 3.3 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 \$22.37 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 43 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.1 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 \$1,094.⁷

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

New Jersey:

In New Jersey, the 2010 Fair Market Rent (FMR) for a two-bedroom apartment is \$1,264. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$4,215 monthly or \$50,577 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$24.32.



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 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 Jersey, the estimated mean (average) wage for a renter is \$17.01 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 57 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.4 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 \$1,087.⁷

Least Affordable States	Housing Wages For 2-Bedroom (2009)	Housing Wages For 2-Bedroom (2010)	Percent Increase/Decrease - 2-bedroom Housing Wage
New Jersey	\$23.12	\$24.32	5.19%
New York	\$23.21	\$23.87	2.84%

According to the Center for Housing Policy’s Insights from Housing Policy Research series, “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 ten years between 1995 to 2005, two units were demolished or permanently removed from inventory for every three units added to the housing stock.



Homeownership Trends:

- The national homeownership rate slipped again in 2009 as foreclosures set new records and tighter underwriting standards restricted the pool of potential buyers able to qualify for loans. While house prices declined and a federal tax credit drew first time homebuyers into the market, those same price declines also left millions of current owners unable to sell their homes without incurring losses. Meanwhile, loan performance continued to erode and foreclosures mounted, as unemployment rates began to soar.
- Plunging home prices have left millions of owners underwater on their mortgages. For about 4.9 million of these households, home prices would have to rebound by more than 25 percent before their homes are at least worth the value of their outstanding mortgages.
- After holding steady at 12 percent in both 1980 and 2000, the share of severely burdened households (spending more than half of their incomes on housing), jumped by a third, to 16 percent, in 2008. A record 18.6 million households faced these high cost burdens in that year, an increase of 640,000 since 2007 and 4.7 million since 2001. Living within these households were 44.2 million Americans including 13.7 million children.

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