

# Leveraging the Community Development Advance Program to Increase Rural Small Business Lending

Federal Home Loan Bank of Boston

Kenneth Willis, Director of Housing and Community Investment



**FHLBBoston**

July 15, 2015



## About the Bank

- One of 11 regional Federal Home Loan Banks
- Cooperatively-owned wholesale bank
- Serve more than 440 shareholders (members) throughout New England
- Provide funding and liquidity, products and services to support residential and community development lending activities of our members
- Administer Housing and Community Investment Programs

# Community Development Advance Programs

Provides members with fixed-rate advances priced below the Bank's regular advance rates.

- Pricing and availability of funds helps lenders extend long-term, fixed rate credit to their customers.
- Available through two separate application options, up to \$50 million total, to help support community development activities:
  - **CDA Extra** — Deeply discounted advance that supports affordable housing at or below 115 percent of AMI or economic development/mixed-use initiatives at or below 80 percent of AMI
  - **CDA** — Discounted advance that supports economic development and mixed use initiatives (including small business) that support geographic, individual, and activity beneficiaries in urban and rural census tracts up to 100 percent and 115 percent of AMI
- Incorporates projects that meet the CRA definition of “Community Development.”

# Community Development Advance Programs Benefits

- Allows our members to meet and expand the housing and economic development needs of the communities they serve
- Provides a lower cost of funding for economic development and community-based program initiatives
- Enables members to provide long-term, match funded loans to projects
- Mitigates interest rate risk while locking in spread and term
- Funds a variety of uses

# CDA Programs Performance



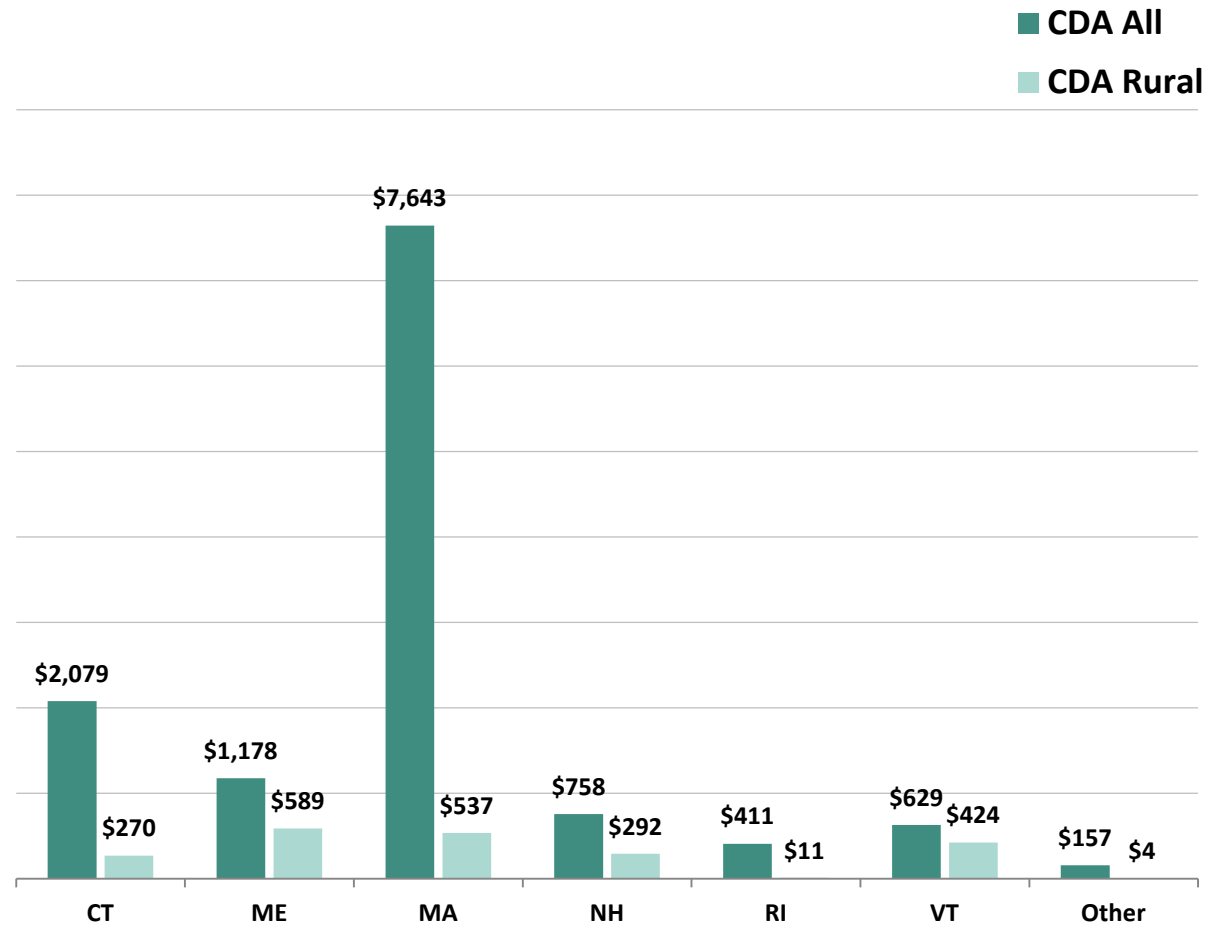
## 25 Years of Success

Since 1990, the CDA Programs has disbursed over **\$12.8 billion** across New England.

### Funding Benefitted:

- **90,944** housing units
- **1,278** economic-development or mixed-use initiatives
  - **550** rural initiatives

All CDA Program/Economic Development Rural  
(in 000s)





- Available in a variety of structures including Classic (bullet), Amortizing, and Member Option advances
- Available in terms from one year up to 20 year maturity with 30 year amortization

	Long-Term	Short-Term	Amortizing	Advance Specials
<b>Long-Term Classic Advance Rates</b>				
Effective 12:15 PM				
July 13, 2015				
Term	Reg.	CDA	CDA Extra	NEF
1yr	0.60	0.51	0.47	0.58
2yr	1.15	0.94	0.89	1.13
3yr	1.52	1.31	1.25	1.50
5yr	2.21	2.00	1.92	2.19
7yr	2.79	2.56	2.46	2.77
10yr	3.40	3.18	3.05	3.38
15yr	3.97	3.78	3.61	3.95
20yr	4.23	4.09	3.87	4.21

**For Current Rates:** <http://www.fhlbboston.com/rates/advances/index.jsp>



## Rural Initiatives

2014



Approved 44 applications totaling \$529.3 million to support economic development/mixed-use initiatives



Disbursed \$236.6 million

2015



Approved 18 applications totaling \$222.1 million to support economic development/mixed-use initiatives



Disbursed \$75.5 million

# CDA Extra/CDA – Economic Development/ Mixed-Use



**Eligibility Options:** Economic development initiatives commercial, industrial, manufacturing, public facilities, social services, or public/private infrastructures that benefit families/households with incomes at or below:

## Individual Beneficiaries

- Creates or retains jobs for at least 51% of income-eligible workers\*
- Benefits 51% of income-eligible families

## Activity Beneficiary

- Initiative qualifies as a Small Business

## Geographic Beneficiaries

- initiatives serving households at or below 80% of AMI (**CDA Extra Only**)
- urban initiatives serving households at or below 100% of AMI
- rural initiatives serving households at or below 115% of AMI

## Located in:

- Income-eligible census tract (**based on AMI**)
- Champion Community
- Empowerment Zone
- Enterprise Community
- CAIP area
- brownfield
- Indian area
- Area affected by military base closing
- Federal or state-declared disaster area

\* Reporting Required




# Economic Development/Mixed Use CDA Extra/CDA Eligibility



- Using [www.FFIEC.gov](http://www.FFIEC.gov)
  - ✓ Select “Geocoding/Mapping System”
  - ✓ Enter Target Address
  - ✓ Review “Median Family Income” data
  - ✓ **Beneficiary annual income must be at or below 80% (CDA Extra Only) 115% AMI for rural or 100% AMI for urban**

$\$66,234 \times 80\% \text{ AMI} = \$52,987$   
 $\$66,234 \times 100\% \text{ AMI} = \$66,234$   
 $\$66,234 \times 115\% \text{ AMI} = \$76,169$

▼ Census Demographic Data

 Address: 534 Lincoln St, MARLBOROUGH, MA, 01752  
MSA-State-County-Tract: 15764-25-017-3213.00

Census | Income | Population | Housing

Tract Income Level	Moderate
Underserved or Distressed Tract	No
2014 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$93,300
2014 Estimated Tract Median Family Income	\$66,234
2010 Tract Median Family Income	\$64,342
Tract Median Family Income %	70.99
Tract Population	7497
Tract Minority %	30.61
Tract Minority Population	2295
Owner-Occupied Units	1319
1- to 4- Family Units	2274

# CDA Profiles of Success



Financing to support the acquisition and rehabilitation of property in Waterville, Maine for Bragdon Farm, a manufacturer of carbon neutral fireplace logs from waste hay serving Massachusetts and New Hampshire. The funding enable the customer to expand their staff to include nine new income-eligible workers.

# Questions?