

Project Description
Multifamily Securities Program
City and County of San Francisco

Potrero Block B – HOPE SF

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of Potrero Block B, a 157-unit affordable multifamily housing project to be located at 1801 25th in the City and County of San Francisco (the “Project”). Potrero Block B is a part of Phase II of the HOPE SF revitalization of Potrero Terrace & Annex.

Upon completion, the Project will include approximately 260,720 square feet of gross floor area, comprised of 185,337 square feet of residential area and 75,383 square feet of non-residential area. Non-residential spaces will include a large community room, teen room, fitness room, public mini park and resident courtyard.

Total project costs, including the cost to acquire the land and construct new buildings, will be approximately \$178,104,338, or \$1,134,423 per dwelling unit.

The residential unit distribution, which will include one 2-bedroom superintendent unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	0
1-Bedroom	40
2-Bedroom	54
3-Bedroom	52
4-Bedroom	11

There will be 117 units set aside as replacement units for Potrero Terrace and Annex residents with a right to return. Of those 117 units, 9 will be financed with RAD subsidy and the other 108 will be subsidized by a 20 years HAP contract. The remaining 41 units will be subject to the City of San Francisco’s lottery process on DAHLIA. Overall, 78 percent of the residential units will serve households earning less than 50 percent of the San Francisco County Area Median Income (AMI), while the balance of units will serve households earning less than 60 percent of AMI.

Residents

Previously, 74 residents were relocated in order for housing construction to start. Residents were moved onsite, either to 1101 Connecticut Street or into rehabbed housing on site. As mentioned above, 116 units within Potrero Block B will be set aside for public housing residents once construction is complete.

Site Description and Scope of Work

Address: 1801 25th Street
Block/Lot: 4285B/001

Property amenities will include:

- 157 new units

- Public Mini Park
- Resident Courtyard
- 6,203SF Childcare Center open to residents and public
- Community Room
- Teen Room
- Fitness Room

Development and Management Team

Project Sponsor: BRIDGE Housing Corporation
 General Contractor: Cahill Contractors
 Architect of Record: HKIT & Y.A. Studio
 Property Manager: BRIDGE Property Management Company

Project Ownership Structure

Borrower Entity: Potrero Housing Associates II, L.P.
 Managing General Partner/
 Managing Member: Potrero Housing II, LLC

An investor (TBD) will own a 99.99% interest in the borrower entity.

Financing Structure

The following sources of capital financing are expected to be utilized:

- tax-exempt bonds issued by the City;
- 4% low income housing tax credits (LIHTC);
- Affordable Housing and Sustainable Communities;
- Infill Infrastructure Grant Program
- Deferred developer fee
- a conventional first mortgage; and
- soft debt from the City.

The sale of LIHTC will generate equity financing for the Project. The amount of private activity tax-exempt bonds used during construction will be sized specifically to meet the 50% of aggregate basis test required for the LIHTC.

Schedule

Financing is anticipated to close between August 2, 2021 and October 21, 2021, with construction commencing within 7 days closing. All construction is scheduled to be completed by August 16, 2023.

Narrative Description of Project Sponsor Experience

BRIDGE Housing Corporation, founded and headquartered in San Francisco, is the largest developer of affordable and workforce housing in California. Our mission is to produce high-quality homes for families and seniors at a variety of income levels, with a focus on those who are not served by the housing market. BRIDGE is organized as a non-profit. Since beginning active operations in 1983, BRIDGE has participated in the development of over 13,000 housing units and over 350,000 square feet of

retail/commercial space in close to 100 properties valued at more than \$3 billion. BRIDGE has a particular expertise in complex mixed-use projects, and take great pride in finishing projects. BRIDGE is also an expert at blending a variety of private and public funding sources and have the internal financial resources to carry projects through the ups and downs of lengthy entitlement efforts. BRIDGE pursues an ambitious goal of “quality, quantity and affordability” while meeting the growing demand for affordable housing in high-cost California.

Throughout California, BRIDGE is known for developing projects that fit well within their neighborhood, incorporate green building technologies, and expand opportunities for economic integration. BRIDGE’s commitment to enhancing the communities in which it builds is evidenced by the numerous design awards it has won including 51 Gold Nugget Awards for “Best in the West” from the Pacific Coast Builders Conference, and is a three-time winner of the Urban Land Institute Award of Excellence. These awards represent BRIDGE’s ongoing commitment to developing high-quality housing for people regardless of their income.

Since its inception, BRIDGE has successfully and strategically partnered with nonprofit groups, community institutions, local governments and private developers to provide a full spectrum of development services ranging from master planning, entitlements, project financing, construction, and property management. BRIDGE is particularly adept at collaborating with partners in a way that draws on the strengths of each partner to create a whole greater than the parts. Partnering in order to accomplish work and serve the Mission is part of BRIDGE’s culture, and as such we bring a sensitivity and understanding to our collaborations.

BRIDGE has extensive experience with mixed use transformational developments statewide. This experience includes projects whose scale and complexity are similar to the vision for the Potrero Block B site. BRIDGE Housing has had a significant presence at Potrero Hill Terrace and Annex for almost a decade, and has familiarity with the needs, strengths, and dynamics of the current Potrero Hill Terrace and Annex residents. BRIDGE is knowledgeable of the income, racial, and educational disparities that exist between PTA residents and the surrounding neighborhoods.

BRIDGE takes great pride in the types of developments it takes on and strives to improve the neighborhoods it enters. In some cases that means fitting in, in others it means generating foot traffic to enliven a streetscape and support retail uses. In nearly every project, BRIDGE has enlisted the public sector as a partner, often taking on and accomplishing their community benefits in addition to BRIDGE’s core housing business. This collaborative approach is baked into the culture at BRIDGE.