

FEDERAL HOME LOAN BANK OF ATLANTA  
**2018 COMMUNITY LENDING PLAN**

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## **EXECUTIVE SUMMARY**

The 2018 Community Lending Plan includes a summary of the major activities engaged in by the Federal Home Loan Bank of Atlanta (Bank) in 2017 to gather data and feedback on the community finance needs in the Bank's district, an overview of the notable current demographic, housing, and other market conditions in the district, and the strategic initiatives and quantitative goals for 2018.

The Bank participated in 43 events, workshops, and other activities that were sponsored, conducted, and/or managed by the Bank that provided the Bank the opportunity to gather primary data and feedback from members, for-profit and non-profit intermediaries, regulators, developers, government and quasi-governmental agencies. The data and feedback from these primary sources focused on community development products, the Community Reinvestment Act (CRA) and affordable housing products, and other issues. The Bank also engaged in an assessment of secondary sources of data to assess the current housing and other market conditions in the district through the research and analysis published by the following entities: Census Bureau, Bureau of Labor Statistics, Joint Center for Housing Studies of Harvard University, National Association of Realtors, Wall Street Journal, Board of Governors of the Federal Reserve System, University of Wisconsin-Whitewater, National Oceanic and Atmospheric Administration, FEMA, USDA, and the FDIC.

Based on the assessment of primary and secondary data, the Bank will continue to build upon several of its 2017 initiatives with updated community lending strategic initiatives in 2018 that address:

### **Continuing Initiatives:**

- CRA Center of Excellence

### **New in 2018:**

- Advancing the Bank's Diversity and Inclusion initiative through focus on Veterans' housing challenges and supporting Minority Depository Institutions (MDIs) in their response to market opportunities
- Disaster recovery in the Bank's district
- An Initiative Focused on teachers, police officers, firefighters, first-responders and healthcare workers

In addition to the 2018 strategic initiatives, the Bank will focus on quantitative community outreach goals.

## **INTRODUCTION**

The Bank collects data and conducts research to better understand the district's community finance needs, challenges, and problems and to identify opportunities for solutions in the district. Both primary and secondary sources of data are utilized to understand the community finance needs in the district. The Bank accumulated primary data market needs feedback via its participation in activities, events, and workshops with members, for-profit and non-profit developers, intermediaries, public officials, and regulators. The Bank used secondary sources of data to assess the current housing and other market conditions through the research and analysis published by the following entities: Census Bureau, Bureau of Labor Statistics, Joint Center for Housing Studies of Harvard University, National Association of Realtors, Wall Street Journal, Board of Governors of the Federal Reserve System, University of Wisconsin-Whitewater, National Oceanic and Atmospheric Administration, USDA, FDIC, and the Federal Emergency Management Agency (FEMA).

## PART ONE:

### DETERMINING THE COMMUNITY FINANCE NEEDS OF THE BANK'S DISTRICT

#### I. Primary Sources of Data and Understanding

##### **2017 Bank Participation in Activities and Events to Ascertain Community Lending and Market Needs and Receive Community Feedback**

To provide the basis for formulating its 2018 initiatives, the Bank, in 2017, demonstrated its commitment to better understand the community lending needs of the communities within the Bank's district by engaging in over forty (40) events where community lending and market needs data were shared and discussed with developers, non-profit organizations, CRA regulators, lending professionals, etc. The events included a mixture of Bank sponsored events and other events conducted by other parties including regulators, trade associations, members of FHLBank Atlanta, and government agencies. In addition to gathering community lending and market needs data and information, Bank staff better positioned themselves to ascertain community lending and markets needs by participating in numerous events by either serving as a speaker, panelist, moderator, or exhibitor. The Bank also leveraged members of its Affordable Housing Advisory Council and members of its board of directors to further enhance community feedback.

A summary of the Bank's 2017 participation in 43 various events to ascertain community lending needs is as follows:

Name of Event	Date	Location	Description; Participants; Focus
<b>Housing Floridians SPP Kick-off (Tampa, FL)</b>	01/11/17	Tampa, FL	<ul style="list-style-type: none"><li>• 16 attendees</li><li>• The event was conducted by CIS Director, Ownership Production Manager, and CIS Strategic Initiatives Lead. SPP was presented to attract our members to an opportunity to be exclusive lenders for DPA program in 12 counties in Florida.</li></ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>Housing Floridians SPP Kick-off (Orlando, FL)</b>	01/18/17	Orlando, FL	<ul style="list-style-type: none"> <li>• 11 attendees</li> <li>• The event was conducted by CIS Director, Ownership Production Manager, and CIS Strategic Initiatives Lead. SPP was presented to attract our members to an opportunity to be exclusive lenders for DPA program in 12 counties in Florida.</li> </ul>
<b>Housing Floridians SPP Kick-off (Jacksonville, FL)</b>	01/19/17	Jacksonville, FL	<ul style="list-style-type: none"> <li>• 11 attendees</li> <li>• The event was conducted by CIS Director, Ownership Production Manager, and CIS Strategic Initiatives Lead. SPP was presented to attract our members to an opportunity to be exclusive lenders for DPA program in 12 counties in Florida.</li> </ul>
<b>Alabama HFA - Developer's Luncheon</b>	01/26/17	Birmingham, AL	<ul style="list-style-type: none"> <li>• 200 attendees/40 attendees in lunch session hosted by the Bank. CIS Rental Production Manager and CIS Senior Lending and Disbursement Analyst conducted the presentation</li> <li>• Real estate industry professionals</li> </ul>
<b>Housing Floridians SPP Kick-off (Miami, FL)</b>	01/19/17	Miami, FL	<ul style="list-style-type: none"> <li>• 26 attendees</li> <li>• The event was conducted by CIS Director, Ownership Production Manager, and CIS Strategic Initiatives Lead. SPP was presented to attract our members to an opportunity to be exclusive lenders for DPA program in 12 counties if Florida.</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>NCSHA Legislative Conference (Washington, DC)</b>	03/03/17 thru 03/06/17	Washington, DC	<ul style="list-style-type: none"> <li>• 100 attendees</li> <li>• Sales &amp; Trading Desk Manager attended the event</li> </ul>
<b>Georgia Real Estate Fraud Prevention and Awareness Coalition (GREFPAC) Annual Conference</b>	03/07/17	Atlanta, GA	<ul style="list-style-type: none"> <li>• 133 attendees</li> <li>• CIS Risk Manager presented on Risk Mitigation Tools and Trends at the GREFPAC Annual Conference. Several shareholders were in attendance.</li> </ul>
<b>FDIC Alabama Roundtable With Focus On FHLB Programs/Products</b>	03/09/17	Tuskegee, AL	<ul style="list-style-type: none"> <li>• 26 attendees</li> <li>• The Bank participated as a sponsor at the event</li> <li>• CIS Rental Production Manager and CIS Strategic Initiatives Team Lead presented the Bank's AHP products and services.</li> </ul>
<b>Housing Floridians Kick-off event (Miami, FL)</b>	03/15/17	Miami, FL	<ul style="list-style-type: none"> <li>• 8 attendees</li> <li>• The event was conducted by CIS Director and CIS Strategic Initiatives Lead. SPP was publicly announced and local business drivers attended to connect with exclusive lenders for DPA program that covers 12 counties across Florida.</li> </ul>
<b>Housing Floridians Kick-off event (Orlando, FL)</b>	03/16/17	Orlando, FL	<ul style="list-style-type: none"> <li>• 11 attendees</li> <li>• The event was conducted by CIS Director and CIS Strategic Initiatives Lead. SPP was publicly announced and local business drivers attended to connect with exclusive lenders for DPA program that covers 12 counties across Florida.</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>Housing Floridians Kick-off event (Jacksonville, FL)</b>	03/18/17	Jacksonville, FL	<ul style="list-style-type: none"> <li>The event was conducted by CIS Director and CIS Strategic Initiatives Lead. SPP was publicly announced and local business drivers attended to connect with exclusive lenders for DPA program that covers 12 counties across Florida.</li> <li>7 Attendees</li> </ul>
<b>Synovus: Keys to Homeownership Event - A Real Estate Professional's Guide</b>	03/20/17	Atlanta, GA	<ul style="list-style-type: none"> <li>CIS Strategic Initiatives Team Lead participated at the event and shared the Bank's AHP tools and resources with real estate agents in attendance</li> <li>80 attendees</li> </ul>
<b>Artspace Leadership Reception</b>	03/21/17	Asheville, NC	<ul style="list-style-type: none"> <li>90 attendees</li> <li>The Bank participated as a sponsor for the event that was positioned to help our shareholder partner with organizations that would support the development of housing for artists in the Asheville, NC area</li> </ul>
<b>Miami Chamber of Commerce CRA &amp; Community Development Event</b>	03/30/17	Miami, FL	<ul style="list-style-type: none"> <li>67 attendees</li> <li>The Bank participated as a sponsor at the event</li> <li>CIS Director delivered a presentation on CRA Center of Excellence to educate shareholders on the Bank's ability to advise on compliance and business development challenges</li> </ul>



Name of Event	Date	Location	Description; Participants; Focus
<b>FDIC Publication - Mortgage Lending Guide National Launch</b>	04/06/17	Silver Spring, MD	<ul style="list-style-type: none"> <li>• 65 attendees</li> <li>• CIS Director hosted a panel to get feedback from the Bank's shareholders that have leveraged AHP products to achieve their respective business development efforts</li> <li>• The Bank sponsored the event</li> </ul>
<b>SC Housing Forum Event</b>	04/18/17 thru 04/19/17	Columbia, SC	<ul style="list-style-type: none"> <li>• 380 attendees</li> <li>• CIS Associate Director and CIS Strategic Initiatives Team Lead attended the event to better connect with shareholders in the market</li> <li>• The Bank sponsored the event</li> </ul>
<b>Old Line Bank Community Lending</b>	04/27/17	Greenbelt, MD	<ul style="list-style-type: none"> <li>• 80 attendees</li> <li>• CIS Director presented the Bank's AHP products and services to local real estate agents and other community leaders</li> <li>• The event was planned by a shareholder to fulfill a recommendation from a Bank-hosted CRA consultation</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>NCBA's American Mortgage Conference</b>	05/18/17	Raleigh, NC	<ul style="list-style-type: none"> <li>• 140+ conference attendees/20 during presentation</li> <li>• CIS Director delivered a presentation on CRA Center of Excellence to educate shareholders on the Bank's ability to advise on compliance and business development challenges</li> <li>• Mortgage bankers</li> </ul>
<b>CDBA Peer Forum</b>	05/31/17 thru 06/01/17	Washington, DC	<ul style="list-style-type: none"> <li>• 90 attendees</li> <li>• CIS Director delivered a presentation focused on how to leverage the Bank's products.</li> <li>• The audience consisted of institutions with the Community Development Financial Institution (CDFI) designation</li> <li>• The Bank was a platinum sponsor for the event</li> </ul>
<b>Virginia's Bankers Association - Webinar</b>	6/12/17	<i>Virtual</i>	<ul style="list-style-type: none"> <li>• 25 attendees</li> <li>• Local officials</li> <li>• The Bank hosted the webinar to provide a continuing education opportunity to members of the Virginia's Bankers Association</li> </ul>
<b>Annual Members' Conference (AMC)</b>	06/15/17 thru 06/18/17	Amelia Island, FL	<ul style="list-style-type: none"> <li>• CIS Director presented</li> <li>• 147 Attendees/40 at presentation</li> <li>• Focus of presentation:</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>Synovus: Keys to Homeownership Event - A Real Estate Professional's Guide</b>	06/20/2017	Augusta, GA	<ul style="list-style-type: none"> <li>• 45 attendees</li> <li>• CIS Associate Director and CIS Lending and Disbursement Specialist II participated at the event and shared the Bank's AHP tools and resources with real estate agents in attendance</li> </ul>
<b>NCSHA's 2017 Housing Credit Connect</b>	06/20/17 thru 06/23/17	Atlanta, GA	<ul style="list-style-type: none"> <li>• 95 participants</li> <li>• CIS Director presented the Bank's AHP Competitive program details to housing finance agencies</li> <li>• The presentation focused on how to complement LIHTC funding with the Bank's AHP funds</li> </ul>
<b>Regions Bank Community Investment Capital presentation</b>	06/21/17	Atlanta, GA	<ul style="list-style-type: none"> <li>• 14 attendees</li> <li>• CIS Business Development Manager, CIS Rental Production Manager, and CIS Senior Lending and Disbursement Analyst hosted the workshop to help Regions best position their multifamily products.</li> </ul>
<b>FDIC Examiner training</b>	06/22/17	<i>Virtual</i>	<ul style="list-style-type: none"> <li>• 9 participants</li> <li>• CIS Business Development Manager hosted the webinar for new FDIC examiners</li> </ul>
<b>U.S. Conference of Mayors - Housing Committee Presentation</b>	06/23/17	Miami Beach, FL	<ul style="list-style-type: none"> <li>• CIS Director presented the Bank's AHP products and services to help local government officials better understand how to partner with the Bank's shareholders</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>U.S. Conference of Mayors - Reception</b>	06/25/17	Miami Beach, FL	<ul style="list-style-type: none"> <li>• CIS Director hosted reception to honor the Bank's Affordable Housing Advisory Council member, Mayor Steve Benjamin, on his recent ascension to leadership role with the trade group. During the event CIS Director networked with local government officials to learn more about market challenges</li> </ul>
<b>Interagency Bankers Roundtable on Northeast Florida's Housing Needs</b>	06/27/17	Jacksonville, FL	<ul style="list-style-type: none"> <li>• 25 attendees</li> <li>• CIS Associate Director and CIS Strategic Initiatives Team Lead presented the Bank's AHP products and services.</li> </ul>
<b>Florida Association of Local HFAs (FL ALHFA) Annual Education Conference</b>	07/12/17 thru 07/15/17	Atlantic Beach, FL	<ul style="list-style-type: none"> <li>• 140+ attendees</li> <li>• Executive Directors, board, and staff of each FL local housing finance agency</li> <li>• Sales and Trading Manager and CIS Associate Director presented regarding Structured Partnerships for 2017 and ideas on how to increase business with local HFAs</li> <li>• The Bank participated as a sponsor at the event</li> </ul>
<b>FDIC/OCC/Federal Reserve - Affordable Housing Roundtable</b>	08/29/17	Panama City, FL	<ul style="list-style-type: none"> <li>• 36 attendees</li> <li>• CIS Business Development Manager and CIS Strategic Initiatives Team Lead presented the Bank's AHP products and services</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>Women Leaders in Banking</b>	08/30/17	Coral Gables, FL	<ul style="list-style-type: none"> <li>• 100 participants</li> <li>• The Bank sponsored the event to continue gathering insight from our district on how to improve the Bank’s diversity and inclusion efforts.</li> <li>• CIS Systems and Reporting Manager represented the Bank at the event</li> </ul>
<b>LIHTC Immersion Day</b>	09/06/17 thru 09/07/17	Atlanta, GA	<ul style="list-style-type: none"> <li>• 32 participants</li> <li>• Bank staff hosted a two day event to gather feedback from shareholders and developers to better understand market challenges associated with the funding and development of LIHTC properties.</li> <li>• There were also sessions to review risk scenarios that exist for Low Income Housing Tax Credits developments that leverage AHP funds</li> <li>• FHLBank Des Moines also participated in the event</li> </ul>
<b>Reaching Millions Leadership Conference by HomeFree USA</b>	09/18/17 thru 09/20/17	Philadelphia, PA	<ul style="list-style-type: none"> <li>• 75 attendees</li> <li>• CIS Director participated on a panel to highlight ways in which non-profit organizations can help individuals access the Bank’s resources that support homeownership in unbanked or underbanked markets</li> <li>• The Bank participated as a sponsor at the event</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>2017 OFN Conference Dinner</b>	9/27/17	Washington, DC	<ul style="list-style-type: none"> <li>• CIS Strategic Initiatives Team Lead and Sales &amp; Trading Operations Manager hosted a dinner to collaborate with shareholder non-depository CDFIs that attended the conference</li> <li>• 21 attendees</li> </ul>
<b>National Bankers Association 90th Annual Convention</b>	10/05/17 thru 10/06/17	Washington, DC	<ul style="list-style-type: none"> <li>• 45 attendees</li> <li>• The Bank participated at the annual conference to better assess the challenges that MDIs face in their respective markets</li> <li>• CIS Business Development Manager and CIS Strategic Initiatives Team Lead represented the Bank</li> </ul>
<b>Georgia 2017 ACT Annual Fall Affordable Housing Conference</b>	10/10/17	Atlanta, GA	<ul style="list-style-type: none"> <li>• CIS Director provided remarks as the lunch speaker to provide insight on how to best use the Bank's AHP products</li> </ul>
<b>National Council of State Housing Agencies (NCSHA) Annual Conference</b>	10/14/17 thru 10/15/17	Denver, CO	<ul style="list-style-type: none"> <li>• 150 participants</li> <li>• CIS Director presented on how the Bank's AHP Competitive program complements LIHTC deals</li> </ul>
<b>NC Bankers/CICCAR "Housing Works" NC Affordable Housing Conference</b>	10/25/17 thru 10/26/17	Raleigh, NC	<ul style="list-style-type: none"> <li>• 500 conference attendees/30 in attendance during Supportive Housing panel</li> <li>• The Bank participated as a sponsor at the event</li> <li>• CIS Director presented the Bank's community lending products and highlighted the Bank's supportive housing and veterans product and services suite</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>Florida Housing Coalition (FHC) 2017 Conference</b>	10/30/17 thru 10/31/17	Orlando, FL	<ul style="list-style-type: none"> <li>• 700 participants</li> <li>• The Bank sponsored the event</li> <li>• CIS Business Development Manager and CIS Strategic Initiatives Team Lead presented to both lenders and end-beneficiaries of the Bank’s products and services</li> </ul>
<b>2017 Virginia Governor's Housing Conference</b>	11/15/17 thru 11/17/17	Norfolk, VA	<ul style="list-style-type: none"> <li>• VAGHC Annual Conference</li> <li>• Attendees include affordable housing advocates, practitioners, and policy makers</li> <li>• The Bank participated as a sponsor at the event</li> <li>• Sales &amp; Trading Operations Manager will attend to provide opening remarks at the Awards Luncheon as platinum sponsor for the event and answer questions and provide materials regarding the Bank’s products and services</li> <li>• CIS Ownership Production Manager will attend to network with shareholders located in Virginia</li> </ul>
<b>South Carolina Assoc. of Community &amp; Economic Development (SCACED) CED Conference</b>	12/06/17 thru 12/08/17	Greenville, SC	<ul style="list-style-type: none"> <li>• South Carolina Association of Community Economic Development event</li> <li>• The Bank will participate as a sponsor at the event</li> <li>• CIS Business Development Manager will be on hand to meet with lenders and other attendees to discuss CIS products and services</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>National Bank of Commerce / Reunion Bank Business Development Luncheon</b>	12/11/17	Daytona, FL	<ul style="list-style-type: none"> <li>• The Bank will host a networking event for National Bank of Commerce/Reunion Bank of Florida involving local officials, developers, realtors, chamber of commerce, nonprofits, etc.</li> <li>• CIS Director will moderate the event and a discussion on the residential and commercial business opportunities in Volusia county</li> </ul>



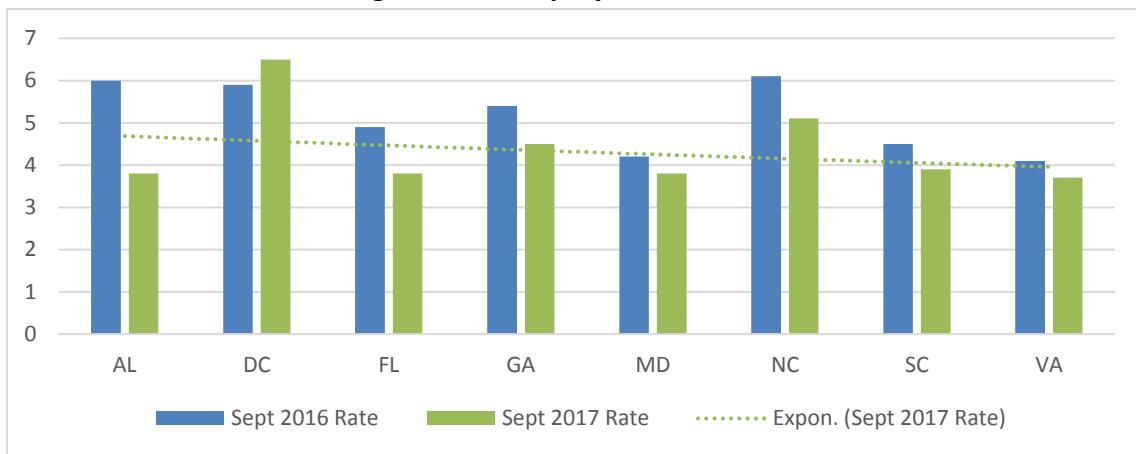
## II. Secondary Sources of Data and Understanding

### A. Demographic Trends

#### Unemployment

Unemployment rates throughout the states in the Bank’s district continued in decline in 2017. The District of Columbia is the only area in the Bank’s district that experienced an increase in 2017. Six of the seven states in the Bank’s district ended 3Q 2017 with an unemployment rate below the national average of 4.9%. The District of Columbia and North Carolina have the highest unemployment rates, 6.5% and 5.1%, respectively (**Figure 1**), while Alabama and Florida experienced the greatest year-over-year decrease in unemployment rates within the Bank’s district. The national unemployment rate increased by .16% during this time from 4.74% to 4.9%, its lowest level since November 2007, as the job market continues to progress towards recovery.

**Figure 1: Unemployment Rate**



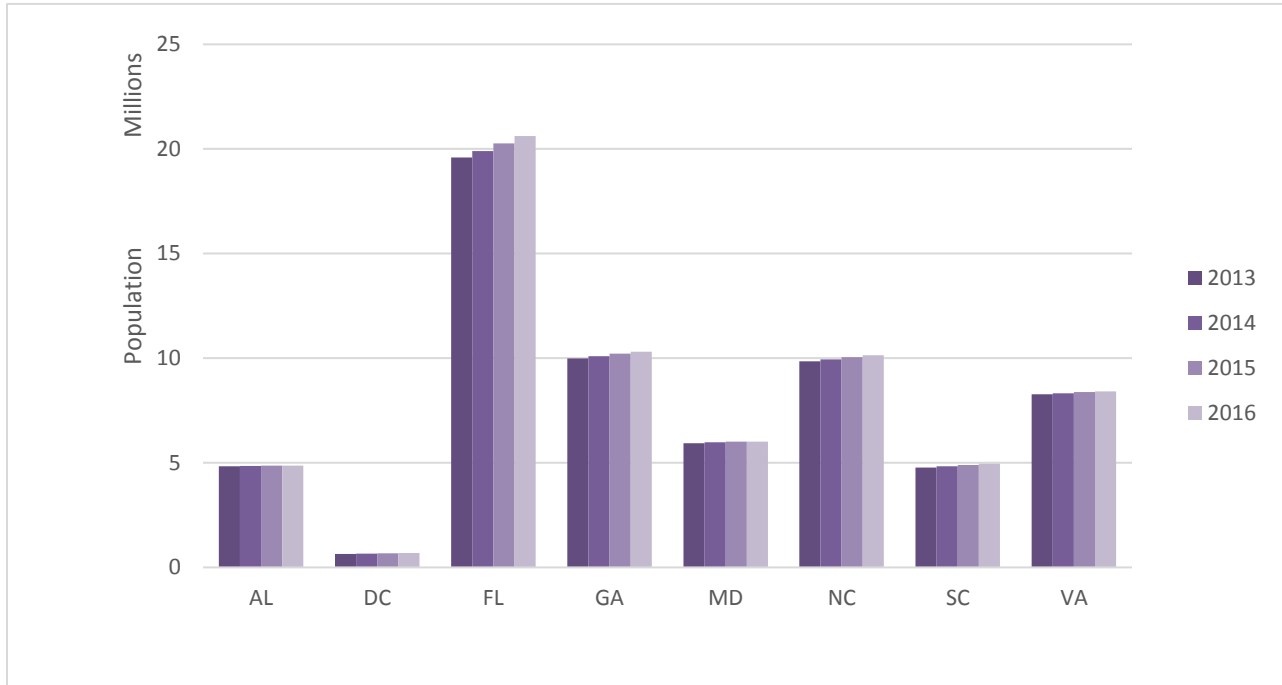
September 2016 – September 2017, Seasonally Adjusted

**Data Source:** [Bureau of Labor Statistics](#)

#### Population Trends

According to [American Community Survey by the Census Bureau](#), population in the Bank’s district increased an average of 1.12 percent annually since 2011. From 2015 to 2016, the population increased by 1 percent to 66,003,442 an addition of 657,761 individuals since prior year results. Florida remains the leader in the Bank’s district for population with 20,612,439. Also, Florida (FL) had the highest percentage change for population in the district, with an increase of 1.68 percent, followed by the District of Columbia (DC), with next highest increase of 1.33 percent compared to 2015 figures (**Figure 2**). Alabama saw the least amount of population growth within the Bank’s district.

**Figure 2: Population Trend**



**Data Source:** [Population Estimates State Totals, V2016, U.S. Census Bureau](#)

### Unique Population Segments with Housing Challenges

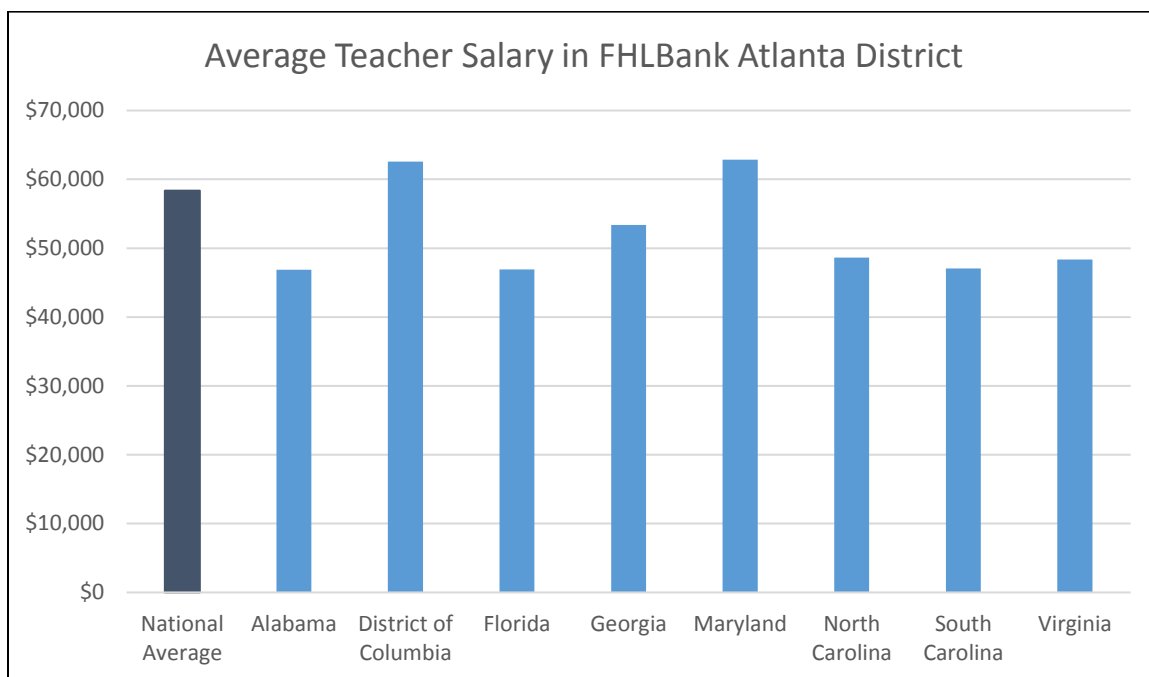
Community stabilization can come about through a variety of means. Studies suggest that a presence of public service workers (i.e. teachers, firefighters, police officers, healthcare workers, and first responders) living within the communities in which they serve is a major contributor to a thriving community because of the personal care and professional investment that these professionals put in to the community.<sup>1</sup> However, a majority of the median salaries for these key personnel within a community provide limited room above their mortgage payment to cover housing costs such as down payment and closing costs, utilities, repairs, etc.

### Teachers

The National Center for Education Statistics estimates we will need over 425,000 new teachers by the end of this decade. In the Bank’s district, state teacher salary averages lag behind the national average in six of our eight states and/or districts. District of Columbia and Maryland are the two areas in the Bank’s district that have an average teacher salary that exceeds the \$58,353 national teacher salary average (**Figure 3**). There is an increasing need to provide affordable housing to this employment sector, enabling them to live, invest, and ultimately stabilize the communities in which they work.

<sup>1</sup> [“A Place to Call Home,”](#) The Baltimore Sun (excerpt from Abell Foundation release), November 26, 2012.

**Figure 3: Average Teacher Salary in FHLBank Atlanta District**



Data Source: [National Education Association](#)

### Nurses and other healthcare workers

According to a report by the U.S. Bureau of Labor Statistics, job growth in the healthcare sector continues to grow at rates higher than realized in previous years and accounts for one out of every five new jobs created this year. Licensed practical nurses have one of the highest national median incomes amongst healthcare workers, however based on national housing costs, this segment of healthcare workers can only afford to purchase a home in 34 percent of the nation’s metro areas.<sup>2</sup>

### Police officers

Police housing incentives have been created in a number of metro areas in order to strengthen the community with the objective to increase the percentage of its police force living in the same town and ultimately lower the crime rates. However, according to the U.S. Department of Justice, state and local budget cuts in place post-recession have created significant staffing and salary reductions that can cause financial strain on officers, which in turn also make homeownership increasingly difficult.

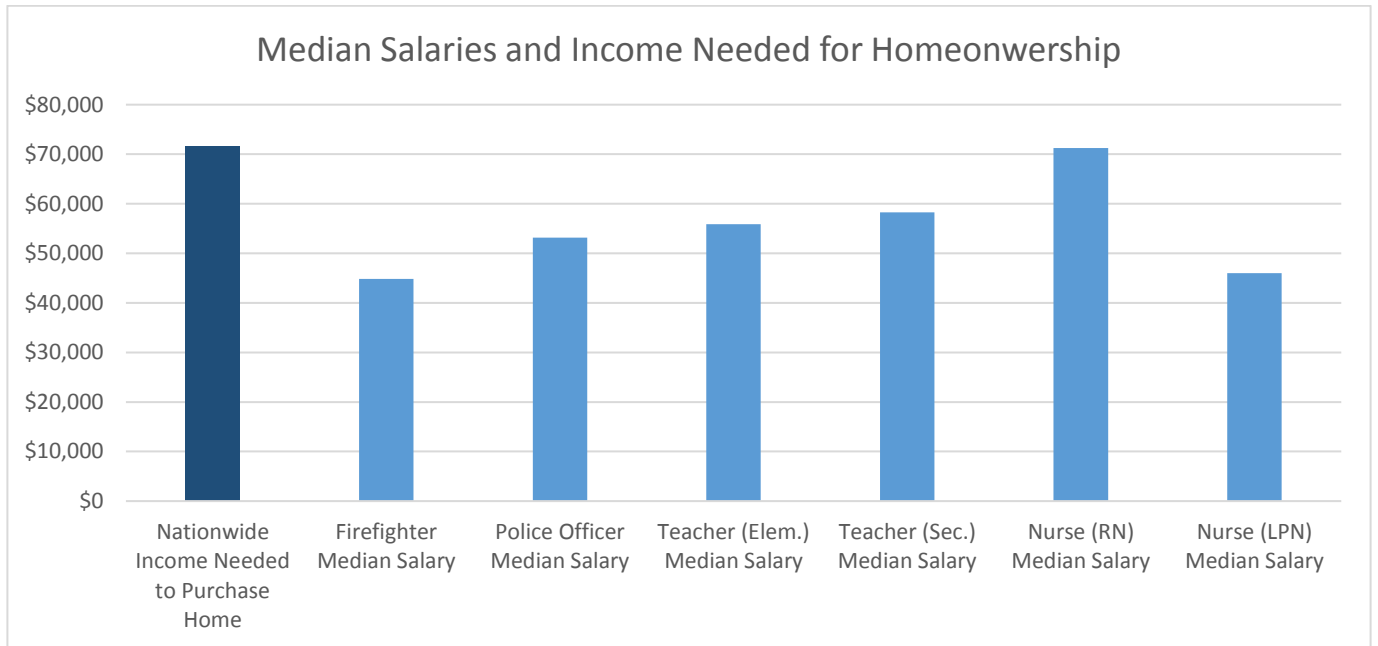
### Firefighters, EMTs, and First Responders

As the name suggests, first responders are the first emergency staff on the scene of an accident. The Bureau of Labor Statistics projects that growth in firefighters and EMTs occupations will be 9% and 33% respectively, now through the end of the decade. Firefighters, in particular, have

<sup>2</sup> Nation Housing Conference, [Paycheck to Paycheck: A Snapshot of Housing Affordability for Healthcare Workers](#). (2017) pg. 1.

the lowest national median income for critical public service workers like first responders (**Figure 4**). With median salaries significantly below the income needed to purchase a home, affordable housing financing is essential to keeping these key personnel within the communities they serve.

**Figure 4: Median Salaries and Income Needed for Homeownership**

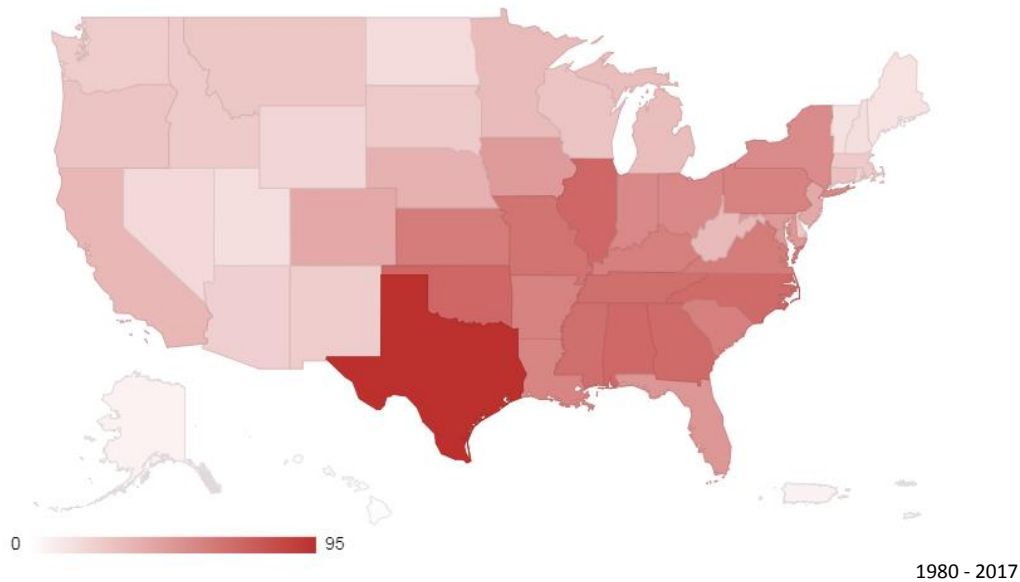


**Data Source:** [Center for Housing Policy, 2017 Paycheck to Paycheck Report](#)

## B. Impact of Major Disasters

According to the [National Oceanic and Atmospheric Administration's Center for Environmental Information](#), the US has sustained 218 weather and climate disasters since 1980 where costs exceeded \$1 billion; the total cost of these events costs north of \$1.1 trillion. In 2017, each state within the Bank's footprint has been affected by weather and climate-related events with losses beyond the one billion dollar mark across the US.

**Figure 5: NCD NOAA "Billion-Dollar Weather and Climate Disasters"**

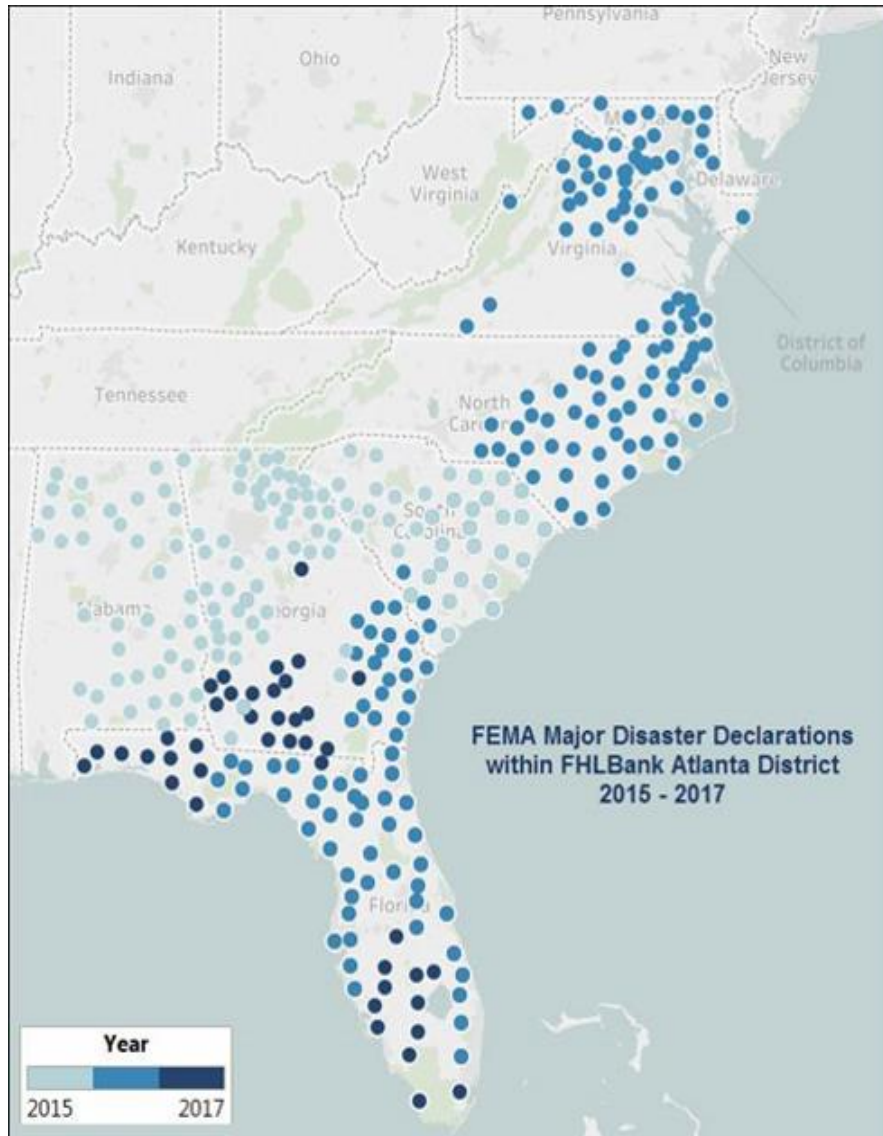


**Data Source:** [National Oceanic and Atmospheric Administration](#)

### Major Disaster Statistics for FHLBank Atlanta district

In response to major disasters, agencies such as FEMA, HUD, Fannie Mae, Freddie Mac, and Housing Finance Agencies provide a variety of disaster resources under the National Response Framework. The natural disasters disrupt people's lives in addition to causing a financial impact on households and communities. A natural disaster almost always adversely affects the value or habitability of the impacted property. The number of communities in the FHLBank Atlanta district with FEMA "Major Disaster Declaration" designations in the past two years demonstrates that there is a strong need in the Bank's district to support and facilitate the recovery efforts. The effects of major disasters has been concentrated in South Carolina and Florida but multiple occurrences have been recorded in most areas along the Atlantic coastline including Georgia, Maryland, and North Carolina. **(Figure 6).**

**Figure 6: FEMA 2015 – 2017 “Major Disaster Declarations”  
Within FHLBank Atlanta District**



Data Source: [FEMA.gov/disasters](https://www.fema.gov/disasters)

In 2017 specifically, there have been 2 “Major Disaster Declarations” by FEMA within the Bank’s district. Unfortunately, the recovery from 2016’s major disasters is still underway and was negatively impacted by Hurricane Irma and Hurricane Harvey. Each state in the district has experienced at least one declaration over the last two years. Hurricane Matthew affected five states within the Bank’s district and contributed to five of the 12 declarations in 2016 while Hurricane Irma notably affected all counties in the state of Florida in 2017 (**Figure 7**).

**Figure 7: “Major Disaster Declarations” in FHLBank Atlanta district in 2016-2017**

State	Major Disaster	Date of Incident
Alabama	Severe Storms/Flooding	1/21/2016
DC	Snowstorm/Severe Winter	3/3/2016
Florida	Hurricane Hermine	9/28/2016
Florida	Hurricane Matthew	10/8/2016
Florida	Hurricane Irma	9/10/2017
Georgia	Severe Storms/Flooding	2/26/2016
Georgia	Hurricane Matthew	10/8/2016
Georgia	Severe Storms, Tornadoes, Straight-line Winds, and Flooding	1/26/2017
Maryland	Snowstorm/Severe Winter	3/4/2016
Maryland	Severe Storms/Flooding	9/16/2016
North Carolina	Hurricane Matthew	10/10/2016
South Carolina	Hurricane Matthew	10/11/2016
Virginia	Snowstorm/Severe Winter	3/7/2016
Virginia	Hurricane Matthew	11/2/2016

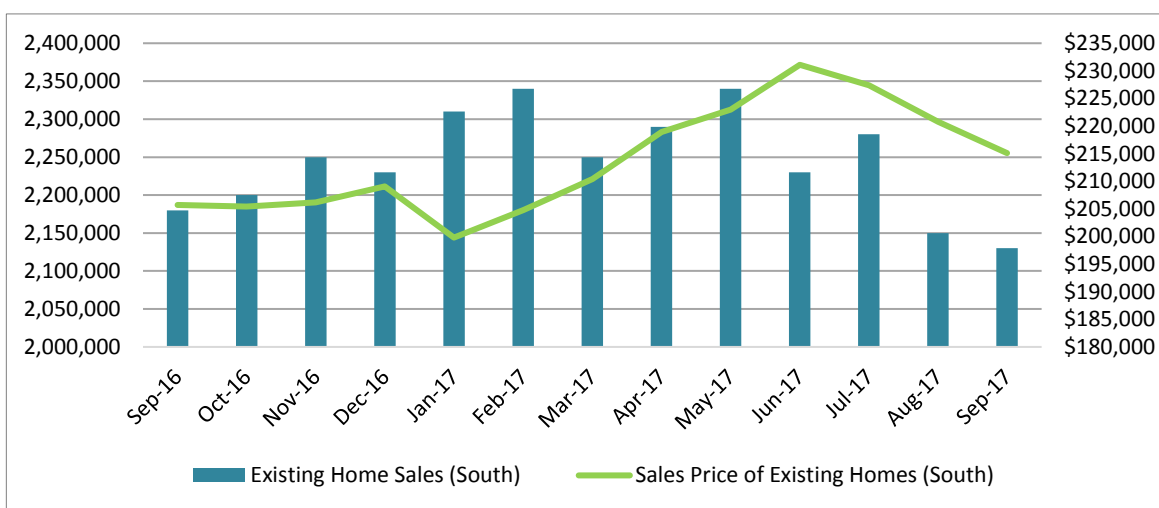
**Data Source:** [FEMA.gov/disasters](https://www.fema.gov/disasters)

## C. Outlook for Purchase Market

### Homeownership

The housing market saw a steady increase in the sale of existing homes during eight of the last 12 months. The increasing demand of homes also led the median home sales price to peak at the beginning of third quarter 2017 following strong sales during the first half of 2017, according to the National Association of Realtors. The median existing home sales prices in the South<sup>3</sup> reached a peak in the second quarter 2017, showing that the typical Spring sales season is still the strongest compared to other parts of the year. **(Figure 8).**

**Figure 8: Existing Home Sales and Sales Price**



**Data Source:** [National Association of Realtors®](#)

### Housing Affordability

Housing affordability is measured by the ratio of median family income to the income needed to purchase the median-priced home based on the current interest rates, expressed as an index. The National Association of Realtors Composite Affordability Index value for the third quarter 2017 shows that families earning the median income have 160.7 percent of the income needed to purchase the median-priced existing home.

The measure of housing affordability nationally declined from the previous year, as the median price of single-family homes and household income increased from the prior year **(Figure 9)**. With sale prices continuing to rise, affordability will inversely decline. Therefore, substantial savings and equity will become increasingly important to prospective homebuyers, specifically first time homebuyers, looking to enter and affect the purchase market. The housing affordability index calculation assumes the family will contribute a down payment of 20 percent of the home price. In

<sup>3</sup> The National Association of Realtors' "South" region includes all of the Bank's district



current economic conditions, the ability for a family earning median income to provide the assumed down payment is unlikely. The index, itself, serves as a measure of affordability, which currently shows that 2017 home prices continue to outpace the growth of wages.

The low interest rate environment in 2016 that supported all time low mortgage rates, helped the Composite Affordability Index peak (as seen in **Figure 9**). However, with interest rates beginning to increase in 2017 alongside of increasing median home prices, the index hit a four year low. The financial burden of monthly housing costs exceeding 30 percent of gross household income can make homeownership an ongoing challenge even after the initial purchase which requires a significant down payment.

**Figure 9: Housing Affordability Index**

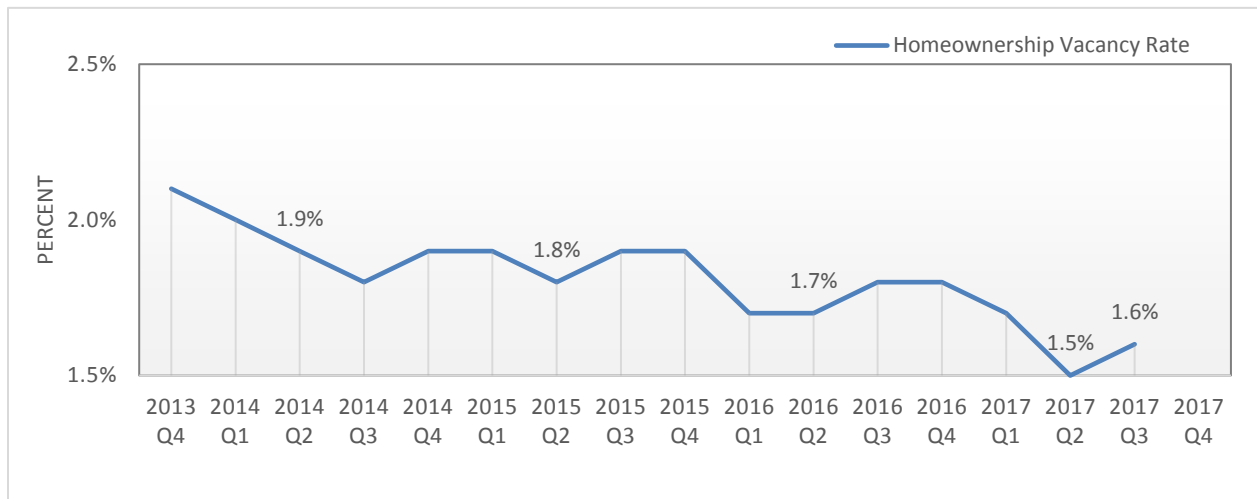
Year	Median Price Existing Single-Family Home	Mortgage Rate	Median Family Income	Qualifying Income	Composite Affordability Index
2014	208,900	4.31	65,910	39,744	<b>165.8</b>
2015	223,900	4.03	68,260	41,184	<b>165.7</b>
2016	235,500	3.88	71,062	42,528	<b>167.1</b>
2017	246,800	4.15	74,032	46,080	<b>160.7</b>

**Data Source:** [National Association of Realtors](#)®

### Homeownership Vacancy Rates

The national vacancy rate in the third quarter 2016 is 1.6 percent for homeowner housing. The trend shows that the homeowner vacancy rate has slowly decreased over the last three years. The current homeownership rate of 63.9 percent was 0.4 percentage points (+/-0.4) higher than the third quarter 2016 (63.5 percent). Compared to second quarter of 2017, 63.7 percent homeownership rate is 0.2 percentage points (+/-0.4) higher. The housing market continues to show signs of recovery in the form of sales prices; however, coupled with the decline of homeownership vacancy this dynamic decreases the affordability for new homeowners with low to moderate income.

**Figure 10: Homeownership Vacancy Rates, 2013 – 2017, QTR3**



Data Source: [U.S. Census Bureau](https://www.census.gov)

### First-time Homebuyers

First-time buyers fell to 32% of all purchasers in 2015 from 33% in 2014, the third straight annual decline and the lowest percentage since 1987, according to a report released by the National Association of Realtors.<sup>4</sup> The historical average is 40%, according to the group, which has been recording such data since 1981. The housing market had its strongest year in 2016 for sales since 2007, as projected back in 2015, but the dearth of younger buyers could pose long-term challenges, economists said. There are several factors that have delayed younger buyers from taking the homeownership step. In particular the remnants of the recession, high student debt levels, limited new construction of starter homes and constant price increases are examples of constraints for buyers under the age of 35.<sup>5</sup> Without first-time homebuyers, current owners have difficulty trading up or selling their homes when they retire. One of the main changes for potential first time homebuyers is student loan debt. This debt burden can add to the debt-to-income ratio that lenders use to determine eligibility for mortgage loans.<sup>6</sup> If home prices continue to rise sharply it will become even more difficult for new buyers to enter the market. A quarter of first-time buyers said their biggest challenge was saving for a down payment. Economists also said rents, which have jumped 20% over the last five years, have made it difficult for younger households to put money aside. The most common reasons renters cite for renting rather than owning a home are a perceived inability to afford the necessary down payment (50 percent) or a perceived inability to qualify for a mortgage (31 percent)<sup>7</sup>.

<sup>4</sup> “Number of First-Time Home Buyers Falls to Lowest Levels in Three Decades, Figure represents third straight annual decline and lowest percentage since 1987” By Laura Kusisto, *Wall Street Journal*, Nov. 5, 2015

<sup>5</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation’s Housing 2017](#). Harvard (2017) pg. 21

<sup>6</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation’s Housing 2016](#). Harvard (2016) pg. 22

<sup>7</sup> “Report on the Economic Well-Being of U.S. Households in 2014” Board of Governors of the Federal Reserve System May 2015

## D. Outlook for Rental Market

### Demographic Drivers

Although research suggests that homeownership rates are stabilizing, a significant number of potential homebuyers are deferring their home-buying decisions and looking to rent. The Joint Center for Housing Studies at Harvard University estimates an addition of around 9,000,000 renter households, between 2005 and 2015, which sets the record for an increase over any 10-year period<sup>8</sup>. Over the last year alone, the number of renter households rose by 6,000,000 from 2015 to 2016. The growth observed can certainly be attributed to those most likely to rent (i.e. younger adults, single person household, and lower-income) however, the data also reflects an increase of renter households in their 50s and 60s of 4,300,000 in the 10 year span from 2005 to 2015.<sup>9</sup> Older households age 55 and over accounted for 44 percent of the renter household growth since 2005.<sup>10</sup> Rental demand was up for the 12<sup>th</sup> consecutive year in 2016 which can be largely attributed to the housing crisis in 2008 that led households to rent due to the financial climate that negatively impacted the amount of assets available to use for a home purchase.

### Vacancy Rates in the Southeast

Rental vacancy rates varied throughout the district over the last year and the gap between the lowest and highest rates in our district has decreased. At the closing of the third quarter 2016 there were five states in our district below the national average for rental vacancy rates. Now there are six states within the Bank's district, Alabama, Florida, Georgia, Maryland, North Carolina, and South Carolina that exceed the national rental vacancy rate of 7.5% (**Figure 11**). District of Columbia and Virginia have the lowest vacancy rates in the district, finishing the third quarter of 2017 at 6.5% and 6.3%, respectively. Six of the seven states in the Bank's district have seen increases versus third quarter 2016 figures, however even if demand were to continue slowing for rental units there is still a broad need for units that are priced at the lower end of the market where very low vacancy rates push rents higher.<sup>11</sup>

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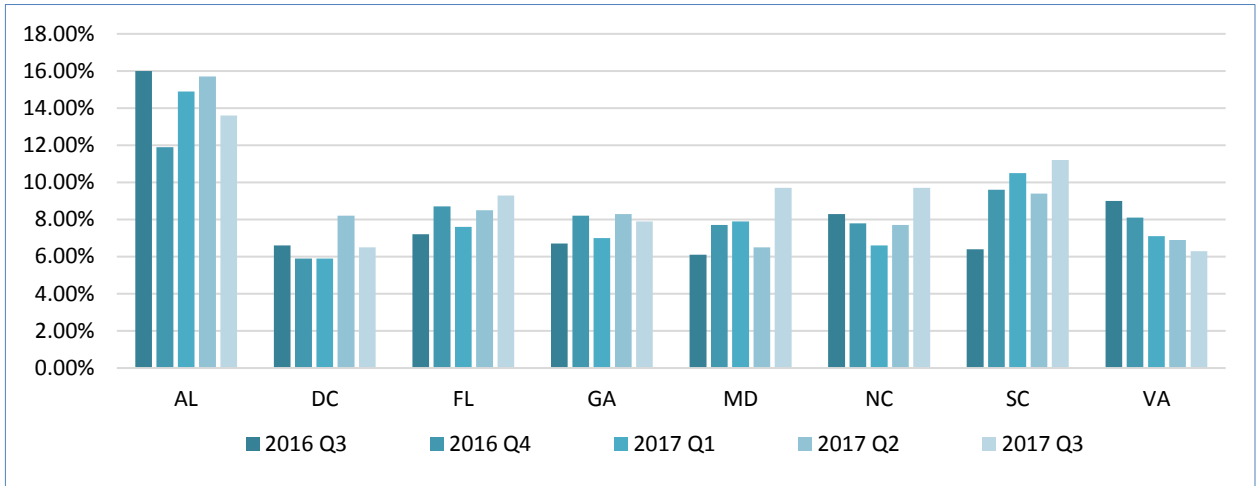
<sup>8</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2016](#). Harvard (2016) pg. 25

<sup>9</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2016](#). Harvard (2016) pg. 25

<sup>10</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2017](#). Harvard (2017) pg. 25

<sup>11</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2017](#). Harvard (2017) pg. 30

**Figure 11: Rental Vacancy Rate**



**Data Source:** [Housing Vacancies and Homeownership, U.S. Census Bureau](#)

### Preserving Affordability

A majority of the major U.S. metro areas saw rents climb over the past year, with the consumer price index for contract rents rising 3.7% in 2015, double the inflation rate of 1.6.<sup>12</sup> Rising rents, coupled with a decrease in available federal and privately owned subsidies, creates a significant emerging need for low to moderate income renters. In 2016, the national vacancy rate slipped to a 30-year low of 6.9 percent even with the recent surge in multifamily construction.<sup>13</sup> The historically low national vacancy rate creates an environment for higher rents due to basic supply and demand economic principles. According to the Joint Center for Housing Studies, the number of vacant units with rents under \$800 per month dropped 12% from 2013 to 2014.<sup>14</sup> Additionally, more than 80% of households with incomes under \$15,000 were paying more than 30% of their income for rent in 2013, and HUD-funded, project-based rental assistance programs supported 4.8 million renters nationwide.<sup>15</sup> Given this emerging need for affordable housing preservation, innovative solutions will need to emerge and focus on delivering affordable and flexible financing that keeps rents affordable for low to moderate tenants within the Bank's district.

<sup>12</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2016](#). Harvard (2016) pg. 28

<sup>13</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2017](#). Harvard (2017) pg. 28

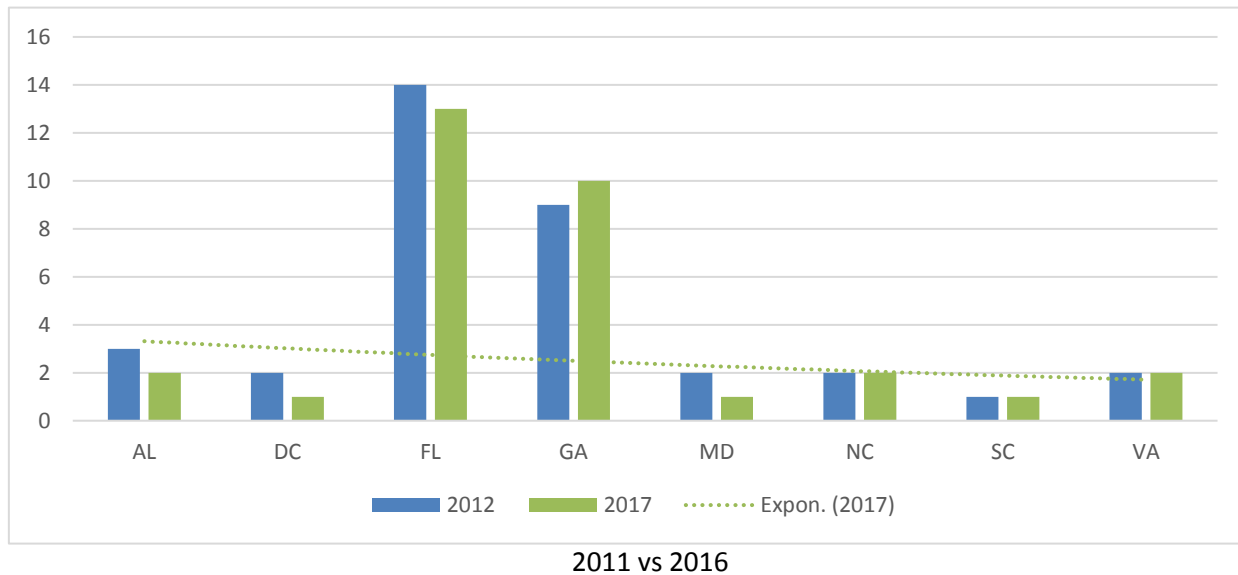
<sup>14</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2015](#). Harvard (2015) pg. 28

<sup>15</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2015](#). Harvard (2015) pg. 32

### E. Shareholder Minority Depository Institutions in the FHLBank Atlanta district

Minority Depository Institutions (MDIs) serve customers and communities that need access to credit, but can also provide a sometimes unique insight into the financial challenges that can exist due to socioeconomic and cultural conditions. The Bank’s shareholders MDIs are continuing to evolve in order to survive. Over the last five years, the Bank’s district has had a gradual decline in the number of shareholder MDIs serving various markets. Only Georgia has seen an increase in the number of MDIs chartered in its state since 2012. This trend is a result of increased rate competition from larger institutions that are looking to maximize their market share. Increased competition from larger commercial banks penetrating low-income to moderate-income markets has reduced the market share of MDIs.<sup>16</sup>

**Figure 12: Shareholder MDIs per State in FHLBank Atlanta district**



**Data Source:** [Historical MDI Data Year-by-Year, FDIC](#)

The Bank’s district has an even geographical distribution of shareholder MDIs. Throughout the district, numerous markets are served by our shareholder MDIs and there is a large concentration of these institutions in Florida and Georgia (**Figure 13**).

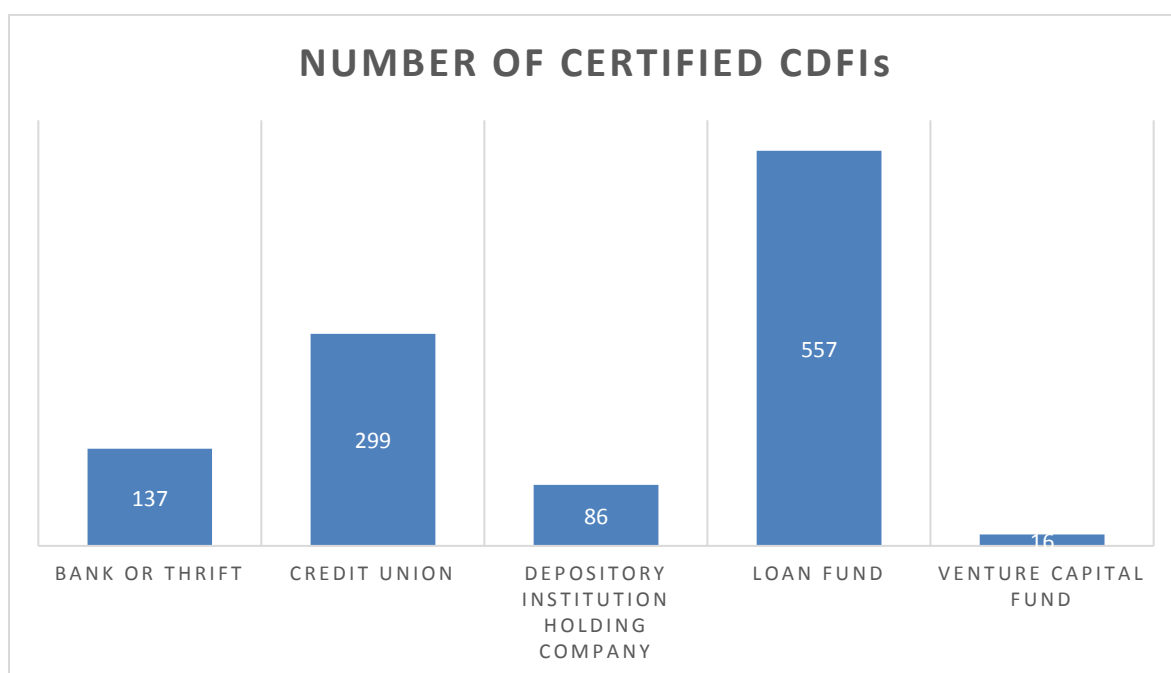
<sup>16</sup> “The Changing Face of Communities Served by Minority Depository Institutions” University of Wisconsin-Whitewater (2015) pg. 6



## F. Shareholder Depository and Non-Depository Community Development Financial Institutions in the FHLBank Atlanta district

Community Development Financial Institutions (CDFIs) are instrumental in providing for communities' housing credit needs when traditional bank products may not be a viable option. CDFIs fill a niche by specializing in providing credit to borrowers and communities that may be difficult for traditional banks to serve.<sup>17</sup> Community Reinvestment Act (CRA) regulation updates in 1995 were the catalyst to the growth of the sector of the financial industry; however, better positioning CDFIs to fulfill their mission can lead to supplying the unwavering demand for affordable housing. As of September 2017, nationally there are 1,095 certified CDFIs; 137 community development banks, 86 depository institution holding companies, 557 loan funds, 299 credit unions, and 16 venture capital funds.<sup>18</sup> Over the last two years, growth of the CDFIs has increased the total number of certified CDFIs to 1,095 (**Figure 14**). The CDFI Fund has seen a gradual increase in financial institutions applying for the CDFI certification in order to get access to resources such as the technical assistance funds that help institutions implement critical updates to how daily business operations are conducted.

**Figure 14: Certified CDFIs in 2016 (National)**



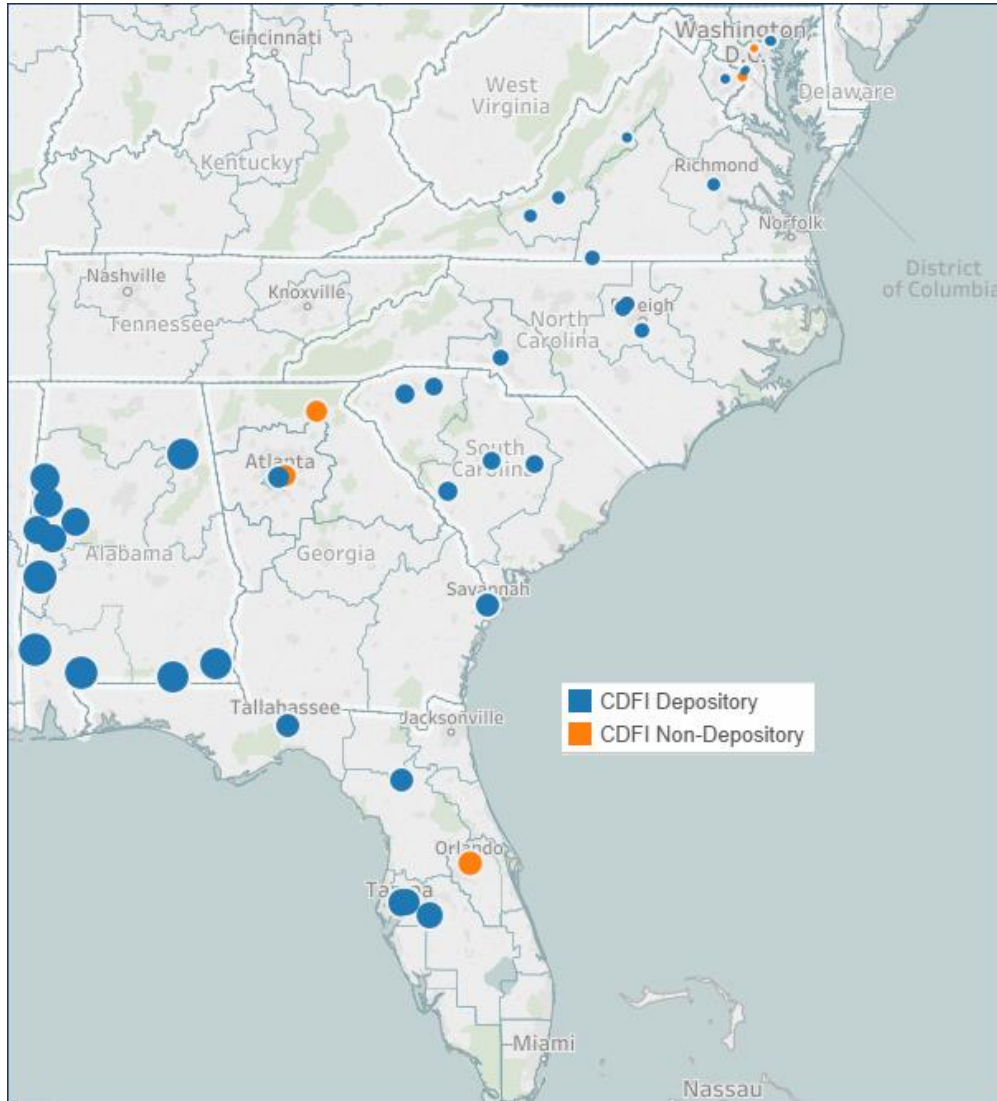
Data Source: [U.S. Department of Treasury, CDFI Fund](#)

<sup>17</sup> "Strategies for Community Banks to Develop Partnerships with Community Development Financial Institutions" FDIC. (March 2014). Pg 1.

<sup>18</sup> U.S Department of the Treasury CDFI Fund, "Community Development Financial Institution Fund. [http://www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=9](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=9).

Of the total 1,095 CDFIs nationally, there are 177 operating in states located in the Bank's district. The Bank has 48 shareholder CDFIs, both Depository and Non-Depository, that serve markets in every state in the Bank's district (**Figure 15**).

**Figure 15: Shareholder CDFIs in FHLBank Atlanta district**



*Figure 13: Larger dots signify multiple Depository CDFIs in a particular city*

**Data Source:** [FHLBank Atlanta](#)



## PART TWO: STRATEGIC INITIATIVES AND GOALS FOR YEAR 2018 IN RESPONSE TO THE COMMUNITY FINANCE NEEDS OF THE DISTRICT

### Strategic Initiatives

2018 Initiatives
CRA Center of Excellence
Advancing the Bank’s Diversity and Inclusion initiative through focus on Veterans’ housing challenges and supporting Minority Depository Institutions (MDIs) in their response to market opportunities
Disaster recovery in the Bank’s district
An initiative focused on Teachers, Police Officers, Firefighters, First-Responders and Healthcare Workers

#### **CRA Center of Excellence**

Based on the current market conditions analysis, the Bank’s members will continue to rely upon Community Reinvestment Act (CRA) tools, resources, strategies, and tactics to respond to market challenges. The Bank will seek opportunities to inform and work with its members to leverage the Bank’s products and resources to advance their CRA business development.

The Bank will continue to conduct CRA forums and consultations designed to provide shareholders that are subject to the Community Reinvestment Act (CRA) an innovative and trusted outline for achieving their CRA “investment” and community development lending compliance objectives.

#### **Advancing the Bank’s Diversity and Inclusion initiative through focus on Veterans’ housing challenges and supporting Minority Depository Institutions (MDIs) in their response to market opportunities**

To supply the continued need for housing and supportive services geared towards our Veterans, the Bank will continue to leverage its suite of Veterans AHP Set-aside products as well as create scoring priorities within the AHP Competitive Program to assist the Bank’s members in responding to veterans’ housing challenges throughout the district.

The Bank will execute a segment-focused compliance and business development initiative to enhance the capacity of its shareholder MDIs to respond to community lending credit needs in their respective markets.

#### **Disaster recovery in the Bank’s district**

Based on the recent history, the district continues to be affected by catastrophic events. The Bank will leverage the AHP funds to respond to and support our shareholders’ efforts to help restore their communities in the aftermath of catastrophic events within the Bank’s district. The Bank’s support will occur through a rehabilitation product and business development strategy, within our AHP Set-aside program.

**An initiative focused on teachers, police officers, firefighters, first-responders, and healthcare workers**

Given the rising growth in these job fields, the Bank will focus a special initiative on teachers, firefighters, police officers, healthcare workers, and first responders. The Bank's support will occur through a product and business development strategy focusing on households that are between 80 percent and 115 percent of area median income, outside of our AHP Set-aside program.

**Quantitative Performance Goals**

In addition to the Bank's community lending initiatives described above, the Bank will also focus on the following quantitative goals for 2018:

- Conduct seven member or sponsor outreach workshops throughout the district to increase participation in AHP Competitive and AHP Set-aside programs.
- Conduct three member and/or sponsor CRA Business Development workshops in collaboration with a regulator(s).
- Host 12 technical assistance webinars/conference calls to enhance current and potential users understanding of programs and products requirements and benefits, with specific outreach to MDI and CDFI shareholders.