



## REGIONAL EQUITABLE DEVELOPMENT INITIATIVE (REDI) FUND

### Regional Equitable Development Initiative (REDI) Fund

In response to the significant investments being made in Puget Sound transit, the public-private **Regional Equitable Development Initiative (REDI) Fund** was created to help finance the acquisition of property along transit corridors to preserve the affordability of future housing and community facilities.

#### Project Types

- Multifamily affordable rental housing meeting affordability requirements
- Multifamily affordable for-sale housing, on an exception basis
- Mixed-use projects up to 20% non-residential space, or 30% for projects that provide community facility and/or nonprofit space (ex. childcare centers, health clinics, charter schools, fresh food markets)
- Vacant and underutilized land that will be acquired for the purpose of producing any of the above
- Emphasis will be placed on acquiring properties with interim income potential, particularly existing affordable rental housing

#### Affordability Requirements

- Projects financed by the REDI Fund must have a minimum of 10% of units affordable to households at or below 80% area median income (AMI) or 20% below the market rent for a comparable unit in the submarket of the acquired property. A covenant reflecting this requirement will be recorded at the acquisition closing.
- REDI will seek to fund projects that maximize affordability on acquired sites. At the fund level, 25% of all units built on sites acquired with REDI must be at or below 50% AMI. The fund has an additional goal to include at least 15 units at 30% AMI.

## **Borrowers**

- Nonprofit or for-profit entities, public development authorities, housing authorities and development teams comprised of such entities, and affiliated special-purpose entities

*A track record of developing affordable housing or developments that meet a community need is required.*

## **Eligible locations**

- King, Pierce or Snohomish County
- Within ½ mile walk shed of light rail or commuter rail, or within a ¼ mile walk shed of frequent bus service or streetcar stops

## **Loan Amount & Term**

- Up to \$5 million, unless approved as exception
- Up to 84 months for acquisition of vacant or redevelopment sites
- Up to 48 months for operating multifamily properties not intended for redevelopment

Loan to Value: Up to 100% of the lesser of the as-is appraised value or the purchase price. Up to 110% may be considered to fund predevelopment and entitlement activities on a case-by-case basis.

## **Interest Rate**

Fixed-rate; 3.89%; interest-only payments due on a quarterly basis

## **Fees**

- Application fee: \$2,500 application fee; nonrefundable, credited toward origination fee
- Origination fee: 1.5% of project loan, payable half at commitment and the balance at closing. Minimum of \$20,000.
- The borrower will pay lender's legal fees and any third party costs

## **Equity**

- Nonprofit borrowers: Minimum 5% equity, based on acquisition cost, can be in the form of subordinate debt from local government agencies, grants and contributed land equity in lieu of some or all of the equity.

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- For-profit: Minimum 10% cash equity, based on total acquisition cost.

### **Collateral**

- Real estate in a first-priority position. Other secured loans will be subordinate and subject to subordination and standstill agreements.

### **Recourse**

- Up to 100% of the principal balance; if borrower is a special purpose entity, then the sponsor and/or principal(s) will provide a repayment guaranty.
- At lender's discretion, loans significantly exceeding the minimum program affordability may be granted limited recourse of roughly 76% of the principal balance. If borrower is a special purpose entity, then the sponsor and/or principal(s) will provide a payment and repayment guaranty at the same limited basis.

### **Repayment**

- Quarterly interest-only payments; principal due at maturity or upon receipt of a repayment source
- Borrower must maintain sufficient unrestricted liquidity to support repayment. At lender's discretion, interest payments may be made from a capitalized interest reserve funded through loan proceeds.
- No pre-payment penalty