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# 2012 Community Lending Plan

## Executive Summary

The Federal Home Loan Bank of Boston 2012 Community Lending Plan identifies affordable housing and economic development needs and challenges impacting the many communities which our shareholders serve. The Federal Home Loan Bank of Boston will continue to work in partnership with our member shareholders, providing liquidity and financial products and services, including the targeted housing and community investment programs, to support housing finance and economic growth.

Uncertainty in the housing market and the overall economy will continue throughout 2012. Unemployment and unstable job growth present ongoing obstacles to economic growth in communities across New England and the nation. The large inventory of foreclosed, real estate-owned, and abandoned properties poses a number of challenges for communities and residents including blight, falling home values, rising rents, homelessness. One consequence of the recession is the need for affordable housing is growing. Preservation of existing affordable units and the production of new homes and apartments are critical. Potential future changes in banking and the residential mortgage market as a result of forthcoming financial services reform will also affect the ways community banking is conducted and how financial institutions are able to respond and participate in community investment.

Community development responses include finding opportunities for lending and investment, for example, in affordable housing, job creation, small businesses, and other community initiatives. To do so requires facilitating and strengthening partnerships with and among our member shareholders, housing finance agencies, community development financial institutions, as well as nonprofit and for-profit organizations.

## Regulatory Requirements

Federal regulation 12 CFR 944.6 requires that each Federal Home Loan Bank develop a community support program. The 2012 Community Lending Plan is an integral part of the FHLB Boston's program and, as such, also codifies the FHLB Boston's community support program overall. For more information please refer to Appendix D.

This Plan is structured in the following manner:

1. Executive Summary and Regulatory Requirements
2. Market Analysis and Research—Identifying Regional Affordable Housing and Community-Economic Development Needs
3. The FHLB Boston's Response to Housing and Community-Economic Development Needs
  - a. 2012 Community Lending Plan Priorities and Initiatives
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4. Quantitative Targeted Community Lending Performance Goals for 2012
5. Appendix A: State by State Market Research

6. Appendix B: Summary of State Priorities as Identified in the Low Income Housing Tax Credit Qualified Allocation Plans for New England
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## **Market Analysis and Research—Identifying Regional Affordable Housing and Community-Economic Development Needs**

*Priority: Affordable housing development and preservation remain essential for successful community building, preservation, and revitalization.*

### **The affordability challenge has worsened as a result of the Great Recession and is being felt across a wider range of demographic categories and income levels.**

The Joint Center for Housing Studies (JCHS) reports that more households are severely cost burdened, paying more than half of their income for housing, including more middle income households. Overall the economic dislocation has caused significantly higher rates of unemployment and foreclosures, reducing and destabilizing home prices, all resulting in a significant loss of household wealth. (JCHS, *State of the Nation's Housing: 2011*). The Joint Center also reported that, “while severe housing cost burdens are still concentrated among those in the bottom fifth of the household income distribution, over the last decade the number of renters even in the next two higher quintiles facing such burdens increased by one million households.” (JCHS, *America's Rental Housing, Meeting Challenges, Building on Opportunities*, 2011)

The Department of Housing and Urban Development (HUD) identified that the number of renters with worst-case housing needs jumped 20 percent to 7.1 million from 2007-2009. 41 percent of the 17 million very low-income renters had worst-case housing needs in 2009. 39 percent of the increase in worst-case housing needs is occurring in families with children. (HUD, *Worst Case Housing Needs 2009 Report to Congress*)

The income needed to afford housing remains higher in many parts of New England. The National Low Income Housing Coalition reports in its annual *Out of Reach: 2011* study on the median hourly income needed to afford the two-bedroom fair market rent across states, metropolitan and non-metropolitan areas. Connecticut (\$23.37), Massachusetts (\$23.25), New Hampshire (\$19.76), Rhode Island (\$19.16), and Vermont (\$19.04) all exceed the national average (\$18.76). The non-metropolitan areas in Massachusetts, Connecticut, New Hampshire, and Vermont all rank among the highest housing cost/housing wages needed among non-metropolitan areas. Maine comes below the national average (\$16.18) but still ahead of most other states. Comparatively, the estimated median hourly renter wage nationally is \$13.52. That many communities across New England remain some of the least affordable is a trend which has persisted for quite some time, as noted in previous Community Lending Plans.

One essential response to the affordability challenge is to preserve the existing affordable housing supply as homes and apartments are lost to aging stock, “expiring uses”, or dilapidation

resulting from unmet capital needs. The National Housing Trust notes that in New England 1,076 Section 8 contracts will expire before the end of the federal fiscal year 2014, representing over 67,000 Section 8-assisted units. Federally-assisted public housing has extensive capital needs. Two studies, one by HUD (HUD, *Capital Needs in the Public Housing Program*, 2011) and a second by Apt Associates (Apt, *Capital Needs in the Public Housing program Revised Report*, 2010) highlight the immediate (\$26 billion) and long term capital needs (approximately \$89 billion) to maintain and improve existing public housing. More immediately current and pending federal budget cuts to HUD may negatively reduce existing and future capital and operating reserves (NERC/NAHRO, 2011)

Non-federally-assisted affordable housing is at risk of being lost as well. Aging and undercapitalized buildings fall into disrepair, are harder to rehabilitate, and may be abandoned resulting in permanent loss of those units. Non-federally assisted affordable housing is the great majority of the affordable housing supply. Often rental income is insufficient over time to generate enough income to repair and replace this housing. Recapitalization occurring as a result of gentrification also removes affordable units. (JCHS, *America's Rental Housing*, 2011) Additional policy efforts to encourage rehabilitation and preserve this stock are also needed.

Encouraging new housing production, both in terms of single-family and multifamily development, is also needed to address the affordability challenge. Single-family housing permits in New England (-16.2 percent) have fallen more than the nation (-5.6 percent) on a year-over-year basis to May 2011. Multifamily permits are increasing dramatically and are “consistent with a demand shift in favor of rental housing in the wake of the foreclosure crisis.”(The Federal Reserve Bank of Boston, *New England Economic Snapshot*, August 2011)

**The changing shape of the housing finance marketplace will affect how residential lending, affordable housing and economic development investments are made.**

Ongoing national and state-level policy initiatives will continue to impact the housing finance marketplace and the results are not yet fully known. Federal financial services reform (Dodd-Frank) will shape how residential credit is made available, the structures of new credit, as well as cost. Qualified Residential Mortgage regulations (QRM) may redefine the types of mortgage products available. How this will affect affordable housing builders and investors as well as future low-income home buyers is not known.

**Ending homelessness, especially chronic homelessness, is a regional and national priority.**

Unemployment and foreclosures have helped to push more families into risk of homelessness. Homelessness in Connecticut, for example, has increased by eight percent from 2009 to 2011, with a particular rise in family homelessness. Similar statistics are observed in other parts of New England. Homelessness in many rural communities remains a growing and less visible need. More and more often, states and municipalities are responding with comprehensive strategies to end homelessness, using Housing First models of service delivery.

*Priority: Unemployment, job growth and retention, and small business development are critical economic development priorities across New England.*

**Job growth and economic recovery are uncertain.**

High unemployment rates across New England are likely to persist through 2012. Nationally the unemployment rate remains above 9.0 percent during the second quarter of 2011 and is expected to continue or increase. Rhode Island continues to lead the nation at 10.8 percent unemployment; unemployment in Connecticut is also at 9.1 percent. Unemployment rates in the remainder of New England are lower (Maine-7.8 percent; Massachusetts-7.6 percent; New Hampshire--4.9 percent; and Vermont--5.5 percent.) (United States Bureau of Labor Statistics, *The Employment Situation-July 2011*) Job growth and unemployment will vary within New England, but, overall, is expected to lag behind the national average. New Hampshire is expected to have the highest employment growth while Connecticut should experience the least growth. (New England Economic Partnership, May 19, 2011)

Another characteristic of unemployment is that more unemployed are remaining unemployed for longer. The Center on Budget and Policy Priorities (CBPP) reported that as of July 2011 more than 40 percent of the unemployed had been out of work for four months or longer. Unemployment also varies across ethnic groups with higher rates above the national average (9.1 percent) for African Americans (15.9 percent) and Hispanics/Latinos (11.3 percent). (CBPP, *Statement by Chad Stone, Chief Economist, On the July Employment Report*, August 5, 2011)

Labor force participation is also decreasing (63.9 percent in July) and while job growth is occurring, it is not keeping pace with population growth. (CBPP, *Statement by Chad Stone*; Federal Reserve Bank of Boston, *New England Economic Snapshot*, August 2011)

Total household income has fallen significantly as a result of the 2007-2008 recession and recent events in the middle of 2011 indicate that household income growth will be limited, if not negative, across all income levels. Income inequality and income concentration will also continue a longer term national trend. (CBPP, *Tax Data*, October 21, 2010)

**Small businesses constitute an important part of local economies.**

The Great Recession has impacted small businesses dramatically; roughly 60 percent of all job losses in 2009 were concentrated in small firms. Self-employment also declined in 2009. (SBA, *The Small Business Economy: A Report to the President*, 2010). Small businesses represent a core component of the economic base of local economies, providing jobs and local services for and in their communities.

**Demographic changes including immigration, the aging of the population, and population loss present both challenges and opportunities for communities.**

Declining populations, especially the loss of young professionals and families as well a generally aging population, make job retention and expansion more difficult for employers. Persistent unemployment and underemployment can negatively affect household formation and household demand among young adults. This is a frequent concern throughout New England, as noted in state consolidated plans and other reports. These effects can be more pronounced in rural communities.

Immigration and changing ethnic composition of many communities may present short term challenges but also influence longer-term housing demand. Unfortunately, growth in foreign-born immigration and households slowed during the 2000s. Combined with lower overall household incomes, the trends and predictions for household demand are uncertain. (JCHS, *State of the Nation's Housing: 2011*)

**Disaster Recovery and Investment in physical infrastructure** In 2011, a significant number of communities across New England suffered extensive damage to existing housing stock, businesses, civic buildings, and public infrastructure (e.g. roads, bridges, water/sewer, and utilities) as a result of severe storms and flooding from events such as Hurricane Irene. Communities of all types, for example, coastal Connecticut, Springfield, Massachusetts, or rural towns in Vermont were affected. Short-term and long-term recovery assistance is needed, complementing state and federal disaster assistance. Disaster recovery will affect the direction of public and private investments needed to rebuild and replace lost homes, including manufactured housing, businesses, and public infrastructure.

In addition to recovery from disasters, public and private investments in roads, utilities, and educational facilities remain critical and are fundamental for economic development. Expanding broadband access is cited as a needed economic development investment for rural areas.

*Priority: Foreclosures pose continued and multifaceted challenges across New England.*

**Foreclosures affect both housing supply and housing demand.**

The persistence of foreclosed housing stock can dampen housing prices and home buyer demand. Foreclosed properties also represent both a significant challenge and opportunity for the housing supply as policymakers consider how to move these foreclosed and abandoned properties back into productive use.

- The Federal Housing Finance Agency reports that U.S. house prices fell in the first quarter 2011 (5.5 percent reduction year over year). (FHFA, *House Price Index Falls 2.5 Percent in First Quarter 2011*, May 25, 2011)
- S&P/Case-Shiller Home Price Indices indicate some modest monthly gains during the second quarter of 2011 (roughly 1 percent monthly increases in April and May). Year over year data shows that in most metropolitan areas, housing prices still had dropped. Any gains may be seasonal. House prices in the Boston metro area are down 3.2 percent from May 2010. (*S&P Indices*, July 26, 2011)
- Foreclosures persist and the high number of foreclosed units and properties remains a fundamental challenge for the housing sector and community development and revitalization. Realty Trac reports that foreclosure activity is slowing in many areas due largely to the judicial processing; the slowing process will only result in continued dampening of house prices and obstruct any housing recovery. (Realty Trac, *84 percent of U.S. Metros Post lower Foreclosure Activity in First Half of 2011*, July 26, 2011)
- With over 7.8 million foreclosure proceedings initiated since 2007 and roughly 2.2 million loans are currently in process, this has led to a high number of vacant, abandoned, and blighted properties in many communities. (JCHS, *State of the Nation's Housing: 2011*)

- While foreclosures are proportionately less in New Hampshire and Vermont, many communities in New England, especially Rhode Island, Connecticut, and Massachusetts, are affected.
- Foreclosures are also impacting multifamily buildings affecting both owners and renters.

**Facilitating affordable homeownership opportunities remains important but will continue to be difficult in the changing marketplace.**

As a result of the recession, the homeownership rate continues to decline as the market and communities adjust to higher unemployment levels, job insecurity, and the presence of many foreclosed and real estate-owned properties. As of mid 2011, the national homeownership rate had declined to 66.9 percent. Homeownership will continue to be an important housing choice for many households. Making homeownership affordable involves the availability and affordability of mortgage lending, homeownership counseling, and homeownership development, both rehabilitation and new construction. As the market changes, this will impact the types of mortgage products available, the costs of developing for-sale homes, and the availability of credit and homeownership counseling.

*Priority: What we build, where, how, and why matter. Energy-efficiency and sustainable development building practices are growing priorities locally and regionally.*

**Smart growth and sustainable development must be integral to the policy solutions to meet the affordable housing and economic development needs in New England.**

Zoning and land use decisions fundamentally shape how land and resources are used and to what extent housing is located near job centers. Development patterns persist over time. Continued transportation-, energy- and utility-cost volatility point to the need for more sustainable, energy-efficient buildings (e.g. housing, businesses, civic institutions) and transit-oriented development in both urban and rural settings, leading to increased demand among residents, builders, and investors for more energy-efficient buildings.

*Priority: Maintenance of collaborative relationships with the state housing finance agencies and other agencies and partners remains critical to meet changing housing and economic development needs.*

**Federal and state resources will continue to be in high demand and may be decreasing over time.**

In 2012 and going forward, continued recession or unstable economic growth will negatively impact federal, state, and local government resources available for affordable housing and economic development. Several states such as Rhode Island are struggling with state budget shortfalls, necessitating cuts in programs and services. Other states, like Connecticut, are taking action to recommit new bond funding and other state resources for housing development in order to stimulate community revitalization and growth. At the federal level, current and future budget cutting could impact funding for a range of housing and other programs, such as HOME funds, Community Development Block Grants, or homeownership counseling. As funding becomes scarcer, collaboration among funders and other stakeholders to find new ways to finance community development will become more important.

**Expanded capacity for nonprofit development and social service corporations is necessary in order to respond to community needs.**

Nonprofit developers and service providers, including community development corporations, are among the hardest hit segment in this economy as funding opportunities are lost, investors retreat, and housing projects stall. Risk-sharing, other avenues to provide guarantees or enhance credit as well as pre-development/bridge financing are needed so that these organizations are able to continue their development pipeline, serve their communities, and stay in business.

**The FHLB Boston's Response to Housing and Community-Economic Development Needs**

The FHLB Boston has and will continue to respond to the credit and community-development needs and market opportunities identified above. The following section details the targeted priorities chosen from these needs, the responses and initiatives planned and considered for 2012, and the FHLB Boston's ongoing strategies and initiatives.

*2012 Community Lending Plan Priorities and Initiatives*

The FHLB Boston has identified the following priorities below and will focus on these critical community development issues through a range of outreach efforts, such as collaboration with other institutions and stakeholders, educational meetings and webinars, sponsorships, and through its Community Investment programs. The FHLB Boston will build on its 2010 and 2011 outreach efforts to help our members identify business opportunities, including lending and investment opportunities, in affordable housing and community-economic development in 2012, based on the interests of members and community stakeholders, and the availability of funding.

1. *Affordable housing development and preservation including expiring use initiatives, lending and investment opportunities in LIHTC projects, as well as other financing (e.g. bonds, New Market Tax Credits)*
  - a. Develop or sponsor additional forums and networking events to address preservation/recapitalization of expiring use properties, expand and continue forums addressing the LIHTC market and opportunities for our member financial institutions, and/or educational meetings on other financing mechanisms;
  - b. Critical District housing need: affordable housing preservation will remain a component of the AHP scoring category Second District Priority in the 2012 AHP Implementation Plan; and
  - c. Continue to sponsor the New England Housing Network.
  
2. *Unemployment, job growth, and small business development*
  - a. Explore sponsorship of or host forums focusing on the challenges and business opportunities for member financial institutions to invest in job retention/growth strategies, and providing financing for small businesses, municipalities, and nonprofits. This may also include activities related to disaster recovery;

- b. Continue to offer the Community Development Advance program as an economic-development funding mechanism; and
    - c. Explore research and other options to identify risk-sharing mechanisms, guarantees, or other credit products to help small businesses and nonprofit housing developers.
3. *Foreclosure response and neighborhood impacts, including efforts to rehabilitate existing foreclosed and REO properties, address prevention and stop foreclosure-rescue fraud*
  - a. Pursue additional member and sponsor forums; and
  - b. Critical District housing need: foreclosure response will be a component of the AHP scoring category Second District Priority in the 2012 AHP Implementation Plan.
4. *Energy and sustainable development issues related to housing and businesses, including lending and investment opportunities in green building, transportation, utilities, energy, and financing (e.g. bonds or federal tax credits)*
  - a. Critical District housing need: smart growth and sustainable building technologies will be the focus of the AHP scoring category Community Stability in the 2012 AHP Implementation Plan;
  - b. Focus on affordable housing design and sustainable development with the 12<sup>th</sup> annual Affordable Housing Development Competition;
  - c. Continue to sponsor the Smart Growth Leadership Forum, along with the Lincoln Institute of Land Policy, northeastern office of the U.S. Environmental Protection Agency, the University of Massachusetts Lowell, and the Boston Society of Architects; and
  - d. Continue to sponsor the Capital Markets Partnership Sustainable Development Initiative.
5. *Maintenance of collaborative relationships with the state housing finance agencies and other agencies and partners*
  - a. Seek to expand our collaborative efforts with the six New England state housing finance agencies, state housing departments, and community development financial institutions;
  - b. Explore opportunities to coordinate training events with housing finance agencies to help members and stakeholders access affordable housing and community-economic development funding sources, including the programs/products of the FHLB Boston; and
  - c. Explore the potential for funding opportunities with the housing finance agencies as market conditions present themselves.

### *2011 Community Lending Plan Results*

Appendix C summarizes how the FHLB Boston fulfilled the goals and objectives of the 2011 Community Lending Plan.



*Ongoing Strategies and Initiatives*

**Continue to effectively administer the Affordable Housing Program, Equity Builder Program, and Community Development Advance Program.**

The FHLB Boston will continue to pursue increased efficiency through administrative and technological improvements in order to ensure that these programs continue as valuable resources for affordable-housing development. The FHLB Boston will continue to review its database of developments in order to provide models of successful affordable housing and economic development to members and community-development organizations.

**Use Community Development Consultations with members to raise awareness of community needs and business opportunities and promote the Community Development Advance.**

The FHLB Boston will continue to work with members through the CD Consult program. CD Consults, provided through the FHLB Boston's community investment managers and relationship and account managers, educate and assist members in the use of the FHLB Boston's products for housing, small business, infrastructure, and community-development lending. The FHLB Boston will continue to build upon the success of the consultation program with individual members and development organizations on community needs and/or specific proposals to be funded with FHLB Boston advances and targeted programs.

**Offer standby and confirming Letters of Credit for targeted residential housing finance and community-lending activities.**

The FHLB Boston is authorized to issue standby or confirming Letters of Credit (LOC) on behalf of members to assist in facilitating targeted residential housing finance and community-development activities under the Community Development Advance program.

**Continue the use of the Internet and other resources/publications as communications and training mechanisms to help members and stakeholders efficiently use FHLB Boston programs.**

During 2012, the FHLB Boston will continue to expand the use of the online housing and community investment newsletter, descriptive articles, case studies, and profiles on the FHLB Boston's website, the *OnSite* (online) and *Results* magazines to illustrate the use of FHLB Boston resources in the provision of affordable housing and community economic development. The FHLB Boston will use internet-based trainings and other avenues to communicate and educate our members.

**Continue to help identify new trends and issues in affordable housing and community-development lending.**

As a regional wholesale bank and affordable housing/community-economic development funder, the FHLB Boston has the opportunity to learn about new trends, best practices and issues in the fields of affordable housing and community-development finance. The Housing and Community Investment staff of the FHLB Boston will continue to develop this knowledge base and relationships through its work with members and stakeholders, research, professional development education, and representation at a range of trade conferences. FHLB Boston will maintain and seek to expand affiliations with organizations such as the Citizens' Housing and

Planning Association (CHAPA), the New England Housing Network, the Connecticut Housing Coalition, Housing Works Rhode Island, the Partnership for Strong Communities, and other regional and statewide community-development organizations. FHLB Boston staff will use this information and work with the Advisory Council to help guide the development of future program priorities, training initiatives and planning activities.

**Continue the Grants for New England Partnerships program (GNP).**

Based on the availability of funding, the FHLB Boston will continue to use the GNP to highlight the partnerships between our member financial institutions and community organizations to meet the needs of their communities.

**Quantitative Targeted Community Lending Performance Goals for 2012**

In 2012 based on market conditions, the FHLB Boston will establish three quantitative performance goals:

1. Achievement of at least three outreach activities in one or more of the five primary priorities for 2012 or other community development priorities based on the interests of members and community stakeholders and the availability of funding;
2. Maintaining overall member participation in the outreach activities and utilization of the targeted community lending programs consistent with 2010 and 2011 levels,
  - A subcomponent of this effort will focus on increasing the participation by at least 10 members who have not recently participated in an outreach activity or accessed the community lending programs; and
3. Incorporate changes into the Affordable Housing Program to facilitate broader participation by Community Development Financial Institutions or other loan funds, explore strategies to help members access Community Development advances to support lending and investment in Community Development Financial Institutions or other loan funds, and continue to research new community-investment programs or products to expand capital for affordable housing and economic development.

Specifically, FHLB Boston will measure both the overall utilization and product penetration for the current membership as well as new members accessing these products, programs, and outreach efforts in 2012.

FHLB Boston staff will actively use the outreach and education tools available to achieve these goals, including the CD Consult program, funding strategies, training programs, and examples of successful initiatives.

## 2012 Community Lending Plan — Appendix A

### State by State Market Research

#### Connecticut

Connecticut, much like the other New England states, continues to be plagued with high levels of unemployment and foreclosures. Connecticut also suffers from wage and income inequality, which exacerbates the housing burden in many communities. Similarly, although unemployment across the state averages at 9.1 percent, unemployment has impacted some communities more severely than others, such as the Waterbury area which has 12 percent unemployment. Danbury has the lowest unemployment at 7.3 percent.

Research indicates there is a growing income equality problem in Connecticut. Household income is not only unequally distributed, but the inequality has been growing over the past several decades, according to the State's 2010-2015 Consolidated Plan. In addition, Connecticut has an aging population; and Connecticut youth are not staying in state. If current trending continues, it is estimated that the over 65 population (currently 14 percent of the overall population) will rise to 22 percent of the population by 2030. This will exacerbate the already existing shortage of skilled workers. Connecticut has identified the "Brain Drain" as one of the state's pressing issues, stating that since 2000 "Connecticut has lost a higher percentage of its 25 to 34- year old population than other state in the nation".

Both rental and ownership housing remains out of reach for much of the state's population. The Partnership for Strong Communities published a recent report stating that 112 of 169 cities and towns that were unaffordable based on the state's median income. In 2010, while household income across the state declined by 3.5 percent, housing prices actually increased by 4 percent statewide. Rental housing remains unaffordable to many as well. The National Low Income Housing Coalition ranked Connecticut the seventh most expensive rental market in the nation. Across the state, it is estimated that 36 percent of homeowners and 48 percent of renters are cost burdened.

New production is not keeping pace with demand. 67,888 to 75,893 units were anticipated to be needed from 2006-2015 to meet growing needs. State planning officials have prioritized "making housing investments that support responsible growth and the efficient use of existing infrastructure investments." Housing mobility and choice across income levels are a key priority in state planning documents. The state is also the recipient of a \$3.5 million HUD Sustainable Communities grant, in partnership with New York State to support more livable and sustainable communities, including transit oriented development and neighborhood sustainability projects. Foreclosure continues to weigh heavily on the state's resources; foreclosure deed filings increased by 29.3 percent from 2009 to 2010 resulting in 6,582 foreclosures. Neighborhood Stabilization Funds in the amount of \$25 million have been allocated to the state to address the foreclosure crisis.

Preservation of existing affordable housing resources continues to be a priority. The Connecticut Department of Economic and Community Development indicates that over the next 10 years, 19,000 assisted units will lose their affordability and will require capital investment. Of these, 8,800 units will lose affordability from 2012 to 2015. The state housing portfolio is also under stress. The Connecticut Housing Finance Authority portfolio has a projected \$202 million worth

of physical needs for 13,000 units. Eighteen percent of the capital needs or \$36 million represent needed energy-efficiency retrofits and improvements.

Connecticut has worked aggressively to implement a housing-based, not shelter-based, approach towards homelessness through the Homeless Prevention and Rapid Re-Housing Program (HRPP) federal funding. The Connecticut Point in Time count taken in the last week of January 2011 revealed sobering statistics. Homelessness in the state increased 8 percent between 2009 and 2011. Family homelessness has increased sharply as well, up 15 percent between 2010 and 2011. 37 percent of the families surveyed said domestic violence contributed to their homelessness. The survey also found 696 homeless individuals were unsheltered, sleeping outdoors or in abandoned buildings; a 38 percent increase since 2009. Chronic homelessness increased 26 percent among adults without children; these individuals have a high likelihood of mental, physical or developmental disability.

### **Maine**

Maine's housing priorities continue to include preservation and rehabilitation of existing affordable units, elderly, homeless, low-income, and workforce/family housing. One-third of Maine senior homeowners and two-thirds of Maine senior renters have incomes below 50 percent of the median income. Similarly, young families and individuals in Maine are also rent-burdened.

While unemployment has decreased slightly through mid-2011 to 7.8 percent, it remains disproportionately higher in rural, northern, and eastern portions of the state. Small businesses continue to be the economic engine of Maine and account for close to 60 percent of the private sector jobs in Maine. Maine's eleven community development financial institutions help to nurture, support and foster successful and sustainable small business growth and economic development by providing technical assistance, credit and financing resources, as well as, training and support in other business areas.

The March 2010 demographic report from Maine's State Planning Office confirms that Maine continues to have a rapidly aging population with a large number of baby boomers, relatively few children and low number of racial and ethnic minorities. In 2008, Maine's median age of 42 was the highest in the country and the state had the second smallest percentage of the population under the age of 18. The demographic projections continue to support the need for safe, decent affordable housing, skilled labor to replace the aging boomers, and economic development which encourages migration to the state.

At slightly over 70 percent, the State of Maine continues to have an extremely high rate of homeownership. Much of the existing housing stock tends to be very old and inefficient, however. Both home sales and new housing starts have continued to decline, increasing the demand for quality, affordable rental housing. The Maine Real Estate Information System report that spring housing sales (April through June 2011) are 24 percent lower than one year ago, although sales prices only decreased 1.7 percent on a statewide basis.

Maine's homeowners are continuing to struggle with mortgage payments. While foreclosures in Maine account for less than 1 percent of the nation's total foreclosures, the number of new

filings is increasing. York, Penobscot and Sagadahoc counties have been the hardest hit areas. In response, Maine passed legislation, first effective in 2010, requiring mandatory mediation and budget and foreclosure prevention counseling.

Cost-effective, energy efficiency continues to be a concern across the state given the age of the housing stock. MaineHousing continues to assist low-income owners and providers of affordable housing to retrofit their property. MaineHousing continues to support weatherization and energy efficiency programs that assisting low-income owners and providers of affordable housing.

The Brunswick Naval Air Station closed May 31, 2011. While the full impact of the closure is yet to be known, the potential for severe population and job loss as well as a glut of vacant homes depressing prices was mitigated by the phase-out of the military base as well as the planning process lead by the Midcoast Regional Redevelopment Authority and local stakeholders. Eight new businesses will relocate to the former base, bringing up to 650 expected jobs. While some of the existing housing has been re-leased, it is still expected that vacancy rates and values will suffer as additional base housing floods the market.

### **Massachusetts**

While the Massachusetts economy has fared better than the national economy in terms of employment growth, the Commonwealth continues to be impacted by the fragile economy, high levels of foreclosures and state and local funding challenges. Home sales continue to be slow, especially when compared to the first half of 2010 when the homebuyer tax credit provided an incentive for first-time buyers. While activity and prices increased slightly in the spring months, it is too soon to predict even the short-term direction of the market.

Unemployment and uncertain job growth remain key concerns. As of June 2011, unemployment in the Commonwealth has declined to 7.6 percent, below the national average, and is the lowest rate of unemployment and unemployed workers since February 2009. Another positive is that, from June 2010 to June 2011, the Massachusetts added approximately 50,000 jobs to the workforce. With the lowered unemployment rate, however, the additional federal assistance which allowed extended unemployment benefits will be reduced. An estimated 20,000 Massachusetts residents who are already in this program will be cut off from benefits sooner than expected. The first wave of 6,500 will reach the new limit in July.

Foreclosures continue to impact the housing market. Foreclosure continues to plague many urban areas, although recent reports indicate the levels of distress in the hardest hit areas are slowing slightly. Since July 2010, there has been significant decline in the distress in Chelsea, Lawrence and Lynn, while the rate of distress in several Worcester county communities has begun to increase. Per the Foreclosure Monitor, the number of housing units in distress has declined 14 percent from July 1, 2010. This may be a short term trend, however, as lenders remain cautious and legal concerns and processes delay foreclosure starts and deeds.

On a statewide basis, the 2010 ballot to overturn the Chapter 40B Comprehensive Permit process was defeated 58 to 42 percent, a victory for the affordable housing community.

Preservation continues to be priority for the Department of Housing and Community

Development (DHCD). The affordable housing preservation act (40T) has proven to be a powerful tool. In 2010, 4,149 rental units (which include 3,854 affordable units ) were preserved in 20 separate transactions, throughout the Commonwealth. According to the Community Economic Development Assistance Corporation (CEDAC), there are an additional 9,000 affordable apartments will reach the end of their 40-year government assisted mortgages by the year 2019. With no further affordability restrictions on these properties, they are at risk of market rate conversion.

There continues to be statewide focus on reducing chronic and family homelessness, using a housing-first model. Housing for special needs populations continues to have special urgency.

Massachusetts continues to be a high-cost housing community. Per the National Low Income Housing Coalition's, Out of Reach 21011, when ranking states by two-bedroom affordability, Massachusetts ranks 45<sup>th</sup>. A renter requires an hourly wage of \$23.25 to afford a monthly rent of \$1,209 (HUD's 2011 FMR). The mean wage for a renter is only \$16.17. A renter would need almost one and a half jobs to afford the FMR.

While the economic development needs and priorities vary by region, the Massachusetts Consolidated plan identified several common themes throughout the state which include

- Upgrading aging infrastructure, from sidewalks and water and sewer systems to technology and telecommunications systems.
- Creating jobs for the knowledge-based economy and addressing the skill mismatch,
- Addressing foreclosures and falling home values,
- Supporting municipalities with strained budgets.

### **New Hampshire**

New Hampshire will continue to focus on developing and preserving affordable rental housing and serve very low- and low-income families in the state, including very low-income special needs populations, and address homelessness. Overall, the goal of the 2011-2012 Biennial Housing Plan will be to increase the supply of permanent affordable housing. Although the state has been less affected by joblessness compared to the nation and the rest of New England, the loss of jobs in the state has made affordability a real issue. A predominantly rural and decentralized state, transportation and energy/utility costs have added to the insecurity and inability of low-and moderate-income families to afford decent housing and secure jobs. As in many rural areas during downturns, there is an increase in homeless families who cannot access services. Increasing the affordable housing stock, homelessness prevention, transportation and energy will also continue to be high priorities for the state.

Although New Hampshire continues to experience lower than national averages for foreclosure, foreclosure activity has added to the demand for more affordable rental housing in the state. Foreclosure activity in terms of foreclosure deeds and notices are both down since March 2010. Since 2008, loss of household income, either from reduced working hours or unemployment, has driven the foreclosure problem. While foreclosures have begun to decline, relatively high purchase prices, lack of available credit, consumer confidence in the housing market and the inability to raise resources for down payments, continue to hinder the ownership market.

Per New Hampshire Housing's 2010 Annual Rental Cost Survey, rental costs have risen faster than household incomes, with a statewide median gross rental cost of \$1,056 in 2010. Statewide median rents have effectively leveled off over the past two years but have not tracked with recent declines in household incomes. According to the US Census Bureau's American Community Survey data from 2009, forty percent of the renter households in New Hampshire were paying more than 30 percent of their income for housing costs, and eighteen percent were paying more than 50 percent. Given the current economy, the rental market will continue to be challenging. Affordability will be an ever increasing problem, as the number of renter households increase due to lack of confidence in the ownership market. This will place a strain on the rental market and continue to drive rents higher, while income remains static or decreases. As New Hampshire Housing points out, "Resources to make rents affordable are limited and do not effectively increase despite increases in demand. Rental property owners face constant increases in their costs, especially energy, yet their ability to pass those costs along is limited by tenant incomes. Demand for good quality rental property will increase."

The economic outlook and environment for affordable housing is mixed. Overall future employment projections are the most favorable for New Hampshire out of all six New England states. Investment in affordable rental housing is improving as noted by New Hampshire Housing with increasing interest in special needs housing, including veterans housing. At the same time, New Hampshire continues to see declining subsidy sources and increasing per unit costs with resultant increased demand for New Hampshire Housing's funding programs. Housing production has declined as a result of cost and lack of subsidy.

New Hampshire intends to support critical job training, expanding state tax credits for research and development and expanding wireless broadband service. The focus will also include clean-energy firms and supporting entrepreneurship through public-private partnerships such as the Green Launching Pad. ([www.governornh.gov/initiatives/economy.htm](http://www.governornh.gov/initiatives/economy.htm))

### **Rhode Island**

Of the six New England states, Rhode Island continues to face the highest levels of unemployment and the highest levels of foreclosures. Unemployment remains stubbornly in double digit numbers, at 10.8 in June 2011 compared with the national average of 9.1 percent and the New England average of 7.9 percent. The Providence-Fall River- Warwick area is the hardest hit in the state, with unemployment rates of 11.3 percent. In June of 2011 the town of Central Falls, with a population of 19,000, declared bankruptcy; an usual step for a municipality, but an indication of the challenges faced by many Rhode Island communities.

Overall, the 2010 census found population stagnation throughout the state, yet the minority population increased significantly, with Hispanic population growth at 44 percent, Asian population growth at 28 percent and black population growth at 23 percent. With an average unemployment of close to 12 percent for 2010 (compared with 5.1 percent average unemployment rate in 2005), loss of income has been cited by 75 percent of clients at the Rhode Island Help Center and Hardest Hit Fund as the reason behind their inability to pay the mortgage. In terms of job and economic stability, the construction sector has seen a 28 percent job loss since 2006 to 2010 and construction workers compose 15 percent of the state's unemployment. This creates a ripple effect and downward spiral throughout the economy. Healthcare and

Technical professionals are the largest employment sector, have the most number of vacancies and require skilled and trained workforce. The Department of Labor and Training also indicates that wages in job vacancies decreased (from \$15.67 per hour to \$14.30 per hour in 2011) along with benefits levels.

Foreclosure activity remains among the highest in the nation, with mortgage delinquencies higher than any of the New England States. Foreclosure filings are up from 2010. Realty Trac estimated foreclosure filings rose 4 percent during the first half of the year compared with same period last year; yet nationwide, foreclosure filings dropped 29 percent. Some of the foreclosure activity is tied to historically high levels of subprime lending, combined with the high housing pricing during the housing boom (from 2000- 2006, analysts estimate an average annual increase of almost 21 percent) and the steep economic downturn. Today, it is estimated that one in five homeowners are underwater.

Foreclosures of multi-family properties are having a double impact on Rhode Island's cities of Providence, Woonsocket and Central Falls, affecting not only the homebuyer or landlord, but renters living in the property. HousingWorks Rhode Island estimates that 4,000 to 4,500 renters were impacted from January 2009 through December 2010. Foreclosure also impacts local values, HousingWorks Rhode Island estimates that homes located within a 300 foot radius of a foreclosed property lose up to 1 percent of their value, just by virtue of location. In addition, foreclosure erodes the local tax base, HousingWorks Rhode Island estimates that the cost to a municipality can be up to \$34,000 for a single foreclosed property. Foreclosed and abandoned properties are slowly working their way back into productive use; Rhode Island Housing estimates that distressed sales comprised 26.7 percent of all sales in 2010, which is down from 34.1 percent in 2009.

Rhode Island has \$80 million of federal Hardest Hit funding to help homeowners who have experienced financial hardship and have exhausted all options to maintain mortgage payments. Initial reports indicate that of the 1,418 families have applied, only 475 are receiving assistance. In addition, the state received \$25.9 million in Neighborhood Stabilization Funds which is being used to address foreclosure through acquisition, demolition, rehab, new construction and land banking.

The rise in foreclosures has led to an increase in family homelessness and visits to the emergency shelter. Rhode Island Housing estimates that 45 percent of those needing shelter were families and 27 percent are children. Shelter stays does not capture the full number of those impacted, many families are double or tripled up or living with family members. New statewide efforts are coalescing to address homelessness, in July of 2011, Governor Lincoln Chafee signed a Memorandum of Agreement to staff the Rhode Island Interagency Council on Homelessness.

Affordability continues to be an issue for both renters and owners. Rhode Island Housing estimates that fifty percent of the population is rent burdened and twenty-five percent are severely burdened and pay more than fifty percent of household income towards rent. The National Low Income Housing Coalition report indicated that in 2010 a resident would need to earn \$19.16 per hour to afford a rental apartment, yet the average wage is only \$12.01. Rhode Island is ranked thirteenth nationally for renters paying more than 50 percent of income towards



rent and fifth for homeowners. The state continues to work to meet the goal of ten percent affordable housing in each community; conservative estimates indicate a current deficit of 13,240 homes. Preservation of existing affordable resources continues to be an issue. According to the National Housing Trust, there are three projects representing sixty eight units with Section 8 contracts that are scheduled to expire before the end of Fiscal Year 2014. These units represent a scarce resource in Rhode Island, which only has 108 Section 8 contracts in total. An additional 4,566 units have affordability restrictions that expire between 2010 and 2015.

State resources to create and preserve affordable housing resources are under stress or disappearing. The Building Homes Rhode Island (BHRI) bond funds, a \$50 million state bond to create affordable housing has been fully dispersed and no new bond issuance is planned. Since 2007, BHRI financed 1,255 homes in 31 communities, of which \$22 million of this was used to rehabilitated 440 foreclosed or abandoned homes into affordable housing. The Neighborhood Opportunities Program (NOP), the state's other production funding mechanism has been zeroed out in the budget. Advocates continue to emphasize the need for a permanent funding stream for affordable housing development.

### **Vermont**

According to the 2010-2015 Consolidated Plan, the State of Vermont's highest priorities for 2010-2015 will continue to be to create housing and employment opportunities, with preference given for facilitating development and growth in designated downtowns and village centers. The overarching principle which drives all of Vermont's efforts in affordable housing is to continue to strive to achieve perpetual affordability through the use of mechanisms which produce housing resources that remain affordable over time.

The State's highest housing priorities are to increase the supply of rental housing, stabilize and rehabilitate the existing housing stock, provide housing for people with disabilities, provide housing for elders and homeownership. The 2010 Vermont Housing needs Assessment reflects that Vermont is in need of approximately 4,873 new rental housing units by 2014. Thus, projects that increase new rental housing units are critical. Additionally, Vermont has an extremely old existing housing stock which is in need of significant revitalization and investment so as not to lose what affordable existing housing the state currently has. The state will make every effort to stabilize this existing stock.

Demographically, Vermont has an aging population, ranking as one of the oldest states in the nation. The demand for affordable housing for the elderly is expected to increase over the next five years, with 32,000 seniors earning incomes at or below 80 percent of area median income. Given increased costs in supporting long term care, projects that provide affordable housing with services will be crucial to Vermont's aging population.

Foreclosures pose less of a challenge in Vermont's communities compared to other parts of New England. This is attributed in part to the relatively low level of subprime lending in Vermont earlier in the decade. Job loss and income reduction are presently the two most common causes of recent foreclosures.

As with most states across the country, job creation and job retention remain critical goals in Vermont's economic development plan. Vermont pursues economic development policies to serve and attract small and mid-sized firms as well as larger employers. Small/mid-sized businesses represent roughly 98 percent of all firms and 60 percent of all jobs. Core policies include a range of targeted employment training programs and small business centers to support job retention and job growth. The state is prepared to assist businesses that create and retain jobs by providing technical assistance, low interest loans for commercial acquisition and rehabilitation, telecommunications infrastructure and entrepreneurial training. (Vermont Department of Economic Development, *Vermont Strategic Plan for Economic Development*, 2009) The Consolidated Plan also notes that Vermont's economic drivers are tourism, education, health care, and high technology companies as well as 'green economy' jobs. The Vermont Chamber of Commerce identifies infrastructure and broadband investments are critical to support economic growth.

The State will also focus on achieving suitable living environments by addressing downtown preservation and revitalization, remediate and reuse brownfields, increase access to public facilities and increase access to public Services.

## 2012 Community Lending Plan — Appendix B

### Summary of State Priorities as Identified in the Low Income Housing Tax Credit qualified Allocation Plans in New England

<b>Connecticut 2011 Qualified Allocation Plan Plan (February 2011)</b>	<b>Maine Proposed 2012 Qualified Allocation Plan (June 2011)</b>	<b>Massachusetts 2011 Qualified Allocation Plan</b>
<ul style="list-style-type: none"> <li>• Housing that supports responsible growth/ existing infrastructure</li> <li>• Preservation of developments at risk of conversion</li> <li>• Extends housing choice and opportunity</li> <li>• Chronic homelessness</li> <li>• Housing affordability for very -low income households; mixed-income housing</li> <li>• Housing with supportive services</li> <li>• Promote mobility and choice by providing housing in high-rent communities or communities with low amounts of rental housing</li> <li>• Historic preservation/ adaptive reuse</li> <li>• Brownfield redevelopment</li> <li>• Renewable energy/low impact and energy-efficient design measures</li> </ul>	<ul style="list-style-type: none"> <li>• Construction and preservation of housing for the lowest income households</li> <li>• Rehabilitation of existing housing stock</li> <li>• Service-enriched housing for persons with special needs including the homeless, persons with disabilities, and the elderly</li> <li>• Smart growth principles contributing to mixed-use, downtown communities</li> <li>• Green design and construction methods</li> <li>• Efficient use of funds including projects which have federal subsidies such as USDA Rural Development</li> <li>• Housing that meets the service needs of distinct populations in a community including housing for persons who are homeless</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of new units, particularly units for families</li> <li>• Projects that promote fair housing principles</li> <li>• Consistent with the Ten Massachusetts Sustainable Development Principles</li> <li>• Part of comprehensive neighborhood improvement plans</li> <li>• Preservation of valuable existing affordable units</li> <li>• Units for households below 30 percent of area median income, including homeless</li> <li>• Projects with low per-unit costs</li> <li>• Communities with expanding social, educational, or employment opportunities, or significant revitalization activities; mixed-use</li> </ul>

<p><b>New Hampshire Final 2012 Qualified Allocation Plan (June 2011)</b></p>	<p><b>Rhode Island Draft 2012 Qualified Allocation Plan</b></p>	<p><b>Vermont Qualified Allocation Plan Revised January 2011</b></p>
<ul style="list-style-type: none"> <li>• Rental housing production</li> <li>• New construction or substantial rehabilitation – non-preservation projects</li> <li>• Projects providing housing for families</li> <li>• Service-enriched housing for families focusing on economic self-sufficiency, veterans housing, and/or homeless</li> <li>• Service-enriched housing for seniors ranging from independent living to congregate and personal care services (congregate care plus)</li> <li>• Location of Family Projects in towns with no other previously approved affordable housing</li> <li>• Projects that are not in need of NH Housing capital subsidy or other soft loans or grants</li> <li>• Green development</li> </ul>	<ul style="list-style-type: none"> <li>• Redevelop foreclosed, vacant and abandoned properties to stabilize neighborhoods.</li> <li>• Provide affordable housing in communities where few opportunities exist.</li> <li>• New production to meet the state goal of 10 percent affordable housing in each community.</li> <li>• Concentrate state, federal and private resources with broader community development investments in designated growth centers.</li> <li>• Housing for the lowest income populations, special needs groups and those on public housing waiting lists.</li> <li>• Projects developed in collaboration with KeepSpace Communities principles, HUD Sustainable Communities and Choice Neighborhoods programs, and LISC’s Our Neighborhoods Initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Infill new construction or rehabilitation</li> <li>• Family housing, unless other demonstrated community needs</li> <li>• Projects located in a downtown or village center, or that support downtowns/village centers by virtue of their location</li> <li>• Projects that propose the removal of blight</li> <li>• Service-enriched housing or supportive of special needs populations</li> <li>• Mixed-income housing</li> <li>• Projects exhibiting a unique design</li> <li>• Green development</li> <li>• Projects serving the lowest income or that target clients of agencies serving the homeless or households on Public Housing Wait lists, for the longest period of time</li> <li>• Preservation and projects in underserved areas</li> </ul>

## **2012 Community Lending Plan — Appendix C**

### **2011 Community Lending Plan Goals and Objectives**

The FHLB Boston pursued a number of activities to achieve the goals established in the 2011 Community Lending Plan.

#### **2011 Affordable Housing Program Economic Impact Study**

In January, 2011, the Bank published the results of its economic impact study evaluating the economic impacts of the Affordable Housing Program. Conducted by New England Market Research and I<sup>2</sup> Community Development Consulting, Inc, the econometric study analyzed the impact AHP initiatives funded between 2005 and 2009 had on the regional economy. There are three categories of benefits—the direct investment, the leverage of other capital, and the overall economic impact. The study found that:

- \$53.7 million in AHP funding contributed to total development value of \$761.6 million (3,810 units) and \$1.48 billion in total economic activity and an estimated 10,371 New England jobs.
- Every \$1 million of AHP funding contributed to the leverage of \$14.2 million in housing financing from other sources, including \$138.6 million in private capital from our member financial institutions.
- Every \$1 million of AHP funding contributed to \$27.6 million in total economic impact including labor income, taxes generated

The study concluded that the AHP has played a catalytic role in creating affordable housing and boosting the regional economy, beyond the bricks and mortar, and shows that affordable housing investment can help drive the recovery.

#### **Economic Development Funding Supported by the FHLB Boston through the Community Development Advance Program**

As a wholesale bank, the FHLB Boston supports economic development initiatives by providing funding to our member financial institutions who in turn use this funding to support their economic development and small business lending programs. Planned initiatives for 2011 included a continued commitment to increase member awareness of the Bank's Community Development Advance program as a resource for members in their efforts to respond to the ever-changing landscape of housing and economic development needs throughout New England. As part of its 2011 efforts to enhance funding options for members to help them respond to their community needs, the FHLB Boston redesigned the CDA Program to offer two program options and introduced an additional eligibility component that recognizes members' providing financing for economic development initiatives that serve households at or below 80 percent of the area median income.

As of November 30, 2011, the Bank committed \$897,785,415 to support 102 applications through the combined CDA programs representing 54 housing initiatives and 48 economic development initiatives. The specific target segments are noted below:

**Housing Initiatives:**

Total Approved	54
Owner Units	2,040
Rental Units	1,302
Total Members	31
Total Funds Approved	\$340,661,493
Total Disbursed	\$147,697,231

**Economic Development Initiatives:**

Total Approved	48	\$577,629,828
Small Business	37	\$541,803,922
Targeted Economic Development Initiatives	6	\$15,075,000
Serving Households at or below 80 percent of AMI	5	\$20,750,906
Jobs Create/Retained	328	
Rural Initiatives Approved	18	
Urban Initiatives Approved	25	
Total Members	36	
Total Disbursed		\$173,967,991

**GOAL 1: OUTREACH**

The FHLB Boston undertook its community and member outreach in order to pursue the five primary priorities of the 2011 Community Lending Plan. The outreach events and marketing efforts are summarized below.

*Priority 1: Affordable Housing Production and Preservation***Funding Housing Preservation Transactions in 2011, Boston, Massachusetts, June.**

On June 8, the FHLB Boston presented at a forum on funding preservation projects sponsored by the Greater Boston Real Estate Board and Community Economic Development Assistance Corporation in Massachusetts. The purpose of the forum was to share information on resources and funding programs available to developers and consultants who are acquiring and/or recapitalizing projects with expiring affordability restrictions. In Massachusetts alone, the affordability restrictions on 19 projects with approximately 200 units each will expire before the end of 2017. These projects were funded in the late 1960's and early 1970's. Some of these projects have project-based subsidy, but some have only the low-interest loans. These projects are located throughout the Commonwealth, with a disproportionate share in and around the metropolitan Boston area.

Eighty people attended the event. The audience was comprised of funders, nonprofit developers, housing consultants, and syndicators. Other panelists included Mass Housing, the Massachusetts Department of Housing and Community Development, Massachusetts Housing Partnership,

MassDevelopment, and CEDAC. The panelists presented case studies and discussed the funding resources available through each of their organizations.

*Priority 2: Energy and Sustainable Development issues*

**2011 Annual Affordable Housing Development Competition, Boston, Massachusetts, February-May.**

Seventy students participated in architecture, planning, business, law, environmental studies and public policy partnered with eight developers from Providence, Rhode Island to Boston, Somerville, Cambridge, and Waltham, Massachusetts to compete in the 11th Annual Affordable Housing Development Competition. The student-developer teams considered the range of interconnected development challenges associated with housing preservation, reuse of existing buildings, mixed-use development, program design, declining funding resources, and smart growth and energy-efficiency concerns. The \$10,000 first-place Dot Corner development team was comprised of students from Massachusetts Institute of Technology and Harvard University, collaborated on the proposal with the Vietnamese American Initiative for Development in Dorchester. The Dot Corner winning proposal envisioned creating new affordable housing, a redesigned library, and a multiuse learning center on the site of the Fields Corner Branch Library in the Dorchester neighborhood of Boston. This year's competition was sponsored by the Federal Home Loan Bank of Boston, the Greater Boston Society of Architects/AIA, Kevin P. Martin & Associates, P.C., Citizens' Housing and Planning Association, ICON architecture, inc. and Shepley Bulfinch.

**New England Smart Growth Leadership Forum, Boston, Massachusetts, December.**

The New England Smart Growth Leadership Forum focused on planning for sustainability; policies for sustainability; and moving from planning to implementation. Representatives from six of the HUD Sustainable Communities Regional Planning Grants and Community Challenge Grants announced in 2010 served as case studies to explore these issues. The forum is sponsored by the Lincoln Institute of Land Policy, U.S. Environmental Protection Agency, Federal Home Loan Bank of Boston, and U.S. Department of Housing and Urban Development.

*Priority 3: Unemployment, Job Growth, and Small Business Development*

Combating unemployment, supporting small businesses, and generating new business activity were commonly cited during the CD Consults with members across New England. The FHLB Boston's 2011 Affordable Housing Program Economic Impact Study also analyzed the job creation impacts of affordable housing investment. The FHLB Boston did not, however, sponsor or participate in a specific forum or event dedicated to addressing these issues.

*Priority 4: Foreclosure Response*

**The Future of Homeownership: Creating Sustainable Opportunities in a Changing Environment, Worcester, Massachusetts, May.**

This conference brought together a wide range of lenders, affordable housing developers, community advocates, municipal and state officials, and other public and private agencies to discuss how homeownership is changing as a result of the recession, foreclosures, and regulatory and policy responses. The conference explored a wide range of issues concerning homeownership including the present and future economic outlook, addressing the foreclosed housing stock, regulatory changes and financial services reform, consumer protection, and

homeownership counseling. Attendees also addressed how to sell deed-restricted homes or develop new affordable homeownership units and what types of mortgage products will be available for low- to moderate-income home buyers.

**The Changing Face of Affordable Homeownership Workshop, Connecticut Housing Coalition Annual Conference, Hartford, Connecticut, October.**

The FHLB Boston helped to sponsor the annual conference and coordinated a breakout workshop on the challenges and opportunities for developing affordable homeownership as a result of the recession. The workshop discussed upcoming changes to the residential lending marketplace and changing regulatory requirements, as well as the prospects for homeownership construction and rehabilitation given the overhang of foreclosed properties.

*Priority 5: Collaborative Relationships with other funders, agencies, partners*

**Rhode Island Housing Developer Training, Providence, RI, September.**

On September 7, FHLB Boston staff served as one of the lead presenters for a Developer Training hosted by Rhode Island Housing. Over 20 developers attended the half day training, which was focused on educating attendees on the available funding sources in the State to develop affordable housing. FHLB Boston staff provided information on the AHP, EBP and CDA program and answered developer's questions. Other presenters included: Local Initiative Support Corporation, the Office of Housing and Community Development, the Department of Environmental Management, the City of Providence of Planning and Development, and the Rhode Island Economic Development Corporation. A wide variety of funding sources was discussed, including CDBG, LISC loan programs, HOME funds, Brownfield funding, lead abatement funding and many other sources.

**HousingWorks Rhode Island Annual Fact Book, Providence, RI, September.**

On September 21, the FHLB Boston sponsored and presented at the launch of HousingWorks Rhode Island's annual Fact Book. The Fact Book provides information on the affordability of housing in Rhode Island's 39 municipalities. The 2011 Breakfast was focused on the Building Homes Rhode Island bond (BHRI) success and its impact on health, education and lives of residents. Over 100 attendees participated in the breakfast and discussion on the future of funding affordable housing in Rhode Island.

**National Community Development Association Region 1 Spring Meeting, Worcester, MA, March.**

On March 23, FHLB Boston staff presented at the Spring Meeting for the National Community Development Association Region 1 meeting. With local community development officials from all six New England States, the meeting was an opportunity for increasing the visibility of the Housing and Community Investment programs. In particular, the CDA program is a natural fit with the CDBG funding criteria; as CDBG funds are cut across the board, the CDA program can complement and leverage existing funding commitments.

**Conference Sponsorships**

- Northern New England Community Action Conference, Bethel, Maine, May.
- Connecticut Housing Coalition conference, Hartford, Connecticut, October.



- New Hampshire Housing Finance Agency annual conference, Concord, New Hampshire, October.
- Reaching Home Rhode Island 2011, Rhode Island Coalition for the Homeless, Warwick, Rhode Island, November.
- New England Housing Network Annual Conference, Needham, Massachusetts, December.

GOAL 2: Maintain overall member participation in the outreach activities and utilization of the targeting community lending programs

### **Affordable Housing Program-Members' Only Technical Assistance Roundtables**

The Bank hosted seven member-only training sessions throughout New England in conjunction with the 2011 AHP Round training sessions. Staff from 60 member financial institutions participated. Bank staff worked with members to explore the opportunities and constraints of investing and lending in affordable housing. These sessions also addressed the roles members play in the AHP as applicant, fiduciary, lender/investor, and monitoring agent.

#### **Members Participating in FHLB Boston-organized Community Development Events 2010 and January to November 2011**

<b>Activity</b>	<b>2010 Members</b>	<b>2011 Members</b>	<b>New Members for 2011</b>
CD Consults, Outreach	35	33	
Conferences, Forums	49	n.a.	
Trainings, Webinars	100	132	
AHP	34	54	
CDA	106	54	
EBP	80	92	
<b>Total</b>	<b>257</b>	<b>249</b>	<b>69</b>
<b>% Membership</b>	<b>56%</b>	<b>54%</b>	<b>15%</b>

In 2011, 69 members participated in a FHLB Boston-organized Community Development event or applied for one of FHLB Boston's community investment programs (AHP, CDA, or EBP.)

Due to participation by members in multiple events, the total information is not cumulative.

The 2010 information is for the calendar year. The 2011 information is for the period January through November.

New members for 2011' is counted as participating in the activity in 2011 but not having participated in the prior year.

In 2011, the Bank sponsored a number of events but did not host any conferences.

GOAL 3: Research development options for new community-investment programs or products.

The FHLB Boston has conducted research into loan funds in order to increase their participation in the Affordable Housing Program in lieu of and in addition to possible CDFI membership. Efforts included AHP regulatory research, interviews with several loan fund providers, and conference calls and discussions with FHFA policy and supervisory staff, a member, and others. The research has informed how the FHLB Boston can understand and evaluate the organizational capacity of a loan fund and how the components of the Affordable Housing Program are

expanded and administered to permit a loan fund to participate. The FHLB Boston intends to amend and expand the AHP Implementation Plan to specify the parameters for a loan fund application in 2012.

## **2012 Community Lending Plan — Appendix D**

### **Regulatory Basis and Requirements of the Community Lending Plan and Fulfillment of the Community Support Program Requirement**

12 CFR 944.6 requires that the FHLB Boston 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 2011 Community Lending Plan is an integral part of the FHLB Boston's program and, as such, also codifies the FHLB Boston's community support program overall.

12 CFR 944.6 also requires that the Community Lending Plan should:

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

## 2012 Community Lending Plan — Appendix E

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