FHLBank Boston

Strategic partnerships. Reliable funding.

2024 Targeted Community Lending Plan

Executive Summary

As our region recovers from the pandemic, new community development challenges are emerging while pandemic-era obstacles are fading. Rising interest rates coupled with labor shortages and increasing costs of goods and services are leading to higher housing costs, severely cost-burdened households, and homelessness across New England and the nation. As the region has a shortage of housing, and specifically a lack of affordable housing for-sale and rental homes, these new challenges exacerbate preexisting housing and economic vulnerabilities such as racial disparities in income, wealth, homeownership, and residential segregation patterns by ethnicity and income.

Building on the FHLBank Boston's 2023 Targeted Community Lending Plan, the 2024 Targeted Community Lending Plan further analyzes homeownership gaps in our region by using Home Mortgage Disclosure Act Data (HMDA) and our program data to review mortgage application disparities according to race and gender. This plan will also assess the costs of multifamily and affordable housing development, rising costs of homeownership and rental units, and restrictive land use and permitting processes that further delay development, and review economic and housing disparities in previously redlined communities and gateway cities.

The 2024 Targeted Community Lending Plan provides a housing and economic needs assessment of all six New England states, establishes key priorities in response to those needs, and offers multiple initiatives, activities, and targeted community lending goals as working solutions for FHLBank Boston in 2024. Finally, this plan will also report on the progress of our current 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 2024 community lending objectives.

2024 Research Approach and Acknowledgements

The Targeted Community Lending Plan (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.

Key data are summarized in the report and the detailed data tables and figures as well as regulatory citations are 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 Isis Patterson, Master of Urban Planning degree candidate at the Harvard University Graduate School of Design, and Ben Coderre, Bachelor of Arts degree candidate at Boston University, for their research.

2024 Community Development Key Priorities

The Housing and Community Investment department has identified the following key development priorities as the goals of the Bank's programs and initiatives for this year's Lending Plan.

1. ***Expand affordable housing production through the Bank's Community Investment programs to remediate housing cost burdens and increase the housing supply***
    a. Focus on developing and preserving housing affordable for extremely low-income to moderate-income households.
    b. Invest in initiatives that address homelessness.
    c. Engage in outreach efforts to build partnerships and identify development practices and design efficiencies to address high development costs.
    d. Pursue capacity-building activities for minority-, women-, veteran-; and disabled persons-owned businesses (MWBE) firms to participate in affordable housing development projects.

2. ***Increase investment in building design efficiencies by giving preference to development to support energy-efficiency and climate resiliency for buildings and infrastructure supporting residents and their neighborhoods***
    a. Encourage the incorporation of sustainable technologies, strategies, and best practices to reduce carbon footprints and ensure longer-term resiliency and livability.

3. ***Prioritize revitalization and investments in majority-minority census tracts, Qualified Census Tracts (QCTs), and previously redlined communities (or equivalent communities) and promote the Bank's programs with lenders in those communities***
    a. Provide technical assistance and engage in outreach to promote the Bank's programs and community investment activities.
    b. Work with member institutions, housing advocates, housing sponsors, and homeownership counselors, and to expand access to the Bank's housing programs.
    c. Engage with Community Development Financial Institutions to expand access to Bank's programs.

4. ***Increase outreach to New England's Native American Tribal Communities and the Bank's understanding of their community development priorities and housing needs***
    a. Support partnerships with Tribal organizations, our member financial organizations, and other regional stakeholders
    b. Support housing development and operational capacity building within Tribal organizations.

5. ***Increase homeownership opportunities across New England broadly, including Native Americans, through both traditional and non-traditional homeownership models (e.g., down-payment assistance and cooperative housing/shared equity models)***

6. ***Broaden access to community development capital and small business assistance through the Bank's community investment programs and outreach capacity.***

2024 Affordable Housing and Community-Economic Development Needs Assessment for New England

Region Demographics

In general, New England's 2022 demographics mirror the Nation with a few important distinctions.[1]

- The region is around 78% white.
- The median age in New England continues to exceed the national average (39.0 years), ranging from 40.3 (Massachusetts) to 45.1 years (Maine).
- The 2021 median household income in Massachusetts, Connecticut, New Hampshire, and Rhode Island exceeds the national average ($69,021).[2] Vermont and Maine fell below. (See Table A1)
- The percentage of total New Englanders in poverty is 10.1%, below the national average of 12.6%. Twenty-two percent of these are children living in poverty and another 19% are seniors aged 65 and over.
- Comparatively fewer white and Black New Englander households experienced poverty in 2022 (7.9% and 16.2% vs. 9.9% and 21.3% nationally).
- A higher proportion of Hispanic households lived in poverty in New England in 2022 (19.3%) compared to the nation (16.8%).

Economic Development Needs: Pandemic Recovery, Job Growth, and Curbing Inflation

1. Inflation & Unemployment
2. Jobs growth and trends

Inflation remains a challenge, prompted by labor shortages, supply chain issues, and increased demand for goods and services.

Rising interest rates and consumer prices continue to challenge individuals, households, and communities. As prices rise faster than wages and other sources of income, the shocks to consumers continue and less income is available for everyday expenses and much less for housing costs. Most recently, the U.S. Bureau of Labor Statistics reported that the six-month trend in the Consumer Price Index rose each month from March through September 2023, peaking first in April (+0.4%), then August (+0.6%), and again in September (+0.4%). Notably the price index for shelter accounts for over half of the increase; energy (gasoline) costs and food are also significant contributors to overall inflation. Overall trend results in a 12-month, year-over-year increase of 3.7%. Furthermore, this compounds prior annual increases of 4.7% in 2021 and 8.0% in 2022.[3]

The periodic Pulse Survey by the U.S. Census also measures the degree of uncertainty households are holding in terms of eviction, foreclosure, or ability to pay household expenses. Table A4 presents a snapshot of these degrees of confidence or concern as of May 2023, noting that white and Black households are most concerned about evictions (36% and 52% of respondents, respectively. Additionally, 41% of Black, 43% of Hispanic, and 31% of both white and Asian respondents all reported moderate

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[1] U.S. Census Bureau. 2022 American Community Survey. ACS Demographic and Housing Estimates, 1-year and Estimates. This data comes from DP05, S1701-Poverty Status in the Past 12 months,

[2] U.S. Census Bureau. American Community Survey. 2021.Median Household Incomes, series S19013, 5-year estimates.

[3] U.S. Bureau of Labor Statistics. Economic news Release, October 12, 2023. Consumer Price Index Summary - 2023 M09 Results (bls.gov). U.S. Bureau of Labor Statistics. CPI for all Consumers, 12-Month Percent Change (Series ID CCUUR0000SA0), November 10, 2023.

difficulty paying household expenses. More than two-thirds of these same households were also "moderately stressed by price increases."

Both job growth and unemployment continue to improve in New England.
The U.S. Bureau of Labor Statistics reports that, year over year from June 2022 to June 2023, New England's unemployment rate improved from 3.5% to 2.8%, while the nation remained at 3.6%. (See Table A2.) New Hampshire, Vermont, and Maine reported the lowest rates of unemployment. Only Connecticut fared slightly above the national average at 3.7%.

Unemployment rates by race and ethnicity are not available at the state or regional level. Nationally, while white and Asian unemployment rates remain below the national average at 3.1% and 3.2% respectively, unemployment among Black workers remained higher (5.9%-6.0% as of June 2022 and June 2023, respectively). The Latino/Hispanic unemployment remained constant year over year at 4.3% nationally (Table A3).

Using U.S. Bureau of Labor Statistics data, the Federal Reserve Bank of Boston (July 2023) reported that Professional and Business Services have seen the largest increase regionally (7.5% May 2022 to May 2023. Leisure/Hospitality have seen continued job loss (-5.7%)

Labor force participation as of May 2023 in New England exceeded the nation at 63.9% vs. 62.6% nationally. Labor force participation in all New England states except Maine (58.3%) exceeded the nation. Maine traditionally has a lower participation rate, ranging from 58.8% to 58.3% from May 2022 to May 2023.

Housing Needs: Housing Costs, Supply, Homelessness, and Racial Disparities in Housing Access in New England

1. Homelessness
2. Housing Supply
3. Qualified Census Tracts: EBP & HOW disbursements
4. Residential segregation and challenges in housing access
5. Homeownership trends
6. Cost burdens

<u>Homelessness</u>

In New England, homelessness increased in all six states between 2021 and 2022, with the highest increases in VT, RI, and ME. The number of unsheltered homeless also increased across the region by 98% since 2021.

In the U.S. Housing and Urban Development's 2022 Annual Homeless Assessment Report, the annual point-in-time estimate counted 28,810 homeless in shelters, unsheltered, or transitional housing across all six New England states. This number is the highest overall count reported in the last four years and up 14.8% from 2021. Between 2020 and 2022, homelessness increases were exceptionally steep in Maine, Rhode Island, and Vermont. Maine experienced a 110.3% spike in total homelessness, Rhode Island rose by nearly 43%, and Vermont experienced the biggest increase in homelessness at 150%. Additionally, between 2020 and 2022, only Massachusetts and New Hampshire saw a decrease in their overall homeless count; Connecticut saw less than 1% change in its overall homeless count since 2020. However, when looking at yearly changes between 2021 and 2022 exclusively, the overall homeless population increased in all six states. (See table A5)

In 2022, 40% of the homeless population identified as female, 58% identified as male, and less than 1% of the population were gender non-conforming. White, Black, and Hispanic households accounted for the most people experiencing homelessness in the region, but homelessness increased across all racial and ethnic groups since 2021. The number of unsheltered homeless people also rose in New England, increasing by 98% between 2021 and 2022. The Department of Housing and Urban Development (HUD) defines the "unsheltered" homeless as anyone whose primary nighttime residence – where they sleep – is a place not designed or ordinarily used for sleeping, including cars, parks, abandoned buildings, bus or train stations, airports or camping grounds.

Explanations for the rise of homelessness in New England include the increase in housing (especially rents) and development costs, zoning regulations that make it hard to build housing affordable to low-income renters, and the end of eviction moratoriums and pandemic aid programs that helped keep families afloat and housed. Recent immigration is also contributing to rising demand for shelter; the effects of this will be more apparent over time. Therefore, to reduce homelessness in our region, significant investments are needed to bring more affordable units to the market for low-income and extremely low-income households, including zoning reform to support multifamily housing development.

Housing Supply

Across New England housing permits have been, on average, growing over the last three years, primarily supported by strong gains in 2021. Maine is growing its housing stock fastest (9.45 new permits per 1,000 existing units in 2022), but the region (5.72) is well behind the nation (11.58). Housing permits stayed flat in Rhode Island (2.82) over the 2020-2022 period. Massachusetts made huge gains in producing more housing in 2021, growing their total number of units permitted by 17% over the year prior, but then contracted by 11% the following year. Connecticut followed the opposite trend and contracted by 15% in 2021 only to jump 22% the following year. Connecticut is the only state to grow more in 2022 than it did in 2021. Southern New England increased its permits by single digits over the last three years while every state in Northern New England expanded by double digits.

The most significant contributor to the runaway unaffordability is the dual threat of ballooning housing costs and wages that have not kept pace, especially in the lowest-income brackets. While housing price increases have slowed, they show no sign of coming down without a substantial increase in housing construction. Additionally, stable housing is almost entirely out of reach for low-income households without outside assistance.

Annual units permitted in the New England region dropped slightly in 2022 (-2%) but remain above 2020 level, faring a little better than the nation (-4%), according to the Harvard Joint Center for Housing Studies *2023 State of the Nation's Housing Report*.

Table 1. Building Permits, Percent Change, Building Permits Per 1000

Area	Annual Units Permitted			Percent Change		Housing Units Permitted (Per 1,000 Units)		
	2020	2021	2022	2021	2022	2020	2021	2022
United States	1,471,141	1,736,982	1,665,088	18%	-4%	10.45	12.22	11.58
New England Division	35,571	39,637	38,905	11%	-2%	5.28	5.86	5.72
Connecticut (CT)	5,471	4,651	5,652	-15%	22%	3.57	3.03	3.67
Maine (ME)	5,304	6,530	7,105	23%	9%	7.17	8.76	9.45
Massachusetts (MA)	17,025	19,853	17,692	17%	-11%	5.67	6.58	5.83
New Hampshire (NH)	4,320	4,892	4,783	13%	-2%	6.75	7.60	7.37
Rhode Island (RI)	1,374	1,392	1,371	1%	-2%	2.84	2.87	2.82
Vermont (VT)	2,077	2,319	2,302	12%	-1%	6.20	6.89	6.79

Source: Tabulations using Building Permits Survey, U.S. Census Bureau, Population Division

Qualified Census Tracts: EBP & HOW disbursements

Lack of EBP & HOW applications in QCTs raise questions about the lack of geographic diversity and lending in low-income census tracts

Qualified Census Tracts (QCTs) are census tracts in which 50% or more of the households have an income less than 60% of the area median gross income for a given year or a poverty rate of at least 25%. HUD determines QCT designations annually based on this information. QCTs are especially important, considering they tend to be low-income or marginalized communities that have historically been disinvested from and redlined. Therefore, QCTs can benefit immensely from revitalization, which is why Low Income Housing Tax Credit geographic preferences for funding housing in those tracts exist. There is a regulatory limitation on QCTs. States can only designate QCT areas up to a maximum of 20% of the state's population. HUD-commissioned researchers found in 2007 that this 20% population cap resulted in an undercount of QCTs, potentially limiting the effectiveness of financing housing and community development in neighborhoods which could benefit the most.[4]

To compare our lending against HMDA lending data and QCTs, the Bank analyzed the 2021 geographic distribution of first-time homebuyer down-payment grants provided through the Equity Builder (EBP) and Housing Our Workforce (HOW) programs. The Bank found that in 2021, only 13% of the Bank's EBP disbursements and 14% of the Bank's HOW disbursements were in QCTs. In Massachusetts, the audit found that EBP and HOW disbursements were more frequent in 19 out of the state's 26 gateway cities. This leads to additional questions about where homeownership housing opportunities are occurring, both affordable and market-rate, and types of housing development and investment in QCTs, higher poverty census tracts, or other underserved areas. Additional research is needed so that the Bank can increase its understanding of the geographic impact and possible lack of lending in QCTs by measuring the change in location from the applicants' initial or current addresses and the location of the homes purchased using the EBP and HOW funds. This will help determine if applicants moved within a QCT or QCT-adjacent area, moved from a non-QCT to another non-QCT area, or moved from a QCT to a non-QCT and/or higher opportunity area.

[4] Hollar, Michael and Usowski, Kurt. U.S. Department of Housing and Urban Development, Office of Policy Development and Research. "Low-Income Housing Tax Credit Qualified Census Tracts". *Cityscape*, Volume 9, Number 3, 2007.

Table 2. Geographic distribution of 2021 EBP and HOW Disbursements in QCT and non-CT locations in New England.

	EBP	% of EBP Disbursements	HOW	% of HOW Disbursements
QCT	40	13%	36	14%
Non- QCT	269	87%	222	86%
Total	**309**	**100%**	**258**	**100%**

Source: FHLBank Boston tabulations.

Although the Bank is not required by HUD or the FHFA to prioritize QCTs in the Bank's programs, given the economic and housing needs of these geographies, the Bank should consider (1) additional analysis of the geographic impact of our community investment programs; and (2) additional outreach efforts to reach these communities and ensure they can take part in our programs. This includes the state housing finance agencies and Community Development Financial Institutions. Moreover, the Bank should widen our outreach to include affordable housing advocates and other housing counselors and promote our down-payment assistance programs and other lending opportunities the Bank has to offer through our member financial institutions.

Residential segregation and challenges in housing access

Majority Minority Census Tracts and Residential Segregation

There are 3,703 census tracts in New England, and 674 are majority-minority census tracts in which at least 50% of the population identifies as a minority or person of color. Majority-minority census tracts account for nearly 83% (274) of low-income census tracts, where the median household income is at or less than 80% of the area median income, despite only representing 24% of the region's total population. On the other hand, majority-minority census tracts only represent 38% of moderate-income communities and even less for upper-income communities.

As expected, people of color continue to earn less than white households and the state average overall. Table A1 shows 2021 median household income estimates by state and race. Black households had among the lowest median incomes across the six New England states, ranging from $43,603 in Vermont to $66,692 in New Hampshire, consistently below state and white-alone household incomes. Hispanic/Latino households followed a similar trend. The median income for Native American households in Massachusetts was the lowest reported of any racial group at $40,833.

While significant disparities exist between the earnings of whites and non-white people of color, apart from those that identify as Asian, most households, regardless of race, live above the poverty level in New England. Yet, the distribution of families living in low-income census tracts is still overwhelmingly minority, likely linked to a history of redlining, short housing supplies, and single-family zoning.

Table 3. Number of Majority Minority and Low-Income Census Tracts, by State

State	Census Tracts	Majority-Minority Tracts	Low-Income Tracts	Low-Income and Majority-Minority Tracts
CT	883	259	114	110
MA	1620	360	170	170
ME	407	2	6	1
RI	250	50	28	21
NH	350	3	11	2
VT	193	0	1	0

Source: GeoDataVision Report D-1 Census Tract Reference Book 2022 Tract Income Classification and Minority Status—Based on Census data released by the FFIEC April 2022

According to the Harvard Joint Center for Housing Studies *2023 State of the Nation's Housing Report*, residential segregation is declining in New England, but it still lags the national average as measured by a dissimilarity index. Segregation increased by 10% between 1990 and 2017 in the region's small metro areas, most notably in Manchester-Nashua (New Hampshire) and Norwich-New London (Connecticut), where residential segregation was higher than the national average. In 2017, one Connecticut county reported that 53% of its minority residents would have to move for all neighborhoods in the metro area to have an equal distribution of minority residents. In 2021, residential segregation increased in four Massachusetts counties, with Plymouth County having the highest reported segregation at 65.8%.

The distribution of minority residents in white neighborhoods has increased between 2000-2010. However, since 2010, the minority populations in predominantly white communities have grown at a slower pace. New minority residents are moving into predominantly minority neighborhoods in New England's metro areas, reversing gains in residential integration of minority and non-Hispanic whites in the region. Much of the increase in residential diversity in the region is due mainly to the rise in the area's Hispanic population, which has increased significantly in the last 60 years and is solely responsible for the population growth in Southern New England, which otherwise would have seen population declines due to a rapidly aging white population.

Trends like increases in housing costs, limited supply of housing stock, and racial preferences are likely factors contributing to the concentration in minorities living in predominantly minority neighborhoods. However, a legacy of housing discrimination, redlining, and racial steering are also factors that have continued influence on where people of color live in New England.

The U.S. homeownership rate increased in 2021. People of color saw gains yet the Black-white homeownership gap grew significantly. Trends in homeownership rate increases are unlikely to continue in 2023.

Pre-pandemic gains in homeownership rates, driven by low interest rates and an increase in household savings, continued well into the first quarter of 2021. Although homeownership rates were already rising before the pandemic, 1.5 million households became homeowners between 2020 and 2021, according to the Harvard Joint Center for Housing Studies *2023 State of the Nation's Housing Report*. Nearly 6 million households nationwide have become homeowners in just the last three years. Homeownership rates vary significantly by race, and the Black-white homeownership gap remains the largest reported. Nationally in

2022, the Black American homeownership rate – 45.9% – increased 1.1 percentage point and continues to lag well behind Hispanic Americans (48.6%), Asian Americans (59.7%), and White Americans (74.4%).

Much of the increases in homeownership rates were influenced by pandemic shutdowns that led to the widescale emergence of remote work schedules, enabling people to work remotely and which also encouraged households to move further away from the workplace in search of affordable housing with lots of space and accommodations.

Other equally crucial factors that led to significant increases in homeownership rates were:

- low interest-rate loans;
- injection of federally subsidized stimulus programs;
- generous homeownership assistance programs; and
- student loan moratoriums that provided households with tremendous savings opportunities.

However, such gains will not continue in 2023 as pandemic-era stimulus programs end, interest rates rise, and the limited housing stock continues. Existing homeowners are also less likely to move as well due to limited housing supply and the fear of losing competitive mortgage rates they secured early in the pandemic.

Record high increases in costs of homeownership and interest rates driven by pandemic trends have put homeownership out of reach for many would-be first-time homebuyers, disproportionately impacting people of color who are less likely to have the down payments, income, or credit needed to access homeownership.

In the first quarter of 2022, interest rates rose from 3.4% to 6.9 % as the Federal Reserve tried to curb inflation. Although national home prices reached a record peak of 20.8% annual growth in March 2022, they fell in the first quarter of 2023 for the first time in a decade, declining by 2.8%. Still, nominal housing prices have increased 38% yearly since February 2020, well above pre-pandemic levels. As home prices and interest rates increase, homeownership becomes more out of reach for many households, especially people of color, potentially reversing year-over-year gains in Black homeownership.

Homeownership gaps in New England are also higher between people of color and white households compared to the national average.

The Harvard Joint Center for Housing Studies tracks homeownership rates and gaps by race, both nationally and at the state level using 2019 American Community Survey five-year estimates.[5]

- The national homeownership rate for white households (71.7%) exceeded the total rate for people of color (47.0%), resulting in a 24.6 percentage point gap.
- Nationally, Black households have the lowest homeownership rate (41.7%) with a corresponding rate gap of 30.0 percentage points.

In all six New England states, homeownership rates for white households exceeded those for non-white families of color.

- Black households in New England had lower rates of homeownership and higher corresponding gaps in all six states, ranging from 25% in Vermont, 35.3% in Massachusetts, and peaking in Connecticut at 39%.

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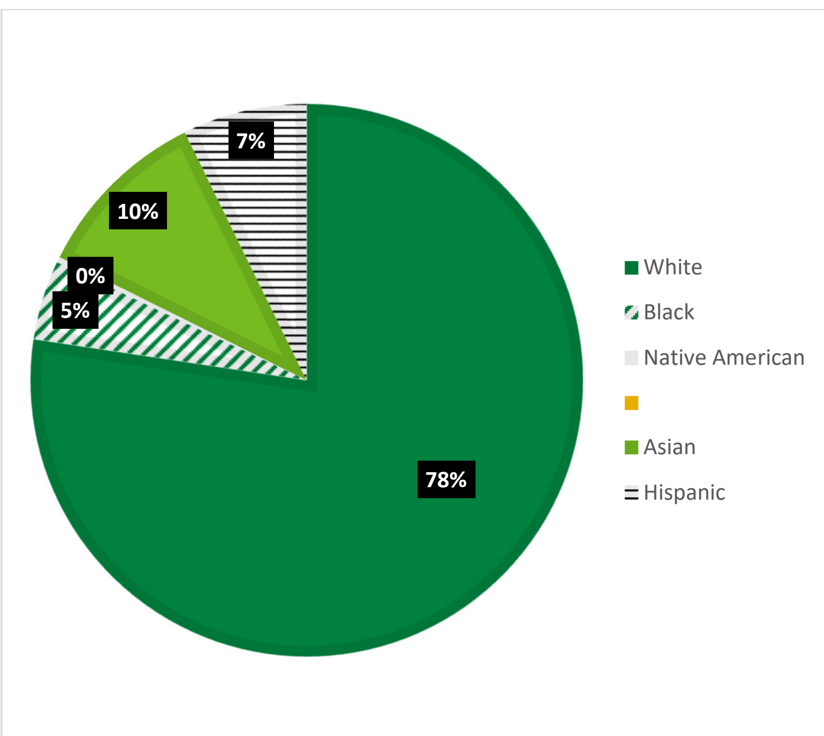
[5] Hermann, Alexander. "In Nearly Every State, People of Color are Less Likely to Own Homes Compared to White Households", Housing Perspectives, February 8, 2023.

- Hispanic households followed a similar trend ranging from 26.8% in Massachusetts to 40.8% in New Hampshire, below the national 46.8% rate with two notable exceptions: Vermont (51.8%) and Maine (53.7%).
- Homeownership rates of Asian households in New England ranged from 48.3% to 58.7% for all six states, falling below the national average (59.4%).
- The greatest homeownership rate gaps occurred among Black households in New England:
    - 36.6% in CT, 34.2% in MA, 48% in ME, 40% in NH, and 46.6% in VT.
- Hispanic households fared better, with corresponding gaps greater than the nation in four of six states (CT-41.9%; MA- 42.6%, ME-19.7%; NH-31.7%, RI-37.4%; and VT-19.8%)

Figures 1 and 2 present the Bank's analysis of 2021 New England HMDA data. Mortgage loan applicants were 78% white, 10% Asian, 7% Hispanic, 5% Black, and less than 1% Native Americans. Massachusetts and Connecticut account for the largest share of applicants of color.

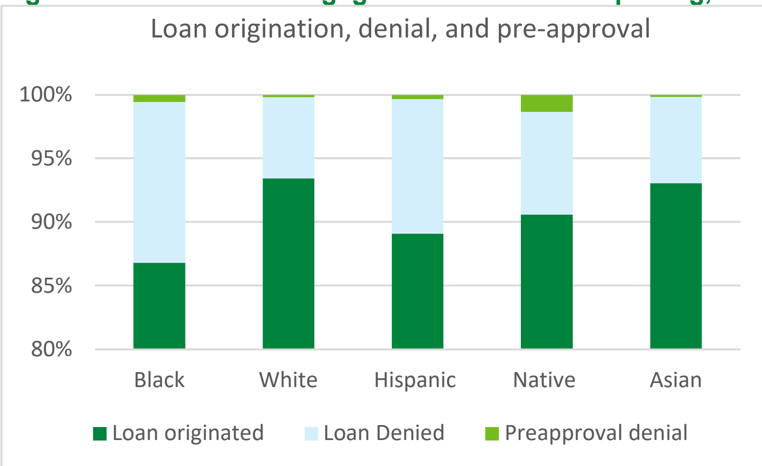
Black applicants represent less than 6% of mortgage applicants and had the highest level of loan denials in the region, which account for 12.6% of their total loan applicants. In contrast, the proportion of loan denials was 6.3% for white applicants, 10.4% for Hispanics, 5.5% for Native Americans, and 6.7% for Asians.

Figure 1. Percentage of all Mortgage Applicants by Race in New England, 2021, 2021 HMDA Data



Source: 2021 Home Mortgage Disclosure Act. FHLBank Boston tabulations.

Figure 2. 2021 Home Mortgage Disclosure Act Reporting, New England States



Special Purpose Credit Programs and other public policies responses are needed to address long-standing patterns of racial segregation and these systemic homeownership gaps.
Historically, people of color, specifically Black households, have been discriminated against in the housing markets as aptly detailed in the *Color of Law* by Richard Rothstein. Racist public policies restricted people of color and Black people specifically from living, shopping, or working in white communities. States and local housing authorities used federal legislation and federally appropriated funds to develop subsidized starter homes exclusively for white families, while other public housing sites were highly segregated. Programs like urban renewal and the GI Bill provided leverage to build wealth for growing households and those returning from World War II, but only for white people. At a time when the federal government could have leveled the playing fields in wealth accumulation to ensure white and Black homeownership rates grew at an equal rate, the federal and state government sponsorship of housing discrimination set Black households back significantly for generations to come, and those effects continue today.

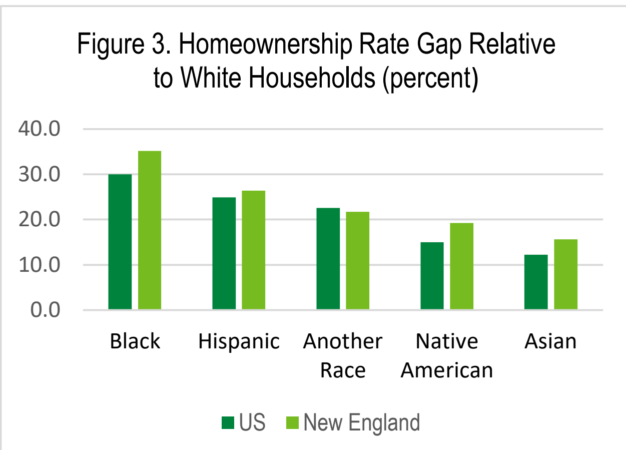
Closing the gap in homeownership between non-white and white households can be addressed by increasing access to homeownership opportunities among people of color, especially Black households, - through down-payment assistance, funding for closing costs, and eliminating racism and bias in the real estate market. Down-payment and closing-cost assistance programs, income-eligible home purchasing opportunities, and mortgage assistance programs are services that have already begun for historically marginalized homeowners to access and compete in the housing market more equitably.

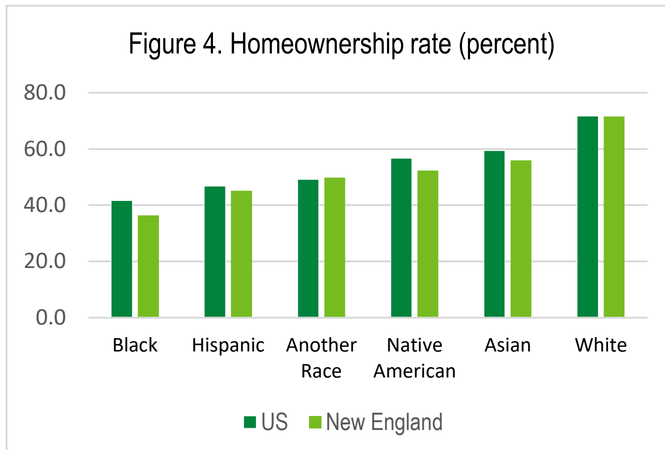
To correct decades of harmful and racist public policies that explicitly discriminated against and disadvantaged people of color, especially Black households, race-conscious and equitable solutions are necessary. The Special Credit Purpose Program (SPCP), allowed under the Equal Credit Opportunity Act (ECOA), is an affirmative action solution available for the FHLBank System to increase opportunities for people of color to access homeownership. ECOA and SPCP provide the legal basis to create targeted credit programs to help specific economically disadvantaged groups and exempt from any fair housing legal challenge.

FHLBank Boston launched the LUH initiative in 2023 as a part of its SPCP. People of color face additional financial barriers in accessing homeownership due to the lack of equity or intergenerational, familial wealth needed up front to cover down payment and closing costs. The Bank's LUH program is designed to provide up to $50,000 of down-payment and closing-cost assistance for people of color earning up to 120% of the area median income purchasing their first home.

The Bank analyzed the program's performance in its first year. In order to more successfully capture program participation across the six New England states, the Bank intends to broaden program eligibility to include first generation first-time home buyers and restructure the funding availability to include individual state allocations. Including first generation home buyers both reflects new programs addressing this clientele offered by the Vermont and Rhode Island state housing finance agencies, and more fully includes the range of potential program participants. These changes will help make more funds available to future new first-time home buyers throughout New England.

Figures 3 & 4. Homeownership Rate Gaps and Homeownership Rates by Race, New England and the Nation. 2021.





Source: Harvard Joint Center for Housing Studies. Hermann. Housing Perspectives. February 2023

The share of rent-burdened households is increasing in our region, where the minimum wage is not keeping up with the cost of housing.
According to the National Low Income Housing Coalition's annual *2023 Out of Reach* report, the average household would have to make a minimum wage of $30.25 per hour to afford a two-bedroom apartment at fair market rent in New England. A household would have to work an average of 2.5 full-time, minimum-wage jobs to afford housing.
Breaking those costs down by state, the numbers grow starker:

- Massachusetts is the third most expensive state to live in the U.S.;
- A two-bedroom apartment in Massachusetts costs *$2,165* per month to rent;
- To afford a two-bedroom apartment in Massachusetts a household would have to make $41.64 per hour; and
- A household earning minimum wage ($15.00 per hour) would have to work 111 hours per week to afford rent costs.

In New Hampshire, residents earning minimum wage face even more significant burdens. The fair market rent for a two-bedroom apartment in New Hampshire is about $1,553. Although it costs less than in Massachusetts, the minimum wage is $7.25, meaning a household would have to work 165 hours per week (about seven days) at minimum wage to afford housing costs. Disaggregating by county and metropolitan area also reveals even higher costs of housing. For example, in the Boston-Quincy-Cambridge fair market rent area, a household would have to earn about $105,000 annually or work 280 hours (about one and a half weeks) per week (7 full-time jobs) at minimum wage to afford a two-bedroom in that region. There are only 168 hours in a week, which means it is virtually impossible for households earning the minimum wage to afford housing costs in such areas, locking families out of potential employment and educational opportunities.

Increases in utility costs contribute to renters burdened with housing costs.
Reporting on surging rents and utility costs, the Center on the Budget and Policy Priorities found that between February 2021 and February 2022, residential fuel and utility prices rose 11% with incredibly abrupt increases for gasoline (48%) and utility gas (23.8%). In another analysis conducted by the U.S. Energy Information Administration (EIA) in March of 2022, it was reported that energy costs in 2021 rose at their fastest rate since 2008, increasing 4.3% from 2020. Much of the increase in electricity costs was driven by rising cost of power generation fuels like natural gas, weather-related consumption and production outages, high international natural gas prices that encouraged exports, key pipeline outages, the prices and availability of substitute fuels for power generation, summer storage injection needs, and the pace of growing natural gas production. The volatile gas prices meant New Englanders saw huge spikes in their electric bills, as natural gas accounts for 53% of New England's electricity according to ISO New England, the operator of the region's power grid.

The EIA reported in May 2023 that the average monthly electricity bill for residential customers in the United States increased 13% from 2021 to 2022, rising from $121 a month to $137 a month. After adjusting for inflation—which reached 8% in 2022, a 40-year high—electricity bills increased 5%, the largest annual increase in average residential electricity spending since the EIA began calculating it in 1984. As fuel costs increase, suppliers then pass those increases on to residential customers which result in higher retail electricity prices. With residential electricity costs already 5% higher in the first three months of 2023 compared to that same time last year, and July 2023 setting a global record of being the hottest month in the recorded history of the earth, electricity usage will rise and so will costs.

When rent and utility costs rise rapidly, people with the lowest incomes — such as low-wage workers or seniors and people with disabilities who have fixed incomes — face tradeoffs and hardships that are far more severe than for people with higher incomes. Rises in costs of living and utilities force these households to choose between essentials like food and shelter and can contribute to possible evictions and increase overall homelessness.

Wage discrepancies mean people of color are more likely to be severely rent burdened.
Additionally, significant wage disparities among Black, Hispanic, and women in the workforce can translate into even less wages and therefore reduced ability to afford housing and results in increased rent burdens.

- 20% percent of Black workers and 19% of Latino workers earned less than $15 per hour in 2022.
- Native American workers also disproportionately earn wages that are less than $15 per hour.
- People of color are also more likely to face higher rates of unemployment and underemployment.
- The average monthly unemployment rate among white participants in the labor market was 3.2% in 2022, compared to 4.1% for Hispanics, 6.1% for Blacks, and 6.2% for American Indian or Alaska Natives (U.S. Bureau of Labor Statistics).

Rising housing costs are also significantly impacting extremely low-income households across all six New England states, with as much as 73% of extremely low-income households being severely rent burdened in one state.

Table 4. Percentage of Extremely-Low-Income Households and Cost Burdens, by State

State	Percent of renter households that are extremely low income	Percent of extremely low-income renter households with severe cost burden
CT	30%	68%
RI	32%	60%
NH	21%	62%
ME	30%	52%
MA	31%	64%
VT	30%	73%
Source: National Low Income Housing Coalition, 2021 ACS PUMS		

Across the nation, housing costs have increased, and more families are becoming rent burdened, reversing past gains. According to the Harvard Joint Center for Housing Studies *2023 State of the Nation's Housing Report*, a 20-year record high in housing costs led to an increase in burdened renters and homeowner households. More than 40 million households were cost-burdened in 2021, including 20.3 million with severe cost burdens. About 2.3 million additional homeowners became rent burdened between 2019 and 2021, plus nearly 1.2 million renter households. In total, 11.6 million renter households and 8.6 million homeowners spent over 50% of their income on housing.

Median home prices are declining but remain higher than pre-pandemic trends. Still, cost burdens are higher for renters than homeowners.
By the first quarter of 2023, rents and median home prices declined steeply. However, they still remained above pre-pandemic levels. Still, housing costs burdens tend to be worse for renters than for homeowners. According to the Census Bureau data, between 2017-2021, the national median cost ratio for renter-occupied units was about 29.8% of monthly income. Homeowners have on average, lower housing costs at 20.9% nationally. New England shows similar trends. Across all six states, renters spend 29.8% of their income on rent, and homeowners spend about 22.2% on mortgage payments. Massachusetts and Connecticut account for the highest cost ratio for renters, while Vermont and New Hampshire account for the highest cost ratio among homeowners. An analysis of the Consumer Price Index (CPI) predicts that shelter costs will remain high, rising by nearly 5.9% from September 2022 to September 2023.

Rising costs of construction and housing development limit the ability to expand the housing supply, especially for income-restricted housing.
Construction labor intensity and the onsite nature of the industry made the construction industry especially vulnerable to the effects of the COVID-19 pandemic. Construction halts brought about by the nationwide shutdown meant project completion timelines were extended, resulting in a backlog of projects still being worked through today. During this time, demand for residential construction also soared and the nation confronted housing shortages, especially in metropolitan areas. Significant labor and materials shortages, rising costs of materials and wages, transport of materials, and energy delays, meant that the sector faced increasingly excessive costs, which were often pushed onto the consumer and project. Overall construction

pipelines for multifamily and single-family housing units reached a near-all-time high by the first quarter of 2023.

According to the CBRE Construction Cost Index, the cost of building materials spiked by 40% last year, combined with a 50% jump in the price of developable land and rising skilled labor costs. Supply chain issues and shortages coupled with inflation, rising interest rates, and labor shortages are just a few of the cost drivers. By the end of 2022, the CBRE Construction Cost Index reached 14.1%. CBRE predicts costs will rise another 5.4% in 2023 before cooling. The Harvard Joint Center for Housing Studies analyzed the Producer Price Index in its *2023 State of the Nation's Housing Report*. Costs of building materials have increased by 35% since the start of the pandemic, and significant increases occurred between 2020 and 2023, primarily for products like plastic and gypsum.

With high interest rates and backlogs still looming, construction demand is expected to moderate this year but, unfortunately, not construction costs. It will be challenging to develop affordable housing for extremely low- to- moderate-income households, as subsidies to finance such developments may not keep up with the pace of the market, slowing developers' ability to deliver critical affordable and deeply affordable units.

Preservation of Naturally Occurring Affordable Housing Stock

A key component of New England's housing stock are the unsubsidized, non-income-restricted affordable housing properties commonly referred to as 'naturally occurring affordable housing' (NOAH). Typically, NOAH properties are regarded as older assets of lesser quality, in a variety of building types and sizes, and are present in every type of housing market in New England and the nation. Many are scattered-site, smaller buildings owned and operated by small landlords (e.g., "mom & pop") with limited economies of scale for improvement. Much of this stock is at risk of loss due to becoming obsolete and/or gentrification in some markets, leading to displacement, worsening affordability, and potential increases in local area homelessness. Given rising operating costs, existing property owners often are unable or unwilling to undertake improvements, or prefer to exit the market, taking advantage of high property values.

The Bank has engaged HR&A Advisors, Inc. in 2023 to research the scale of NOAH in New England, evaluate current private and public resources and recommend potential solutions. This research is ongoing. Proprietary estimates put this number of units affordable for households earning between 50% and 80% of the area median income at approximately over 750,000, according to estimates prepared for the Bank by HR&A Advisors, Inc. (see Table A6). Acquisition financing and capital to preserve this housing is needed but common affordable housing subsidy sources, e.g., Affordable Housing Program, HOME, LIHTC, or other state subsidy programs, are often not available or as quickly as needed to enable nonprofit community developers to compete for these assets in the private marketplace, especially in gentrifying markets. Creative capital solutions are needed to help meet this need so that existing and future affordable housing is preserved and maintained.

Feedback from Members, Sponsors, and other Stakeholders

Community Impact & Partnership Forums

FHLBank Boston hosted seven Community Impact and Partnership forums across New England this year. In total, 176 members, sponsors, and other community partners attended these state-specific forums. The forums addressed how members and sponsors can partner and leverage Bank capital to meet communities' needs and offered initial training for the 2023 Affordable Housing Program (AHP). Individual panel discussions in each event identified statewide housing needs and opportunities, showcasing the experience of members and sponsors using the Bank's housing and community investment programs.

Members and sponsors expressed a high level of support for the Bank's programs and Bank staff's expertise, technical assistance, and commitment to customer service. Table A7 lists the challenges and opportunities noted in these events.

Members and sponsors also highlighted critical challenges. Notably, the lack of housing supply and unaffordability are regarded as the greatest needs. Homelessness is reemerging as a challenge despite continued policy priorities and a network of providers and funding. Both high land costs and high/rising development costs present real barriers to community development. Many communities face growing challenges in terms of climate change. Low- to moderate-income communities are likely to face more concentrated risks and negative impacts.

Members and sponsors also recognized opportunities for success. Participants expressed strong enthusiasm for the Bank's new LUH pilot program. Flexible capital is critical to meet changing needs, e.g., workforce housing, rising homelessness, and climate change. State housing finance agency representatives (the Bank's Housing Associate members) expressed the need to find more direct ways to work with the Bank and access capital. The layering of state down-payment programs with EBP, HOW, and LUH were cited as positive examples of complementary funding to support first-time homeownership and homeownership for first generation and households of color. Overall, participants noted the successful partnerships between members, sponsors, and the Bank to utilize Bank funding to meet changing community needs now and in the future.

2024 Targeted Community Lending Plan Roundtable Discussions
Research for the 2024 Plan included two online roundtable discussions with members, other funders, and housing developers, discussing challenges and opportunities they are facing in the region and within their geographic markets. Participants noted that more funding is needed from public subsidies like LIHTC to cover development costs or just break even as construction costs rise in the region. One affordable housing program executive operating in Essex County, Massachusetts, even suggested contributions from LIHTC would need to increase by as much as 40% merely to help cover acquisition costs, which are rising due to a rise in home prices and land costs (land costs increased by 30% between 2012 and 2017 in Essex County). Fortunately, in 2023, LIHTC's 9% credit caps increased to $2.75 per unit, the most significant increase since a legislative act made the credit program adjusted for inflation in 2003. The extent to which this increase will assist developers is not known, however. The increasing need for affordable housing means that competition for LIHTC credits will remain high. Coupled with rising interest rates and construction cost inflation, the extent to which LIHTC cap increases will offer additional equity capital remains to be seen.

Climate change and its effects on people of color, real estate, and building construction
State and local policy makers are increasingly focused on developing responses to promote sustainability and climate resiliency in buildings for residents and neighbors and the broader communities. Lower-income communities and communities of color are at a disproportionately higher risk of the effects of climate change.

In 2021, the Pew Research Center surveyed 3,749 U.S. adults to understand how Americans view climate, energy, and environmental issues. Their study concluded that:

- Black, Hispanic, and Asian American respondents were far more likely to be exposed to air pollution, waste, pollution generally, and unsafe drinking water, and lack of green space than Whites.

- 41% of Black and 37% Hispanic respondents reported landfills and waste as major problems in their communities.
- Respondents in urban communities were far more likely to report major concerns in nearly every category of local environmental problems than respondents in suburban and rural communities.

These disparities are especially concerning because of their greater impact on lower-income households, the elderly and disabled, and marginalized communities of color. In response to climate change, state and local legislation has been enacted to reduce carbon emissions, safeguard tree canopies, and invest in green space, and set benchmarks to decarbonize the electric grid and building infrastructure. Many states across the nation, including several in New England, are even setting ambitious goals of 100% clean energy by 2050 and are well on track to accomplishing that, especially with help from Congress' Inflation Reduction Act, the largest investment in combatting climate change in US history, directing nearly $400 billion in federal funding to clean energy, with the goal of substantially lowering the nation's carbon emissions by the end of this decade.

Five of the six New England states have passed climate laws moving those states away from using fossil fuels. New Hampshire is the exception. (See Table A8. Summary of New England States Clean Energy Goals and Legislation)

Extreme weather events such as flooding and heat waves are associated with climate change and impact the region's housing stock and low- to- moderate-income communities.[6] Many locales across New England are now enacting additional policies and building design requirements to ensure the climate resilience of new developments. The city of Boston's Article 37 is a resiliency policy that requires all development projects to consider present and future climate conditions in assessing project environmental impacts, for example. Article 37 includes carbon emissions, extreme precipitation, extreme heat, and sea level rise. Under this policy, projects must identify building strategies that eliminate, reduce, and mitigate adverse impacts including those due to changing climate conditions, and the city even provides detailed design specifications as a blueprint for developers.

Some states in the region are also establishing climate resiliency incentives in their Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plans (QAP). According to Freddie Mac's *2022 Duty to Serve Report*, all six New England states have a scoring category in their QAP for climate resiliency, varying from Massachusetts providing 3 points for LEED certified technology to an expectation in Connecticut that eligible projects meet National Green Building Standards. The Bank also sees climate resiliency as a necessary response to climate change. Since 2004, the Bank has established a number of sustainability elements within our AHP Community Stability scoring category.

Native American Housing Needs in New England

As reported in the Bank's 2023 Targeted Community Lending Plan (2023 Plan), there are 21 state and federally recognized tribes in Connecticut, Maine, Massachusetts, Rhode Island, and Vermont. This includes 30,300 American Indian and Alaska Native (AIAN) people and 12,700 AIAN-headed households, based on the 2015-2019 American Community Survey five-year estimates.

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[6] The First Street Foundation estimated that Maine, New Hampshire, Massachusetts, and Rhode Island together lost $403 million as of 2017 in costal property value due to extreme flooding and storm surges.

The Native American demographic is diverse; some live in more metropolitan areas, and others live in more rural areas. There are also various racial compositions of people identifying as Native American, including some who are not official Tribal members. The complexity of how one identifies as Native American is something that data does not fully capture. Thus, further research is necessary to assess the Native American population and housing needs accurately. Yet a consistent trend throughout Native American communities nationwide is economic inequality, and New England is no exception.

America's history of colonialism and indigenous erasure through violence and forced assimilation are critical drivers of the disparities and hardships that Native American communities and Tribal nations across the United States face today. Although American Indians and Alaska Natives comprise the smallest share of the total population, they are overrepresented in poverty. According to 2021 U.S. Census estimates, the national poverty rates for Native Americans increased by 4.2%, from 20% in 2020 to 24.3% in 2021. (U.S. Census, Poverty in the United States: 2021)

Both nationally and across the region, the homeownership rates for Native Americans lags all households and white households, 56.7% compared to 63.7% and 71.7%, respectively. Within New England, Native American homeownership rates vary significantly from 29.9% in Rhode Island, 37.1% in Massachusetts, to 55.4% in Maine.[7] The 2021 HMDA data for New England show that Native Americans were grossly underrepresented in mortgage originations across all six New England states, which is contrary to the overall rate of homeownership in the region. Explanations may be year-over-year changes and gains reported in general increases in homeownership rates versus looking annually at originations. Still, such discrepancies reveal broader disparities that must be addressed to close the gap in homeownership rates between Native and non-native white households. In addition to the homeownership disparities that Native Americans in the region have, they are more likely than any other racial or ethnic group to face housing cost burdens, housing insecurity, homelessness, and live in substandard and overcrowded housing.

Homeownership rates for Native Americans vary significantly between Tribal lands, urban, and non-urbanized areas. According to the *Housing Needs of American Indians and Alaska Natives in Tribal Areas Report* conducted by HUD in 2017, the last available report conducted by the department to date, the nationwide Native American homeownership was 47% for counties surrounding tribal lands and other metropolitan areas in 2010. However, it was considerably higher in tribal-owned regions at 67% in 2010, which could account for their overall higher homeownership rates relative to other minorities. Yet, even with these higher rates, Native Americans in larger tribal areas are most likely to experience overcrowding and inadequate facilities as well as mold that leads to health issues. The overall median home value for Natives is only two-thirds that of white homeowners.

Increasing poverty, substandard housing, and low homeownership rates are just some of the many challenges that Native Americans face due to a history of discrimination and harm. To redress such harms, improved collaboration with Native communities to better understand Native identity, economic, and housing needs is of great importance. Additionally better representation of native identity in data collection will provide better figures on the need scale and improve reporting, especially those that influence funding allocations for Native communities.

Helping to meet the needs of Native communities in our region and ensuring they have access to the Bank's lending programs is a key priority. As explained in the Bank's 2023 Plan, there are several

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[7] Hermann, Alexander. Housing Perspectives, February 8, 2023.

challenges, such as tribal land being held in trusts, that can make it complicated for the Bank, through our banking member institutions, to lend in tribal communities. This often translates into delays in implementing leaseholder agreements. Given the housing needs in Native communities, the Bank must work in partnership with Tribes, members, and other partners to surmount these challenges. Therefore, continued research and relationship building in tribal communities across the region is necessary to coordinate improved lending strategies.

Conclusion

In conclusion, our region's economic and housing needs assessment supports the Bank's investment in, and development, of new initiatives, continued review of our existing programs to better respond to regional needs, and expand our outreach activities to support under-resourced and disinvested communities. Therefore, in response to the economic and housing needs assessment research conducted, the Bank operates its programs and conducts outreach in order to:

- Help member financial institutions identify community development business opportunities and partnerships;
- Expand access to capital for homeownership, housing development, and economic growth; and
- Fulfill our mission and corporate values.

2024 Community Development Initiatives and Activities

Initiative 1. Engage in outreach and program research to increase access to homeownership opportunities for people and households of color.

a. Conduct outreach to members, homeownership counselors, and other organizations to broaden awareness of the Bank’s community investment programs and representation in communities of color.
b. Assess 2023 LUH program rollout, performance, racial composition of applicants, and reporting mechanisms for future efficiency improvements. This will include outreach to stakeholders, members, and homeownership counselors regarding identification of homebuyers, enrollments, and disbursements.
c. On a pilot basis, request current mailing addresses of EBP, HOW, and LUH participants in order to analyze starting and ending locations and assess the geographic impacts of our down-payment programs.

Initiative 2. Develop partnerships to advance the Bank’s goals and deepen the incorporation of our values around diversity, equity, and inclusion in our housing and community investment programs.

a. Conduct outreach across all six New England states to help identify minority-, women-, veteran-, and disabled-owned businesses to build partnerships and increase participation in the Bank’s housing and community investment programs, primarily AHP and Jobs for New England (JNE).
b. Continue engagement through organizations such as Builders of Color Coalition to advocate for capacity building to help grow these firms.
c. Research the economic impact of and partnership with diverse firms on an AHP initiative’s development team, or other metrics, to better quantify and implement the AHP Inclusion scoring category.

Initiative 3. Collaborate with Native Tribal Communities and Tribally Designated Entities (TDE) and Community Development Financial Institutions to strategize new and simplify existing lending programs and improve overall outreach. The goal is to ensure the Bank's programs are meeting the needs of Native populations and communities.

a. Conduct one-on-one outreach to Native American Tribal Communities in New England.
b. Build relationships and develop partnerships with Native American Tribal Communities, member financial institutions, and other state funders to help expand access to community development capital.
c. Sponsor regional in-person and online forums with Native American Tribal Communities. This includes conferences sponsored by advocacy organizations the United Southern and Eastern Tribes and similar forums.
d. Facilitate a future working group of interested members, sponsors, advocacy organizations, and funders.
e. Consider programmatic changes to add a permanent seat on the Advisory Council for Native American Tribal Communities.

Initiative 4. Expand program outreach to lenders and community organizations in QCTs, majority-minority census tracts, low-income census tracts, and previously redlined communities.

a. Promote Bank's programs with members and stakeholders.
b. Research the geographic impact of the Bank's Housing and Community Investment programs, specifically AHP, EBP, HOW and LUH, in QCTs, majority-minority census tracts, low-income census tracts, and previously redlined communities.

Initiative 5. Engage with Community Development Financial Institutions (CDFIs) to expand access to the Bank's housing and community investment programs.

a. Conduct one-on-one outreach meetings with CDFIs in New England and explore opportunities for collaboration and partnerships between the Bank, our members, and CDFIs.
b. Expand outreach to CDFIs regarding our specific housing and community investment programs.
c. Conduct, sponsor, or coordinate a regional forum with CDFIs.
d. Explore potential avenues to provide capital and other resources needed by CDFIs through products and partnerships with our membership.

Initiative 6. Conduct community development outreach and networking activities with members and other community partners to identify new business opportunities and support increased housing production and preservation.

a. Lead the 24th Affordable Housing Development Competition.
b. Identify best practices to respond to rising inflation, higher interest rates, and high land and construction prices to help reduce housing development costs and expand production.
c. Continue research into capital financing mechanisms and other strategies to preserve naturally occurring affordable housing.
d. Partner with stakeholders such as the Federal Reserve Bank of Boston, the FDIC, OCC, and Small Business Administration to help members identify community development lending opportunities.
e. Consider additional forums to address innovative land use best practices and cost containment to help increase housing production.

Initiative 7. Effectively administer the Bank's housing and community investment programs (AHP, Community Development Advance, EBP, HOW, JNE, LUH, and New England Fund), including outreach and training.

a. Operate the AHP as a flexible funding source to ensure equal access and a balanced portfolio of housing initiatives responding to changing housing needs across New England and the communities our members serve.
b. Conduct outreach and training regarding the AHP, CDA, EBP, HOW, JNE, LUH, and NEF programs, including:
    i. In-person and online trainings across New England for application, disbursement, and reporting; and
    ii. Technical assistance for members and sponsors.
c. Continue to evaluate and enhance program administration to achieve operational efficiencies for applicants and the Bank, including:
    i. AHP scoring categories, focusing on Diversity, Equity, and Inclusion, Housing for the Homeless, Economic Diversity, and Community Stability;
    ii. AHP application and review procedures within regulatory standards and requirements;
    iii. AHP monitoring and reporting processes; and
    iv. AHP and EBP compliance procedures.
d. Operate the JNE program to provide discounted advances for small businesses, including program trainings, technical assistance, and assessment to identify areas for operational enhancements.

2024 Targeted Community Development Lending Goals

A. Sponsor a range of regional outreach events with state housing finance agencies, the Advisory Council, and/or other stakeholders including:
    1) Host the 24th Affordable Housing Development Competition.
    2) Provide trainings and networking events regarding the 2024 HCI regulatory and voluntary programs.
    3) Conduct in-person AHP applications trainings in each of the six New England states.

B. Expand participation in the LUH program in terms of new members and geographic disbursement of funds.
    1) Implement program improvements based on 2023 program rollout assessment.
    2) Conduct specific outreach to members, homeownership counseling agencies, and other stakeholders to expand participation.

C. Expand program participation of Native American Tribal Communities through additional outreach and relationship building efforts, including:
    1) Outreach to federal- and state-recognized Tribes in New England;
    2) Sponsor at least one in-person regional forum, host at two online forums for the northern and southern New England regions and conduct at least three community development consultations with Native American Tribal Communities and Tribally Designated Entities.

D. Disburse 100% of the subsidy funds allocated for the 2024 JNE program.

E. Disburse $250 million in Community Development Advances, including the CDA Extra program.

F. Continue research and potential development of capital funding strategies and operational approaches to preserve NOAH stock in in New England.

G. Conduct 16 outreach and technical assistance meetings with members and sponsors regarding identifying community development business opportunities, how to strategically access the Bank's housing and community investment programs, and/or specific technical assistance regarding the Bank's housing and community investment programs. (A separate outreach strategy is more appropriate for insurance company and non-depository member financial institutions.)

Appendix A: Data Tables

Table A1. Median Household Income, 2021, American Community Survey 5-Year Estimates

Region	U.S.	CT	ME	MA	NH	RI	VT
Median Income	$69,021	$83,572	$63,182	$89,026	$83,449	$74,489	$67,674
White, alone	$73,533	$91,524	$63,777	$84,510	$84,009	$79,332	$68,389
Black	$46,401	$ 54,325	$44,178	$60,232	$66,692	$52,703	$43,603
Asian	$96,367	$108,485	$56,489	$108,555	$89,611	$88,182	$64,149
Hispanic or Latino, of any race	$58,791	$50,912	$62,892	$52,106	$68,208	$47,416	$58,996
Native American	$50,183	$43,750	$40,372	$40,833	n	n	n
Native Hawaiian/ Pacific Islander	$71,029	n	n	n	n	n	n

Source: American Community Survey, 2021 inflation adjusted dollars, 5-year estimates, Series B19013.
All race categories are as of 'alone' status; Hispanic or Latino is for any race. "n" indicates that data is not available.
Median household income figures include margin for error as noted by the American Community Survey.

Table A2. Unemployment Rates in New England by State: Seasonally Adjusted, Year-Over-Year Change

Region	June 2022	June 2023	Change
United States	3.6	3.6	0.0
New England	3.5	2.8	-0.7
Connecticut	4.0	3.7	-0.3
Maine	2.6	2.4	-0.2
Massachusetts	3.7	2.6	-1.1
New Hampshire	2.4	1.8	-0.6
Rhode Island	3.1	2.9	-0.2
Vermont	2.3	1.9	-0.4
Source: U.S. Bureau of Labor Statistics.			

Table A3. Unemployment Rate in by Race: Seasonally Adjusted, Year-Over-Year Change

Region	June 2022	June 2023	Change
United States	3.6	3.6	0.0
White	3.3	3.1	-0.2
Black	5.9	6.0	0.1
Asian	3.0	3.2	0.2
Latino or Hispanic	4.3	4.3	0.0
Source: U.S. Bureau of Labor Statistics			

Table A4. Cost Problems Facing Adults (%)-April-May 2023

Category	United States	White	Black	Asian	Hispanic or Latino
Likely for Eviction	33	36	52	9	23
Likely for Foreclosure	21	29	13	9	15
Moderate Difficulty Paying Household Expenses	35	31	41	31	43
Moderately Stressed by Price Increases	75	73	76	69	84
Source: U.S. Census Pulse Survey, (%)-April-May 2023; Week 57					

Table A5. Change in Total Homeless and Overall Homeless, 2022-2020

State	Change in Total Homelessness, 2021-2022	Change in Total Homelessness, 2020-2022	Overall Homeless, 2022	Overall Homeless, 2021	Overall Homeless, 2020
CT	13.0%	0.9%	2,930	2,593	2,905
MA	2.8%	-13.7%	15,507	15,079	17,975
ME	113.8%	110.3%	4,411	2,063	2,097
NH	7.6%	-4.2%	1,605	1,491	1,675
RI	24.5%	42.8%	1,577	1,267	1,104
VT	7.3%	150.5%	2,780	2,591	1,110
Total New England	**14.9%**	**7.2%**	**28,810**	**25,084**	**26,866**
United States	**53.0%**	**0.3%**	**582,462**	**380,630**	**580,466**
New England Homeless as % of the U.S.			**4.9%**	**6.6%**	**4.6%**

Source: U.S. Department of Housing and Urban Development. Homeless Point-in-Time Count. HUD Exchange. February 2023. https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/

Table A6. Estimates of Housing Stock in New England, by Rent AMI

HOUSING UNITS BY RENT AMI							
	<30% AMI	30-50% AMI	50-60% AMI	60%-80% AMI	80%-100% AMI	100% AMI+	Total
CT	90,649	159,071	86,004	86,784	27,789	21,524	471,821
MA	243,972	251,585	161,375	213,531	89,147	60,432	1,020,041
ME	30,967	50,191	33,969	27,286	5,725	3,901	152,040
NH	22,168	44,596	31,345	36,473	13,780	4,987	153,349
RI	36,314	49,807	25,686	30,035	12,761	6,314	160,918
VT	14,428	18,145	12,794	15,416	7,842	4,737	73,362
Total	**438,499**	**573,394**	**351,173**	**409,526**	**157,044**	**101,895**	**2,031,531**

Source: Tabulations of Public Use Microdata Sample from the American Community Survey, U.S. Census, by HR&A Advisors, Inc. for FHLBank Boston, August 2023.

Table A7. Summary of Challenges and Opportunities noted in the Seven Community Impact and Partnership Forums hosted by FHLBank Boston, April – May 2023

Challenges:
• It is important to ensure our down-payment programs can fully layer with other down-payment programs in New England to maximize all of these programs' collective impact. Vermont and Rhode Island have new down-payment programs targeted at first generation homebuyers. Connecticut has renewed its Time to Own homeownership program.
• Attendees noted that the AHP application and monitoring/reporting obligations can be onerous at times – finding opportunities to streamline will improve program participation.
• The greatest need is housing affordability; the greatest challenge is the lack of adequate housing supply for all income brackets across New England. This is represented by very low vacancy rates, high home sales prices, high rents, aging housing stock, and the number and percentage of households facing cost burdens expanding at each income quintile.
o Homelessness and serving the unhoused is a growing priority in western Massachusetts.
o Connecticut noted that it has a minimum gap of 86,000 homes and apartments. It is incumbent upon funders to find ways to be more effective and efficient with the limited capital funding available.
o Other factors driving up housing costs include contractor/construction labor shortage, continuing delays in obtaining building materials, and high (and not declining) land prices.
o In more instances, land prices exceed their appraised values.
o It is necessary to continue to build developer capacity especially among builders of color.
o Zoning continues to be a barrier to housing production.
Opportunities:
• Strong enthusiasm for the Lift Up Homeownership program and the opportunity to participate in the Bank's SPCP program, rather than create their own programs.
• Lenders are open to funding and investing in housing and economic development initiatives and leveraging our program funds (AHP, EBP, HOW, CDA, and JNE). Several panelists noted the success of the JNE program, and the improvements made to level the playing field enabling newer members to access funding.

• Representatives of our Housing Associate members – the state housing finance agencies – requested that the Bank explore how we can work with them and offer more direct access to our programs, especially the new Lift Up Homeownership program, but also CDA, to have more capital to lend.
• Members and sponsors need flexible capital. This is especially true as sponsors compete for properties to buy. They need faster access to capital.
• Vermont and New Hampshire are exploring partnerships between businesses and financial institutions to address the shortage of workforce housing.
• Many communities face growing challenges in terms of climate change. Low- to moderate-income communities are likely to face more concentrated risks and negative impacts.

Table A8. Summary of State Clean Energy Goals

State	Clean Energy Goals	Legislation supporting Clean Energy Goals
Connecticut	100% carbon-free electricity by 2040	Yes. A 2019 Executive Order (Number 3) set a 2040 goal for carbon-free electricity in line with previous legislation to cut economy-wide carbon emissions by 80% below 2001 levels by 2050. In May 2022, Senate Bill 10, An Act Concerning Climate Change Mitigation, placed the goal into law.
Maine	100% clean energy by 2050	Yes. 2019 legislation (LD 1494) increased Maine's RPS to 80% by 2030 and set a goal of 100% by 2050. Also, LD1679 sets an economy-wide goal of 80% cuts to greenhouse gases by 2050.
Massachusetts	Net-zero greenhouse gas emissions by 2050	In 2020, the Secretary of Energy and Environmental Affairs set a 2050 net-zero GHG emissions goal under the authority of 2008 legislation. The same goal was then included in a March 2021 climate action law (Bill S.9). A decarbonization roadmap was released at the end of 2020.
Rhode Island	100% renewable energy electricity by 2033	Governor Gina Raimondo's 2020 Executive Order (20-01) requires the Office of Energy Resources to "conduct economic and energy market analysis and develop viable policy and programmatic pathways" to meet 100% of statewide electricity deliveries with renewables by 2030. 2022 legislation (H7277 SUB A) updates the state's RPS to require 100% of RI's electricity to be offset by renewable production by 2033.

New Hampshire	80% reduction in greenhouse gas emissions by 2050.	New Hampshire currently does not have formal legislation enacted under law governing the state's commitment to greenhouse reduction and other climate goal. However, New Hampshire's 2009 Climate Action Plan outlines the state's most recent, non-binding emissions targets: 80% reduction in greenhouse gas emissions by 2050, and the state participates in the Regional Greenhouse Gas Initiative, an effort from 10 states in the Northeast and Mid-Atlantic to reduce CO2 emissions.
Vermont	Vermont to obtain 90% of its energy from renewable sources by 2050 and reduce carbon and methane emissions by 50% by 2030	In 2020, the Vermont Legislature passed the Global Warming Solutions Act (Act 153 as Enacted), which created legally binding emission reduction requirements. In addition to the emission reductions required by the statute, the law also directs the Council to consider opportunities for long-term carbon sequestration and strategies for helping Vermont communities prepare for the impacts of climate change.
Source: Clean Energy States Alliance - Table of 100% clean energy states, Vermont Climate Council, New Hampshire Public Radio		

Appendix B: 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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