

Pueblo of Acoma LIHTC #1

Leveraging Other People's Money: The Capital Magnet Fund

Leveraging Low Income Housing Tax Credits



What is the 'Capital Magnet Fund'?

- Treasury Department program.
- Awards grants to non-profits to attract/leverage other private capital.
- Funded by proceeds from Fannie Mae and Freddie Mac.
- There have been funding rounds in 2010, 2016-2020.
- Biggest component for award amount is **leveraging**:
 - Project must evidence leverage of 10x the award amount
- **Private Investment**
 - LIHTC Equity counts as “private investment” to the CDFI Fund
 - Also includes loans from financial institutions
 - Direct capital from HA or Tribe would also count



CMF: What Project and How

- **Eligible Activities:**

- Affordable Housing Fund
- Loan Loss Reserves
- Loan Guarantees
- Economic Development Activities
- Risk Sharing Loans
- Revolving Loan Fund

- **Evaluation Criteria:**

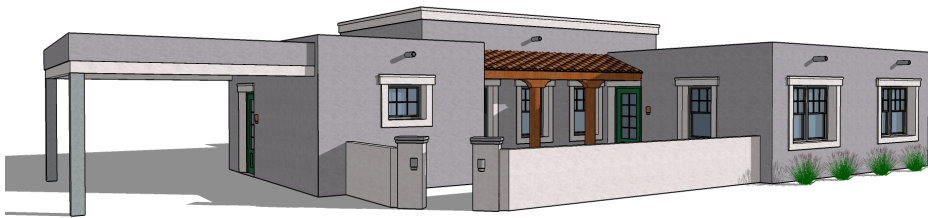
- Pipeline of projects;
- Track record of deploying funds on similar projects;
- Strategy to leverage private capital.

Sample CMF - LIHTC Project Numbers	
	30 Unit New Construction
Hard Construction Costs	\$6,500,000
General Contractor Fees and Contingency	\$1,000,000
Professional Fees and Soft Costs	\$2,000,000
Developer Fee	\$500,000
TOTAL	\$10,000,000

PAYING FOR THE COSTS	
	30 Unit New Construction
Total Development Cost	\$ 10,000,000
Less Investor Equity from Tax Credits	\$ 8,500,000
= Tribal Initial Contribution	\$ 1,500,000
Less Developer Fee (9 months after project completion)	\$ 500,000
Potential CMF Award = \$1M (\$1M times 10 = \$10M)	\$1,000,000
= Tribal Net Contribution	\$0



Travois Experience with CMF



Tohono O'odham LIHTC #3

- 2010: San Carlos Apache
 - \$1,000,000
 - Only tribal awardee in 2010!
- 2016: Red Lake Nation
 - \$800,000
 - Only tribal awardee!
- 2017: Tohono O'odham Ki:Ki (TOKA)
 - \$900,000
 - Only tribal awardee!
- 2018: White Mountain Apache
 - \$562,500
 - Only tribal awardee!
- 2019 awards yet to be announced.

