

FEDERAL HOME LOAN BANK OF SAN FRANCISCO

2019 Community Lending Plan

Introduction

Management provides regular updates to the Board and the Affordable Housing Advisory Council (AHAC) on the Bank's progress in developing and implementing the Community Lending Plan (Plan). The Board and the AHAC review progress on the Plan and help identify new areas of opportunity for promoting the Bank's community programs.

The Access to Housing and Economic Assistance for Development (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 market opportunities in the Bank's district. The Bank plans to continue to promote the IDEA, WISH, and AHEAD programs, provide technical assistance for using the programs, and expand member participation. In response to the fires that affected communities in Northern and Southern California in 2017 and 2018, the Bank will continue to promote community investment's credit programs, including raising the program limits to help rebuild communities affected by all types of natural disasters throughout the district. The Bank also launched a donation matching program to support member contributions to help communities affected by fires and/or other natural disasters.

Section I describes activities designed to gather input for the Plan from members, housing associates, and public and private economic development organizations in the Bank's district. This section also discusses Community Reinvestment Act (CRA) reform and how the Bank may help members prepare for changes in the regulation.

Section II references the Quality Jobs Fund (QJF), a donor-advised fund focused on quality job growth and small business expansion. The Community Investment department assumed administration of the QJF in 2018, with fund management remaining at the New World Foundation (NWF). In addition, the Community Investment department, in conjunction with the Public Affairs and Marketing departments will assist in the promotion of the program's awardees.

Section III outlines the Bank's non-mandated grant program, AHEAD. Section IV outlines Community Support Program activities, which include the disaster recovery initiatives outlined in the second paragraph of this document.

Section V describes the Bank's quantitative community lending performance goals. The first quantitative goal is kept at the same level as 2018 given the year-to-date achievement. Management does not expect a significant increase in the number of unique members using the credit programs or receiving AHEAD grants in 2019. Management has increased the second quantitative goal given 2018 year-to-date achievement and a strategic focus to increase participation by CID and Bank team

members at conferences, meetings, and workshops. The third quantitative goal, the number of members participating in workshops or receiving technical assistance from the Bank, is unchanged given 2018 year-to-date achievement. No significant increase of member participation is expected in 2019.

The last goal specifies the target amount of small business, small farm, and small agribusiness loan collateral expected to be pledged as of yearend 2019 by community financial institution (CFI) members that receive borrowing capacity on their CFI collateral. Two of the three target amounts are slightly higher than the respective 2018 goals and all three targets are higher than 2018 year-to-date balances. The 2019 goals are based on a combination of an expected increase in the amount of CFI collateral on the balance sheets of eight new CFI members, an expected increase in the amount of CFI collateral on the balance sheets of existing CFI members, and the loss of CFI pledged collateral through member acquisition, merger, or changes in type of pledged collateral.

Recommendation

Management recommends that the Board approve the proposed 2019 Community Lending Plan attached as Exhibit A.

2019 Community Lending Plan

I. Develop and Maintain Relationships with Members and 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 community programs.
- D. Provide support to community-based organizations to link these 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 efforts to support economic development projects that promote job creation and training, offer social services, or provide financial education to low- and moderate-income people and families, or that help build nonprofit capacity.
- F. Assist members in understanding the Community Reinvestment Act (CRA) reform as the regulation is updated, and provide assistance on how to use the Bank's community investment programs and other services to meet their CRA goals.

II. Administer the Quality Jobs Fund (QJF) Program

- A. Develop policies and procedures.
- B. Oversee vendor compliance with QJF agreements.
- C. Support the promotion of awardees and the program in general.

III. Non-Mandated Grant Program: Access to Housing and Economic Assistance for Development (AHEAD) Program

Accept and evaluate applications and administer the program in 2019.

IV. Community Support Program Activities

- A. Promote affordable housing finance and partnerships among members, housing associates, and community developers.
- B. Administer the Affordable Housing Program (AHP), including the competitive program and the set-aside programs, the Individual Development and Empowerment Account (IDEA) Program and the Workforce Initiative Subsidy for Homeownership (WISH) Program.

- C. Promote the use of the Bank’s community credit programs, including continued support to members working to rebuild communities affected by any type of natural disaster within the district, and expand member participation.
- D. Administer matching member contribution program to support communities affected by any type of natural disaster within the district.
- E. Continue to provide information and technical assistance on the Bank’s community programs in seminars, workshops, and meetings.

V. Quantitative Goals for 2019

- A. **CIP and ACE advances and letters of credit and AHEAD grants:** Transact Community Investment Program (CIP) and Advances for Community Enterprise (ACE) advances and letters of credit and award AHEAD grants.

2019 Goal	Meets	Exceeds	Far Exceeds
CIP and ACE advances and letters of credit and AHEAD awards (# of members) ¹	47	50	55

The recommended 2019 goal targets are the same as in 2018, given the 2018 year-to-date achievement. No significant increase in the number of members using the credit programs or participating in the AHEAD programs is expected in 2019.

- B. **Actively participate in and/or convene conferences, meetings, and workshops:** Promote understanding of the Bank’s mission and community programs and foster increased involvement by members and housing associates in affordable housing and economic development by supporting and actively participating in or convening conferences, workshops, and meetings with members and public and private community and economic development organizations.

2019 Goal	
Actively participate in and/or convene conferences, meetings, and workshops	64

¹ Members that sponsor a successful AHEAD grant application are counted separately from participation in CIP and ACE advances and letters of credit.

The recommended 2019 goal target is higher than in 2018, based on 2018 year-to-date achievement and a strategic focus to increase participation by CID and Bank team members at conferences, meetings, and workshops.

- C. **Increase member involvement in community programs:** Promote member participation in Bank-sponsored AHP (competitive and set-aside) workshops and provide technical assistance to members on the use of the Bank’s affordable housing, credit, and economic development programs.

2019 Goal	Meets	Exceeds	Far Exceeds
Member participation in AHP workshops and technical assistance (# of unique members)	78	80	85

The recommended 2019 goal targets are the same as in 2018, based on 2018 year-to-date achievement. This goal was significantly increased in 2018 with respect to 2017 and the resources of the department were decreased in 2018. In addition, no significant increase in member participation in workshops and technical assistance is expected in 2019.

- D. **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 2019.

2019 Goal	
CFI collateral (Unpaid principal balance in millions):	
Small business loans	\$3,465
Small farm loans	\$694
Small agribusiness loans	\$260

Two of the three 2019 recommended goals targets are higher than the 2018 goals and all three targets are higher than 2018 year-to-date balances. Management expects an increase in the amount of CFI collateral on the balance sheets of eight new CFI members from 2018 and an increase in the amount of CFI collateral on the balance sheets of existing CFI members. Management also expects a small decline of CFI pledged collateral through member acquisition, merger, or changes in type of pledged collateral.

2019 Goals Summary	Meets	Exceeds	Far Exceeds
CIP and ACE advances and letters of credit and AHEAD awards (# of members)	47	50	55
Actively participate in and/or convene conferences, meetings, and workshops	64		
Member participation in AHP workshops and technical assistance (# of unique members)	78	80	85
CFI collateral (<i>Unpaid principal balance in millions</i>):			
Small business loans	\$3,465		
Small farm loans	\$694		
Small agribusiness loans	\$260		

2018 Goals Summary	Meets	Exceeds	Far Exceeds	As of 10/31/18
CIP and ACE advances and letters of credit and AHEAD awards (# of members)	47	50	55	49
Actively participate in and/or convene conferences, meetings, and workshops	60			63
Member participation in AHP workshops and technical assistance (# of unique members)	78	80	85	83
CFI collateral (<i>Unpaid principal balance in millions</i>):				
Small business loans	\$3,502			\$3,428
Small farm loans	\$601			\$729
Small agribusiness loans	\$206			\$253