



Capital Magnet Fund

What is the Capital Magnet Fund?

The Capital Magnet Fund (CMF) is a public-private partnership that uses flexible federal funds to attract private investment into communities for affordable housing and economic development. CMF provides funding that non-profit developers and lenders cannot find elsewhere—funding to do pre-development work, create revolving loan funds, establish loan loss reserves, and provide loan guarantees—all critical pieces of affordable housing and community development.

CMF was created in the Housing and Economic Recovery Act of 2008, and is funded through a small annual assessment on new business purchases by Fannie Mae and Freddie Mac. CMF is a competitive program administered by the U.S. Department of the Treasury open to community development financial institutions (CDFIs) and non-profit housing organizations to develop, preserve, rehabilitate, or purchase affordable housing, as well as related economic development activities such as day cares, rehabilitation facilities, and workforce development centers. CMF recipients are required to attract at least \$10 of outside capital for each dollar awarded.

Community Impact

- **\$740 Million Awarded.** The CMF has awarded \$740.62 million through six funding rounds (FY 2010, FY 2016-2020). The FY 2021 funding round is expected to award \$370 million.
- **48 States Served.** *Projects are nationwide, and demographically diverse.* CMF awardee projects span 48 states, the District of Columbia, and Puerto Rico. In every award round, more than twenty percent of recipients are investing the majority of their funds in rural areas.
- **\$22.8 Billion in Capital.** *CMF awardees successfully leverage minimal federal support to fund transformative projects.* Organizations have generated a total of \$22.8 billion in outside capital from the first four rounds of CMF funding. For every CMF dollar awarded, nearly \$30 in outside capital has been invested, well above the \$10 required by statute.
- **122,400 Affordable Homes:** *Projects support urgently needed housing.* CMF awards are supporting the creation of over 122,400 affordable homes—over 108,700 rental units and over 13,600 single-family homes. In the most recent 2020 funding round, 97 percent of the homeownership units are affordable for low-income families, and 61 percent of the rental units are affordable to very low-income and extremely low-income families.
- **Over 33,000 Jobs Created.** *CMF projects create jobs in communities where they are most needed.* Developments supported by the Capital Magnet Fund in the 2010 and 2016 rounds have created nearly 33,000 jobs, and this figure will grow as more resources are put into projects.

Awardees

- **Types of Institutions:** Through the FY 2019 funding round, 104 organizations have received CMF awards. Of those, 56 were certified CDFIs, 47 were non-profit housing organizations, and one was a Tribal housing authority.
- **Need:** Since 2010, there have been 841 applications totaling \$3.92 billion in requests for CMF funding. However, there have been just 219 awards granted, a 26% award rate. The demand for affordable housing investment has increased substantially during the COVID-19 pandemic.