ATTACHMENT B

Memorandum:

To: Los Angeles County Metropolitan Transportation Authority (Metro)
Calvin Hollis, Managing Executive Officer – Executive Office Strategic Initiatives
Marie Sullivan, Transportation Planning Manager III, Strategic Initiatives

From: Ann Sewill, California Community Foundation
Cecile Chalifour, Low Income Investment Fund
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Date: May 27, 2016

RE: INVESTMENT PLAN: Metro Affordable Transit Connected Housing Program (Metro MATCH)

Introduction

The Low Income Investment Fund (LIIF), Enterprise Community Partners, Inc. (ECP), and the California Community Foundation (CCF) have been working closely with regional partners to develop a plan to preserve and increase the supply of affordable housing in communities that are being enriched by new transportation infrastructure. Through our collaboration, we have developed the Metro Affordable Transit Connected Housing Program(Metro MATCH, the "Program"), a public-private lending partnership with an estimated loan capitalization of $75 million, including a $9 million investment from Los Angeles County Metropolitan Transportation Authority ("Metro") and at least $11 million from foundations making program related investments ("PRI"); the balance will come from Community Development Financial Institutions ("CDFI") that originate loans through the Program. The goal of the Program is to deliver innovative financing intended to stabilize and expand the housing stock near existing and proposed transit nodes throughout Los Angeles County.

Research has suggested that transit-adjacent neighborhoods that lose low-income residents due to rising housing costs may experience declines in transit ridership and increases in car ownership (Dukakis Center for Urban and Regional Policy, 2010). Additionally, further research has demonstrated that lower income residents living near transit stops in California take transit twice as frequently as higher income residents, and also have higher rates of walking and biking (California Housing Partnership Corporation and TransForm, 2014). With the Los Angeles region quickly becoming one of the most unaffordable places to live in the United States, a countywide strategy is critical to deliver the tools and resources needed to stabilize affordable housing in the region. The Program proposed here offers solutions that will prevent the affordable housing shortage in Los Angeles County from deepening amidst projections of rising rents in historically lower-rent areas. Furthermore, it is intended to be complementary to

* A list of references cited can be found on Page 15

Metro's overall Transit Oriented Communities (TOC) framework, which recognizes the importance of connecting transit riders with affordable homes within close proximity of its transit stations.

LIIF, ECP, CCF and the LA THRIVES collaborative have designed the broad outlines of the Program. An initial administrative agent – a CDFI, to be selected - will establish and then, as administrative agent, implement the Program. It is anticipated that Originating CDFIs will include LIIF, ECP, and other strong and experienced CDFIs, to be approved by all the Program participants.

Market Demand Analysis

The proposed program loan products have been developed based upon the findings from a 2013 study engaged by Metro, CCF, and The California Endowment and led by Enterprise Community Partners, LIIF and the Center for Transit Oriented Development. The study outlined tools Metro could use to encourage affordable housing and job creating development near transit. The Los Angeles County housing market continues to exhibit a high demand for affordable rental apartments in general. There is a shortfall of almost 500,000 homes affordable to very-low and extremely-low income households (California Housing Partnership Corporation, 2014). We believe it is strategic and impactful to preserve affordable housing, as construction of new affordable housing alone will never meet the growing need. Rents have risen over 10% from 2013 to 2015 and are forecasted to rise an additional 10% by 2018 (University of Southern California, 2016). Neighborhoods near station areas in particular are forecasted to sustain high demand for housing.

The Program design also reflects the findings from a Capital Absorption Workshop conducted in Los Angeles in 2014 through the Living Cities initiative as well as the priorities identified by the LA THRIVES Capital Resources Working Group, which includes foundations, CDFI's, banks, developers and representatives of local public agencies. Together these partners have demonstrated a gap in financing tools for two high priority needs: 1) the acquisition of naturally occurring affordable housing in close proximity to High Quality Transit Nodes ("HQTN"), and 2) predevelopment financing for new affordable developments, especially for community based organizations. An HQTN is defined by Metro, for the purposes of this program, as a fixed guideway station or intersection of 2 buses (of any bus operator) with minimum 15 minute peak period headways.

Naturally occurring affordable housing (often referred to as "NOAH"), defined as unsubsidized and non-deed restricted affordable housing with rents affordable to households earning 80% of area median income ("AMI") or below, has been consistently identified throughout our research and conversations with stakeholders as an "at risk" resource, particularly near transit stations, as those properties are most likely to feel the pressure from increased value. These have been identified as an opportunity for acquisition and restructuring with permanent affordability restrictions. Properties typically range from small (15 units or less) to mid-size (40-60 units). Developers have identified a gap in patient acquisition financing for such opportunities. Existing financing options don't offer the flexible terms needed to support a stabilization period and cover holding costs, such as longer term financing with high loan-to-value ratio, at affordable interest rates.

Developers have also consistently expressed a need for larger and more patient predevelopment loans than exist in the market. Affordable TOD projects, including those using Low Income Housing Tax Credits, typically require 2.5 to 3 years to secure entitlements and subsidy commitments. Mixed income and mixed use developments take longer.

Improving Health Outcomes and Increasing Transit Ridership

The Program would complement a growing portfolio of strategies to move the needle on the social determinants of health in Los Angeles County. As billions of dollars of public transportation investments and strategic priorities aim to transform key transit corridors and neighborhoods, these strategies aim to mitigate displacement and ensure improved health and economic outcomes for existing low-income communities of color in these neighborhoods. METRO MATCH will support housing projects that allow low-income households to live in affordable housing near transit stations. By infusing the community development system with additional housing, the Program will help increase the scale of developing permanent affordable housing that is integrated with multi-modal transportation – thereby reducing air pollution, encouraging physical activity through active transportation to and from transit, combatting displacement and its related mental and psychological health stressors.

New Tools

This proposed program will fill the gaps identified above by offering two products:

1) Housing + Transportation Loan (H + T): A loan providing patient, flexible capital for the acquisition and short-term stabilization of naturally occurring affordable housing properties with redevelopment potential, with the intent of encouraging redevelopment to double or more of existing density;

2) Predevelopment Loan: Financing to assist with the costs associated with new affordable housing development beyond what is typically available from community lending institutions and CDFIs. Both products will target development near HQTA throughout Los Angeles County. The program is intended to ultimately leverage existing local, state, and federal funding for development that preserves and expands affordable homes near transit, including federal and state Low Income Housing Tax Credits (LIHTC) and the state's Cap and Trade Affordable Housing and Sustainable Communities (AHSC) funds.

Preliminary Loan Product Descriptions:

Products

Allocation of Program Funds between the two proposed products:

- Predevelopment Loan product allocation – 25% of the program: 5-8 loans, 800 new affordable units assuming 100 units per project, 8 projects (assumes some revolving during the origination period)
- H+T product allocation - 75% of the Program: 5-12 loans, i.e., 500 preserved units (10 properties acquired, each with 50 units),1,500 units preserved/produced, or 2,250 units if the program revolves 1.5 times (on average tripling the numbers of units through redevelopment).

Allocation of funds between the two products might be modified, depending on deployment with approval of the program funders (Metro and the foundations). If additional PRI funds from foundations are raised, allocation of funds between the products will be revisited, with the agreement of Metro and the foundations.

A. **Predevelopment Loan -** The program will provide predevelopment financing for borrowers that have projects with evidence of site control and an achievable strategy and schedule of milestones for securing the construction and permanent financing. Predevelopment loans will support projects that will use Low Income Housing Tax Credits and local subsidies but would also compete well for permanent financing such as the Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) program or Los Angeles County's affordable housing funds. One of the goals of the Predevelopment Loan Product is to support the creation of a strong pipeline of transactions to compete for AHSC by providing experienced developers extra resources to act quickly and efficiently. The goal is for borrowers to have projects in construction within 2-3 years of the loan closing, and redeploy the funds as the loans are repaid.

Loan Amount:	Maximum Predevelopment Loan for a project: $1,500,000, in two phases: 1. Predevelopment Loan $1,000,000 • $500,000 – CDFI Loan • $500,000 – Metro/PRI Loan • Borrower must demonstrate site control and milestones for securing project financing 2. Supplemental Predevelopment Loan – up to $500,000 • Metro/PRI Supplemental Loan (maximum Metro/PRI Predevelopment Loan will be $1,000,000 all included) • If needed, once borrower can demonstrate committed permanent financing

Terms of Participation	Metro/PRI loans are subordinate to CDFI loans
Term	24 months, with 12 month extension option
Revolving	Assumes loans are repaid every 2 or 3 years
Collateral	Unsecured
Recourse	100% recourse to borrower
Repayment Guarantee	100% repayment guarantee from sponsor (and principal(s), if for-profit sponsor) and if borrower is a Single Purpose Entity
Equity	The lower of $50,000 or 3-5% of predevelopment costs
Concentration	Limit of one loan per developer, with exceptions contingent on approval from Metro and the foundations
Eligibility	Experienced non-profit developers, acting solely or in joint-venture with a for-profit developer, with demonstrable project-level site control. Priority given to partnerships that include community based nonprofit developers with limited access to other predevelopment loan sources. The project must be within a half mile of an HQTN (as defined on page 2). There must be a safe path of travel to transit from the project (further detail on page 13).
Eligibility Criteria	The projects funded by METRO MATCH must have: - a minimum unit size of 49 units; and h propose long term affordability restrictions for the future development plans: • 100% Affordable: 100% of units restricted to 60% or below AMI (or meet mixed-income rules below); or • Mixed-Income: Minimum 75% of residential units developed as affordable housing to receive full loan; if less than 75%, project loan amount will be adjusted. Or • Mixed-Use: Minimum 75% of total square footage will be developed as affordable housing restricted to 60% or below AMI to receive full loan; if less than 75%, project loan amount will be adjusted

B. **Housing+Transportation Loan ("H+T") -** A large portion of the housing portfolio near transit in Los Angeles County is comprised of "naturally occurring affordable housing", non-restricted housing at rents lower than the average market rents, held stable temporarily by market forces and rent stabilization ordinances. The purpose of the H+T program is to help affordable housing developers purchase multifamily properties in advance of gentrification and displacement forces that might occur in order to preserve and expand the number of affordable units, with likely capacity on eligible sites to at least double the number of units or square footage. The goal is to preserve the existing units in the short term, and in the long term to redevelop the sites with permanent affordable housing at higher density. H+T loans will provide patient funding for affordable housing developers to purchase qualified multifamily properties and hold for 5 – 10 years with short term affordability restrictions while community and site-specific plans are completed to significantly increase the number of affordable units.

Maximum CDFI Loans	85% LTV based on as is value (75% on certain projects, criteria to be determined, depending on risk profile)
Maximum Metro/PRI Loan	Lower of 120% LTV (as is value) or $2million. Can be used to cover closing, immediate repairs and any required reserves costs
Terms of Participation	Metro/PRI Loans are subordinate to CDFI Loans
Eligible Properties	Eligible properties must satisfy minimum standards for safe, decent, and sanitary housing and might require some level of repair and rehabilitation.
Eligibility Criteria	The project funded by METRO MATCH must have an existing minimum unit size of 20 units, with likely capacity on the site to at least double the number of units or square footage when redeveloped. Priority given to projects that will significantly increase affordable housing opportunities on site. The project must be within a half mile of an HQTN (as defined on page 2). There must be a safe path of travel to transit from the project (further detail on page 13).
Term	5-year initial interest-only term, plus optional additional 5-year term (amortizing on a 25-year schedule for the CDFI loan, residual receipts for the Metro/PRI loan). The additional term will be contingent upon: CDFI's underwriting and the funding of a DCR reserve to ensure a 1.15:1.00 DCR on the CDFI portion, as needed. The CDFI will have the option, at its discretion, to reprice the loan after five years, for the additional 5-year term.
Revolving	As early as every 5 years as loans repay
Collateral	First Deed of Trust against the property
Recourse	100% recourse to borrower
Repayment Guarantee	Above 75% LTV repayment guarantee from sponsor if Borrower is a Single Purpose Entity (and principal, if for-profit sponsor)
Developer Equity Required	The lower of $100,000 or 3-5% of acquisition costs (exceptions for non-profit borrowers subject to approval by lenders)
Sinking Fund	Net cash flow during first term goes to a sinking fund, with an

	adjustable cap at an amount to be approved at closing; cash flow above cap to be distributed to borrower. Sinking Fund would be recast as a portion of the Debt Service Coverage reserve for the 2nd term
Short Term Affordability Restrictions During Preservation Period	• Program loans will include a deed restriction recorded by a government partner or other acceptable entity providing for a minimum of 75% of the units to be restricted to tenants earning no more than 80% Area Median Income on a going-forward basis. • Existing tenants at the time of acquisition may or may not meet the income restrictions; however once a unit is vacant borrowers are required to place new tenants that meet the income eligibility restrictions. Loans will be underwritten based on restricted rents. • Prior to acquisition, borrowers/sponsors will be required to submit an occupancy and management plan that demonstrates how they intend to meet the income restrictions and include a preliminary profile of the property's current rents and renters' incomes. They should also address how they will adjust the rents to make them affordable to the existing tenants, as needed • In terms of monitoring: Borrowers will be required to submit an annual self-certification of compliance with restriction requirements • If needed, any required relocation will be conducted in accordance with applicable laws and regulations
Long Term Restrictions	To encourage a long term affordability outcome, H+T loans will be subject to an equity recapture provision. In the event of a sale or refinance, once the loan principal, interest and any accrued fees are fully paid, the remaining equity will be distributed based on the following parameters: 1. Repayment of acquisition & predevelopment costs directly expensed by the borrower/sponsor; 2. Preferred equity share not to exceed 5% IRR to the borrower/sponsor; 3. Distribution of the balance of equity on a sliding scale depending on the "proportion" of units subject to long term affordability restrictions (over 30 years) as required by a document recorded on title at the time of sale/refinance, and enforced by a local government agency or other entity with capacity to monitor for enforcement of affordability. The restrictions should be expressed as a proportion to make sure it applies to either

	existing units or future entitled units. The equity will be split between lenders (Metro, Foundations) and borrower/sponsor as follows: • If 100% of the units are restricted to 60% AMI or lower, 100% of the balance of equity to the borrower/sponsor; • If between 35-100% of the units are restricted to 60% AMI or lower, the equivalent to the % units to the borrower/sponsor (i.e., 80% affordable units results in 80% of the balance of equity to the borrower/sponsor); • If less than 35% of the units are restricted to 60% AMI or lower, 100% of the balance of equity will be recaptured by Metro and the Foundations.

Example of H+T Loan

Sources/Uses (24 units)

Sources	
CDFI Loan	$3,185,000
Metro/PRI Loan	$1,070,000
Borrower Equity	$100,000
Total	$4,355,000
Uses	
Property Acquisition	$3,745,000
Fire/Life/Safety Repairs+Temp Relocation	$100,000
Replacement Reserves	$250,000
Operating Reserve	$50,000
Interest Reserve	$105,000
Legal, Appraisal, PNA, environmental, etc.	$40,000
Origination Fee for Originating CDFI	$60,000
Total	$4,355,000

Borrower Profile

- Non-profit developers, acting solely or in joint-venture with a for-profit developer, with a minimum of 5 years of experience in affordable housing development, a successful track record of obtaining public and private financing for at least 4 affordable housing projects, and experience managing assets similar in size and budget. The Program will encourage strong joint venture partnerships with neighborhood-based community development corporations and non-profit developers as a strategy to optimize developers' different

strengths and expertise and to use the CDCs' familiarity with communities, particularly in addressing displacement issues. A joint venture agreement should specify an active role for the non-profit or CDC partner.
- Adequate organizational capacity and stability, without material defaults or material adverse financial change within the past 7 years.

Capital Raising and Metro and Foundations' Participation

Metro's contribution of $9 million, alongside the anticipated $11 million in philanthropic contributions of PRI capital, for a total of $20 million, would leverage CDFIs' financing for an estimated total Program of $75 million (between $56 million and $86 million depending on products are deployed). The leverage expected from the Metro and the foundations' financing is expected to be between 2.5:1 to 4:1 for the H+T program. Leverage is expected to be 0.5 to 1 on the Predevelopment Loans. The leverage and overall size of the Program will vary as the proportion of each transaction funded by a CDFI will change on each project depending on a) the amount of total debt needed as project costs are either lower than expected or higher, and H+T is limited by the $2 million cap leading to a larger portion of CDFI financing; or b) the loan to value ("LTV") the CDFIs will approve varies.

LIIF, Enterprise and CCF are confident that sufficient capital can be raised to meet the Program capital needs. Several CDFIs have expressed interest in the Program, and at least one other foundation has expressed interest based on preliminary conversations. Negotiations with interested investors will become more detailed as the Program structure is approved by Metro and the first investors. ,

Ideally, the Program would launch with a total contribution of $20 million from Metro and the foundations at closing, to be disbursed in a couple of installments as the Program reaches certain milestones, including deployment.

<u>Metro/PRI Contribution</u>

- $20 million total contribution, including $11 million PRI capital and $9 million from Metro, for a leverage ratio of roughly 1:1. The Foundations' $11million is a minimum and could increase up to $15 million. Metro's contribution will be funded per the following installment schedule:

- FY 17 - $3,000,000, with an additional $120,000 towards the start-up budget (including legal costs for the SPE, master credit agreement and template project loan documents, administrative set up costs, reserve for audits and taxes)
- FY 18 - $3,000,000
- FY 19 - $3,000,000.

Disbursement of the second and third installments will be tied to deployment milestones. The foundations PRI will be funded per the same schedule of a third each year.

Metro's and the foundations PRI contributions will be disbursed per the above schedule to a holding account (SPE account), most likely a custodial account held by CCF. A basic remuneration may be available but is not guaranteed.

- The Program partners propose that the transit agency, Metro, take the top loss position for up to $5MM of its total investment, or 25% of the subordinate debt (from foundations and Metro) on each project loan, with the balance of Metro and the foundations' PRI in second loss position on a pari passu basis. This assumes a total subordinate debt pool of $20 million; if the foundations' PRI increased over the minimum $11 million, to a maximum of $15 million, Metro will consider extending its top loss over the $5 million to keep the 25% top loss on each project loan constant. A Program Credit Agreement will outline that losses on any one loan that exceed what can be recaptured from the borrower and/or the real estate collateral, will be first the responsibility of Metro up to $500,000 assuming a maximum loan amount of $2 million; then the responsibility of Metro and the foundations, shared pari passu, up to $1,500,000 (27% from Metro).

- Metro/PRI Program funds will be managed by a newly formed Special Purpose Entity (SPE) as described below, formed and managed under contract with the administrative agent (a CDFI).

- Interest rate to be charged to the projects on the financing from Metro: No fees, interest rate expected to be 1% net to Metro (interest will be earned once project loans close, and only then)

- Each participant (Metro and Foundations) will delegate a position within their organizations that will be authorized to approve and sign draws, project loan exceptions, revisions to the legal documents and all matters related to the Program.

Total Overall Program Funding: estimated at $75 million

Metro ($5MM)
Metro ($4MM) **Foundations** ($11MM) pari-passu
Originating CDFIs Estimated at $55million ($36-66million)

Program Structure

The recommended approach is a debt Program with different tranches of capital based on risk tolerance of each participant, leveraging CDFI capital and adding a layer of financing that is not currently available from financial institutions.

The Program "Project Loans" will be structured as participations (or, potentially, syndications if it appears later to be a better option):

a. A loan from an originating CDFI (senior) to the project borrower;
b. A participation from the SPE in the project loan (subordinate).

The SPE will have a strong administrative agent (as described below). The foundations and Metro will enter into a credit agreement to lend their funds (each making a single loan) upfront, to the SPE. The SPE will in-turn buy participations in project loans at the time the Originating CDFI is closing a project loan. The CDFIs will fund project loans directly at the time they close, and only the loans they originate. Each Originating CDFI will underwrite, service and manage loan repayments for the loans it originates, including the portion participated to the SPE.

The SPE, which might be a Delaware Limited Liability Company (LLC), will be formed and constituted by three to five CDFIs that meet the qualifications of originating CDFIs and are "owners" of the entity, with a limited role for the managing member of the SPE, who should have no control over the entity to avoid consolidation issues. A CDFI will be named as an "Initial Administrative Agent" to set up the program (which includes acting as the managing member of the SPE), and later on as the Administrative Agent to manage the program's pipeline, serve as the intermediary between the SPE and the originating CDFIs to manage the approval, closing and funding process of the project loans, and handle administrative duties for the SPE, including reporting.

There are a few key points to note in regards to the structure:

- The proposed structure reflects an attempt to have a streamlined process, and at the same time allow Metro and the foundations to make one loan to an entity, versus having to book loans for each transaction.
- The CDFIs will fund project loans directly at the time they close, and only the loans they originate;
- The foundations and Metro would fund the loans to the SPE in Year 1 in a couple of installments to avoid ongoing capital calls;
- Fees will be consistent with fees on similar funds such as TOAH or Golden State Acquisition Fund, to support the duties described above. Fee will be confirmed as the Program gets set up, reflecting the final structure, roles and responsibilities.
- The start-up budget will include a small set aside to pay for administrative costs for a couple of

years.

- Underwriting Standards for the Program will be prepared, adopted by the Administrative Agent, and approved by Metro, the foundations and Originating CDFI's as part of the set up process. The standards will provide a working baseline for loan amounts, eligible project types, interest rates, loan-to-value ratios and other terms of the Program loans

<u>Qualifications for Lenders to Originate through the Program:</u>

All originating lenders must be nonprofit CDFIs with at least ten years experience in the Los Angeles County region, with originations of at least $50 million in multifamily affordable lending, acquisition and predevelopment financing, with projects using Low Income Housing Tax Credits and leveraging local public resources. Among an estimated 20 CDFIs active in LA County, a subset of 4 to 6 might qualify. The Administrative Agent will review the originating lender applicants to ensure that each meets the portfolio size, financial strength, and portfolio quality criteria. The final selection of the lenders will be made by the SPE members as well as Metro and the foundations.

<u>Program Terms:</u>

- 13-year Program, with a 3-year initial origination period, to allow for loan terms of a maximum of 10 years (Metro/PRI and CDFI contributions to be co-terminus)
- Project loan terms as short as 2 years up to 10 years (as 2 consecutive 5-year terms) depending on the Product
- Revolving Program, with new loans originated as loans are repaid.
- Eligibility Criteria:
  - Project sites located within a half mile of a high quality transit node ("HQTN"), as defined on Page 2, including future stations or stops anticipated to be completed within the next 10 years. There must be a safe path of travel to transit from the project. Residents of the project must be able to safely walk or bike to a nearby transit stop or station on existing or planned sidewalks or bicycle lanes and crosswalks at major intersections.
  - Projects with long term affordability restrictions placed as part of the future development plans – see details below on the approach for each Product:
    - o **100% Affordable:** 100% of units restricted to 60% or below AMI (or meet mixed-income rules below); or
    - o **Mixed-Income:** Minimum 75% of residential units restricted to 60% or below AMI to receive full loan; if less than 75%, project loan amount will be adjusted; or
    - o **Mixed-Use:** Minimum 75% of total square footage will be developed as affordable housing restricted to 60% or below AMI to receive full loan; if less than 75%, project loan amount will be adjusted.

Partners’ Role and Capacity

The Program will have a management and governance structure that reflects the learnings from other successful CDFI-managed funds and programs.

Program Management:

The Administrative Agent will manage the Program day-to-day operations of the Program, including the project loans approval process, financial management and reporting.

Each Originating CDFI will service and track its project loans, including the portion syndicated to the SPE.

Loan Approval Process:

The approval process for project loans is intended to support a quick turnaround to allow developers to compete with the market. The Originating CDFIs will certify compliance with underwriting guidelines and the foundations/Metro will have three business days to approve a project loan on that basis. There will not be a separate loan committee. The Administrative Agent will serve as the intermediary between the SPE and its funders and the Originating CDFIs, to get the project loans closed, but will not review or approve the other Originating CDFIs’ underwriting.

SPE Governance:

The governance structure for the SPE will comply with California law and IRS codes.

Procedures:

The Program will make and purchase loans that fit the Program’s mission. The Administrative Agent will accept project loan applications from Originating CDFIs on an open window basis, and manage the pipeline, with a clear process to reserve funds. All the pre-approved Originating CDFIS will be able to originating project loans into the Program.

Geographic Diversity

Project loans will be offered on an open window basis. The CDFI administrative agent, with the program participants, will engage in a robust marketing and outreach strategy to ensure that potential borrowers in all communities with qualifying HQTA stops or stations have the opportunity to benefit from the program.

Approvals

Upon pre-approval by the Metro Board, and the foundations the initial Administrative Agent will prepare the following final documents for consideration and approval by each investing entity's delegated stakeholder:

1. Credit Agreement between Metro and the foundations as lenders and the SPE as borrower
2. Legal documentation required to form the SPE
3. Template documents for the syndicated project loans, including an Agency Agreement between the Originating CDFIs and the SPE
4. Underwriting guidelines for loans
5. Loan origination and servicing procedures
6. Administrative Agent management contract with the SPE
7. LA TOC budget

Metro and the foundations will work with the Administrative Agent to negotiate and approve these documents.

Partners

Low Income Investment Fund (LIIF): Since its inception over 25 years ago, LIIF has provided over $1.9 billion of financing and technical assistance to community organizations, leveraging an additional $9 billion of capital and providing 1.8 million low income people with stable housing, quality child care, high performing schools, and vital community services.

Enterprise Community Partners (ECP): Enterprise Community Partners has more than two decades of experience in providing capital needed to create and preserve approximately 100,000 affordable homes across the nation. ECP's affiliate, the Enterprise Community Loan Fund, has invested more than $1.3 billion to support affordable homes for low-income households, as well as facilities that support education opportunities, access health care, and small business growth. The Loan Fund also leverages financial, technical and policy resources from across all of Enterprise Community Partner's leading entities, providing specialized expertise and financing structures to support borrowers' community development goals.

California Community Foundation (CCF): CCF has been working since 1915 to transform generosity into impact to realize a stronger, healthier and more prosperous future for all Angelenos. Since 2000, CCF has tripled its assets, received more than $2.2 billion in donor contributions and given out almost $2 billion in grants, making CCF the fourth largest community foundation in the United States based on total giving.

Los Angeles County Metropolitan Transportation Authority (Metro): Metro serves as transportation planner and coordinator, designer, builder and operator for Los Angeles County. More than 9.6 million people – nearly one-third of California's residents – live, work, and play within its 1,433-square-mile service area. Metro envisions the creation of "transit oriented communities" (TOC). TOCs represent an approach to development focused on compact, walkable and bikeable places in a community context (rather than focusing on a single development parcel), integrated with transit.

<u>Exhibit 1:</u> Diagram of Metro MATCH Proposed Structure

References:

Maintaining Diversity in America's Transit-Rich Neighborhoods: Tools for Equitable Neighborhood Change, Dukakis Center for Urban and Regional Policy, October 2010.

Why Creating and Preserving Affordable Homes Near Transit is a Highly Effective Climate Protection Strategy, California Housing Partnership Corporation and TransForm, May 2014.

How Los Angeles County's Housing Market is Failing to Meet the Needs of Low-Income Families, California Housing Partnership Corporation, May 2014.

Incentives to Encourage Equitable Development in Los Angeles County Transit Oriented Districts, Center for Transit-Oriented Development, Enterprise Community Partners, and Low Income Investment Fund, July 2013.

Casden Real Estate Economics Forecast: 2016 Multifamily Report, USC Lusk Center for Real Estate, 2016.

Exhibit 1: Diagram of Metro MATCH Proposed Structure