

November 25, 2024

Sent electronically via the *Federal Register*

**RE: Agency Information Collection Activities: Capital Magnet Fund Application**  
***FR Doc. 2024-21809***

Dear colleagues,

On behalf of the Poverty & Race Research Action Council (PRRAC) and the undersigned signatories, I am writing to provide our comments in response to the Treasury Department's Request for Comment regarding the amended application for the Capital Magnet Fund. PRRAC is a civil rights law and policy organization dedicated to advancing policies that promote fair housing and racial equity.

***Affordability***

To properly address the affordable housing crisis, the Capital Magnet Fund should prioritize longer and deeper affordability, so the application should track affordability data to better understand the current practices and identify improvements. The current 10-year affordability period is far too short. The Treasury Department can and should amend the regulatory authority to impose much longer affordability requirements. Treasury could bring the CMF requirements in alignment with the Low-Income Housing Tax Credit (LIHTC) and implement a 30-year affordability period or longer. However, we cannot properly understand the scope of the affordability disparity without data. The CMF should include questions in the application on the length of affordability commitment and report the results.

Further, CMF should prioritize projects that offer deeply affordable housing, ideally serving households at 30% or below area median income (AMI). The new question on page 46 of the application which asks for the percentage of sub 50% AMI units is an excellent step towards this goal. Additionally, the CMF should also target projects that aim to keep housing permanently affordable through mechanisms like community land trusts, cooperative housing models, and other non-market housing structures. To further understand this issue, the application should ask applicants if projects are committed to these types of non-market housing models. By favoring these models, Treasury can ensure that Capital Magnet Funds are used to create and preserve stable, long-term affordable housing and reduce displacement pressures.

***Prioritizing Nonprofit Housing***

Despite the fact that all CMF applicants must be a non-profit housing developer or certified CDFI, CDFIs may still be for-profit entities. The CMF should prioritize allocations specifically for nonprofit CDFIs, developers, and community-based organizations that are rooted in and accountable to the communities they serve. This would help ensure that the benefits of CMF investments stay within the community.

Preference should be given to organizations with track records in developing long term affordable housing.

### ***Tenant and Community Participation***

To make the CMF more responsive to community needs, projects receiving CMF support should include tenant and community participation in decision-making processes. This can be facilitated through tenant advisory boards, funded tenants' associations, community consultations, and other governance structures that allow residents to have a meaningful voice in development decisions. The application should question whether applicants commit to protecting these types of tenant and community participation. Incorporating tenant input helps align projects with actual community priorities, creating a more equitable and supportive housing environment.

### ***Progressive Reporting and Accountability***

To ensure that CMF investments have a meaningful impact, the program should implement meaningful reporting requirements on affordability, tenant outcomes, and community benefits. We applaud the additions of impact metrics and narrative questions on pages 36-40 of the proposed application. Further, the compliance evaluation questions are also a positive step to ensure that the goals of the CMF are realized. Additional outcome metrics that could be questioned and reported are tenant demographics, rent levels, maintenance practices, and social supports provided to residents. This accountability framework would help identify the CMF's impact, build trust within communities, and guide future improvements to the program.

### ***AFFH and Reparative Focus for Historically Disinvested Communities***

The CDFI Fund should be cautious and intentional when choosing projects in historically disinvested communities to ensure that the project does not perpetuate segregation, gentrification, or the concentration of poverty. The CMF should emphasize *reparative* investments in these communities. CMF investments should also be tracked to ensure that funding for affordable housing is supporting non-profit, community-based developments, and that the locations of CMF-funded developments are consistent with the Affirmatively Furthering Fair Housing mandate of the Fair Housing Act.

We appreciate the opportunity to provide these comments and look forward to continuing our dialogue with the Treasury Department to advance housing justice and equity for all.

Sincerely,



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*Housing Policy Counsel*