



Approved by the Federal Home Loan Bank of Boston's Board of Directors: - 12/16/16

## 2017 Community Lending Plan

### Executive Summary

The Federal Home Loan Bank of Boston is a cooperatively owned wholesale financial institution dedicated to serving its member financial institutions and supporting affordable housing and economic growth. This 2017 Community Lending Plan presents the Bank's research and priorities regarding New England housing and economic development credit needs and opportunities.

The plan was developed in consultation with the Advisory Council and is based on primary and secondary market research and the results of 2016 community investment programs and outreach activities. It establishes specific strategies and initiatives to address these priorities and identifies targeted community lending performance goals.

The Bank operates six programs that provide wholesale capital to fund a wide range of community development activities, including subsidized loans and capital grants to support affordable housing initiatives. Since 1990, the Affordable Housing Program, including the Equity Builder Program, has provided direct grants and interest-rate subsidies to finance the acquisition, construction, and rehabilitation of affordable rental and homeownership housing.

We consider the Affordable Housing Program an investment in communities and a source of capital that leverages other funding sources and creates positive economic ripple effects in communities where the initiatives are located. The AHP's guiding principles ensure that the program remains a source of flexible, gap funding to serve a balanced mix of housing types, locations, and households/income levels; maintains transparency, simplicity, and accessibility for members and their business partners; and implements design and administration to meet changing community and housing marketplace needs.

Earlier this year, the Bank launched two new programs to help members and housing associates address New England's small business and affordable housing needs. *Jobs for New England* offers members zero percent advances for small businesses to create or preserve jobs and bring about economic activity. *Helping to House New England* offers the six New England housing finance agencies zero percent advances to address each state's individual affordable housing needs.

While the regional and national economies continue to rebound from the Great Recession, housing affordability remains a critical issue that affects many households, especially low-income. Economic development initiatives to support job and income growth are vital, complementary responses to help address the affordability challenge.

The 2017 Community Investment Priorities are:

1. Finance the production of affordable rental housing for households at a variety of income levels.
2. Fund the preservation of affordable housing, including deed-restricted and federal and state-supported public housing stock.
3. Support housing development and mortgage financing to provide affordable homeownership opportunities for first-time homebuyers and low-income families.
4. Address poverty and blight through investment in distressed and at-risk communities to improve neighborhood livability and sustainability.
5. Support strategic investments in high-opportunity communities to improve economic mobility.
6. Encourage innovative initiatives that link supportive services, housing, and health care in order to improve individual and community health.
7. Focus on job creation/retention, small business finance, and overall economic development to support income growth and make communities more economically resilient.

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## Community Development Market Needs and Opportunities in New England

### Housing Needs and Opportunities

#### Population Growth and Demographics

Generally, population growth in New England has been positive but slow in recent years, assisted in part by in-migration of minority and foreign-born households.

According to census estimates, the region grew by 1.8 percent between 2010 and 2015, compared with nationwide growth of 3.8 percent over the same period. Massachusetts drove much of the population increase in New England, growing by nearly 230,000 people, or 3.4 percent, over five years. The five remaining New England states grew by one percent or less, with little or no net growth in Maine and Vermont.

**Table 1. New England Estimated Population by State 2010 to 2015**

State	2010	2015	Change (%)
Connecticut	3,579,717	3,590,886	0.3
Maine	1,327,695	1,329,328	0.1
Massachusetts	6,565,036	6,794,422	3.4
New Hampshire	1,316,708	1,330,608	1.0
Rhode Island	1,053,219	1,056,298	0.3
Vermont	625,984	626,042	0.0
<b>New England</b>	<b>14,468,359</b>	<b>14,727,584</b>	<b>1.8</b>
<b>United States</b>	<b>309,346,863</b>	<b>321,418,820</b>	<b>3.8</b>

*Source: U.S. Census Bureau. Table 1. Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, States, Counties, and Puerto Rico: April 1, 2010 to July 1, 2015*

The U.S. Department of Housing and Urban Development observed that Connecticut, Maine, and Vermont saw slight population declines (approximately 0.1 percent) from 2014 to 2015. Overall, the long-term trend of domestic migration out of New England (mostly Massachusetts) to the South and West has been mitigated in part by international immigration. (HUD, 3-4) New England's population is older, on average, compared with the rest of the nation. In fact, Maine, New Hampshire, and Vermont rank as the three oldest states in the nation. The median age in Maine increased from 2013 to 2015 (from 43.9 to 44.5 years) as did Vermont (from 42.4 to 42.8 years), exceeding the national rate over the same period.

This trend in aging is borne out by the changing population distribution by age group. Relative to the national average (22.9 percent), all six New England states have proportionally fewer residents under the age of 18 and higher proportions of residents aged 45 to 64, and 65 and over. With the exception of Maine, however, New England has a higher proportion of residents aged 18 to 24 compared with the national average (9.7 percent).

**Table 2. Median Age in New England States and Nation**

State	2013	2014	2015	2015 Rank
Connecticut	40.5	40.6	40.6	<b>44th</b>
Maine	43.9	44.2	44.5	<b>50th</b>
Massachusetts	39.3	39.3	39.4	<b>38th</b>
New Hampshire	42.3	42.6	42.8	<b>48th</b>
Rhode Island	39.9	39.9	39.9	<b>42nd</b>
Vermont	42.4	42.6	42.8	<b>49th</b>
<b>United States</b>	<b>37.6</b>	<b>37.7</b>	<b>37.8</b>	

2015 Rank is FHLB Boston-established ranking of the states from lowest median age (rank 1) to highest.

Source: U.S. Census Bureau. Table 1. Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, States, Counties, and Puerto Rico: April 1, 2010 to July 1, 2015

**Table 3. Population Distribution, by State and Age in New England**

Age	CT		ME		MA	
	#	%	#	%	#	%
<b>Under 18</b>	764,059	21.3	256,380	19.3	1,387,087	20.4
<b>18 to 24</b>	352,215	9.8	110,754	8.3	701,025	10.3
<b>25 to 44</b>	872,873	24.3	307,297	23.1	1,777,941	26.2
<b>45 to 64</b>	1,034,933	28.8	404,361	30.4	1,883,147	27.7
<b>65 and over</b>	566,806	15.8	250,536	18.8	1,045,222	15.4
<b>Total</b>	3,590,886	100	1,329,328	100	6,794,422	100

Age	NH		RI		VT	
	#	%	#	%	#	%
<b>Under 18</b>	263,998	19.8	211,044	20.0	119,923	19.2
<b>18 to 24</b>	129,025	9.7	114,978	10.9	67,928	10.9
<b>25 to 44</b>	311,207	23.4	265,644	25.1	142,298	22.7
<b>45 to 64</b>	407,436	30.6	294,656	27.9	186,000	29.7
<b>65 and over</b>	218,942	16.5	169,976	16.1	109,893	17.6
<b>Total</b>	1,330,608	100	1,056,298	100	626,042	100

Source: U.S. Census Bureau. Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, States, Counties, and Puerto Rico: April 1, 2010 to July 1, 2015

Proportionally, fewer New Englanders live in poverty than in other regions. As shown in Table 4, this trend is roughly consistent across ethnic groups, with some exceptions. Poverty rates for Hispanics/Latinos in Connecticut, Massachusetts, and Rhode Island exceed national averages. Similarly, the Black or African American poverty rates in Maine and Vermont are higher, perhaps due to significantly smaller statewide population numbers of this segment. The White poverty rate in Maine exceeds the national average.

**Table 4. Poverty Rates by State by Race, 2014**

	<b>Overall (All groups)</b>	<b>Asian</b>	<b>Black or African American</b>	<b>Hispanic or Latino</b>	<b>Native American</b>	<b>White</b>
<b>CT</b>	10.8%	6.5%	20.8%	26.5%	31.9%	8.1%
<b>ME</b>	14.1%	8.2%	46.4%	17.8%	41.3%	13.2%
<b>MA</b>	11.6%	14.0%	21.8%	30.6%	23.6%	9.0%
<b>NH</b>	9.2%	11.1%	15.5%	20.2%	N/A	8.8%
<b>RI</b>	14.3%	13.0%	20.6%	31.0%	N/A	12.3%
<b>VT</b>	12.2%	11.9%	32.5%	14.4%	N/A	11.6%
<b>US</b>	<b>15.5%</b>	<b>12.5%</b>	<b>27.0%</b>	<b>24.1%</b>	<b>28.3%</b>	<b>12.8%</b>

Source: 2014 American Communities Survey 1 Year Estimates, Poverty Status in the Past 12 Months

In the *State of the Nation's Housing 2016*, the Harvard Joint Center for Housing Studies notes a shift, with more Asian than Hispanic immigrants. The minority share of millennial households has increased to 45 percent, the highest relative to the prior two generations, Gen-X and the baby boomers. (HJCHS, *State*, 16) These shifts impact household size, demand for multigenerational units, educational levels, earnings and employment, locational preferences, and homeownership rates. As New England's communities become more diverse, the nature and context of housing demand and the make-up of our neighborhoods will change. (HJCHS, *State*, 18)

### **Changing Demographics of the Rental Housing Market**

Nationally and across New England, the demand for rental housing and the number of renter households are growing strongly. Harvard's Joint Center observes several characteristics about renter households in the *State of the Nation's Housing 2016*.

- Renter households are more diverse than homeowners in terms of age, income, ethnicity, and household type.
- The nation experienced the largest increase in renter households – almost nine million new renter households – from 2005-2015; new renter households account for all net household growth.
- The largest single year gain in net new renter households occurred in 2015, with more than 1.4 million new renters entering the market.
- More middle-aged households (50- to 60-year olds) and households over age 70 are renting.
- While initially slower during the Great Recession, household formation among millennials is increasing as millennials grow older. This will significantly add to future housing demand.
- Two-thirds of the increase in renters is due to minority and foreign-born households.
- The number of renters with children rose by 2.2 million.
- Approximately four million new renter households earn less than \$25,000.
- Over three-fourths of households with wealth less than \$25,000 are renters.
- At the same time, however, the number of renter households with incomes above \$100,000 has grown by 1.6 million. (HJCHS, *State*, 15, 22-27)

The changing demographic and economic composition of these new renters will significantly affect rental prices along with new construction, preservation, or replacement of the existing housing stock over the long term.

### **Housing Cost Burdens**

Harvard's Joint Center reports that by the end of 2014, more than one-third of all U.S. households – 39.8 million – are housing cost-burdened, whether renters or homeowners. This comes after three straight years of declines. Cost-burdened renters increased to 21.3 million in 2014, and 11.4 million of them were severely cost-burdened.<sup>1</sup> (HJCHS, *State*, 31)

- Cost burdens are the most severe at the bottom of the income ladder, especially for the 83 percent of extremely low-income households earning 30 percent of area median income.
- Renters in other income brackets were also increasingly cost-burdened, including 48 percent of those earning \$30,000 to \$44,999 and 21 percent earning \$45,000 to \$74,999.

“These affordability pressures reflect the divergence between renter housing costs and renter incomes since 2001, with real median rental costs climbing 7 percent and real median rental incomes falling 9 percent.” (HJCHS, *State*, 31)

The National Low Income Housing Coalition made similar observations about the cost burdens faced by deeply low-income households earning 15 percent of the area median income and extremely low-income households. Ninety percent of such households faced severe cost burdens as well as 75 percent of extremely low-income households. (NLIHC, *The Gap: The Affordable Housing Gap Analysis*, 5)

Cost-burdened households are less able to direct their limited resources towards vital services such as health care or proper nutrition. Severely cost-burdened households spend 71 percent less on health care and 47 percent less on food compared with households with affordable housing. (HJCHS, *State*, 32)

Many low-income households are forced to sacrifice housing quality for relative affordability. Tight rental markets lead to high rents that impose housing cost burdens on low-income renters in that market. Tight rental markets also provide landlords with less incentive to invest in capital improvements that would be necessary to attract tenants in a weaker market, so cost-burdened households are more likely to live in inadequate, low-quality housing.

### **Housing Wages**

Another way to look at the divergence between housing costs and incomes is to compare changes in wages needed to afford a typical two-bedroom apartment. The National Low Income Housing Coalition's annual report *Out of Reach 2016* demonstrates that the average renter in each New

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<sup>1</sup> Cost-burdened is defined as paying more than 30 percent of income towards housing costs. Severely cost-burdened is defined as paying more than 50 percent of income towards housing costs.

England state cannot afford a two-bedroom apartment while earning the typical median renter wage or the lower minimum wage.

The six New England states rank among the top 25 states nationally in terms of housing wage, or the hourly rate needed to afford a two-bedroom rental home at fair market rent. Massachusetts and Connecticut are the most expensive states in New England, with a national ranking of seventh and eighth, respectively. This reality leads to a housing wage gap, the difference between the housing wage and average renter's wage in the area. The housing wage gap is especially harmful for families who require larger apartments and for whom a sufficient home remains unaffordable – even with two income earners.

**Table 5. Minimum Wage and Renter Cost Comparison by State in New England**

	<b>CT</b>	<b>ME</b>	<b>MA</b>	<b>NH</b>	<b>RI</b>	<b>VT</b>
Percent Renters	33%	29%	38%	29%	40%	29%
Hours per week at minimum wage needed to afford a 2 BR	103	91	104	116	79	88
Full time jobs at minimum wage needs to afford a 2 BR	2.6	2.3	2.6	2.9	2	2.2
FMR for a 2 BR	\$ 1,285	\$ 886	\$ 1,347	\$ 1,097	\$ 991	\$ 1,099

Source: NLIHC *Out of Reach 2016*

In all six states, more than two full-time minimum wage earners are required to afford a two-bedroom apartment at the fair market rent. The affordability problem is most dramatic in Connecticut, Massachusetts, and New Hampshire, where a household needs close to three full-time minimum wage earners (more than 110 total hours worked weekly) to afford a two-bedroom market-rate apartment.

The *Out of Reach 2016* report calculates the gap between the housing wage needed to afford a typical two-bedroom apartment and the median renter wage. The greater the gap, the greater the housing cost burden placed on renting households. The gap between renter wage and housing wage varies considerably across New England states and among metropolitan areas. The table below illustrates the extent of the housing-renter wage gaps, as well as their year-over-year changes in New England states, nonmetropolitan areas, and large census-delegated metropolitan areas.

**Table 6. Renter Wage Gap, New England States and Selected Areas**

Area	2015 Gap	2016 Housing Wage (\$/hr)	2016 Renter Wage (\$/hr)	2016 Gap	% Change
<b>Connecticut</b>	<b>8.13</b>	<b>24.72</b>	<b>16.21</b>	<b>8.51</b>	<b>4.67%</b>
Nonmetropolitan	8.45	19.93	10.55	9.38	11.01%
Stamford-Norwalk	15.44	37.15	21.81	15.34	-0.65%
New Haven-Meriden	12.34	24.23	13.17	11.06	-10.37%
Hartford	6.95	23.27	15.11	8.16	17.41%
<b>Maine</b>	<b>6.32</b>	<b>17.04</b>	<b>10.36</b>	<b>6.68</b>	<b>5.70%</b>
Nonmetropolitan	5.39	14.19	9.34	4.85	-10.02%
Portland	8.68	21.33	11.89	9.44	8.76%
Bangor	6.03	17.15	9.61	7.54	25.04%
Area	2015 Gap	2016 Housing Wage (\$/hr)	2016 Renter Wage (\$/hr)	2016 Gap	% Change
Lewiston-Auburn	5.14	14.94	9.57	5.37	4.47%
<b>Massachusetts</b>	<b>6.44</b>	<b>25.91</b>	<b>18.47</b>	<b>7.44</b>	<b>15.53%</b>
Nonmetropolitan	13.1	27.41	16.27	11.14	-14.96%
Boston	6.82	30.13	22.23	7.9	15.84%
Worcester	7.60	20.42	12.33	8.09	6.45%
Springfield	7.59	19.25	10.37	8.88	17.00%
<b>New Hampshire</b>	<b>6.59</b>	<b>21.09</b>	<b>14.08</b>	<b>7.01</b>	<b>6.37%</b>
Nonmetropolitan	6.92	18.71	12.64	6.07	-12.28%
Manchester	5.23	22.33	15.87	6.46	23.52%
Hillsborough County	2.35	19.92	15.87	4.05	72.34%
Portsmouth	6.94	21.29	13.74	7.55	8.79%
<b>Rhode Island</b>	<b>6.01</b>	<b>19.06</b>	<b>12.59</b>	<b>6.47</b>	<b>7.65%</b>
Nonmetropolitan	-	-	-	-	-
Newport-Portsmouth	10.31	23.44	11.73	11.71	13.58%
Providence-Fall River	5.60	18.69	12.73	5.96	6.43%
Westerly-Hopkington	8.78	20.56	9.89	10.67	21.53%
<b>Vermont</b>	<b>8.9</b>	<b>21.13</b>	<b>11.79</b>	<b>9.34</b>	<b>4.94%</b>
Nonmetropolitan	6.60	18.27	11.33	6.94	5.15%
Burlington	13.09	26.08	12.48	13.60	3.90%
Windsor County	7.92	20.02	11.41	8.61	8.71%
Washington County	6.09	18.96	11.93	7.03	15.44%

Source: NLIHC Out of Reach 2016

The gap is greatest in Stamford-Norwalk, where there is a \$15 per hour difference between the average hourly wage among renters and the hourly wage they need to avoid housing cost burdens.

As the table illustrates, the statewide housing gap grew last year in all six New England states. The housing gap in Massachusetts increased more than 15 percent between the 2015 and 2016 reports, far outpacing the rest of New England, where statewide increases fell between 4.5 percent and 7.7 percent over the same period. Metropolitan areas experienced consistent gains of larger magnitude compared with nonmetropolitan regions and overall state totals, which highlight rising housing costs, higher costs of living, and significant barriers to new housing production in urban areas. Urban areas of Massachusetts, Connecticut, and Rhode Island continue to demonstrate particularly high housing gaps, resulting in more cost-burdened renter households in these areas.

### Rental Vacancy Rates

**Table 7. Rental Vacancy Rates by State in New England**

	2Q 2015 (%)	2Q 2016 (%)
<b>CT</b>	6.2	6.2
<b>ME</b>	2.2	4.6
<b>MA</b>	3.2	3.9
<b>NH</b>	5.0	4.8
<b>RI</b>	2.8	2.7
<b>VT</b>	5.4	4.6
<b>US</b>	6.8	6.7

*Source: U.S. Census Bureau, Housing Vacancy Survey, Table 1 Rental Vacancy Rates by State*

Availability also affects housing affordability, and rental markets in Boston, Providence, Portland, and Bridgeport/Stamford/Norwalk all saw vacancy rates fall between Q1 2015 and Q2 2016. (McDonald, HUD, 6) The U.S. Census Bureau reports that vacancy rates for rental housing outside of metropolitan statistical areas reached 10 percent, compared with 6.4 percent in principal cities and 6.3 percent in suburbs nationwide. (Callis & Kresin, 3) According to New Hampshire Housing Finance Authority, the statewide vacancy rate for two-bedroom units fell to 1.5 percent in 2016, continuing a seven-year downward trend (NHHFA, 12). This increasingly tight market translated into 4.24 percent increase in the median monthly gross rent for two bedrooms across the state. (NHHFA, 1)

Harvard's Joint Center also reports that the trends of falling vacancy rates and rising rents observed in New England mirror the housing market nationwide, where rental vacancy rates steadily declined between 2010 and 2015, dropping to a 30-year low of 7.1 percent at the end of 2015. (HJCHS, *State*, 10) The tight supply of rental housing in the face of rising demand from all segments of the population produced a 3.6 percent increase in the Consumer Price Index of rent on primary residences between 2015 and 2016. (HJCHS, *State*, 4) This trend of rising renter demand, lower vacancy rates, and higher rents is expected to continue.

## Homelessness

**Table 8. Homeless Population in New England 2014-2015**

State	2014	2015	% Change
CT	4,450	4,047	-9.0
ME	2,726	2,372	-12.9
MA	21,237	21,135	-0.5
NH	1,376	1,445	5.0
RI	1,190	1,111	-6.6
VT	1,559	1,523	-2.3

Sources: HUD, 2014 and 2015 Annual Homeless Assessment Reports to Congress.

The HUD Annual Homeless Assessment Report to Congress offers encouraging news for the region's ongoing efforts to counter homelessness.

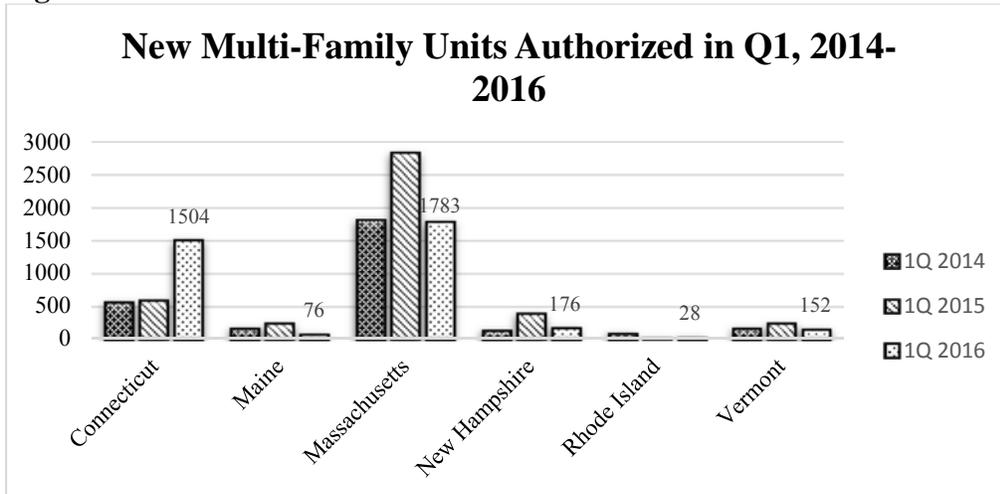
- With the exception of New Hampshire, every state recorded a year-over-year decrease in the estimated number of homeless people in each state.
- Maine, Massachusetts, and Rhode Island ranked first, second, and third, respectively, in a nationwide comparison of the lowest rates of unsheltered homeless people.
- Maine and Connecticut posted large drops of around 13 percent and 9 percent, respectively.

However, the issue of homelessness continues to plague New England. Between 2007 and 2015, Massachusetts experienced a 116 percent increase in the number of homeless individuals in families with children.

Ending veterans' and chronic homelessness have been regional and national priorities for some time. Recently, Connecticut and other states have effectively created systems to monitor, permit, develop, and manage housing to serve this group. So much progress has been made that these states are now able to declare victory over veterans' and/or chronic homelessness. The next step will be to address family homelessness.

**Efforts to Expand the Available and Affordable Housing Stock are Essential to Meet Rising and Changing Demand**

**Figure 1.**



Source: US Census Bureau, *New Privately Owned Housing Units Authorized, Unadjusted Units for Regions, Divisions, and States*

Recent building permit and housing start data show that the housing sector/industry is rebounding but may still fall short of demand. Consequently, there is simply not enough housing stock, both affordable and available.

NLIHC identified the scarcity of available affordable housing for deeply low-income and extremely low-income households. These households faced the most severe cost burdens, and competition with renters at other income bands is greater because of their limited means to compete for, occupy, or afford limited housing stock. (*The Gap*, 3) While no state nationally has adequate supply for these households, New England states fare less poorly than elsewhere; nationwide the proportion of available extremely low-income units ranges from 21 in California to 64 in North Dakota.

**Table 9. Number of Units Affordable and Available Per 100 ELI Renter Households**

State	ELI Affordable Units per 100	State	ELI Affordable Units per 100
CT	36	NH	32
ME	40	RI	40
MA	45	VT	53

Source: NLIHC, *The Gap*, Selected data, Figure 3.

**The Importance of Operating Subsidy**

As housing cost burdens worsen and housing wage gaps increase, the need and demand for permanent operating housing assistance increases. Nationally, only 26 percent of income-qualified renters receive Section 8 or other federal housing assistance. Housing subsidies are also critical to helping homeless households and families. (HJCHS, *State*, 33) States and

municipalities are responding in a variety of ways, including state-funded rental assistance, tax-increment financing, or inclusionary zoning to make up the gap in operating subsidies and encourage more development. (HJCHS, *State*, 34)

Moreover, the cost to build or preserve affordable housing remains high. Despite capital subsidies like AHP grants and subsidized advances, federal Low Income Housing Tax Credits, and HOME funding, properties are unable to sustain sufficient cash flow based on the limited income generated through the restricted, affordable rents. Consequently, additional operating subsidies are essential to supplement tenant rents and ensure successful long-term operations of affordable housing investments. The lack of sufficient operating subsidies remains a fundamental obstacle and policy challenge at the federal and state levels.

### **Housing and High Opportunity Locations**

Housing markets with access to high-quality education, employment, transit, and health care are generally strong, with lower vacancies and higher rents. These attributes effectively put housing in such neighborhoods out of reach for low-income residents, often relegating such households to areas of concentrated poverty. A number of studies, most recently the *Moving to Opportunity* experiment, spotlight the impact of where we live on social mobility, especially for lower-income children and households. Chetty, Hendren and Katz (2015) measured demonstrable improvements in access to improved education and economic opportunities when lower-income households moved into areas with lower rates of poverty. This has become an increased priority at the federal level, both in terms of funding and fair housing access.

Consequently, the policy goals reflected in most of New England's qualified allocation plans (QAPs) aim to create more non-age-restricted, family housing in these high-opportunity areas, enhance access to better education and employment opportunities, reduce poverty, and stimulate economic advancement.

The QAPs identify high-opportunity areas in a variety of ways, through proximity to neighborhood amenities, vacancy rates, poverty rates, or other measures of existing affordable housing in the area. For example, the allocation plans for Connecticut and Massachusetts explicitly aim to invest in such areas with dedicated scoring categories. Both states evaluate projects based on poverty rates, access to and/or quality of education, employment opportunities, and availability of health care. To increase opportunities for children from the amenities that housing in such areas provides, both QAPs require an increased percentage of large (two-bedroom plus) units that are able to accommodate families.

The Bank's Advisory Council notes that the broader goal of expanding housing and economic opportunity can present significant trade-offs at the development/funding level, diverting resources and attention from low-income and/or high-poverty areas. Focusing on high-opportunity areas may increase development costs and dilute the effectiveness and production scale of funding programs. Moreover, NIMBY and other permitting battles may slow production. Lastly, these place-based investments in affordable housing are necessary in both high-poverty and high-opportunity communities.

### **Investment in Distressed and At-Risk Neighborhoods Remains a State and Municipal Focus**

States and municipalities also recognize the value of investing in distressed and at-risk neighborhoods. High-poverty areas need investments in education, infrastructure, transportation, public spaces, and economic development to improve livability and expand economic opportunity. The Massachusetts QAP recognizes that strategic housing investment in distressed and at-risk neighborhoods can have a catalytic effect, leveraging additional private investment and “supporting a broader strategy for community revitalization through investment in jobs, transportation, and education.” (MA QAP, 3) This complements priorities around sustainable development in smart growth locations and difficult-to-develop, blighted qualified census tracts and reflects residential living patterns and development opportunities. Such investments and community revitalization priorities are shared across the other five QAPs as well.

### **Preservation**

Preservation of affordable housing remains an important priority in state QAPs. Generally, state allocating agencies balance the dual goals of new production and preservation by prefunding set-asides of credits and establishing competitive scoring categories. Depending on distinct state priorities, the definition of preservation can be broader than existing deed-restricted affordable housing. Connecticut focuses on the preservation or replacement of public housing, while Maine focuses on preserving housing, structures, or sites.

There may be a decreasing emphasis on preservation, possibly due to a greater focus by federal agencies on promoting housing in high-opportunity areas. For instance, in its 2016 QAP, Massachusetts indicated that it will discontinue the use of a preservation set-aside in future funding rounds and channel preservation applications to the federal four percent Low Income Housing Tax Credits and reserve the competitive federal nine percent Low Income Housing Tax Credits for new production. (MA QAP, 18)

Preservation remains a critical affordable housing and community development objective. It can be more cost effective than building as it maintains existing stock and longstanding investments and preserves communities.

### **Building Performance and Durability has Value Over the Long Term**

The six New England state QAPs also seek to strike a balance between the most economical use of funds to create housing units and the long-term financial health, energy efficiency, and overall quality of the housing. Though sustainable features may raise initial development costs, reduced energy costs can increase financial stability through the project’s lifecycle, especially in an era of reduced operating subsidy. All six New England QAPs promote energy-efficient development.

### **Housing and Health Care**

The interconnections between housing and health care policy are increasingly evident at both individual and community levels. The demand for in-home health care and supportive services is expected to increase because of an aging population, smaller households, and an increase of

single-person households. (HJCHS, *State*, 18) It is well-documented that stable housing results in lower emergency room costs and more positive long-term health outcomes for the homeless and others.

Vermont's experience with the Support and Services at Homes program is telling. SASH connects elderly residents in affordable housing developments to community-based supportive and health care services. Originally started as a pilot in 2008 by the Cathedral Square Corporation, SASH was formally implemented in 2011 and has grown statewide since. ([www.sashvt.org](http://www.sashvt.org)) Based on program data from 2011-2014, an impact study calculated that SASH program services saved \$1,536 per person in Medicare expenditures and reduced the rate of Medicare expenditure growth. Moreover, SASH's success has led to improved access and coordinated care. (Leading Age, *SASH Evaluation*) Funding for SASH is expiring, however, and the program's future is uncertain as of August 2016.

The Bank's AHP recognizes the importance of supportive services under its Economic Empowerment scoring category, and as SASH demonstrates, funding for supportive services is critical. Housing quality also affects individual and neighborhood health outcomes; indoor air quality, for example, affects asthma rates. Better housing quality improves educational performance and can indirectly promote employment stability. Maine's QAP requires a designated room for telemedicine services to encourage access to medical care for remote or house-bound residents. At a broader level, community benefit requirements under the federal Affordable Care Act may lead to new funding streams to support the development and operation of housing and supportive services.

### **State Housing Finance Agencies Play a Critical Role in Meeting Changing Housing and Economic Development Needs**

The Bank shares a common mission with the six state housing finance agencies to provide funding for the affordable rental and homeownership needs of low- and moderate-income households. HFAs, considered the state housing banks, are critical financial partners in the support of a wide range of community development initiatives. Formally designated by the Bank as *housing associates*, the six HFAs have access to our advances. We continue to seek out opportunities to work with them and explore community development business opportunities through forums, conferences, and other events.

Most recently, in 2016 the Bank launched *Helping to House New England*, a \$15 million, three-year program that offers zero-percent subsidized advances with flexible eligibility criteria to support HFA affordable housing and investment activities. By way of example, New Hampshire Housing is using this funding to support construction financing for affordable housing, and Rhode Island Housing will use the financing to expand its soft second mortgage program for first-time homebuyers. In 2017, FHLB Boston will continue to work with all six HFAs to ensure the program's success.

### Homeownership Needs and Market Opportunities

#### Affordable and Sustainable Homeownership Continues as a Primary Market Need

While homeownership rates continue to decline as a consequence of the financial crisis, owning a home remains a primary goal for many families and is a critical component of New England’s housing market and economy.

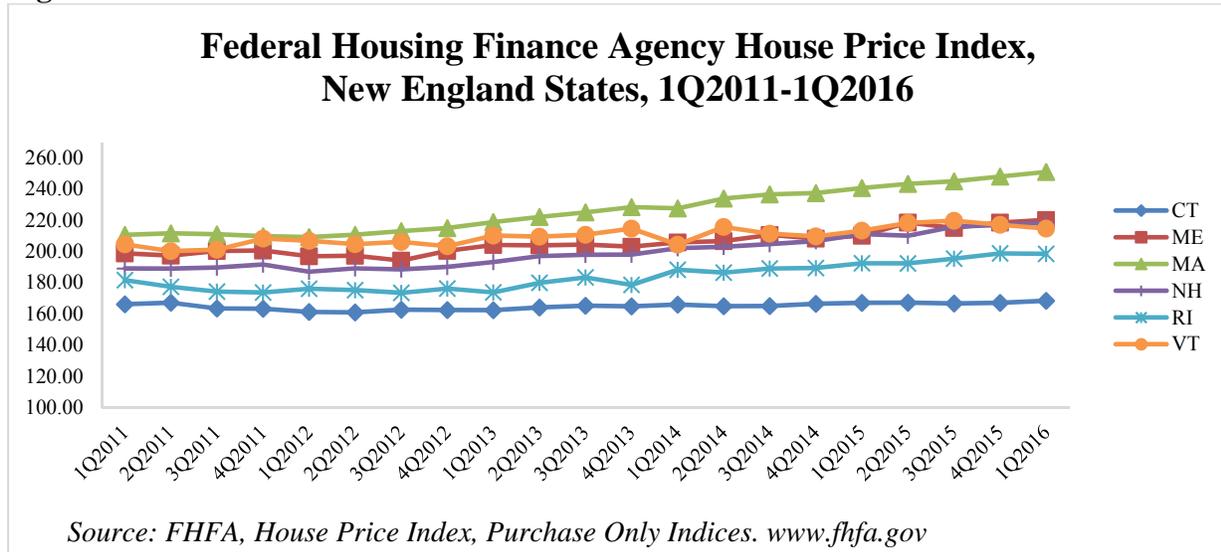
**Table 10. Homeownership Rates by State in New England**

	2Q 2015	2Q 2016	Change
<b>CT</b>	67.2	61.7	-8.2%
<b>ME</b>	68.0	71.6	5.3%
<b>MA</b>	59.9	56.6	-5.5%
<b>NH</b>	72.5	73.8	1.8%
<b>RI</b>	57.0	55.6	-2.5%
<b>VT</b>	72.2	70.6	-2.2%
<b>US</b>	63.4	62.9	-0.8%

Source: U.S. Census Bureau, Housing Vacancy Survey, Table 3 Homeownership Rates by State

With the exception of Maine and New Hampshire, homeownership rates across New England fell between the second quarter of 2015 and the second quarter of 2016, according to the U.S. Census’ Housing Vacancies and Homeownership Survey. This mirrors the nationwide trend of falling homeownership rates.

**Figure 2.**



The Federal Housing Finance Agency House Price Index essentially indicates price increases across New England.

- Massachusetts leads the trend, with steep increases over the last five years that have widened the price differential with the remainder of the region.
- Rhode Island's price increases last year continues the state's recovery in the wake of the housing crisis.
- Vermont is the only New England state index to see a decrease last year.
- New Hampshire, Maine, and Vermont exhibit similar home prices.
- Connecticut continues to lag below the other five states, with home prices flat over the past five years.

**Figure 3. 2015-2016 New England Home and Condo Sales and Median Prices**

	Houses Sold			Median Price		
	2015	2016	% Change	2015	2016	% Change
<b>Connecticut</b>	26,700	29,600	11	\$ 226,000	\$ 225,000	0
<b>Maine</b>	14,350	16,100	12	\$ 170,000	\$ 182,500	7
<b>Massachusetts</b>	48,450	53,900	11	\$ 320,000	\$ 329,500	3
<b>New Hampshire</b>	13,900	16,000	15	\$ 223,250	\$ 224,300	0
<b>Rhode Island</b>	9,000	9,975	11	\$ 202,500	\$ 225,000	11
<b>Vermont</b>	5,275	5,975	13	\$ 199,500	\$ 196,500	-2
	Condos Sold			Median Price		
<b>Connecticut</b>	6,975	7,225	4	\$ 152,500	\$ 148,500	-3
<b>Maine</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Massachusetts</b>	19,600	20,850	6	\$ 309,100	\$ 307,900	0

	2015	2016	% Change	2015	2016	% Change
	Condos Sold			Median Price		
<b>New Hampshire</b>	3,250	3,800	17	\$ 154,950	\$ 172,600	11
<b>Rhode Island</b>	1,550	1,700	10	\$ 190,000	\$ 190,000	0
<b>Vermont</b>	1,175	1,275	9	\$ 189,000	\$ 185,000	2

Source: HUD Office of Policy Development and Research New England Regional Report 2016. Note: HUD report does not document Maine condominium sales.

According to HUD's Q1 2016 report on the New England housing market, sales of single-family homes saw double-digit percent increases in the 12 months ending March 2016. (HUD, 4) This corresponded with a slight tightening in the market, leaving individual state markets ranging from balanced to slightly tight. (HUD, 4)

### Foreclosures

In its *National Foreclosure Report* dated June 2016, CoreLogic, a data and analytics company, points to continuing declines in initiated and completed foreclosures, in our region and nationwide. As shown below, foreclosure inventory remains low and continues to drop, continuing a 56-month national trend of consecutive year-over-year declines. The foreclosure inventory, a percentage of mortgaged homes in process of foreclosure, has dropped to less than

2.0 percent in each of the six New England states. Inventory is highest in Maine (1.9 percent) and lower in Connecticut (1.6 percent), Rhode Island (1.4 percent), Massachusetts and Vermont (1.1 percent each), and New Hampshire (0.5 percent.) While foreclosed properties may remain blighted and present community development obstacles, data indicate significant improvement since the height of the foreclosure crisis.

Looking through the lens of the housing affordability crisis, economic development is also critically important. Efforts to encourage job creation, preserve existing employment, and support small businesses are essential to supporting income growth and wealth creation.

### **Economic Development Needs and Market Opportunities**

#### **Overall, the New England Economy Continues to Recover From the Great Recession**

- Unemployment rates across the six New England states continue to improve.
- Labor force participation rates generally exceed national average.
- Job growth continues across New England but remains below national average and may be slowing.

Unemployment continues to improve across New England on a year-over-year basis. All six states saw declining rates, but Connecticut (5.7 percent) and Rhode Island (5.4 percent) remain above the national average (5.0 percent). However, Rhode Island has seen the greatest improvement, with unemployment declining from 8.2 to 5.4 percent from April 2014 to April 2016.

New England's labor force participation rates as reported by the Bureau of Labor Statistics continue to outperform the national average from 2014 through 2016. Maine is the one exception in 2015 to 2016, falling one percentage point below the national average as of April 2016.

The Federal Reserve Bank of Boston observed that job growth continues to improve across New England. Nine of the 10 Bureau of Labor Statistics supersectors posted employment growth between May 2015 and May 2016. The construction sector grew at a 4.6 percent rate, outpacing other sectors and the national construction sector growth rate of 3.4 percent. (*New England Economic Indicators*, 1) Anecdotal reports from the Bank's Advisory Council indicate future concern about growth in the construction trades; several are starting to see an absence of experienced tradespeople, which could increase housing development costs and lengthen construction time. Harvard's Joint Center also reported that "more than two million workers left the [construction] industry between 2007 and 2013..." (HJCHS, *State*, 8)

**Figure 4. 2014-2016 Unemployment and Labor Force Participation Rates**

	Unemployment Rate (April)			Labor Force Participation Rate (April)		
	2014	2015	2016	2014	2015	2016
Connecticut	6.8%	5.8%	5.7%	65.7%	66.0%	66.1%
Maine	5.8%	4.5%	3.4%	64.3%	62.6%	61.8%
Massachusetts	5.8%	5.0%	4.2%	65.1%	65.3%	65.0%
New Hampshire	4.5%	3.6%	2.6%	68.8%	68.5%	68.7%
Rhode Island	8.2%	6.3%	5.4%	65.4%	65.1%	64.4%
Vermont	4.0%	3.7%	3.2%	67.8%	67.0%	67.0%
United States	6.2%	5.4%	5.0%	62.8%	62.7%	62.8%

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

**Figure 5. 2015 State Level Industry Concentrations in New England**

Industry	CT	ME	MA	NH	RI	VT
Natural resources and mining	0.23	0.77	0.17	0.27	0.14	0.89
Construction	0.75	0.97	0.85	0.81	0.76	1.1
Manufacturing	1.07	0.97	0.8	1.17	0.96	1.17
Trade, transportation, and utilities	0.92	1.05	0.84	1.11	0.82	0.97
Information	0.97	0.65	1.26	0.95	0.9	0.78
Financial activities	1.36	0.87	1.07	0.97	1.13	0.7
Professional and business services	0.91	0.78	1.08	0.84	0.93	0.65
Education and health services	1.25	1.29	1.38	1.09	1.35	1.33
Leisure and hospitality	0.83	1	0.92	0.97	1.07	1.11
Other services	1.19	0.97	1.05	1	1.18	0.97
Unclassified	0.2	0.87	NC	0.2	0.1	NC

Source: U.S. Bureau of Labor Statistics. Excludes state and local government employment. NC means 'not calculable'.

The U.S. Bureau of Labor Statistics calculates industry/employment concentrations to highlight the importance of various industry sectors to the regional economy. Location quotients are ratios comparing employment in an industry relative to the region's base employment for regional comparisons. Location quotients above 1.0 indicate an industry's importance. This measure clearly illustrates the region's strength in education, health care, and financial sectors.

**Figure 6. 2013 Percent of Firms by Number of Employees in New England**

# of Employees	CT	ME	MA	NH	RI	VT	US
0-4	56.4%	62.2%	58.1%	55.6%	57.7%	59.0%	61.9%
5-9	17.6%	15.8%	17.3%	17.6%	16.4%	17.1%	17.2%
10-19	10.9%	9.3%	10.5%	10.7%	10.1%	9.7%	10.4%
20-99	9.5%	7.6%	9.4%	9.4%	9.0%	8.2%	8.7%
100-499	2.5%	1.8%	2.5%	2.6%	2.5%	2.0%	1.5%
500+	3.0%	3.2%	2.2%	4.2%	4.3%	4.0%	0.3%

Source: US Census Bureau. *County Business Patterns, Number of Firms, Number of Establishments, Employment, and Annual Payroll by Enterprise Employment Size for the United States and States, 2013*

While most New Englanders work for firms with at least 20 employees, small businesses are an important segment of the regional economy, accounting for at least 83 percent of the region's employers as of 2013.

### **Small Business Needs, Opportunities, and Challenges**

As the New England economy continues to grow stronger, small business growth, profitability, and long-term success are critical to the New England economy.

In 2016, the Bank unveiled *Jobs for New England*, a three-year, \$15 million program that offers members zero-percent advances for small businesses that create or preserve jobs, including through the expansion of woman-, minority-, or veteran-owned businesses, or otherwise stimulate economic development. As the year progresses, more and more members have utilized JNE advances to help small businesses in their communities.

The 2015 Small Business Credit Survey, conducted by seven Federal Reserve Banks and released in March 2016, provides insight into the business opportunities and financing needs of small businesses. Seventy-four percent of respondents were employers with zero to nine employees, and 70 percent earned \$1 million or less in annual revenue. Twenty-one percent had been in business for less than two years, and 29 percent were classified as *growing* in terms of revenues and employees. From 2014 to 2015, firms reported improved performance and financing success, including 58 and 59 percent of firms based in Connecticut and Massachusetts, respectively. Top reported business challenges for *growing*, *startup*, and *microbusinesses* were staff recruitment/retention, cost of running a business, and cash flow. Credit availability was consistently reported as a lower, fourth-rated challenge.

Survey results also help illustrate small business financing and credit needs. Forty-seven percent reported applying for financing from Q3 2014 to Q3 2015, mostly to realize new business opportunities; this was consistent across growing, microbusinesses, and startups, including Connecticut and Massachusetts firms. Of those that applied for financing, 50 percent noted some financing shortfalls, a particular concern for microbusinesses and those with revenues less than \$1 million. Insufficient collateral and credit history were the top reasons for denial of financing.

The survey also reported the following sources of financial advice: bankers/lenders (73 percent), business advisors (40 percent), and Small Business Development Centers (29 percent), with microbusinesses relying more on Small Business Development Centers (44 percent). This information will assist the Bank as it seeks to promote the use of Jobs for New England.

Members have an opportunity to utilize the resources of Small Business Development Centers and community development financial intermediaries to better understand the financial skills and limitations of small business borrowers. The smaller the firm, the more time and technical advice are needed to prepare these firms for financing and growth. Based on survey responses, firms are optimistic about future business opportunities and private loan capital to support growth.

### **Conclusions: Key Community Development Observations**

- The core housing challenge is affordability.
- Changing demographics are expanding the number of renters and will affect housing demand, housing development, and supply over the long term.
- Place-based investments in lower income and high-opportunity neighborhoods are equally important in addressing poverty, improving economic opportunity, and making our communities livable and affordable.
- Homeownership continues to be a goal for many families and communities and is a central component of the housing market and economy.
- Economic development efforts to increase earnings and wealth are needed for all households, especially low-income.
- The expansion of capital for small businesses is critical for long-term economic development.

### **The 2017 Community Investment Priorities are:**

1. Finance the production of affordable rental housing for households at a variety of income levels.
2. Fund the preservation of affordable housing, including deed-restricted and federal and state-supported public housing stock.
3. Support housing development and mortgage financing to provide affordable homeownership opportunities for first-time homebuyers and low-income families.
4. Address poverty and blight through investment in distressed and at-risk communities to improve neighborhood livability and sustainability.
5. Support strategic investments in high-opportunity communities to improve economic mobility.
6. Encourage innovative initiatives that link supportive services, housing, and health care to improve individual and community health.
7. Focus on job creation/retention, small business finance, and economic development to support income growth and make communities more economically resilient.

## 2017 Strategies and Initiatives

The Bank will administer its community investment programs, conduct community development outreach, build partnerships with stakeholders, and develop and enhance its programs to address its core community development priorities. Specifically, the Bank proposes the following:

### *Priorities 1, 2 and 3:*

1. Finance the production of affordable rental housing for households at a variety of income levels.
2. Fund the preservation of affordable housing, including deed-restricted and federal and state-supported public housing stock.
3. Support housing development and mortgage financing to provide affordable homeownership opportunities for first-time homebuyers and low-income families.

### *Initiatives:*

- a. Continue to effectively administer AHP, EBP, HHNE, CDA, and NEF programs;
- b. Conduct targeted trainings for these programs, including applications and monitoring;
- c. Conduct community development outreach and networking activities with members and other community partners, including the state HFAs;
- d. Sponsor the 2017 Affordable Housing Development Competition;
- e. Establish AHP scoring categories that respond to critical needs in the district, including preservation, disaster remediation/preparedness, long-term sustainable development, and energy-efficiency; and
- f. Pursue community development and solution-oriented research, including program enhancements.

### *Priorities 4 and 5:*

1. Address poverty and blight through investment in distressed and at-risk communities to improve neighborhood livability and sustainability.
2. Support strategic investments in high-opportunity communities to improve economic mobility.

### *Initiatives:*

- a. Operate the AHP as a flexible funding source to achieve a balanced portfolio of investments in distressed and high-opportunity neighborhoods; and
- b. Conduct forums and outreach on critical housing and community development business opportunities, including:
  1. Public policy investments in high-opportunity and distressed neighborhoods;
  2. Affordable housing finance mechanisms; and
  3. Community Reinvestment Act for members and community-based organizations.

*Priority 6:*

6. Encourage innovative initiatives that link supportive services, housing, and health care in order to improve individual and community health.

*Initiatives:*

- a. Administer the AHP program effectively to serve a range of housing initiatives, including elderly, supportive housing, and housing for homeless individuals and families;
- b. Recognize the importance of health care services and activities in the district in the economic empowerment category of AHP scoring; and
- c. Conduct community development outreach and build partnership with community health stakeholders, members, and affordable housing developers.

*Priority 7:*

7. Focus on job creation/retention, small business finance, and economic development to support income growth and make communities more economically resilient.

*Initiatives:*

- d. Continue to effectively administer the JNE and CDA programs to support economic growth and small business investment;
- e. Conduct community development outreach and networking, including community development financial institutions; and
- f. Pursue community development research and program enhancements to expand JNE program access and usage.

## **2017 Targeted Community Lending Goals**

1. Conduct targeted trainings and events on Bank housing and community investment programs, primarily AHP, EBP, and CDA.
2. Conduct at least three outreach activities to respond to the 2017 plan's primary or other community development priorities based on funding availability and the interest of members, the Advisory Council, and community stakeholders.
3. Continue program development and conduct marketing outreach to expand participation and the dollar amount of advances leveraged in the JNE and HHNE programs.

## Appendix A: Summary of QAPs

<b>Connecticut 2016 QAP</b> (Final, July 28, 2016)	<b>Massachusetts 2016 QAP</b> (Final, March 11, 2016)	<b>Rhode Island 2016 QAP</b> (Final, October 14, 2015)
<ul style="list-style-type: none"> <li>• Preserve and increase supply of quality affordable housing</li> <li>• Mixed-income housing that promotes economic integration</li> <li>• Prevent and end homelessness</li> <li>• Supportive housing with a focus on homeless individuals and families</li> <li>• Adaptive reuse of existing properties</li> <li>• Housing investments that support growth and development of stable and healthy communities</li> <li>• Housing investments that use existing infrastructure systems efficiently</li> <li>• Development in areas of opportunity with lower poverty rates, access to quality education, and jobs</li> <li>• Public housing revitalization</li> <li>• Sustainable design features that promote energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• More units for ELI individuals, families, and seniors as well as homeless families and individuals</li> <li>• Preservation of existing affordable housing</li> <li>• Mixed-income housing, with units available to a broad range of households</li> <li>• More units for people with disabilities</li> <li>• Family housing production in neighborhoods and communities that provide access to jobs, transportation, education, and public amenities</li> <li>• Investment in distressed and at-risk neighborhoods</li> <li>• Compliance with sustainable development principles</li> <li>• Better management of project costs</li> </ul>	<ul style="list-style-type: none"> <li>• Increase affordable housing stock</li> <li>• Serve very low-income households, the chronic homeless population, and individuals with special needs</li> <li>• Reinvesting in blighted or substandard areas</li> <li>• Supplying affordable housing in areas traditionally lacking in affordability</li> <li>• Housing with quality design that contributes to the health and vibrancy of the neighborhood and its residents</li> <li>• Serving Rhode Island workers and businesses</li> <li>• Low-cost projects that achieve stated goals</li> </ul>

<p align="center"><b>Maine 2017 QAP</b> (Draft, May 27, 2016)</p>	<p align="center"><b>New Hampshire 2017 QAP</b> (Final, May 20, 2016)</p>	<p align="center"><b>Vermont 2016 QAP</b> (Final, September 10, 2015)</p>
<ul style="list-style-type: none"> <li>• Increase the supply of affordable housing, including the lowest income residents</li> <li>• Preserve existing affordable rental housing</li> <li>• Housing with services and amenities to increase housing stability for the homeless, seniors, people with disabilities, and victims of domestic violence</li> <li>• Development and preservation of housing in areas of opportunity with access to public transportation, employment, education, and services</li> <li>• Projects that incorporate smart growth principles</li> <li>• Housing with project-based rental assistance that supports affordability for VLI and ELI households</li> <li>• Efficient use of resources to maximize the development of affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>• New construction that adds units to the housing market</li> <li>• Preservation of existing affordable housing</li> <li>• Housing for VLI and ELI households</li> <li>• Non-age restricted projects</li> <li>• Supportive housing for veterans and homeless individuals</li> <li>• Projects that achieve community development objectives, including smart growth and neighborhood revitalization</li> <li>• Cooperation with other State and NHHFA programs such as Community Based Supported Housing and Section 811</li> <li>• Projects that demonstrate readiness to proceed</li> <li>• Projects sponsored by non-profits</li> <li>• High-quality construction, including focus on energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Rehabilitation projects, including lead-based paint abatement, accessibility modifications, and energy-efficiency upgrades</li> <li>• Projects that provide special needs housing and homeless support</li> <li>• Housing affordable to those earning less than 30 percent of area median income</li> <li>• Family housing, mixed income</li> <li>• Unique or creative design or rehabilitation of existing structure</li> <li>• Projects located in targeted development districts</li> <li>• Projects that focus on the removal of blight</li> <li>• Compliance with green building standards</li> </ul>

## Appendix B: 2016 Results

The Bank fully met its quantitative targeted community lending performance goals for 2016. The following table itemizes how FHLB Boston met each of its 2016 performance goals.

<b>Goal 1. Conduct targeted trainings and events on FHLB Boston’s housing and community investment programs</b>		
JNE		<ul style="list-style-type: none"> <li>Completed three targeted JNE program and application webinars</li> </ul>
HHNE		<ul style="list-style-type: none"> <li>Completed in-person, on-site meetings with all six New England Housing Finance Agencies (CT, MA, ME, NH, RI, and VT)</li> </ul>
AHP		<ul style="list-style-type: none"> <li>Completed three targeted AHP Next Steps webinars for 2015 awardees</li> <li>Completed 10 on-site 2016 AHP application trainings and six 2016 AHP application webinars</li> <li>Completed three AHP long-term monitoring and rental income calculation webinars</li> </ul>
EBP		<ul style="list-style-type: none"> <li>Completed five 2016 EBP Application webinars</li> <li>Completed four 2016 EBP Enrollment webinars</li> <li>Completed four 2016 EBP Disbursement webinars</li> </ul>
CDA		<ul style="list-style-type: none"> <li>Completed three CDA webinars</li> </ul>
<b>Goal 2. Conduct at least three outreach activities to respond to the primary priorities for 2016 or other community development priorities based on the interest of members, the Advisory Council, and community stakeholders, and the availability of funding.</b>		
Priority I	Developing partnerships among members, state housing finance agencies, or other stakeholders in support of community development initiatives	<ul style="list-style-type: none"> <li>Ongoing outreach to state HFAs</li> <li><b>Innovations, Trends, and Partnerships in Affordable Housing Financing Forum</b>, with Liberty Bank, LISC, and CT Housing Coalition, June 1, Rocky Hill, CT</li> <li><b>FHLB Boston and HFA conference call regarding LIHTC/HFA underwriting</b>, with Maine Housing, August 30. Four HFAs participated: Maine Housing, Rhode Island Housing, New Hampshire Housing and Vermont Housing Finance Agency.</li> <li><b>CRA for CBO’s</b>. Partnering for Success: Community Reinvestment Act Training for Community Organizations, with FDIC and OCC, June 22, Bridgewater, MA.</li> <li><b>CRA 201 (2)</b>. Senior Leadership Training for financial institutions on how to strategically leverage</li> </ul>

		<p>CRA, with Federal Reserve, FDIC, OCC, August 4, Braintree, MA; October 20, Hartford, CT</p> <ul style="list-style-type: none"> <li>• <b>CRA Interagency events (2).</b> Small business development forum and CRA 201, with FDIC, Federal Reserve, OCC, SBA, USDA, September 21, Montpelier, VT, October 13, Concord, NH</li> </ul>
Priority II	Production/ Preservation of Affordable Housing	<ul style="list-style-type: none"> <li>• <b>Capital Collaborations for Housing and Community Development</b>, forum and networking event for local finance agencies, with FHLB Atlanta, October 7, Washington, DC</li> </ul>
Priority III	Facilitating Affordable, Sustainable Homeownership	
Priority IV	Invest in Distressed and At-Risk Neighborhoods	<ul style="list-style-type: none"> <li>• <b>Affordable Housing Development Competition, 16<sup>th</sup> Anniversary</b>, April 26, Boston, MA</li> <li>• <b>A Breakfast on Housing</b>, forum on housing innovations with Competition winners, BSA, CHAPA, City of Boston Housing Innovations Lab, May 16, Boston, MA</li> </ul>
Priority V	Assist Housing and Community Development Efforts to Address Poverty and Improve Access to Economic Opportunity	
Priority VI	Contribute to Efforts to Improve Health Outcomes through Support of Affordable Housing and Community Development Initiatives	
Priority VII	Focus on Job creation/retention and Small Business Finance	<ul style="list-style-type: none"> <li>• Completed three JNE Webinars</li> <li>• <b>Completed regional SBA and USDA conference calls on JNE</b></li> </ul>

		<ul style="list-style-type: none"> <li>Completed and ongoing outreach to regional Chambers of Commerce, with Federal Reserve</li> </ul>
<b>Goal 3. Continue to research and implement program enhancements</b>		
a.	Research and recommend program enhancements to the AHP	<ul style="list-style-type: none"> <li>Research regarding feasibility metrics, scoring parameters, and/or other program or process enhancements for 2017 and future AHP Implementation Plans- <i>ongoing</i></li> <li>Enhancements to the online monitoring processes for AHP Periodic Monitoring Reports and Closeout Monitoring Review- <i>ongoing</i></li> </ul>
b.	Expand broader participation in AHP by revolving loan funds	<ul style="list-style-type: none"> <li>Continue to research and review AHP Implementation Plan, procedures, and application- <i>ongoing</i></li> <li>2015 AHP Revolving Loan Fund Debrief webinar and conference calls with the seven revolving loan fund applications from 20151 AHP round, May 2016</li> </ul>
c.	Research and implement programs for state housing finance agencies and economic development lending	<ul style="list-style-type: none"> <li>Midyear review and recommendations for 2017 JNE and HHNE programs and process enhancements - <i>ongoing</i></li> </ul>
d.	Research other community development programs or products	

**Economic and Community Development Funding Supported by FHLB Boston through the Jobs for New England, Helping to House New England, and Community Development Advance Programs (January through November 30, 2016)**

**Jobs for New England Initiatives:**

<b>Disbursed Initiatives by State</b>	<b>Number of Transactions</b>	<b>Number of Members</b>	<b>Advances Disbursed</b>	<b>JNE Subsidy Disbursed</b>
Connecticut	8	5	\$ 4,085,137	\$ 621,766
Maine	20	9	\$ 12,019,214	\$ 1,144,636
Massachusetts	76	20	\$ 23,478,260	\$ 1,763,311
New Hampshire	15	6	\$ 2,730,298	\$ 288,762
Rhode Island	4	3	\$ 11,451,000	\$ 552,804
Vermont	18	4	\$ 4,022,675	\$ 426,430
Total Disbursed Initiatives	141	45	\$ 57,786,584	\$ 4,797,709
Total Jobs Created or Retained	2,348			

**Helping to House New England Initiatives:**

Number of Participating HFAs	4
Advances and Investments Disbursed	\$ 19,160,000
HHNE Subsidy Disbursed	\$ 2,048,206

**CDA Housing Initiatives:**

Total Approved	28
Owner Units	672
Rental Units	906
Total Members	20
Total Funds Approved	\$172,921,262
Total Disbursed	\$109,225,394

**CDA Economic Development Initiatives**

Total Approved	66	\$794,393,000
Small Business	50	\$717,764,500
Targeted Economic Development Initiatives	6	\$30,725,000
Servicing Households at 80 Percent of AMI	10	\$45,903,500
Jobs Created/Retained		30
Rural Initiatives Approved		30
Urban Initiatives Approved		36
Total Members		45
Total Disbursed		\$449,343,000

## Appendix C: Regulatory Citation and Bibliography

12 FCR 952.4 and 12 CFR 1290.6 require that the Bank establish and maintain a community support program that provides technical assistance to members, promotes and expands affordable housing finance, identifies opportunities for members to expand financial and credit services to underserved communities, and encourages members to increase their targeted community lending and affordable housing finance activities by providing incentives and technical assistance. The 2016 Community Lending Plan is an integral part of FHLB Boston's program and, as such, also codifies the Bank's community support program overall.

12 CFR 952.4 also requires that the Community Lending Plan should:

- Include market research,
- Include a description of how FHLB Boston will address identified credit needs and market opportunities,
- Consult with the Advisory Council, members, and other stakeholders in developing the Community Lending Plan, and
- Include quantitative targeted community lending performances and obligations.

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