Federal Home Loan Bank
NEW YORK

Targeted Community Lending Plan

— 2025 —

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.

The 2025 Targeted Community Lending Plan ("Plan") highlights the persistent housing and community development needs in New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands.

We at the FHLBNY are proud to be part of many successes: making large and small development deals feasible through the Affordable Housing Program ("AHP"), getting families into their first home with help from our members through the Homebuyer Dream Program® ("HDP®") and the newly launched Homebuyer Dream Program® Plus ("HDP® Plus"), or providing liquidity to help our members invest in their communities through our Community Lending Programs ("CLP") and 0% Development Advance Programs ("ZDA"). As our members and District face headwinds in the credit and housing markets, we aim to provide a source of stability and be an effective resource.

This Plan will detail the many challenges faced by first-time homebuyers, low-income residents, and communities of color. FHLBNY strives to innovate in response to the identified needs, both through its regulated programs (the AHP General Fund, the HDP®, and the CLP) and supplemented by voluntary programs through discretionary activities endorsed by the Board of Directors of the FHLBNY. The creation of voluntary programs, such as HDP® Plus, serve as another tool for responding to District needs, in this case extending assistance to households earning above 80% Area Median Income. FHLBNY also continues to engage thought partners, such as our members and other Federal Home Loan Banks, to explore programmatic solutions to the racial homeownership gap and the creation of a Special Purpose Credit Program.

We could not do this work without help from our Affordable Housing Advisory Council ("Advisory Council") and the Housing Committee of the Board of Directors, our members, and community partners and practitioners. Each of you were generous with your time and eager to share your expertise with us throughout the year. Your insights guide this Plan and the goals that emerge from it.

Community Investment staff will continue to develop these relationships and seek your insight as FHLBNY embarks on a new three-year (2025 – 2027) Strategic Plan. Doing so will help ensure that our products and programs add to the value proposition for FHLBNY membership and meet the needs of our District.

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

Sincerely,

Peter Grof
Community Investment Officer, FHLBNY

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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"). In March 2024, FHLBNY launched a new voluntary program, HDP® Plus, which, like the HDP®, provides down-payment and closing-cost assistance to first-time homebuyers. Unlike the HDP®, households living in New Jersey and New York with incomes above 80% and less than or equal to 120% AMI are eligible. For Puerto Rico and U.S. Virgin Islands, households with incomes above 80% and less than or equal to 150% AMI are eligible.

- 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, local infrastructure development, and Native American housing and community support funding.

While each of these programs 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 can create voluntary programs to supplement the regulatory programs to address specific 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 specifically 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 2024, 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; Community Development of Long Island for the rehabilitation of the Unkechaug Indian Nation Community Center; and The Partnership to End Homelessness to end homelessness by preventing it.

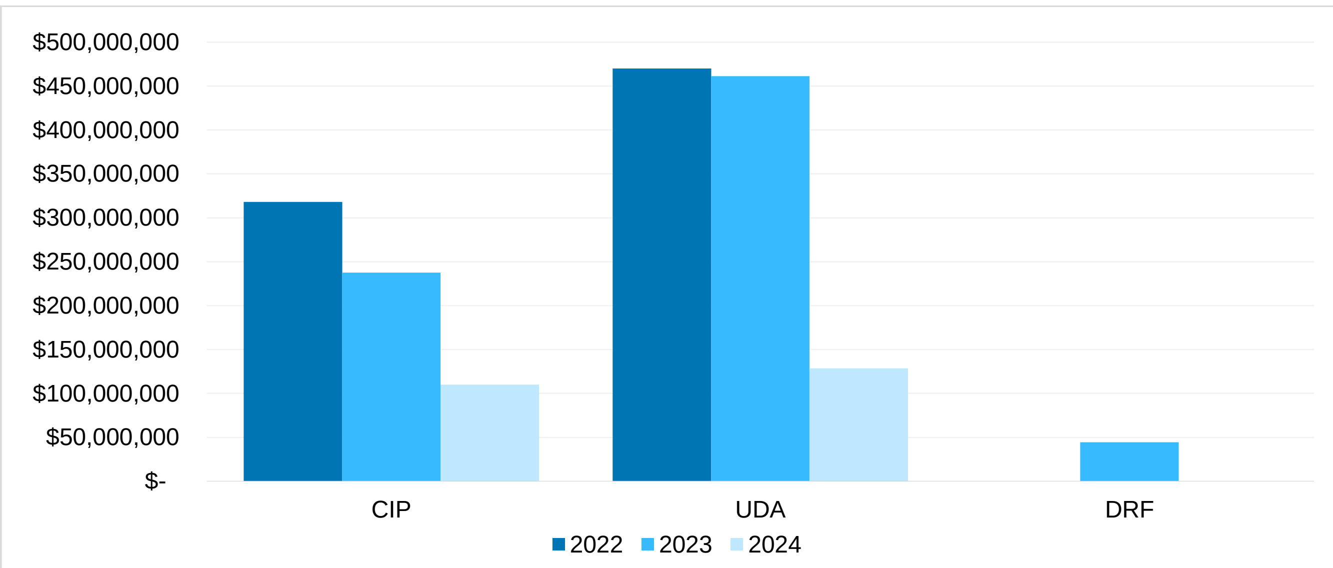
A. Credit needs of the District

The credit needs in the District — from 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.

At the start of 2024, FHLBNY members faced a similar set of challenges as last year, a credit market marked by high interest rates and continued concern about inflation. For the first half of the year, the rate of inflation hovered between, 3% – 3.5%, before falling to 2.5% by August.[1] The following month, the Federal Reserve, confident that inflation is slowing, cut the federal funds rate target, setting it at 4.75% - 5%.[2] While the market challenges expressed in last year's Plan remain concerns, the reduction in borrowing costs is encouraging for FHLBNY members and the households they serve.

Although demand for our CLP has declined in recent years, FHLBNY members will continue to have access to affordable capital to meet the community development lending needs of their communities. *Figure 1* depicts FHLBNY members' use of CLP to fund community investment lending, not the level of community investment lending by our members.

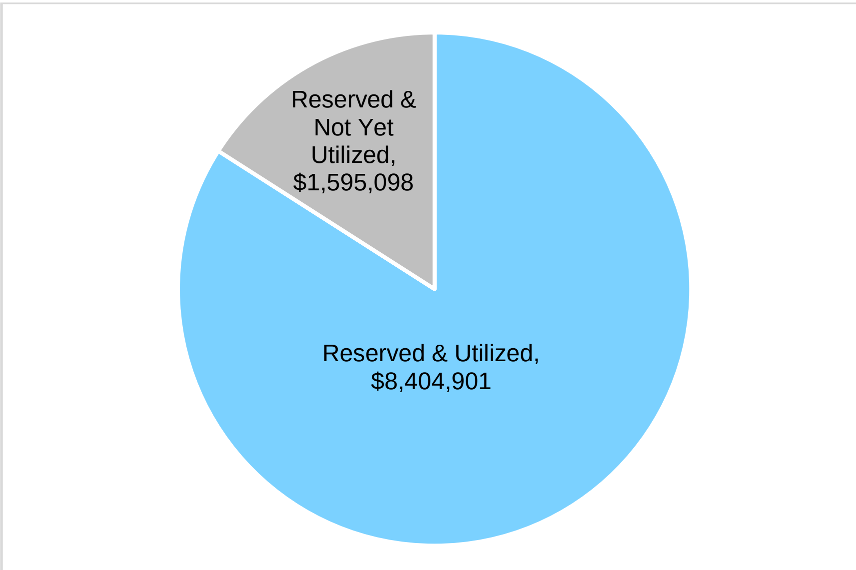
Figure 1: Discounted advances by year issued to FHLBNY members as of September 30, 2024



The reduction in use of our CLP can be attributed to adverse market conditions and the growing popularity of the ZDA, which was created in 2023, to offer another suite of advances for members to utilize. With 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.

Figure 2, shows continued member interest in ZDA, as of September 2024. As the BDA, IDA, CDA, and TDA, continue to gain traction, we anticipate continued growth in ZDA activity, considering the existing lending FHLBNY members already do in these important areas.

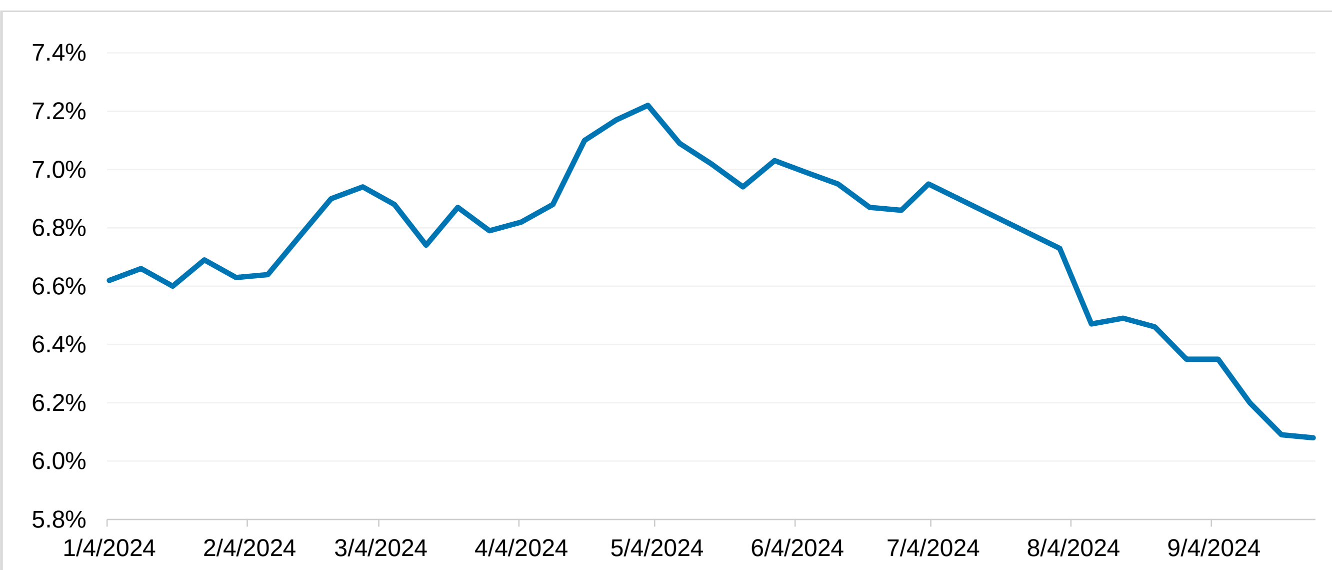
Figure 2: ZDA interest rate credit utilization as of September 30, 2024



Advance activity for ZDA products stood at approximately $19,000,000 each for CDA and IDA, and $70,000,000 for BDA as of September 30, 2024; TDA has not been utilized.

For households served by FHLBNY's members, decreased interest rates are an encouraging sign. *Figure 3* shows weekly average interest rates from Freddie Mac's Primary Mortgage Market Survey.[3] In 2024, mortgage rates fell from a peak of 7.22% in May to a low of 6.08% by the end of September. While mortgage rates are still high, compared to 2021, there is hope that this downward trend will continue as inflation eases.

Figure 3: 30-year fixed mortgage rates - January 4 to September 26, 2024



Despite positive trends in the credit market, conditions in the housing market remain difficult for low- and moderate-income would-be-homebuyers. Home prices continued to increase throughout 2024, pricing potential homebuyers out of the market altogether. In general, households with higher incomes and greater assets managed to navigate the volatile market conditions and pay above asking price when necessary. The following sections of this year's Plan will explore the impact of credit concerns and additional market challenges in the District.

B. Affordable housing needs

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.

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.

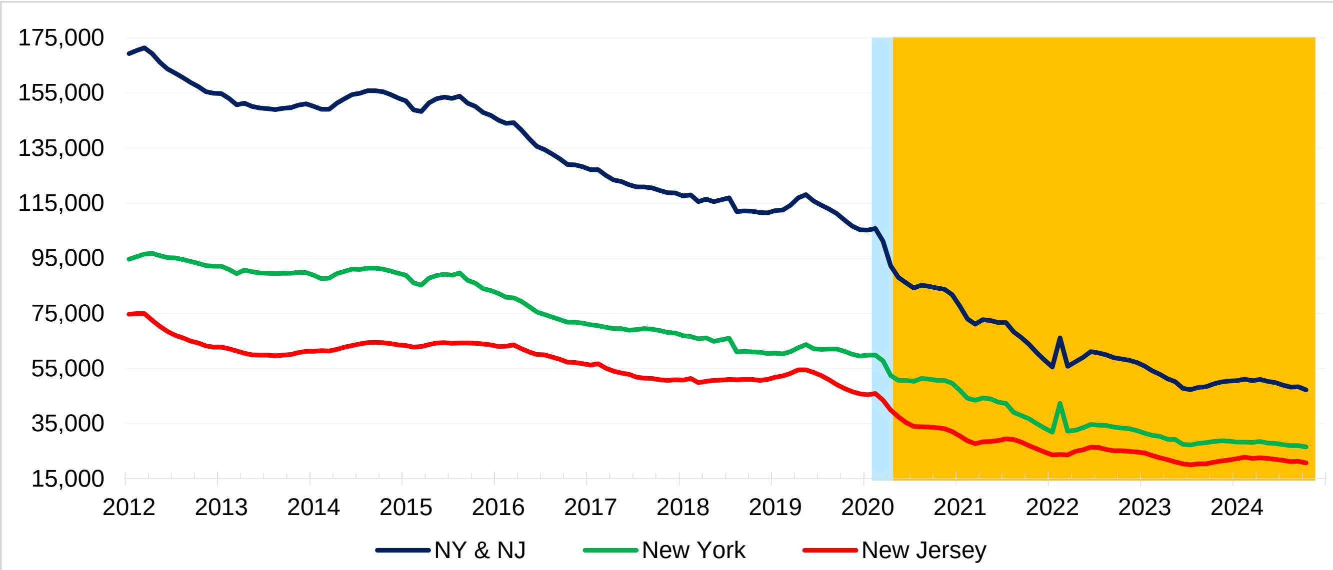
As there continue to be severe unmet needs in the FHLBNY District, we strive to ensure our available resources are deployed strategically and effectively. Understanding the finite role we can play in the housing market, the FHLBNY recognizes we must not only provide liquidity for community lending and 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 availability

The housing market in the District is marked by a lack of availability. Market trends are creating barriers to housing development and negatively impacting the number of available homes. This has created a housing crunch, where many parts of the District are facing a historic lack of affordable housing options.

New Jersey and New York are among the areas most impacted by these market trends. *Figure 4* shows that the number of homes available for sale has consistently declined in both states over the past decade, even reaching all-time lows. After seasonal adjustment, New York saw a record low 26,207 homes for sale at the end of April 2024. In the same month, New Jersey only had 20,596 homes on the market, just 4.2% above the all-time low of 19,772 set in July 2023.[4] While this trend appears to have accelerated after 2020, it should be noted that the decline has been gradual since 2012.

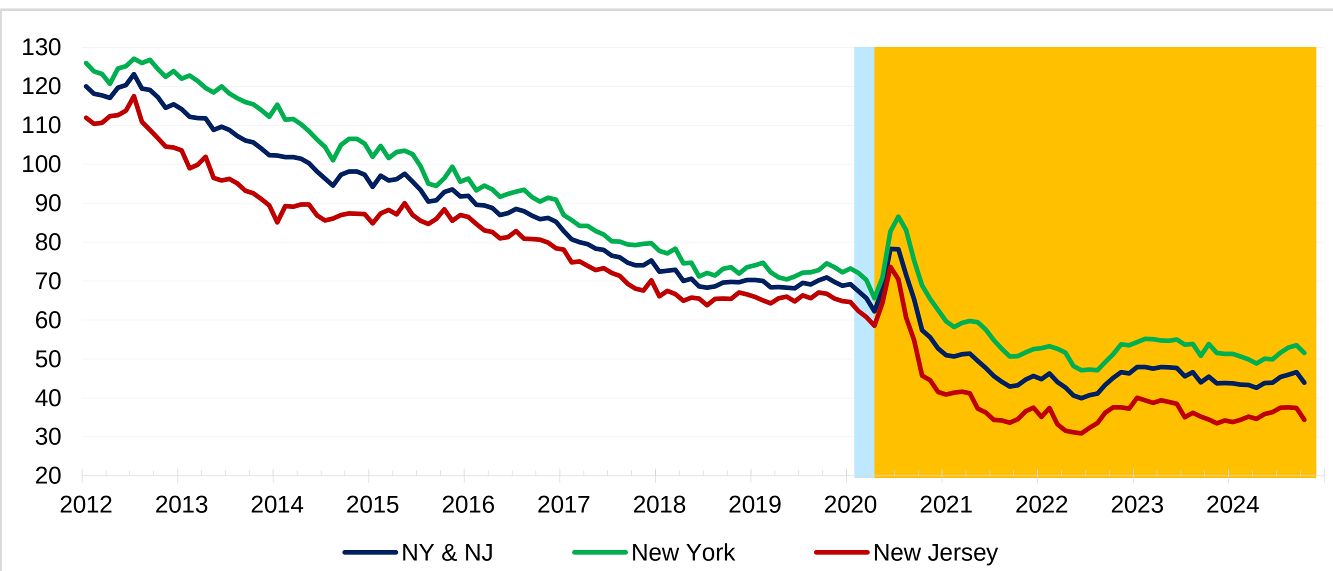
Figure 4: Homes Available for Sale (seasonally adjusted)



Note: Light-blue shading denotes the pandemic-induced recession, and the orange shading represents subsequent market expansion.

The shortage of homes appears to be impacting the length of time that homes for sale are staying on the market. As seen in *Figure 5*, homes in New Jersey and New York stayed on the market for an average of 120 days in 2012, before falling to approximately 55 days as of August 2024.

Figure 5: Number of Days on the Housing Market (seasonally adjusted)



Note: Light-blue shading denotes the pandemic-induced recession, and the orange shading represents subsequent market expansion.

Declining time on the market is an indication that market demand is outpacing inventory. The pace of new home construction is simply not keeping up with demand. This scarcity results in increased competition among homebuyers, and it creates additional obstacles for first-time homebuyers looking to realize the dream of homeownership.

The rental market is experiencing similar trends with a shortage of available units. This trend is highly visible in New York City, where the rental vacancy rate fell to a multi-decade low of 1.4% in 2023, down from 4.5% in 2021 and 3.6% in 2017, before the pandemic. This issue is particularly acute for affordable housing units, where the vacancy rate of apartments that rent below $1,650 was less than 1% as of 2023.[5]

The National Low Income Housing Coalition ("NLIHC") produces annual reports analyzing Census data, among other sources, to calculate the scale of the need for affordable housing at state and local levels. NHLIC's 2024 reporting highlighted a large deficit of affordable units in New Jersey and New York. *Table 1* shows a large deficit for extremely low-income (at or below 30% AMI) and very low-income (at or below 50% AMI) renters.

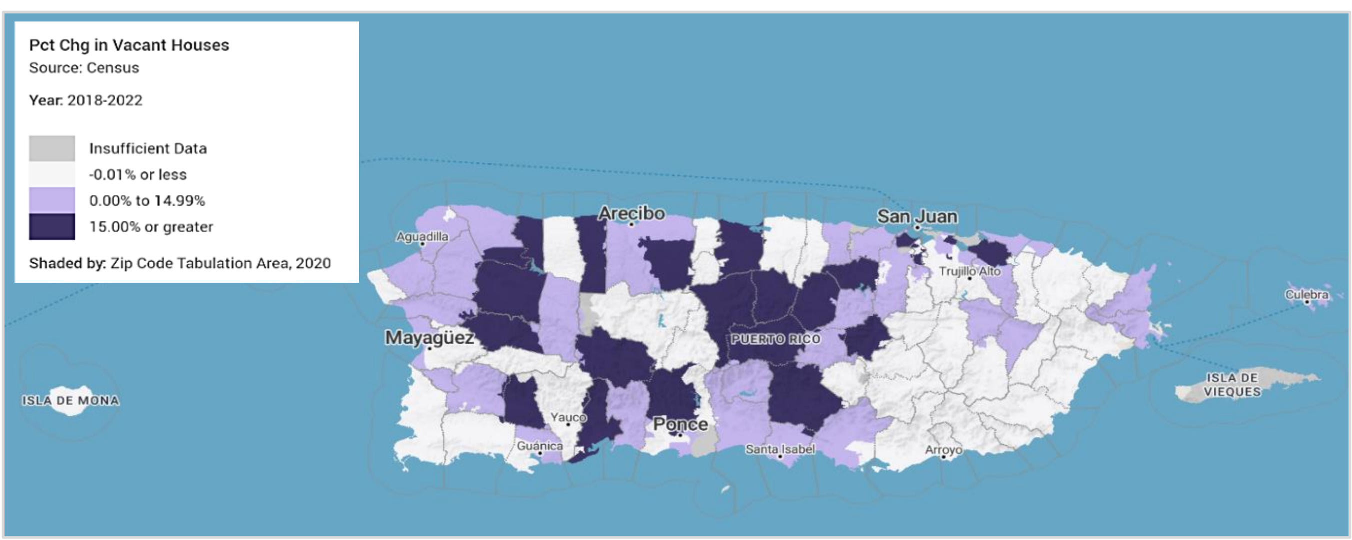
Table 1: Deficit of Affordable and Available Rental Units (as of 2024)[6]

	New York	New Jersey
At or below 30% AMI	-666,960	-214,475
At or below 50% AMI	-711,403	-276,687

Puerto Rico and U.S. Virgin Islands are facing a rise in the number of vacant homes. Several factors, such as declining population, damage from natural disasters, and rising construction costs have led to vacant homes remaining abandoned and, in some cases, becoming dilapidated.

The Census Bureau's American Community Survey estimates that as of 2022, Puerto Rico had 343,471 vacant housing units, representing 22% of the islands total housing units.[7] *Figure 6* shows the percent change in vacant homes across municipalities in Puerto Rico from 2018 to 2022. Many of the island's population centers experienced a rise in vacant homes, with several counties in the interior of the island seeing increases of 15% or greater.

Figure 6: Percent Change in Vacant Homes in Puerto Rico from 2018 – 2022[8]



The picture in the U.S. Virgin Islands is similar, if not more drastic. The 2020 U.S. Census estimates that 17,615 housing units are vacant, representing 30.8% of total housing units on the islands. The rental vacancy rate is a drastic 16%.[9]

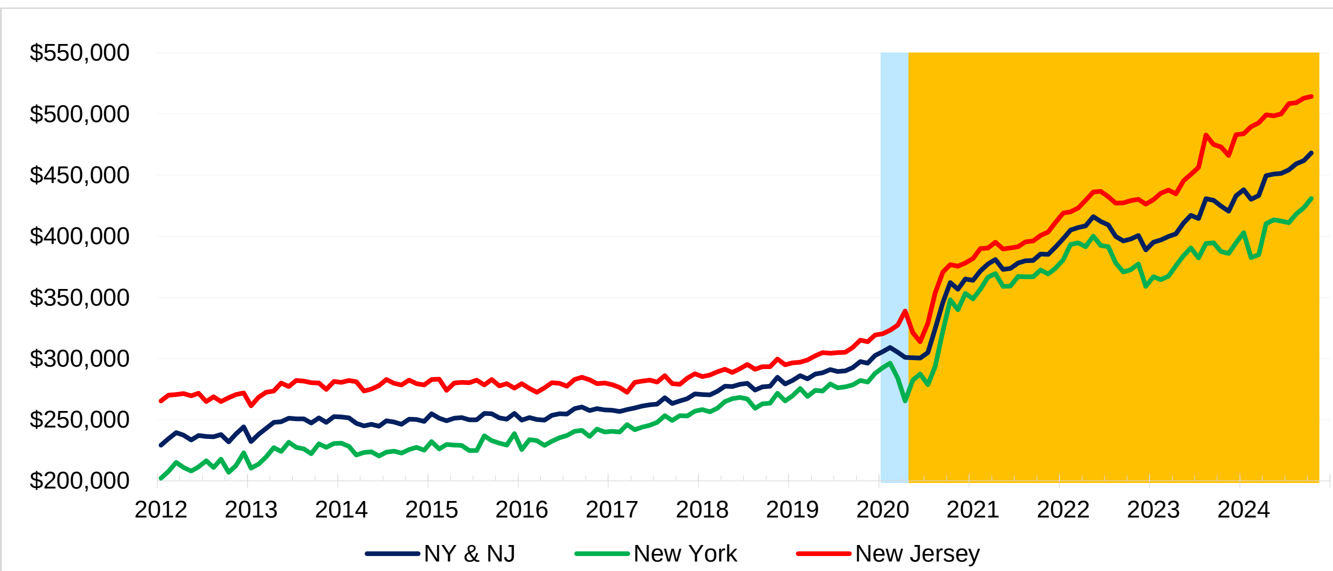
The rising number of vacant homes in U.S. Virgin Islands has prompted calls for a legislative solution. In 2023, Governor Albert Bryan Jr., introduced a bill for discussion, the Virgin Islands Abandoned and Derelict Real Property Conservatorship Act. The bill, if passed, would provide a definition for the term "abandoned property" as it pertains to real property and provide a path for third-party conservatorships to undertake the rehabilitation of abandoned and derelict property without a change of property ownership.[10]

2. Housing affordability

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.[11]

A consequence of the housing shortage is upward pressure on the cost of housing. *Figure 7* below shows the median home selling price in New Jersey and New York from 2012 through September 2024. While the median home sales price remained mostly steady with a modest increase from 2012 to 2019, prices have dramatically grown since 2020.

Figure 7: Median Home Selling Prices (seasonally adjusted)

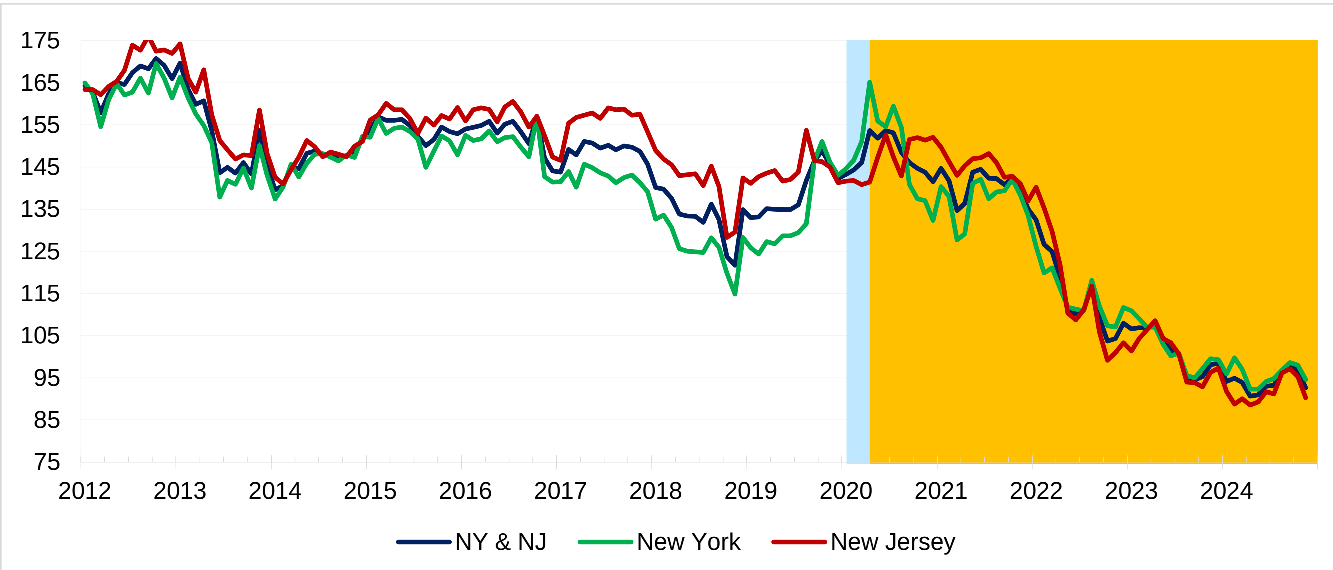


Note: Light-blue shading denotes the pandemic-induced recession, and the orange shading represents subsequent market expansion.

The rate of increase in New Jersey is particularly striking. At the start of 2020, the median home sales price in New Jersey, when adjusting for seasons, was approximately $325,000 and as of August 2024 is greater than $500,000. This represents an increase in the median home sales price of approximately 54%.

The Housing Affordability Index is another helpful method for visualizing the rising cost of homeownership. It measures whether a family earning the median income can qualify for a mortgage in a given region.[12] A value of 100 indicates that median income is exactly enough to qualify for a mortgage on a median-priced home. A value below 100 indicates that the median income is not sufficient. *Figure 8* below paints a similar picture as *Figure 7* did earlier. In New Jersey and New York, the index gradually decreased from 165 to approximately 145 from 2012 to 2019. Since then, the index has dramatically decreased to approximately 95 in New Jersey and New York as of August 2024, meaning that a family earning the median income does not earn enough to afford a median-priced home.

Figure 8: Housing Affordability Index (seasonally adjusted)



Note: Light-blue shading denotes the pandemic-induced recession, and the orange shading represents subsequent market expansion.

Housing affordability is also a major issue facing Puerto Rico and the U.S. Virgin Islands. Both islands are particularly vulnerable to the observed increase in construction and insurance costs. On visits to both islands, FHLBNY frequently heard from housing experts that rising insurance costs were placing a burden on homeowners. This problem is acute, given that both islands have faced severe damage from hurricanes and flooding.

In addition, construction costs have played a role in the rising cost of newly constructed homes, which are needed to address the issue of dilapidated housing and to ensure that housing is built to code and can withstand natural disasters. This increased cost and the burden it places on prospective homebuyers is seen when looking at the change in median home sales prices in Puerto Rico.

Figure 9: Average Home Sale Prices in Puerto Rico (2018 – 2023)[13]

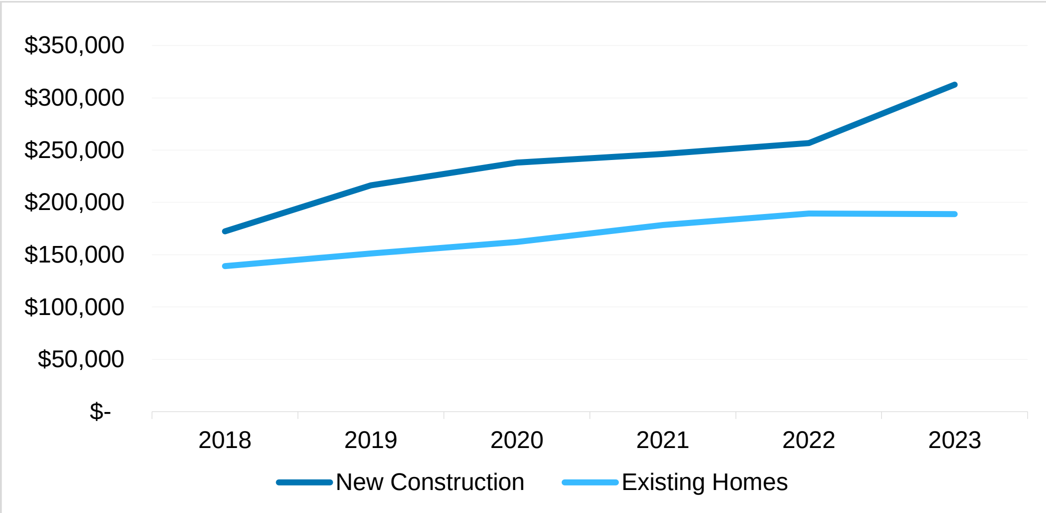
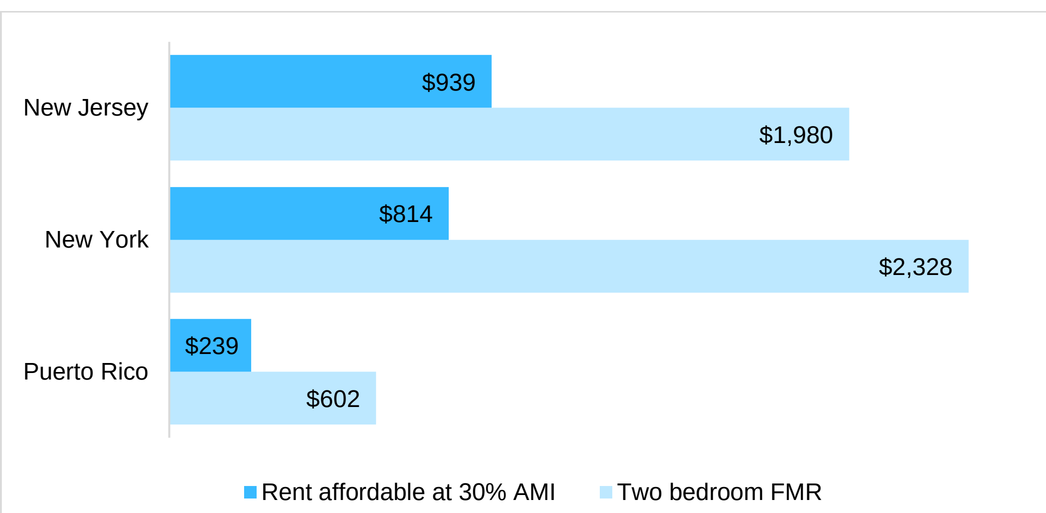


Figure 9 above shows average home sales prices for new construction and existing homes in Puerto Rico from 2018 to 2023. While prices increased for both types of homes, the price of newly constructed homes rose at a faster rate. Over the six-year span, the average cost of purchasing a newly constructed home rose by 45%, compared to 26% for existing homes. Supply chain issues and transportation and import costs play a role in rising construction costs in both Puerto Rico and U.S. Virgin Islands. This is a concerning trend, especially considering the importance of new construction in increasing the housing stock and protecting it from natural disasters.

Renters, alongside homeowners, are struggling to afford market-rate housing. An NLIHC report compares the fair market rent ("FMR") for a two-bedroom apartment to the wage needed to afford it. Of all states in the nation, New York had the third highest wage ($44.77) and New Jersey ($38.08) ranked seventh. *Figure 10* below compares the rent that a household earning 30% of AMI can afford to the fair market rent of a two-bedroom apartment in New York, New Jersey, and Puerto Rico. (U.S. Virgin Islands is not included in this analysis.)

Figure 10: Renter Households with Housing Cost Burden by Income Category



The market as currently constructed is not set up for low-income households. In each part of the District, households earning 30% AMI are unable to afford half, much less the entirety of the fair market rent for a two bedroom apartment.

NLIHC also 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.[14] (Puerto Rico and U.S. Virgin Islands are not included in this report.)

Table 2: Renter Households with Housing Cost Burden by Income Category

	New York 2024 report	New Jersey 2024 report
At or below 30% AMI	86%	86%
30% - 50% AMI	74%	83%
50% - 80% AMI	49%	50%
80% - 100% AMI	24%	23%

Across AMI levels, households are struggling to afford rent. *Table 2* shows that this is particularly dire for households at or below 50% AMI. Low-income households are forced to assume cost burden to be able to live in the District. Affordable housing is necessary for families to experience stable housing and the benefits that come with it.

3. Housing stability

Housing stability 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.

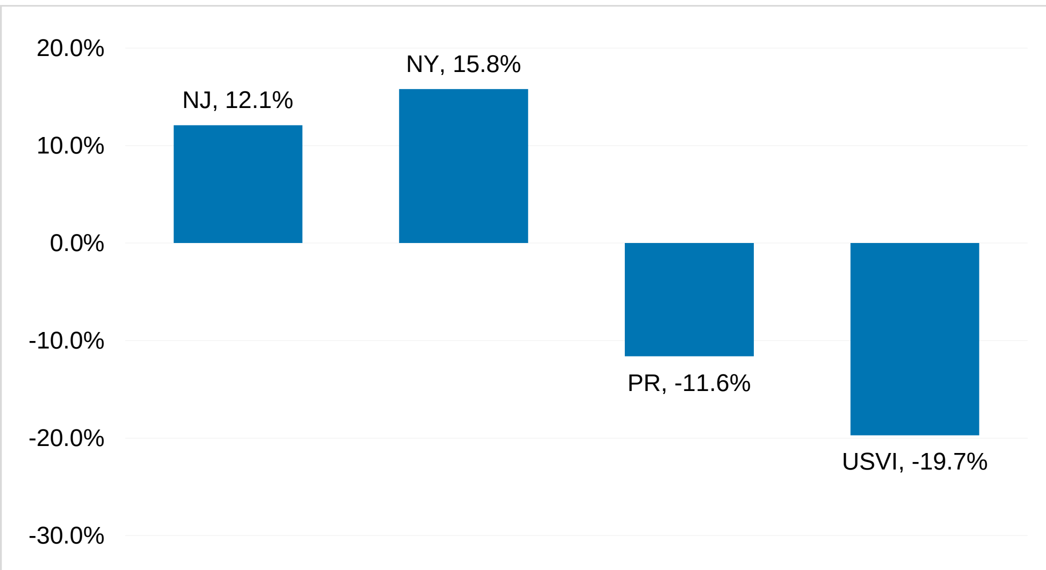
To measure housing stability in the District, this section will explore recent trends in homelessness and eviction data. The Department of Housing and Urban Development ("HUD") releases annual Continuum of Care Point-In-Time ("PIT") counts of sheltered and unsheltered people experiencing homelessness. People who are sheltered in emergency shelter, transitional housing, and Safe Havens, are included in this count. HUD requires that local jurisdictions conduct this count on a single designated night in January and uses that annual PIT figure to extrapolate annual trends. *Table 3* shows recent data in overall homelessness in both states and both territories in the District from 2019-2023.[15]

Table 3: Overall Homeless PIT Count (2019-2023)[16]

	2019	2020	2021	2022	2023
New Jersey	8,862	9,662	8,262	8,752	10,264
New York	92,091	91,271	78,920	74,178	103,200
Puerto Rico	2,535	2,451	439	2,215	2,242
U.S. Virgin Islands	314	304	177	175	252

Table 3 shows New Jersey, New York, and U.S. Virgin Islands all experienced a noticeable increase in levels of homelessness from 2022 to 2023, while minimal change was observed in Puerto Rico.

Figure 11: Change in Total Homelessness, 2019-2023



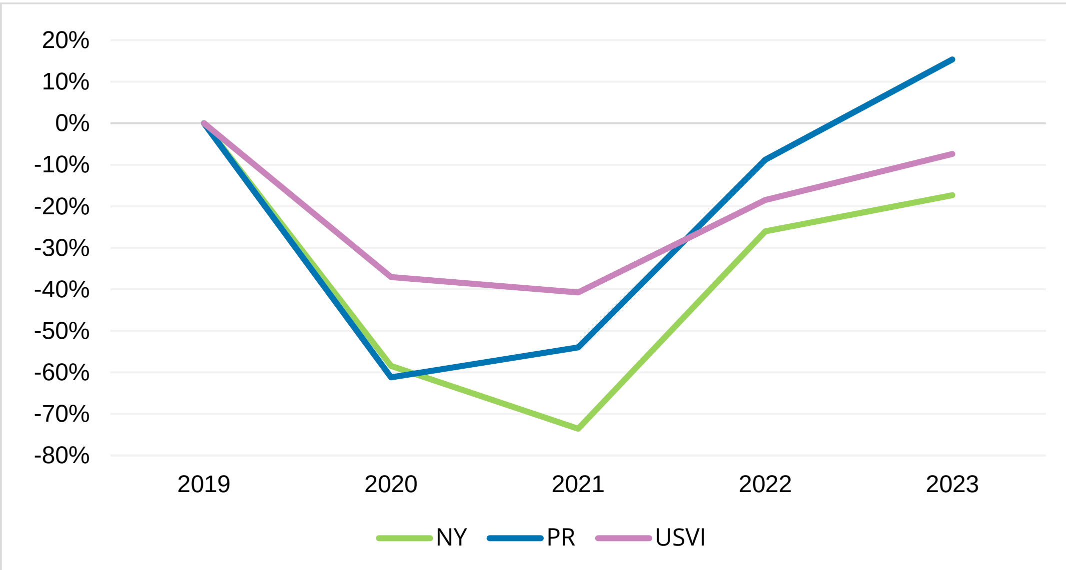
Last year's Plan showed a reduction in homelessness from 2018 to 2022 for all states and territories in the District. Unfortunately, as shown in *Figure 11,* the observed uptick in homelessness in 2023 reversed this trend for New Jersey and New York, with both states now displaying a rise in homelessness over the course of the previous five years.

The rise in homelessness is attributable to multiple factors, including a lack of affordable housing. A key stressor on this situation has been the migrant crisis experienced by New York and New Jersey. Since 2022, New York City has received thousands of new asylum seekers. In August 2022, New York City's Department of Homeless Services ("DHS"), reported a population of 51,497 individuals in DHS shelters. By August 2024, this number ballooned to 87,480, with 31,426 being new arrivals.[17] The sudden influx of asylum seekers is exacerbating the already dire need for more shelters and supportive housing.

Eviction is a major economic and social stressor, forcing families into homelessness or other precarious living situations. The disruption caused by eviction can have long lasting effects on families, including poor school performance, higher rates of youth violence, and negative health outcomes.[18]

Despite the impact eviction has on society and families that experience it, up-to-date eviction data is difficult to come by. States have different protocols for releasing eviction data, and in the absence of a federal database, third parties, such as the Princeton's Eviction Lab and Legal Services Corporation ("LSC"), have attempted to fill this void. Both groups aggregate civil court eviction filing records to present a picture of evictions in the country. Even with these efforts, up-to-date eviction data is difficult to find in many parts of the country, including New Jersey. This presents an obstacle for researchers and policy makers when trying to get a complete picture on the state of evictions.

Figure 12: Percentage Change in Avg. Monthly Eviction Filings since 2019[19]



Note: Up-to-date and comprehensive eviction filing data is not readily accessible for New Jersey

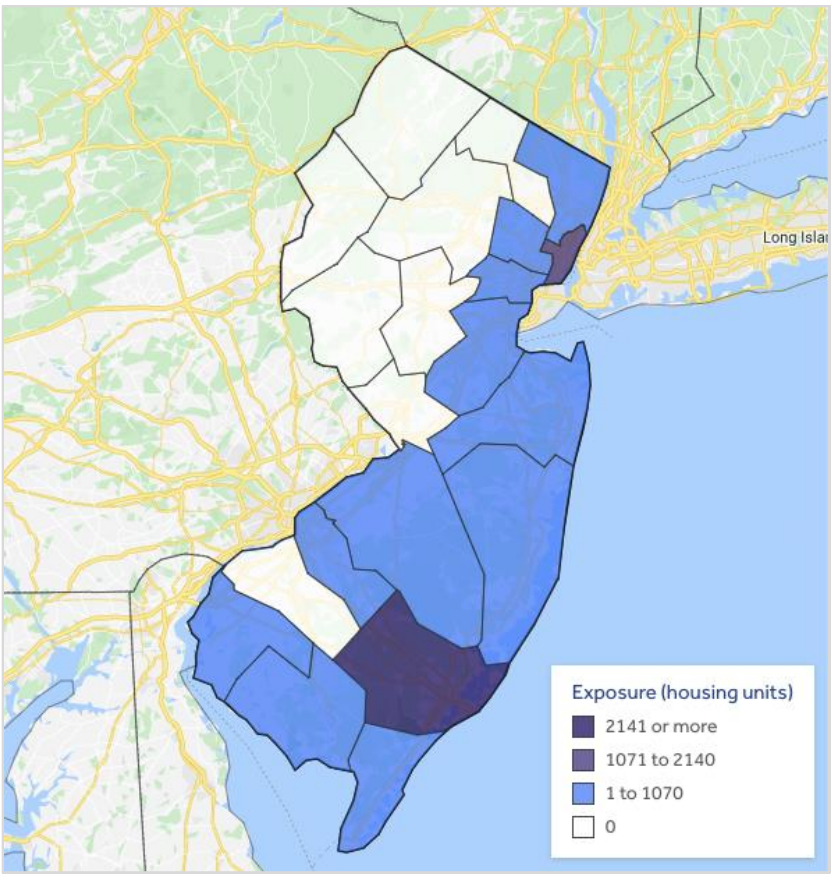
Figure 12 takes eviction data compiled by LSC and shows the percent change in average monthly eviction filings since 2019 for New York, Puerto Rico, and U.S. Virgin Islands. In each state or territory, eviction filings are returning to near pre-pandemic levels. In 2024, monthly eviction filings in Puerto Rico were 15% higher than in 2019, while they remained below 2019 levels in New York (-17%) and U.S. Virgin Islands (-7%). The observed increase in eviction filings is not unexpected following the pandemic and eviction moratoriums that were signed into law. However, the increase in monthly eviction filings bears monitoring.

Another major key to housing stability is ensuring that homes are resilient. Each part of the District faces differing climate-related and natural disaster threats to its housing stock. This threat is most pronounced in Puerto Rico and U.S. Virgin Islands. During FHLBNY visits to both islands, developers, non-profits, and housing experts continually relayed the housing challenges both islands face in recovering from damage caused by Hurricanes Maria, Irma, and subsequent storms. In Puerto Rico, it is estimated that over 1.1 million housing units sustained damage from Hurricane Maria, and that it could take up to 15 years to reconstruct damaged units.[20]

The threat posed by natural disasters to the integrity of the housing stock should prompt more prevention measures. In 2024, U.S. Virgin Islands passed legislation to strengthen its building code for the first time since 2010.[21] Among the key changes, the updated codes aim to limit the use of loose materials in roof gardens, enhance flood resistance in flood hazard areas, and enforce stricter guidelines for the construction of one- and two-family dwellings.

Stateside, housing units in New Jersey and New York are at an increased risk of flooding. A 2020 study of coastal flooding's impact on affordable housing units, estimates that New Jersey currently has 1,640 affordable housing units subject to flooding at least once a year. This is the highest number for any state in the country and is expected to increase to 6,825 by 2050.[22] *Figure 13* shows a county breakdown of the number of units estimated to be exposed to flooding by 2050. As seen on the map, Atlantic and Hudson counties have the highest number of at-risk units.

Figure 13: New Jersey Affordable Housing Units Exposed to Flooding by 2050



The same study estimates that New York will have the second highest number of at-risk housing units in the nation by 2050, with 5,300. These high numbers show the need for investment in climate resiliency today to prepare for oncoming threats and to create a resilient housing stock.

4. Housing in underserved communities

Underserved communities contend with a legacy of disinvestment that impacts housing outcomes to the present day. Some disinvestment in these neighborhoods is a result of historical redlining. *Figure 14* below is a map of downtown Rochester, New York that compares historically redlined neighborhoods to mortgage denial rates in 2022. During the Great Depression, the Home Owners Loan Corporation ("HOLC"), graded neighborhoods based on perceived lending risk to determine where to make loans. In *Figure 14*, the neighborhoods outlined in red were given a D grade, representing "Hazardous" lending conditions. While this occurred during the Great Depression, redlined neighborhoods in Rochester still have among the highest rates of mortgage denials in the city.

Figure 14: Historically Redlined Neighborhoods and Mortgage Denial Rates (Rochester, New York)[23]

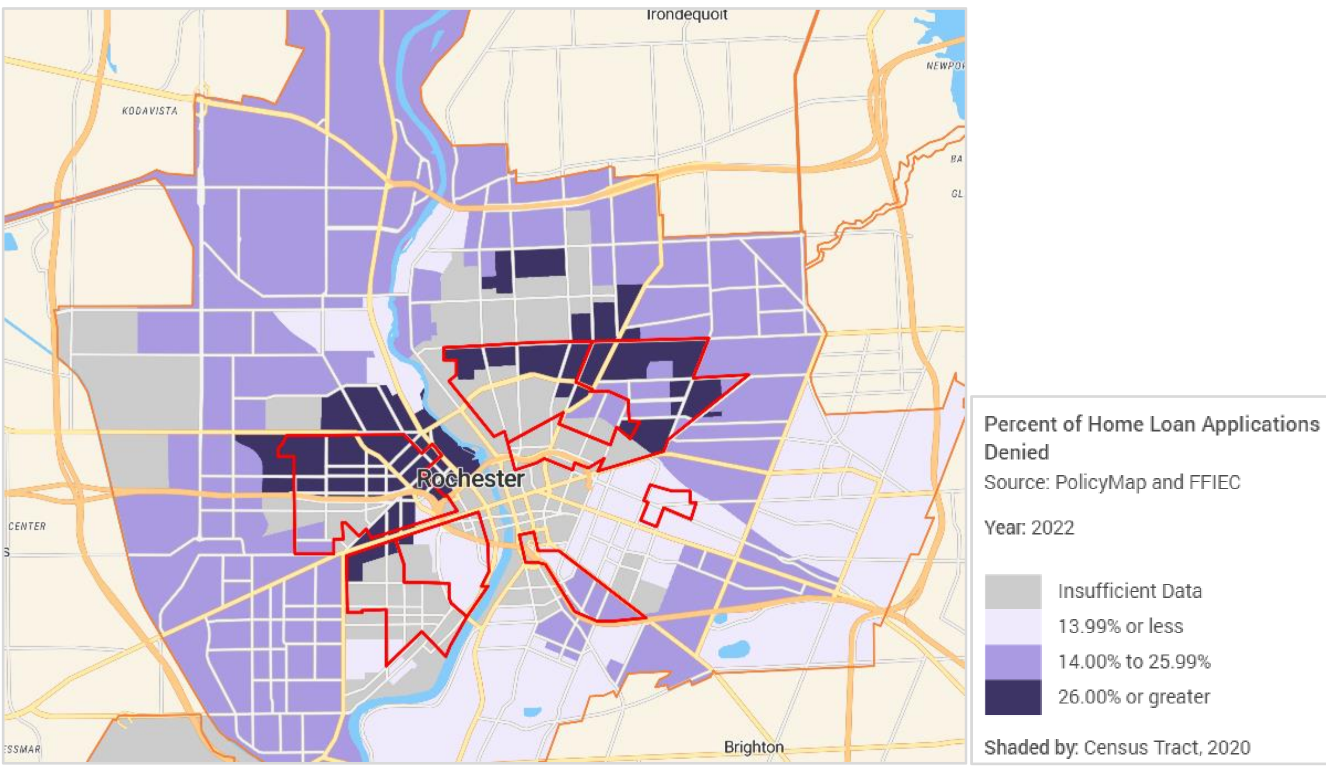
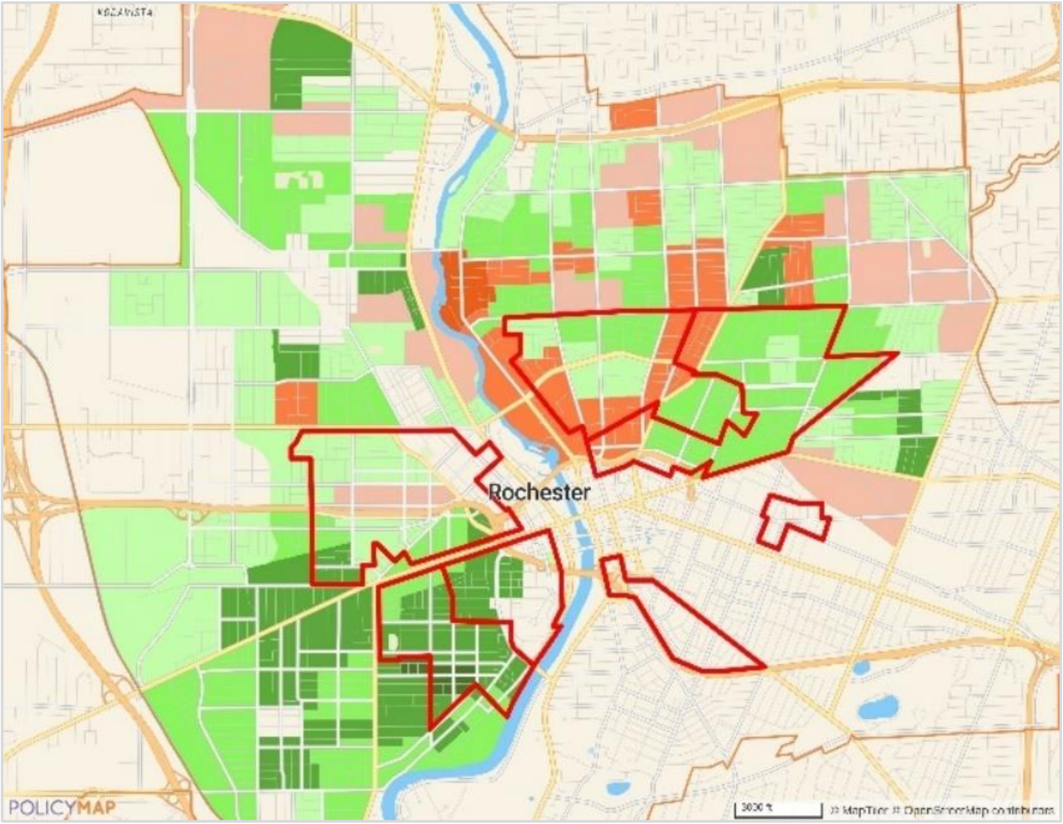


Figure 15 shows majority Black or Hispanic census tracts overlayed onto a map of downtown Rochester, showing formerly redlined neighborhoods. On the map, red shaded areas indicate majority Hispanic census tracts and green shaded areas indicate majority Black census tracts. In the case of Rochester, most of these redlined areas that have higher mortgage denial rates, are majority minority census tracts. Taking *Figures 14* and *15*, in totality, the legacy of redlining on communities of color, and their ability to gain access to mortgage loans becomes apparent. Other historically redlined neighborhoods have similar results as compared to Rochester.

Figure 15: Historically Redlined Neighborhoods and Majority Black or Hispanic Census Tracts (Rochester, New York)



Note: Red shaded areas indicate majority Hispanic census tracts and green shaded areas indicate majority Black census tracts

The Home Mortgage Disclosure Act requires financial institutions to publicly disclose mortgage loan data. Data released for 2023 shows the discrepancy in denial rates between White and minority mortgage loan applicants. In both New Jersey and New York, White applicants had the lowest denial rate at 6.6% and 8.8% respectively. The denial rate for Black applicants was about 7% higher than White applicants in both New Jersey and New York.

Table 4: Home Mortgage Disclosure Act (HMDA) Mortgage Denial Rates (2023)[24]

	New York	New Jersey
Asian	7.5%	10.2%
Black or African American	13.7%	15.7%
Hispanic or Latino	12.2%	14.7%
White	6.6%	8.8%

Historical inequities in the housing market continue to disadvantage minority homebuyers in the present day. As policymakers seek to address the fallout from today's housing crisis, intentional plans are needed to ensure that historically underserved communities gain access to housing opportunities.

C. District Priorities

FHLBNY responds to District needs through its programs, initiatives, and role as a thought leader. The market research laid out in each year's Plan helps FHLBNY identify short- and long-term priorities to address District needs. Over the course of the last year, the FHLBNY has identified a list of priority areas, informed by the FHFA's System at 100 report and consultation with members, industry experts, and our Advisory Council and Board of Directors. This section will discuss these priority areas, their importance to the District and outline actions to tackle them.

1. System at 100 Report: District Priorities

As outlined in the Community Support regulation, each year the Plan is developed in conjunction with the FHLBNY's Advisory Council. FHLBNY engaged our Advisory Council in a series of working sessions to gain their insight on affordable housing needs in the District. A key area of discussion were priorities identified in the System at 100 Report, a comprehensive review of the Federal Home Loan Bank System. The following section provides context surrounding each priority area and its relevance to the District.

Climate and Disaster Resiliency

As detailed earlier in the Plan, climate and disaster resiliency is an area of concern for multiple parts of the District, and it poses a threat to the District's affordable housing stock. This priority is highly relevant and important to the District. More jurisdictions are starting to make resources available to address climate-related and disaster resiliency, but access to tools and funding is difficult to navigate, clunky, and sparse.

To tackle this priority area, there is a need to evaluate and encourage planning of projects to have a lens of sustainability. This could include components such as promoting energy efficient construction methods, regeneration and resiliency, and promoting the view that at its core this is a municipal topic. The FHLBNY can convene experts and relevant stakeholders to discuss solutions and use our role as a thought leader to identify needed action. In addition, adjusting incentives in our regulatory programs, mainly AHP, could be another mechanism to fund and promote green building and resiliency.

Home Purchases and Renovations in Distressed Neighborhoods

The System at 100 cited purchase and renovation of homes in distressed neighborhoods, where the value of the rehabilitated home may not be supported by current market appraisals, as a priority area. In reviewing this priority area for our District, there appeared to be the existence of an affordability gap as opposed to an appraisal gap, which may be the reason current market appraisals are not supporting the value of rehabilitated homes. This was seen as a critical issue for low- to moderate-income families. Significant capital and/or resources would be required to address the scale of this issue, especially for Tribal Nations within our District where there is not enough assistance for appraisals. As a result of limited resources, it was cited that there is a need for market analysis to help determine where and how to invest in distressed neighborhoods.

There is a need for easier access to subsidy dollars to rehabilitate homes. The current process to obtain public subsidy dollars is complicated and onerous, and there is simply not enough funding available. A segmented application process, with rolling applications, that does not require FHLBNY funding to be the final source, was cited as an action that the FHLBNY could explore. The creation of voluntary programs or a targeted fund were also seen as potential avenues for addressing the lack of available funding.

Multi-Family Home Production and Rehabilitation

Production, rehabilitation, and preservation of multi-family housing, particularly smaller multi-family properties was another priority area cited in the System at 100 Report. This is an area of high importance to the District, and smaller projects are at a disadvantage, as larger projects generally have an easier path to finding and securing funding sources.

There is a need for more programs that support multi-family housing by providing capital resources for small buildings and preservation funding, especially for the purpose of retaining affordable housing. Additionally, programs could include increased access to learning tools for developers and increased resources per unit for small projects, and include an Acquisition Fund, which would enable quick access to capital.

Adaptive Reuse of Commercial Properties

The COVID-19 pandemic led to the rise of at-home work and empty office buildings. This caused the idea of adapting commercial properties to support housing and community development to grow in popularity. Although adaptive reuse is a way to create affordable housing, this was not identified as a critical District priority. The existence of obstacles, such as complicated zoning laws and/or high costs of conversion seem to make adaptive reuse better suited for market-rate housing as opposed to large-scale affordable housing.

Predevelopment Activities

The final priority area discussed with the Advisory Council was the need to support predevelopment activities for single- and multi-family housing, a key for increasing affordable housing in the District.

Smaller developers and non-profits have a harder time securing necessary predevelopment funding and support. There is a need for funding programs managed by a third party, where capital from multiple sources converge. The funding could be in the form of a grant contribution or a forgivable loan.

Successfully aggregating predevelopment funding could attract more developers and sponsors and increase affordable housing because of the expansion of projects. All of this could also help increase the chances of sponsorship of affordable housing for Tribal Nations from a member bank.

2. Housing in Tribal Nations

In the FHLBNY District there are eight federally recognized Native American Tribes, all of which are located in New York. Nationwide, 574 federally recognized tribes exist in the United States, demonstrating the narrow scope of tribes in our District. A federally recognized tribe is generally eligible for programs and services provided solely to recognized tribes, including housing and economic development block grant funding. Federal recognition also conveys certain rights and protections for a tribal nation, including limited sovereign immunity and powers of self-government.[25] According to the U.S. Census Bureau, there are 86,488 people living within tribal geographies in New York and New Jersey (however, not all of them necessarily self-identify as Native American).[26]

Table 5: State and Federal Tribes in District[27]

Tribal Nation	Recognition	State
Cayuga Nation	Federal	New York
Nanticoke Lenni-Lenape Tribal Nation	State	New Jersey
Oneida Indian Nation	Federal	New York
Onondaga Nation	Federal	New York
Powhatan Renape Nation	State	New Jersey
Ramapough Lenape Nation	State	New Jersey
Saint Regis Mohawk Tribe	Federal	New York
Seneca Nation of Indians	Federal	New York
Shinnecock Indian Nation	Federal	New York
Towanda Band of Seneca	Federal	New York
Tuscarora Nation	Federal	New York
Unkechaug Nation	State	New York

There are also four state-recognized tribes in the District. The Nanticoke Lenni-Lenape Tribal Nation, the Ramapough Lenape Indian Nation, and the Powhatan Renape Nation are recognized by New Jersey, while New York recognizes the Unkechaug Nation.[28] The state recognizes these tribes to help them establish eligibility for benefits, such as housing, job training, and education. However, since these tribes do not have federal recognition and cannot participate in many federal tribal programs, research and data on their housing and economic condition is not readily available.

Tribal housing needs nationwide are well-documented. Tribal areas face significant housing shortages, with an estimated need for 68,000 new units to address overcrowding and replace inadequate housing.[29] Tribal members experience higher poverty and unemployment rates, and lower household incomes compared to the national average, making the need for affordable housing even more pressing.[30] Another challenge to housing development is inadequate infrastructure. Tribal lands often lack adequate infrastructure and have low population densities, which increases construction costs and complicates housing development.[31] While existing research on Tribal housing needs in the FHLBNY District is not as robust as other FHLBank regions with higher Native American populations, national trends help establish the context for how we can address Tribal housing challenges in our region.

Table 6: Select Housing Characteristics of Tribal Lands within the District

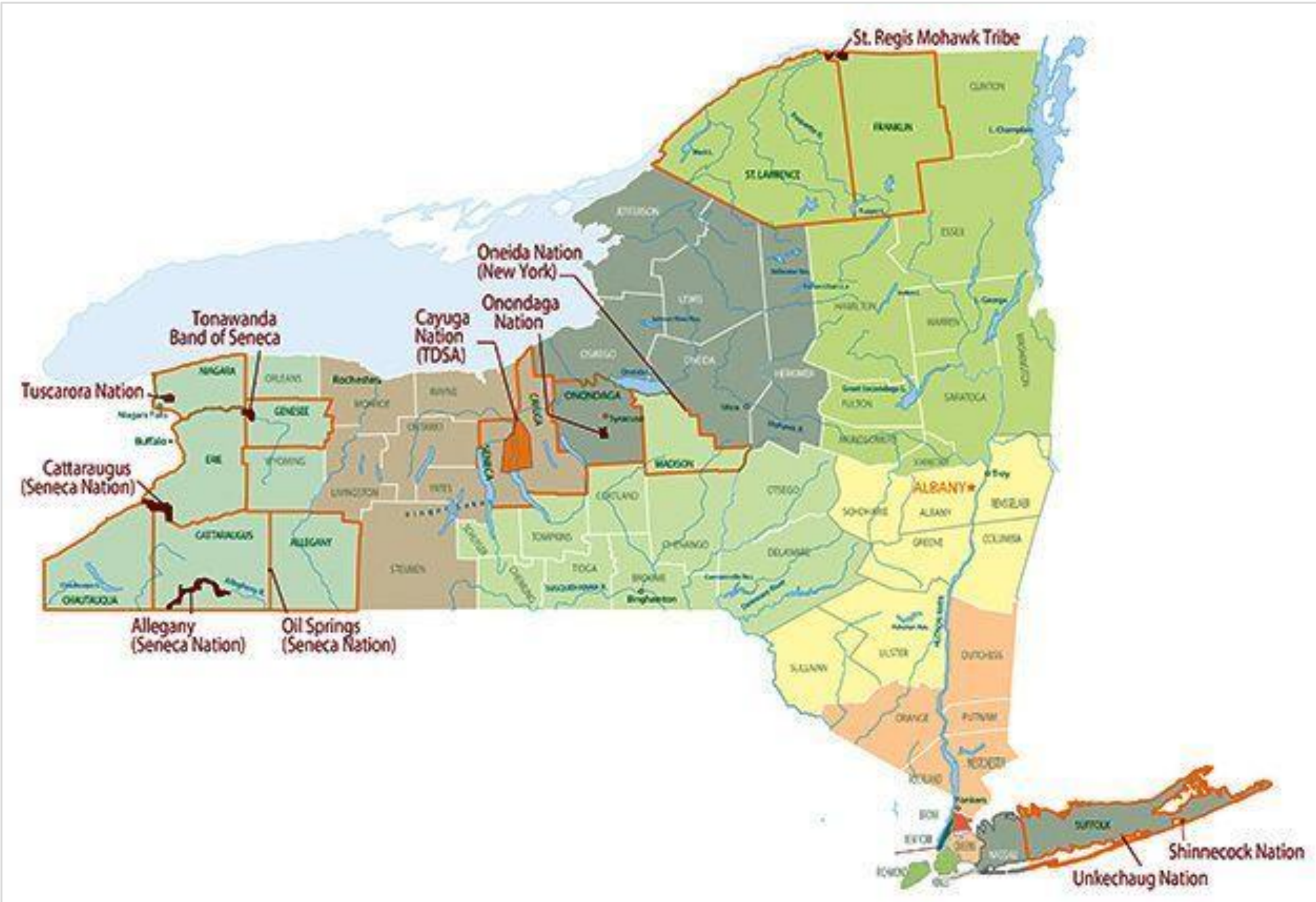
Reservation	Population	Units	Owner Occupied	Over-crowded	Cost-Burdened	Single-Family	Multi-family	Manufactured Housing
Allegany Reservation (Seneca Nation)	6,135	3,072	52.0%	1.9%	30.6%	65.1%	31.9%	2.8%
Cattaraugus Reservation (Seneca Nation)	2,052	857	80.6%	4.2%	29.1%	67.8%	4.6%	27.7%
Cayuga Nation TDSA	3,248	1,479	82.5%	1.2%	18.8%	78.7%	7.9%	13.4%
Nanticoke Lenni Lenape SDTSA	5,511	2095	74.2%	5.3%	40.1%	87.3%	1.6%	11.1%
Oneida Indian Nation Reservation	62,773	28,626	77.3%	1.5%	22.0%	75.5%	18.6%	5.8%
Onondaga Nation Reservation	412	216	100.0%	0.0%	19.9%	88.9%	0.0%	11.1%
Poospatuck (State) Reservation (Unkechaug Nation)	619	235	84.8%	2.7%	34.6%	67.4%	2.7%	29.9%
Ramapough SDTSA	863	269	80.0%	5.0%	47.4%	91.9%	8.1%	0.0%
Shinnecock (State) Reservation	222	124	93.9%	0.0%	23.1%	91.3%	8.7%	0.0%
St. Regis Mohawk Reservation	3,639	1,262	79.4%	0.0%	22.1%	72.1%	9.3%	18.6%
Tonawanda Reservation	352	202	80.4%	0.0%	31.7%	67.3%	6.0%	20.6%
Tuscarora Nation Reservation	662	363	87.9%	0.0%	25.0%	94.1%	0.0%	5.9%

Note: Tribal-designated statistical area (TDSA) and state-designated tribal statistical area (SDTSA) are U.S. Census Bureau designations.

The table above shows a snapshot of select housing characteristics for the state and federal tribes in our District, with exception of the state-recognized Powhatan Renape Nation. The number of housing units varies greatly by area, with the Oneida Indian Nation having the highest count at 28,626 units, while Shinnecock has only 124 units. The Seneca (Allegany Reservation) and Cayuga Nation have 3,072 and 1,479 housing units, respectively. There is great variance in the types of housing by geography, with the Onondaga Nation Reservation reporting 100% owner-occupied units while the Allegany Reservation reports only 52%. On average, 28.7% of the tribal geographies are cost-burdened, indicating households are paying more than 30% of their income on housing.

Furthermore, the distribution of housing types varies considerably across communities. For instance, the Tuscarora Nation Reservation relies nearly exclusively on single-family homes (94.1%), while the Poospatuck Reservation has a notably higher proportion of manufactured housing (29.9%). These disparities highlight the importance of tailored housing solutions that consider the unique cultural, geographic, and economic contexts of each community. As manufactured housing experiences a renaissance amid increased support from policymakers, it can offer one potential avenue to create more affordable and sustainable housing opportunities in Tribal territories.

Figure 16: Map of Tribal Nations in New York State



Comparing indicators for Tribal Nations to national rates reveals major gaps. Tribal areas often experience higher rates of unemployment, poverty, and food insecurity compared to non-tribal regions. For example, the unemployment rate on the Cattaraugus Reservation is 15.5%, while the national rate is 5.3%. This high disparity highlights the need for increased investment and support to improve economic opportunities for tribes. In fact, each tribal geography presented in *Table 6* has higher unemployment rates than the national figure with the exception of the Ramapough SDTSA, Oneida Indian Nation Reservation, and Cayuga Nation TDSA.[32]

Income shows the stark disparities as well. The average median income across the tribal geographies is $60,269, which is about 19.8% lower than the U.S. national median income of $75,149. This significant income gap points to economic disparities between tribal communities and the general U.S. population. Tribal geographies in our District also experience higher rates of poverty. On average, the poverty rate in tribal areas is 20.3%, which is considerably higher than the U.S. national average of 12.5%. This is further evidence of the need for systemic investment in Native American Tribes in the FHLBNY District.

Exacerbating these economic conditions are the challenges FHLBNY members face when financing in tribal areas, which is complicated by the many complex types of land found in Indian Country. The table below describes the six main types of land referred to when discussing tribal lands.[33]

Table 7: Tribal Land Types and Definitions

Land Type	Definition
Trust	The U.S. government holds legal title to trust land for the benefit of federally recognized tribes or tribal members
Restricted Fee	A tribe or individual tribal member holds legal title, but the title is subject to restrictions by the United States against alienation or encumbrance.
Fee or Fee Simple	Land that is freely alienable or can be encumbered without federal approval.
Allotted	Allotted lands can be held in trust or restricted fee status. These lands stem from the treaties and other allotted land divisions.
Federal Indian Reservation	Land reserved for a tribe (or multiple tribes) under treaty, statute, or other agreement with the United States that establishes permanent tribal homelands.
Indian Country	Generally refers to all lands within a federal Indian reservation, all dependent Indian communities, and all tribal member allotments.

The unique legal status of tribal trust land, which the U.S. government holds in trust for tribes and cannot be readily sold or mortgaged, poses a significant challenge for lending in tribal areas. Because lenders typically use land as collateral for mortgage loans, the inability to do so on trust land requires alternative arrangements and without such can create unaccustomed risk among lenders. This difference in collateralization also increases operational complexity for lenders.[34]

There are some opportunities, however, to use federal programs to further lending. The Section 184 Indian Home Loan Guarantee Program was created in 1992 to provide lenders with a 100% guarantee for mortgages to eligible borrowers for homes located on tribal lands.[35] The program has helped maintain and increase lending to Native Americans, however, this program is not widely used in FHLBNY's District.

Education of lenders to highlight the lowered risk of lending on tribal lands through the Section 184 program and exploration of ways to incentivize usage of the Section 184 program would be helpful in our District. FHLBNY's HDP® programs include the Section 184 program in its guidelines to be eligible for downpayment assistance. Thoughtful solutions are needed to take advantage of existing opportunities for lenders to support Native American communities.

FHLBNY Programs and Lending Support for Tribal Communities

Supporting Tribal Communities in our District can be facilitated by incorporating a tribal-led project scoring component to the AHP General Fund. This new category will provide a scoring boost to projects built on tribal lands. As such, in 2025, a new AHP scoring category, Native American Tribal Housing Initiatives, will take effect. To gain points under this scoring category, a project must be developed or sponsored by a tribally designated housing entity or any tribally owned entity. This new category should help projects developed by tribes and their housing entities to be more competitive and better situated to receive AHP funds. Additionally, the new category could attract applications from tribal housing entities who may otherwise feel the program is not a fit for their housing initiatives.

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. Cayuga, Oneida, Seneca, Shinnecock, and St. Regis all participate in the IHBG program. The FHLBNY actively encourages tribes to apply to its AHP General Fund, especially as IHBG projects could match well with the AHP, but very few applications have been received in the past several years.

Member lenders are also encouraged to participate in the HDP®. However, given the many challenges with encumbrances on the various forms of tribal land, HDP® has not been successful despite the 2022 program modification that allowed participating FHLBNY members to 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.

Native American communities often face unique challenges when it comes to accessing financial services and achieving economic self-sufficiency. CDFIs can play a significant role in addressing these needs through several key strategies. Native CDFIs, a type of CDFI that specifically focuses on serving Native American, Alaska Native, and Native Hawaiian communities, exist throughout the nation. They are often tribally owned or led and are deeply experienced in the cultural and social norms of these communities. The Native CDFI Network ("NCN") is an organization that supports Native CDFIs with over 70 CDFI members. While there is not yet a Native CDFI in the FHLNBY District which originates residential mortgages on tribal land, other Native CDFIs can share lessons and strategies to address the unique challenges and needs of Native communities.

In 2023, FHLBNY launched the 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 members in originating loans or purchasing assets that support housing and community and economic development on tribal lands. To date, TDA has yet to be utilized. As the program ramps up, it will benefit tribal communities in the District as they partner with FHLBNY members to further housing and economic development initiatives in their communities.

Conference and Philanthropic Support

FHLBNY can support tribal organizations through sponsorship of conference and convening activities. This is a way to invest in tribal communities when AHP and HDP® dollars are not as readily accessible, while having an immediate impact. In 2024, FHLBNY made a $15,000 contribution to the NCN in support of their Eastern Regional Event held in Maine. FHLBNY staff attended and participated in the conference, leading to new opportunities to support tribal housing initiatives, and leaving with a deeper understanding of the needs of tribal communities. FHLBNY also made a nominal contribution to the People of the Dawn Housing Symposium in Bangor, Maine, for this housing convening with USDA, HUD, and other housing representatives.

Another approach to support tribal communities outside our existing grant programs is through strategic philanthropy. Tribes who may lack capacity to access AHP or HDP® can present ideas to FHLBNY staff to support housing and community development efforts. In 2024, FHLBNY made a $150,000 funding commitment to the

Unkechaug Nation, a state-recognized tribe living on the Poospatuck Reservation on Long Island, New York. These funds will allow them to restore a dilapidated community center and allow for health, educational, and community-oriented extracurricular activities for members of the Unkechaug Nation.

Technical Support and Site Visits

FHLBNY also provides technical support. In 2024, the FHLBNY discussed housing priorities with the Shinnecock Indian Nation on Long Island for their community. The AHP works well in conjunction with projects developed using Low Income Housing Tax Credits ("LIHTC"). We will continue to work with the Shinnecock Nation, and others, to support their housing efforts and to apply for AHP funds.

Being present, listening, and learning about the various issues facing communities is one of the most effective ways to learn, develop relationships, and demonstrate a true commitment to solving problems. FHLBNY met with the Unkechaug Nation in 2024 to learn more about how FHLBNY could support their needs. FHLBNY met with the tribe and the Community Development of Long Island ("CDLI") to tour their community and health centers. At the time of the visit, CDLI was in the process of helping the Nation rehabilitate its community center. The visit helped strengthen ties to the community and led to the philanthropic partnership between FHLBNY and the Unkechaug Nation mentioned above.

In September 2024, FHLBNY staff visited the St. Regis Mohawk Reservation in New York where bank staff met with various members of tribal council including the tribal housing authority, home repairs division, and various supportive services staff, among others. The visit was organized by the two St. Regis Mohawk tribal members currently serving on FHLBNY's Advisory Council and served to build rapport with the St. Regis Mohawk tribe, educate bank staff on the various affordable housing and community development needs of the community, and help shape bank staff's creativity in working together to develop culturally appropriate ways to help the community. FHLBNY will continue to foster this partnership and work together with tribal members to determine ways to support the tribe.

3. Growing CDFI membership

Many FHLBNY members are certified Community Development Financial Institutions (CDFIs), a designation from the U.S. Department of the Treasury. CDFIs take many forms: banks, credit unions, loan funds, microloan funds, and venture capital providers. CDFI banks and credit unions are depository financial institutions and are treated as such by the FHLB System. Membership requirements are the same for credit unions and CDFI credit unions as well as for banks and CDFI banks. However, many non-depository CDFIs — loan, microloan, and venture capital funds — may face barriers to become members in the FHLB System.

Oftentimes, these unique financial intermediaries do not have enough and/or the right kind of collateral to pledge for membership or cannot meet the required financial ratios. As unregulated financial institutions (with nonrecourse or unsecured investment capital), non-depository CDFIs pose increased and atypical risks for FHLBanks. These risks can diminish the value proposition of FHLBank membership for these CDFIs. The FHFA is currently considering allowing non-depository CDFIs to pledge other forms of collateral which more closely align with their product offerings, such as small business and construction loans. Despite these challenges, the FHLBNY has acted diligently to grow the number of non-depository CDFI members.

Another unique group of financial institutions, for which the FHLBNY has actively worked to remove barriers to membership, are Cooperativas. These specific financial cooperatives are only found in Puerto Rico. Similar in structure and function to stateside credit unions, the approximately 90 Cooperativas compose the largest portion of the banking/financial sector on the archipelago. Cooperativas exist in virtually every municipality in Puerto Rico and provide residents access to capital and banking services while also providing opportunities to help their neighbors and communities. Additionally, the majority of Cooperativas are certified CDFIs. The FHLBNY continues to work with the Puerto Rican regulatory body for Cooperatives, the Public Corporation for Supervision and Insurance of Cooperatives of Puerto Rico (“COSSEC”), and the Government of Puerto Rico to enable Cooperativas to become members.

Non-depository CDFIs and Cooperativas are vital community lenders, providing financing for homebuyers, affordable housing, small businesses and entrepreneurs, non-profits, and community and economic development projects. These local, mission-driven financial institutions invest in under-resourced neighborhoods and help effect meaningful change in communities of color. By becoming members of the FHLBNY, non-depository CDFIs and Cooperativas cannot only access low-cost or no-cost capital but also participate in the FHLBNY’s various regulatory and voluntary Community Investment programs.

As integral drivers of community development, non-depository CDFIs and Cooperativas allow the FHLBNY to expand its reach throughout the District and to enhance its ability to achieve its housing and community lending mission. Currently, the FHLBNY has nine non-depository CDFI members, with four joining since 2021. (There are a further 14 depository CDFI members.) As of October 2024, there is a total of 179 certified CDFIs in the FHLBNY District, of which 62 are non-depository CDFIs.[36] According to COSSEC, there were 94 Cooperativas in Puerto Rico as of June 30, 2024.

Table 8: FHLBNY Non-Depository CDFI Members

Member	Focus Area
AAFE Community Development Fund, Inc.	Affordable housing, financial counseling
Community Loan Fund of the Capital Region	Small business lending, affordable housing finance
Corporation for Supportive Housing	Affordable housing, supportive services
Home Headquarters, Inc.	Affordable housing, homeownership counseling, financial education
Inclusiv	Asset building, financial inclusion
NDC Community Impact Loan Fund	Small business lending, community development
The Community Development Trust, Inc.	Affordable housing preservation and development
The Disability Fund, Inc.	Disability-focused lending & investments
Vital Healthcare Capital	Healthcare financing and technical assistance

According to the African American Alliance of CDFI CEOs, "Collateral requirements, which must be met to obtain advances, tend to disproportionately discourage non-depository CDFIs from seeking FHLB membership or to pursue FHLBs' low-interest advances."[37] Even the FHFA in its FHLBank System at 100: Focusing on the Future report cites the regulatory challenges non-depository CDFIs face. "Under the Bank Act, CDFIs cannot use most non-housing community development collateral—often the majority of a CDFI's collateral—to secure advances."[38] The report further explains the need for Congressional action to enable non-depository CDFIs and credit unions to pledge a wider range of collateral currently afforded to Community Financial Institution ("CFI") members. "FHFA recommends that Congress amend the Bank Act to authorize all CDFI and credit union members with assets below the statutory cap to pledge CFI collateral to secure FHLBank advances, which will enable the FHLBanks to better fulfill their mission of supporting housing and community development."

Our nine non-depository CDFI members are crucial to helping under-resourced communities in our District thrive. In general, CDFIs are able to provide the affordable, flexible lending programs and products that traditional or mainstream financial institutions cannot. Therefore, we will continue to encourage our non-depository CDFI members to take advantage of all the benefits FHLBNY membership offers, in particular, our various advance products and our Community Investment offerings. Besides advances, members can sponsor AHP projects and applications. Further, members can also use advances to provide financing to these AHP projects and partner with other FHLBNY members to realize the required capital stack.

We will continue our outreach to the CDFIs in our District. In 2024, we visited the Opportunity Finance Network ("OFN"), the national network for CDFIs, and the Federal Reserve Bank of New York ("FRBNY"). Both partners are working to expand access to capital for CDFIs, raise awareness around the importance of CDFIs, and explore innovative ways to harness CDFIs to fill lending and investing gaps in the affordable housing and community development landscape. As we engage with OFN and the FRBNY, we are working together to both bring awareness of the benefits of FHLB membership for CDFIs and explore ways in which the FHLB System can better serve this pivotal member class.

The FHLBNY realizes the importance of CDFIs to the health and prosperity of communities. By deepening our partnership with non-depository CDFIs and Cooperativas, the FHLBNY can continue to be a reliable source of on-demand liquidity for community lending and investing as well as subsidy and grant dollars for affordable housing/homeownership and purposeful community investment. Additionally, by collaborating with the FHFA and COSSEC, the FHLBNY can cultivate an environment for FHLB System membership that is attractive and sensible for non-depository CDFIs and Cooperativas. Our commitment to these member classes is steadfast. The dual mission of the FHLB System is paramount to the success of our members and our nation's under-resourced communities. Allying with non-depository CDFIs and Cooperativas is crucial to increasing the reach and impact of the FHLBNY's community investment endeavors.

2. Market Opportunities

This year's Plan highlights credit and affordable housing needs that are similar to previous years' Plans. Access to quality and affordable housing is becoming increasingly difficult throughout the District. Each successive Plan highlights this trend 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 9 summarizes several 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.

Table 9: FHLBNY district needs and policies

Identified needs	FHLBNY programmatic responses
Member Credit Needs	The Community Lending Programs and the 0% Development Advances 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.)
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.
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

Identified needs	FHLBNY programmatic responses
	standards, along with the members' commitment to low- and moderate-income households, ensure that income-eligible homebuyers 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 continue to engage with District membership organizations concerned with supportive housing and make presentations at various meetings and conferences. And in 2024, the FHLBNY made significant charitable contributions to high-quality organizations working to prevent homelessness.
Housing in Underserved Communities	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. In 2025, a new AHP scoring category, Native American Tribal Housing Initiatives, will take effect. This new category will provide a scoring boost to projects built on tribal lands. The project must be developed or sponsored by a tribally designated housing entity or any tribally owned entity. 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. FHLBNY has also worked to address housing in underserved communities through the creation of new programs. The TDA, which was launched in late 2023, assists members in originating loans or purchasing assets that support housing and community and economic development on tribal lands. HDP® Wealth Builder, which is set to launch in 2025, is aimed at addressing the social needs and homeownership gap, by providing grant assistance to first-time homebuyers who are first-generation homebuyers or live in a majority minority census tract.

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.

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 10* below align with the staff's internal performance metrics and 2025 work plans, but they are flexible enough to accommodate unexpected developments.

Table 10: Quantitative goals for 2025

Issue Area	Need	Goal for 2025	Metrics
1. CDFI Member Participation	Greater participation by CDFI members should help increase the reach and impact of FHLBNY products. FHLBNY can promote greater participation by addressing obstacles that CDFIs face when using FHLBNY products.	Design and enhance Community Investment programs to promote increased participation among non-depository members.	• CDFI members using Community Investment products. • Lending/advances/subsidy activity by CDFI members.
2. Affordable Housing for Tribal Nations	Tribal Nations have an acute need for affordable housing. However, many Tribal Nations within the District are not familiar with FHLBNY and its programs or lack the capacity to effectively participate.	Continue Tribal outreach and relationship building. Provide information and trainings on community investment programs. Develop a map and catalog of Tribal Nations and key tribal contacts within the District. Enhance current program elements to accommodate Tribal Housing initiatives.	• Attend Tribal housing conferences and events. • Identify specific ways to support tribal housing efforts. • Invest in tribal efforts through our products and philanthropy efforts.
3. Voluntary Programs	There are several growing needs in the District (e.g., pre-development financing, social needs and homeownership gap, community development, etc.) that can be addressed through specific programs.	Design innovative solutions and programs to respond to District needs.	• Dedicate $20M in funding across voluntary programs.

The above goals will inform FHLBNY policies and initiatives over the course of 2025.

Appendix

A. Recent FHLBNY publications

Targeted Community Lending Plan	2024	2023	2022	2021	2020	2019
Affordable Housing Advisory Council Annual Report		2023	2022	2021	2020	2019

B. Exhibits

Below are additional exhibits and tables not included in the body of this year's Targeted Community Lending Plan. Each exhibit provides additional information and detail on the trends cited in the affordable housing sections of the Plan.

Exhibit A: 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

Exhibit B: States Ranked by Two-Bedroom Housing Wage

Rank*	State	Housing Wage for Two-Bedroom FMR
1	California	$47.38
2	Massachusetts	$44.84
3	**New York**	**$44.77**
4	Hawaii	$44.60
5	Washington	$40.32
7	**New Jersey**	**$38.08**
8	Colorado	$37.47
9	Maryland	$36.70
52	**Puerto Rico**	**$11.58**
**States are ranked from most expensive to least expensive.*		

Exhibit C: Native Community Data Profiles: Select Economic Factors[40]

The table below highlights select economic factors taken from the Native Community Data Profiles demonstrating the stark economic realities facing tribal geographies in our District.

Reservation	Low Food Access	Labor Force Participation	Un-employment	Median Income	Poverty Rate
Allegany Reservation (Seneca Nation)	100.0%	55.8%	7.6%	$39,641	26.6%
Cattaraugus Reservation (Seneca Nation)	0.0%	59.5%	15.5%	$45,110	28.7%
Cayuga Nation TDSA	0.0%	61.9%	4.8%	$83,558	8.5%
Nanticoke Lenni Lenape SDTSA	2.8%	59.1%	8.4%	$58,831	14.2%
Oneida Indian Nation Reservation	N/A	59.7%	4.7%	$70,800	8.7%
Onondaga Nation Reservation	0.1%	68.4%	0.0%	$45,401	32.0%
Poospatuck (State) Reservation (Unkechaug Nation)	100.0%	43.4%	9.9%	N/A	24.4%
Ramapough SDTSA	57.1%	70.0%	3.6%	$103,333	4.2%
Shinnecock (State) Reservation	100.0%	52.8%	0.0%	$67,031	29.7%
St. Regis Mohawk Reservation	100.0%	47.2%	11.1%	$58,375	22.2%
Tonawanda Reservation	0.0%	38.6%	0.0%	$39,904	21.6%
Tuscarora Nation Reservation	0.0%	40.8%	14.7%	$36,089	22.7%

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