

## Frequently Asked Questions (FAQ)

### What properties are eligible for MATCH loans?

MATCH loan products are intended for two distinct types of housing development projects within ½ mile of a High Frequency Transit Node. Housing + Transportation loans target existing, occupied, unsubsidized and non-deed restricted multifamily housing with rents affordable to households earning 80% of area median income (“AMI”) or below, with likely capacity to be redeveloped to at least double the number of units or square footage. Must have an existing minimum unit size of 20 units. Commercial, industrial, and vacant sites are not eligible for these loans. Predevelopment loans provide financing for new affordable housing projects planned near transit that are in process of assembling financing. Affordable housing is defined as projects that will ultimately provide 100% of permanently affordable units at or below 60% Area Median Income.

### What exactly is a High Frequency Transit Node (HQTN), and is it the same as the AHSC definition of High Quality Transit?

A High Frequency Transit Node is defined from [California Public Resources Code Section 21064.3](#): Major transit stop means a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.

*AHSC is more limiting and uses: “High Quality Transit” means a Qualifying Transit line with high frequencies AND permanent infrastructure as follows: (1) Frequency: High Quality Transit must have Peak Period headway frequency of every 15 minutes or less and service seven days a week. (2) Permanent Infrastructure: High Quality Transit must operate on a railway or be transit service with Bus Rapid Transit features that either fully or partially operate on a dedicated bus-only lane, or uses High Occupancy Vehicle (HOV) or High Occupancy Toll (HOT) lanes. Developers wishing to utilize AHSC financing for MATCH projects should conduct their own due diligence to determine eligibility under the Transit Oriented Development (TOD) or Integrated Connectivity Project (ICP) categories.*

### Are future transit lines eligible HQTN?

A future transit line will be eligible if it is environmentally cleared through the lead agency and the Metro Board has approved the Project (this usually happens concurrently). This definition includes lines that are in construction. Note that environmental clearance does not necessarily mean the Project is funded.

### What qualifies as a Safe Path of Travel? When are any needed improvements required to be completed?

A safe path of travel means that residents of the program 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. If an adequate safe path of travel does not exist, borrower shall provide a written commitment that any planned future project at the Site must include a safe path of travel for

pedestrians and bicyclists from the Property to the nearest transit stop. Metro will review borrower's evidence of existing conditions and/or planned improvements for compliance on a case by case basis.

### **What are the affordability requirements for MATCH projects?**

All MATCH loan products are designed for projects that will ultimately provide 100% of permanently affordable units at or below 60% Area Median Income.

For H+T loans, borrower must place a short-term affordability restriction for the term of the loan as detailed below. Units can be left vacant if not rented to an eligible low-income household. Borrower must include an assessment of relocation requirements arising from use of any federal sources intended to be used during the term of the loan. If a project can demonstrate sufficient cash flow to service debt without securing a welfare exemption, this requirement may be waived through the originating CDFI's standard underwriting process.

- (a) At least 75% of the units are designated for 80% Area Median Income and
- (b) either 20% of units designated for 50% Area Median income OR 40% of the units designated for 60% Area Median Income

### **Can I get a loan for a Preservation project that renews an expiring affordability covenant?**

H + T loans are meant for existing apartment properties with likely potential to increase density and create affordable housing units, which may apply to some cases of Predevelopment deals but not the typical scenario. Predevelopment loans can be used towards preservation projects.

### **What happens if I am unable to move forward with a redevelopment outcome after the ten year H + T loan term?**

H + T loans are subject to an equity recapture provision if the property is not being redeveloped with permanent recorded affordability restrictions at or below 60% AMI. In such cases, any net equity after repayment of loan principal and interest, reimbursement of eligible project costs and borrower equity payment not to exceed a 5% internal rate of return on borrower equity shall be distributed amongst the MATCH investment partners. Additional details can be found in the program guidelines.

### **Can I get a predevelopment loan and an H + T loan for the same project?**

H + T loans will not be made concurrently with predevelopment loans for the same project. Borrowers may be eligible for a predevelopment loan after demonstrating sufficient progress towards securing financing and meeting other underwriting requirements.

*Additional questions, updated Dec 2017*

### **Can the H+T loan be used for ground-lease transactions?**

Yes, long-term ground leases will be eligible if the lease term is 55 years or longer. Borrowers should verify with a MATCH loan officer.

### **What does MATCH consider to be “permanent affordability”?**

MATCH anticipates a redevelopment scenario with long-term affordability restrictions equivalent to LIHTC and other public financing requirements (ie, 55 years or longer). Those long-term affordability restrictions would be tied to permanent financing sources, not the MATCH loans themselves.

### **How does the MATCH definition of TOD align with the Affordable Housing and Sustainable Communities program?**

MATCH eligible projects could fall into both the Transit Oriented Development and Integrated Connectivity Projects categories, depending on the nature of the transit infrastructure proximate to the proposed site.