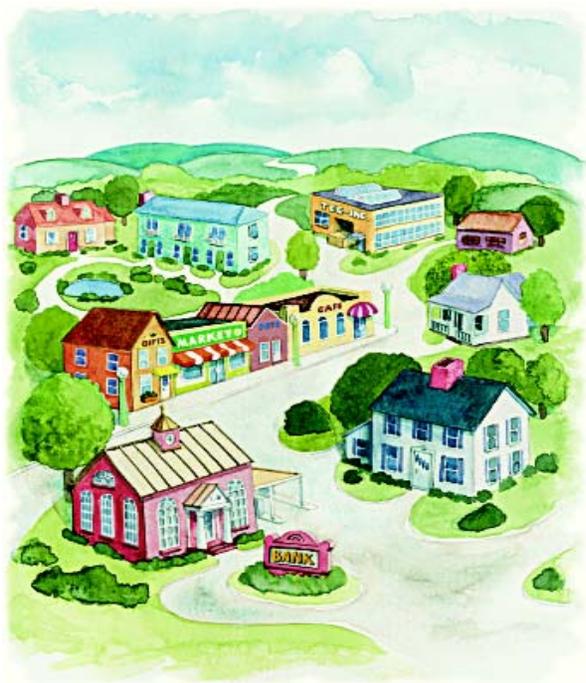


# FEDERAL HOME LOAN BANK OF ATLANTA



**EDGE**  
*Economic  
Development and  
Growth  
Enhancement*

## 3 CRITICAL FACTORS

- Management and Board Support
- Community Research
- Bankwide Involvement in Product Development



# BEGINNINGS

- CICA Regulation issued for comment
- AHP experience - subsidy can make a difference in project's success
- Agreement to reserve “modest” fund:
  - Affordable to FHLBA
  - Enough to make a difference
- \$1 million approved by Board

# BEGINNINGS

- Bank-wide task force responsibilities
  - Assessment of Needs and Opportunities
  - Program Design
  - Marketing Plan
  - Operational Development



# Research

- Discussions with:
  - 53 Members (lenders, CEOs, CRA officers, CFO's)
  - Advisory Council
  - 5 National Organizations, plus OCC
  - 13 Community Organizations
  - 9 State Agencies
  - 3 Public Officials

# Research Results

- Identified a range of needs and opportunities
- Not a single solution
- Crucial components for successful community economic development are:
  - Comprehensive planning
  - Partnerships
  - Human capital
  - Subsidies and patient capital
  - Flexible sources of credit



# Recommendations

- Fund projects with:
  - High leverage opportunities
  - High visibility and profile
  - Experienced sponsors
  - Lasting value and impact
  - High probability for success
- Provide long term, deeply discounted funding

# Recommendations

- Encourage partnerships between members and community organizations
- Develop complementary partnerships (capacity building, leadership training, loan guarantees, etc.)



## DESCRIPTION OF EDGE

- Provides **below-market** advance
- For specific community economic development activities
- Encourages partnerships between members and community organizations
- Annual offering



# EDGE SUBSIDY

- Example:
  - Loan: \$375,000 for 20 years @ 4.0%
  - Member's spread: 200 bp
  - EDGE rate to member: 2.0%
  - FHLBA's cost of funds: 6.5%
  - EDGE Subsidy: ~ **\$135,000**



# ELIGIBILITY CRITERIA

- Provides primary benefit to individuals or communities with incomes  $\leq$  80% AMI
  - Jobs (51%)
  - Services (51%)
  - Location (census tract)
- Located in FHLB Atlanta district

# ELIGIBILITY CRITERIA

- Advance and loan term of 2 years or more (permanent financing)
- Funding to be used within 12 months of approval
- Not for refinancing or loans closed prior to approval date



# ELIGIBLE PROJECT ACTIVITIES

- Creation of permanent jobs
- Child Care facility
- Health care facility
- Community center
- Recreational facility
- Infrastructure
- Micro loan fund
- Small business incubator
- Job training facility
- Shopping center
- Grocery store
- Neighborhood commercial revitalization



# EVALUATION CRITERIA

- Long-term, lasting value for community
- Income level of beneficiaries
- Project development team
- Overall community development plan
- Community partnerships
- Replicability
- Financial commitments
- Member involvement



# FHLB SELECTION PARAMETERS

- Geographic dispersion throughout district
- Mix of urban and rural projects
- Mix of project activity types
- Sponsorship by members of various asset size
- Typically one project per member



# FIRST OFFERING - 1999

- Subsidy Available: \$1 million
- 10 applications received
  - 7 members
- 8 approved:
  - Advances Requested: \$ 3 M
  - Subsidy Requested: \$ 800 K
- 2 not funded: Weak financials

## SECOND OFFERING - 2000

- Subsidy Available: \$5 million
- 25 applications received
  - 19 members
- 20 approved:
  - Advances: \$ 17 M
  - Subsidy: \$ 4.8M
- 5 not funded: Weak financials, residential use, refinancing



# 2001 OFFERING

- Board approved \$7 million for CICA Subsidies
  - \$1 M for Predevelopment Fund
  - \$1 M EDGE Opportunity Fund
- EDGE Subsidy Available: \$5 million
- 15 applications Approved
  - 14 members
  - Advances Requested: \$ 12.5 M
  - Subsidy Requested: \$ 4.9 M

# EDGE IN NC

## Midway Business Center

### BB&T of NC

### *EmPOWERment, Inc.*

- New building to house a small business incubator in downtown, low-income area of Chapel Hill. Provides commercial space and technical assistance to 10-14 enterprises, the majority of which have incomes less than 80% AMI, and coordinates the use of six existing incubator services in area.
- Project cost: \$ 889,361
- \$114,361 for 10 years (30 yr. am) at 2.75% (*advance*)



# Midway Business Center



# EDGE IN SC

## North Side Park

**Atlantic Savings Bank, FSB**

***North Side Park LLC***

- Renovation of existing 7,000 sq.ft. building, and construction of 5,000 sq.ft. building for mixed-use, retail-office project. Will provide office space for area businesses and permanent office for local community organization.
- Project cost: \$1,300,000
- \$1,300,000 for 180 months at 1.00% (advance)



# North Side Park



# EDGE IN FL

## Tallahassee # 6 Store / Workshop

Capital City Bank

*Goodwill Industries - Big Bend, Inc.*

- Purchase of facility which will offer retail store, training programs and employment opportunities for disabled and disadvantaged individuals with barriers to employment, plus recycling program for donated computers/televisions.
- Project cost: \$1,171,000
- \$1,171,000 for 240 months at 3.00% (advance)



## Tallahassee # 6 Store / Workshop



# EDGE IN VA

## Southern Aid Building First Union National Bank *Interfaith Housing Corporation*

- Renovation of 28,100 s.f. historic building in low-income area adjacent to Convention Center, providing lower-rent office space for lead organization, NAACP, others, with some employment opportunities for residents
- Project cost: \$1.9 million
- \$675,000 for 5 years at 5% (*advance*)

# Southern Aid Building

