

May 6, 2014

Senator Sherrod Brown  
Senator Bob Menendez  
Senator Jeff Merkley  
Senator Jack Reed  
Senator Charles Schumer  
Senator Elizabeth Warren  
US Senate  
Washington, DC 20510

Dear Senators:

We are contacting you regarding the impending mark-up of the Johnson-Crapo housing finance reform legislation in the Senate Banking Committee. The undersigned groups are deeply appreciative of your commitment to the provisions in the bill that promote greater financing of affordable housing, and indeed, your efforts to strengthen these provisions. Thank you.

Our organizations are particularly focused on the affordability fee and how the monies raised through this mechanism will assist CDFIs and non-profit housing developers to expand our financing of affordable housing through the Capital Magnet Fund (CMF). As a strong supporter of the CMF, you are aware that it was created in the Housing and Economic Recovery Act of 2008 (HERA) along with the Housing Trust Fund, but the assessments on Fannie Mae and Freddie Mac that would have funded these affordable housing programs were never collected due to the government conservatorship.

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.”

The Johnson-Crapo draft legislation establishes a new funding mechanism for the Capital Magnet Fund, the Housing Trust Fund and a new Market Access Fund. Our organizations support all three funds and are recommending that the affordability fee apply to all other mortgage backed securities – notably those issued by the Government National Mortgage Association and private label securities.

While we continue to encourage Banking Committee members to strengthen the draft legislation, we also recognize that the cost of inaction is high. Uncertainty about the future of Fannie Mae and Freddie Mac has depressed the housing recovery and adversely impacted the communities and families our organizations serve. A bipartisan compromise Banking Committee bill that could reach the Senate floor would be a significant accomplishment.

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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)

We encourage you to continue to negotiate in good faith with your Banking Committee colleagues in the hope that your concerns can be addressed and you will be comfortable supporting the final Committee bill. Momentum for positive change can be fleeting and there is much to recommend in the Johnson-Crapo draft.

Thank you for being the stalwart leaders for low-wealth, low-income and other disadvantaged communities that you have always been. Please call on any of our organizations if we can provide any information or assistance to you in this important work.

Sincerely,

Capital Impact Partners  
Housing Partnership Network  
IFF  
Local Initiatives Support Corporation  
Low Income Investment Fund  
Opportunity Finance Network  
The Reinvestment Fund