National Council of
State Housing Agencies

May 5, 2009

Mr. Matt Josephs
Deputy Director, Office of Policy and Programs,
CDFI Fund
U.S. Department of the Treasury
601 Thirteenth Street, NW, Suite 200 South
Washington, DC 20005

Re: FR Doc. E9-4648

Dear Deputy Director Josephs:

On behalf of the Housing Finance Agencies (HFAs) of the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, the National Council of State Housing Agencies (NCSHA) thanks you for this opportunity to comment on the design, implementation, and administration of the Capital Magnet Fund.

The Housing and Economic Recovery Act (HERA) requires that Capital Magnet Fund assistance be fairly distributed to urban, suburban, and rural areas. State HFAs are in the best position to use the funds within all areas of their state, focus on their most pressing needs, and coordinate and leverage the funding with other federal, private, state, and local resources. We urge you to make HFAs eligible to receive Capital Magnet Fund assistance directly.

NCSHA urges Treasury to allow grantees to use a portion of their grants to cover project operating costs. The main barrier to affordable housing for extremely low-income persons and families remains the lack of operating assistance to cover the gap between project operating costs and tenant rent. The ability to use funds from the Capital Magnet Fund for operating costs will allow grantees to reach more vulnerable populations and make hard-to-fund developments economically feasible.

NCSHA strongly urges Treasury to consider funds “committed” when the grantee commits them to a specific beneficiary or program partner. At that point, the grantee has made the funds available for use and the intended program participant can begin to spend them.

Capital Magnet Fund assistance should be as compatible with other affordable housing funding sources as possible. Funds from the Capital Magnet Fund should be able to work in conjunction with other sources of affordable housing financing. For this reason, we recommend the regulations define affordable housing as it is defined for the Low Income Housing Tax Credit or the HOME Investment Partnerships program.

HERA requires that grantees demonstrate a ten to one leveraging ratio of total aggregate costs. NCSHA urges Treasury to measure this standard on a collective basis, rather than project-by-project, allowing maximum flexibility in financing affordable housing developments.

Thank you for your consideration of our views.

Sincerely,

Garth B. Rieman
Director, Housing Advocacy and Strategic Initiatives