March 28, 2023

RE: FHLBank System at 100: Focusing on the Future

Appalachia Service Project (ASP) is a fifty-four-year-old affordable housing and volunteer service organization, historically related to the United Methodist Church, but today is an independent, non-sectarian organization. ASP serves low-income families throughout the five-state area of central Appalachia (Kentucky, Tennessee, West Virginia, Virginia, North Carolina) by performing major and emergency home repair as well as home replacement. Most of our client families are 30% AMI or lower though we do serve families up to 70% AMI if no other resources are available to them. Since 2012, ASP has added disaster recovery to its home repair and replacement programming.

ASP has used the services of both FHLB (Pittsburgh) and FHLB (Cincinnati), though the vast majority of our work has been with the Cincinnati bank where our president serves on the AHP Advisory Committee and chairs the Ownership Committee. ASP has used the AHP and Welcome Home programs, as well as the voluntary Disaster Reconstruction Program and the Carol Peterson Housing Fund. Over the last 12 years, these funds have made the building of 250 new energy-efficient homes affordable for low-income families and thousands of needed major repairs, from fixing foundations to replacing roofs, possible. ASP builds every project funding stack with FHLB funding serving as a consistent and needed foundation.

The regional FHLB structure allows for less centralized decision-making as to housing needs, with more regional influence as to the distribution of funding in order to meet those needs. A regional system also by provides ready access to those decision-makers within the bank. ASP’s experience with the FHLB as compared to our experience directly with the Department of Housing and Urban Development demonstrates that regionalization helps shorten the turn-around time on grant applications, funding awards and closing out grants. Further, the ability to access bank personnel allows for the quick resolution of problems when they arise. Regional structure also allows smaller organizations access to funding as the administratively onerous applications and compliance associated with nationally centralized funding sources, especially HUD and USDA, discourages many organizations from pursuing those resources.

We believe changing or further restricting membership and profitable lines of business would negatively affect bank profits and, consequently, available AHP funding to assist with confronting substandard housing. ASP has enjoyed incredible service from the FHLB system and our clients, mostly extremely low-income families, have benefitted. We would welcome any changes to the Affordable Housing Program that would place more emphasis on home ownership and allow, in the application process, for the value of volunteer labor to be used as matching or leveraged funds toward total project cost.

Thank you for allowing ASP’s input into the review process.

Sincerely,

Walter Crouch, President & CEO