

## FEDERAL HOME LOAN BANK OF SAN FRANCISCO

### 2018 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 addition, and in response to the tragic fires that affected communities in Northern California, the Bank will promote the community investment's credit programs and will raise the program limits to help rebuild the communities affected by the fire. The Bank also plans to launch a donation matching program to support members' contributions to help the communities affected by the disaster.

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.

Section II references the corporate initiative on quality job growth and small business expansion that the Legislative and Regulatory Affairs department researched in conjunction with the Aspen Institute and the Community Investment department. This initiative will deliver funds allocated by the Board. To inform development of the new initiative, the Bank convened meetings and round tables with academics, economic development experts, and business and civic leaders throughout the district to explore issues and opportunities for job creation, workforce development, and wealth creation. The Bank designated a donor advised fund, the New World Foundation (NWF), to administer the program in conjunction with the Aspen Institute. Two Community Investment Department team members are part of the Advisory Board that recommends investments to the Bank's president, who then makes investment recommendations to NWF. In addition, Community Investment will promote the program and help expand participation in the application process with the NWF.

Section III outlines the Bank's non-mandated grant program, AHEAD. In 2017, management explored whether to refocus the AHEAD program, but the results of the member and sponsor's survey indicated a preference not to make any changes on the program guidelines.

Section IV outlines Community Support Program activities, which include the new initiatives outlined in the second paragraph of this document, and Section V describes the Bank's quantitative community lending performance goals.

In Section V, the first quantitative goal increases given the year-to-date achievement and the expanded effort to promote the community credit programs among members to use in conjunction with rebuilding efforts in the communities affected by the fire. Management does not expect a significant increase in the number of unique members receiving AHEAD grants. Management has lowered the second quantitative goal given 2017 year-to-date achievement and considering the change in departmental resources tasked for outreach and other activities not directly related to the administration of the AHP. The third quantitative goal, the number of members participating in workshops or receiving technical assistance from the Bank, is unchanged given 2017 year-to-date achievement and a decrease in overall resources within the department<sup>1</sup>. No significant increase of member participation is expected in 2018.

The last goal specifies the target amount of small business, small farm, and small agribusiness loan collateral expected to be pledged as of yearend 2018 by community financial institution (CFI) members that receive borrowing capacity on their CFI collateral. The target amounts are slightly higher than 2017 year-to-date balances because of an expected increase in the amount of CFI collateral on the balance sheets of three new CFI members. Management does not anticipate that the balance sheets of CFI members currently pledging collateral will significantly increase in 2018 or that a significant number of new CFI eligible banks will become Bank members in 2018.

### **Recommendation**

Management recommends that the Board approve the proposed 2018 Community Lending Plan attached as Exhibit A.

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<sup>1</sup> The first and third quantitative goals were increased at the Board meeting per request by the Board of Directors.

## **2018 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.

### **II. Support the Implementation of the Quality Jobs Fund Program**

Continue to provide support and expertise to maximize the impact of the investments made by the Quality Jobs Fund: promote interest in the Fund and share and highlight information on the Fund's investments and opportunities to leverage and replicate these models.

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

Accept and evaluate applications and administer the program in 2018.

### **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, specially to rebuild communities affected by the fires, and expand member participation.

Administer matching member contribution program to support communities affected by the fires in Northern California.

- D. Continue to provide information and technical assistance on the Bank's community programs in seminars, workshops, and meetings.

## V. Quantitative Goals for 2018

- 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.

2018 Goal <sup>2</sup>	Meets	Exceeds	Far Exceeds
CIP and ACE advances and letters of credit and AHEAD awards (# of members) <sup>3</sup>	47	50	55

*The recommended 2018 goal targets are higher than in 2017, given the 2017 year-to-date achievement and the additional effort to promote the use of CIP and ACE advances in disaster areas.*

- 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.

2018 Goal	
Actively participate in and/or convene conferences, meetings, and workshops	60

*The recommended 2018 goal target is lower than in 2017, based on 2017 year-to-date achievement and a decrease in the availability of resources in the Community Investment department for this activity.*

<sup>2</sup> Goals changed per Board of Directors' request, previously 43, 46 and 49.

<sup>3</sup> Members that sponsor a successful AHEAD grant application are counted separately from participation in CIP and ACE advances and letters of credit.

- 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.

2018 Goal <sup>4</sup>	Meets	Exceeds	Far Exceeds
Member participation in AHP workshops and technical assistance (# of unique members)	78	80	85

*The recommended 2018 goal targets are the same as in 2017, based on 2017 year-to-date achievement and a decrease in overall resources within the Community Investment department. No significant increase in member participation in workshops and technical assistance is expected in 2018.*

- 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 2018.

2018 Goal	
CFI collateral ( <i>Unpaid principal balance in millions</i> ):	
Small business loans	\$3,502
Small farm loans	\$601
Small agribusiness loans	\$206

*The recommended 2018 goal targets are lower than the 2017 goals but slightly higher than 2017 year-to-date balances. Management does not anticipate a decline in balances as a result of some members losing their CFI status in 2018. Management also does not expect the balance sheets of CFI members currently pledging collateral to increase significantly in 2018 or that a significant number of new CFIs will become Bank members in 2018.*

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<sup>4</sup> Goals changed per Board of Directors request. Previously 75, 77 and 79.

<b>2018 Goals Summary</b>	<b>Meets</b>	<b>Exceeds</b>	<b>Far Exceeds</b>
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	60		
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	\$3,502		
Small farm loans	\$601		
Small agribusiness loans	\$206		

<b>2017 Goals Summary</b>	<b>Meets</b>	<b>Exceeds</b>	<b>Far Exceeds</b>	<b>As of 10/31/17</b>
CIP and ACE advances and letters of credit and AHEAD awards (# of members)	41	44	47	47
Actively participate in and/or convene conferences, meetings, and workshops	75			71
Member participation in AHP workshops and technical assistance (# of unique members)	75	77	79	80
CFI collateral ( <i>Unpaid principal balance in millions</i> ):				
Small business loans	\$4,062			\$3,437
Small farm loans	\$633			\$611
Small agribusiness loans	\$221			\$204