Bending the Cost Curve on Affordable Rental Development

Cynthia A. Parker
President & CEO, BRIDGE Housing
Mission Statement

BRIDGE Housing strengthens communities and pursues its goals of quality, quantity and affordability by developing, owning and managing homes for working families and seniors.
What We Do

- Real estate development
- Property management
- Asset and portfolio management
- Resident and community services
BRIDGE Housing Results

- 14,000+ homes and apartments
- 85+ communities
- 37,000 residents
- California and the Pacific Northwest
Size and Scope

- 80 projects asset managed (8,300 homes)
- 62 projects property managed (5,700 homes)
- Over $1 billion in pre-development or construction activity
- Offices in San Francisco, San Diego, Orange County, Portland
- ~415 employees
Geographic Footprint
High Costs in Competitive Markets

- Provides huge public benefit
- BUT high construction costs
- Prevailing wage / project labor agreements
- Large mixed-use TODs = infrastructure costs
MacArthur Station, Oakland

Project Summary
- 7.76 acres
- 516 market rate homes
- 108 affordable homes
- 42,500 sf commercial / retail
- 5,000 sf child care facility
- 480-stall parking garage
- $51.5MM infrastructure cost
COMM22, San Diego

Project Summary

- 4 acres
- 130 family apartments
- 70 senior apartments
- Day care facilities
- Market-rate live/work lofts
- Commercial, retail, office
- Significant infrastructure upgrades
- $84.4MM (infrastructure, family, senior)
Fell Street Apartments, San Francisco

Project Summary
- 82 family apartments
- $17MM renewal project
- Aging building systems replaced
- 600 new windows
- Solar hot water and solar electric
- Ready for 20 more years
Other Factors that Drive Cost

- Construction type
- Market conditions
- Regulatory oversight and compliance
- Complexity of financing
- Cost of single asset, usually LIHTC financing
- Resident hire provisions (Potrero, Jordan Downs)

Costs for BRIDGE projects now in construction range from $274 to $495 per s.f.
### Celadon at 9th & Broadway: Sources

<table>
<thead>
<tr>
<th>SOURCE OF FUNDS</th>
<th>4%</th>
<th>9%</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage</td>
<td>1,595,000</td>
<td>-</td>
<td>1,595,000</td>
</tr>
<tr>
<td>Second Mortgage - MHP</td>
<td>-</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Third Mortgage - City</td>
<td>19,311,213</td>
<td>2,561,787</td>
<td>21,873,000</td>
</tr>
<tr>
<td>Fourth Mortgage - CalHFA</td>
<td>-</td>
<td>2,812,150</td>
<td>2,812,150</td>
</tr>
<tr>
<td>GP Equity</td>
<td>700,000</td>
<td>200,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>16,975,997</td>
<td>20,151,018</td>
<td>37,127,015</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES (perm)</strong></td>
<td><strong>38,582,210</strong></td>
<td><strong>35,724,955</strong></td>
<td><strong>74,307,165</strong></td>
</tr>
</tbody>
</table>
## Celadon at 9th & Broadway: Uses

<table>
<thead>
<tr>
<th>PROJECT COSTS</th>
<th>4%</th>
<th>9%</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>27,758,142</td>
<td>25,404,144</td>
<td>53,162,286</td>
</tr>
<tr>
<td>Indirect</td>
<td>3,037,585</td>
<td>2,700,288</td>
<td>5,737,873</td>
</tr>
<tr>
<td>Financing</td>
<td>1,700,660</td>
<td>2,031,186</td>
<td>3,731,846</td>
</tr>
<tr>
<td>Permits/Impact Fees</td>
<td>2,061,634</td>
<td>1,946,945</td>
<td>4,008,579</td>
</tr>
<tr>
<td>Developer Fee/Audit/Soft Cost Cont</td>
<td>2,964,789</td>
<td>1,826,811</td>
<td>4,791,600</td>
</tr>
<tr>
<td>Marketing/Rent Up/Furnishings</td>
<td>437,800</td>
<td>801,417</td>
<td>1,239,217</td>
</tr>
<tr>
<td>Reserves</td>
<td>621,600</td>
<td>1,014,164</td>
<td>1,635,764</td>
</tr>
<tr>
<td><strong>TOTAL DEVELOPMENT COST</strong></td>
<td><strong>38,582,210</strong></td>
<td><strong>35,724,955</strong></td>
<td><strong>74,307,165</strong></td>
</tr>
</tbody>
</table>
Tale of Two Developments

- **Pottery Court, 113 homes in Lake Elsinore**
  - $208K per door

- **Natomo, 60 homes in San Francisco**
  - $500K per door
Bending the Cost Curve on Affordable Rental Development

Cynthia A. Parker
President & CEO, BRIDGE Housing