

Bethel Church & Campus A New Home for Reality SF



Some Opening Remarks...

My name is Guy Carson, and I am a Commercial Real Estate Agent with Urban Group Real Estate, a boutique commercial real estate agency located at 2601 Mission Street, in San Francisco. We focus primarily on investment sales and leasing in the Mission, South of Market and Dogpatch neighborhoods.

Prior to that, I was co-owner and operator of the Café DuNord and Swedish American Hall, a four floor, nightclub and event space located on Market Street in the Castro. It was in 2010, in the middle of the Great Recession, that I first met Dave Lomas and Tarik El-Ansary. They rang the doorbell at my office one sunny day and introduced themselves to me as two young pastors who had been sent to my door by God to plant a Christian Church in the Castro.

Now I must confess, I am not a particularly religious man. True, I was raised in the Catholic church and raised both of my boys in Catholic school, but my relationship with God was been somewhat tenuous. The thought of planting a new church at the gates of the Castro, at the time, seemed like a crazy idea to me, but I was touched by their earnestness and passion as they explained where they came from and the mission that they were on.

So began an incredible journey. I was frankly amazed at the response to their services. The services were incredibly special, and Dave was a truly inspirational speaker. Their congregation grew exponentially. It was a phenomenon but it was not easy. The Swedish Hall is a 100-year-old, four story building with no elevator (at the time) and no real modern conveniences in terms of toilets, communications, or even storage. The logistics of taking the room over from what may have been a contrary event the night before and converting it into a place of worship, complete with chairs, tables, a band, and a sound system, all of which having to be moved into position from little storage closets hidden throughout the building mostly two and three flights down the stairs, was nothing short of a herculean task. Dave and Tarik and their team took full responsibility for the set up and break down each week. It would take them hours each Sunday to accomplish this, all before the services could begin.

Reality was with us for 4 years before they outgrew the space and had to move to a bigger venue at Everett Middle School. But during our time, they became a big part of the Café DuNord/Swedish American Family. Their love and passion was a blessing to our family, to my family, and, more importantly, to the community that they serve. I came to view the planting of Reality SF at the Swedish American Hall as nothing short of a miracle.

I am absolutely thrilled, that at long last, Reality SF has found a home...a grand home in fact, in the heart of their own neighborhood, where they can worship and serve the community, as they have been doing faithfully for the past eleven years. Having their own home will save so much energy on behalf of the many people who faithfully produce the logistical aspects of the services each week. I can hardly imagine the extra good Reality will do with the extra energy they save being in their own home, where everything is where it should be and works like it should work. This will be a blessing for a community who so desperately needs their help. I am proud to be part of this big next step and am committed to seeing this deal through to the best possible conclusion. I thank you for your time.

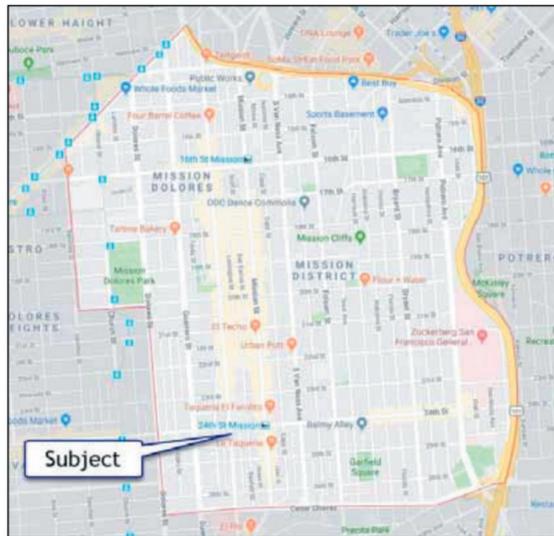
Sincerely,
Guy

The Opportunity

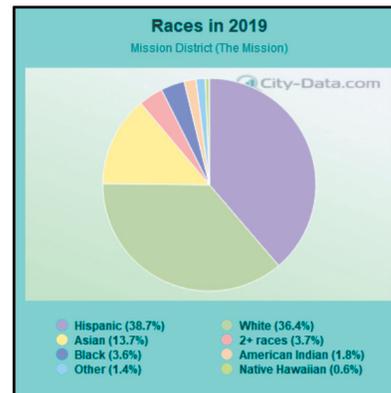
Reality SF has been presented an opportunity to purchase the “Bethel Campus,” which consists of a church, school, office, residence, parking structure and lot, in the form of three buildings on 5 lots. The Campus, which is currently operating as Northgate Christian Fellowship, was originally purchased and converted to a church use in 1952 by the Scandinavian Full Gospel Church.

Location, Location, Location:

The Church itself is located at 1325 Valencia Street, at the corner of Valencia and 24th streets, in the heart of the Mission District.



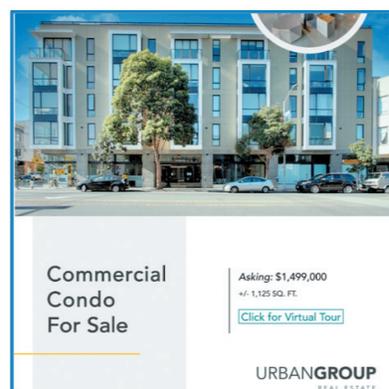
Neighborhood Location Map



2019 Density (People Per Square Mile):
San Francisco = 18,879
Mission District = 30,072

The Valencia Street Corridor, as it is known, is one of the most desirable streets in the Mission District. The street has a large amount of foot and bicycle traffic and is both freeway and public transit accessible. (1.5 blocks from the 24th Street BART station and six major bus lines.)

Valencia, between 17th and 24th is in the center of the corridor and is a magnet for shopping, dining, entertainment and people watching. Little more than one block away, on the 1100 block of Valencia, Urban Group is selling a second-generation commercial condominium for \$1,332 psf.



The Bethel Church is ideally located at the corner of 24th and Valencia. Its Scandinavian “stave” architecture is highly visible and stands-out as a beacon of Christianity in the community.

The Property

According to Planning Department records*, the Bethel Campus consists of five lots totaling 38,712 square feet of building space upon 32,227 square feet of land.

Address	1301 Valencia St	1325 Valencia St	1337 Valencia St	1320 Valencia St	1326-1328 Valencia St
APN	6515-025	6515-024A	6515-024	6514-005	6514-006
Use	Parking	Church	Church Annex	Lot	5 Units
Lot Size	7,636	13,860	2,935	5,850	1,947
Building Size (approx)		26,212	8,500		4,000
Year Built		1955	1966		1908
Zoning	NCT	NCT	NCT	NCT	NCT

*According to a 2020 appraisal, performed for Northgate, the actual square footage of the buildings at 1325 and 1337 is 45,517 sf, as opposed to the 38,712 sf according to Planning Department.

1301 Valencia:

A 7,636 sf single-level parking structure with space for approximately 22 cars located at the corner of 24th and Valencia Street. Entrance is on Orange Alley which runs parallel to Valencia. A gated, stepped plaza sits on top.

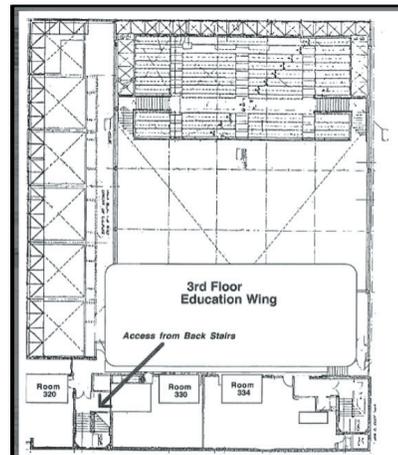
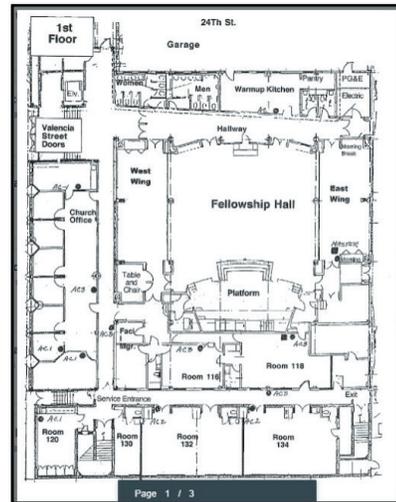
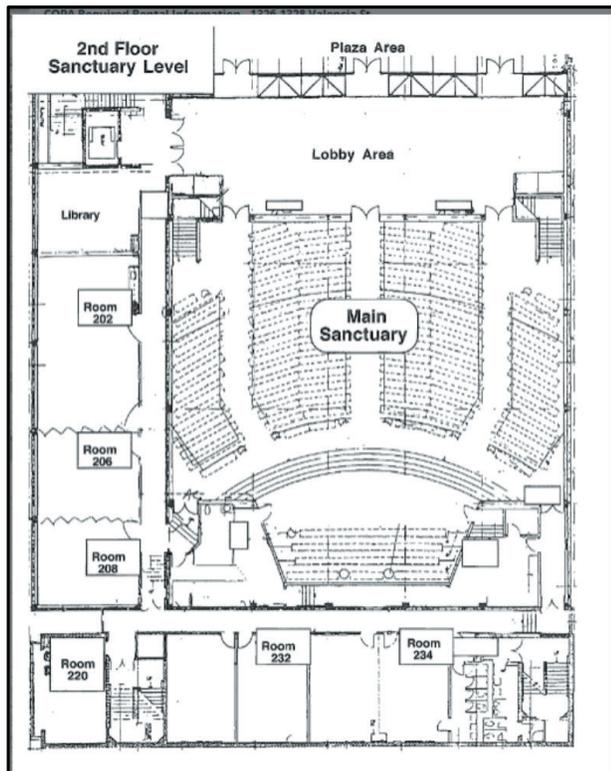


1337 Valencia: The Church Annex

This approximately 8,500 sf building was built in 1966 on a 2,935 sf lot. It contains 11 rooms on 3 floors and is used for offices and classrooms. It is physically connected to the church.

1325 Valencia: The Church

Of Scandinavian “Stave” design, this approximately 26,212 sf, 3 story structure on a 13,960 sf lot, contains 48 rooms including a 700 capacity sanctuary (see diagrams below.)



1320 Valencia: Off-Site Parking

This 5,850 sf offsite parking lot with space for approximate 28 cars (valet), has excellent development potential. Building height limit is 55 feet.



1326 -28 Valencia: Mixed Use Building

Built in 1908, this is a 4,500 sf, 3-story building on a 2,935-sf lot. It has 4 residential units over a commercial unit.



The Price:

Realty SF is currently in contract for the purchase of the Bethel Campus from Northgate Christian Fellowship for \$15,000,000.00, with a projected close date of July 9, 2021.

The Realty SF Board is convinced that this church, at this location, is the perfect home for their active young ministry.

They are likewise convinced that the amount of \$15,000,000.00, on the terms negotiated, represents a fair and equitable price for a ministry-to-ministry sale, especially when considering the added development potential of the offsite parking lot as well as a \$637,000.00 renovation recently completed by Northgate Fellowship in 2019. Of the other 8 churches that Realty has considered for purchase over the past ten years, the Bethel Campus is the absolute best buy.

The Comps:

To verify this assumption, we look to other recently sold church-like properties for comparison. The chart below shows that Bethel Campus is well below the average price per square foot when comparing both building square footage and land (with improvements) square footage. The differential is greater if you compare the Valencia properties only.

	ADDRESS	PORTFOLIO	YR BUILT	DATE SOLD	SALES PRICE	BUILDING SF	\$/PSF BUILDI	LAND SF	\$/PSF LAND
	1325 Valencia 5 lots (Subject Property)		1955-1966	7/9/2021	15,000,000	38,712	387.48	32,228	465.43
	170 Valencia 1 lot		1931	12/31/2018	9,600,000	31,392	305	8,245	1164.34
	1240 Valencia 1 Lot		1919	9/3/2019	6,800,000	8,332	816.33	11,744	578.00
	1098 Valencia 1 lot		1924	11/22/2017	11,898,000	11,004	1,081.24	11,004	1,081.24
	1400 Judah 2 lots		1908	5/6/2019	4,000,000	9,412	424.99	6,970	573.89
AVERAGE:							656.89		849.37
AVERAGE VALENCIA STREET PROPERTIES:							734.19		941.23

Additional Factors:

- An appraisal of 1301, 1325, and 1337 -- the onsite parking structure, the church, and the annex, respectively -- was conducted on behalf of Northgate in 2020. It calculated that the cost of replacement of the three structures less depreciation to be \$13,100,000.
- 1326-28 Valencia: Based on existing rental income for the four residences plus the future rental of the commercial unit of a projected rental rate of \$4 psf, less presumed operating expenses of 22%, future NOI could equal approximately \$118,308. At a 4.5% cap rate the building would value out at \$2,629,000. A quick look at the sale of similar properties within a 1/2 mile radius substantiates that assumption.

	1326 Valencia (Subject Property)	1908	4000			
	3621 26th	1908	3342	2,117,000	633.45	6/14/2019
	977 Valencia	1900	2917	1,995,000	683	10/2/2000
Average				2,056,000	658.23	

Subject Property: 4000 sf x \$658/psf = \$2,632.00

Plus:

Subject Property (Lot): 5850 sf x \$737 psf = \$4,311,450.00. Compare to this single Valencia Street parking lot comp:

ADDRESS	YEAR BUILT	SQ.FT.	SALES PRICE	\$/PSF	REC.DATE
1120- 1126 Valencia	1900	4,132	3,359,200.00	837.37	10/16/2018

So:

If we take appraised value of the church and add in the approximate value of the other two properties at 1320 and 1326-38 Valencia, we would arrive at an approximate value of \$20,043,450 for the Campus.

Summary:

I believe that the \$20,000,000.00 estimate, as laid out above, is a conservative number and that \$15,000,000 -- especially considering the development potential of 1320 Valencia and the recent renovation of the Church and Annex -- is an excellent opportunity; one befitting a ministry-to-ministry transfer. A for-profit developer, such as the developer who purchased the Social Security Administration building at 1098 Valencia (See Figure 2) three blocks away, would pay more.

For Reality SF, I believe this property is well worth the price, for, as always, it is more than about comparable sales around the neighborhood. It is about utility and location. For Reality, the Campus is the perfect size and configuration and, most of all, the perfect location.

The utility of the space has great value. Of the three spaces that Tarik and I have looked at, it is the only facility with sufficient sanctuary for Reality's 1500+. The additional spaces are needed for their outreach programs and on-going educational programs.

But it is the location that makes the Campus invaluable to Reality. It is the key to its value. It is ground zero for their core demographic and its high visibility and easy access will guarantee continued growth and engagement for decades to come.