Federal Home Loan Bank
NEW YORK

Targeted Community Lending Plan

— 2024 —

Letter from the Community Investment Officer

Dear Members and Community Partners,

On behalf of the Community Investment Team at the Federal Home Loan Bank of New York ("FHLBNY"), thank you for turning to this resource to gain insights into the credit and affordable housing needs of our District and into our decision-making regarding policies, products, and programs.

This is the 2024 Targeted Community Lending Plan. At a high level, it shows how persistent the affordable housing needs remain in New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands.

We at the FHLBNY take pride in our many 2023 successes: making large and small development projects feasible through the Affordable Housing Program General Fund ("AHP"), getting families into their first home with help from our members through the Homebuyer Dream Program® ("HDP®"), and serving as a reliable source of liquidity through or Community Lending Programs ("CLP"). We are pleased to be able to deploy our resources at a meaningful scale year after year and to have maintained this trend for yet another year. We do so by making strategic, evidence-based decisions on how to deploy those funds most effectively.

In the face of the challenges to low-income residents and especially to communities of color described in this Plan, we are encouraged to see signs of intentional responses and thoughtful solutions. At a national level, Fannie Mae and Freddie Mac have begun incorporating on-time rental payments into their underwriting models. And at a local level, several FHLBNY member institutions have begun to offer special purpose credit programs. At least one FHLBNY member has deployed a special purpose credit program to provide down-payment assistance to borrowers of color. Other FHLBNY members are also considering developing similar programs. The FHLBNY continues to partner with members working to find solutions to the racial homeownership gap.

The FHLBNY, too, consistently strives to innovate in response to the identified needs, both through its regulated programs (AHP, HDP, and CLP) and its discretionary activities endorsed by the FHLBNY's Board of Directors. The FHLBNY continuously seeks ways to innovate outside its regulatory offerings and is fully engaged and committed to addressing its District needs in ways that make sense for its members, communities, and housing partners.

We could not do this work in a way that is consistent with regulatory requirements, meets our District's economic and housing needs, and supports our members' business and all of our partners without help. Thank you to the members of the Affordable Housing Advisory Council ("Advisory Council") and the Housing Committee of the Board of Directors, our members, and community partners and practitioners for being generous with your time and sharing your expertise with us throughout the year.

Deepening these key relationships is just one of the ways the Community Investment Team is delivering on the FHLBNY's overall three-year (2022 – 2024) Strategic Plan. We also want to ensure that our products and programs add to the value proposition for FHLBNY membership, and that our own Community Investment Team is trained and empowered to be leaders and trusted partners in the industry.

I encourage readers of this Plan to reach out to me and the FHLBNY's Community Investment Team, or to the members of the Advisory Council, to share your experiences and ideas.

Sincerely,

Michael A. Volpe

Michael A. Volpe
Senior Vice President and Interim Community Investment Officer
Federal Home Loan Bank of New York

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1. Credit and Affordable Housing Needs

The Federal Home Loan Bank of New York ("FHLBNY"), which serves New Jersey, New York, Puerto Rico and the U.S. Virgin Islands, offers a suite of programs and products that support access to credit and affordable housing for its members and their communities:

- The Affordable Housing Program ("AHP") General Fund provides subsidies, in the form of grant funding, to support the creation and preservation of housing for very-low-, low-, and moderate-income families and individuals. AHP funds are awarded to FHLBNY members that submit applications on behalf of project sponsors that are planning to purchase, rehabilitate, or construct affordable homes or apartments. Funds are awarded through a competitive process which typically takes place once a year.

- The Homebuyer Dream Program® ("HDP®") is a grant program that supports members' mortgage lending activity by providing down-payment and closing-cost assistance. In the HDP, members submit reservation requests on behalf of their customers, who are currently under contract for a home. Those customers must be first-time homebuyers and have incomes at or below 80% of the area median income ("AMI").

- The Community Lending Programs ("CLP") provide members with discounted rate advances to fund their loans for eligible purposes. These products include the Community Investment Program ("CIP"), which supports housing-related activities where the households' incomes do not exceed 115% AMI; the Urban Development Advance ("UDA"), for economic development projects or programs in urban areas (populations greater than 25,000) and benefitting individuals or families in areas where the median income is at or below 100% of AMI; and the Rural Development Advance ("RDA") program, for rural areas (populations of 25,000 or less) where the Census tract income is at or below 115% of the overall area. The same discounted rates are available through the Disaster Relief Funding ("DRF") program, which the FHLBNY makes available to members to assist rebuilding and economic recovery efforts in federally designated disaster areas.

- The 0% Development Advance ("ZDA") provides members with subsidized funding in the form of interest rate credits to assist in originating loans or purchasing loans and investments that meet eligibility criteria under the Business Development Advance ("BDA"), Climate Development Advance ("CDA"), Infrastructure Development Advance ("IDA"), or Tribal Development Advance ("TDA"). This program is intended to support economic development by incentivizing members to provide below market rate loans or invest in qualified initiatives supporting small businesses, energy efficiency and climate resiliency projects, investments in local infrastructure development, and Native American housing and community support funding.

While each of these programs (AHP, HDP, and CLP) must comply with certain statutory and regulatory requirements and priorities, common to all the Federal Home Loan Banks ("FHLBanks") across the country, there is flexibility and opportunity to tailor programs to the specific needs and market conditions of each District. Additionally, FHLBanks have the ability to create voluntary programs to supplement the regulatory programs to address District needs.

Understanding those needs is a continuous process that encompasses regular consultation with the members of the Affordable Housing Advisory Council ("Advisory Council") and Housing Committee of the Board of Directors of the FHLBNY; outreach to senior-level staff of FHLBNY member institutions; interviews and focus groups with organizations working in a particular geography or issue area; policy- and operational-level conversations with housing finance agencies; interviews with academics and other subject-matter experts on recent developments and best practices; and focused data analysis undertaken each year at this time to produce the Targeted Community Lending Plan ("Plan").

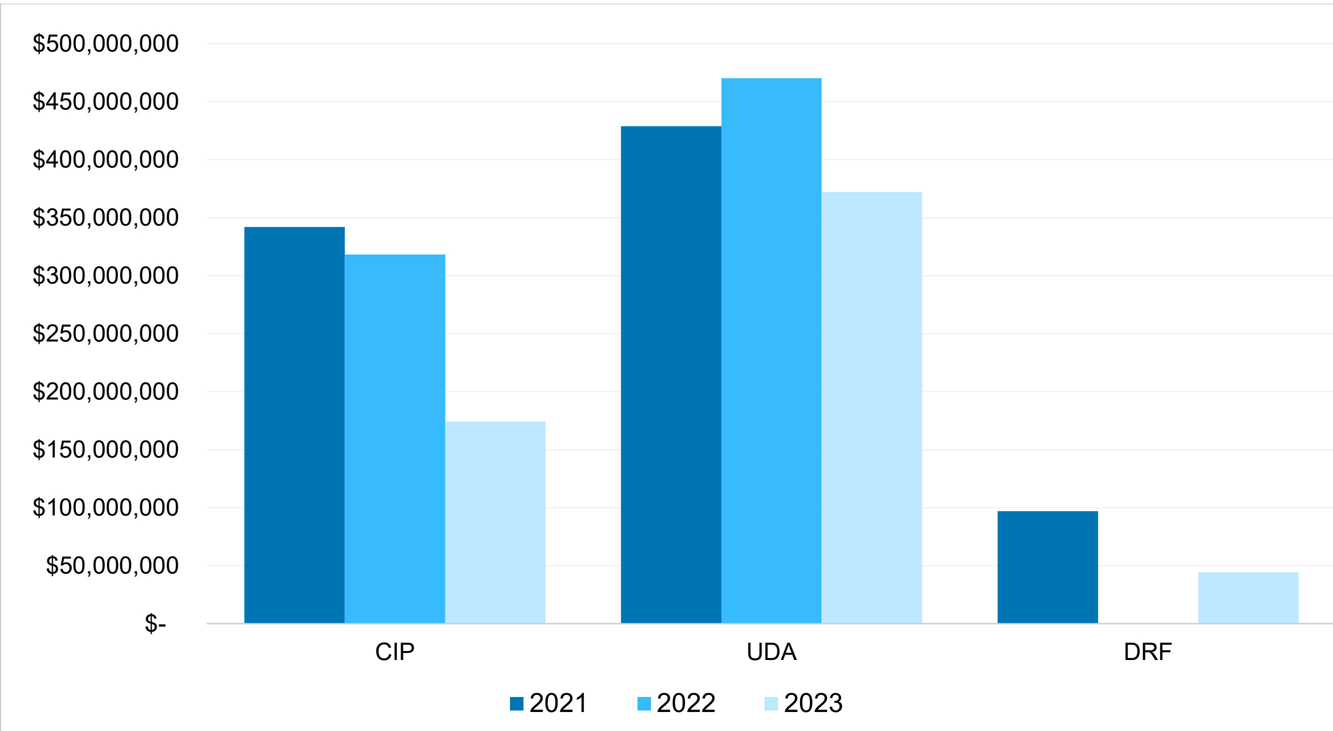
Where the credit and affordable housing needs identified by the Plan are challenging to address through one of the above regulated programs, the FHLBNY's management and its Board of Directors can make strategic charitable investments in high-capacity organizations. In 2023, these discretionary contributions included, but were not limited to, supporting the Legal Aid Society to allow it to provide foreclosure prevention and estate-planning services to low-income and minority homeowners; Enterprise Community Partners to provide capacity-building services to emerging affordable housing developers in the U.S. Virgin Islands; the Supportive Housing Association of New Jersey to develop a database for developers to identify municipalities in New Jersey with housing trust fund monies available for use; and Habitat for Humanity of Puerto Rico to expand its Home Acquisition program to provide homeownership opportunities for low- and moderate-income individuals and families.

A. Credit needs through touchpoints with FHLBNY members and their customers

The credit needs in the District — from those of large financial institutions to small businesses and first-time homebuyers — are diverse. Since the FHLBNY has many touchpoints throughout the District, the FHLBNY is well positioned to understand and respond to the credit needs of its membership. In turn, FHLBNY members can make strategic decisions about how to best use the FHLBNY's flexible funding to support their communities across the District.

Entering 2024, FHLBNY members face an uncertain credit market, markedly different than the start of last year. Though the Federal Reserve Board decided to keep the target range for the federal funds rate at 5.25%-5.5% in September 2023, it is still unclear whether rates will need to be increased before year end.[1] The Federal Reserve is wary of tightening the reins on the economy too much, while it aims for a "soft landing" where inflation will slow down without prolonged economic hardship.[2] Continued fears over rising inflation or even stagflation in the coming year coupled with escalating home prices in our District will likely further restrict housing affordability and could limit mortgage lending to first-time and/or low- and moderate-income homebuyers by our members. Although demand for our CLP has declined in 2023, FHLBNY members will continue to have access to affordable capital to meet the lending needs of their communities. The data in *Figure 1* depicts FHLBNY members' dependence on FHLBNY borrowings to fund community investment lending, (not the level of community investment lending by our members).

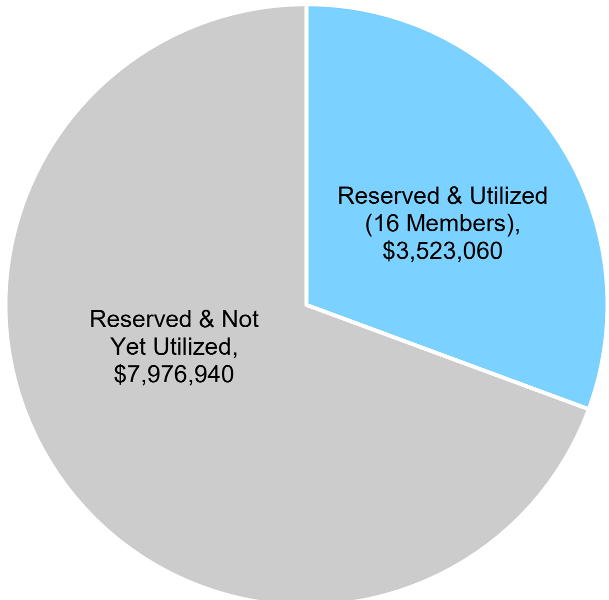
Figure 1: Discounted advances by year issued to FHLBNY members as of September 29, 2023



In 2021, the FHLBNY made available a new discounted advance product, the Business Development Advance ("BDA"), on a temporary basis. Modeled after similar programs at other FHLBanks, the BDA is essentially a discount fund: it uses discretionary dollars to buy down the interest rate of members' advances that were used to fund loans to small businesses. The program established a maximum spread that members could add to those loans above their cost of borrowing.

In 2023, the FHLBNY added to its suite of discounted rate advances, incorporating the BDA into the 0% Development Advance ("ZDA"). Members may request interest rate credits up to $250,000 on a first come, first served basis to support below market rate loans or invest in qualified initiatives related to climate or energy efficient oriented lending, originating, or purchasing loans and investment securities to support local infrastructure development, or lending that supports Native American housing and community support funding. As of September 23, 2023, the ZDA dashboard, *Figure 2*, shows continued interest in ZDA. As the Infrastructure Development Advance ("IDA"), Climate Development Advance ("CDA"), and Tribal Development Advance ("TDA"), continue to gain traction, we anticipate increased ZDA activity considering the lending FHLBNY members already do in these important areas.

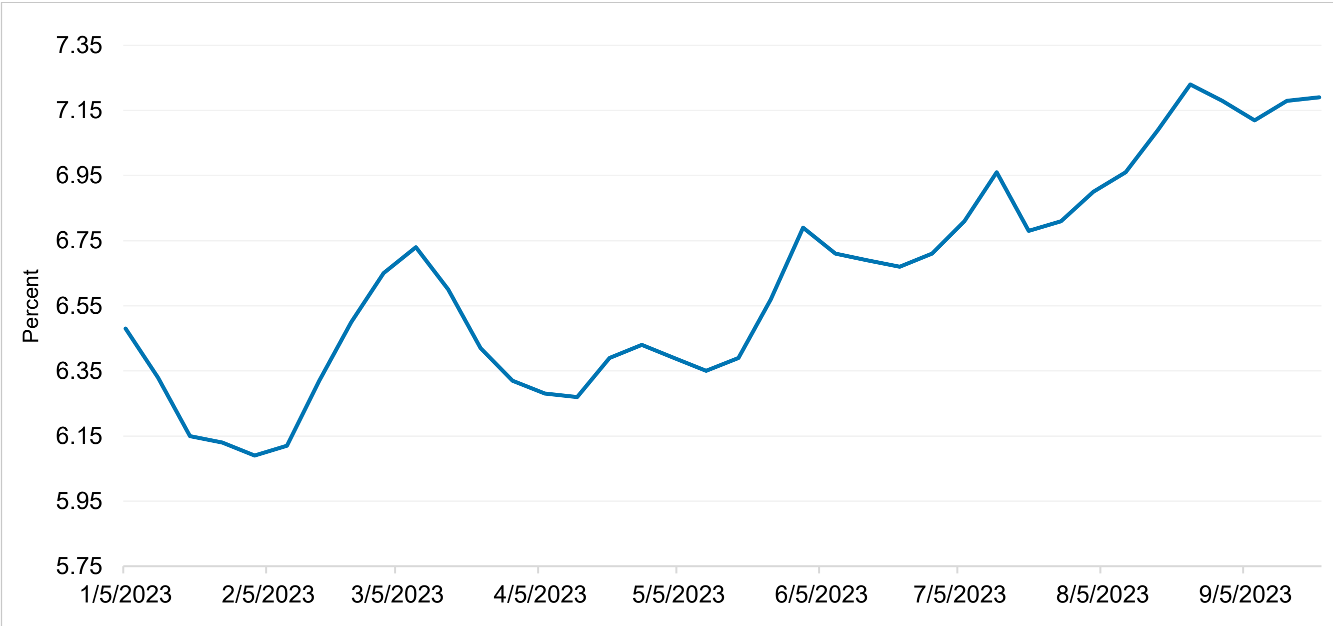
Figure 2: ZDA interest rate credit utilization ($11,500,000) as of September 29, 2023



Advance activity for ZDA products stood at approximately $5,000,000 each for CDA and IDA, and $35,000,000 for BDA as of September 29, 2023; TDA has not been utilized.

In 2023, interest rates continued to rise as the nation's central bank attempted to ease inflation. As the year went on, mortgage loans became more expensive, and many households lost significant purchasing power. Simultaneously home prices continued to increase, pricing potential homebuyers out of the market altogether. *Figure 3* below shows weekly average interest rates from Freddie Mac's Primary Mortgage Market Survey.[3] Current market conditions made it particularly difficult for low- and moderate-income would-be-homebuyers to make the leap from renting and find an affordable home. In general, households with higher incomes and greater assets managed to navigate the volatile market conditions and pay above asking price when necessary.

Figure 3: 30-year fixed mortgage rates - January 5 to September 5, 2023



In several conversations over the spring and summer of 2023, FHLBNY members confirmed these mounting pressures were evident in their coverage areas and negatively affecting their customer base. The effects of these credit concerns and additional market challenges are described in subsequent sections.

B. Affordable housing needs, using an upward mobility lens

Many communities across the country face a persistent housing crisis, including areas of the FHLBNY's District that lack a supply of affordable, high-quality homes. Although often the largest financial cost for individual households, housing is just one factor that affects economic mobility. A more holistic approach proposed by the Urban Institute and Enterprise Community Partners[4] remains the preferred framework by which the FHLBNY assesses housing needs in our District.

Five interrelated measures provide the path for connecting housing to mobility: housing quality, housing affordability, housing stability, housing that builds wealth, and neighborhood context. The evidence cited and analyzed comes primarily from industry-standard, national-level sources, which tend to be updated regularly and have well-documented methodologies. Where appropriate, local resources supplement the national figures.

This quantitative analysis is also informed by our engagement with the Advisory Council and Housing Committee of the Board of Directors; leadership of FHLBNY members, organizations involved with FHLBNY programs, non-profits supported by FHLBNY charitable giving, and other experts in the District.

As there continue to be severe unmet needs in the FHLBNY District, we strive to ensure our available resources are deployed strategically and effectively. Understanding the finite role we can play in the housing market, the FHLBNY recognizes we must not only provide liquidity for community lending and financial support for affordable housing and homeownership but also leverage our stature as part of a larger unique banking system, market maker, and economic bellwether.

1. Housing quality

The economic mobility framework used for the 2023 Targeted Community Lending Plan suggested sourcing certain data that are generally produced by highly reputable organizations or government entities; produced in a similar way for most geographic areas within the United States; updated with a reasonable degree of regularity; and have a clear, logical link to one or more factors that catalyze or inhibit economic mobility. These factors work in furtherance of the goal of increasing Housing Quality, defined as the physical condition of a home and its ability to enhance the physical health of its residents.

There are many ways to evaluate housing quality in our District. One measurement is offered by the U.S. Census Bureau's American Community Survey ("ACS") housing tenure data, which reports the years in which owner-occupied and rental housing units were constructed. *Figure 4 and*

Figure 5 as follows show the age of housing units in the District by decade of completion (with the exception of the U.S. Virgin Islands). Not only do the data below represent the aging housing stock across the District, especially so in New York, but the mostly downward trends in units constructed per decade illustrates the lack of new housing supply, most notably for owner-occupied units. In each consecutive decade from 1960 onward, the number of owner-occupied units built in New York decreased, with the number of new units falling by 81.3% in between 1960-1969 and 2010-2019. Rental opportunities were not as sharply cut in those decades, but still readily decreased or stayed flat in New York and New Jersey each decade between 1970 and 2019.

Figure 4: American Community Survey - Owner-Occupied Units by Decade Constructed

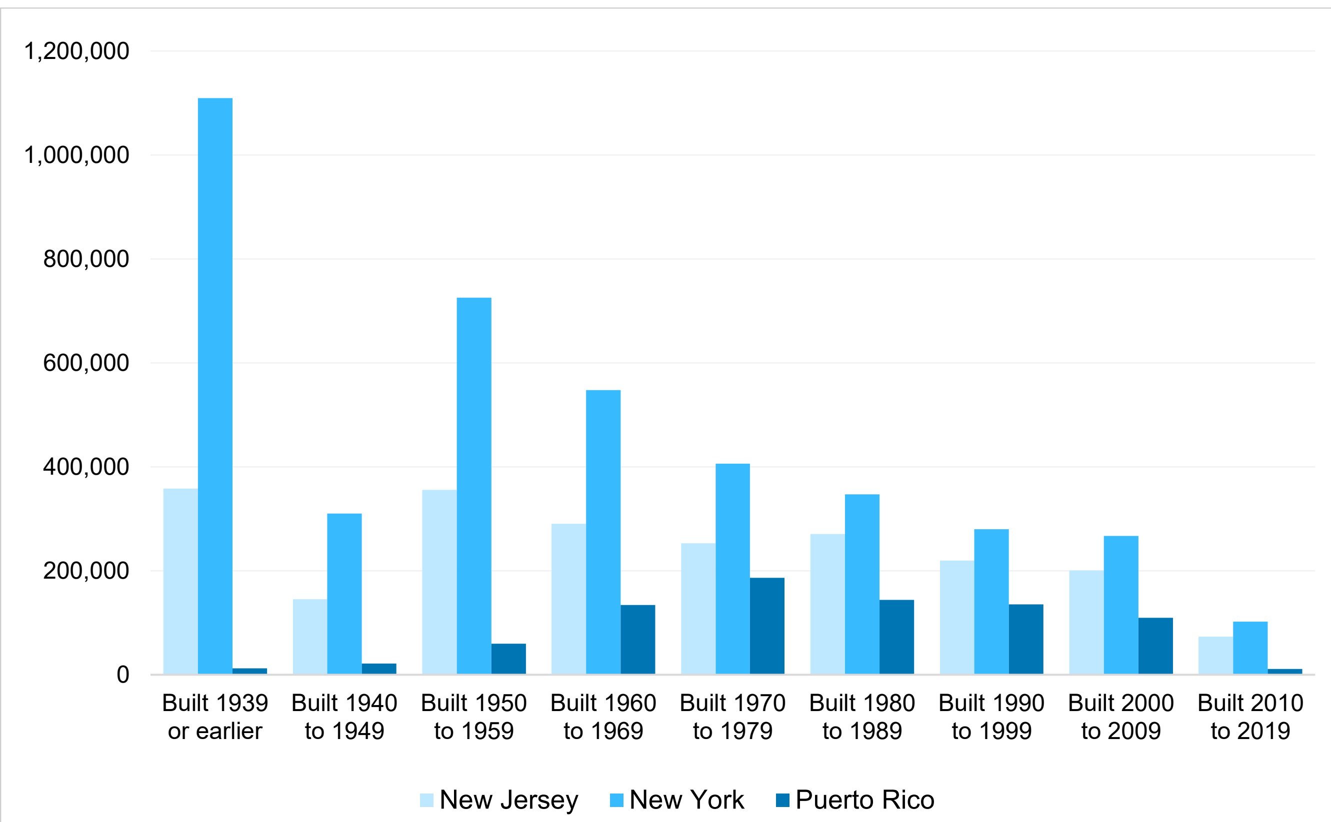
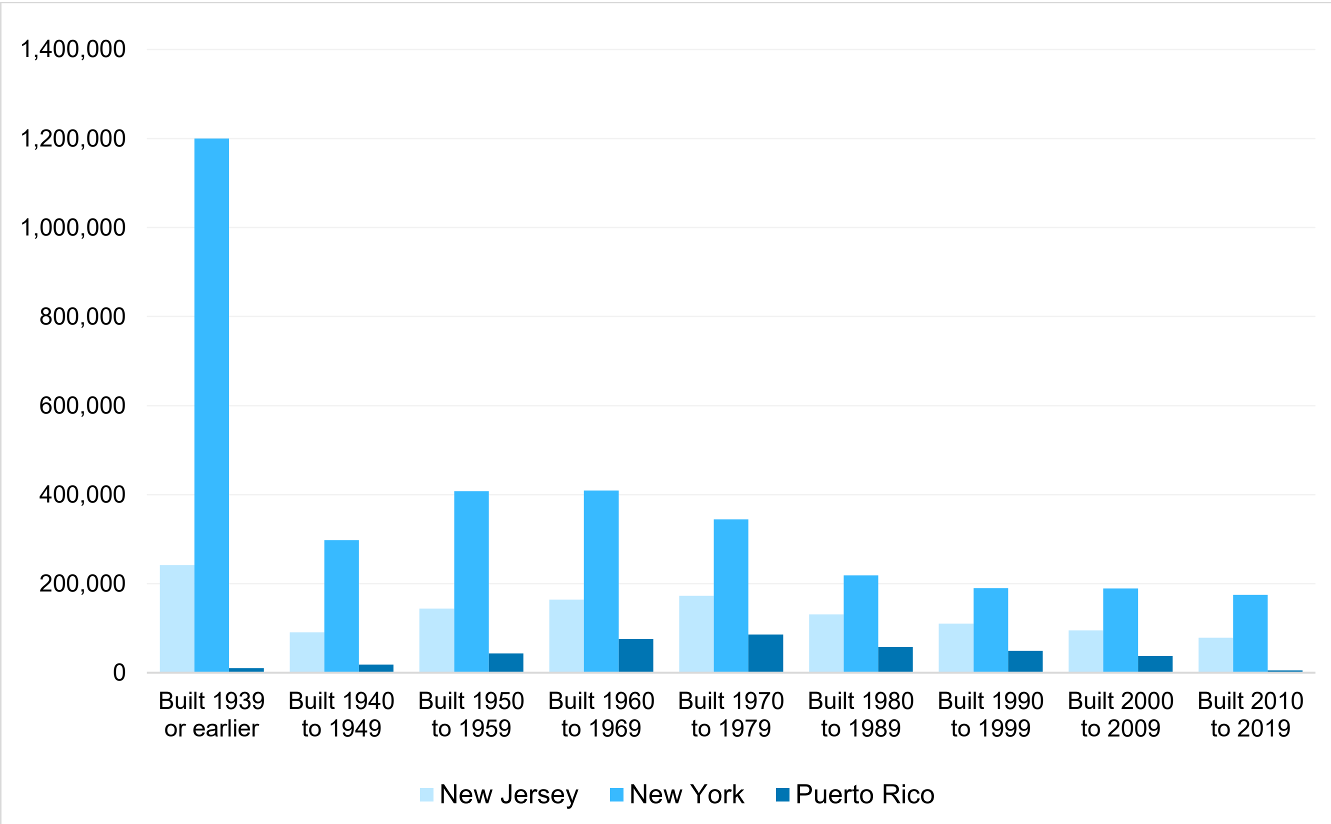


Figure 5: American Community Survey - Renter Occupied Units by Decade Constructed



Another important source of insight into housing quality in our District is the American Housing Survey ("AHS"), a longitudinal housing survey that studies the quality of housing in the United States. Returning to the same housing units every other year, the AHS allows researchers the opportunity to see household changes over time in select geographies.[5] While the entire District is not surveyed annually by AHS, the New York-Newark-Jersey City, NY-NJ-PA metro area was analyzed in 2021 and provides some insight as to the housing quality there compared to the national picture.

AHS data provides the number of housing units (both rental and owner) that are considered "severely inadequate" and "moderately inadequate" in the New York Metro Region. Severely inadequate units are characterized by a lack of plumbing, electricity, or reliable heat and upkeep. Moderately inadequate units have acceptable plumbing and electricity, but face upkeep challenges like severely inadequate units, but to a lesser degree ("upkeep" refers to the presence of common maintenance issues, such as water leaks, holes or cracks in floors or walls, and evidence of vermin).

As *Table 1* demonstrates, the New York metro region has a higher percentage of moderately and severely inadequate housing units compared to national survey data as of 2021. Approximately 7,637,000 rental and owner units were surveyed, and AHS found 3.18% of those homes to be severely inadequate, while 5.13% were moderately inadequate. Renter units had a much higher rate of moderate inadequacy in New York, with 8.46% percent deemed as such in rentals versus 1.92% of owners. While severely inadequate data for owner units was not reported by AHS in 2021, the survey did find 5.47% of rental units to be severely inadequate.

Table 1: American Housing Survey – Housing Quality (2021), New York Metro Region

New York-Newark-Jersey City, NY-NJ-PA MSA		**Tenure**	
	Total Estimate	Owner Estimate	Renter Estimate
Housing Quality (2021) — All Occupied Units	7,636.90	3,891.40	3,745.50
Severely Inadequate	242.6	S*	204.9
Total Severely Inadequate	3.18%	N/A	5.47%
Moderately Inadequate	391.5	74.6	316.9
Total Moderately Inadequate	5.13%	1.92%	8.46%
Adequate	7,002.80	3,779.10	3,223.70
Total Adequate	91.70%	97.11%	86.07%

**"S" refers to suppressed data that are not available*

The 2023 TCLP emphasized the important role public housing plays in keeping low-income families housed. The need for adequate funding to maintain the properties owned by the New York City Housing Authority ("NYCHA") and other large agencies remains clear. A 2023 Physical Needs Assessment ("PNA") released NYCHA cites a need for more than $78.3 billion over 20 years to bring its 161,400 units to a state of good repair. This is a significant increase from its 2017 PNA which put the figure at closer to $45.3 billion, a swelling caused in large part by increasing construction costs and accelerated deterioration of some units. Compounding this problem, the agency faces rent arrears of nearly $500 million with rent collection rates of only 63%, exacerbated by challenges its residents faced during the COVID-19 pandemic. To assist with these costs, NYCHA plans to convert 72,000 units to private management, a strategy employed by housing authorities across the country.[6]

The largest public housing authority in New Jersey is in Newark. The Housing Authority of the City of Newark ("NHA") oversees 6,484 units of public housing and 7,208 Section-8 housing choice vouchers, combined serving 13,692 low to moderate income families in the city. To preserve the quality of its housing stock, like many other public housing authorities in the country, NHA is turning to the Rental Assistance Demonstration ("RAD") to facilitate outside financing and additional government resources by converting its public housing portfolio to project-based housing voucher assistance. This long-term subsidy contract will make it easier for the agency to attract outside investment, including Low Income Housing Tax Credit ("LIHTC") and AHP sources of subsidy. In its 2023 Annual Plan, NHA reported that it has petitioned HUD to convert its full public housing authority to the RAD program, and in FY2022 it converted its first four properties comprising 1,050 units into project-based vouchers.[7] As more housing authorities in the District convert to RAD, more opportunities to preserve housing quality will present themselves to FHLBNY.

The Puerto Rico Public Housing Administration ("PRPHA") is one of the largest providers of public housing in the United States. If this agency were a municipal housing authority, it would be second only to New York City in the District in terms of units of public housing provided. According to the Council of Large Public Housing Authorities ("CLPHA"), the agency operates 53,922 public housing units and 13,011 housing choice vouchers, for a total of 66,933 families housed.[8] PRPHA began redevelopment efforts for its aging public housing stock with a focus on mixed-income developments that would strengthen community ties while making projects financially feasible in the face of dwindling government assistance. In 2018, the Bayshore Villas development in San Juan opened on the site of a public housing development first built int the 1950s and has since garnered acclaim for its innovating financing and income structure. The 13 building, 174-unit complex includes 39 market-rate units and was reimagined to reconnect existing streets and pedestrian access that was previously cut off.[9] Initiatives of this nature fit well into this Plan's focus on housing quality, and FHLBNY will continue to look for opportunities to partner with developers in Puerto Rico on these types of projects.

A fourth major public housing authority in our District is the U.S. Virgin Islands Housing Authority ("VIHA"), which operates approximately 3,014 public housing units located throughout St. Croix, St. Thomas, and St. John. VIHA is currently working toward its ten-year plan to achieve sustainable recovery in the wake of $240 million in damages to its inventory caused by hurricanes in 2017. This figure is in addition to $200 million in preexisting deferred capital improvements to building systems. Much like other housing authorities in the U.S., VIHA is working to preserve the quality of its housing stock and provide safe, affordable housing without sufficient support from the federal government.

After three years of progress, VIHA's $1 billion affordable housing plan has already doubled and estimated costs have now reached $2 billion. The need for quality affordable housing in the Virgin Islands is severe, with 838 families on the Section 8 waiting list, 73.39% of whom are considered extremely low income, living at 30% or less of the AMI. An additional 697 families await project-based housing vouchers, according to the agency's FY2024 Annual Plan. Working toward these goals will ensure long-term preservation of quality affordable housing for the Islands' residents.[10]

Housing quality, measured by several unique data points, is essential for safe, healthy housing and represents a core pillar of the role housing plays in upward mobility at all levels of the income spectrum. When families live in newly constructed of recently rehabilitated housing that is free of major defects and can remain affordable for the long term, it enhances their ability to develop strong social capital and maintain close community ties. The FHLBNY will continue to view the credit and affordable housing needs of the District through the prism of how housing quality strengthens opportunities for upward mobility.

2. Housing affordability

Housing affordability is a clear link to economic mobility. In our Plan, we focus on two key metrics of affordability: housing cost burden and crowding. Each year the National Low Income Housing Coalition ("NLIHC") analyzes the need for affordable housing at the state and local levels, using a variety of data sources.

NLIHC breaks down the availability of units to households at various income levels, starting with those at or below 30% of AMI ("extremely low income"). NLIHC also looks at the share of these families spending more than 30% of their income on housing ("rent burdened") and more than 50% on housing ("severely rent burdened"). *Table 2* shows estimates for New York and New Jersey.[11] (Puerto Rico is not included in this report.)

Table 2: Affordable and available rental units per 100 households by state

	New York 2023 report	**New Jersey** 2023 report
Surplus (Deficit) of Affordable and Available Units		
At or below 30% AMI	-655,940	-224,531
At or below 50% AMI	-712,820	-297,635
Affordable and Available Units per 100 Households at or below Threshold		
At or below 30% AMI	32	31
At or below 50% AMI	52	43
At or below 80% AMI	82	87
At or below 100% AMI	94	97
% Within Each Income Category with Severe Housing Cost Burden		
At or below 30% AMI	73%	74%
At or below 50% AMI	36%	38%
At or below 80% AMI	11%	7%
At or below 100% AMI	4%	1%

As the figures show, there continues to be a severe deficit of affordable rental units in New York and New Jersey for low- and extremely-low-income households. For the extremely-low-income group, each household is competing with two others for every affordable and available unit. And nearly three-fourths of those households are spending over half of their monthly income on housing.

Another NLIHC report contrasts the average wages of renters with the fair market rents ("FMR") in their areas to show what proportion of households may be cutting back on other necessary expenses like food, education, healthcare, and savings.[12] *Table 3 and Table* 4 below detail the wages necessary to afford housing in New York, New Jersey and Puerto Rico, the average income for each state/territory, the number of jobs needed to afford a two-bedroom apartment, and how costly it is to afford a home in the FHLBNY District.

Table 3: Out of Reach State Summaries

	New York	New Jersey	Puerto Rico
FY23 Housing Wage			
Hourly wage needed to afford 2 BR FMR	$40.08	$33.50	$10.36
Housing Costs			
2 BR FMR	$2,084	$1,742	$539
Annual income needed to afford 2 BR FMR	$83,375	$69,675	$21,553
Full-time jobs at minimum wage needed to afford 2 BR FMR	2.8	2.4	1.1
Area Median Income (AMI)			
Annual AMI	$106,443	$123,615	$31,421
Monthly rent affordable at AMI	$2,661	$3,090	$786
30% of AMI	$31,933	$37,085	$9,426
Monthly rent affordable at 30% of AMI	$798	$927	$236
Renter Households			
Renter households (2017 - 2021)	3,434,514	1,229,008	382,636
% of total households (2017 - 2021)	46%	36%	32%
Estimated hourly mean renter wage (2023)	$34.46	$24.40	$9.14
Monthly rent affordable at mean renter wage	$1,792	$1,269	$475
Full-time jobs at mean renter wage to afford 2BR FMR	1.2	1.4	1.1

Table 4: States Ranked by Two-Bedroom Housing Wage

Rank*	State	Housing Wage for Two-Bedroom FMR
1	California	$42.25
2	Hawaii	$41.83
3	Massachusetts	$41.64
4	**New York**	**$40.08**
5	Washington	$36.33
7	**New Jersey**	**$33.50**
8	Colorado	$32.13
9	Connecticut	$31.93
52	**Puerto Rico**	**$10.36**

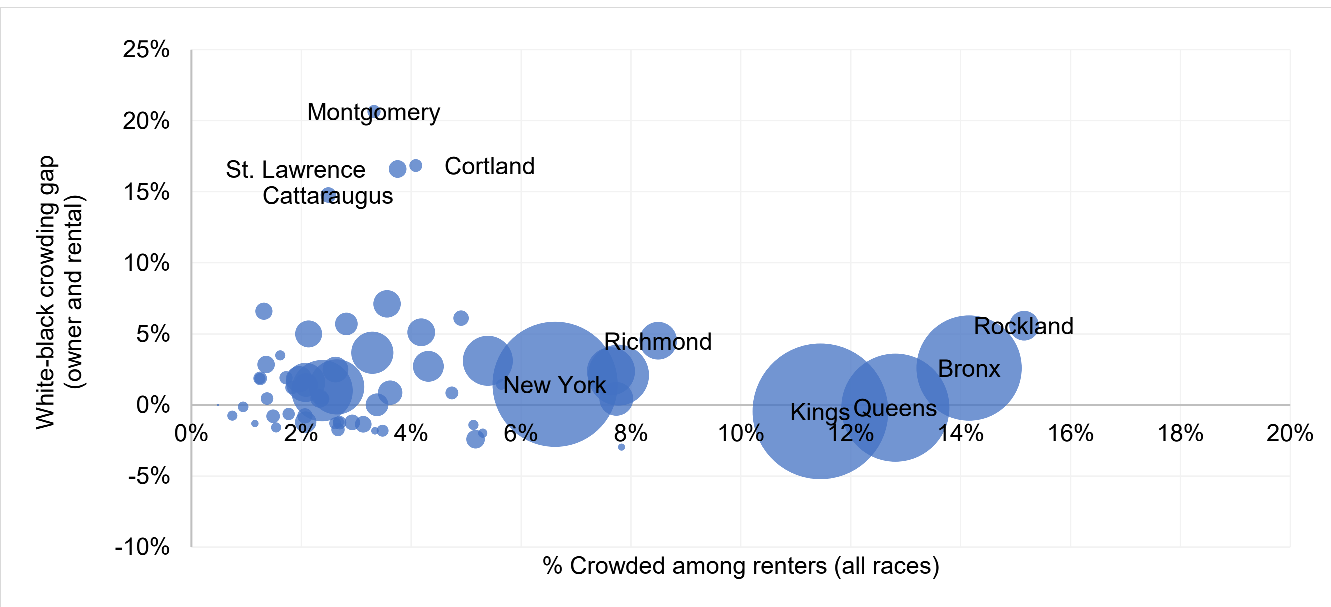
States are ranked from most expensive to least expensive.

The data in these tables clearly demonstrate the inability of low- and moderate-income households to afford a home without working multiple jobs and that New York and New Jersey continue to have some of the highest housing costs in the nation.

Without access to affordable or available housing, households are forced to double-up, stay in current household formations longer, or otherwise have more individuals in a given housing unit than is comfortable or conducive to privacy, safety, and wellbeing. The ACS collects data on units occupied with more than one individual per room, disaggregated by the race of the householder.[13] These data suggest where and to what extent the affordability challenges differ by race.

The racial disparities in crowding by county in New York State are shown below in *Figure 6*. These figures include both renter- and owner-occupied units. Each bubble represents one county—the larger the county, the larger the bubble. When a bubble (or most of a bubble) falls above 0%, it means there is a greater disparity in the share of Black households living in crowded circumstances than the share of crowded white households. Notably, the biggest disparities by race are not in large urban areas, but rather in the rural areas of the state. For example, 22% of Black households (118 out of 537) in Montgomery County are considered crowded, compared to just 1% of white households. The counties with the highest degree of crowding among renters, regardless of race, actually have a lower racial gap.

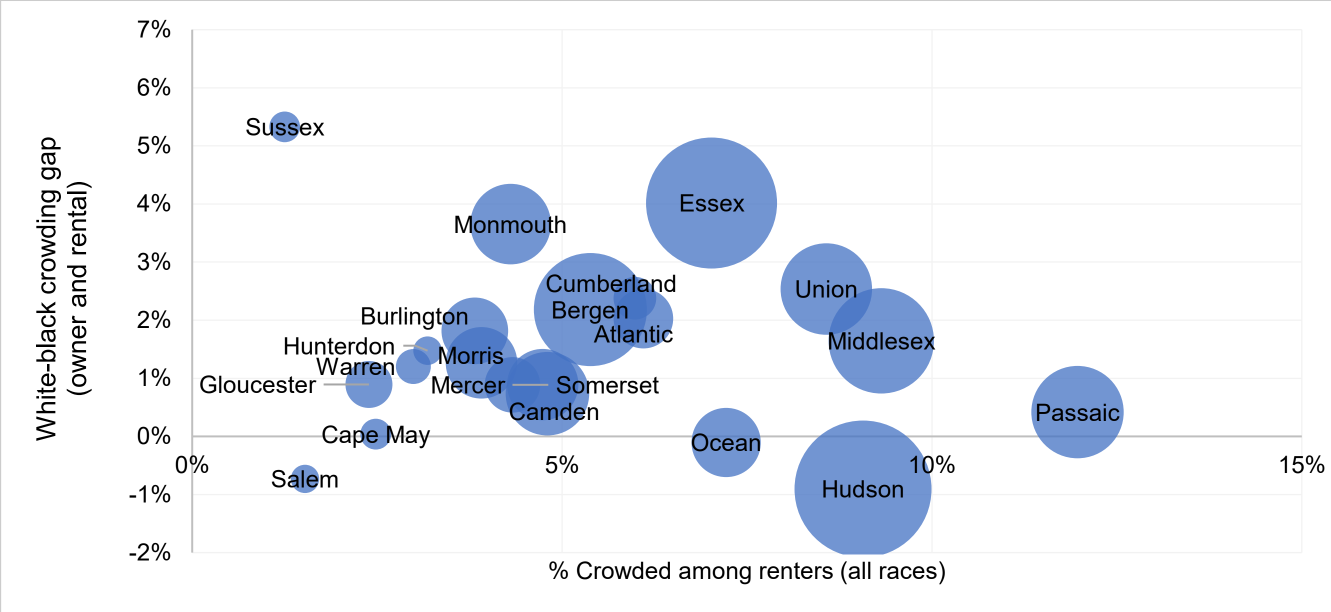
Figure 6: Difference in crowding between black- and white-householder units in New York



Note: Bubble size corresponds to the number of renter-occupied units in a given county.

The situation in New Jersey is similar to New York, with Black households in most counties living in more crowded circumstances than white households (see *Figure 7* as follows). The largest gaps are in Sussex County, where 6% of Black households have more than one individual per room, compared to only 1% of white households. In Essex County, 7% of Black households experience crowding, compared to 3% of white households, while in Monmouth County 5% of Black households are crowded compared to 1% of white households.

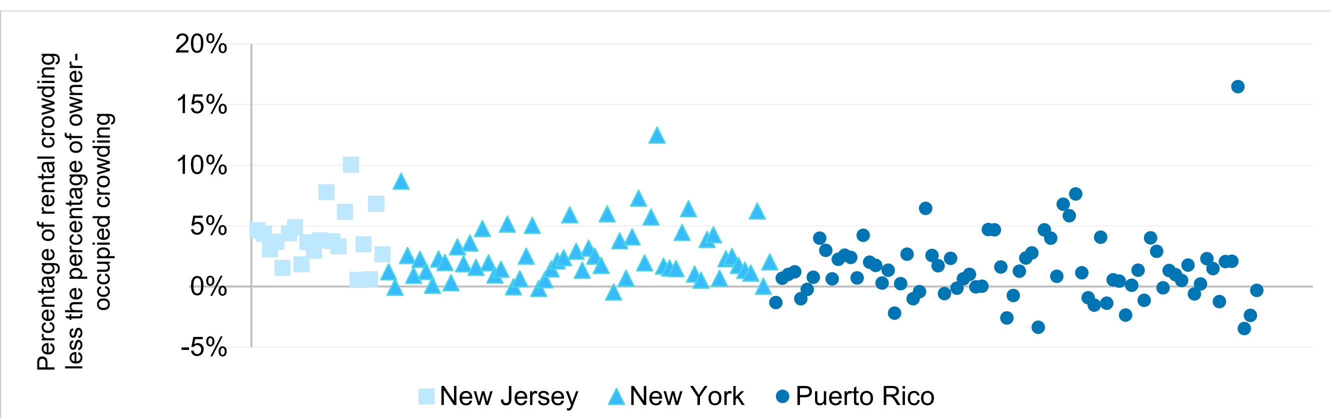
Figure 7: Difference in crowding between black- and white-householder units in New Jersey



Note: Bubble size corresponds to the number of renter-occupied units in a given county.

While New York and New Jersey renters tend to report crowding more than respondents in owner-occupied units, there are higher rates of crowding in owner-occupied settings in Puerto Rico. Each dot in *Figure 8* below represents the difference in rental and owner-occupied crowding in a particular county or municipality. If the difference is positive, more rental units in that county or municipality are crowded than owner-occupied units. While almost each county in New York and New Jersey has more crowding in rental units, owner-occupied units in many areas of Puerto Rico seem to be just as crowded as neighboring rental units. Further analysis suggests there is no clear correlation to the size (large or small) or type (urban or rural) of municipality, crowding in Puerto Rico is a persistent issue all over the island.

Figure 8: Difference between percentage of respondents in rental and owner-occupied units reporting crowding by county and municipality



An undersupply of new homes continues to be one of the greatest obstacles to increased affordability, according to Advisory Council members and other experts. However, over the past year, inflation and high interest rates have further limited housing supply, making would-be home sellers less likely to move and homebuying even more expensive. While federal and state affordable housing production subsidies remain readily available in our District, state, county, and local agencies lack the capacity to fund affordable housing projects in a timely manner, causing further cost increases for these delayed developments.[14]

3. Housing stability

Housing stability is another building block for mobility as it provides a financial and sociological basis for accessing resources and making decisions about future opportunities. Frequent moves, either voluntary or forced, make it especially difficult to develop a strong support network in a neighborhood or community. Children are especially vulnerable to housing instability as it makes it difficult to develop meaningful relationships with friends, teachers, and other mentors in the community. And the stress and trauma associated with being evicted weighs heavily on families, causing financial and emotional hardships that can create lasting scars.

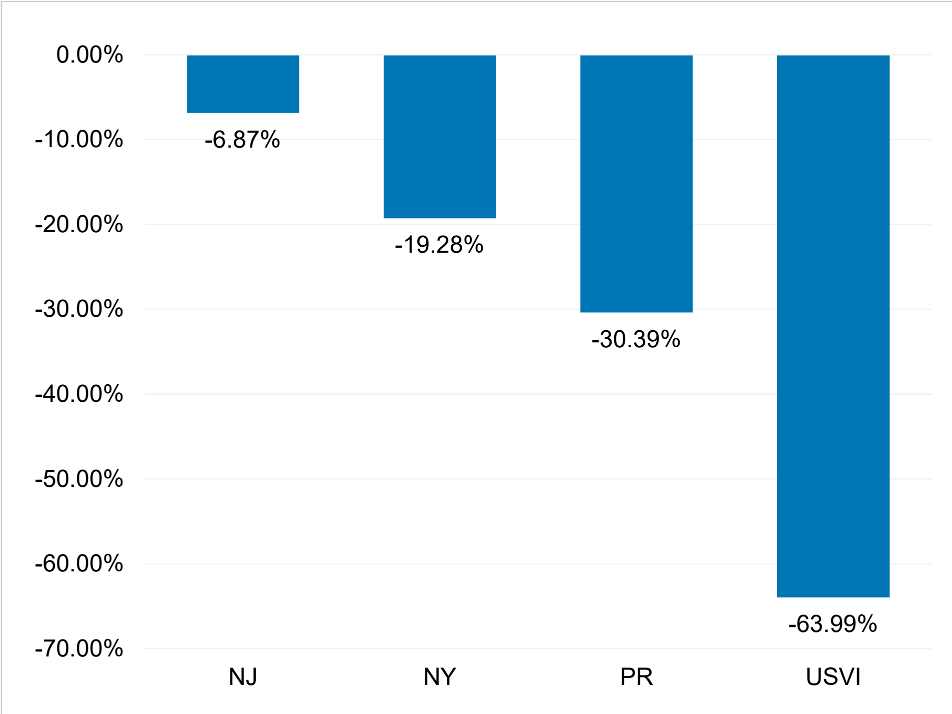
To measure housing stability in the District, we can look to a few key indicators. The annual Continuum of Care Point-In-Time ("PIT") counts of sheltered and unsheltered people measures the number of people experiencing homelessness on a single night in January through volunteer street canvassers. HUD requires that local jurisdictions conduct this count of people experiencing homelessness who are sheltered in emergency shelter, transitional housing, and Safe Havens on a single designated night and uses that annual PIT figure to extrapolate annual trends. *Table 5* shows recent data in overall homelessness in both states and both territories in the District from 2018-2022, the most recently available data.[15]

Table 5: Overall Homeless PIT Count (2018-2022)[16]

	2018	2019	2020	2021	2022
New Jersey	9,398	8,862	9,662	8,262	8,752
New York	91,897	92,091	91,271	78,920	74,178
Puerto Rico	3,182	2,535	2,451	439	2,215
U.S. Virgin Islands	486	314	304	177	175

Further detail is found in Figure 9: Change in Total Homelessness, 2018-2022*Figure 9* as follows, highlighting the changes to homeless populations in the District since 2017.

Figure 9: Change in Total Homelessness, 2018-2022



The downward trend in homelessness in the District is encouraging, but work still needs to be done to address the significant number of families experiencing homelessness in the District. Homelessness in New York City remains especially persistent. According to a report issued by the Coalition for the Homeless in June of 2023, the population of unhoused people sleeping nightly in Department of Homeless Services ("DHS") and Department of Housing Preservation and Development ("HPD") shelters, reached an all-time high of 72,752 in January of 2023.[17] This situation is exacerbated by the tens of thousands of migrants that began arriving in New York City in the spring of 2022. As of September 10, 2023, more than 113,000 migrants had arrived, many of them seeking shelter under the City's "right to shelter law."[18] As additional state and federal resources are marshaled, the City of New York is grappling with an overwhelming influx of unsheltered migrants.

Eviction, the court-ordered removal of a tenant from the property where they reside, is another very good indicator of housing stability. Eviction is a major economic and social stressor, forcing families into homelessness or other precarious living situations. Eviction is a leading cause of homelessness and can impact the leaseholders credit rating, making them ineligible for public benefits. The increased residential displacement can have long lasting effects on families, including poor school performance, higher rates of youth violence, and negative health outcomes.[19]

The Eviction Lab at Princeton University maintains the first and only comprehensive dataset of eviction rates in the U.S. (excluding U.S. Territories). The database allows researchers and policymakers to analyze eviction rates for every county in the country between 2000 and 2018, providing the most comprehensive and user-friendly source of information on eviction. While the dataset is not as current as researchers would like, an 18-year span of eviction rate data is helpful in showing the prevalence at which it occurs while evaluating and proposing solutions. The Eviction Lab has collected over 99.9 million records related to eviction, from both public and private reporting services, including housing court documents and reports compiled by LexisNexis and other consumer reporting agencies.[20] *Figure 10 and Figure* 11 show total eviction filings in New York and New Jersey from 2008-2018.[21]

Figure 10: Total Eviction Filings – New York (2008-2018)

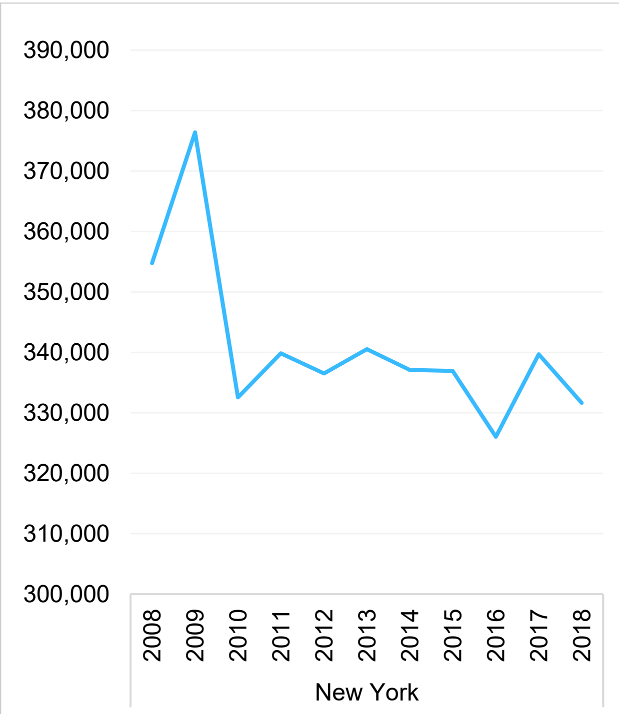
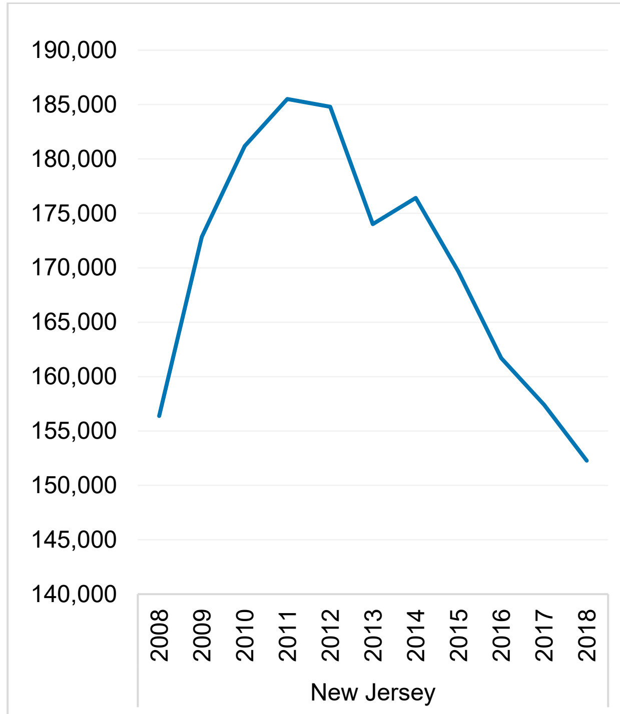


Figure 11: Total Eviction Filings – New Jersey (2008-2018)



The COVID-19 pandemic and the subsequent economic distress placed millions of Americans in jeopardy of eviction as businesses were forced to close and the unemployment rate spiked seemingly overnight, low-income renters were especially hard hit. Without savings to fall back on and as government programs designed to provide emergency rental assistance were slow to roll out, many renters feared imminent displacement. Fortunately, due to a series of government interventions in the housing market, many homeowners and renters were able to stay in their homes.

In response to the economic stress of the pandemic, New York State passed the Tenant Safe Harbor Act, which protected tenants from eviction for failing to pay rent due between March 7, 2020 through January 15, 2022, if they suffered a financial hardship due to COVID-19.[22] And on March 19, 2020, Governor Murphy of New Jersey signed an executive order barring removal of renters or homeowners from their residences from either eviction or foreclosure proceeding.[23] The U.S. Centers for Disease Control ("CDC") also issued an eviction moratorium for nonpayment of rent during the pandemic which extended to all states and U.S. Territories.[24] While these policies, along with emergency rental assistance programs at the federal level, played a role in preventing mass displacement during the pandemic, tenant advocates are still watching closely as pandemic-era restrictions fade. Already, New York State has experienced a resurgence of eviction proceedings after its moratorium ended in early 2022, with rates that exceeded pre-pandemic levels in 40 of the state's 62 counties.[25] COVID-19 emergency housing assistance programs were short-terms solutions to a chronic problem, and we must continue to be vigilant to the plight of renters and homeowners as record-breaking rents and home prices throughout 2023 continue to threaten housing stability. While eviction filings in New York and New Jersey mostly fell throughout 2008-2018, the expiration of pandemic housing assistance threatens to undermine this progress.

Homelessness and eviction are two of many factors that demonstrate the precarious housing situation many residents in the FHLBNY's District face. The ability to stay in one's home for as long as they wish is essential for the social, emotional, and economic stability of families and contributes to vibrant close-knit communities characterized by opportunity and abundance. Applying *housing stability* as a determinant of upward mobility informs the state of the District's renters and homeowners and allows FHLBNY to design its housing and credit products to maximize housing stability.

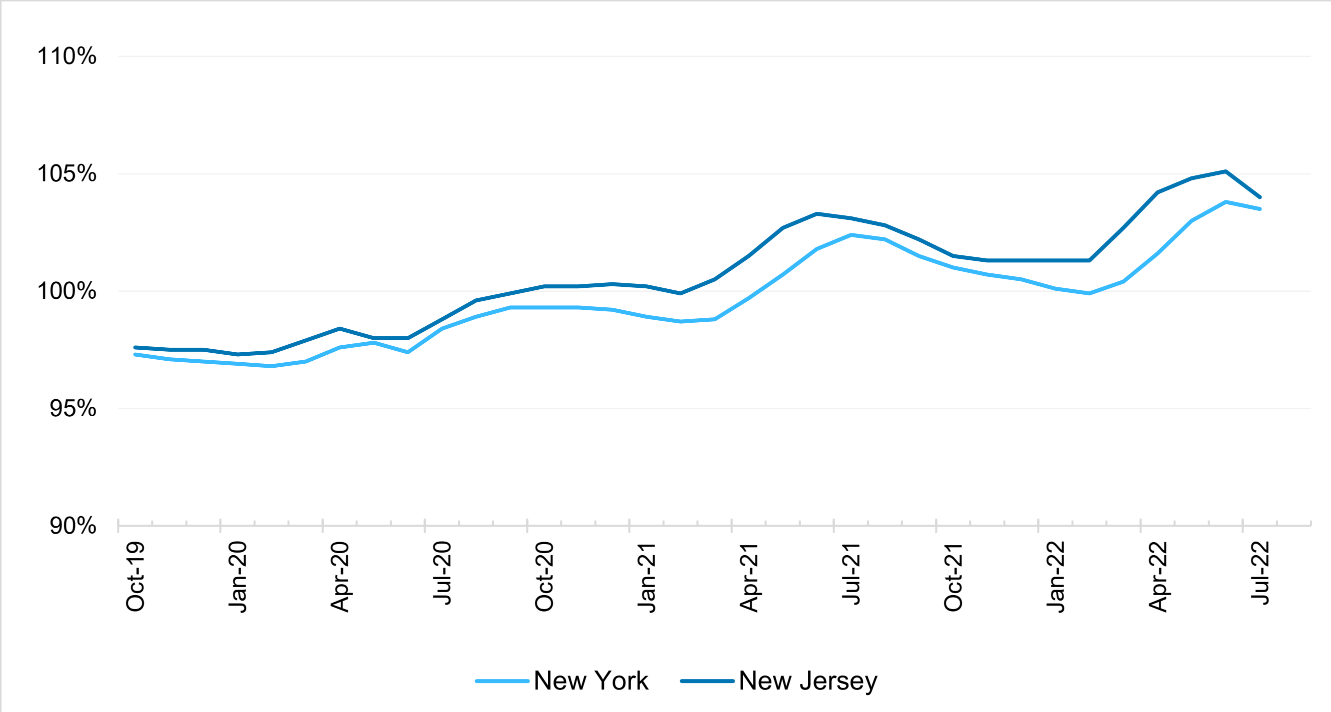
4. Housing that builds wealth

The FHLBNY recognizes the tremendous role homeownership can play in economic mobility for renter and low- and moderate-income households. By building home equity, assets, and a credit history, homeownership helps households go from "credit invisible" to credit-eligible, enabling further access to credit for obtaining an education, opening a business or other venture.[26] However, housing only builds wealth if individuals and families can find and purchase a home, afford a mortgage, and access the home's equity in the future. Most importantly, homeownership not only helps generate wealth but also helps close the racial wealth gap. The unflagging homeownership and home equity gaps between whites and people of color continue to highlight the need for systemic change to ensure equitable housing outcomes and reverse decades of housing discrimination.

The benefits of homeownership are clear: increasing a household's net worth[27] and allowing for more wealth—the median wealth for homeowners is 40 times greater than for renters.[28] But homeownership is even more important for households of color. The disparity in median wealth of Black homeowners and Black renter is severe, with Black homeowners having 60 times the median wealth of Black renters.[29] Homeownership is also a proven wealth acquisition tool. Past studies confirm that the financial returns of homeownership often outperformed stocks and bonds.[30]

Over the past year, increased home prices, limited housing supply, and high interest rates continued to inhibit low- and moderate-income prospective homebuyers from entering or competing in the FHLBNY District's housing market. Households of color not only have lower baseline levels of household wealth, but also less financial means to use for a down payment.[31] *Figure 12* as follows shows the percentage of listing price received by home sellers in New York and New Jersey by month.[32] In those states, buyers continue to pay above-asking, increasing their borrowing or depleting their savings to secure a home. Even if there is some softening in the market in some areas in those states, low- and moderate-income homebuyers will likely continue to face a heavily competitive market in 2024.

Figure 12: Percentage of listing price received on home sales in New York and New Jersey



Note: New York figures include single-family properties, townhomes, and condominiums. New Jersey figures are for single-family properties only.

Comparable statistics for Puerto Rico are not available because not all real estate brokers in the territory are realtors or use the multiple listing service (MLS).[33] Rather, housing market activity is compiled from data captured by mortgage issuers.[34]

Figure 13 as follows shows that like in New York and New Jersey, the market in Puerto Rico seems discouraging to new entrants, with consistent volume and higher prices. The NLIHC estimates, cited previously, indicate a household with two full-time jobs at the average renters' income in Puerto Rico could afford to pay $884 per month on housing. For comparison, the average loan amount for existing sales from March 2022 was $188,255, which translates into a monthly payment of $1,128.69, assuming an interest rate of 6% on a 30-year loan (and not including mortgage insurance). Coupled with most renters' lack of sufficient savings for a down payment, these numbers illustrate the difficulty of making the leap to homeownership.

Figure 13: Mortgages issued for home purchase in Puerto Rico from March 2017-March 2022

Reports from the U.S. Virgin Islands indicate similar market dynamics there, though the data challenges are even greater. FHLBNY staff relies on the good will of local real estate brokers to provide statistics from the local MLS and to evaluate present needs. The 2022 Plan mentioned how few homes in the territory were sold for less than $300,000, and available statistics show that held true for the market in 2022, as well. Within the territory, there is a further dimension of geographic exclusion, hinting at the issues explored in the section below: In January through August of 2022, 65 homes were sold on St. John, all but three of them sold for $500,000 or more.[35]

5. Neighborhood context

Neighborhood context looks at how the location of housing provides opportunities, or minimizes barriers, for individuals and families. Many low-income families of color live in neighborhoods that have suffered from disinvestment and exclusion that create barriers to quality neighborhood amenities, including schools, hospitals, student extracurricular activities, and, perhaps most important, health and safety. Residential segregation implemented throughout most of the 20th Century by various public and private actors has had an especially negative effect on upward mobility for families. Such "distressed communities" also lack the political and market power that higher-income groups take for granted.[36]

"High Opportunity Area" is a term used by housing policy analysts and practitioners alike to indicate geographic regions in the U.S. that provide access to the social and economic infrastructure needed to obtain quality education, housing, and employment opportunities to achieve financial stability and ensure positive life outcomes for you and our family. There are myriad ways to measure and define "opportunity" and no single consensus exists as to what constitutes "opportunity." Typical indicators include housing, education, transportation, employment, health, safety, income attainment, and social capital.

One of the most influential researchers on the topic of upward mobility is Harvard University's Raj Chetty, whose Opportunity Insights database provides a comprehensive look at how the social and economic opportunities available to children impact their chances of financial security later in life. Using data from the U.S. Census Bureau of 20 million children and their parents, Chetty and his team at Harvard measure the differences in incomes in adulthood between children of different races who grow up in families with similar parental incomes. The goal of this analysis is to illustrate how intergenerational race gaps vary across areas of the U.S. by demonstrating which neighborhoods provide the highest chance of prosperity, and which do not.[37]

The maps below, *Figure 14 and Figure* 15, are taken from the Opportunity Insights database and show the incomes for children from each Census tract in their mid-thirties in the two most populous counties in the District: Kings County, NY (Brooklyn), and Bergen County, NJ. Neighborhoods where children went on to earn lower average incomes are displayed in red; places where they grew up to earn more are in blue.

Figure 14: Household income at age 35 for children of low-income parents – Kings County, New York

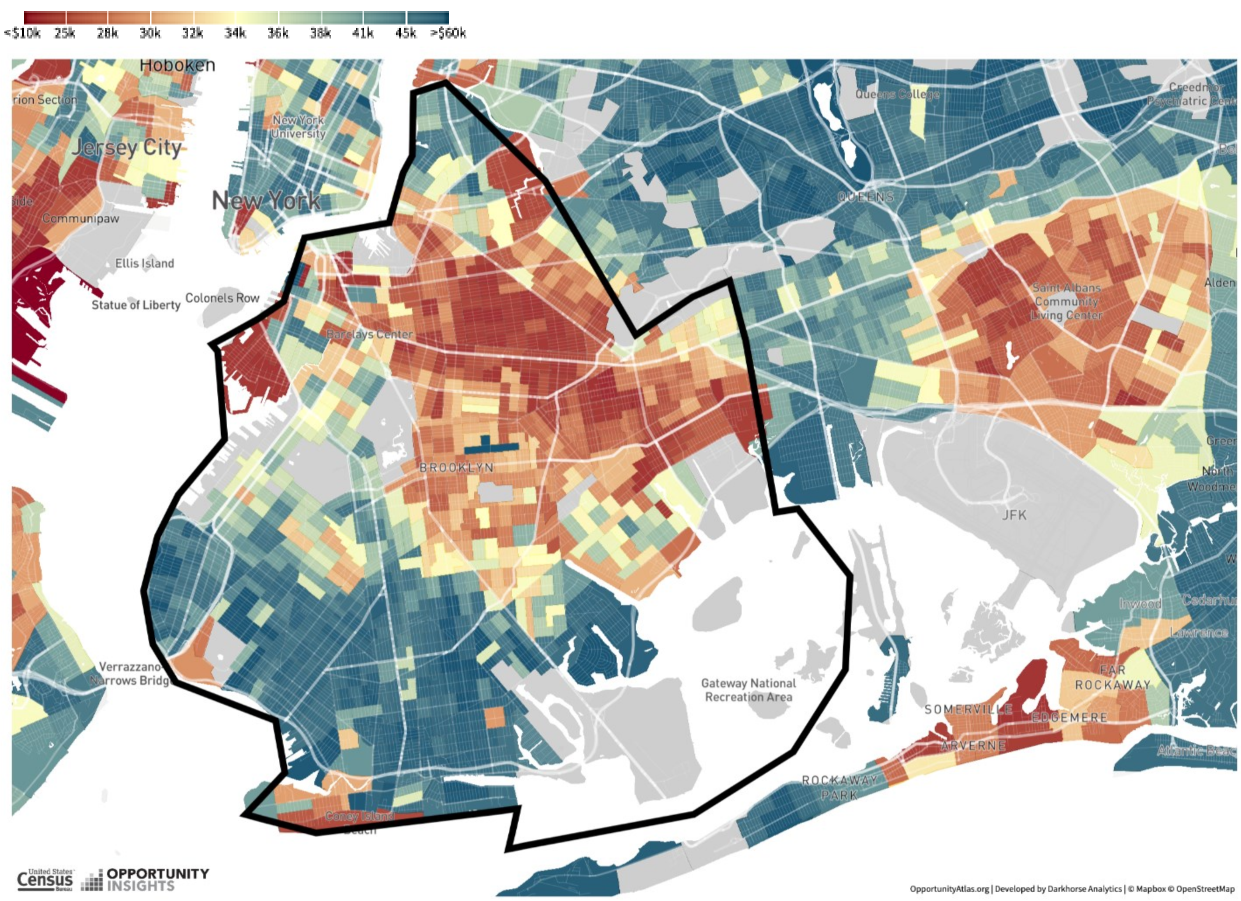
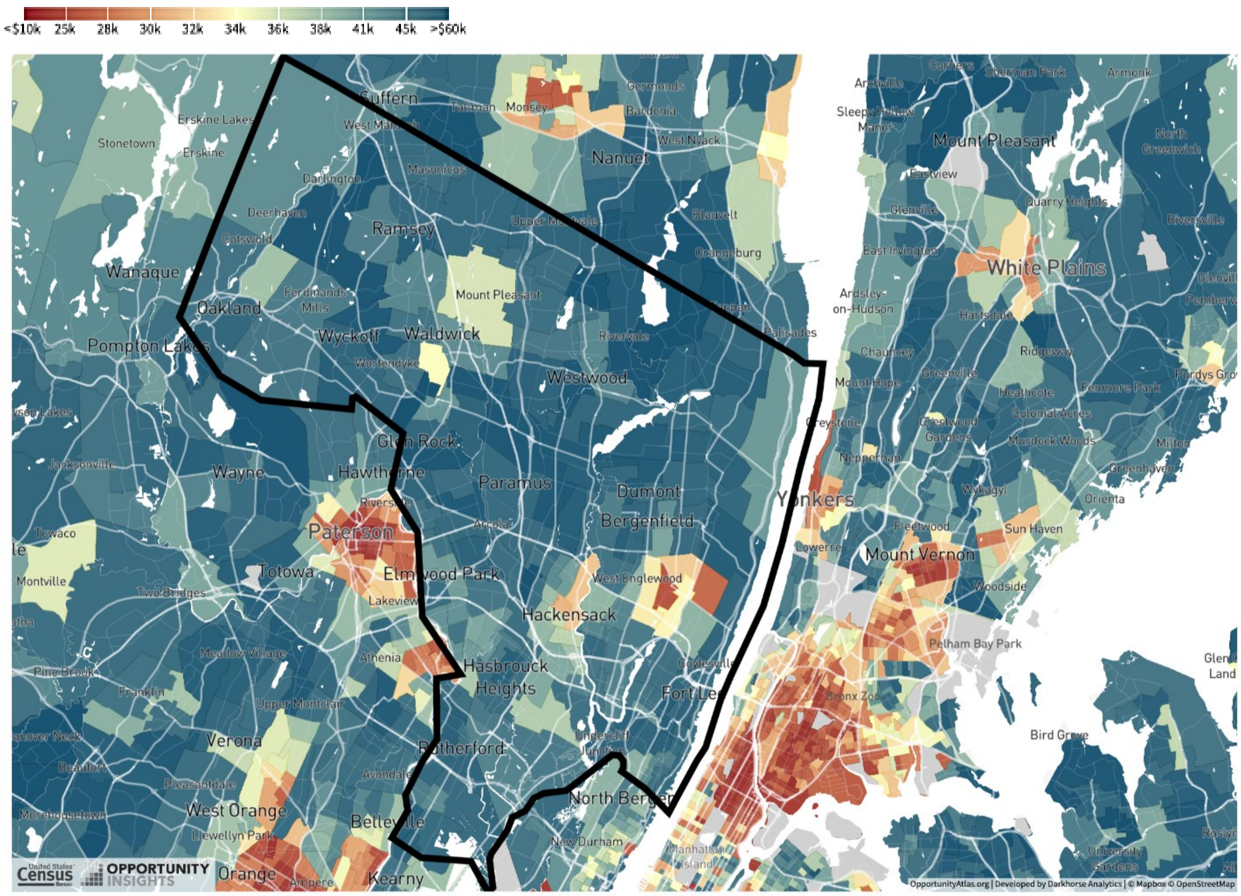


Figure 15: Household income at age 35 for children of low-income parents – Bergen County, New Jersey



The graphics above paint starkly different realities for children growing up in different parts of the District and reiterate that neighborhoods make a difference in long-term life outcomes. The concentrated pockets of red in central and eastern Kings County, which include predominantly Black neighborhoods like Bedford-Stuyvesant, Crown Heights, and East New York, demonstrate the lasting impact that “redlining” and other housing lending decisions have had on neighborhoods and their capacity to create opportunities for their long-term residents. Meanwhile, opportunity flourishes in predominantly white Essex County.

To encourage development in high opportunity areas and to simplify the operational implementation of AHP, FHLBNY uses income as a proxy for high opportunity areas and awards points to projects located in a census tract with a median family income that is equal to or greater than 120 percent of AMI of the state or territory in which the tract is located. In the 2023 AHP General Fund Round, 19 of the 42 winning projects (45.23%) are located in Census tracts that meet these criteria, demonstrating the progress developers in the District are making to build more units in higher income areas allowing tenants access to richer educational, health, and employment opportunities.

C. Affordable housing and community economic development needs of Native Americans and tribal communities

The FHLBNY District has three state recognized tribes located in New Jersey and eight federally recognized Native American tribes in New York State. While small in population relative to the tribal communities in other FHLBank Districts, the tribes in our District are diverse in their needs and in their capacity with which to respond to those needs.

Five of the eight tribes in New York participate in the federal government's Indian Housing Block Grant (IHBG) Program, administered by HUD. This program allocates funding on an annual basis to tribes or tribally designated housing entities according to a formula that incorporates Census data on household income, housing quality, and housing cost burden, shown in *Table 6*.[38]

Table 6: Estimates of American Indian/Alaska Native population for 2023 IHBG allocations

	AIAN Persons	AIAN Households with <30% MFI	Between 30%-50% of MFI	Between 50%-80% of MFI	Households with >1 person per room or without kitchen or plumbing	Households with housing expenses >50% of income
Cayuga	950	91	561	34	3	72
Oneida Indian	1,896	196	67	128	27	148
Seneca Nation	4,038	480	260	290	70	185
Shinnecock	573	-	-	-	-	-
St. Regis	6,034	560	264	490	78	239
Onondaga	-	-	-	-	-	-
Tonawanda	-	-	-	-	-	-
Tuscarora	-	-	-	-	-	-

**Numerous data fields missing in 2022, 2023 and 2024 IHBG estimates.*
***Tribe does not participate in the IHBG program, meaning there is not a publicly available estimate for these indicators that is produced by HUD and agreed upon (with or without a challenge) with the tribe.*

The FHLBNY actively encourages applications to its AHP General Fund from tribal communities but have not seen any applications in the past several years.

The FHLBNY's Homeownership Set-Aside Program, HDP, supports low- and moderate-income homebuyers with a grant for down-payment or closing-cost assistance. Prior to the 2022 program round, the HDP (and its predecessor program, the First Home Club[SM]) required that the FHLBNY member submitting a household to the program also be that household's lender. Residents of the FHLBNY District who lived on tribal land lacked access to the program because no members actively conducted mortgage lending in those areas.

Beginning with the 2022 program round, however, participating FHLBNY members may submit reservation requests on behalf of households borrowing from the federal government through the U.S. Department of Agriculture-Rural Development's (USDA-RD) Section 502 Direct Single Family Housing Loan Program. Eligible borrowers must be very-low- or low-income and “be unable to obtain a loan from other resources on reasonable rates and terms.” The program is available in areas designated as rural, which includes most of the tribal territory in New York State, though a formal agreement between the USDA and a tribe must be in place (just one is active at present, with the St. Regis Mohawk).

In 2021 and 2022, FHLBNY staff undertook outreach to members in geographic proximity to tribal reservations and those with a high annual allotment of program funds to educate them about this opportunity to support tribal households. To date, no FHLBNY members have expressed interest.

In 2023, FHLBNY launched the Tribal Development Advance (“TDA”) as part of its efforts to support Native American communities in the District. TDA provides members with subsidized funding in the form of interest rate credits to assist in originating loans or purchasing loans and investments that that support Native American housing and community support funding. This program, as it ramps up, will benefit Native Americans in the District as they partner with FHLBNY members to further housing and economic development initiatives in their communities.

FHLBNY continues its efforts to support the Native American communities within our District, consulting with the Director of Native Partnerships and Strategy at NeighborWorks America (“NWA”) to identify additional contact persons for advice on ways to better assist Native American communities. During a conversation with the National American Indian Housing Council (“NAIHC”), FHLBNY staff were informed of the challenges that many of the tribes face. Without federal recognition, the three New Jersey tribes are unable to access housing and economic development programs. For example, these tribes are unable to access HUD’s Section 184 Indian Home Loan Guarantee Program, due to this program only being available to federally recognized tribes. FHLBNY currently has one tribal representative on the Advisory Council with whom we work closely to learn more about tribal communities. As a result, we learned that the challenges facing Native Americans in New York are linked mainly to the inaccessibility of credit.

Tribal members seek access to the same homeownership products and services offered to non-tribal households. In conversation with various organizations and through learning initiatives, FHLBNY staff discovered that there are many challenges to connecting with tribal entities, including cultural differences and misunderstandings and the ramifications of past policies by the U.S. government, resulting in mistrust and isolation of some communities. However, we also learned that with patience, genuine intent, and a commitment to understanding cultural paradigms, we can start to build trust and rapport with native communities.

Despite the challenges, FHLBNY remains committed to exploring ways to promote Native American housing initiatives and will continue to build a network of trusted partners among the tribal communities in our District with the ultimate goal of providing direct support through our program offerings.

2. Market Opportunities

Unsurprisingly, this year's Plan highlights similar credit and affordable housing needs as previous years' Plans from the FHLBNY. Housing is still not an engine of economic mobility for enough residents of the District. Each successive Plan tells a similar story and details the interconnected challenges of housing affordability and access to credit. In the years preceding the current regulation governing AHP, and then with the added flexibility granted in the AHP Amendments final rule implemented by the FHFA in 2018[39], the FHLBNY has continued to intentionally structure its programs to respond to the District's needs.

Table 7 summarizes many aspects of FHLBNY products and programs to demonstrate the alignment between needs and policy decisions. Previous versions of the Plan, available from links in the appendix, provide additional documentation and the policy rationale for a fuller list of program attributes than could be captured in the table. The 2021 Plan described all of the AHP General Fund's scoring categories, which are largely consistent with the 2022 and 2023 AHP Rounds, but with the debut in 2023 of additional points to Underserved Communities and Populations in U.S. Territories.

Table 7: FHLBNY district needs and policies

Identified needs	FHLBNY programmatic responses
Credit needs	
	The Community Lending Programs and the 0% Development Advances ("ZDA") provide the FHLBNY membership with competitively priced liquidity to make credit available to community partners on affordable terms while still earning a meaningful margin. FHLBNY members earn a dividend on discounted borrowing, as with regularly priced advances, meaning these programs may be attractive in many economic environments. The Homebuyer Dream Program supports the credit needs of members' customers by providing a grant that can make them more competitive in the homebuying market and preserve their savings for unexpected shocks. (To the extent that the grant is used for down payment, it can make them a better credit risk, too.)
Affordable housing needs	
Housing quality	The scoring criteria used to rank project applications to the Affordable Housing Program General Fund is designed to offer many potential paths to receiving an award. Rehabilitation projects in general receive a high points-boost, and there are also standalone bonuses for owner-occupied projects and small (25 units or fewer) projects. The program's Green Building Innovation category, which rewards deep capital investments in the quality of units, is intended to raise awareness of and lower the costs of such efforts across the industry. In addition, recent FHLBNY outreach efforts have focused on understanding developers' and public housing authorities' projects that replace, as opposed to rehabilitate, aging housing units that may be in locations with high climate risks. AHP has also focused on meeting the needs of Undeserved Communities and Populations in U.S. Territories to better support development initiatives in Puerto Rico and the U.S. Virgin Islands.

Identified needs	FHLBNY programmatic responses
Housing affordability	The largest single scoring category for the AHP rewards projects that target a high proportion of their units to very low-income residents, and another scoring category further rewards projects that support extremely low-income renters. Projects' affordability commitments must be kept for the duration of a 15-year retention period (for rental projects), and significantly longer in the case of projects also receiving Low Income Housing Tax Credit equity. On the homeownership side, the HDP's underwriting standards, along with the members' commitment to the low- and moderate-income segment, ensure that income-eligible households can afford their new homes and remain in them.
Housing stability	AHP scoring categories for projects providing housing to formerly homeless households and for supportive housing are highly determinative of which applications receive awards. FHLBNY staff continues to engage with District membership organizations concerned with supportive housing and make presentations at various meetings and conferences. And in 2023 the FHLBNY made significant charitable contributions to high-quality organizations working to prevent homelessness.
Housing that builds wealth	The AHP's scoring category for owner-occupied housing, previously mentioned, helps projects led by Habitat for Humanity affiliates, among other groups, be competitive against larger sponsors (and these projects tend to be more reliant on AHP funding, too). The small-projects category provides a further boost to these sponsors and their projects. The Homebuyer Dream Program, by providing down-payment and closing-cost assistance, allows homeowners to make competitive offers and, if successful, retain their savings to make essential repairs or use for long-term financial plans.
Neighborhood context	Two other AHP scoring categories — one explicitly for High Opportunity Areas and the other for mixed-income housing — can work individually or in tandem to boost certain project types and hence make them more financially feasible. The category for preservation projects helps preserve the stock of affordable housing previously developed in higher-income areas, a less-costly and less-controversial proposition, typically, than new development. Additionally, FHLBNY outreach to the housing finance agencies in the District in part helps align priorities and standards, meaning that if tax credit funding is going toward higher-income areas, the AHP can likely help close funding gaps driven by high development costs.

The FHLBNY does not view the above attributes as static responses to the District's challenges. Rather, policy development is a continuous process of research, refinement and improvement, in close collaboration with FHLBNY members and other partners.

In the 2022 Plan, a policy development framework for meeting District needs was introduced in conjunction with working groups comprised of members of the Advisory Council. This working group studied the process by which the FHLBNY translates high-priority credit and affordable housing needs into program and product changes. The framework developed by this group, shown in *Table 8*, logs emerging needs identified by Advisory Council members and other partners, assesses the evidence base for those needs, and provides a status report for the FHLBNY's progress in addressing the needs. Note that the table refers in many cases to ideas not yet implemented in the form of policies approved by the FHLBNY's Board of Directors. The intent of including the framework here is to illustrate the types of contributions increasingly provided by Advisory Council members.

In late 2023, three new Advisory Council working groups were formed, all with the goal of continuing to identify and address District needs related to first-time homeownership, the racial wealth gap, and ways to provide further support to organizations fostering housing and economic development outside the scope of our regulated programs.

Table 8: Policy development framework for district needs

Policy Issue	Availability & Quality of Data	Connection to Existing Programs	Availability of Other Tools	Determining Factors	Status
Credit needs					
FHLBNY members					
Members need low-cost liquidity to sustain and grow their community development lending.	Medium: Demand for discounted advances provides one measure, but limited visibility on members' overall lending (and borrowing).	High: Advances are generally available, but relevance varies by member and market conditions.	Low: Currently a one-size-fits-all approach, but innovations are possible (as evident by 0% Development Advance).	Staff is at the early stages of understanding how funding availability can (and could) drive member lending behavior.	Member decision-making will be a focus of staff outreach conversations in 2024.
Members' customers					
Small businesses and non-profit organizations (especially minority- and women-owned) lack affordable capital to grow.	Low: Members' BDA-qualifying loans may be insightful, but only with more volume. Primarily relying on public research and anecdotal reports.	High: Members' spread on their BDA loans is capped, which should translate to lower rates for borrowers, but it is not yet known if the program increases members' lending appetite.	Medium: FHLBNY charitable giving can lower the overall borrowing costs of targeted, revolving loan funds though reach is limited.	Member enthusiasm for 2023 BDA offering demonstrates interest in better serving small business customers.	In addition to outreach to BDA-participating members, staff will further explore opportunities to leverage charitable giving.
Affordable housing needs					
Housing quality					
Housing deficiencies make it hard for seniors to age in place.	Low: Non-profits focused on owner-occupied units tell consistent stories, but it is difficult to get more relevant statistics than those on the ages if properties.	High: The AHP General Fund is well situated to support rehabilitation projects focused on accessibility, but the program's lack of an explicit focus on seniors and its operational burdens may dissuade potential partners.	Low: Staff awareness of key issues and partners is low relative to other dimensions of the broader supportive housing issue.	Seniors' issues are relevant to many active Advisory Council members' initiatives, but there is not the consistent, targeted advocacy effort seen for other issues.	Ongoing efforts to streamline the AHP General Fund processes should be meaningful to relevant non-profits, and further research is needed on owner-occupied projects' fit in the General Fund.
Private equity are purchasing properties and driving up costs for low/mod families.	Medium: Some data are available, but it is not clear where in the District we should be looking.	Low: Do not see a role for the Bank to compete with these entities from an acquisition funding standpoint.	Medium: Can look for opportunities to support land banks or land trusts that help preserve affordable land, or make contributions to acquisition funds.	Flow of cheap capital during the pandemic super charged cash offers, but higher rates may quell investor demand	Continued conversation with Advisory Council members who expressed this as a concern in their region will yield potential avenues.

Policy Issue	Availability & Quality of Data	Connection to Existing Programs	Availability of Other Tools	Determining Factors	Status
Housing affordability					
Inflation and high interest rates add costs and delays to the development process.	Medium: Strong and insistent reports from AHP sponsors and funding partners, though the quantitative evidence will likely build as recent projects submit updated budgets when they draw down funds.	High: The challenges are highly salient for the AHP analysts, though meaningful solutions are not as clear, with relatively inflexible progress milestones and limited funds available to increase subsidies.	Low: The FHLBNY has in the past offered a Rental Project Recovery Grant program to support natural disaster-impacted AHP projects, but no comparable discretionary program exists for cost overruns.	Advisory Council members and other developers agree that these pressures are likely to persist for some time, so demands for greater flexibility or other support will likely increase.	Outreach to recent AHP award recipients and attending industry events can attempt to quantify these challenges and identify opportunities for flexibility.
AMI levels do not reflect market realities.	High: Data comparing AMIs to housing and rental prices are abundant, showing the market segments that are excluded from subsidy.	High: The core component of each regulated program is the AMI minimum/maximum which determines basic eligibility and scoring competitiveness.	Medium: AMI levels are set by government agencies that do not always respond swiftly to market shifts, but voluntary programs can operate outside a regulated income targeting threshold.	Advocates, members, and developers have repeatedly asked for relief on AMI levels and to advocate for changes at the federal level, especially in Puerto Rico and U.S.V.I.	Several FHLBanks have discretionary homebuyer programs that eclipse the regulatory caps and reach the “missing middle,” lessons can be learned from their results.
Energy costs and other climate risks contribute to affordability crisis.	Low: National studies and surveys look at utilities’ costs in the context of affordable housing, but staff is not aware of research focused on the issue in the district.	Medium: Programs chosen for the AHP General Fund’s green building scoring category focus on the building envelope and energy usage, two things that should reduce residents’ costs. As the AHP funds more of these projects, there will be more opportunities to measure impact.	Medium: The formal structures around green building are less evident in Puerto Rico and the U.S.V.I., in part because of the climate. Specific green building standards are in the early stages in the territories, and so is the wider industry (raters/verifiers and labor force).	Hurricane Fiona reinforced the need for climate resilient infrastructure and planning, and several FHLBNY partners and contacts are involved in building up the necessary ecosystem.	Staff will continue to work with partners like the University of the Virgin Islands to see how the FHLBNY can play a role in supporting growth in this area.
Housing stability					
Production of supportive housing is heavily dependent on operational subsidy, which is not evenly distributed.	Medium: Partners describe multiple issues, from lack of data on scattered site supportive housing to delayed payments to service providers, but it is still hard to discern an obvious entry point for FHLBNY action.	Medium: Early experience with the AHP General Fund’s scoring category for supportive housing showed how state agencies’ priorities and programs drove sponsors’ decisions to move forward with projects. The lack of comparable funding in Puerto Rico and the U.S.V.I. makes using AHP challenging.	Low: The AHP General Fund can only support construction costs for supportive housing but can address the need for operational subsidy for rents and services.	Policy and outreach around supportive housing issues peaked prior to the 2021 AHP round, and those projects are now highly competitive.	The sizable charitable contributions for preventing homelessness from 2021 to 2023 showed the FHLBNY’s commitment to addressing housing stability beyond support through regulated programming.

Policy Issue	Availability & Quality of Data	Connection to Existing Programs	Availability of Other Tools	Determining Factors	Status
Housing that builds wealth					
The racial wealth and homeownership gaps remain wide despite several decades of awareness and efforts to address it.	Very High: There is a multitude of data from public and private sources, including financial institutions, policy think tanks, government agencies, and academic publications proving the longevity of the issue.	Low: The Homebuyer Dream Program ® which, of the two regulated programs could be a good vehicle for closing the gap, does not collect demographic data on mortgages that close with HDP subsidy.	Medium: There are ways to target specific demographics with bespoke financial products, such as down payment assistance or special financing, but they come with legal and administrative hurdles that require additional resources.	The FHFA and other federal agencies have been strong supporters of "special purpose credit programs" that allow race-based financial assistance without running afoul of fair housing law.	At least two other FHLBanks have special purpose credit programs stood up or in development stages, lessons can be learned from their outcomes.
Manufactured housing can be an affordable path to homeownership but financing options for manufactured homes are limited.	Medium: Data exist on manufactured housing stock, but much of it is naturally occurring affordable housing and not rental or income restricted.	Medium: Projects could be eligible for AHP funds if funded through a government program and rent restricted, such as NYHCR Manufactured Housing Advantage Program.	Medium: FHLBNY has consulted many industry experts working on manufactured housing developments and sees a path for AHP competitiveness.	Preconceptions of the ownership structures that could prevent manufactured housing from securing AHP funds have been clarified.	Continue to advise and consult outside groups, such as Pathstone and Ithaca Neighborhood Housing Services, and provide technical assistance for 2024 AHP Round.
Neighborhood context					
Local control over zoning rules prevents the development of accessory dwelling units ("ADU").	High: Lots of research exists on exclusionary zoning, can identify where development is blocked by looking at housing starts.	High: ADUs could be part of AHP owner-occupied rehab, adding a unit to rent out to provide additional income for a family and add units to the housing stock.	Low: This is a new issue on the Bank's radar, unsure of the role we could play outside of AHP.	Push from Gov. Hochul to ease restrictions on ADUs faced major pushback from state lawmakers and was dropped; NJ also exploring a bill on expanding ADU after success in some municipalities.	FHLBNY will learn more about the issue, seek out information available as NY/NJ seek reform.
Tribal communities are not well served by the Bank's programs despite strong efforts.	Low: Little to no recent activity of AHP and HDP on tribal lands, nothing to quantify.	High: AHP could support developments on tribal lands, and HDP has been amended to work with USDA funding and the Tribal Development Advance is suited to spur activity.	High: Lots of opportunities to support organizations working for and in native communities exist in the District but reaching them can be challenging.	Tribal groups need capacity and funding to jump start developments; legal intricacies of tribal lands present obstacles.	Working closely with Advisory Council members to expand our knowledge in the area and grow our network and ensure cultural competencies are top of mind.

Readers interested in lines of inquiry summarized in the above table are encouraged to reach out to members of the Advisory Council or to FHLBNY staff directly to share their experience and insights. Again, the above framework, which focuses on current priorities, should be understood as a usable mechanism for translating insights into action, not a historical record of evidence-based decisions.

The next section covers the FHLBNY's quantitative community lending goals for 2024, which will help contribute to several of the items in the above table.

3. Targeted Community Lending Performance Goals

This Plan describes the ways in which the FHLBNY products and programs respond to the District's credit and affordable housing needs. The FHLBNY operates in the context of wider market forces and in partnership with members and other community organizations. The goals in *Table 9* below align with the staff's internal performance metrics and 2024 work plans, but they are flexible enough to accommodate unexpected developments.

Table 9: Quantitative goals for 2024

1. Discounted rate advances in core programs (CIP, UDA, RDA)	The interest rate environment changed substantially during 2023, with members increasingly turning to discounted advances. This heightened demand is expected to remain into 2024.	FHLBNY members borrow $750 million in total across the CIP, UDA and RDA.
2. Outreach activities with members	Conversations with staff from multiple departments of member institutions (e.g., treasury, loan originations, the Community Reinvestment Act Officer) help educate members on business opportunities and provide continuous insights on market dynamics for FHLBNY policies.	Conduct targeted outreach including education, training or research activities in support of the Bank's Community Investment programs.
3. Outreach with other District partners on key issues	The District needs described in this Plan and the priorities championed by the Advisory Council point to several pressing agenda items for conversations with community non-profits and other organizations. These conversations have a proven record of influencing innovation and change in products and programs. Given the continued success in the Territories, there will be a particular focus on developers and other partners in Puerto Rico and the U.S.V.I.	Conduct 50 outreach activities with AHP sponsors, housing counseling agencies, District funding sources, and other stakeholders.

The above goals will inform FHLBNY policies and initiatives over the course of 2024.

Appendix

A. Recent FHLBNY publications

Targeted Community Lending Plan	2023	2022	2021	2020	2019	2018
Affordable Housing Advisory Council Annual Report		2022	2021	2020	2019	2018

B. Recommended resources regarding district needs

In addition to the sources cited in the endnotes, several recent publications by industry experts in and out of the FHLBNY District informed the analysis in this Plan. Interested readers should follow the links below to gain a deeper understanding of key housing issues.

Joint Center for Housing Studies of Harvard University. 2023. "The State of the Nation's Housing 2023." Available at https://www.jchs.harvard.edu/state-nations-housing-2023.

NYU Furman Center. 2023. "State of New York City's Housing and Neighborhoods in 2022." Available at https://furmancenter.org/stateofthecity.

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