



National Association of Housing and Redevelopment Officials

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VIA ELECTRONIC MAIL

May 5, 2009

Deputy Director of Policy and Programs
CDFI Fund
U.S. Department of the Treasury
601 13th Street NW
Washington, DC 20005

To Whom It May Concern:

The National Association of Housing and Redevelopment Officials (NAHRO) would like to take this opportunity to comment on the Community Development Financial Institutions (CDFI) Fund's March 6, 2009 request for public comment concerning the Capital Magnet Fund.

A 501(c)(3) membership association, NAHRO represents the interests of over 3,200 housing authorities, community development departments, and redevelopment agencies, as well as over 19,000 individual members and associates working in the housing and community development industry. NAHRO's extensive and diverse membership allows us to serve as the leading housing and community development advocate for the provision of adequate and affordable housing and strong, viable communities for all Americans - particularly those with low- and moderate-incomes.

Although the request for public comment includes a number of questions concerning the Capital Magnet Fund, NAHRO's comments are focused on those questions related to program eligibility. The request for public comment asks how the CDFI Fund should define "principal purpose," with respect to determining whether one of a nonprofit organization's principal purposes is the development or management of affordable housing. Because the Housing and Economic Recovery Act of 2008 specified that Capital Magnet Grant funds may only be made to a certified CDFI or a nonprofit organization "having as one of its principal purposes the development or management of affordable housing," it is obvious that the definition of "principal purpose" chosen by the CDFI Fund will ultimately determine which organizations are eligible to apply directly for Capital Magnet Fund grants.

President, **Renée Rooker**, SPHM; **Akinola Popoola**, PHM, Senior Vice President; **Richard Herrington, Jr.**, PHM, Vice President-Professional Development; **Bill Pluta**, Vice President-Community Revitalization & Development; **Gail Monahan**, Vice President-Member Services; **Dianne Hovdestad**, Vice President-Housing; **Carl S. Richie, Jr.**, Vice President-Commissioners; **Jane C.W. Vincent**, Vice President-International; **Saul N. Ramirez, Jr.**, Executive Director

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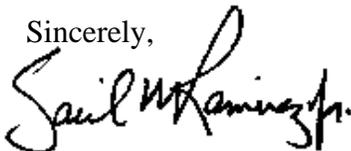
Local public housing agencies and housing and redevelopment authorities are uniquely qualified to understand and respond to the affordable housing needs of the low-income residents of the communities in which they operate. NAHRO therefore strongly recommends that the CDFI Fund ensure that local public housing agencies and housing and redevelopment authorities are eligible to apply directly for Capital Magnet Fund grants. The management of federally assisted housing units, including public housing units, is clearly a “principal purpose” of local public housing agencies and local housing and redevelopment authorities. Furthermore, a federally assisted housing unit is by definition “affordable,” in that the federal subsidy allows low- and very low-income families and individuals to afford the rent on the unit.

In order to ensure the eligibility of all local public housing agencies and housing and redevelopment authorities, NAHRO also urges the CDFI Fund, to the extent that is able, to employ a definition of “nonprofit organization” that does not rely entirely upon the federal tax code. NAHRO notes that while local public housing agencies and housing and redevelopment authorities are nonprofit entities in that they do not pay federal income taxes, these agencies are exempt from such taxes based on their status as governmental entities rather than on Section 501(c) of the Internal Revenue Code which is commonly associated with not-for-profit organizations.

In a Notice of Funding Availability for the Neighborhood Stabilization Program released on May 4, the U.S. Department of Housing and Urban Development (HUD) defined “nonprofit entities” as “public and private nonprofit organizations, including governmental entities, that are organized under state, local, or tribal laws for other than profit-making activities.” For a nonprofit organization unable to demonstrate that it is exempt from taxation under section 501(c) of the Internal Revenue Code, HUD will allow the organization to “provide a signed and dated letter from the state attorney general or other appropriate state official” certifying that the organization is “duly organized under state law as a nonprofit.” NAHRO suggests that the CDFI Fund adopt a similar approach in its implementation of the Capital Magnet Fund program.

Thank you for the opportunity to submit these comments on behalf of NAHRO. If I can be of further assistance, please feel free to contact me at 202-289-3500.

Sincerely,

A handwritten signature in black ink that reads "Saul N. Ramirez, Jr." in a cursive style.

Saul N. Ramirez, Jr.
Executive Director