

2008 Community Lending Plan

Executive Summary

The 2008 Community Lending Plan addresses significant affordable housing and community development needs and potential market opportunities identified in the New England district and maps out the Bank's community lending goals for the calendar year. While the research conducted and needs identified in the Plan specifically address New England, these are representative of the challenges and obstacles facing affordable housing and community development nationwide. Overall, these challenges include the need for increased affordable housing production, addressing housing quality and affordability, as well as the corollary impacts of affordable housing on the economy.

Affordability and long-term sustainability of these housing and community development assets are paramount. Land use policies have considerable influence on housing production and these issues and consequently on the overall economy. Promoting new resources for housing and economic development such as the new markets tax credits and helping to expand the knowledge base and best practices of our members and community partners is a necessary complementary activity to the Bank's role as a wholesale funder for affordable housing and economic development. The 2008 Community Lending Plan does not seek to be a comprehensive analysis all of the housing needs but to highlight several and establish the Bank's plan to address those needs and trends.

Market Analysis

The affordable-housing and community-development needs of the region remain at a critical level throughout most of New England. This finding is based on data recorded in the Bank's *Tracking Report for the New England States' Consolidated Plans*, market conditions as reported in applications made to the Bank and discussions with members of the Bank's Advisory Council. It is also based on discussions with a number of organizations and research conducted by representatives of New England's other housing and community-development agencies and stakeholders. While some softening of housing prices and rental rates continues in the region, accessing affordable apartments and homes has become even more difficult for a greater number of New England families and individuals in most of the region. Overall housing producers and funding resources across the region are unable to keep pace with the increasing need for affordable housing.

Housing affordability is both a supply and demand problem. Increasingly the lack of adequate affordable housing poses a real impediment to economic growth in all six states and either directly or indirectly affects earners at all income levels. Reports published by the Federal Reserve Bank of Boston and others indicate that many businesses in all six states are unable to expand because affordable housing resources are not available. Similarly, those reports indicate that new companies are increasingly unwilling to locate in key areas of New England because those areas lack the housing resources needed for their employees. Workers are leaving several of the states due to the lack of proximate affordable housing. The inventory and quality of the

affordable housing stock is not keeping pace with demand. This challenge is further exacerbated because rehabilitation needs are increasing as our stock ages and the costs of producing new housing continue to rise. Consequently, land-use planning and long-term sustainability are two critical components of the housing affordability and production crisis.

The collapse of the subprime mortgage market, the rise of predatory loans and increases in foreclosures all have continued throughout 2007 and will continue to affect the economy regionally in 2008. This will pose an additional obstacle to affordable housing production and community development.

The States' Community Development Needs

Housing and Community Investment staff of the Bank researched the community development needs using primarily the state consolidated plans as well as additional sources, typically the Low Income Housing Tax Credit Qualifying Allocation Plans (QAPs). The states' Consolidated Plans are updated annually and written as rolling five-year needs assessments and plans. The QAPs are updated annually. The following is a state-by-state summary of this research.

Connecticut: The state of Connecticut generally has high median household incomes and rising housing prices, but also has a considerable difference between its rural and urban areas. Suburban and rural areas need affordable homeownership for moderate to low-income persons and affordable rental units are needed in the state's larger cities. Young, career-seeking people are leaving the state. The urban areas contain the highest unemployment rates but over the next ten years service industry jobs are expected to grow in the urban areas and create a demand for new housing. The homeless population is double the number of available housing resources. Special needs individuals and low-income elderly people are identified as needing additional housing resources. Foreclosures, predatory lending and the subprime mortgage market are drawing considerable attention from a variety of public and private stakeholders in the state and will continue to be a priority issue in 2008.

There are a number of efforts underway to meet these needs at the state level. The State continues to invest resources for the creation of permanent supportive housing as a solution to chronic homelessness. The State established a state-assisted housing sustainability fund of \$10 million for the repair of state moderate housing. In June 2007, the Connecticut state legislature approved statewide incentives to encourage municipalities to approve incentive housing zones to promote higher densities and affordable housing. This is similar to state-level incentives in Massachusetts and elsewhere.

(See State of Connecticut, Consolidated Plan For Housing and Community Development 2005-2010, Department of Economic and Community Development; Conn-Nahro 2007 Legislative Agenda; State of Connecticut, 2007-2008 Action Plan for Housing and Community Development, Department of Economic and Community Development; Connecticut Housing Finance Agency, Qualified Allocation Plan, 2007; Partnership for Strong Communities, HOME Connecticut, www.HOMERConnecticut.org)

Maine: Maine's population is growing slowly, with younger age groups experiencing a negative growth rate while the number of elderly is increasing rapidly. Housing prices since 1998 have outpaced wages three to one. This continues to be a primary obstacle for working families as well as the most vulnerable homeless populations. The lack of affordable housing in Maine's larger cities is driving away the workforce and hindering economic growth. The coastal areas attract wealthy seasonal residents who drive up the cost of housing and make it difficult for the average resident to live in those areas. The southern area of the state has experienced significant population growth further increasing the cost of the housing stock. More than 15,000 senior citizens are under the poverty line. MaineHousing reports that the number of homeless individuals has increased from 2006 to 2007. The state has sufficient emergency shelters but needs additional transitional and permanent housing. Older homes need renovation and code improvements. The state reports that it needs 22,317 family rental housing units.

MaineHousing continues to use their Housing Opportunities for Maine (HOME funds) to meet these needs and encourage housing production. Priorities include creating additional transitional, supportive, and rental housing for special needs populations, and rehabilitate substandard housing for families and elders. In addition, the Authority will assist working families to purchase their first homes and increase the overall supply of affordable rental housing.

(See Maine Consolidated Plan: Five Year Plan 2005-2009, 2006 Action Plan, Maine Department of Economic and Community Development and the Maine State Housing Authority; MaineHousing, Homeless Point in Time Report: January 30, 2007; MaineHousing: Housing Opportunities for Maine Fund (HOME). April 2007.)

Massachusetts: The Bay State has one of the most expensive housing markets in the nation and has numerous barriers for producing additional affordable housing including: slowly rising income levels, older housing stock, local zoning impediments and high land, construction and transaction costs. Massachusetts continues to be a leader in affordable housing and community development through M.G.L. Chapter 40B, and now 40R and 40S.

Over the past 15 years, the state has observed a decline in younger and educated residents, many who are being driven to live in other states by this state's high cost of living. Workforce and Employer Assisted Housing initiatives are gaining momentum. There are not enough shelters or transitional/permanent housing units to meet the homeless population's needs; there seems to be resurgence in initiatives and policy designed to end homelessness, starting with the recently appointed Council on Homelessness and Housing. As the number of elderly increase, the amount of supportive services will need to grow with the population. Residential opportunities for people with special needs meet less than half of the demand. Lead paint testing for existing units remains a high need.

The effects of the credit crunch resulting from the correction in the subprime lending market and foreclosures and predatory lending practices are generating concern among local and state government agencies, private financial institutions, federal and state regulators and community organizations. Local news reports highlight the negative impact of rising foreclosures on a number of neighborhoods, cities and towns in Massachusetts.

(See Commonwealth of Massachusetts, FY 2005-2009 Consolidated Plan, Department of Housing and Community Development; Commonwealth of Massachusetts, FY 2005 and FY2006 Action Plans For CDBG, HOME, HOPWA, and ESG,), Department of Housing and Community Development).

New Hampshire: Housing production is out of balance with the housing needs in New Hampshire. The state consolidated plan reports that communities are permitting and developers are building expensive owner-occupied homes while rental production remains low and rental housing stock is lost to condominium conversion. New Hampshire experienced the fastest population growth in New England which has worsened the affordability gap and is affecting more households across the income distribution. Over two-thirds of very low-income households and over 82 percent of extremely low-income households are facing high cost burdens. Housing prices for ownership and rental continued to outpace income growth. While prices and rents leveled off in 2007, overall costs are not expected to decline significantly given rising interest rates and utility costs.

The priorities identified in the consolidated plan and the 2008 draft Qualified Allocation Plan include affordable rental housing for very low- and low-income households, very low-income special needs, increasing the supply of housing for the homeless and homeless prevention efforts. Overall, 9,575 new housing units are needed annually. The QAP also highlights green development, production of housing in areas with large differences between market and tax credit rents, and family housing. The need for job creation efforts remains high in areas of the state with persistent high unemployment and lower incomes. Investment in basic infrastructure, notably water and sewer, remains a challenge for many municipalities.

New Hampshire Housing is also engaged in a public awareness campaign titled the “Housing Awareness Project” to provide information to citizens and elected officials on the states’ housing needs. This effort led to the development of the Workforce Housing Council. New Hampshire Housing will continue these outreach efforts to local communities and focus on exploiting existing resources and tools.

(See State of New Hampshire, Consolidated Plan 2006-2010, New Hampshire Housing; and State of New Hampshire, 2008 Qualified Allocation Plan for the Low Income Housing Tax Credit Program, August 16, 2007, Version 2.)

Rhode Island: Rhode Island continues to face a number of affordable housing and community development challenges. Rhode Island’s housing prices are rising rapidly, incomes are not increasing at the same rate and the population is moving away from the city and towards the suburbs, leading to urban decay and increased poverty in urban areas. Over the next ten years health care and social assistance jobs are expected to increase but there is a lack of residential growth for the new jobs being created. About 14 percent of Rhode Island’s residents work in other states where median income and housing costs are higher. The median price of a house in Rhode Island rose over 66 percent from 1998 to 2003. Based on discussions with various stakeholders, subprime lending and foreclosures became real challenges in the state in 2007 and

will continue for the near future. There is a significant need for affordable housing. Affordable units are needed for individuals with special needs. The existing housing stock is older with an estimated 249,356 houses contaminated with lead paint. Veteran's housing is also a priority.

Rhode Island Housing is establishing several priorities for the use of Low Income Housing Tax Credits to meet these needs. The 2008 draft Qualified Allocation Plan focuses on housing the lowest income residents, ensuring long term affordability, and developing in hard to develop areas. Smart growth, homeless housing, preservation of affordable housing, supportive housing, elderly, and rent-burdened households are also priorities in the QAP.

(See State of Rhode Island, Five-Year Consolidated Plan, Program Years 2005-2009; Rhode Island Housing, 2008 Draft Qualified Allocation Plan.)

Vermont: Vermont continues to face rising housing costs and modest wage gains coupled with many low wage jobs. Despite the cooling in the housing market in 2006 and 2007, home prices did not fall. The rental market continues to be tight. Disparities in affordability exist across counties; however, in most areas homeownership and rental costs place severe cost burdens on families. One in ten home owners pay more than 50 percent of income for housing and one in four renters pay more than 50 percent of income towards rent and utilities. As commute times lengthen, workforce assistance is becoming a priority. The population is aging, with an average age of just over 40, one of the oldest states in the nation. Assisted living and housing for special needs will continue to be an issue. The number of homeless individuals has been estimated at 4,000 for the past few years, one-third of which are families. The length of shelter stays has more than doubled since 2000.

(See Vermont Housing and Conservation Board and Vermont Housing Finance Agency, Between a Rock and a Hard Place: Housing and Wages in Vermont; Vermont Housing Finance Agency, Draft 2007-2008 Allocation Plan; Vermont Housing Finance Agency, Housing Matters, July 2007; State of Vermont, HUD Consolidated Plan for Housing and Community Development Programs, Volume 3 of 3, Strategy and Action Plan for Program Years 2005-2010 and Action Plan for 2006-2007, Department of Housing and Community Affairs, Agency of Commerce and Community Development.)

United States: Overall the issues identified above in New England pose similar challenges nationally. In its report *Out of Reach 2006*, the National Low Income Housing Coalition makes the case that the affordability gap is nationwide rather than simply a bicoastal problem: "...there is not a county in the country where a full-time minimum wage worker can afford even a one-bedroom apartment at the [fair market rents]" (*Out of Reach 2006*, 3). Moreover the report shows that four of the six New England states rank in the top ten of states with the highest housing wages (Connecticut, Massachusetts, New Hampshire and Rhode Island). The Joint Center for Housing Studies identified that housing affordability remains a critical issue and is affecting more households across the income distribution. The number of households spending more than half of their income on housing is rising rapidly. The number of households nationally

living in severely inadequate housing is growing. Both of these trends are worsened by stagnant and/or declining income growth especially among lower-income households.

The Joint Center also noted that in the short term the recession in the housing market coupled with the correction in the subprime lending market and rising foreclosures will continue to drag on the national and regional economies. In the long term however, the outlook for the housing market is positive because housing demand, fueled by immigration, is expected to be grow.

(See National Low Income Housing Coalition, Out of Reach 2006; and Joint Center for Housing Studies, State of the Nation's Housing 2006.)

Overall Needs and Trends

Based on this market analysis, the following needs remain the most critical:

- *An increased supply of affordable-housing units, particularly for certain population groups in specific markets.* The overall lack of affordable housing is consistently noted as a community-development need. The increasing amount of subsidy funds needed to fill the gap between the cost of housing and what low-and moderate-income families can afford is frequently cited as one of the biggest barriers to providing affordable housing. In some communities, the “all-in-cost” of building and rehabilitating housing significantly exceeds the appraisal value of the resulting units. It is now broadly recognized that the lack of affordable housing, combined with a tight labor market, is negatively impacting most of the region’s business development.
- *Rehabilitation of existing housing units, particularly in lower-income urban and rural areas.* Although the supply of adequate, safe, and affordable-housing units is a critical issue, in many communities the primary need is often for the rehabilitation of existing units. New England is characterized by an older housing stock often in mixed-use buildings, a significant portion of which is in need of repair.
- *Increased homeownership opportunities.* Homeownership is often seen as a key to community improvement and stability, with a variety of studies documenting the benefits of homeownership for families and children. Barriers to homeownership include the high cost of available units, high housing production costs and insufficient savings by potential homebuyers to make a down payment and cover the closing costs. The perceived inaccessibility of the mortgage process by potential minority homeowners contributes to the persistent disparity between majority and minority homeownership rates. The softening housing market, rise in foreclosures and the resulting credit crunch negatively affect homeownership rates and restrict future homeownership demand.
- *Foreclosures and predatory lending.* Rising foreclosures, the effects of predatory loans and the collapse of the subprime mortgage lending market has led to a credit crunch affecting the regional and national economies. Moreover, these have disproportionately negative effects on those communities hit hardest by foreclosures and the resulting negative economic and social

externalities (e.g. declining home values, increased crime, and increased homelessness). These challenges began in 2006, grew throughout 2007 and are expected to continue in 2008. These issues are of primary concern of both the Advisory Council and the Board of Directors. At many local and state levels throughout New England, regulators, lenders, advocates, government officials are working together to develop responses to predatory loans and foreclosures, proposing rescue loan products and homeownership counseling to help educate future homeowners.

- *Funds to support affordable housing development and preservation.* The availability of federal subsidy funds to support affordable housing development and preservation continues to decline. The federal New Markets Tax Credit Program (NMTC) continues to offer new resources for some affordable ownership housing development, community economic development and preservation activities. The development of a robust secondary market for such loans could help increase the availability of capital to meet these needs.
- *Rising energy costs.* There is an increased focus on improving systems and building infrastructure to help lower housing operating costs.
- *Lack of public and political awareness of the need for affordable housing.* In general, there is still a lack of public awareness of the need for additional affordable housing and the social and economic implications of the shortage.
- *Land use.* Awareness of the role of state and local land use decisions and restrictions on affordable housing production is growing. Advocacy efforts promoting smart growth, transit oriented development and inclusionary zoning are gaining momentum and uniting diverse constituencies e.g. environmental and housing advocates.
- *Improved coordination of available resources.* A frequent complaint is that the cost of housing development is more than it should be because local, state, and federal governments erect obstacles and add costs that many consider unnecessary and without significant benefit. Many costs are driven higher by delays, lengthy processing procedures, and local zoning policies well as “not-in-my-backyard” (NIMBY) opposition. The requirements of various funding programs may conflict and add additional costs to developers. Improved coordination among funders is needed to help facilitate housing production and community investment.
- *Funds to support economic development and job creation.* There is a perceived lack of loans, grants and equity funds available to smaller businesses, as well as start-up ventures. Access to the funds that are available is seen as overly complex. The federal NMTC is one potential resource because it brings additional equity and debt resources to businesses located in census tracts at or below 80 percent of area median income.
- *Expanded capacity for community-development corporations.* Perhaps the greatest barrier to community development is the sheer complexity of the tasks involved. Mergers and consolidations among financial institutions and local organizations, changes in staff and

accelerating technological change also contribute to this complexity. Education, training and identification of best practices remain vital. Training focused on best practices and funding resources such as Community Development Financial Institutions or NMTC have the potential to expand organizational capacity.

Status of Community Lending Plan Initiatives added in 2007

In 2007, the Bank celebrated its seventy-fifth birthday culminating with an affordable housing bus tour highlighting several of the successful community development initiatives funded through the Affordable Housing Program (AHP) in the City of Boston.

The Bank continued strong support of its long-standing and ongoing elements of this plan, including effective administration of the AHP, conducting the Seventh Annual Housing Development Competition, expanding the use of the internet-based and other technological resources in the use and management of the Bank's targeted programs.

Additionally, the Bank has continued its leadership role in quality design and regional "smart growth" issues. Web-based profiles, stories, two issues of *Tools*, groundbreakings, dedications, press stories, numerous presentations, speeches, and discussions continue to focus the Bank's promotion of the need for the preservation and development of affordable housing.

Specifically, the Bank proposed to undertake several initiatives in 2007. The status of those activities currently is as follows:

- 1) *The MIT/CRE Affordability Index Initiative:* The Bank has continued its support of the MIT/CRE Affordability Index to bring the entire family of affordability indices to life by year end 2007. When complete, the indices will replace largely anecdotal ways of determining whether a community is becoming more or less affordable, will sharpen needs assessments and help focus scarce resources. These indices will help the Bank expand its market research into local, state and regional housing and community development needs and opportunities. Ultimately these indices may help inform future funding priorities.
- 2) *Successfully implemented a new AHP Regulation:* In October 2006, the Federal Housing Finance Board issued the new AHP regulation effective January 1, 2007. The Bank has amended its AHP Implementation Plan and all of the corresponding policies and procedures within the Housing and Community Investment department (HCI) to administer the AHP and EBP. The Bank notified all stakeholders of the regulatory change and provided the education and technical assistance for members and sponsors necessary to achieve a successful implementation of the new regulation. HCI is continuing its work to devise a risk-based monitoring system for long-term monitoring of AHP rental initiatives. This risk-based monitoring system will be implemented beginning in January 1, 2008.
- 3) *Build on the Bank's Reputation for effective forums:*

- a) *New Markets Tax Credits*: Based on the success of our 2006 webinar on NMTC developed by the National Development Council, the Bank repeated this seminar in December 2007. Just as we have done in the past, this webinar may be recorded and the materials will be available to member financial institutions on the Bank's web site in the Learning Portal.
 - b) *Subprime Lending and Foreclosures*: Throughout the year, the Bank has participated in regional taskforces concerning predatory lending, the subprime mortgage market and rising foreclosures. The Bank sponsored an anti-predatory lending forum on June 12, 2007 with the Housing Development Fund of Lower Fairfield County (CT).
 - c) *Public and Private Lenders: Cooperation for Success*: In November 2007, the Bank sponsored this forum with the Nonprofit Finance Fund to help our members identify new business lending opportunities with nonprofits and Community Development Financial Institutions.
 - d) *Smart Growth Leadership Forum*: In November 2007, the Bank continued co-sponsorship of this forum along with the Lincoln Land Institute, Northeast EPA, the University of Massachusetts Lowell, and the Boston Society of Architects.
 - e) *Energy-Efficiency/Green Building*: The Bank sponsored the Building Energy 2007 conference in Boston in March 2007.
- 4) *Affordable Housing Development Competition*: The Bank and CHAPA founded this event in 2000. The Boston Chamber of Commerce and Kevin P. Martin & Associates, P.C. agreed to become new sponsors beginning in 2006 and their participation has continued this year and is expected for 2008.

In 2007, the Bank continued its practice of hosting multiple training sessions and webinars on how to access the AHP, Equity Builder Program (EBP) and Community Development Advances (CDA). This has included introductory webinars and trainings about AHP, EBP and CDA as well as a webinar to help members successfully participate and fulfill their regulatory obligations under the EBP program.

The Bank continued the Grants for New England Partnerships program (GNP). This year, GNP funding totaled \$25,000. The Bank awarded \$1,000 grants to 25 nonprofit organizations on behalf of its member institutions who submitted a successful application to one of the housing department's three regulatory-mandated community investment programs (AHP, EBP and CDA) for the first time in 2007.

The Bank also sustained its sponsorship of the New England Housing Network.

New Community Lending Plan Initiatives in 2008

In 2008, the Bank plans to expand specific previous initiatives and undertake several new initiatives as follows:

1. Continued operation of MIT/CRE Affordability Index Initiative: The Bank will continue to support the MIT/CRE family of affordable indices and begin to use these to expand its research into the community development needs, constraints and opportunities across New England.
2. Implementation of the AHP risk-based monitoring system: Beginning January 1, 2008, the Bank anticipates announcing a new risk-based monitoring system for long-term monitoring of rental initiatives in the AHP. The Bank will revise the 2008 Implementation Plan and all of its internal procedures and controls for successful continued administration and regulatory compliance of the AHP and EBP.
3. Build on the Bank's reputation for effective forums: Conduct at least two specialized forums at the Bank in 2008:
 - Sustainability Forum or a session focused on an aspect of sustainability, smart growth, green building, and/or using land-use tools to encourage housing production.
 - A forum for members where, using the “Don’t Borrow Trouble” model, we discuss and develop foreclosure/gap strategies. This could include a webinar and/or group luncheons and involve other trade associations. Alternatively, the Bank may sponsor a forum or webinar addressing rescue products and other interventions.
 - Supportive housing—the Bank will investigate hosting or sponsoring a forum about best practices for supportive housing development. The Bank’s 2007 Advisory Council Annual Report will focus on supportive housing initiatives. Supportive housing includes assisted living, housing for people with disabilities, homeless housing/housing first initiatives are receiving increased funding priority at the federal and state levels.
 - Continue co-sponsorship of the Smart Growth Leadership Forum, along with the Lincoln Land Institute, Northeast EPA, the University of Massachusetts Lowell, and the Boston Society of Architects.
 - Workforce housing—the Bank will investigate hosting or sponsoring a forum around workforce housing.

- Research and pursue sponsorship of additional conferences to highlight affordable housing development challenges such as energy efficiency and green building or other issues.
 - The Bank will explore sponsorship of the Density 3 conference as part of Build Boston in November of 2008.
4. The Bank will explore research opportunities regarding the utilization of tax exempt bond capacity in connection with the four percent Low Income Housing Tax Credit Program in an attempt to quantify its net affect on the production of affordable housing. At the completion of the research, the Bank may convene a forum of industry practitioners to present and discuss the findings.
 5. Provided funding is available, the Bank will investigate membership in the Green Building Finance Consortium. The mission of the consortium is to enable the private real estate sector including lenders and developers to assess the value and risk of investment in Sustainable Buildings from a fiduciary perspective.
 6. Provided funding is available, the Bank will investigate supporting the development of a foreclosure prevention program through the Sustainable Homeownership Center of the Ecumenical Social Action Committee (ESAC) or other organizations.

Furthermore the Bank will continue to sponsor its regular series of pre-AHP application educational and technical assistance forums for members and sponsors, but will provide more web-based training venues and hold its training sessions as practicable in concert with other programs' training activities.

The Bank will also continue to sponsor the New England Housing Network.

Continued Support of the Bank's Ongoing Current Strategies and Initiatives

- *Continue to effectively administer the AHP*

The AHP continues to be an important source of affordable housing funding across New England. Applications for funding in current rounds still significantly exceed available funding. The Bank will continue to pursue increased efficiency through administrative and technological improvements in order to ensure that the AHP continues as a valuable resource for affordable-housing development. The Bank will continually review its database of developments in order to provide models of successful affordable housing development to members and community-development organizations throughout New England. The Bank also intends to continue to build upon the success of the Homeownership Set-aside Program (the Equity Builder Program — EBP), also a component of the AHP.

- *2008 Affordable Housing Development Competition*

The Bank expects the participation and sponsorship of CHAPA, the Greater Boston Chamber and KPM to continue in 2008. The Bank will explore expanding participation

of other colleges and universities as well as the Boston Society of Architects and the Boston Architectural Center. The Bank also expects to remain as the primary sponsor of the competition in 2008, subject to the availability of funding and approval by the Bank's board of directors.

- *Continue the use of the Internet as a training tool and as a way to make the use of Bank resources more efficient*
During 2008, the Bank will continue to expand the use of descriptive articles, case studies, and profiles to illustrate the use of Bank resources in the provision of affordable housing and community economic development. The Bank will continue to increase the ease and efficiency of its dealings with members and others by providing additional electronic access to forms, applications and reports. Also, the Bank will expand its use of the learning portal.
- *Maintain a leadership role in quality design, sustainable design, and regional "smart growth"*
The economic growth of New England is critical to the success of the Bank and its member institutions. A key to sustainable economic growth is quality design and a balanced approach to development that preserves the physical character of New England while encouraging a growth in jobs and needed infrastructure. In 2008, the Bank intends to continue to encourage discussion and implementation of "smart growth" principles in New England communities and continue its specialized forums and regular training activities (see above).
- *Promote the need for the preservation and development of affordable housing*
During 2008, the Bank will continue to cooperate with other New England housing and development agencies to promote an understanding of the social and economic benefits of affordable housing.
- *Use the CD Consults to promote the Community Development Advance*
The Bank will continue to work with members using the Community Development Advance by focusing its discussions with them through the Bank's Community Development Consultation (CD Consult) program. CD Consults, provided through the Bank's Relationship and Account Managers and Community Investment Managers, assist members in the use of the Bank's products for housing, small business, infrastructure and community development lending. The Bank will continue to build upon the success of the consultation program with individual members and development agencies on specific proposals to be funded with Bank advances generally and targeted programs.
- *Expand the housing and community investment research goals of the Bank*
The Bank monitors and analyzes trends and issues in the fields of affordable housing and community development lending. One of the tools used is the periodic review of the Consolidated Housing Plans of the New England states. HCI will continue to expand this review to include additional planning documents and market research. The Bank and the

Advisory Council will use this research in the development of program priorities, training initiatives and planning activities.

- *Continue the Grants for New England Partnerships program*
Based on the availability of funding, the Bank will continue to use the GNP to highlight the partnerships between our member financial institutions with community organizations to meet the needs of their communities.
- *Continued development of a program to facilitate use of the New Market Tax Credits as a financing tool for affordable housing and community economic development*
The Bank will continue to build on its previous forums created to help members and other stakeholders use New Market Tax Credits. The Bank will work with Coastal Enterprises, Inc. to develop a pilot program highlighting the opportunities for member financial institutions to lend and invest in community development entities using in part the Community Development Advance as a wholesale funding source.

November 8, 2007