

Federal Housing Finance Agency  
Office of Budget and Financial Management  
400 7th St., SW  
Washington, DC

September 12, 2014

Dear Sir/Madam,

Opportunity Finance Network (OFN) appreciates the opportunity to comment on the FHFA's Strategic Plan: Fiscal Years 2015-2019. OFN is a national network of community development financial institutions (CDFIs). CDFIs are mission-driven organizations that invest in affordable housing, small and micro-businesses, real estate development and community facilities located in economically distressed communities across the United States. In 2012 OFN Members provided more than \$2.7 billion in financing to low-wealth people, markets, and communities.

Almost half of CDFI lending is in the housing sector; so, a well functioning housing finance system is essential to our business and to our mission of increasing the availability of affordable housing to American households that need it. As the FHFA lays out your strategy for the next five years, OFN encourages you to place a high value on access to affordable housing by low and moderate-income families.

We were pleased to see Performance Goal 2.3 to "expand access to housing finance for qualified financial institutions of all sizes and in all geographic locations and for qualified borrowers" and we think that CDFIs can be important partners with FHFA and the Enterprises in achieving this goal. In particular we would urge you to consider funding the Capital Magnet Fund and facilitating qualified CDFIs' participation as Federal Home Loan Bank members as concrete steps the FHFA can take towards achieving this important goal.

### Capital Magnet Fund

The Capital Magnet Fund (CMF) was created in the Housing and Economic Recovery Act of 2008 (HERA) and provides a source of funding for CDFIs and nonprofit housing developers to finance affordable housing and related economic development activities. Capital Magnet Fund dollars are awarded competitively by the CDFI Fund and must be leveraged at least 10:1 with other funding. When the CMF was created, it was intended to be funded along with the Housing Trust Fund by an assessment on Fannie Mae and Freddie Mac. Shortly after HERA became law, Fannie Mae and Freddie Mac



were put into government conservatorship and the FHFA made the decision not to collect the fee.

In FY 2010, in light of the housing crisis and to stand up the Capital Magnet Fund program, Congress appropriated \$80 million to the CMF, enabling the CDFI Fund to make one round of awards to 23 organizations. The CDFI Fund has recently published an [Interim Impact Assessment](#)<sup>1</sup> on the 2010 Capital Magnet Fund awardees. The CDFI Fund reports that financing from the 23 awardees “produced a total project benefit of over \$1 billion in affordable housing and associated community and economic development projects. The 23 awardees leveraged the initial Capital Magnet Fund awards 12 times with other public and private investments in almost 7,000 affordable homes. Many Capital Magnet Fund investments are now providing housing for the nation’s elderly, disabled, homeless, veterans, and others in great need.”

Now that Fannie Mae and Freddie Mac have returned to profitability we would urge you capitalize the CMF to help achieve Performance Goal 2.3.

### Federal Home Loan Bank Membership

Mission-focused CDFIs can play a key role in the Federal Home Loan Banks meeting their own mission objectives of providing capital in service to all of America’s communities including low- and moderate income communities in both urban and rural areas. For the CDFIs, membership in the bank system holds the promise of access to more patient community capital with longer loan terms, capital that is so critical for community development.

At last count, 19 CDFIs have become members of a Federal Home Loan Bank and many CDFIs have reported very positive relationships with their district bank. At the same time, it is fair to say that the experiences of CDFIs accessing the system have been uneven and many challenges remain to fulfill the promise of this initiative. The FHFA can take two important steps to ensure that CDFIs can take full advantage of their FHLB membership:

- Make clear to the Federal Home Loan Bank system that service to their CDFI members is crucial to their success and that the FHFA expects that they will pursue solutions to any barriers to lending to CDFIs; and
- Help FHFA examiners and FHLB leaders understand that lending to CDFIs that meet the qualifications for FHLB membership does not pose undue risk to the System or to any individual FHLB.

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<sup>1</sup> [http://www.cdfifund.gov/docs/2014/CMF/CMF\\_Impact\\_Assessment.pdf](http://www.cdfifund.gov/docs/2014/CMF/CMF_Impact_Assessment.pdf)



Thank you for the opportunity to comment.

Sincerely,

Mark Pinsky  
President and CEO