

Attachment A

REDI Fund October 19 Study Session – Previously Provided

The REDI Fund emerges from the work of the Growing Transit Communities (GTC) Partnership, a consortium of public, private, and non-profit stakeholders led by the Puget Sound Regional Council (PSRC).

The REDI Fund is a revolving loan program funded through a combination of public and private funds that proportionally funds properties in King, Pierce and Snohomish counties. It will allow strategic early investment in well served transit oriented neighborhoods by providing low interest loans to non-profit and private developers to secure land or existing residential properties for the purpose of creating housing that includes affordable housing. It also encourages incorporating other community facilities into resulting developments. The basic program follows models used in other parts of the country including the Denver Transit Oriented Development Fund, and the Bay Area Transit Oriented Affordable Housing (TOAH) Fund.

The Interlocal Agreement addresses basic issues, including the program description as provided to Council when program funding was approved in the first quarter of 2015. The Interlocal Agreement will be entered into by all public funders participating in the REDI Fund. It was drafted with input from ARCH staff and Executive Board, and city attorneys for several ARCH members including Bellevue. The Interlocal authorizes the Executives of participating public funders to oversee ongoing operation of the program. For ARCH members, that role is designated to the ARCH Administering Agency (Bellevue City Manager) upon consultation with the ARCH Executive Board. The Interlocal addresses issues including:

1. Geographic balance of funds that accounts for levels of public investment (Section II.B.4). Based on current public funding commitments, 28% of program funds would be targeted to eligible areas of East King County. This translates to about \$5 million or more depending on the level of private funds in the program.
2. Minimum affordability requirements (Sections II.A,1, 2 and 3). These are set at a relatively low level to provide maximum flexibility on the types of projects assisted, with language that more significant levels of affordability are encouraged and preferred. Affordability is measured both in terms of relative to median income as well as existing rents in the project area. There is also a requirement for covenants to ensure long term affordability.
3. Intent is to minimize any relocation, but if necessary there are provisions for required minimum levels of relocation assistance (Section II.A.4).
4. An outline of the REDI fund governance structure, reporting requirements to parties and representation on committees. Each public funder will have a representative on the Advisory Committee and the Oversight Committee (policy setting committee). Public funders will have rotating representation on the credit committee (reviewer of individual applications) including a floating representative so that the public funder most closely geographically associated to a proposed project reviews the project, e.g., ARCH

representative participates in credit committee for any project located in East King County (Section V.B).

5. ARCH cities appoint the ARCH administering agency (Bellevue), after consulting with the ARCH Executive Board, to be able to act in their behalf on executing the Master Credit Agreement and other related administering documents, and representing them on committees (Note: this is the same authorization made by councils when they made their funding commitment to the program in the First Quarter, Section IV.D).
6. Potential to extend the program upon approval of all the parties. Would require going back to city council of each funding member of ARCH (Section X.B).

The REDI Fund Master Credit Agreement will document more detailed aspects of the program. The Interlocal authorizes executives of the public funders (ARCH Executive Board, ARCH Administering Agency for ARCH members) to review and enter the Master Credit Agreement so long as it is consistent with the provisions of the Interlocal. The Interlocal (Section VI) has language listing items that at a minimum must be addressed in the Master Credit Agreement. Issues that will be addressed in the Master Credit Agreement and related documents include (note: these items are similar to those identified in the conditions for providing funding through the ARCH trust fund):

Program and project criteria including:

1. Geographic balance for use of the fund, with goals for sub-regions including East King County.
2. Defined transit oriented neighborhood areas eligible for use of the fund with flexibility over time to account for changes in land use and transit service. Currently identified neighborhoods include areas in all seven of the ARCH member cities who are providing funding.
3. Criteria for eligible borrowers.
4. Overall affordability goals for housing created through fund.
5. Criteria for reviewing applications and establishing loan terms (e.g. amount, interest rate, duration) for individual projects.
6. Guidelines regarding eligible types of development, with the primary objective being the development of housing that includes affordable housing in stand-alone or mixed use development. Also provisions to help benefit other non-housing uses (e.g. community facilities; small businesses) as a secondary use in mixed use developments to encourage vibrant urban centers.
7. Minimum developer contributions and how REDI funds could be blended with other funding sources.
8. Review/underwriting criteria for evaluating individual sites, including establishing milestones to be able to evaluate appropriate progress on individual sites. Include some level of flexibility in these criteria to be responsive to different market conditions throughout the region.
9. Procedures for disposition or other use of properties that are not able to proceed as proposed.
10. Clear direction/policy regarding relocation.

Governance issues including:

1. Committee structure (Oversight and/or Loan), membership, frequency of meetings and responsibilities.
2. Process for identifying and if needed, replacing an administrative agent and the roles and responsibilities of the administrative agent.
3. Procedures/process the fund will use to review individual applications and develop funding recommendation.
4. The amounts and terms of funds from each investor, including how losses are allocated (note: the intent is to spread any losses for any individual property among several public funders to the extent allowed by specific public fund sources).
5. Process for regular review and evaluation of REDI Fund activity and revisions to fund priorities and structure.
6. Provisions for administering fund resources and obligations upon expiration of the Agreement, if the Agreement is not renewed.