United States Senate

WASHINGTON, DC 20510

March 25, 2010

Senator Richard J. Durbin, Chairman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate

Senator Susan M. Collins, Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate

Dear Chairman Durbin and Ranking Member Collins:

As you develop the FY 2011 Financial Services and General Government Appropriations bill, we write in support of an $80 million funding level for the Capital Magnet Fund (CMF).

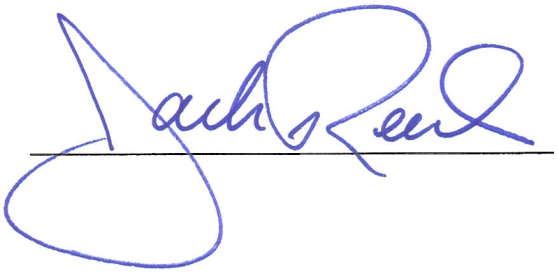
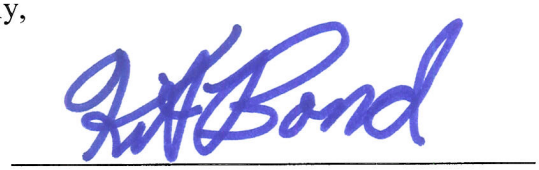
As you know, the Capital Magnet Fund was authorized in the Housing and Economic Recovery Act (HERA) of 2008 and is a competitive program run by the Community Development Financial Institutions Fund. The CMF is an important new tool to encourage innovative efforts to build affordable housing and related economic development in communities across the nation. Furthermore, the CMF concentrates resources on building affordable housing units in neighborhoods around the country hit hard by the foreclosure crisis and the economic downturn.

Under HERA, awards through the CMF must be leveraged at least 10 times. As a result, funds provided to the CMF will generate far more in the form of affordable housing than federal investment alone. This kind of leverage is crucial in advancing federal goals in a cost-effective way, which is especially important as we seek to maximize and enhance the impact of each federal dollar.

Additionally, because CMF dollars can be used to capitalize a revolving loan fund; to capitalize an affordable housing fund; to capitalize a fund to support economic development activities or community service facilities; and for loan guarantees, providing continued support to the CMF is especially important so that credit can be continued to be made available to economically distressed communities.

In short, federal funding is essential to supporting the CMF, especially beyond this inaugural year. As passed, the CMF was to be financed with proceeds from Fannie Mae and Freddie Mac or through appropriations. Because Fannie and Freddie cannot currently make contributions, appropriated funds are necessary to maintain this important program.

We encourage you to provide at least the FY 2010 appropriations level of $80 million for the Capital Magnet Fund in FY 2011.

Thank you for considering this request and for your continued leadership in providing support to economically distressed communities.

Sincerely,