2025 Targeted Community Lending Plan

FHLBank Boston

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Executive Summary

The current housing crisis in the United States, particularly in New England, is multifaceted and severe. Both homeowners and renters face significant challenges, exacerbated by rising interest rates and increasing construction costs. An unprecedented number of individuals experiencing homelessness underscores the region's shortage of affordable and available housing units. This crisis is aggravated by the urgent need to adapt existing housing stock to mitigate climate impact and enhance climate resilience. Additionally, the end of pandemic-related eviction bans, income support, and Emergency Rental Assistance has led to a surge in homelessness. Fortunately, communities and states are responding through increased funding, zoning reforms, new housing and community investment priorities and efforts to build public and private partnerships.

The 2025 Targeted Community Lending Plan (TCLP) provides a housing and economic needs assessment for the six New England states, establishes key priorities in response to these challenges, and offers a range of initiatives, activities, and target community goals as working solutions for FHLBank Boston in 2025.The 2025 TCLP builds upon FHLBank Boston's 2024 Plan by delving deeper into specific issues such as homelessness, Native American housing needs, and the intersection of housing and climate change. The priorities of the 2025 TCLP include increasing affordable and available units, creating more housing for the unhoused; expanding homeownership opportunities, especially to BIPOC households; enhancing climate resiliency to make housing more sustainable and resilient; and supporting Native American housing needs.

Additionally, this plan reviews the progress of existing down-payment assistance programs, including the Equity Builder Program (EBP), Housing Our Workforce (HOW), and our latest Lift Up Homeownership (LUH), ensuring that these programs are meeting the targeted audiences and align with our 2025 community lending objectives.

2025 Research Approach and Acknowledgements

The Targeted Community Lending Plan is an annual research effort undertaken to assess the critical housing and economic development needs and business opportunities for our member financial institutions, community developers and stakeholders, and FHLBank Boston (or the Bank) itself.

The Bank acknowledges that we operate on the traditional territory of Indigenous peoples who have stewarded this land throughout the generations. We honor the tribes within New England whose enduring presence and care for this land continue to this day. We pay our respects to their elders, both past and present, and to all Indigenous peoples of New England and the United States.

This report summarizes key data with detailed tables and figures, as well as regulatory citations and interviews listing, included in the appendices. The findings and conclusions presented in this report are solely attributable to FHLBank Boston.

FHLBank Boston would like to thank our lead researcher Giovanna Lia Toledo, Master of Urban Planning degree candidate at the Harvard University Graduate School of Design, and the Housing and Community Investment team for their research and analysis.

2025 Community Development Key Priorities

The Housing and Community Investment Department (HCI) has identified the following key priorities for the Bank's programs and initiatives for this year's Target Community Lending Plan.

1. ***Expand affordable and available units for both rental and homeownership in New England***
   a. Develop and preserve affordable housing for extremely low- to moderate-income households
   b. Increase homeownership opportunities, with a focus on BIPOC households

2. ***Enhance design efficiency and resiliency to reduce the environmental impact of housing development and increase climate resilience***
   a. Invest in retrofitting and improving existing units to boost energy efficiency and resilience
   b. Promote the development of resilient housing units throughout New England

3. ***Foster equitable investments in affordable housing across New England***
   a. Support investment in Housing First initiatives for individuals experiencing homelessness
   b. Engage diverse developers and stakeholders to increase participation in the Bank's programs
   c. Invest in culturally appropriate housing for Native American communities
   d. Expand access to our regulated and voluntary community investment programs
   e. Provide enterprise-level funding for New England's Community Development Financial Institutions (CDFI) through the Bank's new voluntary CDFI Advances program

4. ***Deepen understanding of Native American housing needs through outreach and benchmarking***
   a. Support cultural awareness and education both within the Bank itself and externally with our members
   b. Support New England's Native American tribes in addressing their specific housing needs by building capacity, improving existing housing units and increasing the number of affordable and available units
   c. Build and deepen partnerships with both Tribal communities and members

5. ***Cultivate meaningful relationships with stakeholders within New England's housing network to address diverse housing needs***
   a. Continue ongoing outreaches with different states and stakeholders to increase awareness of the Bank's programs and supporting partnerships with diverse organizations in order to address specific needs
   b. Engage with Community Development Financial Institutions to expand access to Bank's programs

6. ***Broaden access to community development capital and small business assistance through the Bank's community investment programs and outreach capacity***
    a. Support small business lending through the Community Development Advance and Jobs for New England programs.
    b. Fund residential lending and mixed-use initiatives through the Community Development Advance.

2025 TCLP Definitions

Above median income: Households with incomes greater than 100% AMI
Affordable Housing: Housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities
Area Median Income (AMI): The median family income in a given metropolitan or nonmetropolitan area
BIPOC: Black, Indigenous and People of Color
CDFI: Community Development Financial Institution
Cost Burden: Spending more than 30% of household income on housing costs and utilities
Extremely Low-Income (ELI): Households with incomes at or below 30% AMI or the federal poverty guideline (whichever is higher)
Low-Income: Households with incomes greater than 50% and less than 80% AMI
Middle-Income: Households with incomes greater than 80% and less than 100% AMI
NOAH: Naturally Occurring Affordable Housing
Poverty Level: Federal income measure that set minimum income necessary to afford food, clothing, transportation, shelter, and other utilities
Severe Cost Burden: Spending more than 50% of household income on housing costs and utilities
SPCP: Special purpose credit programs
Very Low-Income: Households with incomes greater than ELI and less than 50% AMI

FHLBank Boston Housing and Community Investment Programs
AHP: Affordable Housing Program
CDA: Community Development Advance, includes the Community Development Advance Extra program
EBP: Equity Builder Program
HOW: Housing our Workforce
LUH: Lift Up Homeownership
JNE: Jobs for New England

2025 Affordable Housing and Community-Economic Development Needs Assessment for New England

The 2025 Needs Assessment for New England was conducted using primary and secondary research as well as interviews with practitioners, public agencies, and researchers. Further details can be found in the appendices.

The assessment is organized into six main topics: Demographics; Housing Supply Deficit and the Increase in Individuals Experiencing Homelessness; Climate Change Beyond Energy Efficiency; Barriers to BIPOC Homeownership and Homeownership Gaps; Native American Housing Needs; and the Increase in Affordable Housing Construction Costs. Each topic is discussed in detail below.

Demographics

New England's 2024 demographic analysis, based on the United States Census Bureau 2022 1-year Estimates, provides key insights into the region's population and its comparison to national data. [1]

- **Total Population:** New England has approximately 15 million residents, representing 4.5% of the U.S. population. Of this population, 51% identify as female and 73% as white (6% Black or African American and 12% Hispanic or Latino).
- **Poverty Rates:** 10% of New England's population lives below the poverty level. Within this group, 56% are female and 58% are white. Women are notably overrepresented in this demographic, while white individuals are underrepresented (10% of this population is Black or African American and 24% Hispanics and Latino).
- **Homeownership:** 59% of housing units in New England are owner-occupied, compared to 65.2% nationally.
- **Housing Stock:** 64% of New England's housing units were built before 1979.

Homelessness Demographics

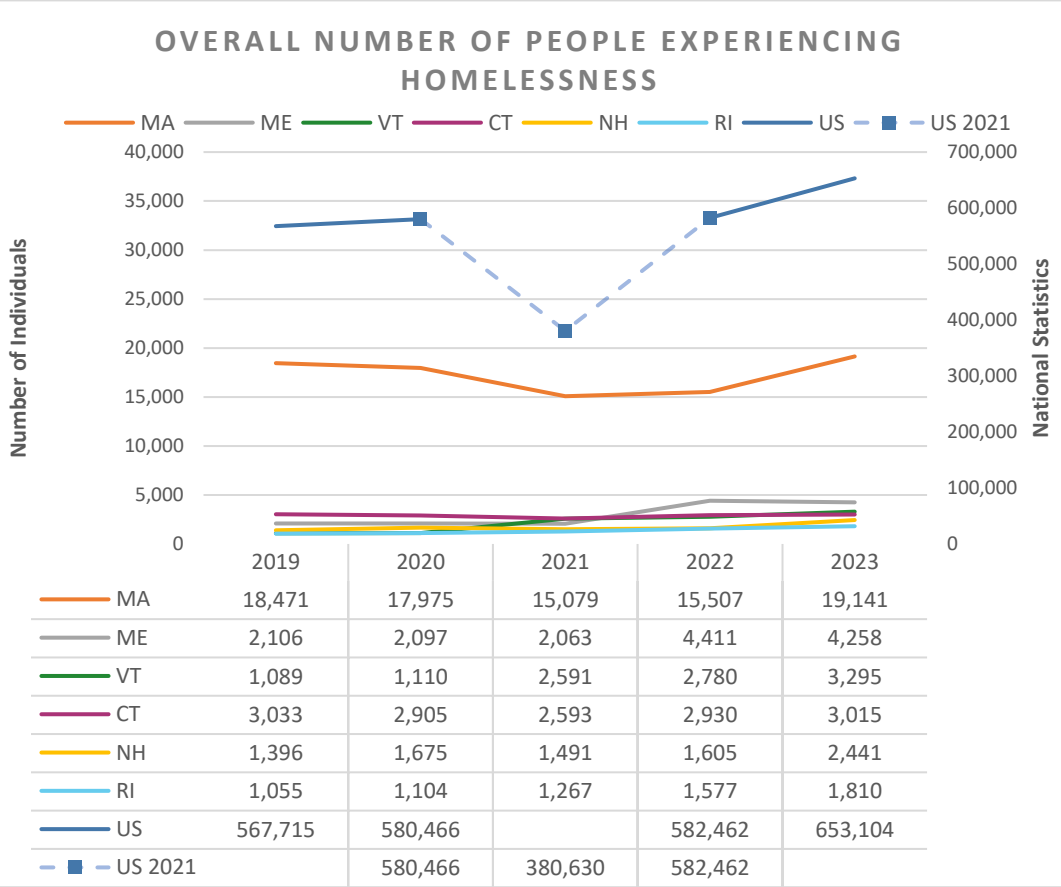
The federal point-in-time count, presented in the U.S. Department of Housing and Urban Development (HUD) 2023 Annual Homelessness Assessment Report to Congress (AHAR)[2], provides data on the magnitude and demographics of individuals experiencing homelessness at the national and state levels. It is important to note that this count may not include individuals or households not accessible at that time or those who enter and exit shelters for short periods throughout the year.

- **National Overview:** On a single night in January 2023, there were 653,104 individuals experiencing homelessness, marking a record high.
- **New England Statistics:** In New England, 33,960 individuals experienced homelessness, accounting for 5.2% of the U.S. total.
- **Demographic Trends:** People of color, including Black, African American, Native American, and Pacific Islander populations, are disproportionately represented among the homeless. The largest

[1] U.S. Census Bureau. 2022 American Community Survey. ACS Demographic and Housing Estimates, 1-year Estimates Subject Tables

[2] The 2023 Annual Homelessness Assessment Report (AHAR) to Congress - HUD

increase nationally in homelessness (28%) in the report was among those identifying as Hispanic or Latino.
    - In New England, 25% of the number of individuals experiencing homelessness is Hispanic or Latino, while 37% are Black or African American. This is 2x the percentage in the overall population of Latinos and 6x of Black and African Americans.
- **Regional Insights:** Massachusetts (7%), Maine (7%), and Vermont (4%) have some of the lowest rates of unsheltered homelessness on any given night. The overall percentage in New England is nine (9)%, far below the national rate of almost 40% unsheltered individuals in a given night.
    - Massachusetts experienced a significant increase (23.4%) in homelessness from 2022 to 2023. Since 1983, the state has had a "right-to-shelter" law, ensuring that no family household is denied shelter.



	2019	2020	2021	2022	2023
MA	18,471	17,975	15,079	15,507	19,141
ME	2,106	2,097	2,063	4,411	4,258
VT	1,089	1,110	2,591	2,780	3,295
CT	3,033	2,905	2,593	2,930	3,015
NH	1,396	1,675	1,491	1,605	2,441
RI	1,055	1,104	1,267	1,577	1,810
US	567,715	580,466		582,462	653,104
US 2021		580,466	380,630	582,462	

Chart 1 – Overall Number of People Experiencing Homelessness

Chart 1 illustrates the national number of people experiencing homelessness (blue, right axis) and the six New England states (bottom, left axis). Data from 2021 should be viewed with caution due to pandemic-related disruptions.

Table 1 shows the percentage of change in the total homelessness in three different time periods: 2022 – 2023, 2020 – 2023 and 2019 – 2023, illustrating more clearly the pandemic's impact on homelessness.

	Change in Total Homelessness, 2022-2023	Change in Total Homelessness, 2020-2023	Change in Total Homelessness, 2019-2023
Massachusetts	23.4%	6.5%	3.6%
Maine	-3.5%	103.1%	102.2%
Vermont	18.5%	196.8%	202.6%
Connecticut	2.9%	3.8%	-0.6%
New Hampshire	52.1%	45.7%	74.9%
Rhode Island	14.8%	63.9%	71.6%

Table 1 – Change in Total Homelessness in New England's States

Economic Data

The economic data shows positive regional trends relative to the national unemployment rate at 3.9% in May 2024, aligning with pre-pandemic levels and remaining low historically. Similarly, Vermont, New Hampshire, Maine, and Massachusetts continue to outperform the national average, ranging from 2.1% to 3%. Unemployment in Connecticut and Rhode Island is 4.3% but still represents considerable improvement from pandemic highs. New England states have shown recovery from the pandemic[3], but rising housing costs, rents, and evictions are particularly impacting low-income households.

State	May 2024 rate	Historical High Date	Historical High Rate	Historical Low Date	Historical Low Rate
Connecticut	4.3	May-20	11.8	August-00	2
Maine	3	May-20	9.5	April-23	2.4
Massachusetts	3	May-20	9.5	April-23	2.4
New Hampshire	2.5	April-20	16	May-23	1.8
Rhode Island	4.3	April-20	17.9	June-23	2.6
Vermont	2.1	April-20	14.1	May-23	1.7

Table 2: Current Unemployment Rates for States and Historical Highs/Lows

A notable point is that the "U-6" unemployment measure, which includes those actively looking for work and those who have stopped looking within the last year, is at 7.4%. This is nearly double the standard measure and the highest since November 2021. [4]

The Harvard Joint Center for Housing Studies noted significant national job growth and low unemployment rates in its State of the Nation's Housing: 2024 report. The labor market saw significant growth in 2023, with an average addition of over 250,000 jobs per month and a national unemployment rate consistently below four (4)%. Additionally, wage growth began to surpass inflation early in 2023, marking a positive shift compared to the decline in real wages observed in 2022.[5]

Housing Supply Deficit and the Increase in the Number of Individuals Experiencing Homelessness

[3] Current Unemployment Rates for States and Historical Highs/Lows - U.S. Bureau of Labor Statistics.
[4] There's good news in the economic data, but low- and moderate-income households face challenges - Federal Reserve Bank of Boston
[5] Harvard JCHS State of Nation's Housing 2024

The United States faces a severe shortage of affordable housing, which poses a significant barrier to the economic, physical, and social well-being of low-income households. This shortage has various repercussions: eviction rates surpassing pre-pandemic levels, a 12% increase nationally in the number of individuals experiencing homelessness from 2022 to 2023, according to the AHAR HUD report, and 74% of extremely low-income households being severely cost-burdened, marking an all-time high.[6]

The Harvard Joint Center for Housing Studies observes changes in home construction permitting trends. Nationally while single-family home construction has increased, multifamily housing starts declined in 2023, although completions reached a 30-year high. New multifamily units are primarily built as rentals targeting the high end of the market, leading to higher asking rents. Rising costs for land, materials, and labor contribute to these higher rents.

Households experiencing cost burdens are increasing. Nearly one in four homeowners (23.2%) spend more than 30% of their income on housing and utilities, including 27.4% of older adults (65+ years old). Low-income households, earning less than $30,000 annually, constitute over half the growth in cost-burdened homeowners from 2019-2022, significantly impacting their residual incomes and forcing tough choices among daily necessities, basic home maintenance and repairs, and accessibility improvements. [7]

Rising property taxes resulting from higher valuations can create a sudden financial burden for homeowners, particularly those with lower incomes. As low-cost homes appreciate in value more quickly than high-end properties nationwide, these homeowners face the largest tax increases. This financial strain is particularly severe for disadvantaged and vulnerable populations, including homeowners of color and those with low incomes.[8]

The National Low Income Housing Coalition reports that, nationally and regionally, the number of cost-burdened households is at extreme levels. In 2022, the number of severely cost-burdened renter households reached 12.1 million, up by 1.5 million from pre-pandemic levels. Renters with the lowest income have a median of only $310 per month to cover all non-housing expenses. The lack of affordable and available units disproportionately impacts extremely low-income and very low-income households, with renters of color being more likely to be cost-burdened: 56% of Black renters and 53% of Latino renters are cost-burdened, compared to 44% of white renters.[9]

In New England, there is a deficit of 344,367 affordable and available units for households at or below extremely low-income (ELI) levels and 368,933 units for households at or below 50% of the area median income (AMI). The percentage of severely cost-burdened households at or below ELI ranges from 56% in Rhode Island to 74% in Vermont. For households earning between ELI and 50% AMI, the percentage ranges from 24% in New Hampshire to 41% in Vermont.[10]

[6] The GAP 2024 Report
[7] Harvard JCHS State of Nation's Housing 2024
[8] Harvard JCHS State of Nation's Housing 2024
[9] The GAP 2024 Report
[10] The GAP 2024 Report

	Surplus (Deficit) of Affordable and Available Units		% Within Each Income Category with Severe Housing Cost Burden			
State	**At or Below ELI**	**At or Below 50% AMI**	**At or Below ELI**	**> ELI to 50% AMI**	**51% to 80% AMI**	**81% to 100% AMI**
Connecticut	(98,144)	(86,371)	71%	31%	7%	2%
Maine	(17,772)	(19,647)	63%	28%	3%	3%
Massachusetts	(170,810)	(203,509)	64%	36%	10%	2%
New Hampshire	(21,372)	(20,706)	64%	24%	3%	1%
Rhode Island	(24,054)	(26,351)	56%	29%	4%	0%
Vermont	(12,215)	(12,349)	74%	41%	5%	0%

Table 3: State Comparisons for Affordable and Available Units and Percentage of Severe Cost-Burden [11]

The systemic shortage of available and affordable homes, especially for extremely low-income renters, is creating a severe housing crisis that affects all communities. When these renters are overwhelmed by high housing costs, being severely cost-burdened, they struggle to afford basic necessities like healthcare and food, also making them more susceptible to homelessness.[12]

State	At or Below ELI	At or Below 50% AMI	At or Below 80% AMI	At or Below 100% AMI
Connecticut	34	62	94	99
Maine	51	68	97	99
Massachusetts	46	58	88	97
New Hampshire	38	66	99	103
Rhode Island	51	65	96	100
Vermont	30	60	91	97

Table 4. Affordable and Available Units per 100 Households at or below Threshold [13]

Homelessness

Individuals or households without a fixed, regular, and adequate nighttime residence are considered to be unhoused or experiencing homelessness. This condition encompasses a broad spectrum of circumstances, experiences, and underlying causes. According to the National Alliance to End Homelessness[14], chronic homelessness refers to those who have been homeless for a year or more, or who have experienced repeated homelessness, compounded by a disabling condition such as severe mental illness, substance use disorder, or physical disability. Addressing these diverse needs requires tailored responses at local, state, and federal levels.

[11] The GAP 2024 Report
[12] The GAP 2024 Report
[13] The GAP 2024 Report
[14] Chronically Homeless - National Alliance to End Homelessness

As of January 2023, a record-high 653,104 people nationwide experienced homelessness in a single night, an increase of 70,600 people within one year. This rise followed the expiration of pandemic-related eviction bans, income support, and Emergency Rental Assistance, which had previously helped many renters stay housed. The end of these supports coincided with soaring rents and a surge in asylum seekers who are unable to legally work, putting additional pressure on affordable housing and homelessness response systems. [15]

In reaction to the growing homelessness crisis, some areas have resorted to criminalization and harmful sweeps. In recent years, numerous state and local governments have enacted laws to restrict or ban encampments on public land or certain public spaces. Criminalizing or displacing people experiencing homelessness exacerbates their difficulties without addressing the root causes, such as deficiencies in the shelter system or housing affordability. It also hinders their access to employment and housing due to criminal records[16][17]. Dr. Howard Koh from the Harvard T.H. Chan School of Public Health highlights that encampments often reflect systemic failures, leading to public frustration and hostility. This discontent sometimes results in proposals for drastic measures against homeless individuals, particularly those living on private land. [18]

The homelessness crisis has become stark in various US states and cities, compounded by a lack of affordable housing, access to health services, education, and transportation. Addressing a virtual T.H. Chan School of Public Health forum in February 2024, U.S. Interagency Council on Homelessness Executive Director Jeff Oliver highlighted that housing is a fundamental human right, just like water, food, or education, yet access remains uneven. Rising housing costs have paralleled an increase in homelessness, exacerbated by the migrant crisis and the removal of pandemic protections. Addressing homelessness requires robust assistance, prevention, and rehousing efforts, but fundamentally, it demands a commitment to sustainable affordable housing solutions. [19]

The Housing First approach prioritizes immediate and permanent housing for individuals without preconditions, addressing systemic failures through a collaborative effort[20]. Housing First aims to quickly house individuals and then provide personalized support to help them stabilize and improve their lives. This model empowers individuals by offering autonomy in their housing choices, fostering dignity and a sense of security. Housing First ensures that individuals can maintain stable housing while addressing mental health or substance use challenges. This approach has proven effective in enhancing housing stability, improving overall well-being, and reducing public costs related to homelessness, making it a critical strategy in addressing homelessness. [21]

The health impacts of homelessness are severe. Unsheltered individuals face mortality rates ten times higher than the general population, with exacerbated health risks among veterans, and elevated rates of

[15] Harvard JCHS State of Nation's Housing 2024
[16] Housing Not Handcuffs - National Homeless Law Center
[17] Harvard JCHS State of Nation's Housing 2024
[18] Homelessness 'undermining fabric of our society' - Harvard T.H. Chan School of Public Health
[19] Addressing the U.S. homelessness crisis – Harvard T.H. Chan School of Public Health
[20] Housing First - National Alliance to End Homelessness
[21] Canadian Housing First Toolkit - Mental Health Commission of Canada

conditions like Alzheimer's and dementia.[22] Addressing these issues requires a comprehensive approach that recognizes housing as a critical determinant of health and societal well-being.

Between 2010 and 2022, the number of veterans experiencing homelessness has decreased dramatically, a testament to the effectiveness of targeted programs like HUD-Veterans Affairs Supportive Housing program (HUD-VASH) and Supportive Services for Veteran Families (SSVF) program. The U.S. Department of Veterans Affairs reports as of November 2022, the state of Connecticut and several communities and regions in New England have effectively ended veterans' homelessness.[23] Per the 2023 HUD AHAR, on a single night in January 2023, there were 1,155 homeless veterans in New England, a 65% reduction from the year before. However, it's crucial to extend this same commitment to all individuals experiencing homelessness. Emulating the successful strategies used for veterans, such as Rapid Re-Housing and permanent supportive housing, could help address the broader homelessness crisis, ultimately creating a more equitable and compassionate society for all.[24]

The Housing First approach gained significant importance with the success of studies such as Canada's at Home/Chez Soi[25], which highlighted its effectiveness in improving housing stability for those with severe mental illness. Launched in 2008, this multicity study found that participants in the Housing First program spent 73% of their time stably housed over two years, compared to just 32% for those in traditional treatment programs. This dramatic improvement in housing stability, coupled with enhancements in community functioning and quality of life, underscores Housing First's impact. The study demonstrated that immediate access to housing, combined with supportive services, not only provided a stable home but also improved mental health outcomes and overall quality of life for individuals facing significant challenges.[26]

The Housing First model has been shown to benefit other subpopulations as well. For instance, in the United States, studies have revealed that Housing First programs are effective for individuals struggling with substance use disorders, despite concerns that providing housing might exacerbate addiction issues. Research indicates that clients in high-fidelity Housing First programs reported lower rates of substance use and remained stably housed. Similarly, initiatives like the Housing Opportunities for Persons with AIDS (HOPWA) in the U.S. have demonstrated that stable housing significantly improves health outcomes and reduces the use of high-cost emergency health services for people living with HIV/AIDS. These examples highlight Housing First's broad applicability and effectiveness across diverse populations, reinforcing its importance as a fundamental strategy in addressing homelessness. [27]

The Urban Institute's "Five Ways to Address Unsheltered Homelessness" also echoes these findings, prioritizing the Housing First model, also advocating for safe and accessible emergency shelters, prioritization of resources to those most vulnerable, inclusive public space management and creation of alternative response programs. It emphasizes that punitive measures not only fail to resolve these

[22] Homelessness 'undermining the very fabric of our society' - Harvard T.H. Chan School of Public Health
[23] U.S. Department of Veteran Affairs. Ending Veteran Homelessness - VA Homeless Programs. This also includes Lowell, Massachusetts, the balance of Massachusetts continuum of care, Nashua, New Hampshire, and Chittenden County, Vermont.
[24] Veterans - National Alliance to End Homelessness
[25] Canadian Housing First Toolkit - Mental Health Commission of Canada
[26] Housing First: A Review of the Evidence - HUD USER
[27] Housing First: A Review of the Evidence - HUD USER

challenges but also incur significant costs and further disconnect individuals from necessary support services.

Homelessness is closely tied to housing costs and issues, as detailed by Colburn and Page (Homeless is a Housing Problem, 2022).[28] Addressing homelessness requires a compassionate approach that moves away from criminalizing individuals and focuses on housing as an essential component of comprehensive set of supports and programming. Given the Bank's mission to promote affordable housing, it can play a crucial role in addressing this issue by investing in housing solutions for the most vulnerable individuals within the homeless population.

Climate Change Beyond Energy Efficiency – Building Resilient Cities

The frequency of climate-related disasters has escalated, placing millions of housing units at significant risk. Federal and state resources for hazard mitigation are inadequate and primarily focus on post-disaster recovery rather than proactive measures. Reducing the carbon footprint of the residential sector, responsible for 18% of US greenhouse gas emissions, is crucial. Significant investments in energy efficiency and retrofitting older homes are essential to mitigate the sector's impact on climate change and address the housing crisis.[29] However, it's also necessary to go beyond green buildings to understand climate impacts in the regions where the Bank's investments are being made. The documentary Inundation District illustrates the impacts of ignoring climate change threats in Boston's Seaport district and highlights those who will bear the real impact when it reaches the city.[30]

Weather-related shocks and increasing temperatures are putting substantial pressure on the housing stock. The incidence of billion-dollar weather and climate disasters has sharply increased over recent decades, reaching a record of 28 events in 2023 alone. FEMA's National Risk Index indicates that 60.5 million housing units are in areas with at least moderate risk, making it paramount to adapt housing to more frequent hazards like hurricanes, floods, heat waves, and ice storms. In New England, the majority of counties in Connecticut, Rhode Island and Massachusetts are at relatively-moderate to relatively-high risk. Coastal New Hampshire and southern Maine are at relatively-moderate risk. This requires enhanced regional infrastructure, individual home modifications, updated land use restrictions, and affordable home and hazard insurance.[31]

Despite the urgent need to make housing more resilient, most policies have focused on post-disaster recovery and often do not compensate for all losses. Insurance, while crucial after disasters, is becoming less accessible to millions of households, particularly those of color and with lower incomes, due to rising costs and reduced coverage.[32]

Implementing energy efficiency upgrades, electrification, and renewable energy solutions in existing homes is crucial to lessen the impact of climate change on housing. Reducing the residential carbon footprint will help mitigate housing's contribution to climate change. Moreover, without these measures, energy demand

[28] Colburn, Gregg, and Clayton Page Aldern. Homelessness is a Housing Problem. Seattle: University of Washington Press, 2022.
[29] Harvard JCHS State of Nation's Housing 2024
[30] Inundation District - Abel, D & Blanco, T
[31] Harvard JCHS State of Nation's Housing 2024
[32] Harvard JCHS State of Nation's Housing 2024

will keep rising, and utility bills will remain high. Older homes, especially those built before 1950, have considerable retrofit needs, consuming 45% more energy than homes constructed in the five years before 2020.[33] Homes from 1950 and earlier account for 41% of New England's housing stock, further emphasizing the importance of retrofitting efforts in this region.[34]

While the National Weather Service advises people to stay out of the streets and in places with effective cooling infrastructure and adequate hydration, this is simply not possible for those living on the streets, in cars, or in shelters and housing that are not climate-adapted[35]. In New England, with its aging housing stock, this becomes a challenge even for those who are housed, especially for households of color.

Climate impacts on an already insufficient housing stock worsen the housing crisis, particularly for vulnerable communities. Accurate data is essential to address and prepare for these challenges, yet FEMA's reliance on historical flood events fails to predict future risks, leaving many communities unprepared. The Urban Institute recommends that risk estimates should include additional factors like disinvestment and discrimination which have resulted in more low-income and households of color living in risky areas, to more effectively measure the disparate risks of climate impacts.[36]

In response for example, Massachusetts has developed a coastal flood risk model that goes beyond historical events[37]. This dynamic model integrates additional factors such as wind and wave conditions, capturing the cumulative effects of various storm types. Such advancements are vital as climate impacts—and their influence on insurance costs—worsen affordability issues and limit homeownership opportunities for historically disadvantaged groups.[38]

The Urban Institute also produced a framework that provides local and regional housing developers, planners, policymakers, and advocates with a comprehensive approach to promoting climate-resilient housing by integrating principles of sustainability, resilience, and environmental justice. It addresses key challenges and opportunities in advancing climate-resilient housing and introduces four pillars of action: policy and finance, neighborhood and community infrastructure, housing stock, and the social capital of individuals, households, and communities. This structured approach aims to enhance housing resilience by connecting various stakeholders, fostering economic, social, and environmental benefits, and developing proactive, long-term strategies for sustainable housing.[39]

Resources such as the report "Flood Mitigation Measures for Multi-Family Buildings" provide detailed guidance on flood risk evaluation, regulatory requirements, and mitigation strategies for multi-family buildings in urban areas, helping various stakeholders to understand ways of building resiliency. It stresses the need for a comprehensive approach to flood mitigation that includes regular inspections, maintenance, and potentially combining multiple mitigation strategies for maximum effectiveness. The guidance includes

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[33] Harvard JCHS State of Nation's Housing 2024

[34] U.S. Census Bureau. 2022 American Community Survey. ACS Demographic and Housing Estimates, 1-year Estimates Subject Tables

[35] Unhoused People in Phoenix at Acute Risk From Extreme Heat - Filter Magazine

[36] With Climate Change Poised to Worsen the Affordable Housing Crisis, Policymakers Need Better Data to Make Informed Choices- Urban Institute

[37] Massachusetts Sea Level Rise and Coastal Flooding Viewer - Massachusetts Government

[38] With Climate Change Poised to Worsen the Affordable Housing Crisis, Policymakers Need Better Data to Make Informed Choices - Urban Institute

[39] Preserving, Protecting, and Building Climate-Resilient Affordable Housing - Urban Institute

considerations for both new construction and retrofitting existing buildings, highlighting the importance of compliance with NFIP regulations and local floodplain management requirements.[40]

Transforming the nation's housing stock to reduce its carbon footprint and improve climate resilience is increasingly critical due to the growing threat of climate hazards like rising temperatures, flooding, and severe storms. These hazards not only damage and destroy housing units, causing equity losses to their owners, but also escalate construction, rehabilitation, and maintenance costs while imposing significant financial and social burdens on residents. By adopting a strategy that incorporates mitigation, adaptation, and environmental justice goals, housing stakeholders can address the pressing need for sustainable and resilient housing. This approach can mitigate disaster impacts on housing, reduce greenhouse gas emissions, promote housing affordability and stability, build and protect financial health and wealth, and improve community health and well-being. [41]

Barriers to BIPOC Homeownership – Homeownership Gaps

Both homeowners and renters are currently grappling with high housing costs, which have priced millions of potential homebuyers out of the market due to rising prices and interest rates. The affordability crisis has decreased the number of first-time buyers and slowed homeownership growth in 2023, exacerbated by a persistent increase in mortgage interest rates—peaking at 7.79% for a 30-year fixed mortgage in October 2023, the highest rate in 20 years. [42]

As referenced in the Harvard Joint Center's State of the Nation's Housing: 2024 report, the Urban Institute calculated that, nationally, the number of first-time homebuyer mortgages fell by 17% in 2023, following a 22% drop in 2022, resulting in 660,000 fewer mortgages. [43]

In the context of BIPOC homeownership, efforts to close racial homeownership gaps have been significant but more work remains. National data from the first quarter of 2024 reveals homeownership rates of 49.9% for Hispanic households and 46.6% for Black households, compared to 74% for white households. While there has been progress, with Hispanic and Black homeownership rates increasing faster than average since early 2019, rising costs have disproportionately impacted these populations, further pricing them out of the market. [44]

Households of color face additional disadvantages, such as a lack of intergenerational wealth and outstanding student loans, which can affect down payments and mortgage financing. Initiatives that provide down payment assistance and increase access to affordable credit are essential to address these barriers. Special purpose credit programs enable lenders to develop affordable lending programs for specific populations with a history of disparate treatment, which can help renters of color transition to homeownership, such as the Lift Up Homeownership program at the Bank. [45]

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[40] Flood Mitigation Measures for Multi-Family Buildings - National Flood Insurance Program
[41] Preserving, Protecting, and Building Climate-Resilient Affordable Housing - Urban Institute
[42] Harvard JCHS State of Nation's Housing 2024
[43] Harvard JCHS State of Nation's Housing 2024
[44] Harvard JCHS State of Nation's Housing 2024
[45] Harvard JCHS State of Nation's Housing 2024

Wealth disparity is another significant barrier to homeownership for many potential buyers of color. While 18% of white renter households have at least $20,000 in cash savings for a down payment, only eight (8)% of Black and seven (7)% of Hispanic renter households can meet this threshold. Financing is another barrier, with much higher mortgage loan denial rates for Black (16.8%) and Hispanic (12.0%) applicants compared to their Asian (9.6%) and white (6.7%) counterparts. [46]

These racial wealth gaps are largely the result of systemic and discriminatory policies and practices, including unequal access to high-quality jobs, affordable credit, and intergenerational wealth. Differences in homebuying opportunities contribute to these disparities. In a country where homeownership is a primary means of wealth-building, the lack of opportunities for households of color perpetuates racial wealth gaps. Merely providing access to homeownership is not enough to close these gaps. [47]

Several strategies are crucial to reducing these inequities in access to homeownership, including down payment assistance, increased access to credit, interest rate buy-downs, and homebuyer outreach and education. Down payment assistance can help households overcome the initial savings hurdle. Analysis shows that a $25,000 down payment assistance loan could enable homeownership for 1.1 million income-ready renter households headed by a Black or Hispanic person.

In recent years, SPCPs have gained popularity as another effective strategy to enhance access to credit and down payment assistance for borrowers in traditionally underserved communities. [48] These programs can be either people-based, offering credit directly to individual borrowers, or place-based, targeting areas where many of these borrowers live. When implemented effectively, SPCPs can build wealth, reduce housing segregation, and help close the racial homeownership gap.[49]

So, Wonyoung and D'Ignazio[50] found that race-conscious Special Purpose Credit Programs (SPCPs) are significantly more effective than race-neutral programs in increasing Black households' housing assets and reducing the racial wealth gap. Programs like the Bank's Lift Up Homeownership (LUH) program, which are race-conscious and people-based, substantially decrease the Black-white housing asset gap. Specifically, race-conscious, people-based SPCPs reduce the Black-white housing asset gap by 2.1 times more than race-neutral, people-based SPCPs and 3.3 times more than both race-conscious and race-neutral, place-based SPCPs, as other programs often benefit white households, hindering the gap's closure. These findings underscore the importance of a restorative approach to the racial wealth gap, highlighting that policies must explicitly address and rectify historical discrimination to effectively promote racial equity. Only race-conscious, people-based SPCPs function as truly reparative lending programs.[51]

Since the launch of the Lift Up Homeownership Program in 2023, the Federal Home Loan Bank of Boston has invested $ 7.5 million in more than 150 households of color in New England. Several banks within the Federal Home Loan Bank System have followed suit with SPCPs specifically addressing the homeownership gap among people of color, while others have focused on programs targeting first-

[46] Harvard JCHS State of Nation's Housing 2024
[47] Harvard JCHS State of Nation's Housing 2024
[48] Harvard JCHS State of Nation's Housing 2024
[49] The Special Purpose Credit Program Data Toolkit - Urban Institute
[50] So, Wonyoung, and Catherine D'Ignazio. "Race-Neutral vs. Race-Conscious: Using Algorithmic Methods to Evaluate the Reparative Potential of Housing Programs."
[51] Explicitly Acknowledging Racism Is Key to Reducing Racial Housing and Wealth Gaps - Urban Institute

generation homeowners. The program's success is evident in the rapid allocation of its funds and the numerous outreach efforts from members, highlighting the growing demand for increased investments in homeownership opportunities.

The disparity in homeownership rates between Black and white families is wider today than it was before the Fair Housing Act[52]. Closing the Black-white homeownership gap is crucial for creating a fair and just society with equal access to opportunities. Addressing this gap requires changes across the entire housing ecosystem to overcome entrenched structural barriers. Fair housing, fair lending, and the role of technological innovation in addressing these gaps are important areas for continued data analysis and focus.[53]

Native American Housing Needs

FHLBank Boston is committed to improve its relationships with New England's Native American communities and help members build partnerships. In 2024, the Bank reached out to Four Directions Development Corporation, a Native CDFI in Maine, and has been fortunate to help sponsor the People of the Dawn Symposium (in Maine in August), virtually attend the Wabanaki Housing Circle (Maine, June) and participate in the United South and East Tribes Impact Week conference (Washington, D.C., March). FHLBank Boston will continue to work with our Advisory Council, Tribes, intermediaries such as NeighborWorks America and state and regional Tribal organizations to build relationships with Native American communities throughout New England.

Among the housing needs cited by the National Low Income Housing Coalition, Native Americans living on Tribal land often experience among the worst housing conditions in the United States, with substantial and complex housing needs reflecting both historical disparities and contemporary challenges.[54]

- Tribal areas face significantly higher rates of overcrowding and inadequate housing, with nearly 16% of households in tribal areas experiencing overcrowding, far above the national rate of 2.2%.
- This issue is compounded by severe physical deficiencies, with about 40% of homes in poor condition, lacking basic amenities.
- A high rate of homelessness and near-homelessness also exists among American Indians and Alaska Natives, driven by a severe shortage of affordable and adequate housing options.[55]
- Overall, there is a scarcity of available homes for rent or for sale.
- Fractional property ownership and sovereign Tribal trust land status often complicate the development, sale, and mortgage financing.
- High infrastructure costs and the need to install basic utilities adds significant costs and compounds these issues.
- Many prospective homeowners face difficulties securing mortgages due to low credit scores, lack of credit history, or insufficient down payments.
- Building intergenerational wealth through homeownership is a core priority for Native American Communities within New England and nationally.

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[52] Reducing the Racial Homeownership Gap - Urban Institute

[53] Building Black Ownership Bridges: A Five-Point Framework for Reducing the Racial Homeownership Gap - Urban Institute

[54] Native American Housing - National Low Income Housing Coalition

[55] Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs - HUD USER

- Increasing energy sovereignty among Tribes in Maine is also an emerging challenge.[56]

The first key takeaway cited by Tribal Housing Development Entities and Four Directions Development Corporation is the lack of sufficient development capital. Native American Housing Assistance and Self-Determination Act (NAHASDA) capital is a critical first resource but there are a number of legal, programmatic and administrative barriers at state and federal agencies, which delay potential investment.[57] Lending and investment on sovereign Tribal trust lands is also complicated because it is often not able to be secured by fee-simple title, nor should it be since this is sovereign Tribal lands. Alternatives and federal Bureau of Indian Affairs or HUD guarantees take considerable time, adding costs and delays. All of these limitations indicate a need for more innovative and flexible financial solutions to support housing development.

Moreover, it is common in New England and nationally for Tribal Housing Development Entities to struggle with frequent staff turnover and therefore may lack consistent housing development and operating capacity. Despite these challenges, Tribal organizations in New England such as the Penobscot Nation, Passamaquoddy Housing Authority, Aroostook Band of Micmacs, and the Houlton Band of Maliseet Indians, continue to work to meet community needs.

Ensuring that housing solutions are culturally appropriate and effectively address the unique circumstances of each tribal area will be essential for achieving sustainable improvements in Native American housing conditions.[58] Therefore the first step to building strong relationships and partnerships with the Native American communities is for the Bank and our members to strengthen our cultural competencies and awareness of these issues.

The second step is additional research, networking, and team building with New England's Native American communities to identify their unique challenges and opportunities. This targeted approach will enable us to tailor our support to meet their specific housing needs, ensuring that interventions are not only effective but also culturally appropriate and responsive to the diverse circumstances and priorities of each community. Additionally, strengthening administrative processes, enhancing funding mechanisms, and increasing community involvement in housing decisions are needed.

Third, flexibility in addressing financial needs emerged as a critical theme. To be effective, the Bank must understand these needs and adapt its programs accordingly, rather than expecting the tribes to fit into current frameworks. This mean adapting or exempting program requirements, amending legal documents, and other administrative processes. Capital solutions need to be as barrier-free as possible to ensure that Native American communities are able to use these funds to meet the unique needs they face.

One area for additional program research and development is whether to create a voluntary pilot program to provide flexible grants and capacity building financing to assist the Tribal Communities in their districts meet their needs. Several FHLBanks have similar programs and report sufficient demand and initial

[56] Conference call, Charlene Virgilio and Matt Lewis, Four Directions Development Corporation, February 12, 2024.
[57] Efforts to improve the accessibility and efficiency of NAHASDA funds have been made but more work needs to be done. Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs - HUD USER.
[58] Conference call, Willie, Mellor. NeighborWorks America, August 5, 2024.

program successes. Another area is to adapt AHP and EBP retention mechanisms to work on Tribal lands. This is a straight-forward programmatic solution.

The main takeaway remains – any future capital financing needs to be as flexible as possible and with as few regulatory or programmatic restrictions as possible to be effective for our Tribal partners in New England to use. By developing more flexible financial solutions and fostering a collaborative approach, FHLBank Boston can better support housing development in Native American communities, helping to overcome the persistent barriers to housing stability and security.

Increase in Affordable Housing Construction Costs

The cost to build new or rehabilitate existing housing stock is an all-time high. The construction industry faces obstacles such as high labor costs, expensive building materials, and difficulties in obtaining zoning or permit approvals. Although the pandemic-driven surge in building material costs has moderated, prices remain elevated. Costs for key materials, such as gypsum and plastic construction products, have risen significantly since 2019, impacting the feasibility of new construction projects and contributing to the ongoing affordability crisis. [59]

Prior to the COVID-19 pandemic, residential construction demand was rising amidst an ongoing housing shortage plaguing the United States. The pandemic led to significant shortages of labor and materials, alongside increasing costs of materials and wages, challenges with transportation and energy supply, all which combined to drive development costs higher. Consequently, project completions have been delayed, contributing to ongoing backlogs that continue to affect the industry. Despite some easing of pandemic-related issues, high construction costs have persisted. Unfortunately, these costs are being passed on to the projects, resulting in smaller margins and higher rents and home prices, underscoring the urgent need for affordable housing solutions.[60]

According to JLL's 2024 midyear construction update, these high costs are expected to continue to rise, albeit at a slower rate of 1%-2% for 2024. This stabilization is attributed to improved material costs and efforts by contractors to address backlogs. With price rises for materials such as metals and concrete starting to ease, JLL predicts an increase in construction spending for the rest of the year with contractors taking on more projects. Although material cost conditions have moderated, they remain high compared to pre-pandemic levels, and demand shifts as well as global conditions could pose future risks. The National Association of Home Builders analyzed the Bureau of Labor Statistic's Producer Price Index to showcase these high materials costs. When compared to the 4 years before the pandemic, most material costs have skyrocketed. Any further drastic increases could jeopardize already tight margins and exacerbate project backlogs.[61]

Additionally, homeowner insurance premiums and costs are becoming more expensive than ever. It is estimated that approximately two-thirds of homes in the United States are underinsured. In the past five years, property insurance premiums have increased by double-digit percentages. Although there seems to be some moderation in 2024, climate change and increased natural disasters pose a significant threat to this brief stabilization. While New England lags slightly behind in insurance cost increases, it faces one of

[59] Harvard JCHS State of Nation's Housing 2024
[60] Harvard JCHS State of Nation's Housing 2024
[61] JLL 2024 Midyear Construction Update and Reforecast - JLL

the highest costs of living, making any additional expenses particularly impactful.[62] Between May 2022 and May 2023, home insurance premiums surged by an average of 21%, while apartment operating expenses increased by 7.1%, driven by a 27.7% rise in owners' insurance premiums. These escalating costs have made financing new multifamily projects more difficult, potentially worsening the shortage of affordable housing. [63]

The modern construction industry still relies heavily on traditional approaches. New innovations like BIM (Building Information Modeling), a process for creating an interactive 3D building model which acts as a single source of information for a project, are still yet to be fully integrated. Potential benefits of integration would include better communication amongst project participants, elimination of data silos, and prevention of costly reworks through improved efficiency. Introducing such innovations faces obstacles including cultural factors, skill gaps, and regulatory complexities.[64]

Some states and local governments are working to remove zoning and permitting limitations. Measures include easing the permitting process, eliminating parking minimums, and allowing diverse housing developments in previously single-family zones. Statewide efforts in Maine for example include to reduce single-family zoning and open up the possibilities for more multifamily housing and accessory dwelling units seek to expand land available for housing. Despite these efforts, the strong demand and limited supply have caused home prices to rebound since early 2023, with the median sales price for existing homes rising significantly. This has made homeownership unaffordable for many, reducing home sales and shifting more buyers towards new construction. [65]

Given the current housing shortage and escalating construction expenses, there is an urgent need to scale up the use of innovative building materials and adaptive reuse strategies. These solutions are key to making meaningful advancements in resolving the housing deficit, as existing efforts are not sufficient to resolve the substantial housing shortfall.

New England State Housing Assessments

Connecticut[66]

Connecticut is in need for increased housing options at all income levels according to the Connecticut Housing Finance Authority's 2023 Housing Needs Assessment.

- Housing construction has lagged over the past 20 years. In 2022 the state issued only 48% of the residential building permits that it did in 2005.
- From 2020 to 2022, the median house price rose from $250,000 to $340,000. This took place with the dramatic rise of interest rates in 2022.

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[62] Home Insurance Rates to Rise 6% in 2024 After 20% Increase in Last Two Years - Insurify
States Where Home Insurance Costs Are Surging Highest - National Association of Realtors
Harvard JCHS State of Nation's Housing 2024
Matrix Research Bulletin-Multifamily Expenses-March 2024 - Yardi Matrix
Home Insurance Premiums Continue To Surge As Regulators Navigate Impact of Volatile Market - Matic

[63] Harvard JCHS State of Nation's Housing 2024

[64] The CEO's Innovation Dilemma in the Construction World – Modular Home Source
Andrews, Sophia. BIM vs. Traditional Methods: Why the Future of Construction Is Digital - Medium

[65] Harvard JCHS State of Nation's Housing 2024

[66] CHFA 2023 Housing Needs Assessment

- 75% of very low-income renters are cost burdened.
- Statewide, 87,690 affordable units would have to be available for very low-income households and another 92,000 statewide are needed for ELI households to close the affordability gap for these renters.
- Approximately 65% of the state's housing stock is single-family residential properties. Single-family homes are predominantly located in suburban communities while multi-family structures are most often in urban centers.
- The Black homeownership rate is 41% compared to 73% among white households in Connecticut.

Maine [67]

Maine faces a severe and chronic housing shortage, exacerbated by the Covid 19 pandemic and the resulting in-migration, coupled with declining labor force due to an aging population. In response, Maine policy makers recognize the need for a comprehensive strategy which includes local regulatory changes combined with state funding for housing preservation and new construction.

- Across Maine, the percentage of homes vacant and available has fallen to an average of 2.3% statewide.
- Maine needs 38,500 units now, and an additional 45,800 units by 2030. This includes 16,500 homes needed for existing households and additional 22,000 homes for new workers needed to support Maine's economy.
- To account for expected population growth, from 2021-2030, 8,500-9,300 homes are needed each year.
- 16% of housing stock in 2021 was made up of seasonal homes.
- Median home price increased 63% from 2019 to 2023.
- To afford the median home price, households now need to make over $100,000 annually.
- State zoning reform (LD 2003) requires municipalities to permit a wider variety of housing types and includes financial and technical assistance to help facilitate planning and meet production targets.

Massachusetts[68]

The main priorities for Massachusetts identified in the 2020-2024 Consolidated Plan include increasing the housing stock affordable to low- and moderate- income renters and homeowners, ending homelessness, and ensuring fair housing access to all the Commonwealth's residents. Although low- and moderate-income households are most affected by the lack of affordable housing, all Massachusetts' residents face the burden due to the slowdown of housing production.

- Between 1990 and 2020, Massachusetts produced 450,000 new housing units, half of the all the units produced in the previous 30-year period.
- Housing production has not kept up with the speed of the Commonwealth's population growth, pushing vulnerable populations out of adequate housing.
- Low-income families, non-white families, and the elderly are the most affected populations by housing problems (lack of kitchen or plumbing facilities, over crowdedness, and rental cost burdens).

[67] MaineHousing 2023 State of Maine Housing Production Needs
[68] Massachusetts 5 Year Consolidated Plan

- More specifically, among households that earn less than 30% AMI, Black/African American and Hispanic households are disproportionately affected by housing problems.

Massachusetts' Consolidated Plan identified barriers to developing affordable housing which helps explain the slowdown of housing production since 1990. These barriers include high construction and labor costs, scarcity of land, and complex building codes and zoning ordinances. To create more housing opportunities for low- and moderate-income households, Massachusetts is committed to developing affordable housing. For example, the Commonwealth created the Housing Choice Initiative which provides funding incentives to municipalities that build a diverse range of housing in their community.

Massachusetts approved the Affordable Homes Act, a comprehensive $5.16 billion, five-year housing bond, in August 2024. This legislation will expand the state's affordable housing trust fund and fund a number of housing stabilization and production programs to facilitate construction and rehabilitation. In terms of homeownership and serving middle income households, the Act will provide additional capital for the CommonWealth Builder program and Mixed-Income Housing Fund, which fund homeownership production, create a homeownership production tax credit, and expand funding for the MassDreams down payment assistance program. Other funding/priorities include: public housing, smart growth, community planning, accessory dwelling unit permitting.[69]

New Hampshire [70]

New Hampshire's primary housing priority is to expand overall housing stock and stabilize the market as discussed in the New Hampshire Housing Finance Authority's 2023 Statewide Housing Needs report.

- The state needs 60,000 more housing units created between 2020 and 2030, and 90,000 between 2020 and 2040.
- The rental market currently has an overall vacancy rate of 0.5%, much lower than the typical 5% which is the goal for a healthy rental market.
- From 2019 to 2022, median home prices rose 50%.
- Between 2000-2020, median statewide income increased 73%; home sales price increased 111% and rents increased 94%, however.
- Aging population limits the supply of homes and less people sell
- Between 2010-2020, units vacant for seasonal and rec use increased by 8,400. Units vacant to rent or buy decreased by 2,000
- There are 23,000 renters who are paying a higher rent than what is affordable for their income level
- New Hampshire is the only New England state without a law prohibiting discrimination for renting based on source of income.

Data from Zillow shows that New Hampshire has a costlier housing market compared to the US overall, and the gap between average income and home price is wider. Without an increase in housing production, the state will not be able to provide affordable housing for its increasing population.

[69] Massachusetts Affordable Homes Act Fact Sheet, Mass.gov, August 6, 2024
[70] NHHFA 2023 New Hampshire Statewide Housing Needs

Rhode Island [71]

Rhode Island's housing priorities include increasing and preserving affordable housing, adapting its aging housing stock, eliminating lead hazards, and developing permanent supportive housing as represented in its 2020-2024 Consolidated plan and the 2023 Housing Fact Book.

- Both renters and homeowners are cost burdened, however 76% of cost burdened households are renters.
- From 2014 to 2020, average rental costs have increased by 22% for studios, 8% for one-bedroom, 10% for two-bedroom, and 7% for three-bedroom apartments while median income for renters has increased by less than 1%.
- Creating more housing opportunities for low- and moderate-income households, including the elderly population, will decrease the likelihood of evictions and foreclosures which commonly lead to homelessness.

Other priorities include:

- End homelessness;
- Make infrastructure improvements;
- Make investments in public services and facilities;
- Increase transitional housing for person in recovery with substance abused disorders;
- Develop permanent supportive housing; and
- Remove barriers to fair and affordable housing.

Addressing the aging housing stock by adapting aged housing to fit residents' needs and eliminating lead hazards is a longstanding priority given the median age of its housing stock (1956). Renters occupy 80% of the housing units built prior to 1980 causing them to be at greater risk of lead exposure. Adapting and upgrading these older buildings to be more efficient and accessible for people with disabilities and seniors is also needed.

Rhode Island is committed to develop more permanent supportive housing and address the homelessness crisis.

Vermont [72]

Vermont's main priorities are to increase housing stock across the state, with a focus on both affordable and service-enriched housing, creation of middle income and first-generation homeownership opportunities, based on state needs assessments.

- Before 2010, Vermont housing stock was increasing at an average pace of 1% per year. This is expected to decline to 0.2% by 2025.
- 17% of the state's housing stock are seasonal homes, this is the second highest rate in the nation.
- Nearly all growth in number of households in the state is expected to be in Chittenden County
    - Causes the median home price and rents to be 34% and 23% higher respectively.

[71] 2023 Housing Fact Book Rhode Island - Housing Works RI
State of Rhode Island - 2020-2024 Consolidated Plan - Rhode Island Housing
[72] Vermont Housing Finance Agency 2020 Annual Report; Vermont Housing Finance Agency 2023 Annual Report

- Nearly 90,000 households (36%) in Vermont are cost burdened by housing costs (spend over 30% of income on housing). 39,000 of these households spend more than half of their income on housing.
- Residents younger than 62 with under 80% AMI are most likely to have housing issues.
- Analysis of Census Bureau Public Use Microdata shows that at least 19,054 households live in homes with housing quality issues.
- Need for service-enriched housing.
    - 18,000 households with >80% AMI headed by someone who has a disability and is older than 62.

In response to these challenges, Vermont and the Vermont Housing Finance Agency has committed a number of new capital resources. These include:

- First-generation Homeownership Program (2022);
- Middle-income Homeownership Development (2022);
- Homeowner Assistance Program;
- 2023 Rental Revolving Loan Fund, created through the 2023 Housing Made for Everyone Act, which will begin taking applications in 2024; and the
- Vermont Housing Investment Fund (2020).

Addressing Housing Shortage: Challenges and Solutions

Restrictive zoning laws, limited to predominantly single-family housing, in much of New England is a significant driver of New England's housing shortage. Addressing these challenges requires reforming regulations to permit higher densities and a wider range of housing types. Such changes could streamline approval processes and lower construction costs, helping to alleviate the housing crisis more effectively. Additionally, to combat rising construction costs, innovative methods such as modular and manufactured housing, along with the promotion of accessory dwelling units (ADUs) and adaptive reuse of buildings, can significantly boost housing supply. Addressing the unaffordability crisis requires coordinated efforts among policymakers, developers, and the private sector, complemented by large-scale federal initiatives.[73]

2024 HCI Program Outcomes and 2025 Product Research

FHLBank Boston offers seven housing and community investment programs, providing capital grants and subsidized advances for affordable housing, down payment assistance, and financing for small businesses, residential lending and community development. These include:

- **Affordable Housing Program**- annual competitive application and funding to support rental and ownership housing affordable for households below 80% of the area median income:
- Three downpayment assistance programs (each first come, first served):
    - **Equity Builder Program** (2003) - serves households below 80% of the area median income;
    - **Housing our Workforce** (2019) - serves households earning from 80-120% of the area median income;
    - **Lift Up Homeownership** (2023) – a special purpose credit program serving households of color earning from 50-120% of the area median income;

[73] Harvard JCHS State of Nation's Housing 2024

- **Community Development Advance and CDA Extra programs** – advances to support residential lending, small businesses, mixed-use developments, and community facilities; and
- **Jobs for New England** (2016)- (first come, first served) – subsidized small business advances to support members' lending for small business, job creation and retention.

Key mid-year 2024 (7/31/2024) results of the Bank's housing and community investment programs are summarized below, while more detailed information can be found in the appendices.[74] These results are regularly analyzed to ensure program effectiveness, inform program improvements, and gain insights about community development needs in New England.

- Rising sales prices, mortgage amounts and interest rates point to continued need for down payment assistance.
    - EBP maximum allowed grant amount is $30,806 for 2023; the 2021-2023 average front end ratio is just above 29% and has increased to 32.6% for 2024; median household income of home buyers served is 63% AMI.
    - HOW – front end ratio averages 25% from 2021-2023 and has increased to 30% (2024); median household income of home buyers served is 98-99% AMI.
    - LUH – 152 home buyers of color served from 2023- July 2024; front end ratios average 30% of income; median household income ranges from 82-87% AMI during these first two years of the program.
- As the Bank's earnings have grown over recent years the Bank has been able to commit more resources to the AHP program, continuing to provide maximum capital grants of $850,000 and total subsidy of $1.2 million per project.
    - AHP is flexible, gap capital
    - Applications and awards in all six New England states
- CDA: this year, the program is experiencing the lowest volume since the coronavirus pandemic in 2020 due to the current interest rate environment.

The Bank continues to research avenues to provide additional community development capital, in particular, to support Community Development Financial Institutions and to facilitate acquisition, rehabilitation and preservation of naturally occurring affordable housing stock.

Capital Financing for CDFI

CDFIs provide underserved markets with critical financing and services in support of low-income communities. Their financial products and services are vital to the populations and businesses located in these markets. CDFIs have demonstrated greater flexibility than traditional lenders when it comes to their lending requirements and can often finance transactions that don't meet the requirements of a bank or credit union.

New England's CDFIs continue to face difficulty raising capital, needing access to lower-cost, flexible capital in order to meet the lending needs of their markets. While eligible for FHLBank membership beginning in 2008, FHLBank and both depository and non-depository CDFIs have found membership complicated and difficult to achieve due to balance sheet limitations, collateral eligibility, as well as modeling and haircuts. This is a challenge and priority recognized by FHLBank Boston in our 2024

[74] Federal Home Loan Bank Housing + Economic Growth Programs

Strategic Business Plan, the other FHLBanks, and the Federal Housing Finance Agency (FHFA) as demonstrated in the FHFA's report, *FHLB System at 100.*

This year the Bank prioritized research and outreach in order to strengthen partnerships with CDFIs and expand access to the Bank's products and services. The Bank completed a CDFI workshop in March with 26 CDFI representatives from throughout New England. The Bank reached out to members and CDFIs as part of its eight (8) district-wide Community Impact & Partnership Forums in April and May. Additionally, the Bank's Member Advisory Panel provided feedback on a potential CDFI product and its utility.

Overall, the feedback indicates that access to low-cost, enterprise level capital is the primary need for CDFIs to facilitate lending in their target markets. Such low-cost capital needs to be flexible, eligible, and available for CDFIs with different missions/markets, and at pricing which is both profitable for the member, the CDFI, and the end price to the CDFI's borrowers.

In response, FHLBank Boston developed a new voluntary, pilot advance program – the CDFI Advance – designed to help facilitate lending between depository member financial institutions and non-depository certified CDFIs. The parameters of this pilot program are:

- Five-year Classic Advances to members at 0%, subsidized with a Board-approved $5 million subsidy pool;
- Corresponding five-year, fixed-rate loans by members to U.S. Treasury-certified, non-depository CDFIs at a maximum 3.0%;
- The borrowing CDFIs must use the funding in accordance with an eligible activity in their target market as defined by the Community Development Financial Institutions Fund;
- First-come, first-served application process;
- Member spread is capped to 300 basis points; and
- Anticipated $25 Million in advance capital.

The program is expected to run from September 2024 through September 2025. The pilot program results will be evaluated for program efficacy and use.

Capital for Naturally Occurring Affordable Housing

In the 2024 TCLP, FHLBank Boston reported on the continuing need to preserve existing naturally occurring affordable housing stock (NOAH) given the critical role this stock provides as the actual majority of affordable housing. A 2021 study from McKinsey highlights the importance of protecting this critical asset and supply of affordable housing, as most renters are low-income people of color, that it represents a key source of wealth in low-income communities, and that it's often financially fragile and more sensitive to economic shocks.[75]

Quick-strike, flexible capital is needed in order to prevent obsolescence, loss of this stock to market rate or non-housing use, and gentrification. Often there is a market gap for mission-based housing developers and such financing is not available. Consequently, mission-based developers are at a disadvantage in the race to preserve these properties. Based on research provided by HR&A Advisors, Inc., discounted, quick-strike capital supported by the Bank is needed.

[75] Preserving the largest and most at-risk supply of affordable housing - McKinsey

One option includes a FHLBank-provided credit guarantee rather than wholesale debt. The credit guarantee offers a market-based solution to support mission-based developers with less equity and additional lending by the Bank's depository members. Such a credit guarantee offers a first loss position for up to 25% of the loan-to-value, replacing sponsor equity with FHLBank Boston-guaranteed debt, above the member's expected lending benchmarked at 70% loan to value.

Conceptually the credit guarantee supports additional debt, but with a first loss position held by FHLBank Boston instead of the member. Consequently, the extra-guaranteed debt can take the place of sponsor equity above five (5) to 10%, which many mission-based developers may not have. The guarantee is advantageous because it would phase out over time, allowing the subsidy i.e. loss reserve to be recycled and support additional lending and deals. The credit guarantee process can also be timely and market-sensitive, working with and facilitating lending by our members. The Bank will continue to research this credit guarantee product option with HR&A Advisors. Initial plans are to announce a credit guarantee in the first or second quarters of 2025.

Conclusion

In conclusion, New England's economic and housing needs assessment support the Bank's investments and outreach initiatives. This report will guide the review of existing programs and design of future ones, addressing the housing needs of each state population, promoting equitable access to housing resources.

In response to the economic and housing needs highlighted by the research, the Bank operates its programs and conducts outreach in order to:

- Fulfill the Bank's mission of promoting affordable housing, expanding access to capital for resilient and affordable housing units, for both rent and homeownership;
- Address specific housing needs of those most vulnerable or historic overlooked, in order to promote a reparative access to financing;
- Help member financial institutions to finance most prominent needs of housing and economic development in New England.

2025 Community Development Initiatives and Activities

The following list are activities and initiatives to be considered in order to meet the housing and community development needs and opportunities in New England.

1. **General Recommendations:**
    a. Outreach Efforts:
        i. **Rural Homelessness:** Connect with rural communities and organizations to understand the specific challenges of rural homelessness.
        ii. **Diverse Partners:** Increase outreach and connection with diverse partners, aiming to increase the number of developers and members with people of color in their leadership.
        iii. **Native American Tribes:** Continue building relationships with Native American tribes.

iv. **Flexible Lending Programs:** Collaborate with members, other FHLBanks and organizations that offer flexible lending programs to Native American communities. Research best practices within programs involving Native American tribes.
v. **Member Outreach:** Build members' capacity to lend to Native American communities, especially through CDFIs.
vi. **Member Outreach:** Connect members with sponsors, funders and other organizations to expand access to capital.
vi. **Climate Change:** Collaborate with states, municipalities, funders, and organizations addressing climate change within the housing crisis to understand and adopt best practices.
vii. **Insurance Company members:** Work with insurance company members to better understand residential insurance market trends, impacts of climate change hazards, rising costs and other impacts on multifamily housing development and operations.
viii. **Community Development Financial Institutions:** Continue to engage with CDFIs and roll-out of the Bank's voluntary CDFI Advance program.

2. **Homelessness:**
    a. Partner with the Initiative on Health and Homelessness (IHH) at Harvard T.H. Chan School of Public Health to explore better ways of addressing homelessness within the Bank's programs.

3. **Racial Disparities in Homeownership, Household Income and Wealth:**
    a. Increase participation of developers of color in the Bank's programs.
    b. Translate program documentation and application instructions into Spanish.

4. **Native American Tribal Communities:**
    a. Build cultural competency within the Bank and its members regarding Native American tribes.
    b. Learn from other FHLBanks that have Native American initiatives to understand the flexibility needed for program implementation.
    c. Research development of a voluntary program such as a capacity-building grant program.
    d. Conduct one-on-one or focus group meetings with Tribal Communities to more fully identify their community development needs and opportunities such as organizational capacity building, housing development, or down payment assistance.
    e. Gather better data on the economic development needs of Native American Tribal Communities.
    f. Share the Bank's resources to build capacity within Native organizations.
    g. Continue efforts to build relationships with Native American tribes and add an Advisory Council member representative for tribal communities when possible.

5. **Climate Change**
    a. Conduct research to identify and adopt best building practices in addressing climate change.

b. Support efforts to use innovative zoning and planning design guidelines from the City of Boston and elsewhere in New England to promote better building design standards.
c. Promote training on climate impacts in housing and investments through conversations with researchers.
d. Offer funding through the Bank's Housing and Community Investment programs to support the adaptation of old housing stock to new climate realities.

6. **Construction Costs**
   a. Engage with insurance company members to identify best practices for insurance risk management by builders and multifamily housing property managers to manage insurance and operating costs.
   b. Expand community investment finance with members through targeted outreach.
   c. Identify best practices to leverage construction costs.

7. **Gentrification:**
   a. Develop a credit guarantee program to expand access to credit for preservation and rehabilitation of Naturally Occurring Affordable Housing.
   b. Continue the voluntary capital funding program for CDFIs.
   c. Promote community investments in neighborhoods most vulnerable to gentrification.

8. **AHP General Fund:**
   a. Evaluate scoring and program participation to:
      i. Enhance homeownership opportunities;
      ii. Address chronic homelessness;
      iii. Promote safe and resilient housing; and
      iv. Increase the participation of diverse developers and promote BIPOC businesses.
   b. Evaluate scoring outcomes to ensure funding reaches the intended beneficiaries effectively.
   c. In response to this needs assessment, FHLBank Boston will amend its 2025 AHP Scoring Priorities:

      i. Reduce member financial participation from 12 to six (6) points, reflecting the high cost of debt, high housing operating costs, and the continuing need to assemble multiple capital sources to finance development;

      ii. Increase points from five (5) to seven (7) for Home Purchase by Low- or Moderate-Income First-Time Home buyers;

      iii. Increase points for Housing for the Homeless from five (5) to six (6);

      iv. Increase points for Inclusion of Minority- and Women-owned Businesses on the Development Team from five (5) to seven (7);

         a. Prioritize the focus on minority-owned businesses;

         b. Broadens eligibility to both nonprofit and for-profit organizations;

v. Revise the point formula for Residential Economic Diversity (still five (5) points);

vi. Increase points for Preservation from four (4) to six (6);

vii. Within the Preservation subcategory, add a new three (3)-point category for Community Land Trusts developing new homeownership housing; and

viii. Within the Community Stability category, make a number of refinements to prioritize energy-efficiency and climate resiliency.

2025 Targeted Community Development Lending Goals

FHLBank Boston commits to fulfilling the following quantitative targeted community lending goals in 2025.

1. Sponsor a range of regional outreach events with state housing finance agencies, the Advisory Council, and/or other stakeholders including:
    a. Host the 25th Affordable Housing Development Competition.
        i. Deepen the climate resiliency requirements of the Competition for 2025
        ii. Focus on innovative construction techniques
    b. Provide trainings and networking events regarding the 2025 HCI regulatory and voluntary programs.
        i. Include a focus on climate change responses, risk, and resiliency.
        ii. Include focus on construction cost management and innovative building techniques.
    c. Conduct in-person AHP applications trainings in each of the six New England states.
    d. Conduct outreach with the state Housing Finance Agencies and New England's CDFIs.

2. Expand access to capital for Native American Tribal Communities in New England.
    a. Build Bank's cultural competency through training
    b. Conduct outreach with Tribal Housing Development Entities, Native American communities, members, and tribal intermediaries.
    c. Attend a minimum of four national or New-England based Native American community development conferences.
    d. Support partnership building between members and Native American Tribal Nations in New England.
    e. Results:
        i. Host internal Bank training and awareness of Native American cultures and communities.
        ii. Conduct at least eight (8) outreach meetings with Tribal Housing Development Entities.
        iii. Attend or sponsor four (4) Native American community development conferences.
        iv. Expand JNE or CDFI financing to Native American CDFI.
        v. Increase Native American household participation in Lift-Up Homeownership to five (5)% of program transactions.

3. Achieve full participation in and full commitment and/or disbursement of our voluntary programs: Jobs for New England, Housing Our Workforce, Lift Up Homeownership, CDFI Advance programs

a. JNE: Full commitment and disbursement of funds by 11/30/2025
b. LUH: Full commitment of funds by 11/30/2025; full disbursement no later than 2/28/2026
c. HOW: Full commitment of funds by 11/30/2025; full disbursement no later than 2/28/2026
d. CDFI Advance: complete the following-
    i. Full disbursement and pilot program monitoring and pilot program assessment by 9/30/2025; and
    ii. Program development and transition to permanent voluntary program by 12/30/2025.
e. Complete program development analysis of NOAH Credit Guarantee program by 6/30/2025 and, if applicable, program roll out by 10/30/2025.

4. Increase homeownership assistance and grow BIPOC homeownership in order to remediate the racial income and wealth gaps.
    a. Conduct outreach with lenders, realtors, and counselors serving minority homebuyers, at least one organization per New England state
    b. Engage in up three (3) CRA partnerships and trainings with the FDIC, OCC, USDA and SBA.

5. Review and refine AHP scoring to ensure alignment with the Bank's priorities and community investment opportunities for members and sponsors.
    a. Evaluate scoring criteria to enhance homeownership opportunities, address chronic homelessness, promote safe and resilient housing, increase BIPOC participation as developers, and support BIPOC businesses, among other relevant topics.
    b. Evaluate the design of the Community Stability category.
    c. Assess subsidy limits and distribution of AHP subsidy between the AHP and the EBP.

Appendices:

Appendix A: Data Tables

Tables A to E were based in the US Census Bureau data on the 2022 American Community Survey, with 1-year Estimates.

States	Total Pop	Median Age	Female	White	%White
Connecticut	3,626,205	40.9	51%	2,357,855	65%
Maine	1,385,340	45.1	51%	1,258,198	91%
Massachusetts	6,981,974	40.3	51%	4,800,968	69%
New Hampshire	1,395,231	43.3	50%	1,221,437	88%
Rhode Island	1,093,734	40.7	51%	770,878	70%
Vermont	647,064	43.2	50%	588,046	91%
Total	**15,129,548**	**41.3**	**51%**	**10,997,382**	**73%**

Table A: Demographics Data by State

States	Total Units	Owner Occupied	Rental	% Owner
Connecticut	1,540,292	949,839	483,796	62%
Maine	751,697	448,772	156,566	60%
Massachusetts	3,036,303	1,741,555	1,056,221	57%
New Hampshire	648,571	402,656	154,564	62%
Rhode Island	486,017	282,617	164,071	58%
Vermont	338,998	204,089	73,001	60%
Total	**6,801,878**		**31%**	59%

Table B: Information on housing units by state

States	Before 1979	%	Before 1950	%
Connecticut	1,025,774	67%	621,708	40%
Maine	405,200	54%	250,644	33%
Massachusetts	2,047,476	67%	1,402,794	46%
New Hampshire	326,710	50%	187,064	29%
Rhode Island	342,487	70%	237,828	49%
Vermont	186,578	55%	109,235	32%
Total	**4,334,225**	**64%**	**2,809,273**	**41%**

Table C: Housing Stock age

States	Below Poverty Level	%	Female	% Female	Whites	% Whites
Connecticut	354,166	10%	193,443	55%	165,247	47%
Maine	154,117	11%	86,615	56%	136,301	88%
Massachusetts	700,138	10%	397,044	57%	363,870	52%
New Hampshire	97,403	7%	57,210	59%	82,260	84%
Rhode Island	120,055	11%	68,861	57%	57,318	48%
Vermont	63,720	10%	34,153	54%	54,848	86%
Total	**1,489,599**	**10%**		**56%**		**58%**

Table D: Poverty data by State

	New England	National
Median household income	$87,451.00	$74,755.00
White households	$92,432.00	$80,404.00
Black or African American households	$63,465.00	$51,374.00
American Indian and Alaska Native households	$70,662.00	$58,082.00
Asian households	$112,194.00	$106,954.00
Hispanic or Latino households	$61,352.00	$65,882.00

Table E: Income data by race in New England and Nationally

Appendix B: Program Outcomes

Affordable Housing Program (AHP)

AHP awards grants and low-cost financing to our members for affordable housing creation and preservation through an annual application round. The bank has allocated at least $24,351,240 to the 2024 program and has received 79 applications from 36 members. These applications are being reviewed and awards are announced in December.

	AHP 2021	AHP 2022	AHP 2023	2021-23 Average	AHP 2024 (7.29.24)
Subsidy Available	$15,931,206	$15,018,745	$24,834,736	$18,594,896	$24,351,240
Applications Received	56	45	66	56	79
Members with Applications	36	22	30	29	36
Applications in CT	8	6	9	8	11
Applications in MA	15	17	21	18	29
Applications in ME	8	3	15	9	19
Applications in NH	6	2	5	4	5
Applications in RI	8	3	5	5	4
Applications in VT	4	4	8	5	4
Applications Out of District	7	8	6	7	7

Equity Builder Program (EBP)

EBP offers grants for down-payment and closing cost assistance to homebuyers earning up to 80% of the area median income. The homebuyers that can take advantage of EBP are the people that need it most when trying to buy a home. It has become increasingly difficult for homebuyers, especially low income homebuyers, to afford a mortgage in New England in recent years. The average APR has doubled since 2021. Front- end ratios have increased nearly 5 percentage points, despite the average grant amount more than doubling since 2021.

	EBP 2021	EBP 2022	EBP 2023	2021-23 Average	EBP 2024 (7.29.24)
Funds Allocated	$2,316,853	$2,228,528	$3,752,975	$2,316,853	$4,313,317
Funds Reserved	$2,292,570	$2,993,709	$5,758,434	$3,681,571	$ 4,304,679
Funds Disbursed	$2,287,519	$2,990,528	$5,723,975	$3,667,341	3,092,998
Households Assisted (with reservations)	165	145	208	173	141
Participating Members	50	52	66	56	40
Avg. Household Income	$52,545	$56,733	$62,699	$57,794	$66,145
Avg. Household Income % AMI	63.59%	62.28%	65.08%	63.82%	63.65%

Avg. Grant Amount	$13,894	$20,646	$27,685	$21,322	$30,530
Avg. APR	3.25%	4.95%	6.26%	4.93%	6.73%
Avg. Mortgage Amount	$179,992	$190,423	$186,717	$185,610	$200,146
Avg. Sales Price	$211,295	$229,220	$248,852	$231,394	$261,750
Avg. Earnest Money Deposit	$4,238	$5,112	$7,219	$5,677	$6,984
Avg. Front End Ratio	27.72%	30.60%	29.94%	29.41%	32.63%
Households in CT	30	25	36	30	17
Households in MA	78	86	123	96	95
Households in ME	14	11	13	13	7
Households in NH	9	2	6	6	3
Households in RI	4	1	6	4	5
Households in VT	26	20	24	23	14
Households Out of District	4	0	0	1	0

Community Development Advances (CDA) a.k.a. Community Investment Cash Advances

FHLBank Boston offers members two options through this program: CDA and CDA Extra. CDA Extra can be used to fund affordable housing developments serving households earning up to 115% of area median income (AMI) and economic development or mixed-use initiatives serving households earning up to 80% of AMI. CDA can be used in support of economic development or mixed-use initiatives benefiting households earning up to 115% AMI in rural areas or households making up to 100% AMI in urban areas.

As of October 2024, the program is experiencing the lowest volume since the coronavirus pandemic in 2020 due to the current interest rate environment. The Bank has a 2024 targeted quantitative community lending goal of $250 million of CDA/CDA Extra disbursements by year end.

	CDA 2021	CDA 2022	CDA 2023	2021-23 Average	CDA 2024 (7.29.24)
Members with Advances Disbursed	13	21	33	22	17
Number of Advances Disbursed	21	45	66	44	24
Housing Advances Disbursed	*14*	*19*	*29*	21	*8*
Econ Dev Advances Disbursed	*7*	*26*	*37*	23	*16*
Total Advances Disbursed	$234,568,905	$463,010,550	$581,570,602	$426,383,352	$232,454,136
Housing Advances Disbursed	*$72,568,905*	*$101,965,550*	*$104,893,047*	*$93,142,501*	*$18,449,842*

Econ Dev Advances Disbursed	*$162,000,000*	*$361,045,000*	*$476,677,555*	*$333,240,852*	*$214,004,294*
Avg. Advance Disbursed	$11,169,948	$10,289,123	$8,811,676	$9,690,531	$9,685,589
Number of Housing Units	407	454	744	739	112
Avg. Housing Advance Per Unit	$178,302	$224,594	$140,985	$174,098	$164,731
Housing Units per $1 MM	6	4	7	6	6
Projects in CT	0	0	1	0	0
Projects in MA	15	33	42	30	19
Projects in ME	4	8	15	9	3
Projects in NH	0	1	1	1	0
Projects in RI	0	2	2	1	0
Projects in VT	0	0	4	1	0
Projects Out of District	2	1	1	1	2

Housing Our Workforce (HOW)

HOW offers grants to help homebuyers earning above 80% and up to 120% of the area median income with down-payment and closing cost assistance. As costs associated with housing continue to increase, "HOW funds are now more crucial than ever with helping ease these burdens. APRs have more than doubled since 2021. Average front end ratios increased by 7 percentage points to 30% in 2024. These increasing financial constraints have shifted more HOW users into the 100%-120% AMI limit in 2024 than prior years on average. This highlights the worrying trend of lower-income households becoming increasingly unable to purchase a home.

	HOW 2021	**HOW 2022**	**HOW 2023**	**2021-23 Average**	**HOW 2024 (7.29.24)**
Funds Allocated	$1,300,000	$2,200,000	$5,100,000	$2,866,667	$5,000,000
Funds Reserved	$1,300,000	$2,190,150	$5,100,000	$2,863,383	$4,977,400
Funds Disbursed	$1,300,000	$2,190,000	$5,100,000	$2,863,333	$3,933,550
Households Assisted (with reservations)	133	125	219	159	211
Participating Members	46	47	67	53	63
Avg. Household Income	$75,660	$83,341	$95,195	$86,642	$102,335
Avg. Household Income % AMI	95%	98%	99%	98%	99%
Avg. Grant Amount	$9,775	$17,520	$23,288	$18,008	$23,590
Avg. APR	3.192%	4.804%	6.307%	5.044%	6.895%

Avg. Mortgage Amount	$227,909	$255,903	$273,888	$256,355	$308,617
Avg. Sales Price	$255,621	$296,464	$329,450	$300,220	$360,246
Avg. Earnest Money Deposit	$11,032	$11,140	$10,788	$10,948	$10,581
Avg. Front End Ratio	23%	26%	27%	25%	30%
% of Homebuyers > 100% AMI	32%	44%	50%	42%	56%
Households in CT	23	27	28	23	26
Households in MA	75	68	148	141	97
Households in ME	10	7	11	9	9
Households in NH	3	6	8	8	6
Households in RI	2	2	3	8	2
Households in VT	20	15	21	22	19

Lift Up Homeownership (LUH)

LUH awards funding to members on a first-come, first-served basis to provide people of color with incomes up to 120% of the area median income with up to $50,000 in down-payment and closing-cost assistance toward the purchase of their first home. The LUH pilot program was successfully launched in 2023 allowing the program to be fully implemented in 2024. With allocated funding doubling from 2023, the number of households assisted has also practically doubled thus far in 2024. Due to the fact LUH is a relatively new program, it is hard to distinguish concrete trends from the data. The average household income percent AMI decreased from 87% to 81%, highlighting that people of color with lower income are becoming aware and utilizing the program more than last year as the program is intended. Only 13 household came from Maine, New Hampshire, Rhode Island, and Vermont out of the total 97 households assisted in 2024, perhaps emphasizing that the LUH program could be better marketed in these states.

	LUH 2023	LUH 2024 (7.29.24)
Funds Allocated	$2,500,000	$5,000,000
Funds Reserved	$2,500,000	$4,950,000
Funds Disbursed	$2,500,000	$1,900,000
Households Assisted (with reservations)	51	101
Participating Members	23	33
Avg. Household Income	$92,576	$95,533
Avg. Household Income % AMI	87%	82%
Avg. Grant Amount	$49,020	$49,010
Avg. APR	6.481%	6.628%
Avg. Mortgage Amount	$287,729	$310,948

Avg. Sales Price	$365,270	$386,490
Avg. Earnest Money Deposit	$10,971	$4,796
Avg. Front End Ratio	30%	30%
% of Homebuyers > 100% AMI	31%	19%
Households in CT	9	18
Households in MA	36	66
Households in ME	3	2
Households in NH	0	2
Households in RI	1	10
Households in VT	2	3

LUH Race/Ethnicity Stats

	2023			2024		
Race/Ethnicity	**Count**	**% of Total**	**Avg. Household Inc.**	**Count**	**% of Total**	**Avg. Household Inc.**
Indian or Alaska Native	1	2%	$76,708	1	1%	$60,001
Asian	10	20%	$102,489	19	19%	$111,939
Black or African American	21	41%	$ 92,308	39	39%	$89,169
Hispanic or Latino	19	37%	$88,489	42	42%	$ 94,868
Native Hawaiian or Other Pacific Islander	0	0%	NA	0	0%	NA

Jobs for New England (JNE)

JNE was created to promote economic growth in New England through offering zero-interest advances to our members. FHLBank Boston provides zero-interest loans to its members who then provide low-interest loans to local businesses throughout the region. There are 40 approved member applications so far in the 2024 round of JNE, an increase from previous years. The number of applications has also increased to 84 applications as of July 31st, 2024. There have been $24.69M in advances approved and $4.52M subsidy approved in 2024 so far. The disbursed amounts for 2024 are not representative of the program since only half of the applications have been disbursed. Most projects since 2021 have been in Massachusetts and Maine.

	JNE 2021	JNE 2022	JNE 2023	2021-23 Average	JNE 2024 (7.29.24)
Subsidy Available	$1,320,107.00	$3,075,446.00	$5,425,857.00	$3,273,803.33	$5,000,000
Members with Approved Applications	16	30	42	29	40
Approved Applications	31	51	115	66	84
Total Subsidy Approved	$1,450,527	$3,219,728	$5,699,214	$3,456,489	$ 4,526,772
Total Advances Approved	$24,732,072	$19,881,821	$32,517,746	$25,710,546	$24,692,539
Total Subsidy Disbursed	$1,320,107	$3,075,446	$5,425,857	$3,273,803	$2,118,797
Total Advances Disbursed	$22,877,410	$17,396,168	$31,176,600	$23,816,726	$12,108,765
Average Subsidy Disbursed Per Application	$42,584	$60,302	$47,181	$49,854	$25,223
Total Jobs Created	197	270	581	349	365
Total Jobs Retained	505	606	805	639	1058
Average Jobs Created per Application	12	9	14	12	4
Average Jobs Retained per Application	32	20	19	22	13
Projects in CT	1	3	4	3	3
Projects in MA	5	27	50	27	35
Projects in ME	18	12	19	16	21
Projects in NH	3	4	18	8	10
Projects in RI	3	2	3	3	3
Projects in VT	1	3	21	8	12

Appendix C: Regulatory Reference and Bibliography

12 CFR 1290.6, 12 CFR 1291.13, and 12 CFR 1292.4 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 2024 Community Lending Plan is an integral part of FHLBank Boston's programs and, as such, also codifies the Bank's community support program overall.

12 CFR 1290.6 also requires that the Targeted Community Lending Plan should:

- Reflect market research,
- Be developed in consultation with the Advisory Council, members, and other stakeholders, and
- Establish quantitative targeted community lending performance goals.

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