

FEDERAL HOME LOAN BANK OF ATLANTA  
**2019 COMMUNITY LENDING PLAN**

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## **EXECUTIVE SUMMARY**

The 2019 Community Lending Plan includes a summary of the major activities engaged in by the Federal Home Loan Bank of Atlanta (Bank) in 2018 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 2019.

The Bank participated in 37 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 2018 initiatives with updated community lending strategic initiatives in 2019 that address:

### **Continuing Initiatives:**

- CRA Center of Excellence
- Advancing the Bank's Diversity and Inclusion initiatives by supporting Minority Depository Institutions' (MDIs') response to market opportunities
- Assisting shareholders in their disaster recovery efforts
- An Initiative focused on teachers, police officers, firefighters, and first-responders

### **New in 2019:**

- Strategic alignment with local entities, initiatives and HFAs to advance shareholders' business and compliance objectives

In addition to the 2019 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

##### **2018 Bank Participation in Activities and Events to Ascertain Community Lending and Market Needs and Receive Community Feedback**

To provide the basis for formulating its 2019 initiatives, the Bank, in 2018, demonstrated its commitment to better understand the community lending needs of the communities within the Bank's district by engaging in over thirty-five 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, and/or exhibitor. The Bank also leveraged members of its Affordable Housing Advisory Council and members of its board of directors to further enhance the opportunity for community feedback.

A summary of the Bank's 2018 events to ascertain community lending needs is as follows:

Name of Event	Date	Location	Description; Participants; Focus
<b>2018 National Association of Home Builders (NAHB) International Builders Show</b>	01/11/18	Orlando, FL	<ul style="list-style-type: none"><li>• 50 attendees</li><li>• Chief Business Officer and CIS Director presented at this event to discuss how the Bank's products and services could assist home building professionals.</li></ul>
<b>FDIC Affordable Housing Forum</b>	02/15/18	Birmingham, AL	<ul style="list-style-type: none"><li>• 48 attendees</li><li>• CIS Director presented the Bank's products and services to Alabama shareholders in conjunction with FDIC and Federal Reserve Bank regulators.</li><li>• The CIS Business Development Manager and Strategic Initiatives Lead were both in attendance.</li></ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>CDFI Coalition</b>	02/28/18-03/1/2018	Washington, DC	<ul style="list-style-type: none"> <li>• 150 attendees</li> <li>• Sales &amp; Trading Operations Manager attended the event. Non-Depository CDFI audience</li> <li>• Sales &amp; Trading Manager presented the Bank's new discretionary product to shareholder non-depository CDFIs.</li> </ul>
<b>Atlanta Regional Commission Housing Forum</b>	03/06/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 150 attendees</li> <li>• CIS Lending &amp; Disbursement Analyst attended to network with shareholders and different organizations about our Affordable Housing products and services.</li> <li>• CIS Analyst introduced the attendees to our AHP Competitive products and left marketing material regarding the upcoming round</li> </ul>
<b>Georgia Real Estate Fraud Prevention and Awareness Coalition (GREFPAC) Annual Conference</b>	03/7/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 65 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>National Interagency Community Reinvestment Conference</b>	03/18/18-03/21/18	Miami, FL	<ul style="list-style-type: none"> <li>• 1,211 total attendees; 105 participants in FHLBank session</li> <li>• CIS Director participated on a panel to educate shareholders on how to leverage FHLBank products and services to achieve CRA objectives</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>National Interagency Community Reinvestment Conference Off-site Reception (Miami, FL)</b>	03/20/18	Miami, FL	<ul style="list-style-type: none"> <li>• 160 attendees</li> <li>• CIS Director, CIS Associate Director, CIS Business Development Manager, and CIS Strategic Initiatives Leader hosted a reception for Bank members and regulators attending the 2018 National Interagency Community Reinvestment Conference.</li> </ul>
<b>UNC Banking Institute</b>	03/23/18	Charlotte, NC	<ul style="list-style-type: none"> <li>• 200 attendees</li> <li>• CIS Director and Bank Director presented the Bank's products and services to financial service professionals that conduct legal departments of the Bank's shareholders</li> </ul>
<b>Depository CDFI and MDI Forum</b>	04/18/18-04/19/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 59 attendees</li> <li>• CBO division hosted this event which was conducted to connect member MDIs and CDFIs to business opportunities in extending credit to low to moderate income communities.</li> </ul>
<b>OFN Southeast Regional CDFI Meeting</b>	04/24/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 85 attendees</li> <li>• CIS Production Manager attended the event to support the Bank.</li> </ul>
<b>Non-Depository CDFI Roundtable</b>	05/10/18-05/11/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 21 attendees</li> <li>• MST Sales and Trading Manager and CIS Director presented the Bank's new discretionary product to shareholder non-depository CDFIs.</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>FHLBanks Directors Conference</b>	05/14/18-05/16/18	Washington, DC	<ul style="list-style-type: none"> <li>• 230 attendees</li> <li>• CIS Director presented along with the Bank's Marketing Officer and the CEO of Des Moines Bank on the purpose and structure of the AHP Multiplier Study and Report</li> </ul>
<b>CAHEC Partners Conference</b>	06/5/18	Greensboro, NC	<ul style="list-style-type: none"> <li>• 500 attendees</li> <li>• CIS Production Manager participated in a panel discussion addressing other funding sources for LIHTC projects</li> </ul>
<b>CDBA Peer Forum</b>	06/06/18-06/07/18	Washington, DC	<ul style="list-style-type: none"> <li>• 118 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> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>Annual Members Conference</b>	06/7/18-06/10/18	Amelia Island, FL	<ul style="list-style-type: none"> <li>• 150 attendees</li> <li>• The theme for the Annual Member Conference (AMC) was “In Concert: Coming Together in Harmony.”</li> <li>• The four-day event celebrated shareholders’ many successes and demonstrated the Bank’s commitment to helping shareholders achieve profitable growth for their businesses and communities.</li> <li>• CIS Business Development manager attended as part of the Sales Team and used the conference as an opportunity to discuss the Bank’s affordable housing products and services with attendees.</li> <li>• The conference included a shareholder panel in which Scott Bailey of Southern First Bank discussed how they have leveraged our homeownership products.</li> </ul>
<b>US Conference of Mayors Reception</b>	06/8/18-06/11/18	Boston, MA	<ul style="list-style-type: none"> <li>• 50 attendees, Mayors</li> <li>• CIS Director and CIS Associate Director hosted reception to launch Community Heroes product and highlight services to help local governments provide affordable housing to public.</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>National Bank of Commerce Community Development Training</b>	06/13/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 15 attendees</li> <li>• CIS Business Development Manager attended the event to support a shareholder’s training session and share information about the Bank’s AHP products and services</li> </ul>
<b>Interagency Community Development Forum on Disaster Recovery and Resiliency of Central Florida and Puerto Rico</b>	06/13/18	Orlando, FL	<ul style="list-style-type: none"> <li>• 58 attendees</li> <li>• CIS Senior Lending and Disbursement Analyst attended the forum to share insight about the Bank’s disaster recovery initiative and educate attendees on the AHP rehabilitation products for areas that have received FEMA’s “major disaster” declaration.</li> </ul>
<b>Florida Association of Local HFAs (FL ALHFA) Annual Education Conference</b>	07/11/18-07/14/18	St. Petersburg, FL	<ul style="list-style-type: none"> <li>• 150 attendees</li> <li>• CIS Director and the Sales and Trading Manager presented Community Heroes products and shared concepts that can help local HFAs reach business objectives</li> </ul>
<b>Neighborhood Lending Partners Business Development Luncheon</b>	8/16/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 45 Attendees</li> <li>• CIS Director and CIS Business Development Manager hosted the event at the Bank’s headquarters to support Neighborhood Lending Partners’ (non-depository CDFI) expansion into Georgia and connect them to other business drivers</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>NeighborWorks America's Louisville National Training Institute</b>	08/20/18	Lexington, KY	<ul style="list-style-type: none"> <li>• 1,915 attendees</li> <li>• CIS Director delivered luncheon presentation at the event and shared the Bank's AHP tools and resources with community development organizations in attendance</li> </ul>
<b>Miami Chamber of Commerce's Women Leaders in Banking</b>	08/23/18	Miami, FL	<ul style="list-style-type: none"> <li>• 120 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 Director represented the Bank at this event</li> </ul>
<b>Florida Housing Coalition Conference</b>	08/27-08/29/18	Orlando, FL	<ul style="list-style-type: none"> <li>• 50 attendees</li> <li>• CIS Director presented to shareholders and non-profit organizations that leverage the Bank's products and services</li> </ul>
<b>48th Annual Legislative Conference-Congressional Black Caucus</b>	09/12/18-09/16/18	Washington, DC	<ul style="list-style-type: none"> <li>• 9,000 participants</li> <li>• CIS Director attended the conference to help the Bank learn about issues affecting minority communities as a part of the Bank's D&amp;I plan</li> </ul>
<b>Reaching Millions Leadership Conference by HomeFree USA</b>	09/17/18-09/19/18	Washington, DC	<ul style="list-style-type: none"> <li>• The Bank sponsored this event which focuses on connecting unbanked and underbanked communities to financial resources</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>Palmetto State Bank Affordable Housing Workshop</b>	10/3/18	Bluffton, SC	<ul style="list-style-type: none"> <li>• 34 attendees</li> <li>• CIS Director, CIS Associate Director, and CIS Business Development Manager hosted a knowledge sharing workshop to support affordable housing development in the SC Low country region</li> </ul>
<b>FDIC/OCC Affordable Housing Symposium</b>	10/3/18	Athens, GA	<ul style="list-style-type: none"> <li>• 25 attendees</li> <li>• CIS Production manager and Senior Analyst presented the Bank's AHP products and services</li> </ul>
<b>91st Annual National Banker's Association Conference</b>	10/3/18-10/5/18	Washington, DC	<ul style="list-style-type: none"> <li>• 56 attendees</li> <li>• CIS Director delivered breakfast presentation in conjunction with Carver State Bank Executives. Focus on how the FHLB Atlanta can help address the challenges that MDIs face in their respective markets</li> </ul>
<b>FHLBank Atlanta: College Life to Corporate Life</b>	10/11/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 48 attendees</li> <li>• CIS Director hosted an all-day event that was positioned to educate female and minority college students on tactics that can ensure success in the financial service industries upon graduation</li> </ul>
<b>National Council of State Housing Agencies (NCSHA) Annual Conference</b>	10/13-10/16/18	Austin, TX	<ul style="list-style-type: none"> <li>• 500 attendees</li> <li>• CIS Director presented on how the FHLBank of Atlanta can assist HFAs with down payment assistance programs and connecting with members.</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>Women in Affordable Housing Network</b>	10/17/18	Atlanta, GA	<ul style="list-style-type: none"> <li>• 74 participants</li> <li>• CIS Associate Director and CIS Lending &amp; Disbursement Analyst hosted the Women in Affordable Housing Network luncheon.</li> <li>• CIS Associated Director moderated a panel discussing career advancement strategies for women in the housing and banking industries</li> </ul>
<b>City First Bank: Future of Affordable Housing Investment Forum</b>	10/24/18	Washington, DC	<ul style="list-style-type: none"> <li>• Over 300 attendees</li> <li>• CIS Director participated on a panel to discuss changes in the affordable housing finance industry and highlights ways to continue leveraging AHP funds in a turbulent pricing market</li> </ul>
<b>NC Affordable Housing Conference</b>	10/24-10/25/18	Raleigh, NC	<ul style="list-style-type: none"> <li>• 700 attendees</li> <li>• CIS Associate Director presented the Bank's community lending products and highlighted the Bank's supportive housing and veterans products and services suite</li> </ul>
<b>Alabama's Black Mayor Conference</b>	10/26/18	Birmingham, AL	<ul style="list-style-type: none"> <li>• 20 attendees</li> <li>• CIS Associate Director presented the Bank's Community Heroes product to diverse mayors and highlighted important dates for local entities to garner consideration for partnership with the Bank</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>South Carolina HFA</b>	11/13/18	Columbia, SC	<ul style="list-style-type: none"> <li>• 5 attendees</li> <li>• Sales &amp; Trading Operations Manager and CIS Associate Director met with SCHFA Director and her staff to discuss ideas on how to increase business with local HFAs.</li> </ul>
<b>Virginia Governor's Housing Conference</b>	11/14/18-11/16/18	Arlington, VA	<ul style="list-style-type: none"> <li>• 700 attendees</li> <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>• CIS Director attended and provide remarks at the Awards Luncheon as platinum sponsor for the event</li> <li>• CIS Lending &amp; Disbursement Specialist attended to network with shareholders and organizations located in Virginia</li> </ul>
<b>Credit Union Conference</b>	12/2/18-12/4/18	Naples, FL	<ul style="list-style-type: none"> <li>• Credit Union Conference</li> <li>• CIS Director attended</li> </ul>

Name of Event	Date	Location	Description; Participants; Focus
<b>2018 SCACED Community Economic Development Conference</b>	12/5/18-12/7/18	Myrtle Beach, SC	<ul style="list-style-type: none"> <li>• South Carolina Association of Community Economic Development event</li> <li>• The Bank participated as a sponsor at the event. CIS Associate Director and Business Development Manager attended to meet with lenders and other attendees to discuss CIS products and services</li> </ul>

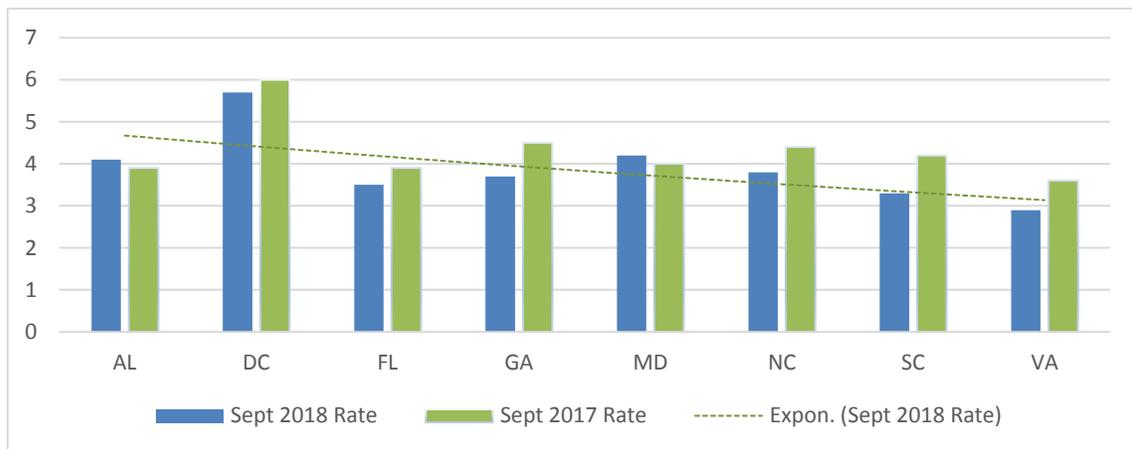
## II. Secondary Sources of Data and Understanding

### A. Demographic Trends

#### Unemployment

Unemployment rates throughout the states in the Bank’s district continued to decline in 2018. Alabama and Maryland are the only areas within the Bank’s district that experienced an increase. Four of the seven states in the Bank’s district ended 3Q 2018 with an unemployment rate below the national average of 3.7%. The District of Columbia and Maryland have the highest unemployment rates, 5.7% and 4.2%, respectively (**Figure 1**), while South Carolina and Virginia experienced the greatest year-over-year decrease in unemployment rates within the Bank’s district. The national unemployment rate is at its lowest level since November 2007, as the job market continues to progress towards recovery.

**Figure 1: Unemployment Rate**



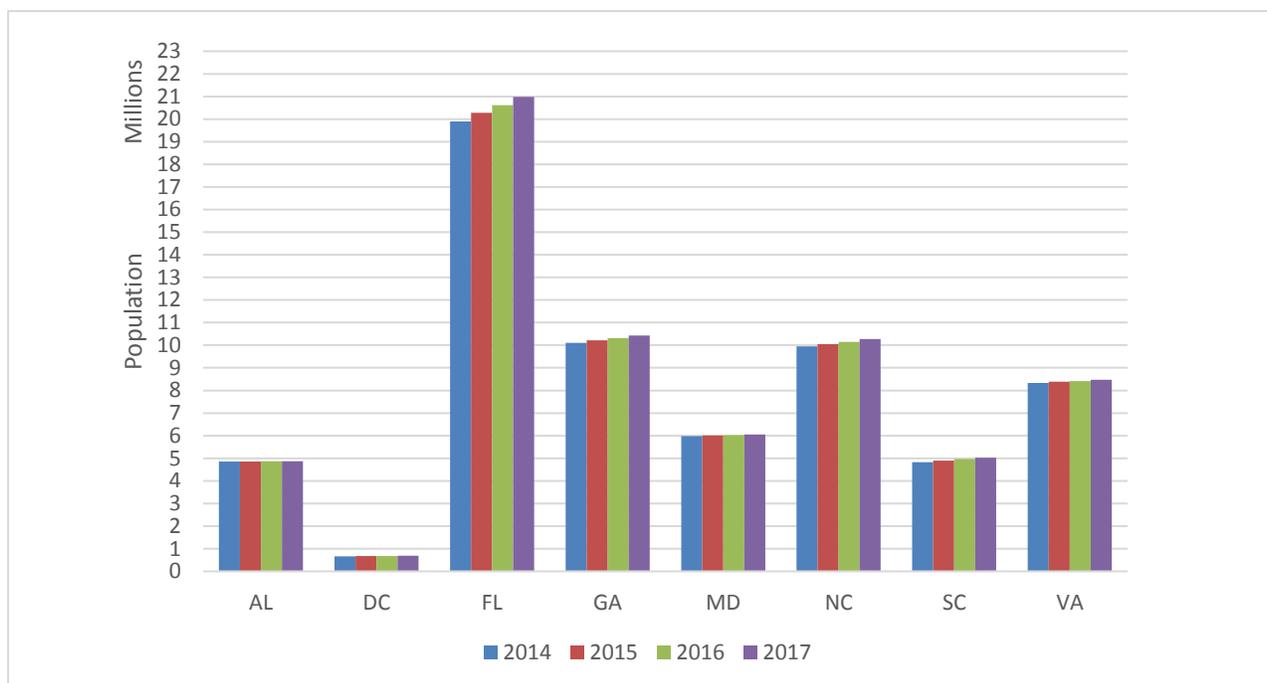
September 2017 – September 2018, Seasonally Adjusted

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 2016 to 2017, the population increased by 1.01 percent to 66,802,483 an addition of 799,041 individuals since prior year results. Florida remains the leader in the Bank’s district for population with 20,984,400. Also, Florida (FL) had the highest percentage change for population in the district, with an increase of 1.68 percent, followed by Georgia, 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, the total population has remained steady at or below 4,874,747.

**Figure 2: Population Trend**



**Data Source:** [Population Estimates State Totals, V2017, U.S. Census Bureau](#)

### Unique Population Segments with Housing Challenges

Community stabilization can come about through a variety of means. Studies suggest that the presence of public service workers (i.e. teachers, firefighters, police officers, 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.

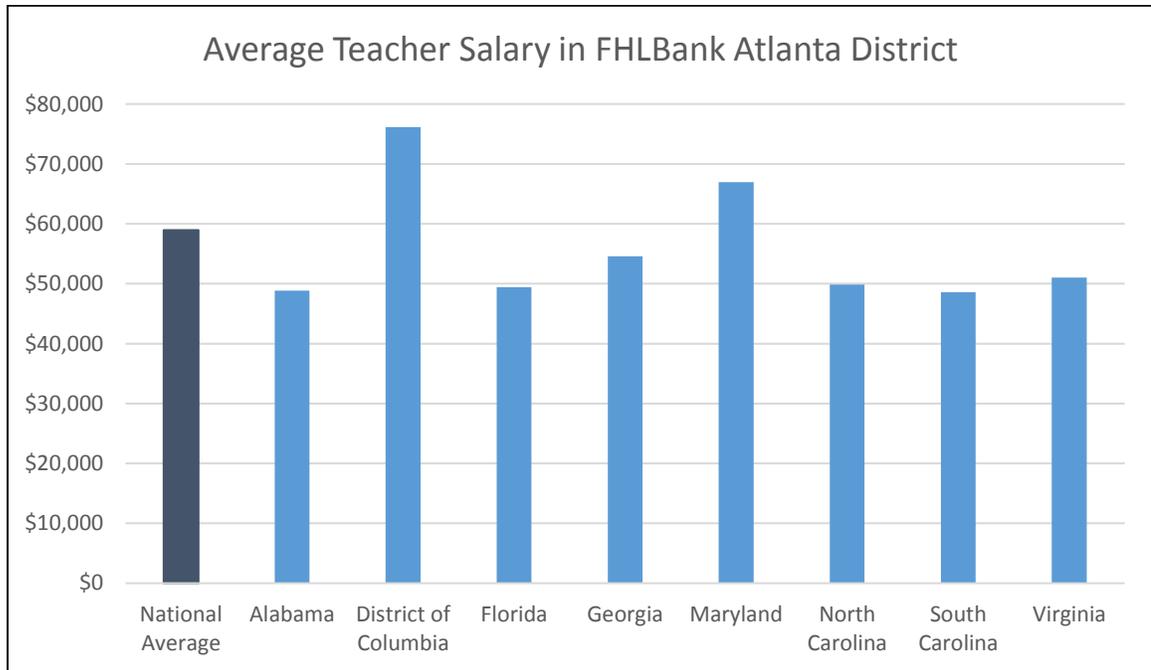
### Teachers

The National Center for Education Statistics estimates we will need over 425,000 new teachers by the end of this decade. Public school enrollment increased by 0.2 percent from 2015 - 2016 (49,831,699) to 2016 - 2017 (49,906,826). In the Bank's district, state teacher salary averages fall significantly behind the national average in six of our eight states and/or districts. Every state in the Bank's district with the exception of Maryland and the District of Columbia have an average teacher salary that is below the \$58,950 national teacher salary average (**Figure 3**). There is an

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

increasing need to provide affordable housing to this employment sector, enabling them to live, invest, and ultimately stabilize the communities in which they work.

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



Data Source: [National Education Association](https://nces.ed.gov/programs/digest/d17/tables/dt17_211.60.asp)  
[https://nces.ed.gov/programs/digest/d17/tables/dt17\\_211.60.asp](https://nces.ed.gov/programs/digest/d17/tables/dt17_211.60.asp)

### Police officers

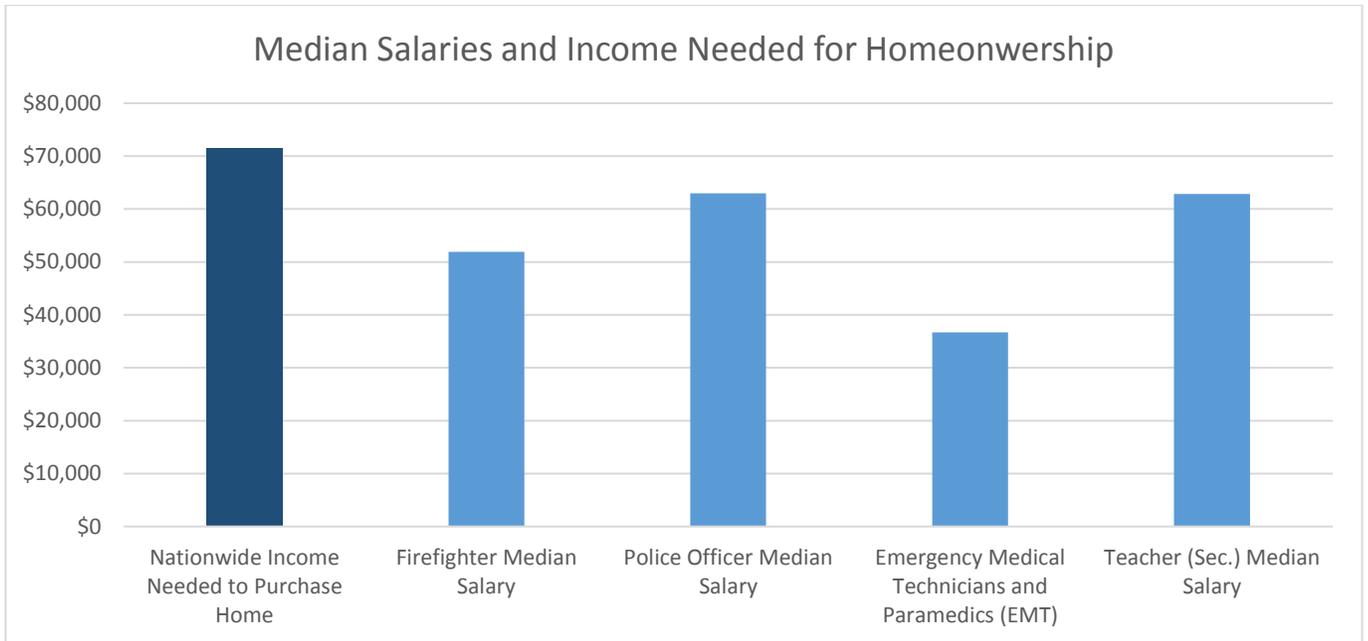
Police housing incentives have been created in a number of metro areas in order to strengthen the community with the objective to increase the percentage of its police force living in the same town and ultimately lower the crime rates. However, according to the U.S. Department of Justice, state and local 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. Emergency Medical Technicians (EMTs), in particular, have 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**

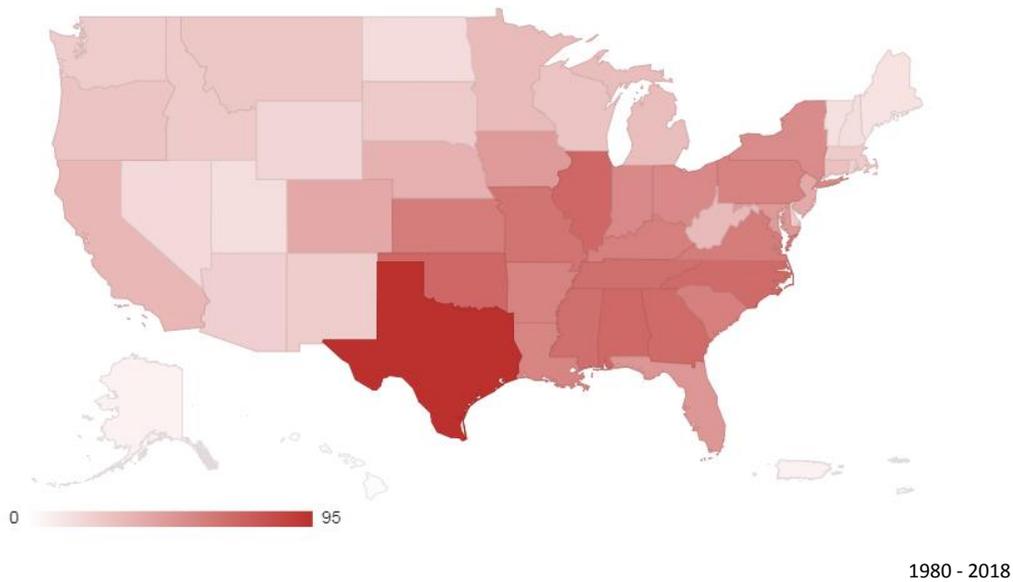


**Data Source:** [Center for Housing Policy, 2017 Paycheck to Paycheck Report](#)

### **B. Impact of Major Disasters**

According to the [National Oceanic and Atmospheric Administration's Center for Environmental Information](#), the US has sustained 238 weather and climate disasters since 1980 where costs exceeded \$1 billion; the total cost of these events costs north of \$1.5 trillion. In 2018, 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”**

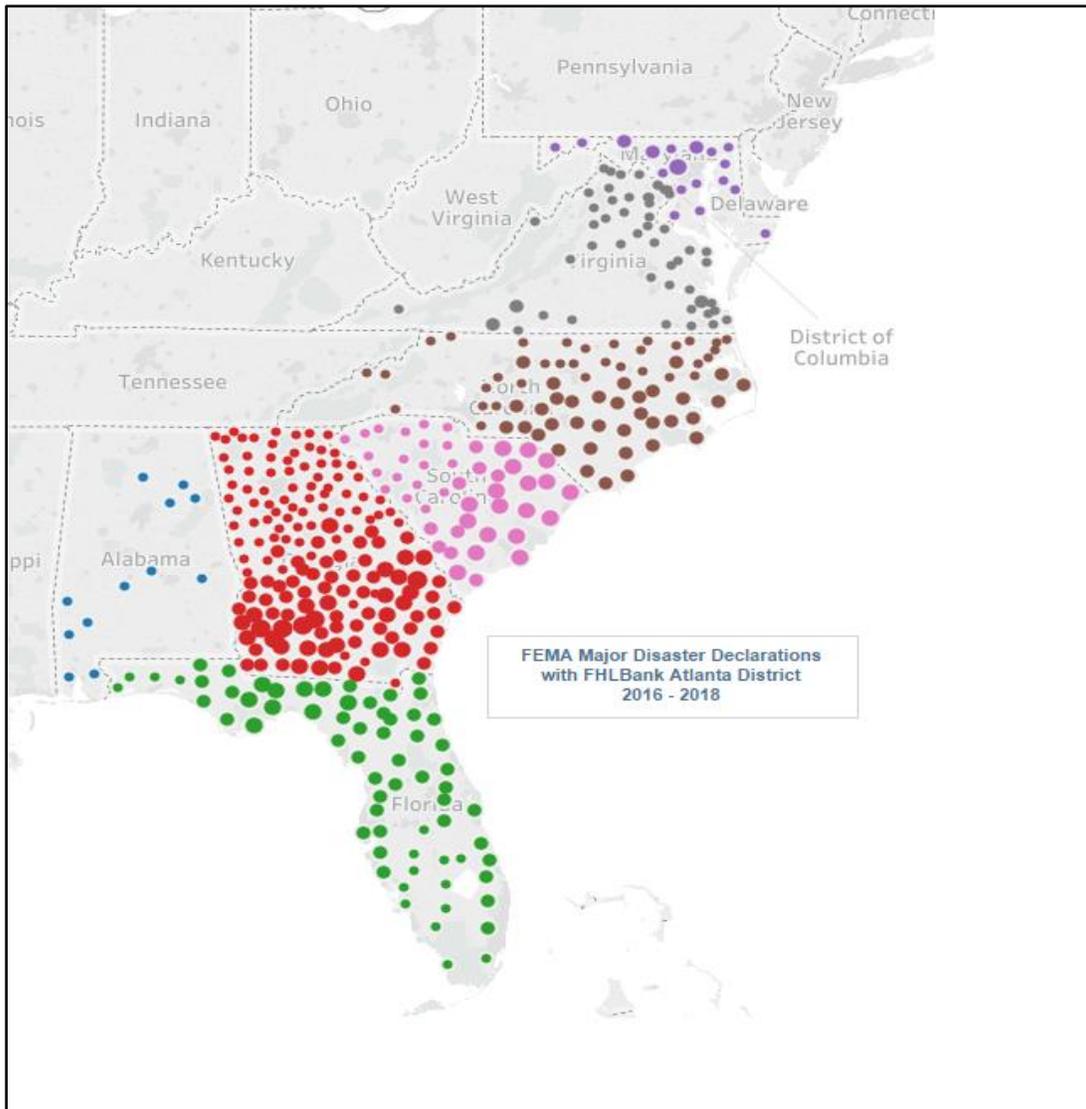


**Data Source:** [National Oceanic and Atmospheric Administration](#)

#### **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 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, North Carolina, and Virginia. **(Figure 6).**

**Figure 6: FEMA 2016 – 2018 “Major Disaster Declarations”  
Within FHLBank Atlanta District**



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

In 2018 specifically, there have been 10 “Major Disaster Declarations” by FEMA within the Bank’s district. Hurricane Irma notably affected all counties in the State of Florida in 2017. Unfortunately, the recovery from 2017’s major disasters is still underway and was negatively impacted by Hurricane Irma. Each state in the district has experienced at least one declaration over the last two years. Hurricane Irma and Michael affected four states within the Bank’s district. (Figure 7).

**Figure 7: “Major Disaster Declarations” in FHLBank Atlanta district in 2017-2018**

State	Major Disaster	Date of Incident
Alabama	Hurricane Nate	11/16/2017
Alabama	Severe Storms/Flooding	04/26/2018
Alabama	Hurricane Michael	11/5/2018
Florida	Hurricane Irma	09/10/2017
Florida	Hurricane Michael	10/11/2018
Georgia	Severe Storms, Tornadoes, and Straight-line Winds	01/26/2017
Georgia	Hurricane Irma	09/15/2017
Georgia	Hurricane Michael	10/14/2018
Maryland	Severe Storm/Flooding	06/25/2018
Maryland	Severe Storms/Flooding	07/02/2018
North Carolina	Tornado/Severe Storms	05/08/2018
North Carolina	Hurricane Florence	09/14/2018
South Carolina	Hurricane Irma	10/16/2017
South Carolina	Hurricane Florence	09/16/2018
Virginia	Hurricane Florence	10/15/2018

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

**C. Outlook for Purchase Market**

**Homeownership**

The housing market has continued to see a decline in the sales of existing homes since April. By the end of Q3 2018 existing home sales had dropped its lowest over the year. According to the National Association of Realtors. All four major regions saw no gain in sales activity last month. There is a clear shift in the market, the sales price of existing homes has continued to decline for third straight month since June 2018 which can be contributed to rising interest rates further weakening affordability. **(Figure 8).**

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



**Data Source:** [National Association of Realtors](https://www.nar.realtor)<sup>®</sup>

**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 2018 shows that families earning the median income have 146.7 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 decreased 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 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 2018 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-  
through 3<sup>rd</sup> Quarter 2018**

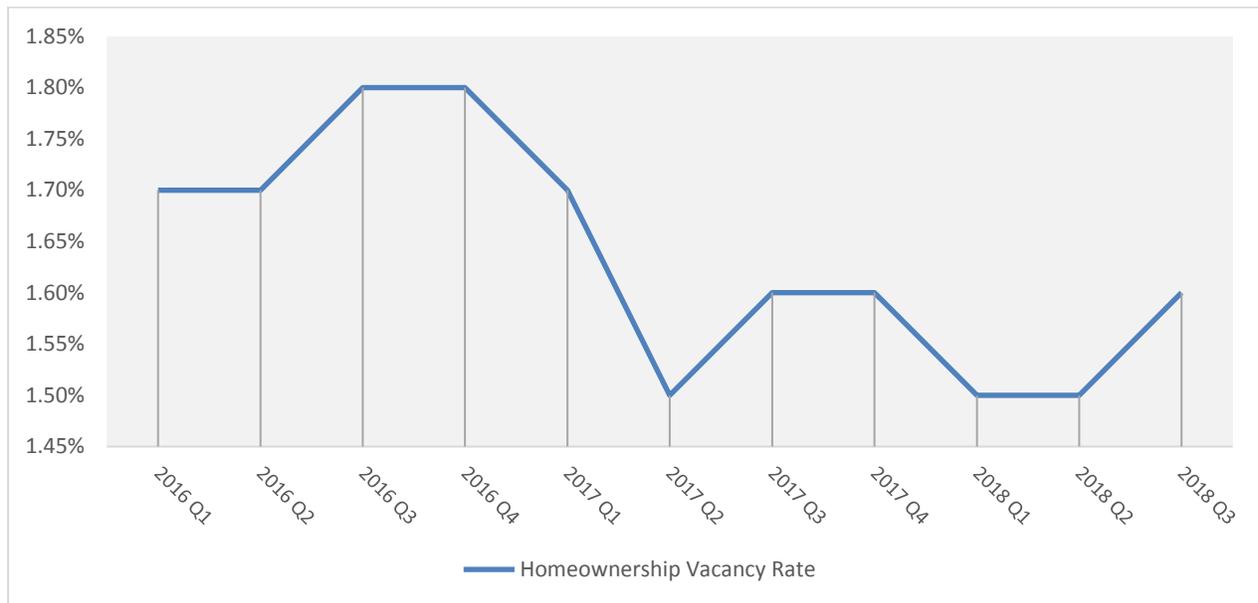
Year	Median Price Existing Single-Family Home	Mortgage Rate	Median Family Income	Qualifying Income	Composite Affordability Index
2015	223,900	4.03	68,260	41,184	<b>165.7</b>
2016	235,500	3.88	71,062	42,528	<b>167.1</b>
2017	248,800	4.20	73,891	46,704	<b>158.2</b>
2018	260,078	4.64	75,921	51,547	<b>148.1</b>

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

### Homeownership Vacancy Rates

The national vacancy rate in the third quarter 2018 is 1.6 percent for homeowner housing. This rate of 1.6 percent was virtually unchanged from that rate in the third quarter 2017. The trend shows that the homeowner vacancy rate has slowly decreased over the last three years. The current homeownership rate of 64.4 percent was 0.7 percentage points (+/-0.7) higher than the third quarter 2017 (63.9 percent). Compared to second quarter of 2018, 64.3 percent homeownership rate is 0.1 percentage points 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**).

**Figure 10: Homeownership Vacancy Rates, 2016 – 2018, QTR3**



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

### First-time Homebuyers

The first two quarters of 2018 had the most first-time homebuyers seen in the first 6 months since 2005. To be specific 985,000 first-time homebuyers brought homes during the first half of 2018, but the growth has slowed. Younger households are looking to become homeowners, but the cost of ownership is rising as fast as interest rates and home prices. 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>2</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>3</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>4</sup>.

<sup>2</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2017](https://www.jchs.harvard.edu/publications/state-of-the-nations-housing-2017). Harvard (2017) pg. 21

<sup>3</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation's Housing 2016](https://www.jchs.harvard.edu/publications/state-of-the-nations-housing-2016). Harvard (2016) pg. 22

<sup>4</sup> "Report on the Economic Well-Being of U.S. Households in 2014" Board of Governors of the Federal Reserve System May 2015 First-Time Homebuyer Market Report

**D. Outlook for Rental Market**

**Demographic Drivers**

As home prices rise across the US, choosing to rent has become increasingly popular. Nationally, the cost to buy rose by 14 percent from July 2017 to July 2018, while the cost to rent increased by 4 percent. 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>5</sup>. 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>6</sup> Older households age 55 and over accounted for 44 percent of the renter household growth since 2005.<sup>7</sup> Rental demand was up for the 13<sup>th</sup> consecutive year in 2017 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.

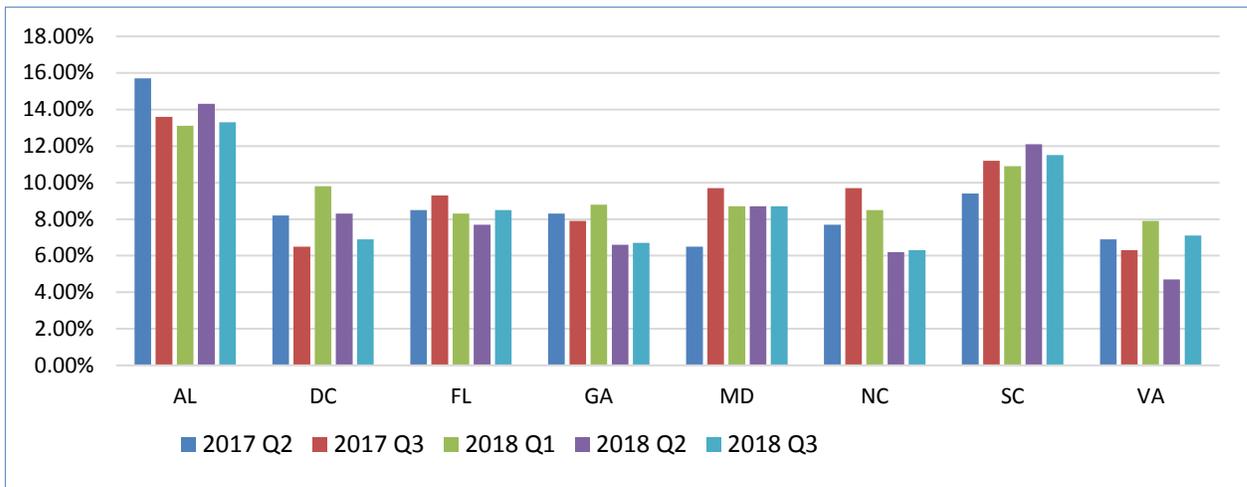
**Rental Vacancy Rates in the Southeast**

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 close of 2017 there were six states in our district below the national average for rental vacancy rates. Now at the end of Quarter 3 2018 there are four states within the Bank’s district, Alabama, Florida, Maryland, and South Carolina that exceed the national rental vacancy rate of 7.1% (**Figure 11**). North Carolina and Georgia have the lowest vacancy rates in the district, finishing the third quarter of 2018 at 6.3% and 6.7%, respectively. Four of the seven states in the Bank’s district have seen increases versus third quarter 2017 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>8</sup>

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<sup>5</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation’s Housing 2016](#). Harvard (2016) pg. 25  
<sup>6</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation’s Housing 2016](#). Harvard (2016) pg. 25  
<sup>7</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation’s Housing 2017](#). Harvard (2017) pg. 25  
<sup>8</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  
2017 QTR – 2018 QTR 3**



**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. Rising rents, coupled with a decrease in available federal and privately owned subsidies, creates a significant emerging need for low to moderate income renters.<sup>9</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>10</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>11</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>9</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation’s Housing 2017](#). Harvard (2017) pg. 28

<sup>10</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation’s Housing 2015](#). Harvard (2015) pg. 28

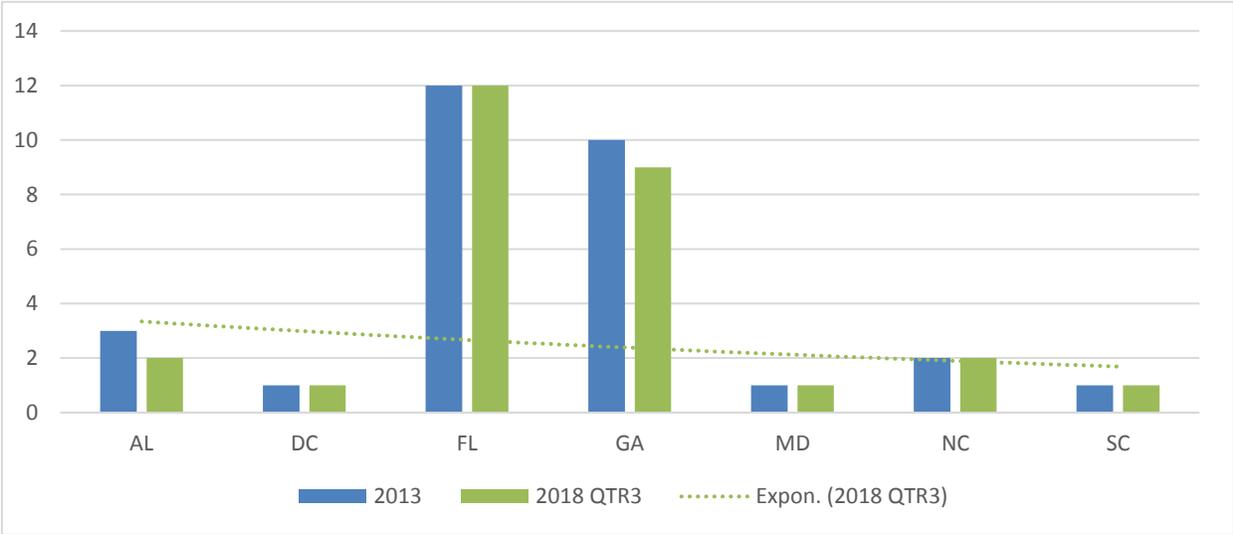
<sup>11</sup> Joint Center for Housing Studies of Harvard, [The State of the Nation’s Housing 2015](#). Harvard (2015) pg. 32

**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. 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>12</sup> (Figure 12).

There are twenty-eight (28) MDIs in FHLB Atlanta District based on designations from regulating entities (FDIC, Federal Reserve and OCC) Twenty-five (25) of the 28 MDIs are members of FHLB Atlanta. Data as of 09/30/2018

**Figure 12: Shareholder MDIs per State in FHLBank Atlanta District (Data as of September 2018)**



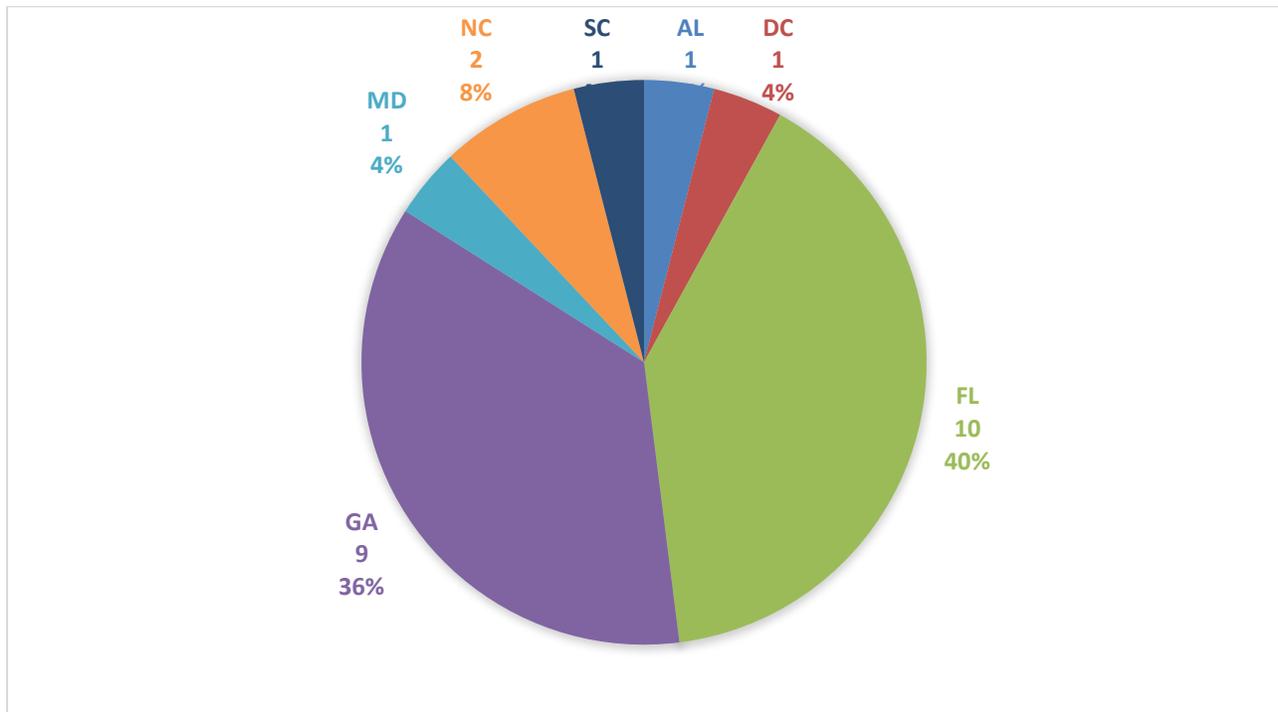
2013 vs 2018 QTR3

Data Source: [FDIC](#), [Federal Reserve](#), [Office of the Comptroller of the Currency](#), [FHLBank Atlanta](#)

<sup>12</sup> “The Changing Face of Communities Served by Minority Depository Institutions” University of Wisconsin-Whitewater (2015) pg. 6

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

**Figure 13: Shareholder MDIs in FHLBank Atlanta District  
(Data as of September 2018)**



**Data Source:** [FDIC](#), [Federal Reserve](#), [Office of the Comptroller of the Currency](#), [FHLBank Atlanta](#)

**F. Housing Finance Authorities (HFAs) in the FHLBank Atlanta district**

State Housing Finance Agencies (HFAs) are state-chartered authorities established to help meet the affordable housing needs of the residents of their states. HFAs operate in every state, as well as the District of Columbia, Puerto Rico, and the Virgin Island.

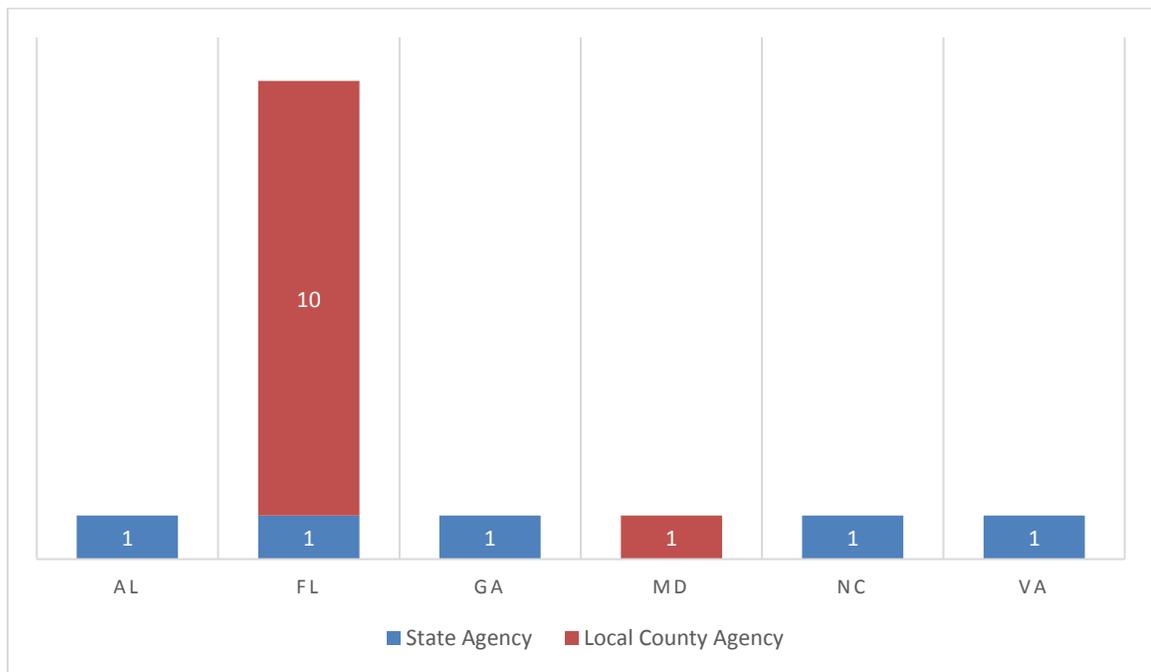
For more than 50 years, HFAs have played an instrumental role in the nation’s affordable housing system. Most HFAs are independent entities that operate under the direction of a board of directors appointed by each state’s governor.

- HFAs partner with three federally authorized programs: the Housing Bonds, the Housing Credit, and the Home Investment Partnerships (HOME) to develop hundreds of housing

and community development programs, including homeownership, rental and all types of special needs housing.

- HFAs have provided affordable mortgages to 2.6 million families to buy their first homes through the Mortgage Revenue Bond (MRB) program. HFAs’ abilities to access the capital markets through a variety of strategies enables them to deliver housing financing that is responsive to the housing markets needs in their states, making them a reliable source of capital in any phase of the economic cycle.
- Of the fifty-six(56) HFAs, there are five (5) in the Bank’s district that are members at the state level and eleven (11) at the local county level. Throughout the district DC is the only area that is not represented by a HFA that is a member. There is a large concentration of HFAs on a state in local level throughout the state of Florida (**Figure 14**).

**Figure 14: State and Local County HFAs of FHLB Atlanta  
(Data as of November, 2018)**



**Data Source:** [FHLBank Atlanta, ncsha.org](https://www.fhlbankatlanta.com/ncsha.org)

Homeownership has been supported by HFAs through low-down payment mortgages for years. HFAs rely on their partnership with lenders to deliver and promote their products and services. Government programs at the local, state, and national levels play an important role in promoting homeownership. There are several programs offered throughout the states in the Bank’s district from first-lien mortgage products for low-and moderate- income borrower, Individual Development Accounts, Foreclosure Services, Mortgage Insurance products, and other counseling services.

## PART TWO: STRATEGIC INITIATIVES AND GOALS FOR YEAR 2019 IN RESPONSE TO THE COMMUNITY FINANCE NEEDS OF THE DISTRICT

### Strategic Initiatives

2019 Initiatives	Quantitative Performance Goals
CRA Center of Excellence	<ul style="list-style-type: none"> <li>• Conduct three CRA Consultations with shareholders.</li> <li>• Conduct two CRA forums within the Bank’s district</li> </ul>
Advancing the Bank’s Diversity and Inclusion initiatives by supporting Minority Depository Institutions’ (MDIs’) response to market opportunities	<ul style="list-style-type: none"> <li>• Sponsor and participate in at least one event that supports shareholder MDIs</li> </ul>
An initiative focused on Teachers, Police Officers, Firefighters, and First-Responders	<ul style="list-style-type: none"> <li>• Conduct five trainings to support use of Community Heroes product by local entities</li> </ul>
Strategic alignment with local entities, initiatives and HFAs to advance shareholders’ business and compliance objectives	<ul style="list-style-type: none"> <li>• Host four meetings to better connect shareholders with local entities</li> </ul>
Assisting shareholders in their disaster recovery efforts	<ul style="list-style-type: none"> <li>• Conduct 15 technical assistance webinars/conference calls to enhance current and potential users’ understanding of AHP products</li> </ul>

#### **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 initiatives by supporting Minority Depository**

**Institutions’ (MDIs’) 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.

**Assisting shareholders in their disaster recovery efforts**

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, and first-responders**

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.

**Strategic alignment with local entities, initiatives and HFAs to advance shareholders' business and compliance objectives**

The Bank will host events with strategic partners that focus on informing local media and business leaders to meet structured partnership business objectives. The Bank's support will occur through a product and business development strategy which focuses on leveraging our products and services to advance your objectives.