

# Building Blocks

A Publication of the Federal Housing Finance Board



Volume 4, Number 3

Spring 1996

## AHP Adds \$270,000 in Assistance

## Houston Community Fights Back to Reclaim Neighborhood for Residents

World heavyweight boxing champion George Foreman is from there. So is Smith College president Dr. Ruth Simmons. Barbara Jordan, the first black Congresswoman from the South, was from there, as were civil rights pioneer Dr. Lonnie Smith, and the late Congressman Mickey Leland. "There," for these five national leaders, is the Fifth Ward in Houston, Texas. While the Fifth Ward was for a time home, it was also once a place to be left behind. Not any longer.

Settled by former slaves after the Civil War, the Fifth Ward's six-square-mile border the northeastern part of downtown Houston, and over the years has been home to the city's minority and immigrant populations. Though primarily a black district, Latino and Italian Catholics also adopted the Fifth Ward as they passed through the community during their climb to the middle class. While the district was never prosperous, community leaders are proud that the Fifth Ward is home to the city's

first black settlement house and the first black arts complex, in addition to many historic churches.

But for decades, natives of the city referred to the Fifth Ward as "The Bloody Fifth" for its high crime rates and domestic abuse cases. By the 1980s the Fifth Ward was the lowest income neighborhood in any major Southern city, with 62 percent of its residents living in poverty. Years of grinding poverty, failing businesses, and municipal neglect had spawned a visible "mean streets" culture in the Fifth Ward, so mean that cab drivers refused to pick-up or take fares to the area. The ward had become the city's worst neighborhood.

In 1989, community leaders banded together to

combat the decay and crime and formed the Fifth Ward Community Redevelopment Corporation (FWCRC), determined to return the neighborhood to its residents. Over the past 7 years, the FWCRC has led the community toward a major renaissance, as empty lots have sprouted homes, abandoned buildings gained new tenants, and the community's infrastructure is (See **WARD**, page 2)

### Table of Contents

*FHLBank of New York First to Purchase AA-Rated Housing Bonds . . . . . see page 3*

*SBICs May Offer FHLBanks Unique Investment Opportunities . . . . . see page 5*

*Bank System Members' Community Support Efforts Show Improvement . . . . . see page 6*

*Flexibility Is Key to Bank System's New AHP Set-Aside Programs . . . . . see page 7*

being brought up to modern standards. As one community organizer said watching a new home being built. "This is the first new lumber we've seen here in decades."

Since the FWCRC began its work, 452 new homes have been built or are planned, including a 312-unit "homeowner incubator village," and the homes of nearly 100 elderly and disabled residents have been repaired. Commercial development includes 14,000 square feet for business and retail incubators and the creation of 72 permanent jobs in the community.

Among the new homes are 54 units of affordable owner-occupied housing that used \$270,000 in subsidies from the Federal Home

Loan Bank System's Affordable Housing Program (AHP).

In 1991, the FWCRC used a \$150,000 AHP subsidy for 30 new single-family homes for households earning 80 percent (\$35,300) of the area median income or less. This subsidy was provided through United Savings Association of Texas.

In 1994, Bank United of Texas provided a \$120,000 AHP subsidy for 24 new homes for households earning as little as 50 percent (\$22,650) of the area median income. United Savings Association of Texas and Bank United of Texas are members of the Federal Home Loan Bank of Dallas.

Shortly after its creation, the FWCRC board of directors

appointed Steve Fairfield as its first executive director. A Baylor University graduate, Fairfield brought to the job more than 10 years of housing development experience gained from working in his father's construction firm, and Houston's housing department, as well as frequently volunteering for local Habitat for Humanity projects.

Following his appointment, Fairfield and the board of directors did a survey of the community to see where the organization could make the most impact, and the board resolved to make homeownership in the ward its number one priority. But, everyone later learned, this was easier said than done.

The FWCRC ran into three major obstacles during its drive for homeownership: land titling, mortgage financing, and infrastructure. They found there was a lack of land for which there existed legal and marketable titles. The titles of much of the developable land were missing, incomplete, or confused. Fairfield noted, forcing the board to work only with land having a clear title

The Fifth Ward also was not a hotbed of mortgage activity. "There was almost nothing," Fairfield said of the area's mortgage history. "No conventional mortgages, no HUD . . . very little financing was ever done." The organization is slowly conquering this problem as it continues to work with local financial institutions to create portfolio mortgage products

The FWCRC was also surprised at the poor condition of the Fifth Wards infrastructure. Fairfield and the board found miles of potholed and rutted roads, inadequate or nonexistent lighting.

(See WARD, page 3)

## Nonprofit Announces \$10,000 Grants for Model Partnerships

The Social Compact, a nonprofit organization dedicated to improving relationships between financial services institutions and America's neighborhoods, has announced it is accepting applications for its annual Outstanding Community Investment Award.

The awards recognize model partnership-based strategies for rebuilding viable neighborhoods and markets, and are submitted jointly by a community-based nonprofit and its financial services institution partner. The projects and ventures cited in the applications must be fully operational and have demonstrated significant achievements and impact in revitalizing a local neighborhood.

The nonprofit partners of the winning applications receive grants of \$10,000, have their strategies serve as national models, and are hosted to a series of high-visibility events in Washington, D.C. In 1995, there were six winners.

The deadline for submitting applications is August 31

For additional details and an application package, contact Karin Ottesen, The Social Compact, Suite 410, 5335 Wisconsin Avenue, NW, Washington D.C. 20015, or call (202) 686-9190.

no curbs or gutters. arid grossly inadequate water service. One area where FWCRC was building a new home was served by a water main only one-half inch in diameter. Fairfield said.

"Since [alerting city officials to the deficiencies] we have had a good working relationship with the city. which is upgrading the infrastructure." Fairfield said.

The driving force behind FWCRC's present effort is a 15-year master plan adopted by the board in 1992. The plan followed 18 months of meetings with professional planners. city officials, and most importantly. community residents.

"Community input was crucial. We needed to pull out the vision from the residents." Fairfield explained.

"We also involved the people that were going to help out with the solutions -- the city leaders. business executives. ministers. and educators. They all took ownership of the plan and helped present it to the mayor." he said.

The master plan incorporates the early findings of the board of directors. which were a need for homeownership. business development. beautification and neighborhood safety. Added to those original goals, are goals for historic preservation. community services. home preservation. education. transportation. and infrastructure. The master plan lists specific goals for the community. such as installing 12 covered bus stops and 12 miles of sidewalks. repaving 250 square blocks and improving 6 parks. razing 500 buildings. installing 1,000 street lights. starting 25 block clubs. and starting annual clean-up projects with Clean Houston and Conoco.

one of the city's major industrial firms.

Fairfield says taxis now routinely come and go from the Fifth Ward. and that the physical changes in the community mirror the changing perceptions of Houston's residents. The community. Fairfield says, is rebounding and its residents are optimistic about the future.

"I've heard it on the street. 'The 5th Ward is coming back'. We see families being attracted back from the suburbs where they moved in the '70s and '80s. We are regaining our residential base, and we see people have pride in their community again. Every time we build a new home other

homeowners in the neighborhood start fixing up their homes . . . about three homes are fixed up for each new home built." Fairfield said.

The revived attitudes in the community are attributed to FWCRC's continued presence and work. according to Fairfield

"Our incremental approach to solving the problem is important. We didn't just come in and build some homes and leave. We are here year after year. season after season. and that continued activity instills a sense of hope in people." he explained.

"The activity is a catalyst for investment -- and a catalyst for hope." □

---

## FHLBank of New York Receives Approval for Bond Purchase

The Federal Housing Finance Board has for the first time allowed one of the 12 Federal Home Loan Banks (FHLBank) it regulates to purchase bonds rated double-A. rather than triple-A, as is the normal requirement.

The FHLBank of New York received permission in January to purchase up to \$86 million of 40-year, double-A bonds to be issued by the New York Housing City Housing Development Corporation (NYCHDC) to finance a mixed-use housing and commercial development project.

FHLBanks are allowed by law to invest in securities that fiduciary and trust funds may invest in under the laws of the State in which an FHLBank is located. However. the Housing Finance Board's Financial

Management Policy (FMP) limits the FHLBanks' investments in long-term bonds to triple-A rated securities issued by the U.S. government or securities issued by government-sponsored agencies.

Double-A rated bonds are high grade investments with margins of protection only somewhat lower than the highest quality securities. For the NYCHDC project. the double-A rating is derived not only from the credit quality of the issuer. but also from the fact that most of the bonds will be supported by FHA-insured mortgages.

Housing Finance Board Chairman Bruce A. Morrison said the FHLBank of New York's request was granted because it is a mission-oriented initiative

(See **BONDS**. page4)

(BONDS. from page 3)

contributing toward housing and economic development, and there are not significant risk factors.

"First and foremost." Morrison said. "the mission of the Housing Finance Board is to provide housing and economic development opportunities to all Americans while maintaining the safety and soundness of the Bank System. The proposal by the FHLBank of New York accomplishes this."

The FHLBank of New York proposed to purchase all or some of an upcoming issue of \$86 million of NYCHDC bonds as a direct placement, which means the bonds would be sold directly to the FHLBank of New York without going through an investment banker. NYCHDC would use the bond proceeds to finance the construction of 522 units of cooperative housing and 40,000-square-feet of commercial development at the Queens West Development Project. As a direct placement, the NYCHDC would have lower costs for issuing its bonds, thus lowering the cost of financing the housing and making it more affordable to more people. The FHLBank estimates a 7.5 percent return on its investment.

While the FHLBank of New York is authorized to purchase the entire issuance of \$86 million, it hopes to interest some of its members in participating as well.

The initial phase of the Queens West Development Project will consist of a 42-story building with 522 studio, one- and two- bedroom apartments ranging in size from 454 square-feet to 1,134 square-feet. The apartments will be targeted to middle-income households earning between \$35,000 and \$100,000 per year, depending upon family size.

The Queens West Development Project is part of the New York Port Authority plan to revitalize a blighted area of the Hunterspoint section of Long Island. When

completed, the plan calls for the site to have a hotel, up to 6,300 housing units, 2 million square feet of office space, and 20 acres of public open land. □

## **Update on NPH Efforts**

### **Rural Housing, AHP Set-Asides Top Strategies for Homeownership Push**

The nation's homeownership rate climbed to 65.1 percent in December 1995 -- the highest rate since 1981 -- from a rate of 64.2 percent in December 1994, meaning that 1.4 million more Americans became homeowners last year, according to the Department of Housing and Urban Development.

The gain of almost 1 percent represents the sharpest increase in the homeownership rate in at least 30 years.

The large jump in homeownership rates indicates that the administration's National Partners for Homeownership (NPH) is having an impact on the housing industry and the buying public. The NPH, begun in June 1995, is a national effort to increase the homeownership rate to 67.5 percent by adding eight million households to the homeownership rolls.

The FHLBank System is one of 58 major public and private housing groups that constitute the NPH. Collectively, these partners have agreed to implement 100 "action items" listed in the National Homeownership Strategy (NHS). The 12 FHLBanks are

participating in 37 of the action items.

To date, the most significant accomplishment for the FHLBank System has been the creation of AHP set-aside programs to provide downpayment and closing cost assistance to help very-low- and low-income households purchase homes. The FHLBanks of Chicago, Des Moines, New York, Pittsburgh, Indianapolis, and Seattle have created set-aside programs and the FHLBank of Topeka is planning to create one (see related story on page 7).

The FHLBanks are also responding to three action items that pertain to rural areas. Several of the FHLBanks are maintaining a district priority for housing in rural areas in their AHP programs and others have agreed to participate in the recently announced Rural LISC program.

Eight of the FHLBanks have agreed to action items that increase homeownership opportunities for Native Americans.

Other highlights include:

- The FHLBank of Boston is

(See **NPH**, page 10)

---

# Small Business Investment Companies Offer FHLBanks Development Opportunities

Federal Housing Finance Board Chairman Bruce A. Morrison has asked the board staff to explore the feasibility of allowing FHLBanks and their members to invest in the Small Business Administration's Small Business Investment Companies (SBICs), a move that would increase the FHLBank System's community and economic development activities.

The SBA licenses two types of small business-assistance organizations. Specialized Small Business Investment Companies (SSBICs) and SBICs. Both are private investment firms that independently make their own investment decisions to provide equity investments or long-term debt financing to small businesses, and both use their own capital plus funds obtained on favorable terms through assistance from the Federal government to provide financing for the growth, modernization, and expansion of small businesses. SSBICs differ from SBICs, in that SSBICs are specifically oriented toward the needs of entrepreneurs whose opportunities to own and operate businesses have been limited by social or economic disadvantages. With a few exceptions, the same rules and regulations apply both to SBICs and SSBICs.

As defined by the SBA regulations, a small business has a net worth not greater than \$18 million and has not had average after-tax income for the previous 2 years in excess of \$6 million. Also, in general, a business with fewer

than 500 employees is a small business

FHLBanks have explicit authority to invest in SSBICs under Section 11(h) of the Bank Act. This section states that any FHLBank may invest surplus funds (funds not required for reserves or for advances to members) "in stock, obligations, or other securities of any small business investment company formed pursuant to section 618(d)

---

## **FHLBanks have explicit authority to invest in SSBICs to aid FHLBank System members**

---

of Title 15 [SSBICs] for the purpose of aiding members of the Federal Home Loan Bank System." Commercial banks may invest up to 5 percent of their capital and surplus in an SSBIC.

Chairman's Morrison's intent is to identify legal roadblocks to allowing FHLBank System members to invest in both SBICs and SSBICs, and work with Congress to change the law.

There are four significant benefits to investing in both SSBICs and SBICs: small businesses benefit

from capital infusion and management assistance: venture capitalists benefit through the ability to supplement their own private capital with funds obtained on favorable terms through assistance from the Federal government; more full-time, private-sector jobs are created; and tax revenues generated by successful SSBIC/SBIC-assisted companies more than cover the cost of the program.

The concept of SSBICs/SBICs began in the 1950s when Congress realized there were few sources of risk capital to help entrepreneurs launch or expand a business. In 1958, Congress authorized the SBA to license SBICs to stimulate the flow of equity capital and long-term loan funds into small businesses so that they can grow and develop. SSBICs were authorized in 1972.

Since the 1958, a total of nearly \$4 billion in public and private funds have flowed through the nation's 365 SSBICs/SBICs, and 78 commercial banks either own or have invested in the organizations. A list of SSBIC/SBIC users reads like a Who's Who of the modern business world: Apple, Intel, Callaway Golf, Ebony Magazine, Federal Express, America On Line, Compaq, and Outback Steakhouse have all used SSBICs/SBICs at some point during the start-up phase.

Assistance for an SSBIC/SBIC is available from the SBA when it determines the organization is sufficiently capitalized and has a

(See SBICs, page 6)

competent management team. The required minimum capitalization for an SSBIC/SBIC is \$5 million, but the SBA will consider \$2.5 million for an unleveraged SSBIC/SBIC.

The SBA allows approved SSBICs/SBICs to issue securities, either directly to the United States government, or with a government guarantee, and refers to these issuances as "receiving leverage." An SBIC may receive leverage up to 300 percent of its capital, up to a maximum of \$90 million, while an SSBIC may receive leverage up to 400 percent of its capital, up to a maximum of \$35 million.

The most common financial instrument sold by SBICs is a 5- or 10-year debenture. These debentures are sold in the public markets and carry a full faith and 100 percent credit guarantee of both

principal and interest by the U.S. government. Typically, a debenture is issued at a rate of 75 to 100 basis points over the Treasury yield for comparable maturities, and requires the payment of semiannual interest with principal repayment at term

An amendment to the 1992 Small Business Investment Act allows the SBA to guarantee participating securities. When the SBA guarantees these securities, it has the authority to share in profits of the SBIC, generally between 9 to 12 percent after the dividend rate is paid. As with debentures, the rate on participating securities is based on the 10-year Treasury yield curve

SSBICs may issue 10-year debentures in amounts totaling up to 200 percent of private capital with an interest rate subsidy of 300 basis points during the first 5 years of the debenture's life. To effect the

subsidy, SBA pays the difference between the subsidized and nonsubsidized rates. For any SSBIC, subsidized debentures are limited to 200 percent of private funds. SSBICs may also issue nonvoting preferred securities (either stock in a corporation or preferred limited partnership interests in a limited partnership) with a 15-year mandatory redemption. These securities carry a 4 percent cumulative dividend which is payable no later than the redemption date, regardless of the earning that may be realized by the SSBIC.

For more information on SSBICs/SBICs contact Leonard Fagan at the SBA at (202) 205-7583, or Stanley Newman at the Housing Finance Board at (202) 408-2812.

---

## **1995 CSP Annual Report**

# FHLBank Members Improve in Community Support Reviews

FHLBank members have improved their community support performance since the Federal Housing Finance Board first reviewed members in 1992. The principal trends are that more members are meeting the standard for community support, more members are meeting the standard in all areas, and fewer members are placed on Community Support Action Plans (Action Plans).

Section 10(g) of the Federal Home Loan Bank Act requires the Federal Housing Finance Board to adopt standards of community investment or service in order for FHLBank System members to

maintain access to long-term advances. The Housing Finance Board's Office of Supervision reviews the community support performance of each member approximately every 2 years. Members that do not meet the regulatory standard for community support are requested to develop and implement remedial 1-year Community Support Action Plans (Action Plans) to improve their performance.

The improved community support performance partially reflects an improvement in Community Reinvestment Act (CRA) ratings. In 1992, more than

11 percent of FHLBank members selected for community support review had "Needs to Improve" or "Substantial Non-compliance" CRA ratings, and nearly 8 percent of members were placed on Action Plans. In 1995, fewer than 3 percent of FHLBank members reviewed had these ratings, and only about 1 percent were asked to implement Action Plans.

Since 1992, the proportion of FHLBank members that have met the community support standard in all areas has more than doubled to 58 percent from 26 percent. Some of the improved performance is in

(See CSP, page 9)

---

**Regulatory Changes Allow Flexibility**

# Homeownership Set-Aside Programs Up and Running

In response to a recent Federal Housing Finance Board regulatory change, six Federal Home Loan Banks (FHLBanks) have established homebuyer set-aside programs, and another has begun planning to create such a program.

The seven FHLBanks' actions take advantage of a new regulation allowing the FHLBanks to set aside up to \$1 million of their annual Affordable Housing Program (AHP) funds to provide matching funds for downpayments and closing costs for low-income, first-time and other homebuyers.

The regulation allows FHLBanks to select between two options, a "conforming" or "nonconforming" program. Regardless of the option selected, the set-aside program must follow existing AHP regulations.

A conforming set-aside program requires prospective homebuyers to maintain a savings account for at least 10 months with a participating FHLBank System member, and, after meeting other requirements, each \$1 of savings may be matched by up to \$3 of AHP funding. Each participating household is limited to a maximum of \$5,000 of AHP matched-funds, and the programs must operate on a first-come, first-served basis. A low-income household is defined as one earning 80 percent or less of the area median income. Conforming programs may be initiated without Housing Finance Board approval.

A nonconforming set-aside program can deviate from the parameters set for a conforming program, but it must meet the goals of the National Partners for Homeownership, a public-private

---

**FHLBanks in**

---

**New York,**

---

**Pittsburgh,**

---

**Chicago, Seattle,**

---

**Des Moines,**

---

**Indianapolis,**

---

**open programs**

---

sector initiative aimed at increasing the nation's rate of homeownership. Nonconforming programs must be separately approved by the Housing Finance Board.

Of the six programs now operating -- outlined below -- all require the participating household to receive homeownership counseling prior to purchase. The programs also require that the house remain affordable to low-income households for at least 5 years.

The **FHLBank of New York's** conforming program meets all of the requirements set by the Housing Finance Board. The program is for downpayment and closing costs for first-time homeowners and is funded with \$1 million, or 10 percent of the FHLBank's annual AHP contribution, whichever is greater. For 1996 Homeowners are limited to \$5,000 of AHP funding, matched at a 3-to-1 ratio, and must have contributed to a savings program for at least 10 months prior to receiving AHP funds. The homebuyers must also agree to obtain mortgage financing from the participating member.

The **FHLBank of Chicago** has created a \$1 million nonconforming program for downpayment and closing cost assistance for low-income households. The program is not limited to first-time homeowners, in recognition that participants may have been homeowners at one time but because of previous debt problems and other extenuating circumstances may need help to become homeowners again. Participants are limited to \$5,000 of AHP assistance, none of which has to be matched by the participant's savings. No member of the FHLBank of Chicago district may receive more than 10 percent of the total AHP funds allocated for that member's State. Participants are also required to obtain mortgage financing from FHLBank members.

(See **SET-ASIDES**, page 8)

---

(SET-ASIDES from page 7)

The **FHLBank of Des Moines** also has established a nonconforming program to pay downpayment and closing costs for low-income households, but it is open only to first-time homebuyers, and priority is given to rural homeowners. Homebuyers must agree to obtain the mortgage through the participating member, except in certain instances.

The program limits to \$5,000 the amount of AHP funding any one participant may receive, but does not require the participants to match the assistance with savings. Initially, no member of the FHLBank of Des Moines FHLBank District may receive more than \$25,000 of AHP funds for this program.

The **FHLBank of Seattle's** nonconforming set-aside program is for low-income, first-time homebuyers. The \$1 million program limits each homebuyer to a maximum of \$3,000, which must be matched on a 1-to-1 basis by savings from the homebuyer. In addition, the homebuyer must have enrolled in an approved savings plan for at least 6 months before AHP funds will be reserved for the household, and must also agree to obtain the mortgage financing from the participating member. Each member of the FHLBank of Seattle will be limited to funding 25 households per year for a total of \$75,000.

The **FHLBank of Pittsburgh** has a nonconforming program for downpayment and closing costs for low-income, first-time homebuyers. The homebuyer must participate in a savings program for at least 10 months prior to or after enrolling in the program, and is limited to receiving no more than \$5,000 in matching AHP funds with a ratio of

up to 3-to-1, depending upon the borrower's income.

This program limits to 20 the number of households assisted by any member. Homebuyers must agree to obtain mortgage financing through the participating member institution.

The **FHLBank of Indianapolis** will use \$500,000 in AHP subsidy to create a nonconforming set-aside program for downpayment and/or closing costs assistance to first-time homebuyers with incomes at or below 80 percent of the area median income. The program will match

\$2 of AHP funds with \$1 of funds from the potential homeowners, up to a maximum of \$4,000

The FHLBank member must verify that the potential purchaser has received homeownership counseling from a member-approved program

The **FHLBank of Topeka** is considering a set-aside program

For additional information on set-aside programs, contact Roberta Youmans at the Housing Finance Board (202) 408-2581, or the community investment officer at the FHLBank

---

### **\$31 Million Available**

## **CDFI Fund Proves Popular with CDCs**

The Community Development Financial Institutions (CDFI) Fund has received 265 applications requesting more than \$300 million -- nearly 10 times the \$31 million available for community development projects.

In addition, the Bank Enterprise Award (BEA) program has received 51 applications requesting funding from a pool of \$15.5 million

The Treasury Department, which oversees CDFI Fund and BEA operations, had extended to March 15 the deadline for public comment on the CDFI fund interim regulation, and issued clarifying amendments to the proposed rule

The deadline extension was necessary to allow the organizations that have applied for CDFI Fund assistance to also prepare formal

comments on additional proposed rule changes. CDFI staff believe that many of these organizations, which are generally small and lightly staffed, used their available resources to first apply for funding, leaving preparation of formal comments for later.

"With a limited staff and limited time, they concentrated on getting their applications for funding completed first," stated one CDFI Fund employee.

The clarifying amendments dealt with technical changes to the definition of certain terminology, matching fund requirements, and retained earnings.

According to the preamble to the regulation, "This clarification is intended to take into consideration

(See **CDFIs**, page 9)

areas of community support that are not within the scope of pre-1996 CRA examinations. For example:

- The percentage of FHLBank members whose Community Support Statements noted efforts to assist first-time homebuyers increased to 98 percent of members reviewed in 1995, compared with 78 percent in 1992.

- The percentage of FHLBank members reviewed whose Community Support Statements noted demonstrable efforts to provide credit to households at or below 50 percent of the area median income increased to 79 percent of members reviewed in 1995 from 42 percent in 1992.

Some of the improvement in overall community support results is attributable to the fact that 1,011 FHLBank members had their second community support review in 1995. The community support performance improved for 44 percent of these members but declined for only 7 percent. In most cases, the FHLBank members whose performance improved went to meeting the community support standard in all areas from meeting the standard in most areas. Sixty-nine percent of FHLBank members reviewed for the second time met the standard in all areas.

After the first review, the Housing Finance Board points out any areas of community support that were not evident in these FHLBank members' Community Support Statements. FHLBank members have the opportunity specifically to address those areas in their second review if they were not mentioned in their most-recent CRA evaluation.

FHLBank members reviewed for the second time are more likely than those concurrently being reviewed for the first time to meet

<b>Totals for 1995 Community Support Review Process</b>	
2,140	Members selected for Community Support Review
2,011	Members reviewed
17	Members placed on Action Plans
21	Action Plans reviewed
40	One-year Action Plan reports reviewed
5	Members restricted from access to long-term FHLBank advances
4	Members warned that access to long-term advances would be restricted
	Member reinstated to access to long-term advances
At the end of 1995, 25 FHLBank members were restricted from access to long-term FHLBank advances.	

the standard for community support in all areas. As described above, members reviewed for the second time have had 2 years to improve their performance in any areas highlighted for attention during their first reviews.

As mentioned above, 69 percent of members reviewed for the second time in 1995 met the standard in all areas, while only 55 percent of members concurrently reviewed for the first time met the standard in all areas.

The vast majority of FHLBank members assist first-time homebuyers in ways such as direct lending, participation in government-insured programs, pre-purchase counseling, or participation with community-based organizations that assist first-time homebuyers. During 1995, the percentage of members whose Community Support Statements note assistance to first-time homebuyers has increased to nearly 98 percent since review began in 1992. This is the result of members being reviewed for the second, more detailed CRA exams, and a

heightened national focus on assisting first-time homebuyers.

the capacity of different types of organizations to raise capital from private sources and focus on sources of income that are earned from an applicant's operations."

The CDFI Fund and the Bank Enterprise Award were authorized by Congress in the "Community Development Banking and Financial Institutions Act of 1994. They are funded for 1996 with a combined \$46.5 million.

The CDFI program is designed to help establish a national network of community-based financial institutions dedicated to community development. The BEA program encourages depository institutions to increase loans, services and technical assistance within distressed communities, and make investments in CDFIs.

Additional information on the CDFI Fund and BEA is available by calling (202) 622-8662.

# RESOURCES

"Puerto Ricans in the United States: A Changing Reality" has recently been published by the **National Puerto Rican Coalition, Inc.** This 138-page soft-cover book provides a wealth of data on the socioeconomic status of Puerto Ricans in America. The book is available by writing to the NPRC at Suite 500, 1700 K Street, Washington, D.C. or by calling (202) 223-3915.

The National Housing Law Project has just released "Housing for All: Keeping the Promise." a 17-page booklet outlining a strategy to make decent housing a right. The \$1 booklet is available by writing to the **Housing Assistance Council**, Suit 606, 1025 Vermont Ave., NW, Washington D.C. 20005, or by calling (202) 842-8600.

"Supportive Housing Options" is a new newsletter from the **National Resource and Policy Center on Housing and Long Term Care** of the Andrus Gerontology Center, UCLA, Los Angeles, CA 90089-0191, or by calling (213) 740-1364.

"Urban Policy Brief No 2 Homeownership and Its Benefits" is available at no cost from **HUD USER**. The brief reviews the empirical evidence concerning the social, economic and emotional impacts of homeownership, especially for low-income Americans. Contact HUD USER P.O. Box 6091, Rockville, MD 20849, or call (800) 245-2691

"American Indians and Homeownership" is a new 18-page

report available by writing the **American Indian Research and Policy Institute**, 749 Simpson Street N., St. Paul, MN 55104 or by calling (612) 644-1728

"More than Housing How Community Development Corporations Go About Changing Lives and Neighborhoods" is available for \$10 by writing to the **Community Development Research Center**, New School for Social Research, 66 Fifth Ave. New York, NY 10011, or by calling (212) 229-5415

CRA Watch is a new newsletter on community development activities from the **Center for Community Change**, 1000 Wisconsin Avenue, Washington, DC. The telephone number is (202) 342-0567

(NPH from page 4)

working to establish lending consortia in New Hampshire and Maine. The Boston FHLBank also has contacted mayors of major municipalities in its district to offer assistance on implementing the NHS.

- The FHLBank of Topeka has approved \$8,500 in matching grants this year to nonprofits to support collaborative homeowner efforts.

- The FHLBank of Dallas is implementing its Helping Hand program, which uses special advances in combination with a grant to assist low- and moderate-income home buyers

with closing costs, downpayments, principal reductions or through a buy-down of interest rates

- The FHLBank of Seattle has released a publication series titled, "A Place to Call Home At a Price You Can Afford" as part of the FHLBank System's contribution to the NPH. The series includes a step-by-step guide to housing development, and provides lenders in smaller cities and towns with the tools to help meet the needs of lower income households. The FHLBank will distribute the publications in Idaho before distributing it in the other eight states and territories in its district. □

**Building Blocks is published quarterly by the Federal Housing Finance Board, Office of Public Affairs, 2nd Floor, 1777 F Street, N.W., Washington, D.C. 20006, The telephone number is (202) 408-2810.**

*Chairman*

Bruce A. Morrison

*Managing Director*

Rita I Fair

*Acting Director, Office of Public Affairs*

William J Carey

*Editor Writer*

Dennis O. McGee