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From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2021/07/15/east-bay-buildings-workforce-housing.html>

Development partnership scoops up East Bay apartment buildings for workforce housing

Jul 15, 2021, 6:52am PDT Updated: Jul 15, 2021, 8:29am PDT

A roughly \$30 million deal has placed three East Bay apartment buildings in gentrifying neighborhoods into the hands of a partnership that plans to preserve them as affordable housing.

Two of the properties — a four-building, 24-unit complex known as Redwood Crest at 1848-1860 E 25th St. and a 24-unit building at 482 40th St. — are located in Oakland. The Grove, a 58-unit building at 763 Blossom Way, is in Hayward.

The properties contain 105 affordable family units, at least half of which will remain affordable to residents earning 80% of the area median income or less, according to their new ownership. The properties have been acquired by a joint venture between Enterprise Community Partners, UrbanCore Preservation LLC and Pacific Housing Inc.



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The Redwood Crest in Oakland is one of three East Bay apartment buildings that have been bought by a joint venture that plans to preserve the properties as workforce housing.

Enterprise is a national nonprofit and Community Development Financial Institutions Fund that works with local partners to build and preserve workforce housing. Enterprise contributed \$23 million to the transaction through its Housing For Health Fund, an \$85 million collaboration between Enterprise, Kaiser Permanente and JPMorgan Chase.

Pacific Housing is a Sacramento-based nonprofit housing developer. UrbanCore Preservation LLC is a BIPOC-led joint venture recently formed between Street Corner Ventures and UrbanCore Development, the real estate firm led by Michael Johnson. Johnson is the former developer of San Francisco's long-vacant Fillmore Heritage Center.

The properties will be managed by Prime Property Group.

James Williams, managing partner at Street Corner Ventures, said his company focuses on providing affordable housing to middle class workers.

"In the Bay Area people who are teachers and first responders are forced to live so far from their workforce centers due to the cost of living. My business model is around preserving the affordability of these buildings and preventing market-rate developers from acquiring them, renovating them and then spiking the rents, which leads to displacement," Williams told me Wednesday.

He added that this mission is made possible by "engaging the capital markets" and partnering with mission-driven organizations that can bridge funding gaps.

"You can't do this work and compete for these very attractive properties with market-rate developers without an organization like Enterprise that has a social impact mission and has tremendous capital so that we can compete and bid for these properties," he said.

The partnership plans to invest \$500,000 in repairs to the Redwood Crest property, including electrical system upgrades, roof replacement, plumbing fixes and a refresh of unit interiors.

For each of the 24-unit Oakland properties, 17 units will be kept at affordable levels. Williams said that the goal is to provide more

than 50% of the total units at 80% AMI. As of 2020, that income level translated to roughly \$104,400 for a family of four in Oakland.

Williams said that due to its location within walking distance to Highland Hospital — a major Oakland employer — the property, which is currently occupied primarily by Latino households, is “susceptible to gentrification.” The other Oakland property is also “very attractive to market rate developers” due to its proximity to the MacArthur BART Station.

“The business plan around that was allowing these families to remain in their homes and to upgrade the quality of the properties,” said Williams.

He added that the pandemic has provided workforce and affordable housing developers with “an opportunity to compete more easily for these properties because a lot of the market rate developers right now have been slowed — they know that their hold periods are going to be longer due to the pandemic and the moratoriums.”

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