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June 27, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

RE: Federal Housing Finance Board Proposed Rule
Excess Stock Restrictions and Retained Earnings
Requirements for the Federal Home Loan Banks
RIN Number 3069-AB30
Docket Number 2006-03

We are writing on behalf of the New York Housing Conference, a coalition of non-profit and for-profit owners and developers, professionals, bankers and others committed to the cause of affordable housing in the City and State of New York. NYHC is an affiliate of the National Housing Conference.

The Federal Home Loan Bank of New York's Affordable Housing Program is an important tool in financing affordable housing. Since 1990, it has contributed \$208 million toward the funding of 32,800 affordable housing units in New York, New Jersey, Puerto Rico and the US Virgin Islands. Just since January, 2004, its contributions of \$34.5 million have leveraged \$641.3 million from other sources to finance 4,900 units. More than fifty urban, suburban, and rural communities in the state of New York have been beneficiaries of AHP-funded developments since 2004.*

We would like to express our concern that the proposed rule requiring each FHLBank to meet a fixed formula minimum retained earnings standard will adversely impact the FHLBanks' Affordable Housing Program. We are concerned that the proposed rule's required increases in retained earnings will lead to significant reductions in the AHP contributions. We are also concerned that the proposed rule's limitation on dividend payments will create an incentive for larger banks to leave the FHLBank system. Together, these rule changes are likely to reduce the funds available for the AHP.

With reductions in volume, the proposed rule changes are also likely to result in higher costs for credit advances. This will inhibit the amount of affordable housing lending that smaller banks can do and also raise the borrowing costs for working families.

In light of these possible impacts, we respectfully request that the Federal Housing Finance Board withdraw the proposed rule and issue an Advanced Notice of Proposed Rulemaking in order to better study the potential effects of such changes on the supply of affordable housing in New York and the rest of our country.

Very truly yours,



Clara Fox

John Kelly

Carol Lamberg

* Albany, Arcade, Ardsley, Bath, Binghamton, Boston, Buffalo, Canandaigua, Chautauqua, Cheektowaga, Dunkirk, Elmira, Farmington, Fulton, Gansevoort, Geneseo, Gerzille, Hammondsport, Haverstraw, Henrietta, Hilton, Hornell, Hyde Park, Kingston, Lysander, Mattydale, Mount Vernon, New York City, Newburgh, Niagara Falls, North Collins, Olean, Palmyra, Penfield, Port Chester, Potsdam, Rochester, Saugerties, Sayville, Steuben, Straatsburg, Syracuse, Tannersville, Town of Ulster, Town of Wheatfield, Troy, Village of Lyons, Wappingers Falls, Woodstock, Yonkers and scattered sites in Chautauqua, Chemung, Schuyler, Steuben, Erie, Nassau and Suffolk counties.