

May 3, 2018



Bridge Closes Property Using Freddie Financing with a Social Impact Focus

NEW YORK--(BUSINESS WIRE)-- Bridge Multifamily Fund Manager, an affiliate of Bridge Investment Group (Bridge), and Freddie Mac Multifamily today announced the closing of a first-of-its-kind transaction designed to voluntarily provide long-term, rental housing affordable to low-income and working families, in conjunction with Wells Fargo and KeyBank.

Specifically, Bridge and Wells Fargo closed their first financing under Freddie Mac's MultiAsset Commitment with a focus on affordability, in which Freddie Mac will purchase and aggregate up to \$500 million in loans over a one-year period to allow Bridge to acquire, improve and preserve workforce and affordable housing stock nationwide. After the one-year term, Freddie Mac will place the aggregated loans in a single securitization, for which Bridge will be required to purchase the subordinate bonds. Wells Fargo will originate \$400 million of the commitment and KeyBank will originate the remaining \$100 million.

Freddie Mac is using its existing MultiAsset Commitment structure to support social impact financing in an innovative way. This execution incentivizes Bridge to keep rents affordable without relying solely on federal, state, or municipal affordable housing programs. The transaction marks a milestone in Freddie Mac's effort to find innovative ways to bring affordability to renters.

As part of the financing, Bridge has agreed that a majority of units in each property will be rented to those earning below 80 percent of area median income (AMI) – and will remain that way for the life of each loan. The first asset to be acquired within this vehicle, a 352-unit multifamily community in Plant City, Florida, currently has 82 percent of rents affordable to those residents earning less than 80 percent AMI. This asset presents an attractive opportunity for Bridge to preserve and rehabilitate a meaningful amount of affordable housing for the local Tampa workforce.

"We are grateful to Freddie Mac for their partnership in this important initiative. This innovative financing commitment will allow Bridge to preserve and rehabilitate dozens of workforce and affordable housing properties in fast-growing markets across the U.S. The integration of our value-add, in-house operating model with our focus on sustainability and social and community programming will allow us to create energetic, thriving communities and provide our residents far more than just 'four walls and a roof,'" said Robert Morse, executive chairman of Bridge Investment Group.

The MultiAsset Commitment financing structure from Freddie Mac will allow Bridge to attain

flexibility, superior execution and competitive pricing on behalf of its dedicated Workforce & Affordable Housing strategy. These borrower savings can in turn be passed onto residents in the form of quality-of-life improvements and the sustainability of affordable rents, while enhancing investor returns and providing a “double bottom line.” The partnership with Freddie Mac allows Bridge to further its mission of providing high-quality, affordable housing to the approximately 62 percent of U.S. renters who earn below 80 percent AMI.

“This transaction is just the latest example of our drive to innovate so that our products support every corner of the multifamily market,” said David Brickman, executive vice president and Head of Freddie Mac Multifamily. “This commitment will ensure hundreds more affordable housing units will be preserved across the nation — and with it, a significant number of families will see relief from rising rents. We thank Bridge for working alongside us to develop a transaction that will finance affordable properties quickly and efficiently.”

“This pioneering transaction will bring much needed affordable housing to working families around the country, and Wells Fargo was pleased to play a role in this transaction as part of our ongoing commitment to helping meet the need for more affordable housing,” said Vincent Toye of Wells Fargo Multifamily Capital.

“KeyBank is honored to be a part of this innovative initiative in a collective effort to preserve affordable housing across the country,” said Janette O’Brien, senior vice president and multifamily production manager at KeyBank Real Estate Capital. “We’re deeply committed to affordable housing production and this transaction will provide hundreds of families with much needed rental relief.”

The Plant City, Florida community, as with the other properties expected to be financed on the Freddie Mac facility, presents a compelling opportunity for Bridge to expand its high-touch, vertically-integrated operating model to make an impact to an increasingly priced-out workforce. Bridge will improve the unit interior and common areas, including a soccer field and revamped family areas, while also constructing an on-site social and community center with the aim of meeting resident needs and enhancing social mobility, run by its nonprofit partner, Project Access.

Freddie Mac’s social impact focus seeks to create and preserve additional affordable housing. Freddie Mac is using its existing set of offerings in a new and innovative way to incentivize borrowers to voluntarily reduce or maintain rents at levels affordable to low- and moderate-income borrowers earning between 60 percent and 80 percent AMI. As part of this financing, a majority of units in a property must remain affordable. Properties will be reviewed on an annual basis to ensure that the agreed upon level of rent restrictions are met during the life of the loan.

About Bridge Investment Group:

Bridge Investment Group is a privately held real estate investment management firm with \$10 billion in assets under management. Bridge combines its 1,000-person, nationwide operating platform with specialized teams of investment professionals focused on select US real estate verticals, which Bridge believes offer above-market opportunity: Multifamily, Office, Seniors Housing, Affordable Housing and Debt Strategies.

About Freddie Mac:

Freddie Mac [Multifamily](#) is the nation's multifamily housing finance leader. Historically, nearly 90 percent of the eligible rental homes we fund are affordable to families with low to moderate incomes. Freddie Mac's [Duty to Serve](#) plan aims to expand affordability and address America's most persistent housing problems.

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Source: Bridge Investment Group