

FEDERAL HOME LOAN BANK OF ATLANTA  
**2013 COMMUNITY LENDING PLAN**

## **Executive Summary**

The 2013 Community Lending Plan includes a summary of the major activities engaged in by the Federal Home Loan Bank of Atlanta (Bank) in 2012 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 2013.

The Bank participated in 12 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 tax credit lending, community development products, foreclosure recovery strategies and 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, and RealtyTrac.

Based on the assessment of primary and secondary data, the Bank will continue to build upon its 2012 focus with community lending strategic initiatives in 2013 that will address:

- Foreclosure Prevention and Recovery
- A Suite of AHP Set-aside Products to Assist Members Response to Veterans Housing Challenges
- Housing Finance Agency Outreach and Collaboration
- CRA Business Development

In addition to the 2013 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 shareholders, 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, and RealtyTrac.

### Part 1 - Primary Sources

#### **2012 Bank Participation in Activities and Events to Ascertain Community Lending and Market Needs and Receive Community Feedback**

In 2012, the Bank demonstrated its commitment to better understand the community lending needs of the communities within the Bank’s district by engaging in several activities and events where community lending and market information and data were shared and discussed. The activities and events included a mixture of Bank-sponsored events and 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 participated in the event by either serving as a speaker or making themselves available for feedback during breakout sessions.

A summary of the Bank’s 2012 participation in activities and events to ascertain community lending needs is as follows:

<b>Event</b>	<b>Date/ Location</b>	<b>Description; Participants; Focus</b>
<b>Interagency Rural Development Forum</b>	April 2012 Mariana, GA	<ul style="list-style-type: none"><li>• Sponsored by the Federal Reserve Bank and FDIC</li><li>• CIS Analyst and Community Investment Business Development Manager participated in a panel discussion to help establish relationships with southeast region outreach and marketing officials to help link members with intermediaries.</li><li>• Developers, Tax Advisors, Lenders, Syndicators, Investors, Property Managers, Nonprofits, and Other Stakeholders</li><li>• Housing finance needs in rural areas</li></ul>

Event	Date/ Location	Description; Participants; Focus
<b>Maryland Shareholder Forum</b>	April 2012 Columbia, MD	<ul style="list-style-type: none"> <li>• FHLBank Atlanta partnered with Director John Bond and the Maryland Bankers Association</li> <li>• 26 mortgage professionals from the Bank's members attended</li> <li>• CIS Senior Vice President/Director discussed how the Bank's community lending products could assist shareholders in growing their market share and developing business relationships</li> </ul>
<b>North Carolina Board Member Forum</b>	May 2012 Greensboro, NC	<ul style="list-style-type: none"> <li>• FHLBank Atlanta partnered with Director Donna Goodrich</li> <li>• Representatives from 13 unique shareholders attended</li> <li>• CIS Senior Vice President/ Director discussed how the Bank's community lending products could assist shareholders in growing their market share and developing business relationships</li> </ul>
<b>National Federation of Community Development Credit Unions Conference</b>	June 2012 Atlanta, GA	<ul style="list-style-type: none"> <li>• Attendees included 275 credit union executives, board members, and other financial services providers</li> </ul>
<b>Miami Community Reinvestment Act Roundtable</b>	August 2012 Miami, FL	<ul style="list-style-type: none"> <li>• Coordinated in partnership with Miami Chamber of Commerce and Great Florida Bank</li> <li>• 87 mortgage bankers attendees</li> <li>• CIS Senior Vice President/ Director presented the Bank's community lending products</li> </ul>
<b>Tallahassee Chapter of the Mortgage Bankers Association</b>	August 2012 Tallahassee, FL	<ul style="list-style-type: none"> <li>• Sponsored by the Mortgage Bankers Association</li> <li>• 35 mortgage bankers attended</li> <li>• CIS Senior Vice President/ Director presented the Bank's community lending products</li> </ul>
<b>North Carolina Matchmaking Forum</b>	September 2012 Raleigh, NC	<ul style="list-style-type: none"> <li>• Held in conjunction with the Community Investment Corporation of the Carolinas annual conference</li> <li>• FHLBank Atlanta's North Carolina Advisory Council Members participated and served as hosts</li> <li>• 30 attendees including lenders, developers, non-profits and other affordable housing stakeholders</li> </ul>
<b>Community Investment Corporation of the Carolinas Annual Conference</b>	September 2012 Raleigh, NC	<ul style="list-style-type: none"> <li>• 900 participants including lenders, nonprofit and for profit developers, local and state governments, practitioners and experts in the affordable housing industry.</li> <li>• CIS Senior Vice President/ Director presented the Bank's community lending products</li> </ul>

Event	Date/ Location	Description; Participants; Focus
<b>Maryland Matchmaking Forum</b>	September 2012 Columbia, MD	<ul style="list-style-type: none"> <li>• Business Opportunities in Community Development Lending Forum focused on affordable housing and small business lending Conducted in partnership with the FDIC, OCC, and Federal Reserve Bank of Richmond</li> <li>• FHLBank Atlanta’s Maryland Advisory Council Members participated and served as hosts</li> <li>• 60 attendees including lenders, developers, non-profits and other affordable housing stakeholders</li> </ul>
<b>Georgia State Trade Associations of Non-Profit Developers Conference (GSTAND)</b>	October 2012 Atlanta, GA	<ul style="list-style-type: none"> <li>• Annual Fall Affordable Housing Conference</li> <li>• CIS staff moderated a panel discussion</li> <li>• Over 100 affordable housing development stakeholders participated from throughout Georgia</li> <li>• Overview provided on the Bank’s community lending products</li> </ul>
<b>South Carolina Forum</b>	October 2012 Columbia, SC	<ul style="list-style-type: none"> <li>• FHLBank Atlanta partnered with Director Thomas Johnson</li> <li>• 13 mortgage bankers attended</li> <li>• CIS Senior Vice President/ Director presented the Bank’s community lending products</li> </ul>
<b>Virginia Governor’s Housing Conference</b>	November 2012 Roanoke, VA	<ul style="list-style-type: none"> <li>• Annual Conference</li> <li>• Over 700 attendees including affordable housing advocates, practitioners, and policy makers</li> <li>• Bank staff provided remarks highlighting the Bank’s community investment products at the Awards Luncheon</li> </ul>

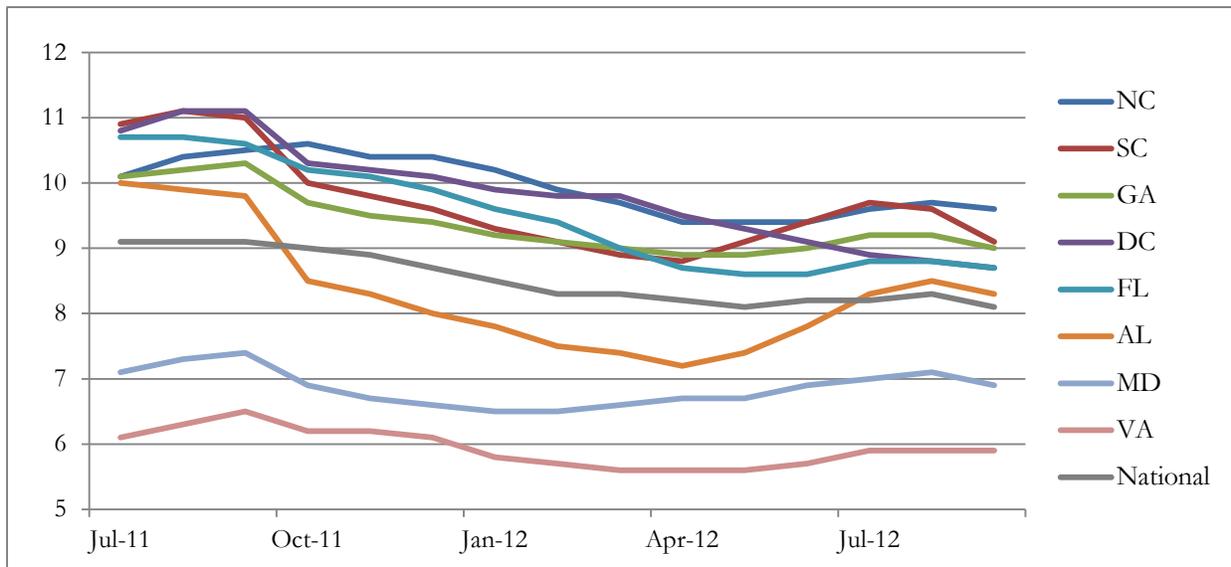
## Part 2 – Secondary Sources

### Unemployment, Demographic, and Veterans Market and Housing Conditions

#### Unemployment

Unemployment rates in Alabama, District of Columbia, Florida, Georgia, North Carolina and South Carolina remarkably declined from last year, although still higher than the national average of 8% (**Figure 1**). Unemployment rates in Maryland and Virginia remained steady at 7% and 6% in the third quarter of 2012. In September 2012, the national unemployment rate dropped to its lowest level since 2008, signaling a healthier job market and progress toward recovery. As Americans return to the labor force or resume the hunt for work, sustained employment growth will provide stimulus for stronger household growth, driving housing demand and consumer spending.

**Figure 1: Unemployment Rate**  
July 2011 - September 2012



Data Source: Bureau of Labor Statistics

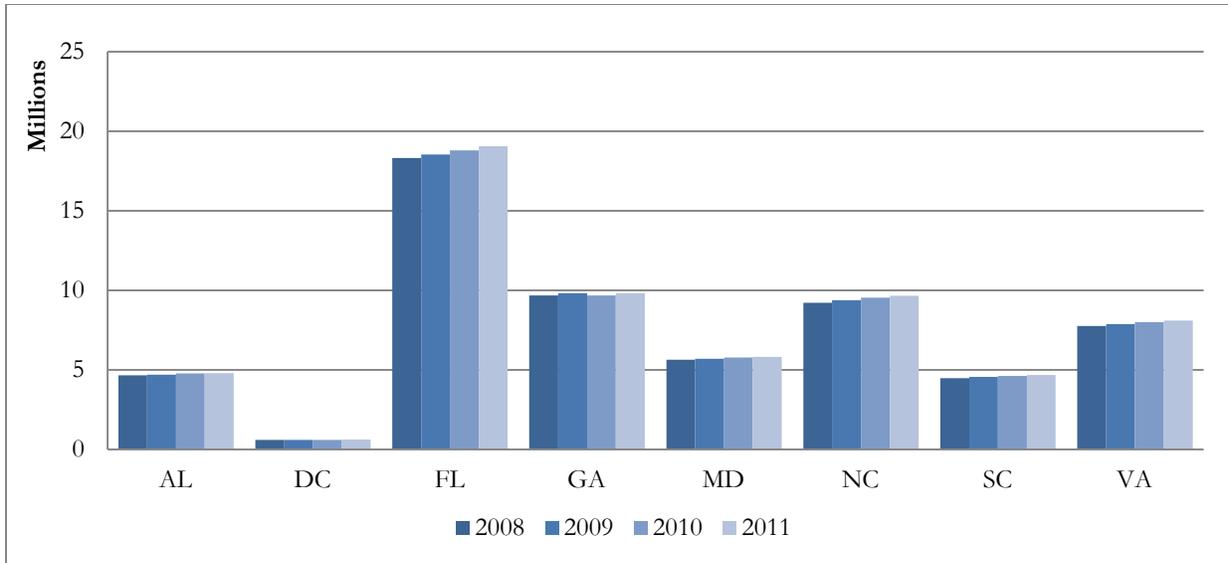
#### Demographic Trend

According to American Community Survey by the Census Bureau, population in the district has been growing very slowly over the past few years. In 2011, the district's population increased by 1.2% to 62,554,012. District of Columbia has the fastest growing population in the region, an increase of 3% from 2010 (**Figure 2**). Slow growth in population contributed to lackluster household growth. The district's total number of households reached 23,293,417 in 2011, representing a mere 0.67% increase from 2010.

Immigrants have historically played a vital role in housing demand, specifically for homeownership units. The rate of growth in foreign-born population declined to 0.4% in 2011, which is a huge

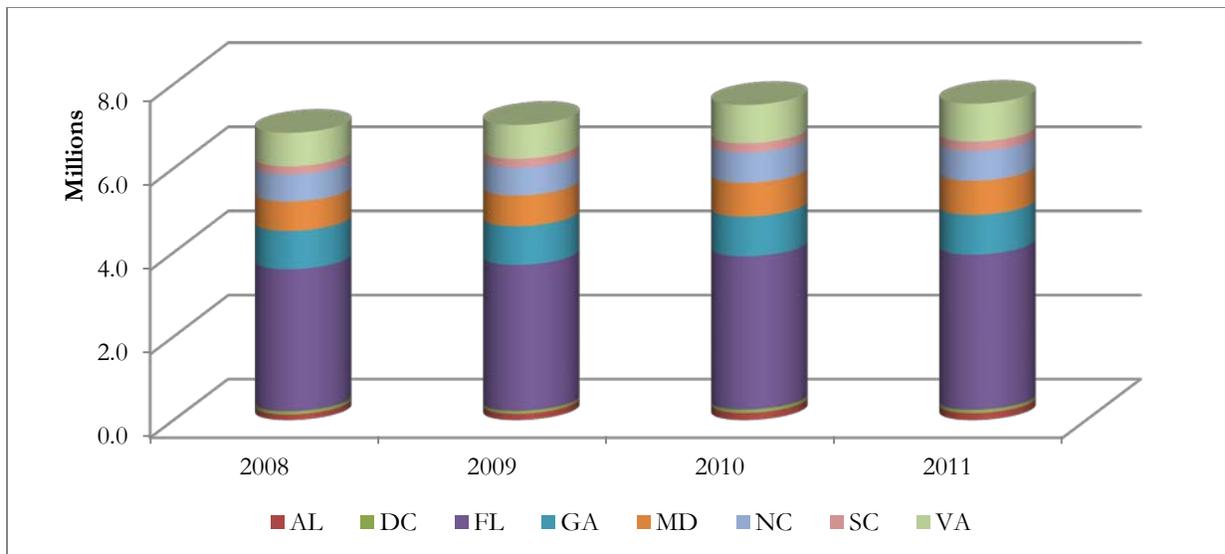
setback from the 6.7% increase in 2010 (**Figure 3**). Immigration is expected to pick up after the broader economy strengthens over the long run.

**Figure 2: Population Trend**



Data Source: 2011 American Community Survey 1-Year Estimates, U.S. Census Bureau

**Figure 3: Immigrant Population**



Data Source: 2011 American Community Survey 1-Year Estimates, U.S. Census Bureau

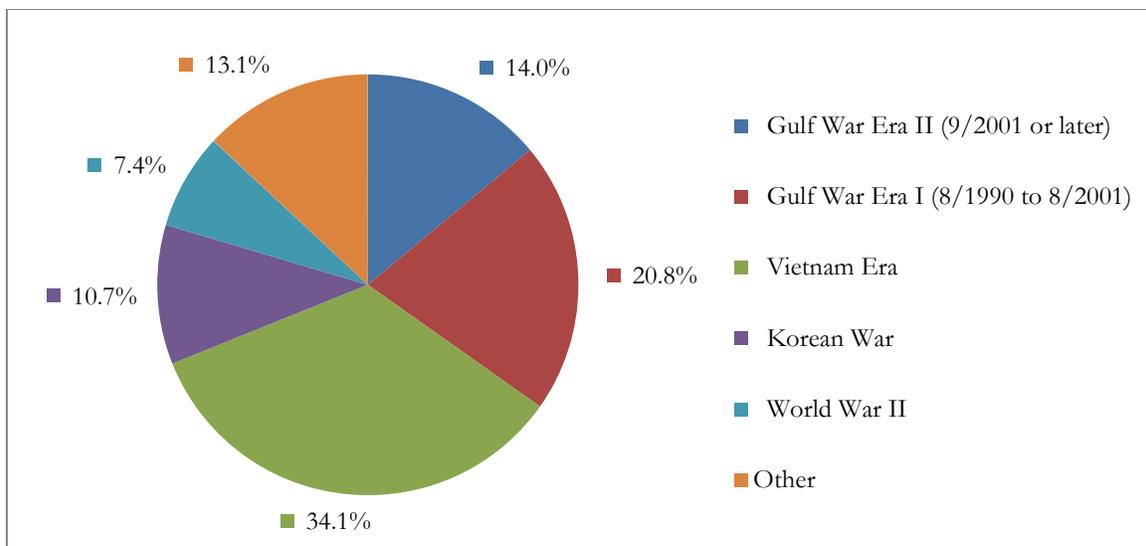
### Veteran Population

When returning veterans transition into civilian life, they face various challenges and obstacles such as Post Traumatic Stress Disorder (PTSD), mild and moderate Traumatic Brain Injuries (mTBI), employment and education barriers and the stress associated with family reintegration. A report from Iraq and Afghanistan Veterans of America stated that veterans experience a \$10,000 a year

deficit in earnings compared to their nonveteran peers, due to the lack of transferability from military experience to the civilian sectors. Unemployment stress is another contributing factor to an observed exacerbation of preexisting conditions such as PTSD, anxiety and/or depression. In addition, veterans sometimes encounter social stigma in the form of a lack of social support or understanding by prospective employers, colleagues in the workplace, and classmates in colleges and universities.

American Community Survey revealed that there were 4,983,720 veterans in the district in 2011. Among them, 14.0% or about 0.7 million served during Gulf War Era II (**Figure 4**). The Department of Veterans Affairs defines Gulf War Era II as the period following the terrorist attacks of September 11, 2001, during which time troops were deployed to Afghanistan, Iraq, and other locations.

**Figure 4: Period of Military Service of Veterans**

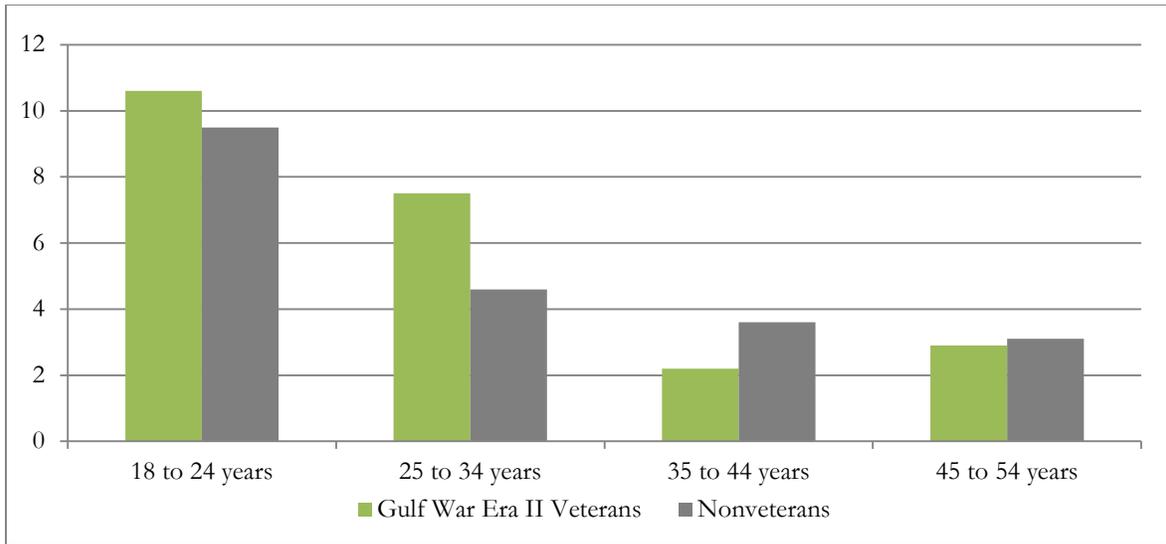


Data Source: 2011 American Community Survey 1-Year Estimates, U.S. Census Bureau

The Bureau of Labor Statistics conducted a study in 2008 to examine the characteristics of veterans aged 18 to 54 that served in this new era and show how they have been fairing in the labor market after returning to civilian life. According to the study, about 46% of Gulf War-era II veterans aged 18 to 54 had completed some college or earned an associate’s degree, compared to the roughly 30% population of their peer. Another 19.5% had completed a bachelor’s degree or higher. However, although two-thirds Gulf War-era II veterans aged 18 to 54 had attended college, the unemployment rate of Gulf War-era II veterans aged 18 to 34 was disproportionately higher than 2006 unemployment rate of nonveterans in the same age group (**Figure 5**).

Given the number of veterans and the number of military installations in the district (**Table 1**), veterans housing, social integration, and economic empowerment continue to be critical.

**Figure 5: Gulf War Ear II Veterans Unemployment Rate**



Data Source: Bureau of Labor Statistics

**Table 1: A List of Military Bases in the District**

**Alabama**

Anniston Army Depot  
 Fort Rucker  
 Maxwell-Gunter AFB  
 Redstone Arsenal

**District of Columbia**

Bolling AFB  
 Fort McNair  
 NAVDIST  
 Walter Reed Army Medical Center

**Florida**

Eglin AFB  
 HQ SouthCom  
 Hurlburt AFB  
 MacDill AFB  
 NAS Jacksonville  
 NAS Key West  
 NAS Pensacola  
 NAS Whiting Field  
 NCSS Panama City  
 NS Mayport  
 NTTC Corry Statio  
 Patrick AFB  
 Tyndall AFB  
 USCG Miami

**Georgia**

Fort Benning  
 Fort Gordon  
 Fort McPherson  
 Fort Stewart  
 Hunter Army Airfield  
 MCLB Albany  
 Moody AFB  
 NAS Atlanta  
 NSB Kings Bay  
 Robins AFB

**Maryland**

Aberdeen Test Center  
 Andrews AFB  
 Fort Detrick  
 Fort Meade  
 NAS Patuxent River  
 NSGA Ft. Meade  
 US Naval Academy

**North Carolina**

Camp Lejeune  
 Fort Bragg  
 MCAS Cherry Point  
 MCAS New River  
 Pope AFB  
 Seymour Johnson AFB  
 USCG Elizabeth City

**South Carolina**

Charleston AFB  
 Fort Jackson  
 MCAS Beaufort  
 MCRD Parris Island  
 NWS Charleston  
 Shaw AFB

**Virginia**

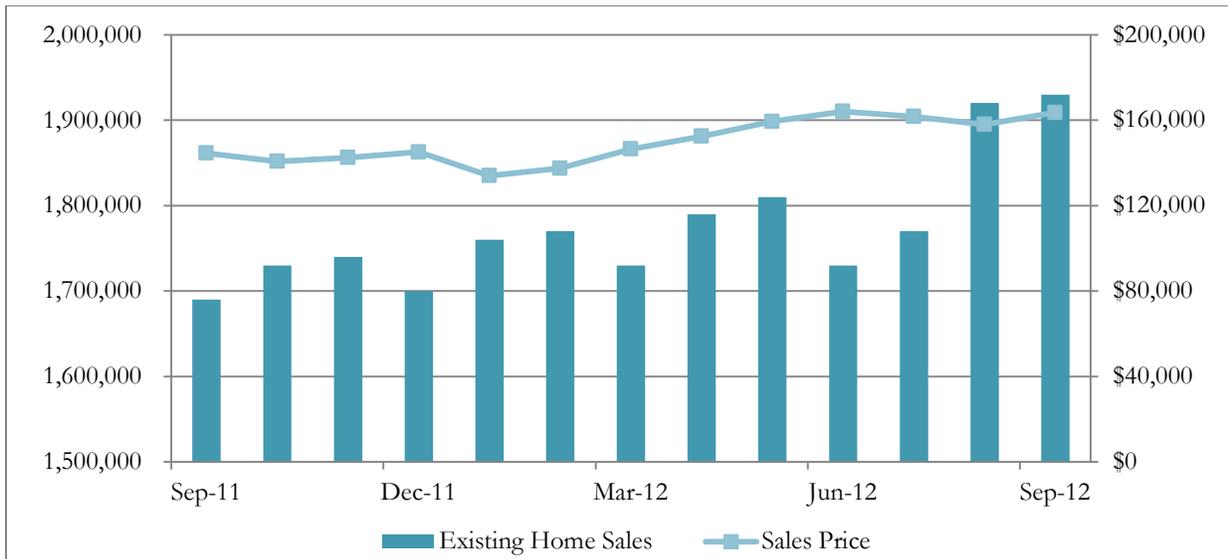
Defense Supply Ctr Richmond  
 FCI/CLANT Dam Neck  
 Fort Belvoir  
 Fort Eustis  
 Fort Lee  
 Fort Monroe  
 Fort Myer  
 Fort Story  
 Henderson Hall  
 Langley AFB  
 MCB Quantico  
 NAB Little Creek  
 NAS Oceana  
 NS Norfolk  
 NSGA Northwest  
 NSW/CDD Dahlgren  
 NWS Yorktown  
 SCSC Wallops Island  
 USCG Hampton Roads  
 USCG TC Yorktown

## HOUSING MARKET

### Homeownership

2012 marked the beginning of a housing market rebound. Steadier job growth and improving consumer confidence boosted sales of both new and existing homes. In another sign of a housing market turning the corner, home sales rose in September 2012 to the highest level in more than two years. Despite a nationwide slowdown, existing home sales in the South continued to upsurge in the third quarter of 2012. Transactions (including single-family, apartment condos and co-ops) in September exceeded 1.9 million, up 14.2% over the same period of last year (**Figure 6**).

**Figure 6: Existing Home Sales and Sales Price**

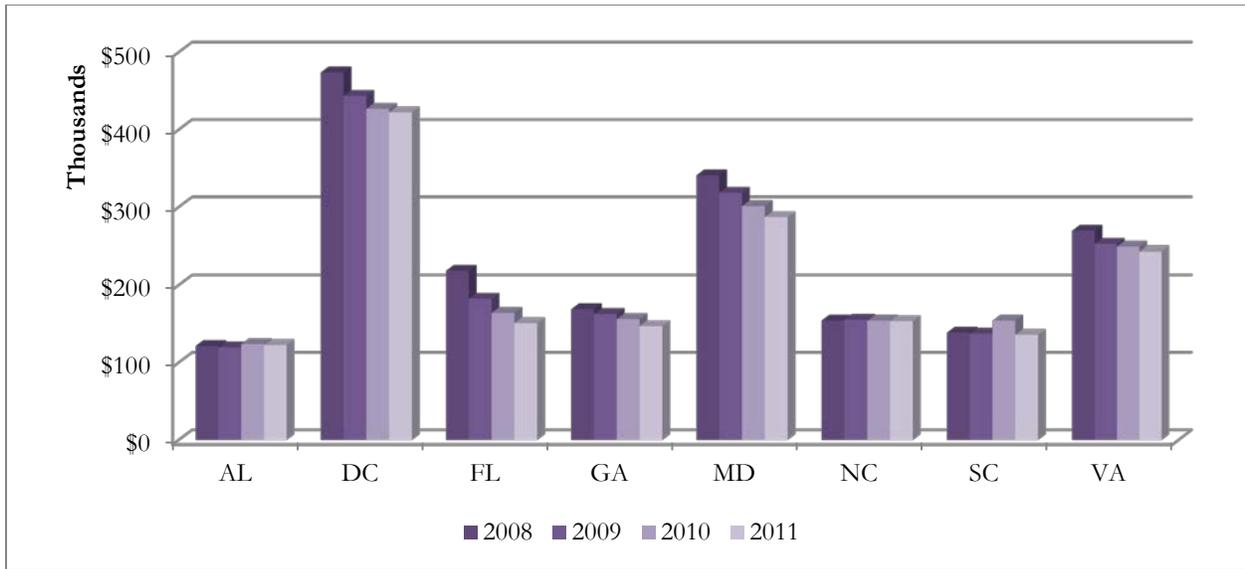


Data Source: National Association of Realtors

Declines in the national homeownership rate accelerated in 2011 when increasing numbers of households switched from owning to renting either by choice or forced by job loss or foreclosure. Median house value of owner-occupied housing units in the states across the district declined slightly or remained steady in 2011 (**Figure 7**). Meanwhile, the uncertainty in the housing market did not deter many potential homebuyers from taking advantage of record low home prices and mortgage interest rates. With demand for housing increasing and inventory tightening, the median sales price of existing homes in the south has increased since early this year.

A turnaround in median sales price of existing single-family homes began to appear early this year in the Atlanta district mostly in the metropolitan areas. Research by National Association of Realtors suggested that, in certain areas of the district, including Durham, NC, Mobil, AL, Cape Coral-Fort Myers, FL, and Miami-Fort Lauderdale-Miami Beach, FL, median sales price climbed to more than 110% of the same period last year. While median sales price either held steady or gradually improved in the rest of the district, only a few metro areas had notably declines in sales prices such as Raleigh-Cary, NC, which dropped 16.1%.

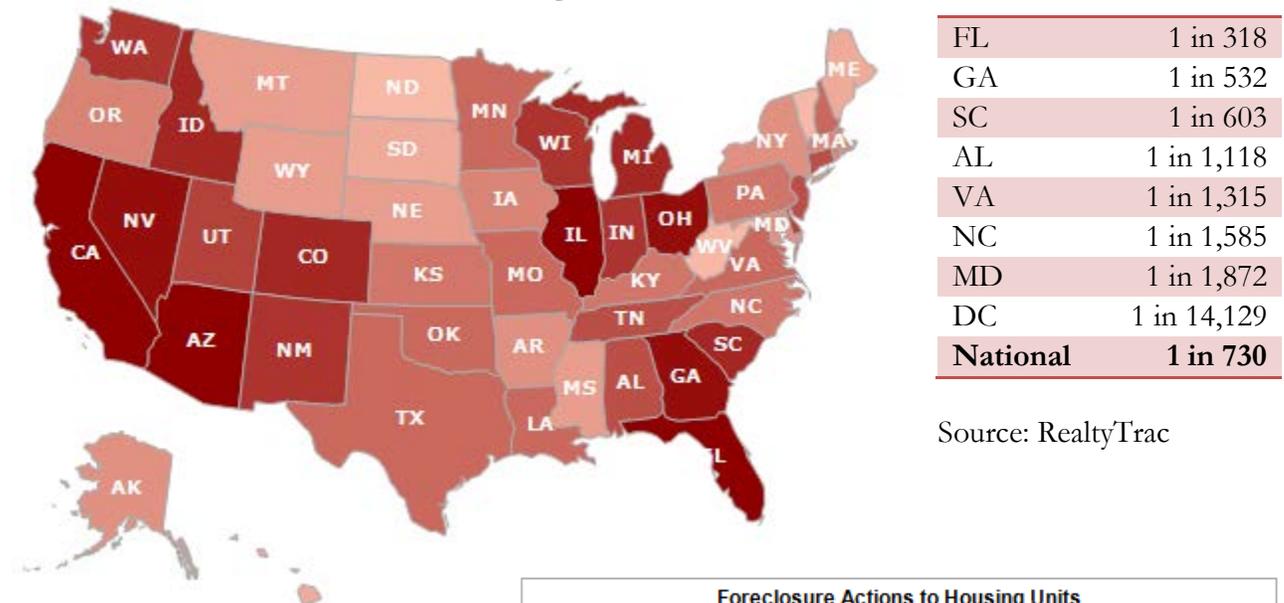
**Figure 7: Median House Value of Owner-Occupied Units**



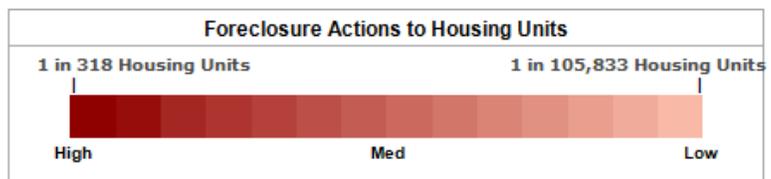
Data Source: 2011 American Community Survey 1-Year Estimates, U.S. Census Bureau

Nationally, one out of every 730 homes was in active foreclosure in September 2012. Slightly improved over last year, foreclosure rates in Florida, Georgia and South Carolina continue to be above national average: at 1 in 318 homes, 1 in 532 homes, and 1 in 603 homes, respectively. Foreclosures in the rest of the district are lower compared to the national level (**Figure 8**).

**Figure 8: National Foreclosure Rate**  
September 2012



Source: RealtyTrac



Nationwide, the rate of loans that are delinquent 90 or more days continues to fall. The monthly mortgage payment for typical homes is the most affordable it has been since the early 1970s, making owning more favorable than renting. Homebuyer affordability is measured by the ratio of median house value to median household income. The measure of homebuyer affordability improved rapidly as the median house value fell to about 3.58 times the median household income in 2011, the third consecutive year of improving affordability following 2008 (**Table 2**).

**Table 2: Homebuyer Affordability**

	Median House Value	Median Household Income	Homebuyer Affordability
2008	\$213,777	\$51,337	4.16
2009	\$190,088	\$48,763	3.90
2010	\$182,738	\$48,582	3.76
2011	\$175,030	\$48,950	3.58

Data Source: 2011 American Community Survey 1-Year Estimates, U.S. Census Bureau

With weak activity in single and multi-family construction starts and accelerated existing home sales, it is reasonable to believe that a true recovery of the housing market has begun and housing will be a stronger positive contributor to the general economy than in years past. A healthier job market is the biggest contributor to stimulated housing demand and depleted inventory. However, the recent housing market improvement had little to do with demographic drivers. Population growth and immigration are slowing down, and the rate of household formation is low. The recession and its resulting unemployment kept young adults from living independently. In the long term, the entrance of the echo boomers into adulthood and new household formation will generate more housing demand. The aging and retirement of baby boomers, who have dominated housing market trends at each stage of their lives, will dramatically increase the senior population, shifting the demand toward smaller homes or higher-density rental units.

## Rental

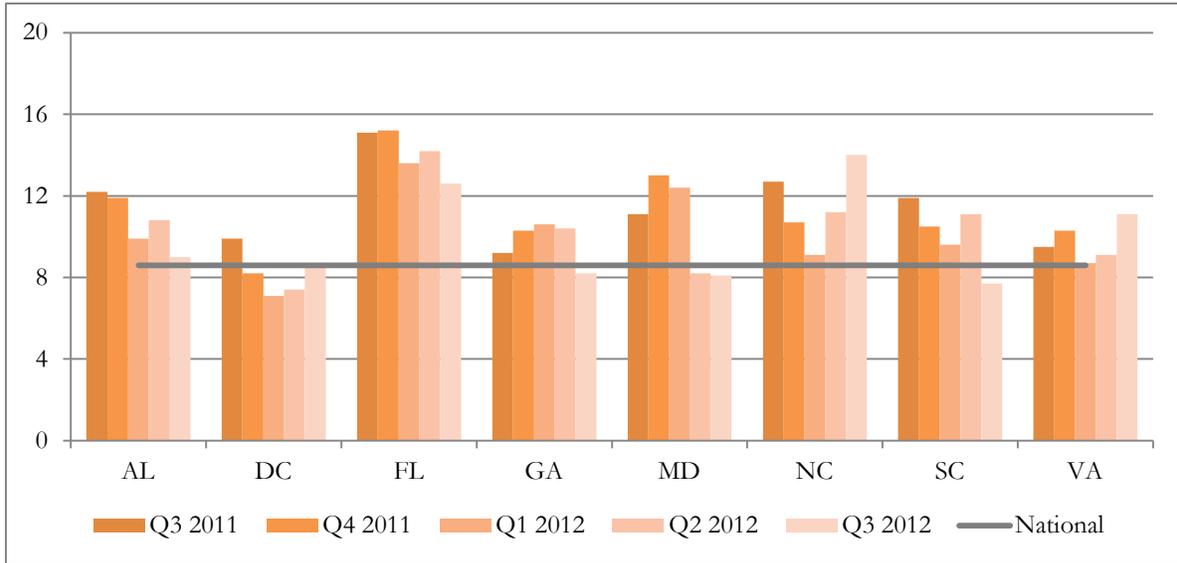
Homeownership rates continued to fall across the age groups due to a rising number of potential homebuyers deferring their home-buying decisions, and an increasing number of households being forced to rent because of foreclosure. In addition, there are other causes to the increase in rental rates. A large proportion of the new jobs recently created went to young adults, who have previously been living with their parents or roommates. Uncertain economic conditions have kept this age group from committing to homeownership, and more of them are entering the rental market. Consequently, rental is currently the strongest sector of housing market.

With the national multi-family market on the rise, FHLBank Atlanta district markets including Washington, DC, and Baltimore, Maryland are at their peak, and a significant number of new projects are under construction surrounding the nation's capital. The new projects are reflective of the demand for rental housing which is also pushing up the cost of renting. The largest increases in the cost of renting in the district were observed in Washington, DC at 4.0% and in Baltimore, Maryland at 3.9%. Second-tier metros such as Charleston and Columbia, South Carolina ranked among the top five in the nation with their rapidly accelerating rental project pipelines.

Although rental vacancy rates decreased overall in the district in the third quarter, vacancy rates

across the district vary widely, ranging from 7.7% in South Carolina to 12.6% in Florida (Figure 9). Vacancy rates are generally low in the metro areas of the district that are historically tight rental markets. On the other hand, vacancy rates remain high in areas hit the hardest by the recession and foreclosures, where many for-sale homes are converted into rental units.

**Figure 9: Rental Vacancy Rate**



Data Source: Housing Vacancies and Homeownership, U.S. Census Bureau

## **Part 3**

### **Strategic Initiatives and Goals for Year 2013**

The Bank's community lending initiatives in 2013 will be:

- Foreclosure Prevention and Recovery Support
- A refined suite of AHP Set-aside Products to Assist Members Response to Veterans Housing Challenges
- Housing Finance Agency Outreach and Collaboration
- CRA Business Development

#### **Foreclosure Prevention and Recovery Support**

Based on the current market conditions, the district continues to experience a proportionately higher trend in foreclosures, and the Bank will continue its focus on supporting foreclosure prevention and recovery in 2013. The Bank's support will largely occur through a product and educational strategy.

#### **A Suite of AHP Set-aside Products to Assist Members Response to Veterans Housing Challenges**

The growth in veterans' population is notable in the Atlanta district. The Bank will continue to leverage its suite of Veterans AHP Set-aside products to assist the Bank's members in responding to veterans' housing challenges throughout the district.

#### **Housing Finance Agency Outreach and Collaboration**

The Bank will continue to explore and further develop collaborative efforts with Housing Finance Agencies (HFAs) in the Bank's district. The collaborative efforts will have the objective of expanding the awareness, use, or increased leveraging of Bank and HFA products in communities in the Bank's district.

#### **CRA Business Development**

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 Banks products and resources to advance their CRA business development.

#### **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 2013:

- Conduct five member or sponsor outreach workshops throughout the district to increase participation in AHP Competitive and AHP Set-aside programs.
- Conduct two member and/or sponsor CRA Business Development workshops in collaboration with a regulator(s).

- Host 10 technical assistance webinars/conference calls to enhance current and potential users understanding of programs and products requirements and benefits.