

June 27, 2017

The Honorable Mike Crapo
Chairman, Banking Committee
Room 534, Dirksen Building
U.S. Senate
Washington, DC 20510

The Honorable Jeb Hensarling
Chairman, Financial Services Committee
Room 2129 Rayburn Building
U.S. House of Representatives
Washington, DC 20515

The Honorable Sherrod Brown
Ranking Member, Banking Committee
Room 534, Dirksen Building
U.S. Senate
Washington, DC 20510

The Honorable Maxine Waters
Ranking Member, Financial Service Committee
Room 2129 Rayburn Building
U.S. House of Representatives
Washington, DC 20515

Dear Chairs and Ranking Members:

On behalf of the undersigned community development organizations, we are writing to express our opposition to the Administration's proposal in its fiscal year (FY) 2018 budget to eliminate funding for the Capital Magnet Fund (CMF). We respectfully request that Congress ensure that the Community Development Financial Institutions Fund (CDFI Fund) at the Department of Treasury continues to have the resources it needs for this critically important program.

The CMF was created by Congress through the bi-partisan Housing and Economic Recovery Act (HERA) of 2008, an early federal response to the nation's growing housing and financial crisis. The intent of Congress was to generate new investment in affordable housing and other economic development projects in low-income communities across our nation, and the CMF has clearly succeeded in achieving that goal. In fact, in its first funding round, the CMF leveraged the federal investment twenty times over.¹

The innovation at the heart of CMF is that it facilitates direct, entity-level investments in high capacity Community Development Financial Institutions (CDFIs) and nonprofit housing developers that strengthen these organizations and enable them to meet the changing needs of their individual communities. This structure is designed to:

- *Attract private capital.* Organizations that receive grants through the CMF are required to leverage their funding 10:1 with other sources of capital, and so the program attracts much-needed private investment that creates jobs, housing, and services for underserved Americans.
- *Maximize return on investment.* The CMF multiplies the impact of program investment many times over because grant recipients also are required to redeploy CMF-supported loans in new projects throughout the grant term. Moreover, the grant recipient's administrative expenses are limited to 5 percent of any grant.
- *Create an enduring program funded through the housing finance system.* HERA funded the CMF through a small fee on total new business purchases of the Government-Sponsored Enterprises

¹ *Capital Magnet Fund*, CDFI Fund Fact Sheet available at https://www.cdfifund.gov/Documents/CMF%20Fact%20Sheet%20Apr2017_vfinal2.pdf

(GSEs) Fannie Mae and Freddie Mac. When that source was rendered temporarily unavailable,² Congress felt strongly enough about the potential of the CMF to help address the deepening housing crisis that it appropriated \$80 million in FY 2010.

Last month, the CDFI Fund released data that illustrates the powerful impact of the FY 2010 funding round of CMF. According to the CDFI Fund, the 23 awardees from 2010 have used the \$80 million in grants to attract \$1.8 billion in other investment by the public and private sector (a 20:1 ratio); have produced 10,800 affordable homes for families, seniors, veterans, the homeless, and the disabled; and have created or retained 15,000 jobs in communities across America.

CMF is poised to continue its strong track record. The just-completed 2016 funding round will enable 32 grantees to serve 37 states and the District of Columbia. Collectively, awardees including Ohio Community Capital, Habitat for Humanity of the Mississippi Capital Area, MaineStream Finance, and Housing Vermont are projected to create approximately 17,000 additional jobs, produce 17,000 affordable housing units and attract more than \$2.2 billion in private investment in every type of housing market--28 percent of awardees plan to invest the majority of their awards in non-metropolitan areas.

The need for affordable housing—and for CMF funding—is greater today than ever before. Although the economy has improved since 2008, the recovery has coupled rising housing costs with income stagnation among low-income Americans. As a result, the number of renter households that are considered severely cost burdened—that is, that pay more than half of their income in rent—is at an all-time high of 11.4 million families or more than one in four of all renters in the United States.³ Nowhere in the country can full-time minimum wage workers afford a modest two-bedroom rental.⁴

The CMF has proven to be a highly cost-effective resource for creating affordable housing in low-income communities. We believe that the program’s track record merits its expansion, not its elimination. At the very minimum, we believe that the current funding structure should remain intact. Longer term, we look forward to working with Congress to expand the CMF in any legislation to restructure the nation’s housing finance system.

Thank you for considering this request.

National/Multi-State Organizations

AHC, Inc.
Appalachian Community Credit Union
Capital Impact Partners
CDFI Coalition
Cinnaire
Community Development Trust
Community Development Bankers Association
Consortium for Citizens with Disabilities
Corporation for Supportive Housing

² Shortly after HERA’s passage, the GSEs were forced into conservatorship. Even after both GSEs had returned to profitability, the acting Director of the Federal Housing Finance Agency (FHFA) suspended payments to the CMF and NHTF. In December, 2014, FHFA Director Mel Watt resumed payments to both funds.

³ Harvard University Joint Center for Housing Studies (JCHS), “The State of the Nation’s Housing, 2016”

⁴ Out of Reach 2016. National Low Income Housing Coalition.
http://nlihc.org/sites/default/files/oor/OOR_2016.pdf

Disability Opportunity Fund
EAH Housing
Enterprise Community Loan Fund
Enterprise Community Partners
HDC MidAtlantic
Homes for America
Hope Enterprise Corporation
Housing Assistance Council
Housing Partnership Network
Idaho-Nevada CDFI
IFF
Leviticus 25:23 Alternative Fund, Inc.
Local Initiatives Support Corporation
Low Income Investment Fund
Mercy Loan Fund
National Alliance for the Mentally Ill
National Association of Affordable Housing Lenders
National Housing Conference
National Housing Trust
Neighborworks Capital
Opportunity Finance Network
Partners for the Common Good
Pathway Lending
Purpose Built Communities
Preservation Of Affordable Housing
Rural Housing Coalition
The Community Builders
The NHP Foundation
The Reinvestment Fund
ROC USA Capital
Self-Help Credit Union & affiliates
Stewards of Affordable Housing for the Future
TruFund Financial Services, Inc.
Volunteers of America

Single State and Local Organizations

Abode Communities (*Los Angeles, CA*)
Action Housing Inc. (*Pittsburgh, PA*)
Aeon (*Minneapolis, MN*)
Atlanta Neighborhood Development Partnership (*Atlanta, GA*)
BBIF Florida (*Orlando, FL*)
BLDG Memphis (*Memphis, TN*)
Beaulac Associates LLC (*Naples, NY*)
Boston Community Capital (*Boston, MA*)
Bridge Housing (*San Francisco, CA*)
Bridgeport Neighborhood Trust (*Bridgeport, CT*)
California Community Reinvestment Corporation (*Roseville, CA*)
Center for Neighborhood Technology (*Chicago, IL*)
Century Housing (*Los Angeles, CA*)
Chicago Community Loan Fund (*Chicago, IL*)

Cincinnati Development Fund (*Cincinnati, OH*)
Citizen Potawatomi CDC (*Shawnee, OK*)
Cleveland Housing Network (*Cleveland, OH*)
Coastal Enterprises Inc. (*Brunswick, ME*)
Common Bond Communities (*St. Paul, MN*)
Community Housing Partners (*Christiansburg, VA*)
Community Housing Works (*San Diego, CA*)
Community Investment Corporation (*Chicago, IL*)
Eden Housing (*Hayward, CA*)
Finance Fund Capital Corporation (*Columbus, OH*)
Forward Community Investments (*Madison, WI*)
Genesis LA (*Los Angeles, CA*)
Greater Minnesota Housing Fund & Minnesota Equity Fund (*St. Paul, MN*)
Gulf Coast Housing Partnership (*New Orleans, LA*)
Home Headquarters, Inc. (*Syracuse, NY*)
homeport (*Columbus, OH*)
Homewise (*Santa Fe, NM*)
Housing Partnership Development Corporation (*New York, NY*)
Housing Trust Silicon Valley (*San Jose, CA*)
Impact Seven (*Rice Lake, WI*)
Kentucky Highlands (*London, KY*)
LIFT Fund (*San Antonio, TX*)
LINC Housing (*Long Beach, CA*)
Massachusetts Housing Investment Corporation (*Boston, MA*)
Massachusetts Housing Partnership (*Boston, MA*)
Metro Community Development (*Flint, MI*)
Midwest Minnesota Community Development Corporation (*Detroit Lakes, MN*)
Mission First Housing Group (*Philadelphia, PA*)
Montgomery Housing Partnership (*Silver Spring, MD*)
NCALL Loan Fund (*Dover, DE*)
Neighborworks Provo (*Provo, UT*)
Neighborhood Housing Services of New Haven (*New Haven, CT*)
Nevada HAND (*Las Vegas, NV*)
New Community Corporation (*Newark, NJ*)
NewCorp, Inc. (*New Orleans, LA*)
New Economics for Women (*Los Angeles, CA*)
New Jersey Community Capital (*New Brunswick, NJ*)
New Hampshire Community Loan Fund (*Concord, NH*)
North Carolina Community Development Initiative (*Raleigh, NC*)
North Carolina Housing Coalition (*Raleigh, NC*)
Ohio Community Capital (*Columbus, OH*)
One Roof Community Housing (*Duluth, MN*)
Opportunity Resource Fund (*Lansing, MI*)
Pathway Lending (*Nashville, TN*)
Planning Office for Urban Affairs (*Boston, MA*)
Poverty Solutions (*Los Angeles, CA*)
Prosperity Center (*Los Angeles, CA*)
RCAC (*Sacramento, CA*)
Renaissance Community Loan Fund (*New Orleans, LA*)
San Louis Obispo County Housing Trust (*San Louis Obispo, CA*)
South Carolina Community Loan Fund (*Charleston, SC*)

Siouxland Economic Development Corporation (*Sioux City, IA*)
Southwest Housing Solutions Inc. (*Detroit, MA*)
St. Ambrose Housing Aid Center (*Baltimore, MD*)
Sun Country Home Solutions (*St. George, UT*)
Tenderloin Neighborhood Development Corporation (*San Francisco, CA*)
The Genesis Fund (*Brunswick, ME*)
The Housing Partnership, Inc. (*Louisville, KY*)
The Housing Trust (*Santa Fe, NM*)
Way Finders (*Springfield, MA*)
West Elmwood Housing Development Corp. (*Providence, RI*)
Western Community Housing (*Costa Mesa/Los Angeles, CA*)