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April 23, 2009

Matt Josephs
Deputy Director of Policy and Programs
CDFI Fund
U.S. Department of the Treasury
601 13th Street, NW
Suite 200 South
Washington, DC 20005

RE: Request for Comment on Capital Magnet Fund Program

Dear Mr. Josephs,

Thank you for the opportunity to respond to the CDFI Fund's Request for Comments published in the *Federal Register* on March 6, 2009, regarding the Capital Magnet Fund Program. I write on behalf of the New Hampshire Community Loan Fund which, for 26 years, has delivered the kind of financing the Capital Magnet Fund Program is intended to promote.

Our experience—and success—in the field over so many years is the basis for my comments on the Capital Magnet Fund Program. I strongly support the program as created by Congress and the detailed advice on rule-making submitted by my colleagues at the Opportunity Finance Network (OFN).

Specifically, I strongly urge the CDFI Fund to use definitions and criteria from existing programs and regulations, such as its own CDFI Program (financial assistance and technical assistance), when possible. Where no program, regulation, or statute is referenced, OFN's comments draw on the understanding of organizations like the New Hampshire Community Loan Fund which have decades of experience providing services to low-income communities.

OFN along with Members of Congress created the concept for this program based on the experience of the various subsidy programs at the U.S. Department of Housing and Urban Development (HUD) and the CDFI Program. Congress decided to house the Capital Magnet Fund Program at the CDFI Fund rather than HUD because of the CDFI Fund's approach to providing institutional-based rather than project-based funding. The core concept underlying the Capital Magnet Fund Program is to provide capital at the institutional level rather than directly into real estate projects. This successful approach allows federal grants to be deployed more effectively and flexibly to leverage private capital and to achieve larger-scale impact.

The Capital Magnet Fund Program is *not* a block grant or project-based program. The Capital Magnet Fund Program capitalizes on what CDFIs and nonprofit affordable housing developers do best, which is to leverage a small federal investment with other funding. This is essential to the success of the Capital Magnet Fund Program. Because the Capital Magnet Fund Program was based on the CDFI Program, the new regulations should closely follow the guidance of this program whenever possible. The New Markets Tax Credit Program is *not* an appropriate model for the Capital Magnet Fund Program.

I would also like to emphasize the following points that Opportunity Finance Network made in its comment letter:

- Capital Magnet Fund grants should not be limited to areas of economic distress since the priorities of the program are extremely low-, very low-, and low-income *families*.
- For the purpose of leverage and leverage reporting, non-Capital Magnet Fund financing sources should include both federal and non-federal sources of capital.
- Achieving leverage is not a requirement of awarding a grant, but rather a reporting function.

The Capital Magnet Fund Program, which provides enough flexible funding to support a wide variety of housing and community revitalization options and encourages significant leveraging of federal dollars, is likely to be one of the best tools available to help our lowest-income people and neighborhoods survive our current economic crisis. I encourage you to finalize regulations for this program as soon as possible.

The New Hampshire Community Loan Fund is a CDFI founded in 1983 with the belief that low-income individuals could be much more successful economically if they had access to capital, and that many individuals and organizations would be willing to give or lend their capital if there was a safe, effective means to do so. That belief has been validated thousands of times in communities all across New Hampshire. The Community Loan Fund has made more than \$100 million in loans—leveraging over \$375 million in project value—to help people acquire decent housing, start businesses, and improve childcare centers and other vital community facilities. Our role has been to make the loans that banks cannot in order for affordable housing to be built and small business created.

We also provide extensive training and technical assistance to help our borrowers to be successful as individuals and, often, as members of self-governing cooperatives. Not only have we helped more than 5,800 families secure housing, and more than 1,200 find or create jobs, but our loans have helped to build functioning resident-owned *communities*. . As the result of the strong equity base that CDFI funding has helped us to establish, this innovative strategy has been so successful that the Ford Foundation, among others, has enabled us to take it to the national level.

Thank you for the opportunity to comment. Please do not hesitate to contact me at 603-224-6669 or jeades@theloanfund.org if you have questions or need additional clarification.

Sincerely yours,

Juliana Eades
President