

## **FAX COVER SHEET**

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<b>TO</b>	Mr. Matt Josephs
<b>COMPANY</b>	CDFI Fund
<b>FAX NUMBER</b>	12026227754
<b>FROM</b>	Len Goeller
<b>DATE</b>	2009-05-01 17:12:16 GMT
<b>RE</b>	Comment-Regulations for Capital Magnet Fund

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### **COVER MESSAGE**

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Thank you for the opportunity to comment.

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

RE: Request for Comment on Capital Magnet Fund Program

Dear Matt,

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 (CMF) Program. I'm particularly glad to see that this now rests within your capable hands.

As you know, I have worked with Tribes and Native American groups over the past 20 years to develop and implement CDFI and NMTC programs. I believe that the Capital Magnet Fund may potentially be of tremendous value to Indian Country, and I'd request that the Fund specifically address the needs of Native Americans in the development of this program. Currently the CDFI Fund is the most successful agency implementing Native Community Development Finance, and the Fund could extend its leadership position with Tribes by explicitly considering their needs in the CMF

In its own letter, 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. I have worked with OFN in the past, and they have a direct connection with Native CDFI activity.

CMF Basic Model: 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, technical assistance, Native American), when possible. I believe that a discreet Native American CMF program may also be of some value.

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. This is an important distinction in Indian Country, where other Federal Housing programs have had implementation problems, particularly through Tribal Housing Agencies, TDHE's and other entities that:

- receive block grants, and
- emphasize development of projects.

CMF and CDFI's: The Capital Magnet Fund Program does not appear to be intended by Congress as a block grant or project-based program. The Capital Magnet Fund Program seems to be created to capitalize on what CDFIs do best, which is to base their housing programs on the unique needs of their own communities.

CDFI's – particularly CDFI's that serve Native Communities:

- know their market conditions and needs,
- understand local customary home-ownership and business practices, and
- are in step with the needs and circumstances of the people they serve.

I believe that the legislative concept for the Capital Magnet Fund Program was based on the CDFI Program model, and that CMF regulations should closely follow the regulatory framework of this program whenever possible. While I feel that the New Markets Tax Credit Program is the top Federal program of

the past 5 years, I do not think NMTC is a more appropriate model for the Capital Magnet Fund Program than the CDFI model.

I would also like to touch upon 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 geographic areas of economic distress since the priorities of the program are extremely low-, very low-, and low-income *families*. I would encourage use of specific language to address the needs of Native Americans, both those living in urban areas, and those living on Reservations.
- Achieving leverage is not a requirement of awarding a grant, but rather a reporting function.

Opportunity Finance Network was comprehensive in its recommendations to the CDFI Fund regarding the Capital Magnet Fund Program for mainstream communities. I urge you to refer to OFN's comment letter to provide guidance. There is, however, a need for you to consult with this inside the Fund and in the Native American Community regarding this targeted population.

The Capital Magnet Fund Program provides enough flexible funding to support a wide variety of housing and community revitalization options and encourages significant leveraging of federal dollars. Using the CDFI model retains the maximum amount of this flexibility and responsiveness to local community needs. This has to be one of our first objectives in CMF implementation.

The CMF is likely to be one of the best tools available to help our neediest people thrive during our current economic crisis and in years beyond. Thank you for the opportunity to comment. Please do not hesitate to contact me if you have questions or need additional clarification.

See you at the New Market Readers meeting?

Sincerely,

Len Goeller

Your Support Team LLC