

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,

On behalf of my organization, Opportunity Fund Northern California, I appreciate the opportunity to comment on the CDFI Fund's Request for Comments published in the Federal Register on March 6, 2009 regarding the Capital Magnet Fund Program.

Opportunity Fund is a certified CDFI serving the San Francisco Bay Area. Since making our first loan in 1995, Opportunity Fund has directed \$149 million in community investment into the San Francisco Bay Area's economically challenged neighborhoods, improving the lives of 10,000 households. Our mix of products and programs enables us to take a comprehensive approach to community economic development, providing opportunities for people at each stage of the progression from poverty to self-sufficiency. Our accomplishments include:

- * Financing more than 6,500 new units of affordable housing, which provide the stable cost of living that families need to begin saving.
- * Investing more than \$10 million in loans to 700 low-income entrepreneurs, providing them with the capital and training they need to build a small business, create jobs, and increase their income.
- * Providing more than 2,500 low-income families with money management training, access to financial services, and a 401k-like matched account that must be used to invest in a first home, a college education, retirement, or micro-enterprise development.
- * Investing in community facilities that are shared assets for all of the Bay Area's communities, such as our \$ \$4.94 million loan to the Native American Health Clinic to finance a new state-of-the-art healthcare facility.

Your request for comments is quite extensive. Opportunity Finance Network (OFN) addressed all questions posed by the CDFI Fund regarding the Capital Magnet Fund Program and I encourage you to follow the guidance provided by OFN.

In general, 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 mine that 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. Again, I stress that the concept for the Capital Magnet Fund Program was based on the CDFI Program and regulations should closely follow the guidance of this program where ever 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:

* For the purpose of leverage and leverage reporting, non-Capital Magnet Fund financing sources should include both federal and non-federal sources of capital.

* 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.

* Achieving leverage is not a requirement of awarding a grant, but rather a reporting function.

Opportunity Finance Network addressed all questions posed by the CDFI Fund regarding the Capital Magnet Fund Program, and again, I urge you to refer to OFN's comment letter to provide guidance. 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.

Thank you for the opportunity to comment. Please do not hesitate to contact me at 408-516-4692 or liz@opportunityfund.org [<mailto:liz@opportunityfund.org>](mailto:liz@opportunityfund.org) if you have questions or need additional clarification.

Sincerely,

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