

The Capital Magnet Fund

Background

The Capital Magnet Fund (CMF) was authorized by Congress through the Housing and Economic Recovery Act of 2008 (HERA) and provides a source of funding for CDFIs and nonprofit housing developers to finance affordable housing and related economic development activities. Capital Magnet Fund dollars are awarded competitively by the CDFI Fund and must be leveraged at least 10:1 with other funding. When the CMF was created, it was intended to be funded by an assessment on Fannie Mae and Freddie Mac. Shortly after HERA became law, Fannie Mae and Freddie Mac were put into government conservatorship and the assessments were never collected to fund the CMF. In FY 2010 Congress appropriated \$80 million for the CMF and the CDFI Fund was able to make an initial round of CMF grants.

Update

The CDFI Fund received applications from 230 organizations requesting over \$1 billion in grants under the CMF in 2010. On October 14, 2010, the CDFI Fund made 23 awards totaling \$80 million to organizations serving 38 states. The grantees were 13 nonprofit housing organizations, 9 CDFIs, and 1 Tribal housing authority. 14 awardees serve non-metropolitan areas.

Many CMF recipients report that they have leveraged the CMF award to fund predevelopment, acquisition, and some construction projects.

Advocacy

Opportunity Finance Network is working to ensure that any housing finance reform should include a dedicated funding source for the Capital Magnet Fund. The demand for affordable housing capital is strong, and the CMF is particularly valued for its enterprise-level support for CDFIs and affordable housing developers. Applicant scoring data from the 2010 funding round provided by the CDFI Fund indicates that 91 organizations, requesting a total of \$467 million, scored in a range that placed them in a highly qualified pool.

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