

# AFFORDABLE HOUSING FINANCE

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## Capital Magnet Fund Awards Announced

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Forty organizations have been selected to receive \$120 million to develop affordable housing and other activities in low-income communities through the Capital Magnet Fund (CMF). The awardees include 25 Community Development Financial Institutions (CDFIs) and 15 nonprofit housing organizations.

The Treasury Department's CDFI Fund selected the 2017-round recipients after reviewing 120 applications requesting nearly \$540 million in funds. The awards can be used to finance affordable housing as well as related economic development activities and community-service facilities. Awardees are able to utilize funds to create financing tools such as loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees.

Each award recipient must use at least 70% of its award dollars to finance affordable housing, and recipients may use up to 30% of grant funds to finance economic development activities related to affordable housing.

The latest recipients plan to develop more than 21,000 affordable housing units, including nearly 18,000 rental units and more than 3,000 homeownership units. Combined, 91% of all the units will be developed for low-income families earning no more than 80% of the area median income (AMI). About 54% of the rental units will be developed for very low-income and extremely low-income families (50% of the AMI and below).

Funding for the CMF, which was established by the Housing and Economic Recovery Act of 2008, comes from the government-sponsored enterprises Fannie Mae and Freddie Mac, and the amount varies from year to year.

The Local Initiatives Support Corp. (LISC) received the largest award at \$7.5 million. This is LISC's third CMF award. The first two, totaling \$9.8 million, helped finance 1,375 units of housing for low-income families and 94,500 square feet of community space. The grants leveraged \$445 million in development activity focused on the needs of under-invested places.

The new grant builds on that and will finance supportive housing for people who are considered vulnerable including the homeless, seniors, and veterans. It will also focus investment on areas of economic distress in rural and urban communities and fund economic development projects in markets where businesses are hard-pressed to get financing from traditional sources. Notably, that includes new financing solutions for capital gaps related to changes in the tax code that have reduced the value of the low-income housing tax credit, according to Elise Balboni, LISC senior vice president of lending.

"A lot of high-impact affordable housing developments have stalled because in a lower tax environment, investors have less need for tax credits," she said. "The CMF gives us another way to respond to help developers bridge those capital gaps and build the housing in communities where there is high demand."

CMF is especially valuable because it is so flexible, according to Balboni, who cited the St. Elizabeth's project in Washington, D.C., a shuttered psychiatric hospital that is being rehabbed into mixed-income housing, small businesses, community education, and recreation space by Flaherty & Collins Properties. LISC provided a \$2.9 million predevelopment loan to help move the project forward, seeding what will eventually be more than \$102 million in investments.

Developers receiving funding in the latest round include Abode Communities of Los Angeles, Gulf Coast Housing Partnership in New Orleans; Self-Help Enterprises of Visalia, Calif.; and Southwest Housing Solutions of Detroit.

Other organizations receiving funding include Century Housing Corp., Cinnare Lending Corp., Colorado Housing and Finance Authority, The Community Development Trust, CSH, Enterprise Community Loan Fund, New Mexico Mortgage Finance Authority, Ohio Capital Finance Corp., Pennsylvania Housing Finance Authority, Rhode Island Housing and Mortgage Finance Corp., and Wisconsin Housing and Economic Development Authority.