

2018 Community Lending Plan

Executive summary

The Federal Home Loan Bank of Boston is a cooperatively owned wholesale financial institution dedicated to serving its member financial institutions and supporting affordable housing and economic growth.

The Bank operates several housing and community investment programs that provide capital funding sources members and their development partners can use to invest in our New England communities, leverage other funding, and create longer-term economic and community benefits.

Since 1990, the Affordable Housing Program, including the Equity Builder Program, has provided direct grants and interest-rate subsidies to finance the acquisition, construction, and rehabilitation of affordable rental and homeownership housing. Community Development advances and New England Fund advances provide flexible capital to support a wide range of residential, commercial, and mixed-use initiatives. Jobs for New England offers members zero-percent advances for small businesses to create or preserve jobs and bring about economic activity. Helping to House New England offers the six New England housing finance agencies zero-percent advances to address each state’s individual affordable housing needs.

The AHP’s guiding principles ensure that the program remains a source of flexible, gap funding to serve a balanced mix of housing types, locations, and households/income levels; maintains transparency, simplicity, and accessibility for members and their business partners; and implements design and administration to meet changing community and housing marketplace needs.

The 2018 Community Lending Plan presents the Bank’s research and priorities regarding New England housing and economic development credit needs and opportunities. It establishes specific strategies and initiatives to address these priorities and identifies targeted community lending performance goals. The plan was developed in consultation with the Advisory Council and is based on primary and secondary market research and the results of 2017 community investment programs and outreach activities.

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**2018 Key Community Development Priorities**

1. Affordable housing production and preservation.
   a. These are both essential to increase the supply of affordable housing and respond to the housing cost burdens facing households across the income spectrum.
   b. It is a New England-wide priority to support housing opportunities serving all household types including families, seniors, and millennials.
   c. Affordable housing investment remains a core component to support economic development by providing economic and housing stability for lower wage workers.

2. Community-based investment. A balanced approach to affordable housing investments is critical to support community revitalization and catalyze private investment, creating opportunities both in distressed/at-risk communities and higher income communities.

3. Partnerships exploring the linkages between housing, economic opportunity, healthcare, and education.
   a. Affordable housing investment combined with supportive services can yield tangible and cost-effective health benefits for a variety of initiatives, e.g. seniors, homeless, and families.
   b. Housing initiatives can both lead and support access to educational resources, civic and community services, public space, and economic opportunity.
   c. Explore strategies to address the reemerging challenges of gentrification and displacement affecting both urban and rural communities throughout New England.

4. Small business development and job creation.
   a. These efforts promote economic diversity and resilience in our changing economies and workforce.
   b. This is critical for rural and gateway communities.
   c. Future economic development initiatives need to focus on long term job growth needs and skills development.

5. Affordable homeownership development and mortgage financing opportunities. These remain central New England-wide priorities, in order to support first-time homebuyers and ensure access to housing markets for a wide range of households.

2018 Strategies, Initiatives, and Targeted Community Lending Goals

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

Strategy 1. Effectively deliver the Bank’s Housing and Community Investment programs

Initiatives:
1. Effectively administer AHP, CDA, EBP, HHNE, JNE, and NEF Programs.
2. Operate the AHP as a flexible funding source to ensure equal access and a balanced portfolio of housing initiatives responding to changing needs across New England and the communities our members serve.

Strategy 2. Conduct community development outreach and networking activities with members and other community partners

Initiatives:
1. Seek partnerships with New England regional stakeholders such as the state housing finance agencies, our Advisory Council, Federal Reserve Bank of Boston, the FDIC, OCC, and SBA.
2. Sponsor the 2018 Affordable Housing Development Competition.
3. Develop outreach events to build public-private partnerships and expand private capital to meet New England-wide community development goals.
4. Develop partnerships to respond to potential Affordable Housing Program regulation reform efforts.

Strategy 3. Pursue community development and solution-oriented research, including program enhancements

Initiatives:
1. Establish AHP scoring categories that respond to critical needs in the district.
2. Conduct research to streamline program effectiveness and expand access and usage, primarily for AHP, JNE, and HHNE.

Targeted Community Lending Goals:
A) Conduct targeted trainings and events primarily for AHP, EBP, CDA, and JNE
B) Conduct at least three outreach activities to respond to the 2018 plan’s primary or other community development priorities based on funding availability. Topics may include:
   i) Affordable housing finance mechanisms, including Low Income Housing Tax Credits and other public and private funding streams in light of changing federal and state budget priorities and capacities;
   ii) Housing development cost effectiveness;
   iii) The linkages between housing and education, economic opportunity, and health care;
   iv) Rural affordable housing and economic development priorities;
v) Concept of ‘naturally occurring affordable housing’; and
vi) Job creation and job training for construction trades.

C) Analyze JNE and HHNE to determine overall program effectiveness and impact.

Community Development Market Needs and Opportunities in New England

Primary research for the Plan focused on the state-level priorities identified in the state Qualified Allocation Plans for Low Income Housing Tax Credits (QAP) summarized in Attachment A. Results of the Bank’s programs and its outreach are summarized in Attachment B. Six of these outreach events contributed directly to the development of the plan. The Bank cosponsored three ‘listening luncheons’ with NeighborWorks America-Northeast District in Providence, Rhode Island, Rutland, Vermont, and Springfield, Massachusetts. Member financial institutions, state funding agencies, and community developers discussed a range of affordable housing and economic development opportunities, challenges and goals in the communities they serve. The Bank partnered with the Housing Development Fund to host a “Housing and Health Care” forum in Old Greenwich, Connecticut. Together with the Citizens’ Housing and Planning Association, the Bank facilitated the forum “Doing Business in Uncertain Times” addressing the changing political, policy, and economic context for affordable housing and economic development in New England. Lastly, the Bank also led the seventeenth annual Affordable Housing Development Competition.

Housing and Community Development

Supply and Demand

There is a structural imbalance between the supply of and demand for housing across New England and the nation. Nationally the rental vacancy rate has continued to decline reaching its lowest point, at 6.9 percent, in over thirty years. While construction activity is increasing, it remains below the increasing rental demand. Moreover, housing production and supply continue to favor the higher end. During the period from 2005 to 2015, the number of apartments renting for $2,000 or more per month increased by 1.5 million while the number of rental units available at less than $800 declined by 261,000. (Joint Center for Housing Studies, 2017)

The National Low Income Housing Coalition (NLIHC) reports in its annual housing affordability report Out of Reach 2017 that the United States has a net shortfall of 7.4 million available rental homes affordable to extremely low-income households (ELI), due to low vacancy rates, rising land and property values, affordable units converting into market rate units, and higher income earners renting affordable units.¹ For the 11.4 million ELI households this translates into only 35 affordable rental units for every 100 ELI households. Additionally, there are only 55 affordable

¹ Extremely low-income households are defined as earning up to 30 percent of the area median income, adjusted for family size, as published by the United States Department of Housing and Urban Development (HUD).
units available for every 100 very low-income households and 93 units per 100 low-income households.² (NLIHC, 2017)

Table 1. New England Rental Vacancy Rates by State

<table>
<thead>
<tr>
<th>State</th>
<th>Vacancy Rate Q1 2017 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>7.4</td>
</tr>
<tr>
<td>Maine</td>
<td>4.3</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>5.8</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>3.3</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>2.6</td>
</tr>
<tr>
<td>Vermont</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau: Quarterly Vacancy and Homeownership Rates by State and MSA, for the first Quarter of 2017

New England is struggling to bring supply up to meet demand. According to HUD’s New England Regional Report, the vacancy rate in the first quarter of 2017 ranged from a low of 1.9 percent in Manchester, New Hampshire, to a high of 7.1 percent in Bridgeport, Connecticut. The Report also found that “every major metropolitan area in the region had an increase in the average rent compared with average rents during the first quarter of 2016”. (HUD, 2017)

As noted in the Massachusetts 2017 Low Income Housing Tax Credit Qualified Allocation Plan, “in many locations, rents exceed pre-recession levels, and vacancy rates are at historic lows...furthermore, when new projects with affordable units are completed, the ratio of eligible applicants to units can exceed 15:1 to 25:1” (MA QAP, 2017).

The Federal Reserve Bank of Boston found that single-family and multifamily permit activity has been increasing during the five-year period from May 2012 to May 2017, with some notable exceptions. Multifamily permits appear to be declining in Connecticut, Maine, and New Hampshire. Massachusetts has seen significant growth as well as Vermont and Rhode Island. The need for housing varies among demographics and regions throughout New England; however, there is no state that has sufficient housing to meet demand.

Table 2. One-Year and Five-Year Changes in Single-Family and Multifamily Permits in New England and the U.S.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>185</td>
<td>159</td>
<td>239</td>
<td>50.3</td>
<td>29.2</td>
</tr>
<tr>
<td>Maine</td>
<td>179</td>
<td>296</td>
<td>258</td>
<td>-12.8</td>
<td>44.1</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>441</td>
<td>606</td>
<td>607</td>
<td>0.2</td>
<td>37.6</td>
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<tr>
<td>New Hampshire</td>
<td>185</td>
<td>210</td>
<td>208</td>
<td>-1.0</td>
<td>12.4</td>
</tr>
</tbody>
</table>

² Very low-income households are defined as earning up to 50 percent of the HUD area median income; low-income households are defined as earning up to 80 percent of the HUA area median income.
### Housing Cost Burdens

In 2016, there were 18 million cost-burdened renter households and 21 million cost-burdened homeowner households.³ This represents 10 percent of all homeowner households and 48 percent of renter households. Eighty-three percent of renter households with a household income of under $15,000 per year were cost-burdened. For those with an income between $15,001 and $29,999, that rate was still 77 percent. The cost burden varies by race as well; 47 percent of African American, 44 percent of Hispanic, 37 of Asian, and 28 percent of white households were cost-burdened in 2015. (Joint Center for Housing Studies, 2017)

When households are cost-burdened, they have less income to spend on other necessities, including food, healthcare, and transportation. The Joint Center for Housing Studies also reported that severely cost-burdened households spent on average $200 less on food and 75 percent less on healthcare than households that were not cost-burdened. (Joint Center for Housing Studies, 2017)

³ Cost-burdened is defined as paying more than 30 percent of income towards housing costs. Severely cost-burdened is defined as paying more than 50 percent of income towards housing costs (NLIHC, 2017)
Housing Wages

It its annual *Out of Reach* report, NLIHC demonstrates the disparity between what the average renter earns, and what a renter needs to earn to afford rent for a typical unit at fair market rate (FMR). It compares the housing wage, which is the amount a household would need to make to afford a standard two-bedroom unit without spending more than 30 percent of its income.

The NLIHC data show significant housing wage gaps exceeding the national average throughout all six New England states, including both metropolitan and non-metropolitan areas. The New England states, except for Rhode Island, were among the top 10 states with the largest shortfall between average renter wages and two-bedroom housing wages. Stamford-Norwalk, Connecticut, had the fifth highest housing wage out of all U.S. metropolitan areas. Connecticut, New Hampshire, Massachusetts, and Vermont were among the top 10 highest housing wages for state nonmetropolitan areas. (NLIHC, 2017).

The figure and table below illustrate the gap between what the average renter and a minimum wage employee earn, and the housing wage needed. The chart shows the hourly difference at the state level between these three wages. In terms of annual earnings, the gap facing minimum wage earners was at least $18,000 in each New England state; in Connecticut, Massachusetts, and New Hampshire, the gap was greater than $30,000 per year. The average rental earner fell short by at least $12,000 annually in each state.4

**Figure 1. Housing Wages Compared with Average Renter Income and Minimum Wage**

Source: National Low-Income Housing Coalition (NLIHC): *Out of Reach* 2017

4 Annual earnings gaps are projected based on working for 40 hours per week, 52 weeks per year.
The greatest wage gaps are occurring in metro areas such as Stamford-Norwalk (CT), Portland (ME), Portsmouth (NH), Westerly (RI) and Burlington (VT). In dollar terms the wage gap was higher in Springfield, Massachusetts ($9.48) than Boston ($8.76). Year over year, the housing wage gaps increased in Maine (5.8 percent) and Massachusetts (3.4 percent) while showing little change in Vermont (0.5 percent) and New Hampshire (-0.7 percent). Connecticut and Rhode Island experienced significant decreases in the wage gaps at -8.9 percent and -3.9 percent respectively.

Table 3. Housing Wage Gap for Renters in New England

<table>
<thead>
<tr>
<th>Area</th>
<th>2016 Gap ($/hr)</th>
<th>2017 Housing Wage ($/hr)</th>
<th>2017 Renter Wage ($/hr)</th>
<th>2017 Gap</th>
<th>2017 Two-BR FMR ($)</th>
<th>Housing Wage Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>8.51</td>
<td>24.72</td>
<td>16.97</td>
<td>7.75</td>
<td>1,285</td>
<td>-8.9</td>
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<td>9.38</td>
<td>21.06</td>
<td>12.10</td>
<td>8.96</td>
<td>1,095</td>
<td>-4.5</td>
</tr>
<tr>
<td>Stamford-Norwalk</td>
<td>15.34</td>
<td>37.65</td>
<td>22.58</td>
<td>15.07</td>
<td>1,958</td>
<td>-1.8</td>
</tr>
<tr>
<td>New Haven-Meriden</td>
<td>11.06</td>
<td>25.48</td>
<td>13.97</td>
<td>11.51</td>
<td>1,325</td>
<td>4.1</td>
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<td>Hartford</td>
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<td>23.31</td>
<td>15.97</td>
<td>7.34</td>
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</tr>
<tr>
<td>Maine</td>
<td>6.68</td>
<td>18.05</td>
<td>10.98</td>
<td>7.07</td>
<td>939</td>
<td>5.8</td>
</tr>
<tr>
<td>Nonmetropolitan</td>
<td>4.85</td>
<td>15.13</td>
<td>9.63</td>
<td>5.50</td>
<td>787</td>
<td>13.4</td>
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<tr>
<td>Portland</td>
<td>9.44</td>
<td>25.02</td>
<td>12.75</td>
<td>12.27</td>
<td>1,301</td>
<td>30.0</td>
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<tr>
<td>Bangor</td>
<td>7.54</td>
<td>16.54</td>
<td>10.23</td>
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<td>Lewiston-Auburn</td>
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<tr>
<td>Massachusetts</td>
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<td>27.39</td>
<td>19.70</td>
<td>7.69</td>
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<td>Nonmetropolitan</td>
<td>11.14</td>
<td>19.32</td>
<td>13.03</td>
<td>6.29</td>
<td>1,000</td>
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</tr>
<tr>
<td>Boston</td>
<td>7.90</td>
<td>32.52</td>
<td>23.76</td>
<td>8.76</td>
<td>1,691</td>
<td>10.9</td>
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<td>Worcester</td>
<td>8.09</td>
<td>20.38</td>
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<td>7.35</td>
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<td>Springfield</td>
<td>8.88</td>
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<td>10.85</td>
<td>9.48</td>
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<td>New Hampshire</td>
<td>7.01</td>
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<td>22.58</td>
<td>14.53</td>
<td>8.05</td>
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<td>Rhode Island</td>
<td>6.47</td>
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<tr>
<td>Nonmetropolitan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Newport-Portsmouth</td>
<td>11.71</td>
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<td>Providence-Fall River</td>
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<td>13.45</td>
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<tr>
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<td>9.98</td>
<td>11.62</td>
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### Vermont

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<th>9.34</th>
<th>21.90</th>
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<th>9.39</th>
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<tr>
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<td>26.83</td>
<td>13.22</td>
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<td>Windsor County</td>
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<td>8.48</td>
<td>1,057</td>
<td>-1.5</td>
</tr>
<tr>
<td>Washington County</td>
<td>7.03</td>
<td>19.87</td>
<td>12.84</td>
<td>7.03</td>
<td>1,033</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**Source:** National Low-Income Housing Coalition (NLIHC): Out of Reach 2017

### Production and Preservation of Affordable Housing

The New England QAPs all recognize that there is a need for both new construction and preservation of existing housing. In general, New England has the oldest housing stock in the nation. The QAPs advocate a range of development investments including building new affordable housing in areas with community amenities and employment opportunities, preventing affordable housing from converting to market rate in higher income areas, rehabilitating existing affordable housing in all areas, and revitalizing housing and commercial centers in blighted and distressed neighborhoods. This is especially important as increasing numbers of LIHTC, Section 8, and other initiatives reach the end of their affordability periods, are in need of recapitalization, and at risk of being converted to market-rate housing.

Rhode Island recognizes that its existing affordable housing stock is at risk from expiring uses, deferred maintenance, and obsolescence. Therefore, Rhode Island places higher priority on preserving existing housing, including vacant and abandoned buildings, in order to achieve a one-to-one unit replacement. Historic properties in all states provide opportunities for adaptive reuse.

Massachusetts presents a highly articulated preservation matrix in its QAP. Preservation projects must first meet one of the four priority categories establishing the nature and degree of loss: “risk of loss to market conversion, risk of loss due to physical condition, risk of loss due to financial viability, and unique acquisition opportunity.” Second, Massachusetts then differentiates between the extent of displacement, the number of ELI units and maintaining Section 8 assistance. (MA QAP, 2017)

Connecticut’s QAP calls for redeveloping aging housing stock, adaptive reuse of historic properties, and preserving affordable housing that is at risk of being converted into market rate. Maine’s QAP promotes preserving existing affordable rental housing that is at risk of becoming market rate or being lost due to deterioration. These QAPs advocate both revitalization in distressed and blighted areas, as well as providing affordable housing in opportunity areas, including through new construction. New Hampshire’s QAP focuses on preserving and rehabilitating historic sites and buildings. Vermont’s QAP promotes preservation by rehabilitating existing rental housing. Rehabilitated properties, including historic ones, should meet accessibility requirements and be suitable for seniors and persons with disabilities.

In addition, Advisory Council members also identified a need for production and retrofits to ensure that housing is safe and accessible for seniors and the disabled, especially given our older housing stock and changing demographics.
Awareness is growing about the importance of safeguarding existing “naturally occurring affordable housing” (NOAH) stock. Research presented by the Urban Institute in 2016 highlights the opportunity to preserve these units and properties (Pyati, 2016). NOAH units are characterized as “affordable without being supported by public subsidies”, generally as a result of the age of the stock (40-50 years +/-) and lack of amenities. Within New England especially, there appears to be a greater number of older housing stock in this category. Recapitalization and rehabilitation of these units presents an important opportunity to upgrade these homes without consuming scarce public capital and without losing these affordable housing units. Smaller developers must compete against larger companies, which often try to convert NOAH units into luxury units (Abello, 2017). Fannie Mae and Freddie Mac have been increasing their NOAH initiatives with local governments and smaller developers to help keep NOAH properties affordable (Abello, 2017). Often the challenge remains how to make these units affordable to ELI households and others with the greatest cost burdens. (Pyati, 2016)

Community-based Investment: Balancing Revitalization Efforts in Distressed Communities and Support for Economic Opportunity in Low Poverty Areas

Each of the six New England states recognize the importance of investing scarce resources to promote community revitalization through catalytic investment, while also prioritizing smart growth and other priorities to locate housing near employment opportunities and civic resources. Often these are regarded as trade-offs between place-based, geographic investment in either high-poverty or low-poverty areas, colloquially regarded as distressed versus higher-opportunity communities. Higher opportunity areas are regarded as higher income neighborhoods with access to better education, transportation, healthcare, recreation, greenspace, and other amenities.

Massachusetts explains in its QAP that “the Department has consistently sought to affirmatively further fair housing by prioritizing development of housing in communities with excellent public schools and access to employment and public transportation, while maintaining a commitment to investment in low-income neighborhoods.” (MA QAP, 2017) To achieve this, Massachusetts policymakers therefore focus on family housing production (i.e. a greater percentage of two- and three-bedroom units) in communities that provide access to opportunities. At the same time, Massachusetts policymakers balance this by making strategic housing investments in distressed/at-risk neighborhoods in order to spur private investment, improve housing quality, promote occupancy for a range of household incomes, and support a broader strategy of community revitalization. This includes the geographic focus on the Commonwealth’s 24 gateway cities as well as IRS-designated qualified census tracts.

The other five QAPs strike a similar balance of priorities and values. Maine’s QAP stipulates that new construction affordable housing should only be built in a distressed area if it is part of a broader community revitalization plan, with the long-term goal of creating a high-opportunity area. Connecticut, Vermont, and Rhode Island promote revitalizing regional centers in their QAPs to leverage existing infrastructure and co-locate housing near commercial districts and transportation.

While seeking to avoid an “either-or” trade-off in favor of a “both-and” emphasis to prioritize the need for more community development capital, the Bank’s Advisory Council members recognize
the long-term importance of housing capital funding to redress poverty and reverse long-standing disinvestment trends. Catalyzing private investment is a necessity for neighborhoods without access to jobs and amenities. Supporting mixed income development is one avenue; in a broader vein, it is critical to look for partners and resources outside of the housing sector to achieve comprehensive community development goals.

**Gentrification and Displacement**

Displacement resulting from gentrification is reemerging as a concern across New England. This was frequently cited by attendees at each of the three FHLB Boston—NeighborWorks America events. Starting in the early 2000’s, many American cities have experienced a resurgence, with both people and employers moving back. While many formerly low-income neighborhoods have been converted into middle and upper-income areas, the lowest-income areas with the highest concentrated poverty continue to grow more isolated (Florida, 2016). Gentrification and displacement are occurring more frequently, partially, as a function of high land and development costs in metro areas like Providence as well as rural communities in Vermont. These trends disproportionately impact the lowest-income, homeless, and undocumented households. In addition, development planning often lacks community involvement.

The first-place winning student proposal in the 2017 Affordable Housing Development Competition, the Batson, responded to the gentrification pressures at work in the Roxbury neighborhood of Boston. The team observed that as the population grew from 50,000 to 57,000, rents increased 22 percent, and the existing demographics shifted as lower income, African-American households were priced out. In response, the student team envisioned building a highly energy- and resource-efficient, mixed-income development serving ELI and low-income households. The great majority of the units will be two- or three-bedroom family units. By focusing on deep affordability for families, while creating a safe and affordable property integrated into the neighborhood fabric, the proposed housing would provide a buffer against rising rents and further displacement.

There are rural communities that are also at risk of displacement from gentrification. Researchers at the University of Maine have identified gentrification as a threat to rural fishing communities. Wealthy households and individuals (“amenity migrants”) are moving to the coast of Maine, attracting by the natural landscapes and secluded locations. While the new higher-income residents can bring in economic benefits, they may also build homes on what were once working waterfronts, and affect the fishing community’s ability to earn a living (UMaine, 2017). Gentrification in coastal communities, especially rural ones, can also change the character of the area; waterfronts that were once productive become focused on recreation (MIT Sea Grant). When waterfronts become focused on providing amenities for tourists, they are often quiet during the off-season, leaving full-time residents without community centers and meeting spaces during significant parts of the year (MIT Sea Grant).
Linkages Between Housing and Health Care, Economic Opportunity, and Education

Safe and affordable housing is a prerequisite for individual and community gains in these areas. Without stable housing, it becomes increasingly difficult to access employment opportunities, education, and services, leading to stress and stress-related health issues, as well as a lack of access to healthcare and healthy food options. Dr. Megan Sandel, keynote speaker at the Health Care and Housing forum in Greenwich, Connecticut sponsored by the Housing Development Fund and FHLB Boston, identified multiple ways in which stable housing or the lack thereof can impact the health of a child and family. Unstable housing especially among the chronic homeless can be very costly in terms of health care dollars and outcomes. Recognizing this linkage also reveals potential partnerships in terms of funding and advocacy. This is also illustrated by Vermont’s success with the Support and Services at Home statewide program as well as Massachusetts’ experience with supportive and elderly housing.

The Advisory Council encourages the importance of building coalitions and partnerships to develop collaborative solutions. Housing organizations should also work with schools, healthcare providers, and other relevant stakeholders to address health and housing needs. Both funding and ideas can be drawn from other fields outside of housing.

Cost Drivers and Barriers to Development

Finding ways of building more units and more efficiently is critical. All six of the New England QAPs have requirements for cost control and cost reasonableness. Cost drivers include land acquisition, infrastructure, amenities, time-consuming and complex design review processes, construction and labor costs, a construction labor shortage with an aging workforce, developer fees, expensive and lengthy zoning and permitting processes, high cost of compliance, and a lack of experience in development. Methods of controlling costs include using existing infrastructure, adaptive reuse, and building in distressed areas that have lower land values.

Skyrocketing acquisition and construction costs were noted in the Rhode Island NeighborWorks America session. Participants acknowledged these rising costs but also the need to develop strategically. Too much income-restricted housing development could negatively impact surrounding values. Participants in the Springfield, Massachusetts NeighborWorks America session highlighted the lack of trade workers as a critical component of rising costs. Vermonters noted similar cost trends, especially utility costs related to heating. Sometimes rehabilitation costs may exceed the market value of the housing development. Energy-efficiency improvements add costs but greatly improve the building’s performance and operations over the long-term.
Importance of Development Capital and Operating Subsidy

The need for capital investment and lending to support affordable housing development remains high, especially in light of significant changes in federal and state policy and budget priorities. Policymakers, lenders and developers noted that changing federal budget priorities may significantly reduce or eliminate HOME, CDBG, the Housing Trust Fund and other community development funding programs. Potential federal tax reform may reduce corporate tax rates and reduce the value of federal Low Income Housing Tax Credits (LIHTC), a primary equity source for affordable housing development. There remains some uncertainty about LIHTC pricing and yields, creating uncertainty for future investment and some equity gaps in developments currently underway.5

Federal housing operating subsidies (e.g. Section 8) only meet approximately one-quarter of the demand and are critical to bridge the affordability gap for renters. Moreover, these subsidies are essential to ensure that rental housing developments serving the lowest income are able to cash flow and operate. The Joint Center for Housing Studies reported that the share of rental households receiving HUD rental assistance is declining from 25.7 percent to 24.9 percent from 2013 to 2015. Rental assistance is prioritized and triaged to serve primarily the lowest income households. (Joint Center for Housing Studies, 2017)

Local governments continue to look for ways to address the affordable housing needs, such as using public land, inclusionary zoning, or supporting mixed-use development. Localities can use zoning tools to encourage more density, smaller and more units, and/or lower parking requirements, for example. Unfortunately, local governments do not have sufficient capital on their own to finance all of the housing units that are needed. (Joint Center for Housing Studies, 2017; Capps, 2017)

Members, developers and community partners recognized the need to incentivize private investment through state tax credits such as the Massachusetts Community Investment Tax program. In small states like Rhode Island and Vermont state capital is even more constrained. Rutland, Vermont attendees noted that “everything is magnified in the rural context”. Without sufficient funds from LIHTC and HUD, other sources of capital, including the private sector and the Bank, will be critical to fill the gap.

Changing Population and Demographics

From 2010 to 2015, United States Census data show that New England’s overall population only grew 1.8 percent, roughly half of the national rate of 3.9 percent. As shows in Table 5, population gains were uneven across the states. While Massachusetts saw an increase of 3.5 percent and New Hampshire’s population grew by 1.1 percent, the other four states only grew by 0.3 percent or less. (U.S. Census Bureau, Annual Estimates, April 2010 to July 2015).

Immigration has a significant impact on the housing market. In 2016, immigrants accounted for 45 percent of population growth in the U.S. (Joint Center for Housing Studies, 2017). Without international migration, many American cities would have lost population due to domestic

5 Doing Business in Uncertain Times forum, CHAPA and FHLBBOSTON, Boston, Massachusetts, May 21, 2017
outmigration (Joint Center for Housing Studies, 2017). New England’s immigrant population tends to follow these national trends. In Connecticut, Massachusetts, and New Hampshire, the foreign-born population increased by over 40 percent. This population will have increasing demands for both homes and rental units (Joint Center for Housing Studies, 2017).

Table 4. New England Foreign-Born Population

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>14.5</td>
<td>519,648</td>
<td>3,071,238</td>
<td>40.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Maine</td>
<td>3.4</td>
<td>44,694</td>
<td>1,284,634</td>
<td>21.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>16.1</td>
<td>1,095,953</td>
<td>5,698,469</td>
<td>41.8</td>
<td>2.2</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>6</td>
<td>79,959</td>
<td>1,250,649</td>
<td>47.7</td>
<td>5.8</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>13.5</td>
<td>142,324</td>
<td>913,974</td>
<td>19.3</td>
<td>-1.6</td>
</tr>
<tr>
<td>Vermont</td>
<td>4.5</td>
<td>28,247</td>
<td>597,795</td>
<td>21.5</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Source: Migration Policy Institute, State Immigration Data Profiles: 2010 to 2015.

The *State of the Nation’s Housing* report estimates that by 2035, one third of households will be headed by someone over the age of 65. Older individuals cannot always afford to modify their homes to remain in place, and will also increase demand for housing that allows them to live independently. It will be difficult and costly to deliver services, especially to aging households in rural communities. The report also observed that minorities will compose 90 percent of household growth between 2025 and 2035. Millennials are forming new households later in life, meaning their full effect on the housing market will not be felt until 2035, at which point the U.S. will be nearly a majority-minority country. It will be difficult to meet their demand, especially in urban areas. (Joint Center for Housing Studies, 2017)

While the New England states had lesser overall population growth, all of the states had a significant increase in their population over the age of 65. All six New England states had a decrease in the population under 18 years of age that was significantly greater than the national rate of -0.64 percent. In Maine, the only demographic that increased was the population over the age of 65. Advisory Council members also noted that younger New England residents are continuing to move out of rural areas.

Table 5. Change in New England State Populations by Age, 2010 to 2015

<table>
<thead>
<tr>
<th>Age</th>
<th>CT 2010</th>
<th>CT 2015</th>
<th>Change (%)</th>
<th>ME 2010</th>
<th>ME 2015</th>
<th>Change (%)</th>
<th>MA 2010</th>
<th>MA 2015</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 18</td>
<td>814,576</td>
<td>764,059</td>
<td>-6.2</td>
<td>273,365</td>
<td>256,380</td>
<td>-6.2</td>
<td>1,417,162</td>
<td>1,387,087</td>
<td>-2.1</td>
</tr>
<tr>
<td>18 to 24</td>
<td>331,335</td>
<td>352,215</td>
<td>6.3</td>
<td>116,031</td>
<td>110,754</td>
<td>-4.5</td>
<td>684,967</td>
<td>701,025</td>
<td>2.3</td>
</tr>
<tr>
<td>25 to 44</td>
<td>903,040</td>
<td>872,873</td>
<td>-3.3</td>
<td>314,773</td>
<td>307,297</td>
<td>-2.4</td>
<td>1,733,324</td>
<td>1,777,941</td>
<td>2.6</td>
</tr>
<tr>
<td>45 to 64</td>
<td>1,022,530</td>
<td>1,034,933</td>
<td>1.2</td>
<td>411,485</td>
<td>404,361</td>
<td>-1.7</td>
<td>1,823,205</td>
<td>1,883,147</td>
<td>3.3</td>
</tr>
<tr>
<td>65 and over</td>
<td>508,236</td>
<td>566,806</td>
<td>11.5</td>
<td>212,041</td>
<td>250,536</td>
<td>18.2</td>
<td>906,378</td>
<td>1,045,222</td>
<td>15.3</td>
</tr>
<tr>
<td>Total</td>
<td>3,579,717</td>
<td>3,590,886</td>
<td>0.3</td>
<td>1,327,695</td>
<td>1,329,328</td>
<td>0.1</td>
<td>6,565,036</td>
<td>6,794,422</td>
<td>3.5</td>
</tr>
</tbody>
</table>
Demographics of Rental Households

According to the Housing Vacancy Survey, the number of renter households has increased consecutively for 12 years, and has grown by 10 million households since 2005. The rate of increase may be abating. Renter households increased in 2015 and 2016 but at a significantly lower rate than the prior two years. There are 43.3 million renter households in the U.S., composed of 80 million adults and over 30 million children. This includes older adults, families with children and high income households. From 2005 to 2016, 44 percent of growth in renter households was due to renter households over the age of 55. The average renter household income was only $37,900 per year, well below the average homeowner household at $70,800. (Joint Center for Housing Studies, 2017)

Poverty

Nationally, poverty is increasing at a greater rate in the suburbs and rural areas, compared to urban areas. Concentrated poverty is also increasing. In 2000, 43 percent of low-income residents lived in a high-poverty neighborhood; this amount rose to 54 percent in 2015. Higher income residents continue to move into city areas that were once affordable to lower-income residents. (Joint Center for Housing Studies, 2017)

While all of the six New England states’ poverty rates were below the national average of 15.5 percent, poverty status varies by age and by race. The poverty rate for white residents in 2015 was below the state average in every New England state. In contrast, African-American rates were roughly double the state rate. The poverty rate for Asian residents in Connecticut was the only poverty rate below the state average for non-white residents in New England. African American residents in Maine and Native American residents in Rhode Island each has a high poverty rate of 45.5 percent.

The New England states followed the national trend in poverty by age. In all six states, the poverty rate for persons under the age of 18 and persons aged 18 to 34 was higher than the overall state average.
Table 6. Percent Population in Poverty by Race and by State, 2015

<table>
<thead>
<tr>
<th>State</th>
<th>Asian</th>
<th>Black or African American</th>
<th>Hispanic or Latino</th>
<th>Native American</th>
<th>White</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>7.8</td>
<td>21.1</td>
<td>25.7</td>
<td>21.3</td>
<td>7.8</td>
<td>10.5</td>
</tr>
<tr>
<td>Maine</td>
<td>14.6</td>
<td>45.5</td>
<td>25.9</td>
<td>33.2</td>
<td>13.2</td>
<td>13.9</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>14.6</td>
<td>22</td>
<td>29.3</td>
<td>22.9</td>
<td>9</td>
<td>11.6</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>10.1</td>
<td>18.4</td>
<td>20.5</td>
<td>17.9</td>
<td>8.5</td>
<td>8.9</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>16.8</td>
<td>25.7</td>
<td>33.3</td>
<td>45.5</td>
<td>11.4</td>
<td>14.2</td>
</tr>
<tr>
<td>Vermont</td>
<td>15.2</td>
<td>23.9</td>
<td>15</td>
<td>25.6</td>
<td>11.1</td>
<td>11.5</td>
</tr>
<tr>
<td>United States</td>
<td>12.6</td>
<td>27</td>
<td>24.3</td>
<td>28.3</td>
<td>12.7</td>
<td>15.5</td>
</tr>
</tbody>
</table>


Table 7. Percent Population in Poverty by Age and by State, 2015

<table>
<thead>
<tr>
<th>State</th>
<th>Under 18</th>
<th>18 to 34</th>
<th>35 to 64</th>
<th>65 and over</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>14.3</td>
<td>14.1</td>
<td>7.9</td>
<td>7.1</td>
<td>10.5</td>
</tr>
<tr>
<td>Maine</td>
<td>18.6</td>
<td>20.6</td>
<td>11.1</td>
<td>8.6</td>
<td>13.9</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>15.2</td>
<td>15.1</td>
<td>8.7</td>
<td>9.2</td>
<td>11.6</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>11.9</td>
<td>13.6</td>
<td>6.4</td>
<td>5.9</td>
<td>8.9</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>20.4</td>
<td>18.7</td>
<td>10.4</td>
<td>9.7</td>
<td>14.2</td>
</tr>
<tr>
<td>Vermont</td>
<td>15.1</td>
<td>18.3</td>
<td>8.4</td>
<td>7.2</td>
<td>11.5</td>
</tr>
<tr>
<td>United States</td>
<td>21.7</td>
<td>19.5</td>
<td>11.6</td>
<td>9.4</td>
<td>15.5</td>
</tr>
</tbody>
</table>


Homelessness

According to the Department of Housing and Urban Development’s 2016 Annual Homeless Assessment Report to Congress, homelessness has declined by three percent nationally since 2015 and 15 percent since 2006. Between 2015 and 2016, chronic homelessness decreased by 7 percent; between 2007 and 2016, chronic homelessness fell by 35 percent. (HUD, 2016).

Overall, New England’s share of the total 2016 homeless population in the U.S. is 5.4 percent, exceeding New England’s share of the total U.S. population (4.6 percent). Massachusetts’s share of the national homeless population is far higher than any of the other New England states at 3.6 percent. (HUD, 2016).

All New England states except Massachusetts experienced a significant decline in homelessness from 2006 to 2016. Overall, homelessness in Massachusetts has increased since 2010 but fortunately the rate of homelessness has slowed from 2015 to 2016. Rhode Island was the only New England state to experience an increase in homelessness from 2015 to 2016. Vermont has significantly reduced its homeless population over the last year. While veterans’ homelessness and chronic homelessness are being successfully targeted, more assistance will be needed to homeless families with children. (HUD, 2016).
Table 8. Change in Homeless Population

<table>
<thead>
<tr>
<th>State</th>
<th>Number of homeless 2016</th>
<th>Percent change since 2015</th>
<th>Percent change since 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>3,902</td>
<td>-3.6</td>
<td>-9.6</td>
</tr>
<tr>
<td>Maine</td>
<td>2,241</td>
<td>-5.5</td>
<td>-5.8</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>19,608</td>
<td>-7.2</td>
<td>17.8</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1,366</td>
<td>-5.5</td>
<td>-13.2</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1,160</td>
<td>4.4</td>
<td>-9.5</td>
</tr>
<tr>
<td>Vermont</td>
<td>1,117</td>
<td>-26.7</td>
<td>-8.4</td>
</tr>
<tr>
<td>United States</td>
<td>549,928</td>
<td>-2.6</td>
<td>-15.4</td>
</tr>
</tbody>
</table>

Source: Department of Housing and Urban Development (HUD): 2016 and 2010 Annual Homeless Assessment Report to Congress

For Sale Home Price Trends

The recovery from the 2008 Recession has been uneven by race, income, and geography. Harvard’s Joint Center for Housing Studies reports that there are fewer homes for sale, and for a shorter period of time. On average, homes are on the market for 3.6 months, marking the fourth year in a row in which homes were on the market for an average of less than 6 months. (Joint Center for Housing Studies, 2017)

Single-family home construction has remained low, keeping home values higher. Other cost drivers include a labor shortage in construction and limited land availability. While multifamily construction decreased nationally, it continued to increase in the Northeast. (Joint Center for Housing Studies, 2017)

Based on HUD’s New England Regional Report for 2017, home prices and sales, as well as condo prices and sales, increased in all six New England states from 2016 to 2017. Massachusetts continued to have the highest median home and condo values, which also saw significant increases in the past year. (HUD, 2017).


<table>
<thead>
<tr>
<th>State</th>
<th>Homes Sold 2016</th>
<th>2017 % Change</th>
<th>Median Price 2016</th>
<th>2017 % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>29,600</td>
<td>31,050</td>
<td>5 $ 225,000</td>
<td>1 $ 227,000</td>
</tr>
<tr>
<td>Maine</td>
<td>16,100</td>
<td>17,550</td>
<td>9 $ 182,500</td>
<td>5 $ 191,000</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>54,000</td>
<td>56,650</td>
<td>5 $ 329,500</td>
<td>6 $ 350,000</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>16,200</td>
<td>17,300</td>
<td>7 $ 235,000</td>
<td>4 $ 244,900</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>10,000</td>
<td>11,000</td>
<td>10 $ 225,000</td>
<td>2 $ 230,000</td>
</tr>
<tr>
<td>Vermont</td>
<td>6,050</td>
<td>6,325</td>
<td>5 $ 196,500</td>
<td>6 $ 208,000</td>
</tr>
</tbody>
</table>
Demographics of Homebuyers

Based on the State of the Nation’s Housing 2017 report, homeownership rates have stayed relatively unchanged. Only 35 percent of recent homebuyers are younger than 35 years old, a decrease of 5 percent since 2001. Reasons that younger Americans are delaying purchasing a home include student loan debt, marrying later in life, fewer starter homes available, continued effects from the recession, and rising home prices. In many metropolitan areas, home purchases by African Americans have decreased. The median credit score needed to qualify for a mortgage has continued to rise, putting mortgages out of reach for borrowers with lower credit scores. Small mortgage loans have also become more difficult to access. (Joint Center for Housing Studies, 2017)

Homeownership Trends

Nationally the homeownership rate remained consistently low at 63.5 and 63.6 percent, respectively, in 2016 and 2017. New Hampshire was the only New England state to have an increase in homeownership between 2007 and 2017, but its homeownership rate fell 4.4 percent between 2016 and 2017. Rhode Island had a slight increase in homeownership as it continues to recover from the effects of the foreclosure crisis. However, Rhode Island still has the lowest homeownership rate of the New England states. Barriers to homeownership continue to trend homeownership rates down, and increase the number of renters.

Table 10. Change in Homeownership Rates in New England and the United States

<table>
<thead>
<tr>
<th>State</th>
<th>Q1 2007</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>% Change 2007-2017 (10 YR)</th>
<th>% Change 2016-2017 (1 YR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>71.0</td>
<td>64.0</td>
<td>66.5</td>
<td>-6.34</td>
<td>3.91</td>
</tr>
<tr>
<td>Maine</td>
<td>75.1</td>
<td>71.1</td>
<td>69.4</td>
<td>-7.59</td>
<td>-2.39</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>64.4</td>
<td>62.1</td>
<td>62.1</td>
<td>-3.57</td>
<td>0.00</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>71.5</td>
<td>75.0</td>
<td>71.7</td>
<td>0.28</td>
<td>-4.40</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>64.4</td>
<td>57.2</td>
<td>57.9</td>
<td>-10.09</td>
<td>1.22</td>
</tr>
<tr>
<td>Vermont</td>
<td>73.4</td>
<td>68.5</td>
<td>68.5</td>
<td>-6.68</td>
<td>0.00</td>
</tr>
<tr>
<td>United States</td>
<td>68.4</td>
<td>63.5</td>
<td>63.6</td>
<td>-7.02</td>
<td>0.16</td>
</tr>
</tbody>
</table>


Conclusions: Key Housing and Community Development Observations

- Nationally, the vacancy rate is at a 17-year low. In New England, the vacancy rate ranged from a low of 1.9 percent in Manchester, NH to a high of 7.1 percent in Bridgeport, CT.
- Average rents in every New England metropolitan area increased between 2016 and 2017.
- Five out of six New England states (not RI) were among the top 10 states with the biggest gap between housing wage and average renter wage.
- Gentrification is occurring in both urban and rural areas in New England.
- New England states are attempting to balance new construction and preservation, as well as building in both distressed areas and areas of opportunity.
- All six New England states have a high median age; Maine has the highest in the U.S.
- The population under 18 years of age decreased, and the population over 65 increased, in all six New England states from 2010 to 2015.
- Throughout New England, the foreign-born population increased significantly more than the U.S.-born population.
- Massachusetts has the highest rate of homelessness in New England, which it is actively working to decrease.

Economic Development and Market Opportunities

**New England Economic Snapshot**

The New England economy continues to recover from the Great Recession. Unemployment rates, labor force participation, and job growth continues to improve throughout New England. Progress has been unequal, both at the state and local levels, as well as by industry and employment sector.

According to the Federal Reserve Bank of Boston, the construction industry was the only supersector in New England to add jobs at a rate faster than the nation between February 2016 and 2017. Manufacturing declined in New England, while it only slightly increased at the national rate. (Federal Reserve, 2017)

The most recent New England Regional Report by HUD found that New England added 32,000 jobs or 2.1 percent from first quarter 2016 to 2017. Massachusetts led this growth, accounting for 66 percent of the increase in New England. The job growth in the education and health services sector varied by state, increasing 0.6 percent in Connecticut and 2.9 percent in Massachusetts. While the mining, logging, and construction sector increased by 2.5 percent in New England during the first quarter of 2017, that gain was significantly lower than the 8.0 percent increase during the first quarter of 2016. Vermont and New Hampshire both saw significant increases in their leisure and hospitality sectors, in part due to new and expanded ski resorts. Maine’s largest increase was in its mining, logging and construction sector, partly attributed to highway projects throughout the state. Rhode Island saw the strongest gains in its construction sector as well. (HUD, 2017).
Average hourly earnings increased in all six New England states. However, average weekly hours fell in Maine, Massachusetts, and Rhode Island (see table 11). While rising hourly earnings are a positive trend, decreasing hours for workers may not make up the difference. Without sufficient hours per week, employees will find it increasingly difficult to afford housing and other necessities. (U.S. Bureau of Labor Statistics, 2015-2016).

Table 11. Average Weekly Hours and Average Hourly Earnings, 2015 to 2016

<table>
<thead>
<tr>
<th>State</th>
<th>Average weekly hours</th>
<th>% Change</th>
<th>Average hourly earnings</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>33.5</td>
<td>33.6</td>
<td>0.30</td>
<td>29.14</td>
</tr>
<tr>
<td>Maine</td>
<td>34.3</td>
<td>33.9</td>
<td>-1.17</td>
<td>21.85</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>33.5</td>
<td>33.4</td>
<td>-0.30</td>
<td>30.44</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>33.6</td>
<td>33.8</td>
<td>0.60</td>
<td>24.9</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>33.1</td>
<td>32.7</td>
<td>-1.21</td>
<td>24.94</td>
</tr>
<tr>
<td>Vermont</td>
<td>33.3</td>
<td>33.4</td>
<td>0.30</td>
<td>24.06</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Labor Statistics Average hours and earnings of all employees on private nonfarm payrolls, by State

Future job growth and higher earnings are expected to track with higher levels of education. Figure 2 illustrates U.S. Bureau of Labor Statistics projections for future job growth from 2014-2024 based on educational attainment. Greater job growth is expected for professions requiring higher education (bachelor’s degree or greater) as compared with professions requiring lower amounts of education. Some positions expected to add the most number of jobs in the next decade are not high quality jobs, as they offer relatively low pay for challenging work. According to the Out of Reach report, six out of the seven occupations nationally projected to add the most jobs by 2024 do not pay a sufficient median wage for an employee to afford a modest one bedroom apartment (NLIHC, 2017). As fewer lower skilled jobs are created, it will be essential to find other types of employment for employees without a college degree.

Figure 2. Projected Growth (Percent) of Jobs by Educational Attainment, 2014 to 2024

Unemployment and Labor Force Participation
Between 2016 and 2017, the unemployment rate fell in every New England state except New Hampshire. However, New Hampshire’s unemployment rate is still the lowest in New England. Connecticut is the only New England state with an unemployment rate higher than the national average. All six New England states have unemployment rates lower than they were two years ago, in 2015.

With the exception of New Hampshire, labor force participation increased in the New England states at a greater rate than the national rate. Maine saw the largest increase at 3.56 percent. While these trends are promising, it is important to note that unemployment rates vary significantly by local economy. For example, the unemployment rate in Danbury, Connecticut is 4 percent, while the unemployment rate in Waterbury, Connecticut is 5.9 percent (Federal Reserve Bank of Boston, 2017).

Table 12. 2015-2017 Unemployment and Labor Force Participation Rates

<table>
<thead>
<tr>
<th></th>
<th>Unemployment Rate (April)</th>
<th>1 Year Change</th>
<th>Labor Force Participation Rate</th>
<th>1 Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>5.8</td>
<td>5.7</td>
<td>4.9</td>
<td>-14.04</td>
</tr>
<tr>
<td>Maine</td>
<td>4.5</td>
<td>3.4</td>
<td>3.0</td>
<td>-11.76</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>5.0</td>
<td>4.2</td>
<td>3.9</td>
<td>-7.14</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>3.6</td>
<td>2.6</td>
<td>2.8</td>
<td>7.69</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>6.3</td>
<td>5.4</td>
<td>4.3</td>
<td>-20.37</td>
</tr>
<tr>
<td>Vermont</td>
<td>3.7</td>
<td>3.2</td>
<td>3.1</td>
<td>-3.13</td>
</tr>
<tr>
<td>United States</td>
<td>5.4</td>
<td>5.0</td>
<td>4.4</td>
<td>-12.00</td>
</tr>
</tbody>
</table>


New England Job Growth and Decline Trends

Based on Projections Central data, job growth and decline trends in New England tend to mirror national trends. Overall, the largest projected increases in employment are in the healthcare fields, while the production, manufacturing, and office and administrative fields are projected to lose the most jobs. The following table highlights which sectors by state are expected to grow (“Top 100 Growth”) or decline (“Bottom 100 Decline”) based on the 100 fastest growing positions, and the 100 most rapidly declining positions. For example, in Connecticut, 29 percent of the fastest growing jobs are healthcare practitioners while 34 percent of the fastest declining jobs are in production, and 27 percent are in office and administrative support.
Table 13. Growth and Decline of Top 100 Positions, by Industry and by State

<table>
<thead>
<tr>
<th>Industry</th>
<th>CT Top 100 Growth</th>
<th>CT Bottom 100 Decline</th>
<th>NH Top 100 Growth</th>
<th>NH Bottom 100 Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>15% education and training</td>
<td>27% office/admin support</td>
<td>7% life/phys/social sciences</td>
<td>22% office/admin support</td>
<td></td>
</tr>
<tr>
<td>29% healthcare practitioners</td>
<td>34% production</td>
<td>30% healthcare practitioners</td>
<td>7% installation/maint.</td>
<td></td>
</tr>
<tr>
<td>9% healthcare support</td>
<td></td>
<td>10% healthcare support</td>
<td>40% production</td>
<td></td>
</tr>
<tr>
<td>9% construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9% production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RI Top 100 Growth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13% business and financial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10% computer/math</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26% office/admin support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12% healthcare practitioners</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37% production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15% construction/extraction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15% production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ME Top 100 Growth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29% healthcare practitioners</td>
<td>19% office/admin support</td>
<td>12% healthcare practitioners</td>
<td>37% production</td>
<td></td>
</tr>
<tr>
<td>10% healthcare support</td>
<td>50% production</td>
<td>15% construction/extraction</td>
<td>15% production</td>
<td></td>
</tr>
<tr>
<td>9% computer and math</td>
<td>28% office/admin support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16% education and training</td>
<td>40% production</td>
<td>12% life/phys/social sciences</td>
<td>24% office/admin support</td>
<td></td>
</tr>
<tr>
<td>32% healthcare practitioners</td>
<td></td>
<td>16% healthcare practitioners</td>
<td>36% production</td>
<td></td>
</tr>
<tr>
<td>10% healthcare support</td>
<td></td>
<td>12% construction/extraction</td>
<td>13% production</td>
<td></td>
</tr>
<tr>
<td><strong>MA Top 100 Growth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8% computer and math</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16% education and training</td>
<td>40% production</td>
<td>12% life/phys/social sciences</td>
<td>24% office/admin support</td>
<td></td>
</tr>
<tr>
<td>32% healthcare practitioners</td>
<td></td>
<td>16% healthcare practitioners</td>
<td>36% production</td>
<td></td>
</tr>
<tr>
<td>10% healthcare support</td>
<td></td>
<td>12% construction/extraction</td>
<td>13% production</td>
<td></td>
</tr>
<tr>
<td><strong>NH Top 100 Growth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7% life/phys/social sciences</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22% office/admin support</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30% healthcare practitioners</td>
<td></td>
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</tr>
<tr>
<td>7% installation/maint.</td>
<td></td>
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</tr>
<tr>
<td>10% healthcare support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40% production</td>
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<td></td>
</tr>
<tr>
<td>15% construction/extraction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15% production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VT Top 100</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12% life/phys/social sciences</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24% office/admin support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16% healthcare practitioners</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36% production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12% construction/extraction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13% production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VT Bottom 100 Decline</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Projections Central: Long-Term Projects (2024) by State

In Connecticut, Maine, Massachusetts, and New Hampshire, nearly all of the top 10 fastest growing jobs were in science, health, and mathematics. In Rhode Island and Vermont, the fastest growing jobs were more mixed. Few of the top 10 were in healthcare, while many were in productions and machinery. Although both Rhode Island and Vermont had more than 10 percent growth in production positions among their the 100 fastest growing jobs, the percent in the bottom 100 was significantly higher, at over 30 percent decline in each state resulting in projected net job losses. (Projections Central)

Small Business Needs, Opportunities, and Challenges

While most New Englanders work for firms with at least 20 employees, most firms (in terms of overall numbers) are businesses with one to four employees, accounting for over half of all firms. Small businesses continue to be an important segment of the regional economy. The percent of firms, by number of employees, in New England mirrors national levels.

Table 14. 2015 Percent of Firms by Number of Employees in New England

<table>
<thead>
<tr>
<th># of Employees</th>
<th>CT</th>
<th>ME</th>
<th>MA</th>
<th>NH</th>
<th>RI</th>
<th>VT</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 4</td>
<td>52.6</td>
<td>57.6</td>
<td>53.0</td>
<td>52.5</td>
<td>54.9</td>
<td>56.8</td>
<td>54.5</td>
</tr>
<tr>
<td>5 to 9</td>
<td>19.2</td>
<td>18.5</td>
<td>19.0</td>
<td>20.0</td>
<td>18.4</td>
<td>19.2</td>
<td>18.4</td>
</tr>
<tr>
<td>10 to 19</td>
<td>13.3</td>
<td>12.3</td>
<td>12.8</td>
<td>13.3</td>
<td>12.9</td>
<td>12.6</td>
<td>12.6</td>
</tr>
<tr>
<td>20 to 99</td>
<td>12.3</td>
<td>9.9</td>
<td>12.3</td>
<td>11.9</td>
<td>11.6</td>
<td>9.8</td>
<td>12.0</td>
</tr>
<tr>
<td>100 to 499</td>
<td>2.4</td>
<td>1.6</td>
<td>2.5</td>
<td>2.1</td>
<td>2.0</td>
<td>1.5</td>
<td>2.2</td>
</tr>
<tr>
<td>500+</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, County Business Patterns, Number of Establishments, Employment, and Annual Payroll by Enterprise Employment Size for the United States and States, 2015
The 2016 Small Business Credit Survey, conducted by twelve Federal Reserve Banks and released in April 2017, provides insight into the business opportunities and financing needs of small businesses. Five percent of survey respondents were in New England. Of the respondents, 83 percent were in urban areas, versus 17 percent in rural locations. By annual revenue size, 21 percent of respondents had firms with a revenue size of less than $100,000; 49 percent were between $100,000 and $1M, 26 percent were between $1M and $10M, and only 4 percent were over $10M. Of all of the respondents, 55 percent had firms with one to four employees. Twenty percent were female owned businesses. (Small Business Credit Survey, 2016).

Overall, 61 percent of respondent firms expected revenues to increase in the next year, and 39 percent expect to add jobs. Sixty-one percent of firms had financial difficulties within the last year, and 76 percent of business owners used personal finances to bridge the gap.

Smaller revenue firms tend to have higher approval rates at CDFI’s, small banks, and online lenders, compared to large banks. Respondents also cite a 75 percent satisfaction rate with small banks and credit unions, while large banks received a satisfaction rate of 46 percent, and online lenders received 27 percent. (Small Business Credit Survey, 2016).

Conclusion: Key Economic Development and Market Opportunities Observations

- The construction sector was the only supersector in New England to add jobs at a greater rate than the national rate
- Massachusetts is leading New England in job growth, while Connecticut has the slowest growth in the region
- In Connecticut, Maine, Massachusetts, and New Hampshire, all ten of the ten fastest growing jobs were in health, science, and mathematics, mirroring national trends
- Rhode Island and Vermont have more production, and less healthcare, growth than the other four states
- Quality jobs, with sufficient wages and benefits, are especially needed
- Six out of the seven jobs expected to increase the most in the next 10 years do not pay a sufficient wage to afford a modest one bedroom apartment
- Connecticut was the only New England state with an unemployment rate above the national average
- Labor force participation increased in all of the New England states
- Over half of all firms in New England and in the U.S. have between 1-4 employees
- Smaller revenue firms have more difficulty accessing credit than larger firms
- Smaller firms tend to have more access at CDFI’s and small banks, as opposed to larger banks, and also cite greater satisfaction with smaller lenders
### Appendix A: Summary of New England Qualified Allocation Plans, FHLBBoston—NeighborWorks America Outreach Events

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase the supply of affordable housing through production, preservation, and rehabilitation</td>
<td>• Increase the supply and quality of affordable rental housing</td>
<td>• Prioritize preservation of affordable housing, especially housing that is at risk of being lost due to age, condition, or market changes</td>
</tr>
<tr>
<td>• Prevent and end homelessness, in part by providing housing and services</td>
<td>• Preserve and improve the quality of existing housing</td>
<td>• Housing and services for the homeless, seniors, and persons with disabilities</td>
</tr>
<tr>
<td>• Housing for families</td>
<td>• Help residents attain housing stability</td>
<td>• Housing for families</td>
</tr>
<tr>
<td>• Mixed-income housing</td>
<td>• Housing for families</td>
<td>• Invest in and revitalize distressed neighborhoods</td>
</tr>
<tr>
<td>• Efficient use of existing infrastructure</td>
<td>• Provide services for seniors, the homeless, persons with disabilities, and victims of domestic violence</td>
<td>• Mixed-income housing</td>
</tr>
<tr>
<td>• Revitalize regional centers, promoting vibrant downtowns</td>
<td>• Provide housing that has access to employment, public transportation, education, community assets, and services</td>
<td>• Provide housing that has access to employment, public transportation, public amenities, and education</td>
</tr>
<tr>
<td>• Mixed-use neighborhoods</td>
<td>• Redevelop and revitalize blighted areas</td>
<td>• Sustainable housing development with energy-efficient design</td>
</tr>
<tr>
<td>• Expand housing opportunity and choice</td>
<td>• Adaptive reuse of historic properties</td>
<td>• Develop housing using Smart Growth principles</td>
</tr>
<tr>
<td>• Provide housing that has access to education, employment, green space, and public transportation</td>
<td>• Accessible housing for mobility-impaired</td>
<td>• Mixed-use neighborhoods</td>
</tr>
<tr>
<td>• Adaptive reuse of historic properties</td>
<td>• Develop housing using Smart Growth principles</td>
<td>• Plan regionally</td>
</tr>
<tr>
<td>• Sustainable design, including renewable energy systems and passive housing design</td>
<td>• Affordable housing in high opportunity areas</td>
<td>• Affordable housing in Areas of Opportunity</td>
</tr>
<tr>
<td>• Affordable housing in Areas of Opportunity</td>
<td>• Decrease concentrated poverty</td>
<td></td>
</tr>
</tbody>
</table>
| New Hampshire 2018 QAP  
(Final, July 10, 2017) | Rhode Island 2017 QAP  
(Final, April 22, 2016) | Vermont 2018 QAP  
(Final, May 1, 2017) |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase the supply of affordable housing through production and preservation</td>
<td>• Preserve affordable housing, especially housing that is at risk of being lost due to deferred maintenance, expiring subsidies and use restrictions, and deterioration</td>
<td>• Increase the supply and quality of affordable housing, especially in downtowns and village centers</td>
</tr>
<tr>
<td>• Affordable housing for veterans, persons with disabilities, and the homeless</td>
<td>• Prioritize development and revitalization in neighborhoods most affected by the foreclosure crisis</td>
<td>• Affordable housing and services for the homeless, and seniors</td>
</tr>
<tr>
<td>• Provide affordable housing in areas that have none</td>
<td>• Mixed-income housing</td>
<td>• Housing for families</td>
</tr>
<tr>
<td>• Non-age restricted housing</td>
<td>• Housing for families</td>
<td>• New construction must be in area with vacancy rate of 5% or less</td>
</tr>
<tr>
<td>• Neighborhood revitalization</td>
<td>• Redevelop vacant and abandoned properties</td>
<td>• Revitalize communities and remove blight</td>
</tr>
<tr>
<td>• Adaptive reuse of historic properties</td>
<td>• Affordable housing and services for the homeless</td>
<td>• Provide housing that has access to public transportation</td>
</tr>
<tr>
<td>• Efficient use of existing infrastructure</td>
<td>• Mixed-use neighborhoods</td>
<td>• Develop housing using Smart Growth principles</td>
</tr>
<tr>
<td>• Develop housing using Smart Growth principles</td>
<td>• Provide housing that has access to public transportation, green space, and recreation</td>
<td>• Sustainable housing with energy-efficient design</td>
</tr>
<tr>
<td>• Sustainable housing with energy-efficient design</td>
<td>• Efficient use of existing infrastructure</td>
<td>• Affordable housing in high opportunity areas</td>
</tr>
<tr>
<td>• Mixed-income housing</td>
<td>• Sustainable design, including energy-efficiency</td>
<td>• Perpetual affordability</td>
</tr>
<tr>
<td></td>
<td>• Develop housing using Smart Growth principles</td>
<td>• Natural disaster repairs and remediation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Vermont</td>
<td>Massachusetts</td>
</tr>
<tr>
<td>--------------</td>
<td>---------</td>
<td>----------------</td>
</tr>
<tr>
<td>Providence</td>
<td>Rutland</td>
<td>Springfield</td>
</tr>
<tr>
<td>FHLBBoston – NWA</td>
<td>FHLBBoston – NWA</td>
<td>FHLBBoston – NWA</td>
</tr>
<tr>
<td>June 7, 2017</td>
<td>June 22, 2017</td>
<td>July 20, 2017</td>
</tr>
</tbody>
</table>

### Community’s top housing and small business challenges
- Need for funding sources beyond LIHTC and other threatened programs
- Burdensome regulations on CDCs
- Low vacancy rates
- Cost of land and construction
- Older housing stock
- Need for transit-oriented development without resulting in displacement

### Community developers’ priorities
- Funding for supportive programs and services, such as youth programs and resident services
- More capital, loans, and PRIs for CDCs
- Need for financing for predevelopment

### Financial institutions’ primary goals and challenges
- higher construction costs
- Helping investors invest in low-income areas
- Address credit risk associated with multifamily housing
- Financing options for first-time homebuyers

### Community’s top housing and small business challenges
- Environmental hazards from disasters
- Cost of rehab can exceed market value of homes
- Insufficient entry level jobs for post-grads
- High construction costs
- Need for workforce housing
- High cost of heating homes
- Need for financial literacy training
- Low vacancy rates
- Absentee landlords

### Community developers’ priorities
- Improve targeted areas, especially safety
- Where to find funding if LIHTC and other programs are cut
- Need for additional resources to support housing and services for homeless

### Financial institutions’ primary goals and challenges
- Appraisers can be slow completing appraisals
- Appraised values are sometimes lower than project costs
- Many buyers cannot afford downpayments

### Community developers’ priorities
- Sustaining organization during lengthy predevelopment period
- IDA programs and downpayment assistance
- CITC programs
- Better interest rates and terms

### Financial institutions’ primary goals and challenges
- Address predatory lending issues
- Supporting developers to move pipeline projects forward
- Lack of trade workers leading to higher costs
<table>
<thead>
<tr>
<th>Rhode Island FHLBBoston – NWA Providence</th>
<th>Vermont FHLBBoston – NWA Rutland</th>
<th>Massachusetts FHLBBoston – NWA Springfield</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 7, 2017</strong></td>
<td><strong>June 22, 2017</strong></td>
<td><strong>July 20, 2017</strong></td>
</tr>
<tr>
<td>• Addressing small business lending and compliance challenges</td>
<td>• Student loan debt burden</td>
<td>of rehabs and lower quality</td>
</tr>
<tr>
<td><strong>Changing demographics</strong></td>
<td>• Some projects are unable to afford debt</td>
<td>• Do not have sufficient loan officers</td>
</tr>
<tr>
<td>• Aging population and need for home modifications for aging in place</td>
<td><strong>Changing demographics</strong></td>
<td>• HMDA and regulations with lending</td>
</tr>
<tr>
<td>• Families are becoming smaller in QAP to reflect this</td>
<td>• Senior population increasing, especially rural</td>
<td>• Mortgage companies charge additional fees for multifamily</td>
</tr>
<tr>
<td>• Millennials unable to afford urban markets</td>
<td>• Millennials putting off milestone purchases due to student loans</td>
<td><strong>Changing demographics</strong></td>
</tr>
<tr>
<td>• Gentrification and displacement</td>
<td>• Increasing immigration</td>
<td>• Seniors staying in place, but many of their homes are older and need rehab</td>
</tr>
<tr>
<td><strong>Opinion of HCI programs</strong></td>
<td>• Need for family housing</td>
<td>• LTV ratios an issue for rural housing</td>
</tr>
<tr>
<td>• Should reward in-district AHP projects</td>
<td><strong>Opinion of HCI programs</strong></td>
<td>• Immigrant population increasing</td>
</tr>
<tr>
<td>• Very transparent</td>
<td>• Helping to House New England great leverage opportunity</td>
<td><strong>Opinion of HCI programs</strong></td>
</tr>
<tr>
<td>• Grateful for technical assistance</td>
<td>• Good that small and large projects are equally competitive</td>
<td>• AHP has transparent scoring</td>
</tr>
<tr>
<td>• AHP first-in capital</td>
<td>• Need to address financial literacy</td>
<td>• Jobs for New England is excellent, but funding runs out</td>
</tr>
<tr>
<td>• Too difficult for CDFI’s to participate</td>
<td><strong>Opinion of HCI programs</strong></td>
<td>• Equity equivalence has been helpful to CDFIs</td>
</tr>
<tr>
<td>• Involve PHA’s, larger nonprofits and for-profits</td>
<td>• AHP takes applications when other funds are not committed</td>
<td>• AHP takes applications when other funds are not committed</td>
</tr>
<tr>
<td>• Need gap financing</td>
<td>• Would like equity builder grants split to serve more homebuyers</td>
<td>• Would like equity builder grants split to serve more homebuyers</td>
</tr>
</tbody>
</table>
## Appendix B: Summary of 2017 CLP goals and results

The Bank fully met its quantitative targeted community lending performance goals for 2017. The following table itemizes how FHLB Boston met each of its 2017 performance goals.

<table>
<thead>
<tr>
<th>Goal 1. Conduct targeted trainings and events on the FHLB Boston’s housing and community investment programs.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JNE</strong></td>
</tr>
</tbody>
</table>
| **HHNE** | • Program rollout by March 31, 2017; individualized outreach to each of the six state housing finance agencies in progress.  
• Five of the six HFAs have participated in the program as of November 30, 2017. |
| **AHP** | • Completed three targeted AHP Next Steps webinars for 2016 awardees  
• Completed one AHP income calculation and documentation webinar  
• Completed 10 2017 AHP application trainings and five 2017 AHP application webinars  
• Completed a separate 2017 AHP application webinar for the HAI Group and public housing authorities  
• Completed one AHP reporting webinar |
| **EBP** | • Completed five 2017 EBP Application webinars  
• Completed four 2017 EBP Enrollment webinars  
• Completed four 2017 EBP Disbursement webinars |
| **CDA** | • Completed three CDA webinars in March, June, and September |

### Goal 2. Conduct at least three outreach activities to respond to the 2017 plan’s primary or other community development priorities based on funding availability and the interest of members, the Advisory Council, and community stakeholders.

| Priority I | Finance the production of affordable rental housing for households at a variety of income levels. | • Doing Business in Times of Uncertainty, forum on the changing political and economic climate for affordable housing and community development; sponsored with CHAPA, Federal Reserve Bank of Boston, Boston, MA, May 22, 2017  
<table>
<thead>
<tr>
<th>Priority</th>
<th>Fund the preservation of affordable housing, including deed-restricted and federal and state-supported public housing stock.</th>
<th>Support housing development and mortgage financing to provide affordable homeownership opportunities for first-time homebuyers and low-income families.</th>
<th>Address poverty and blight through investment in distressed and at-risk communities to improve neighborhood livability and sustainability.</th>
<th>Support strategic investments in high-opportunity communities to improve economic mobility.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority II</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority III</td>
<td></td>
<td>• Connecticut Affordable Lending Summit, presenter, sponsored by Connecticut Mortgage Bankers Association’s Affordable Housing Committee, Cromwell, CT, March 9, 2017</td>
<td>• New Hampshire Annual Conference on Homeownership, sponsored by New Hampshire Housing Finance Agency, Bedford, NH, April 4, 2017</td>
<td></td>
</tr>
<tr>
<td>Priority IV</td>
<td></td>
<td></td>
<td>• Affordable Housing Development Competition, 17th Anniversary, Boston, MA, April 26, 2017</td>
<td></td>
</tr>
<tr>
<td>Priority V</td>
<td></td>
<td></td>
<td>• A Breakfast on Housing, City of Boston’s Housing Innovation Lab, CHAPA, BSA, Boston, MA, May 3, 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• One CRA for CBOs, Community Reinvestment Act training, FDIC, Dartmouth, MA, May 9, 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• One CRA 101 for Lenders, Community Reinvestment Act Training, FDIC, Federal Reserve, OCC, Boston, MA, August 3, 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Two Joint CRA Training for Bankers and CBOs, FDIC, Federal Reserve, OCC, Hartford, CT, October 30, 2017 and Lawrence, MA, November 2, 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Strengthening Community Impact through Business Investing, three community development luncheons, with NeighborWorks America in Providence, RI (June 7, 2017), Rutland, VT (June 21, 2017) and Springfield, MA (July 20, 2017)</td>
<td></td>
</tr>
<tr>
<td>Priority VI</td>
<td>Encourage innovative initiatives that link supportive services, housing, and health care to improve individual and community health.</td>
<td>• Housing and Health Care forum, with Housing Development Fund, Old Greenwich, CT, May 25, 2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Priority VII | Focus on job creation/retention, small business finance, and economic development to support income growth and make communities more economically resilient. | • Completed one JNE Webinar  
• SBA’s Region I Small Business Webinar, presenter; sponsored by the U.S. Small Business Association; March 16, 2017  
• Financing Small Business: Tools of the Trade, with FDIC, Federal Reserve, OCC, SBA, and USDA, November 7, 2017 |

**Goal 3. Continue program development and conduct marketing outreach to expand participation and the dollar amount of advances leveraged in the JNE and HHNE programs.**

| a. | Research and recommend program enhancements to the AHP | • Research regarding feasibility metrics and nonprofit capacity and/or other program or process enhancements for 2018 and future AHP Implementation Plans- ongoing |
| b. | Program development and marketing outreach to expand participation and the dollar amount of advances leveraged in the JNE and HHNE programs | • Completed |
Economic and Community Development Funding Supported by FHLB Boston through the Jobs for New England, Helping to House New England, and Community Development Advance Programs (January through November 30, 2017)

Jobs for New England Initiatives:

<table>
<thead>
<tr>
<th>Disbursed Initiatives by State</th>
<th>Number of Transactions</th>
<th>Number of Members*</th>
<th>Advances Disbursed</th>
<th>JNE Subsidy Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>19</td>
<td>9</td>
<td>$4,407,166</td>
<td>$586,007</td>
</tr>
<tr>
<td>Maine</td>
<td>26</td>
<td>9</td>
<td>$11,064,117</td>
<td>$1,174,527</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>39</td>
<td>18</td>
<td>$10,191,749</td>
<td>$1,163,793</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>11</td>
<td>5</td>
<td>$5,410,190</td>
<td>$826,752</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>5</td>
<td>4</td>
<td>$3,198,090</td>
<td>$516,027</td>
</tr>
<tr>
<td>Vermont</td>
<td>17</td>
<td>6</td>
<td>$6,005,357</td>
<td>$732,894</td>
</tr>
<tr>
<td>Total Disbursed Initiatives</td>
<td>117</td>
<td>51</td>
<td>$40,276,669</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Total Jobs Created or Retained</td>
<td>1,335</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*This includes two members each active in two different states.

Helping to House New England Initiatives:

<table>
<thead>
<tr>
<th>Number of Participating HFAs</th>
<th>Advances and Investments Disbursed</th>
<th>HHNE Subsidy Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>$21,604,000</td>
<td>$2,990,356</td>
</tr>
</tbody>
</table>

CDA Housing Initiatives:

<table>
<thead>
<tr>
<th>Total Approved</th>
<th>35</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Units</td>
<td>815</td>
</tr>
<tr>
<td>Rental Units</td>
<td>836</td>
</tr>
<tr>
<td>Total Members</td>
<td>21</td>
</tr>
<tr>
<td>Total Funds Approved</td>
<td>$170,552,793</td>
</tr>
<tr>
<td>Total Disbursed</td>
<td>$157,348,994</td>
</tr>
</tbody>
</table>

CDA Economic Development Initiatives

<table>
<thead>
<tr>
<th>Total Approved</th>
<th>90</th>
<th>$1,186,939,865</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business</td>
<td>68</td>
<td>$1,088,062,873</td>
</tr>
<tr>
<td>Targeted Economic Development Initiatives</td>
<td>10</td>
<td>$46,025,000</td>
</tr>
<tr>
<td>Servicing Households at 80 Percent of AMI</td>
<td>13</td>
<td>$54,351,992</td>
</tr>
<tr>
<td>Jobs Created/Retained</td>
<td>194</td>
<td></td>
</tr>
<tr>
<td>Rural Initiatives Approved</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Urban Initiatives Approved</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Total Members</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Total Disbursed</td>
<td>$694,743,242</td>
<td></td>
</tr>
</tbody>
</table>
Regulatory Citation and Bibliography

12 CFR 952.4 and 12 CFR 1290.6 requires that the Bank establish and maintain a community support program that provides technical assistance to members, promotes and expands affordable housing finance, identifies opportunities for members to expand financial and credit services to underserved communities, and encourages members to increase their targeted community lending and affordable housing finance activities by providing incentives and technical assistance. The 2018 Community Lending Plan is an integral part of FHLB Boston’s program and, as such, also codifies the Bank’s community support program overall.

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

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

United States


**Connecticut**

http://www.chfa.org/content/Multifamily%20Document%20Library/2017%20LIHTC%00Qualified%20Allocation%20Plan%20(QAP).pdf


**Maine**

http://www.mainehousing.org/docs/default-source/qap/2017-qap.pdf

University of Maine. (2016, August 23). Fishing communities need to prepare for gentrification challenges, say UMaine researchers. *University of Maine News*

**Massachusetts**


**New Hampshire**

Rhode Island


Vermont


Databases


U.S. Census Bureau (2017). *Quarterly Vacancy Rates by State and MSA.* [https://www.census.gov/housing/hvs/data/rates.html](https://www.census.gov/housing/hvs/data/rates.html)