



COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

CDFI Fund Opens FY 2023 Capital Magnet Fund Funding Round

Today the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) opened the fiscal year (FY) 2023 funding round for the Capital Magnet Fund.

Through the Capital Magnet Fund, the CDFI Fund competitively awards funds to Community Development Financial Institutions (CDFIs) and qualified non-profit housing organizations. These awards can be used to finance affordable housing, as well as related economic development and community service facilities. The objective is to attract private capital investment in metropolitan, rural and economically distressed communities.

Funding for the Capital Magnet Fund comes from allocations made by the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac and varies from year to year. The CDFI Fund plans to make up to \$320.6 million in awards through the FY 2023 round.

Due to the timeline associated with operating the Capital Magnet Fund program, as well as the significant number of awards made in the FY 2021 Capital Magnet Fund round, the CDFI Fund did not conduct a FY 2022 funding round. Funding from allocations received by Fannie Mae and Freddie Mac (GSEs) in calendar year 2022 will be awarded in the FY 2023 round. The level of funding made available in previous funding rounds has equaled the amount annually allocated to the Capital Magnet Fund from the GSEs, which has caused substantial year-to-year variations in funding availability for applicants. However, to ensure more predictability in funding availability, the amount of funds available to be awarded under this Notice of Funds Availability (NOFA) has been determined by using a two-year average of the GSE allocations provided to the Capital Magnet Fund. This also ensures that more funding will be available to award in the following two funding rounds, anticipating the allocations provided to the Capital Magnet Fund by the GSEs are projected to be significantly lower.

Capital Magnet Fund recipients are able to utilize these funds for financing activities, such as capitalizing affordable housing funds, economic development funds, loan loss reserves, revolving loan funds, undertaking risk-sharing loans, and providing loan guarantees. Recipients are required to leverage private and public funds to finance affordable housing and economic development activities that yield a minimum ratio of 10:1.

Noteworthy FY 2023 Application Changes

Applying Using a Consortium Approach: In order to increase participation in the Capital Magnet Fund program, particularly among smaller CDFIs and affordable housing developers, applicants will now be able to apply for a Capital Magnet Fund Award as a member of a Consortium. Applicants who are considering applying as members of a Consortium are encouraged to attend a webinar on the Consortium Approach on January 31, 2023.

Under the FY 2023 Capital Magnet Fund NOFA, a Consortium is defined as a group of at least two, and no more than five, eligible and unaffiliated CDFIs, or nonprofit affordable housing developers/managers. Each potential Consortium member will apply for an individual Capital Magnet Fund Award and indicate that they wish to apply using the Consortium Approach. Each Consortium member(s) will be:

- required to individually meet the Capital Magnet Fund eligibility requirements;
- evaluated both individually and as a Consortium during the application review process—allowing individual members that may otherwise lack the track record, experience, and pipeline to be competitively evaluated for a Capital Magnet Fund award; and
- asked to submit a Service Request in the Awards Management Information System (AMIS) notifying the CDFI Fund of the organization's intent to apply under this NOFA as a Consortium member no later than February 23, 2023.

Expanded High Opportunity Areas Definition: Starting in FY 2023, the Capital Magnet Fund will accept an expanded definition of High Opportunity Area (HOA) for areas that do not meet the Federal Housing Finance Agency (FHFA) definition.

Applicants can instead meet a set of expanded Capital Magnet Fund High Opportunity Area criteria demonstrating the designated area(s) provide access to a combination of at least three of the following criteria:

- high-quality youth (K-12) education opportunities;
- employment opportunities;
- transportation opportunities; and/or
- financial service opportunities.

For a Project to qualify as being in a High Opportunity Area under the expanded Capital Magnet Fund definition, the location of the Project must meet at least three of the four expanded HOA criteria, and cannot be located in a Food Desert as identified by the U.S. Department of Agriculture (<https://www.ers.usda.gov/data/fooddesert>) as of the publication date of this NOFA in the Federal Register.

Temporary Income Verification Waiver: The NOFA includes a waiver of the requirement that past Capital Magnet Fund recipients annually verify tenant incomes in rental housing Projects for the period covering April 1, 2020 through December 31, 2021. This aligns with similar waivers issued, due to the COVID-19 pandemic, by other federal agencies administering programs that are often utilized in conjunction with the Capital Magnet Fund, such as the Internal Revenue Service (Low-Income Housing Tax Credit Program) and the U.S. Department of Housing and Urban Development (HOME Investment Partnerships Program).

Complete details of these and other revisions are contained in the NOFA and accompanying Application materials. Applicants and other interested members of the public are encouraged to take note of these changes.

Application Materials

The FY 2023 Capital Magnet Fund NOFA, application instructions, and related guidance can be found on the CDFI Fund's website at www.cdfifund.gov/cmfm under [Step 2: Apply](#). The application process consists of two parts: (a) submitting the SF-424 Mandatory form through Grants.gov, and (b) submitting the rest of the application through the CDFI Fund's Awards Management Information System (AMIS).

Required Application Systems

All applicants must be registered and have active accounts in [SAM.gov](#), [Grants.gov](#), and [AMIS](#) to apply for funding by the applicable deadlines or their application will be considered ineligible. Organizations are advised to create these accounts if they do not yet have one, or confirm that their existing accounts are up-to-date and active as soon as possible in order to avoid potential application submission problems.

Both new and repeat applicants should allow ample time to complete the entire registration and submission process well in advance of the application deadlines. Registration guidance is provided on each federal agency website. Please review each system's requirements carefully. Detailed information is available in the FY 2023 NOFA.

Deadlines

- The deadline for submission of the SF-424 is 11:59 p.m. Eastern Time (ET) on February 23, 2023. All applicants must submit their SF-424 electronically through Grants.gov. The CDFI Fund strongly encourages all materials to be submitted through Grants.gov at least three days before the deadline.
- The deadline for creating an organizational account in AMIS is 11:59 p.m. ET on February 23, 2023.
- Applicants using a Consortium Approach are asked to submit a Service Request in AMIS notifying the Capital Magnet Fund program of the organization's intent to apply as part of a Consortium by 11:59 p.m. ET on February 23, 2023.
- The CDFI Fund will stop taking questions about the application at 5:00 p.m. ET on March 17, 2023.
- The deadline for submission of the Capital Magnet Fund application materials in AMIS is 11:59 p.m. ET on March 21, 2023. The CDFI Fund strongly encourages all materials to be submitted through AMIS at least two days before the deadline.

Please see the FY 2023 NOFA for applicant eligibility requirements and the steps for submitting all parts of the Capital Magnet Fund application.

Learn About Applying to the Capital Magnet Fund

The CDFI Fund is hosting five live webinars via Zoom to share information and answer questions about the FY 2023 Capital Magnet Fund application. Details regarding the content of each webinar is provided, below.

- **The first webinar** will provide information to groups interested in applying as part of a Consortium.
- **The second and third webinars** will provide information customized to the planned approach of prospective applicants, as either a financing entity or an affordable housing developer/manager (Please note, all applicants must choose to apply under one of two Entity Approaches—either the financing Entity Approach or the affordable housing developers/managers Entity Approach).
- **The fourth webinar** will provide a forum to answer questions about the Consortium Approach.
- **The fifth webinar** will provide a forum for all applicants to answer additional questions prior to the Application deadline.

Please view the [Step 2: Apply](#) page of the Capital Magnet Fund website for the dates, times, and access information for each webinar. Advance registration is encouraged, but not required to participate in the webinars. After the live webinars, recordings of the presentations will be available on the Capital Magnet Fund website. The CDFI Fund will also post a pre-recorded webinar that provides a walkthrough of the AMIS application.

Questions

For more information on the Capital Magnet Fund, please submit a Service Request through AMIS (strongly preferred for fastest routing), or contact the CDFI Fund's Help Desk by emailing cmf@cdfi.treas.gov or by calling (202) 653-0421. The CDFI Fund will stop responding to questions about the FY 2023 application at 5:00 p.m. ET on March 17, 2023.

To learn more about the CDFI Fund and its programs, please visit www.cdfifund.gov.