

Supporting Statement  
Community Development Financial Institutions Program  
Capital Magnet Fund Program Awardee Annual Report  
OMB Approval Number 1559-NEW

**A. Justification**

1. Circumstances necessitating collection of information

The purpose of the Capital Magnet Fund (CMF) program is to competitively award grants to certified Community Development Financial Institutions (CDFIs) and qualified nonprofit housing organizations to attract and leverage other finance resources towards the support of affordable housing and related community development projects. The CMF was authorized in July of 2008 under Section 1339 of the Housing and Economic Recovery Act of 2008 (Pub. L.110–289), and \$80 million was appropriated for this initiative under the Consolidated Appropriations Act of 2010 (Pub. L. 111–117). Twenty-three Awardees were competitively selected after a careful review of their program applications. These Awardees entered into Assistance Agreements with the CDFI Fund that set forth certain required terms and conditions of the award, including reporting and data collection requirements. The Assistance Agreement requires the collection of annual reports that are used to collect information for compliance monitoring and program evaluation purposes. This information is reviewed to ensure the Awardee’s compliance with its performance goals and contractual obligations and the overall performance of the program.

2. Method of collection and use of data

The CDFI Fund collects data on an annual basis based on the Awardee’s fiscal year end. The Annual Report is typically due 180 days after the Awardee’s fiscal year end. The Annual Report will be used to determine an Awardee’s compliance with the terms of its Assistance Agreement, as well as to evaluate the effectiveness of the program.

3. Use of Information Technology

Awardees submit their Annual Reports through the Community Investment Impact System (CIIS) via their *myCDFI Fund* accounts.

4. Efforts to identify duplication

All of the information requested is required in order to evaluate Awardee compliance with the CDFI Fund’s Assistance Agreement. For some CMF Awardees that are also CDFI Financial Assistance Awardees, there is some overlap in the submitted information between both programs, but the separate nature of the reporting systems does not allow for a single point of data entry.

5. Impact on small entities

This collection of information is not expected to have a significant impact on small entities. Small entities that apply for a CMF award must demonstrate significant management capacity in order to be selected for an award. Therefore, the CDFI Fund expects that they will have the capacity to complete the Annual Report. Many, if not all, applicants will be providing information for which they report for other federal or state programs. Thus, this collection of information will not impose a significant impact on small entities.

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6. Consequences of less frequent collection and obstacles to burden reduction

The CDFI Fund cannot determine compliance with assistance agreements, measure its annual performance, or perform program evaluation without this annual collection of data.

7. Circumstances requiring special information collection

Not applicable.

8. Solicitation of comments on information collection

Pursuant to the notice and request for comments published in the Federal Register on September 17, 2010 (75 FR 75107), the CDFI Fund received detailed comments from the following organizations: Opportunity Finance Network (OFN), Idaho Nevada CDFI Inc., and Habitat for Humanity International (HFHI):

<b>Responder</b>	<b>Comment</b>	<b>CDFI Fund Response</b>
OFN and Idaho Nevada	To the extent possible, CMF Institution Level Report (ILR) data should not deviate from Financial Assistance (FA) requirements to simplify reporting for CDFIs.	Reporting and data retention requirements have been designed to be as consistent as possible with existing CDFI Fund programs. Further, there is only one reporting survey with no separate Institution Level Report.
OFN	CMF reports should be on the same schedule as other reports required for multiple program Awardees.	Awardee reporting requirements are detailed in their Assistance Agreement and are based on an Awardee's fiscal year end. These deadlines are as consistent as possible with existing reporting requirements for other CDFI Fund programs.
OFN	Leverage calculations should allow for changes in market conditions and pipeline since the application deadline.	Leverage requirements are specified in the individual Assistance Agreements and based on commitments made in the application. Calculations for leverage do, in fact, allow for changes in market conditions and pipeline of projects.
OFN	Tenant level reporting should not be required.	Specific tenant level reporting is not required. However, for rental units financed with CMF funds, annual tenant income <i>verification</i> is required pursuant to section 5.2 of the Assistance Agreement. Certification of compliance is required in the annual report and records of verification must be available upon request of CDFI Fund staff.

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<b>Responder</b>	<b>Comment</b>	<b>CDFI Fund Response</b>
OFN and Idaho Nevada	Affordability reporting and requirements should be limited to five years.	The affordability qualifications are set forth in detail in 12 CFR Part 1807.400 of <a href="#">the Interim Rule</a> . The CDFI Fund urges Applicants to review the Interim Rule. The Interim Rule requires that all units subject to the affordability qualifications must remain so for 10 years from the time of Project Completion.
OFN	Data points required in reports should be limited in nature to the specific projects for which CMF dollars are invested by Awardees.	Data collection and retention are limited to projects funded or supported with CMF dollars.
OFN	Provide guidance on minimizing burden of reporting on total jobs created, including separating construction and non-construction jobs.	Job creation measures are standardized across CDFI Fund programs. Jobs created are new jobs created after the loan or investment is made. Job creation reporting will distinguish construction and non-construction jobs.
OFN	Allow CDFI's in FA program to use the ILR report for Part II, Financial Position.	The CMF Activities Report will not contain the same financial questions as contained in the ILR. CMF Awardees will be required to submit a CMF Activities Report answering program specific questions and an audited annual financial statement to comply with their Assistance Agreement. In addition, the CMF Awardees will have to report on their eligible uses of the CMF award, as set forth in 12 CFR 1807.301.
OFN	Simplify leverage calculations.	Leverage calculations will be automatically computed from the data reported by Awardees and the reporting system will generate a standard leverage report for each Awardee.
OFN and Idaho Nevada	Simplify reporting of affordability thresholds so they are similar to Low-Income Housing Tax Credit (LIHTC) program requirements.	The affordability requirements are based on existing thresholds which are updated and published annually by HUD: <a href="http://www.huduser.org/portal/datasets/il/il12/index.html">http://www.huduser.org/portal/datasets/il/il12/index.html</a> . Further, the CMF program designed the affordability thresholds to be consistent with most major affordable housing programs such as the HUD HOME and the LIHTC programs.

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<b>Responder</b>	<b>Comment</b>	<b>CDFI Fund Response</b>
OFN and Idaho Nevada	Maximize allowance of on-site record keeping and certifications from borrowers and developers in Part VI, auditable data.	To properly monitor CMF Awardees, the CDFI Fund will collect an Annual Report consisting of the Financial Report, the A-133 Narrative Report, the A-133 Audit Report (if applicable), and the CMF Activities Report to be designed by the CDFI Fund. Reporting requirements are listed in Schedule 6-A of the Assistance Agreement and report due dates are listed in Schedule 6-B of the Assistance Agreement. In addition, for compliance purposes, Awardees are required to retain documentation that the CMF funds have been Committed for use within two years of the Effective Date and an initial amount disbursed within three years of the Effective Date. Evidence of Commitment includes a written, legally binding agreement under which CMF assistance will be provided to the developer or project sponsor for an identifiable project. Evidence of disbursement includes a wire transfer or check. Additional onsite record-keeping requirements are described in the FAQ document and in the Assistance Agreement.
HFHI	Reporting individual production costs is cost prohibitive. HFHI prefers reporting average house production costs instead. Provide job creation numbers at HFHI level only.	Project level costs must be reported in order to properly calculate the overall leverage ratio that the Awardee committed to in its Assistance Agreement. Job creation measures and other project-level outcomes are intrinsically tied to project-level costs. Job estimates must be based on standardized guidance used for all CDFI Fund program reporting. Current reporting standards for job estimates require that Awardees identify the source of such estimates, including estimates by developers, construction contractors, and model-based estimates. Jobs created are new jobs created after the loan or investment is made in the project.
HFHI	Clarify reporting requirements on recycled CMF funds.	The CDFI Fund is currently creating a policy regarding the character of and use of recycled funds. This determination is part of a broader programmatic policy discussion that the CDFI Fund is currently considering that involves other CDFI Fund programs. Notwithstanding the fact that the CDFI Fund has yet to create a policy for recycled funds, should an Awardee not meet its leveraging, affordability, or any other requirements, it will be necessary to reinvest those recycled funds and thus report on them.

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<b>Responder</b>	<b>Comment</b>	<b>CDFI Fund Response</b>
HFHI	Require income verification at point of purchase only.	Homeownership, as well as rental unit affordability requirements must be reported at initial sale or tenancy and as applicable, resale or subsequent tenancy, as specified in the Interim Rule and the Assistance Agreement.
HFHI	Require utility costs for rental units only.	Utility costs are an affordability requirement for rental units only.

Based on these comments, the CDFI Fund revised its reporting requirements and reissued a request for comments published in the Federal Register on June 8, 2012 ([77FR34126](#)), the CDFI Fund received detailed comments from the following organizations: Abode Communities, Century Housing Corporation, Forward Community Investments, Habitat for Humanity, and Opportunity Finance Network (OFN):

<b>Responder</b>	<b>Comment</b>	<b>CDFI Fund Response</b>
Century Housing	Seeks clarification on when “amount recovered” is collected.	“Amount recovered” is reported only for projects that do not achieve Project Completion.
Century Housing	Seeks clarification if the reported interest rate is the initial rate or the rate if it changes. Should fees be imputed into the interest rate?	The reported interest rate should be the actual rate that is charged at the time of the transaction. Other fees should not be included or combined.
Century Housing	In cases where an Awardee is involved in the initial phase of development, and out before construction is completed, commenter recommends that it be allowed to report projected eligible costs and units created at the time the CMF loan was originated.	Eligible Project Costs and units created must be actual and not projected, since the final leverage calculation is based on actual costs and at Project Completion.

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<b>Responder</b>	<b>Comment</b>	<b>CDFI Fund Response</b>
Century Housing	Requests the combining of data points 16 and 17 to be “Project Zip Code” (5-digit, Zip+4 if known)	The CDFI Fund needs to keep these fields separate as it used for internal data validation purposes. If there is no +4 zip assigned, the Awardee will not be required to complete this field.
Century Housing	Requests a defined standard for the reporting of XY coordinate positions.	The CDFI Fund will accept XY coordinates from different sources (e.g. Google Maps, Bing, etc.) as long as the Awardee can document the source.
Century Housing and OFN	Proposes reliance upon public agency reports (e.g. California Tax Credit Allocation Committee) that track CMF requirements such as rent rolls and income levels, rather than the Awardee collecting and verifying this information.	The CDFI Fund will allow Awardees to rely on other government-sponsored reporting that satisfies the CMF requirements. The Awardee will also be expected to have access to the underlying supporting documentation (e.g. actual rent rolls, income verifications).
Habitat for Humanity	Allow a reportable project to include non-adjacent census tracts to reflect projects that have broader geographic coverage such as scattered-site or infill developments.	The CDFI Fund will change item “#20: Additional Locations” to allow projects to have multiple non-adjacent census tracts as long as the tracts are contained within a political jurisdiction boundary, up to a county level.
Forward Community Investments	Recommends that proformas are presented and certified/signed as to their reasonableness and estimate. Upon Project Completion, reliance on certifications of actual costs would be sufficient to document costs.	The CDFI Fund will allow Awardee to rely on developer certifications in lieu of the Awardee collecting actual costs and invoices as long as the Awardee will have access to the underlying supporting documents.

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<b>Responder</b>	<b>Comment</b>	<b>CDFI Fund Response</b>
Forward Community Investments	For Economic Development Activities, how are Awardees to determine the number of eligible households served?	This is no longer required per the new reporting requirements. Please note that for an Economic Development Activity (EDA) to be an eligible use of CMF funds, such EDA Activities must be made In Conjunction With Affordable Housing Activities that satisfy CMF requirements and implements a Concerted Strategy to stabilize or revitalize a Low-Income area or Underserved Rural Area (Section 2.24 of the Assistance Agreement).
Forward Community Investments	Requests clarification of the time period to report minimum and maximum sales price on affordable units.	The appropriate time period is at the initial sale of the CMF funded unit and if applicable, at resale. Resale within the ten-year compliance period must meet the ongoing affordability qualifications.
Forward Community Investments	Recommends that Data points 1 through 3 in Part VI of 8/31/10 list (owner/renter income levels, unit rent rates, and utility costs) be stricken and that the number of affordable units in any given project be identified only as of project completion.	This is no longer required per the new reporting requirements.
Forward Community Investments	Requests that an Awardee be required to report a “Material Event” only if it becomes aware of one, particularly in cases where the CMF loan has been repaid and that the Awardee is not involved on a day-to-day basis.	The Awardee is not required to report a “Material Event” as part of the annual data collection process. However, the Awardee is still required to advise the CDFI Fund of certain “Material Events” on an ongoing basis enumerated in Section 7.8 of the Assistance Agreement.

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<b>Responder</b>	<b>Comment</b>	<b>CDFI Fund Response</b>
Forward Community Investments	Requests that the CMF reporting deadline be simultaneous with or continue to be later than reporting for other CDFI programs. Also suggests that the reporting format be similar to the reports required for the FA/TA programs.	The CMF and CDFI FA/TA programs reporting deadlines are simultaneous (i.e. 6 months after an Awardee’s fiscal year end with the exception of the first reporting deadline). Due to the different nature of the reporting fields for the CMF program, CMF Awardees will have to enter reports for both the CMF and CDFI FA/TA programs (if applicable).
Forward Community Investments	Requests that the reporting of jobs created refers only to construction jobs.	To capture <u>all</u> job creation activities, the CDFI Fund will collect non-construction jobs created (e.g. jobs created as a result of Economic Development Activities).

9. Provision of payment to respondents

No payments or gifts will be made to respondents.

10. Assurance of confidentiality

The CDFI Fund is subject to all Federal regulations with respect to confidentiality of information supplied in the annual report.

11. Justification of sensitive questions.

There are no questions that may be considered of a sensitive nature.

12. Estimate of the hour burden of information collection.

<b>CDFI Awardees/ NMTC Allocatees Estimated Burden:</b>
Estimated Number of Annual Respondents:
<ul style="list-style-type: none"> <li>Number of CMF Awardees: 23</li> </ul>
Burden per Report Type:
<ul style="list-style-type: none"> <li>CMF Annual Report: 40 hours</li> </ul>
<b>Estimated Total Annual Burden Hours = 920 hours</b>

13. Estimate of total annual cost burden to respondents



In addition to the hour burden described in number 12, there should be minimal additional annual costs associated with this data collection.

14. Estimate of annualized cost to the Government

The major costs to the Government are those related to the initial development of the annual data collection costs of the CMF report CIIS which is a one-time cost of \$170,638.70 in FY 2012. This cost is paid under an existing contract to E.F. Kearney Limited. In addition, there are staffing of the CDFI Fund's Compliance Monitoring and Evaluation Unit to monitor Awardee compliance over the course of the next three years which is estimated to be \$300,000.

15. Any program changes or adjustments

Not applicable.

16. Plans for information tabulation and publication

Confidential and proprietary information collection through the annual report will not be published.

17. Reasons for not displaying expiration date of OMB approval

Display of the OMB expiration date may cause confusion in reporting by the Awardees by the appropriate due date(s). The non-display of the OMB expiration date is requested.

18. Explanation of exceptions to certification statement

Not applicable.

**B. Collections of Information Employing Statistical Methods**

This section is not applicable.