STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

BRIDGE Housing Corp., California; General Obligation

Primary Credit Analyst:
Ki Beom K Park, New York (1) 212-438-8493; kib.park@standardandpoors.com

Secondary Contact:
Mikiyon W Alexander, New York (1) 212-438-2083; mikiyon.alexander@standardandpoors.com

Table Of Contents

BRIDGE Housing Corp., California; General Obligation

Credit Profile		
BRIDGE Housing ICR		
Long Term Rating	A+/Stable	New

Rationale

Standard & Poor's Ratings Services assigned its 'A+' issuer credit rating (ICR) to BRIDGE Housing Corp., Calif. The outlook is stable.

The ICR reflects our view of the corporation's:

- Strong overall management, coupled with a strategic plan that supports BRIDGE's mission to provide quality low-income housing in the least-affordable markets;
- Strong enterprise risk profile supported by extremely strong economic fundamentals (average area dwelling prices that exceed the national average and high population growth), very strong asset quality (minimal vacancies and an abundance of newly developed properties), and development plans that continue to strengthen asset quality;
- Strong financial profile, reflected by the ability to cover operating and maintenance costs from rental income, the capacity to repay debt from EBITDA in a timely manner, and very strong liquidity versus the average for BRIDGE's social and affordable housing peers, including U.S. public housing authorities (PHAs);
- Ability to generate revenue streams from in-house development and operating activities, thereby lessening the appropriation risk of relying on federal funding streams (such as underfunded federal operating fund subsidies and federal housing choice voucher program benefits), along with potential declines in federal capital fund grants; and
- Effective strategic planning that has led to a growing and diverse portfolio of attractive housing units in multiple regions along the West Coast.

Partially offsetting the aforementioned strengths is our view of BRIDGE's:

- Relatively weak profitability compared with other social housing providers in the U.S. and overseas;
- Higher financial leverage profile compared with its U.S. PHA peers; and
- Strategic planning and operations being materially affected by dramatic external changes, likely involving demographics, the economy, government policies, and housing programs, among other variables.

BRIDGE Housing Corp. (BRIDGE) is a 501(c)(3) not-for-profit entity founded in 1983, and headquartered in San Francisco. BRIDGE Housing strives to create high-quality, affordable homes for working families and seniors. With over 14,000 homes in service and roughly 4,900 additional units now under construction, BRIDGE is considered one of the largest affordable housing developers of its kind in the U.S. BRIDGE is also affiliated and under common board control with other not-for-profit corporations formed as either supporting entities to BRIDGE, or as instruments intended to further BRIDGE's organizational objectives. BRIDGE's geographic footprint is in response to market demand for affordable rental housing. Historically, BRIDGE has operated in some of California's least affordable markets, beginning with nine Bay Area counties before migrating to Orange and San Diego counties in southern

California. BRIDGE now develops, owns, and operates housing along much of the urban U.S. west coast, including in the Los Angeles, Portland, and Seattle metropolitan areas.

BRIDGE is a leveraged organization, with a consistent debt-to-EBITDA ratio (three-year average) of approximately 27.2x, well in excess of the 5.0x average for U.S. public and non-profit social housing providers (primarily consisting of U.S. PHAs). BRIDGE's 1.8x EBITDA-to-interest coverage ratio is relatively low compared with its U.S. PHA peers. However, roughly 48% of its debt is considered soft, which we recognize as subordinated debt obligations in which BRIDGE will have flexibility to pay them off should it generate surplus cash. This flexibility reduces the pressure on BRIDGE to manage its liquidity use. BRIDGE's positive debt profile is further enhanced by a very low average loan-to-value (LTV) ratio (26%) and unencumbered assets (BRIDGE's legal and practical ability to sell its assets, if necessary) valued at over 50% of debt. The organization has shown an ability to manage debt and generate very strong liquidity while continuously leveraging assets for maximum efficiency and profit. BRIDGE's financial performance (profitability) is relatively stronger than its U.S. PHA peers, and comparable with international non-profit social housing providers.

Our view of BRIDGE's management team is a key rating factor. We believe the corporation has a well-developed, five-year strategic plan, with clearly stated goals and objectives. The organization is led by a team of 18 seasoned professional executives, along with a 15-member board of directors. We believe management has the wherewithal to balance new development and rehabilitation projects prudently, using its resources efficiently to increase quality housing stock. BRIDGE has a demonstrated track record of producing quality, affordable housing -- and long-term, stable stewardship thereof -- amid a challenging market with complex parameters. BRIDGE engages in federal public housing and private sector affordable housing programs, allowing it to access equity and better utilize revenue generated from financial flexibility and autonomy. BRIDGE effectively maintains financial stability while achieving its overall goals, in our view. BRIDGE's strategic planning process includes a detailed assessment of the changing, demanding external housing market, the development of scenarios designed to help meet challenges more effectively, and an assessment of its own strengths and capabilities in the context of a changing environment. The process also identifies long-term goals and strategic initiatives considered essential to BRIDGE's success. BRIDGE's board members and staff use this plan as a five-year road map as they continue to build on the company's leading status as a producer and owner of affordable housing. We expect that BRIDGE will continue to adapt and remain innovative to sustain itself in response to the rapidly changing environment.

Outlook

The stable outlook reflects our view of BRIDGE's management, along with clear, direct strategic plans to maximize its position in multiple markets. We believe current and future market demand for affordable housing far outweighs existing and planned portfolios in regions where BRIDGE has a significant presence, evidenced by a strong need for this housing market segment. BRIDGE's ability to preserve market stability and tenant occupancy for continued profitability, with a low reliance on federal subsidies, are key factors toward maintaining the 'A+' rating, in our view. The outlook also reflects what we consider BRIDGE's strong liquidity profile. If BRIDGE's financial profile is reinforced; more specifically, if its debt and liquidity are strengthened consistently, coupled with a considerable upward profitability trend, we could raise the rating. Conversely, if BRIDGE is unable to maintain its current level of net working capital or profitability, thereby impairing its long-term financial strength, we could lower the rating.

Comparative Analysis

Standard & Poor's rates 47 public and social housing providers worldwide whose primary purposes, we believe, are to provide a public service, rather than maximize profit, whereby any surpluses are reinvested or distributed for public service needs. These include PHAs or related entities in the U.S., Sweden, the U.K., and the Netherlands. Out of the 47 rated providers, 22 are U.S.-based, and all are organized as PHAs with the intent to provide social housing in their respective locations. U.S. PHAs primarily focus on preserving low-income public housing for families and seniors in need, with heavy reliance on federal, state, and city subsidies and contributions. However, BRIDGE also works closely with affordable housing developers and governmental entities to create public-private partnerships. By nature, Bridge does not rely on federal- and local-level funding, and -- unlike its international social housing peers – it is not considered a government-related entity. It does not receive an extraordinary level of federal support, nor is there a record of the government providing strong credit support for the entity under certain circumstances.

Table 1

Comparative Analysis									
	--Enterprise profile--					--Financial profile--			
	--Economic fundamentals and market dependencies--				--Asset quality--	--Financial performance--	--Debt profile--		--Liquidity--
Entity	Proportion of revenues from social housing activity (%)	Annual population growth (%)	Average social rent as a percentage of market rent in main region of operation (%)	Average dwelling price as a percentage of national average (%)	Vacancy rates (three-year average) (%)	EBITDA/revenues (%)	Debt/EBITDA (x)	EBITDA/interest (x)	Liquidity ratio (x)
London & Quadrant Housing Trust	41.3	1.3	40.0	N.A.	0.8	33.0	9.5	2.1	2.58
Sanctuary Housing	38.3	0.8	65.0	N.A.	1.2	25.0	15.8	1.2	1.48
Guinness Partnership	7.0	0.7	68.0	N.A.	0.9	27.0	16.5	1.3	1.31
Chelmer Housing Partnership	9.8	0.7	62.0	N.A.	0.6	44.0	16.5	1.6	1.54
Boston Mayflower	2.5	1.6	65.0	N.A.	2.4	30.0	14.2	2.0	1.45
Places for People	47.0	0.4	73.0	N.A.	1.1	23.0	14.1	1.1	2.28
Walsall Housing Group	5.0	N.A.	71.0	N.A.	1.8	21.0	15.0	1.1	2.46

Table 1

Comparative Analysis (cont.)									
Stichting Stadgenoot	36.1	0.9	46.0	N.A.	3.9	34.0	16.6	1.5	1.27
Stangastaden	N.A.	0.9	N.A.	N.A.	0.1	28.0	8.5	3.3	1.00
Uppsalahem	N.A.	1.2	N.A.	N.A.	0.1	42.0	11.3	2.9	0.96
San Diego PHA*	60.5	1.2	16.5	162.7	6.1	14.0	3.6	7.0	2.50
Vancouver PHA*	41.5	1.3	N.A.	96.0	3.0	41.0	8.0	3.2	1.50
Seattle PHA*	68.7	2.0	32.1	130.9	2.4	21.8	5.1	4.4	1.86
Butte County Housing Authority	79.8	1.0	23.0	117.9	2.7	7.6	3.3	4.8	9.70
Wisconsin Housing Preservation Corp	2.7	0.4	60.5	86.5	4.7	56.0	8.4	2.0	4.08
Bridge Housing Corp.	5.4	1.1	26.0	184.0	2.6	25.4	27.2	1.8	1.29

*PHA--public housing authority.

In our view, BRIDGE is similar to rated social housing providers based in Sweden (Stichting Stadgenoot, Stangastaden, and Uppsalahem) and the U.K. (London & Quadrant Housing Trust, Sanctuary Housing, Guinness Partnership, Chelmer Housing Partnership, Boston Mayflower, Places for People, and Walsall Housing Group). Table 1 details how BRIDGE compares in key measurements with the aforementioned international entities, along with five U.S. PHA peers (Wisconsin Housing Preservation Corp, San Diego, Vancouver, Seattle, and Butte County Housing Authority, Calif.). Much like BRIDGE, the international entities are situated in dynamic, expanding cities with strong underlying housing demands. These companies have minimal vacancies and relatively high dwelling prices compared to their respective national averages. In our view, BRIDGE shares "very strong" enterprise and "strong" financial risk profile similarities with its international peers. BRIDGE also compares well with its international peers and Wisconsin Housing Preservation Corp in terms of relatively strong financial performance, predictable cash flows from operations, and highly leveraged debt risk (debt-to-EBITDA and interest coverage), in our view. Furthermore, BRIDGE has a relatively strong liquidity profile, a common trait among its U.S. PHA peers.

Enterprise Profile

Industry risk

U.S.-based public and nonprofit providers' collective focus on affordable housing lends further rating stability, in our view, with low competitive risk. Our view of U.S. public and nonprofit housing industry risk translates into a score of '2', representing sub-scores of '2' for both cyclicality and competitive risk, with no adjustment for the government's supportive policies toward the industry. Economic cycles are more likely to affect U.S. public and nonprofit social housing providers than other social service types because real estate fluctuations can change asset values. Residential rental markets typically pose less risk relative to other property classes, however, and competitive risk is fairly low due to effective entry barriers in many jurisdictions, minimal substitution risk, and overall stability in growth and margins.

In addition, ongoing government subsidies, other support, and oversight limit volatility, with the overall importance of the service delivered, thereby limiting the potential for negative governmental intervention.

Economic fundamentals and market dependencies

Thirty-two years ago, BRIDGE Housing began as a practical solution to California's then-growing affordable housing shortage. BRIDGE would go on to produce large volumes of high-quality, affordable homes in the ensuing decades. Its origins can be traced back to a large, anonymous donation that provided seed capital to study how to deliver affordable housing for working-class families in the expensive San Francisco Bay Area. Today, BRIDGE has a long-term, stable track record of producing and administering quality affordable housing in challenging markets with complex parameters.

Accordingly, BRIDGE continues to demonstrate solid overall growth. We view BRIDGE's essentiality to the market it serves as extremely strong. Like many other social housing providers (including PHAs), market demand for affordable housing far exceeds available supply. Our criteria use market prices, rather than market rents, due to the greater availability and transparency of providers with broader missions that in-turn bring greater market connections. We consider BRIDGE a market-related, low-income social housing provider because its sustained market-based component of rental activity exceeds 15% of total revenue, and because real estate property rental values are relevant to the business. We calculate the average dwelling price for private homes in the submarket BRIDGE manages or owns to be about 184% of the national average, which (combined with what we consider robust 1.1% population growth in fiscal 2013) suggests very strong economic fundamentals. These factors, along with business profile ratios and other qualitative factors, yield a score of '2' for economic fundamentals, with no qualitative adjustments applied. BRIDGE is affiliated with Bay Area Senior Services Inc., the operator of a continuing care retirement community, and Bridge Impact Capital, a community development finance institution. These nontraditional housing activities account for 12.4% of BRIDGE's revenue (as of fiscal 2013).

Market position: strategy and management

In our view, BRIDGE has a clearly defined vision that sets forth the organization's overall strategic plan. BRIDGE launched its strategic planning process in 2011, as a participatory, iterative engagement of its board and senior leadership. The process assessed at length the changing and demanding external environment and the corporation's strengths and capabilities in this context, and developed scenarios to help meet challenges more effectively. This plan is considered a five-year road map, requiring continued adaptation and innovation in response to a volatile market. Along with the five-year focus, BRIDGE also maintains a longer-term view that incorporates these goals:

- Advance the corporation's mission, always in pursuit of "quantity, quality, and affordability";
- Strengthen communities, starting but not ending with housing;
- Leverage experience, resources, and BRIDGE's innovative culture to test new ways of achieving more in less time, with fewer resources;
- Redefine how BRIDGE delivers products and services, to make the company more competitive in an era of reduced subsidies and increased demands;
- Lead the repositioning of the industry, responding to shifts in resources, markets, and policies; and
- Be the go-to organization for best practices in all aspects of its lines of business.

To accomplish the above-mentioned goals, BRIDGE's board and staff have set the following strategic initiatives:

- Product and service diversification,
- Community development (supporting and enhancing neighborhoods),
- Geographic expansion,
- Mergers and acquisitions,
- Leveraged portfolio management,
- Financial services and capital markets,
- Cost containment,
- Information technology, and
- Human capital.

We believe these initiatives will enable growth and diversification of products and services, promote innovation, and allow continued refinement of BRIDGE's capacity to fulfill its strategic plan. In our view, the corporation has specific measurements for each initiative, a clear vision, the right leadership, and strong community support.

We understand BRIDGE's board of directors and staff engage in a decision-making process characterized by open, effective communication and appropriate delegation of authority, consistent with the principles of sound corporate governance. The board reviews strategic plans annually and monitors the staff's progress in achieving each goal. All 15 board members have voting rights in every board matter. No board members are related to the staff or senior executive staff members. Board members serve uncompensated three-years terms, with staggered terms allowing for uninterrupted turnover during periods of transition. There are also no term limits. BRIDGE also maintains an informal succession plan, administered through the board's specialized professional development program.

BRIDGE has over 400 full-time staff members, with extensive experience in related fields that include accounting, finance, real estate acquisitions, property management, construction management, governmental relations, senior living, and community services. A core staff operates out of offices in San Francisco, Orange County, San Diego, and Portland. Collectively, the organizational structure provides a very strong social and financial balance of expertise, in our view.

Senior staff members work closely with one another to meet BRIDGE's mission and bring operations and projects into compliance with overall strategic goals, in our view. This garners a score of '1' for strategy and management. Internal policies and procedures are institutionalized and built into the fabric of all BRIDGE operations. BRIDGE also effectively leverages partnerships with lenders and other BRIDGE stakeholders, in our view, producing an income stream that does not specifically rely on federal subsidies. BRIDGE maintains that its partnerships are aiding redevelopment and providing sufficient funding to increase the organization's housing portfolio.

Asset Quality

BRIDGE's geographic footprint is a reflection of the demand for affordable rental housing. BRIDGE has historically been active in some of California's least affordable markets, beginning with nine Bay Area counties, followed by Orange and San Diego counties. BRIDGE now develops, owns, and operates housing along much of the urban U.S. west coast, including in the Los Angeles, Portland, and Seattle metropolitan areas (as mentioned above). BRIDGE has operated in 85 communities in northern and southern California, participated in the development of over 14,000 affordable homes -- including 10,000 directly owned by BRIDGE, and another 8,100 in which the corporation has property/asset management affiliations. BRIDGE has also worked to build parks and wetlands, child care centers, police substations, a library, and over 500,000 square feet of commercial and retail space. It also offers a growing slate of educational, health, and wellness programs (more than 11,500 class participants were served in 2011 alone).

Our analysis involved site visits to a sampling of properties within the portfolio. Based on our findings, we rank the portfolio at '2' overall on a five-point scale (with '5' representing what we consider the lowest-quality housing and '1' the highest). Physical curb appeal on newly developed and renovated properties is good, in our view, and in most cases exceeds that of surrounding neighborhood properties. Strict oversight and contractual monitoring incorporate efficient methods and ensure strong portfolio management, in our view. We believe BRIDGE demonstrates strong efficiency in its property management functions and is acting appropriately to improve its financial strength and provide quality housing. Excellent operational performance, exhibited by strong asset management practices, has led to strong operational consistency, in our view. This is exemplified by rent collected as a percentage of gross rent, which has stayed above 97.4% for the past three years. Average occupancy is 97% for this period, leading to an asset quality score of '2'. The average portfolio age is 13 years, with no qualitative adjustments applied. We will closely monitor BRIDGE's ability to maintain these positive ratios amid further pending acquisitions, rehabilitations, and development plans. BRIDGE's development plan is very active, and we believe management has the necessary position, resources, and sense of direction to produce the next generation of cost-effective, integrated residential, commercial, and community spaces.

Recent precursors to BRIDGE's product diversification include:

- The Coronet, an affordable senior housing complex that includes a PACE health care center;
- Armstrong Place Senior Housing and Townhomes, an affordable senior housing complex that also includes retail space and mixed-income townhomes;
- Celadon at 9th and Broadway, a new split-financing structure serving multiple high-service populations;
- Rene Cazenave Apartments, comprising 120 affordable units for formerly homeless individuals and families with a wraparound service center (intended to model BRIDGE's development of new complex, service-intensive housing); and
- MacArthur Transit Village and Marea Alta, examples of BRIDGE's expanding roles as a master developer of transit-oriented development projects, manager of public-private partnerships, and partner in larger-scale retail and commercial design and development.

Additional completed developments include the Peninsula Regent continuing care retirement community, and the Parkview, a mixed-income, assisted-living community with a memory care unit.

In fiscal 2015, BRIDGE anticipates 10 new properties comprising 968 units will be completed and go online.

Financial Profile

BRIDGE's financial performance is very steady, in our view, with little reliance on federal appropriations, unlike most U.S. PHAs. The organization's EBITDA-to-revenue ratio is relatively weak compared with its social housing peers, including international social providers, but is stronger than most U.S. PHAs. Meanwhile, its ratio of liquidity sources to uses is relatively stronger than its international peers. However, BRIDGE's strong liquidity is offset by relatively high debt obligations.

Financial performance: predictable cash flow from operations, and strong financial performance compared with U.S. peers

BRIDGE's financial performance has been stable, in our opinion, with positive cash flow from operations. EBITDA has remained steady for the past three years at over $25 million. The organization's three-year EBITDA-to-revenue average (25.4%) outperforms most traditional U.S. PHAs, resulting in a final score of '4'. BRIDGE benefits from a self-supporting revenue stream, which is highly uncharacteristic of U.S. PHAs. BRIDGE's financial health depends on maintaining this arrangement, with contributions and grants expected to decrease in the future. We expect projected income growth, coupled with anticipated cost controls, to positively impact the corporation's financial ratios. Management expects contributions and grants for resident programs from private sources to increase, but government subsidies to decrease.

Debt profile: high debt profile among global and U.S. peers

BRIDGE's debt profile constrains its financial risk score and the overall rating. BRIDGE's debt obligations are the highest out of all global and U.S. public and non-profit social housing providers. Adding to BRIDGE's debt profile, in our view, are extensive development plans; this is exemplified by BRIDGE's 27.2x debt-to-EBITDA ratio that is well above the 12.1x global and 5.0x domestic averages. Similarly, BRIDGE's 2.8x EBITDA-to-interest ratio (actual average of the past three years) represents solid interest coverage on a global scale. These measurements, coupled with BRIDGE's debt profile, result in a final score of '3', with one positive qualitative adjustment factor. However, about 48% of BRIDGE's debt is associated with soft debt, or subordinated debt obligations in which BRIDGE will have the flexibility to pay them off should it generate surplus cash. Additionally, all construction debt (23%) must have a known take-out funding source (either permanent debt or equity) prior to the start of construction. The structure of BRIDGE's affordable housing transactions requires that all financing be locked in place for the life of the tax credits to be delivered (15 years). No cash or reserves can be utilized to pay down construction debt as projects move to permanent financing sources.

This flexibility reduces the pressure on BRIDGE to manage its liquidity. In addition, BRIDGE's very low average LTV ratio (26%) and unencumbered assets (legal and practical ability to sell assets, if necessary) valued at over 50% of debt positively affect its debt profile. We believe BRIDGE can manage its debt appropriately; still, we will closely monitor this constraint. Should BRIDGE's asset quality and financial performance weaken, we would expect its debt profile to increase considerably.

Liquidity: very strong liquidity profile for a highly leveraged entity

We expect BRIDGE to have $76 million in liquidity sources in two years. These sources include cash from operations, cash and equivalents, and current investments. Meanwhile, we expect roughly $59 million in liquidity uses, including debt service less non-cash working capital (if negative). As mentioned above, we recognize BRIDGE's soft debt as subordinated debt obligations in which BRIDGE will have flexibility to pay them off should it generate surplus cash. In the event of nonpayment, interest will accrue to the loan and will not trigger an event of default. In addition, BRIDGE's construction debt does not require paying down for the life of the tax credit. Historically, BRIDGE has paid its debt obligations in a timely manner. Given its current liquidity sources and cash flow operations, we expect that the organization might achieve a 1.3x liquidity ratio in two years. We base this view on BRIDGE's two-year debt service schedule and projected liquidity sources; this correlates to a liquidity score of '2', with one positive qualitative adjustment (strong access to external liquidity). Should the liquidity ratio fall below 0.5x, a higher liquidity score of '5' would result, and the ICR would be capped at 'A'.

Table 2

Liquidity Ratios		
	2014	**2015**
Liquidity sources ($)		
Projected cash generated from continuing operations	16,935,000	16,935,000
Cash and liquid investments	59,299,000	59,299,000
Total liquidity sources	76,234,000	76,234,000
Liquidity uses ($)		
Projected working capital (excluding cash outflows)	32,677,000	32,677,000
Interest and principal payments due on debt over next 12 months	26,467,401	26,467,401
Total liquidity uses	59,144,401	59,144,401
Liquidity ratio (x)	1.29	1.29

Financial polices: positive credit impact, with a high degree of transparency

BRIDGE's financial policies are well-established and contain sufficient oversight and prudence, in our view. Our analysis measures the organization's level of transparency, liquidity, debt management, and long-term planning. The finance department handles these tasks with strong oversight from senior management and the board of directors. There is also regularly scheduled reporting on all operating segments, thus providing a high degree of transparency. BRIDGE also adheres to what we consider an adequate debt management policy with risk-averse practices. The organization's long-term planning includes sophisticated, multi-layered financial, acquisition, and asset-management strategies. Leveraging BRIDGE's score are well-prescribed, albeit less formal, liquidity and debt management policies. The resulting score is '2', with BRIDGE exhibiting a mix of strong and adequate attributes, in-turn fostering a stable financial culture.

Table 3

BRIDGE Housing Corp. Financial Summary			
	2011*	**2012***	**2013***
	--Balance sheet--		
Assets ($)			
Cash and cash equivalents -- unrestricted	26,797,000	27,423,000	29,904,000
Cash and cash equivalents -- restricted	39,034,000	37,640,000	29,395,000
Accounts and notes receivable	5,709,000	2,082,000	6,628,000
Prepaid expenses	2,058,000	2,677,000	3,470,000
Other current assets	1,298,000	1,347,000	1,161,000
Total current assets	74,896,000	71,169,000	70,558,000
Land	4,861,000	4,861,000	4,753,000
Property, plant, and equipment (net)	1,014,744,000	1,067,243,000	1,188,463,000
Investments -- restricted	44,472,000	48,101,000	51,260,000

Table 3

BRIDGE Housing Corp. Financial Summary (cont.)			
Other long-term assets	57,368,000	31,697,000	32,893,000
Total long-term assets	1,121,445,000	1,151,902,000	1,277,369,000
Total assets	1,196,341,000	1,223,071,000	1,347,927,000
Average total assets	1,186,046,000	1,209,706,000	1,285,499,000
Liabilities ($)			
Accounts payable and accrued expenses	15,211,000	21,840,000	42,772,000
Deferred revenue	3,294,000	911,000	1,164,000
Trusts and deposits	305,000	17,000	--
Current portion of long-term debt	44,910,000	34,050,000	17,375,000
Total current liabilities	63,720,000	56,818,000	61,311,000
Long-term debt	741,029,000	786,376,000	871,349,000
Other long-term liabilities	41,338,000	43,227,000	78,962,000
Total long-term liabilities	782,367,000	829,603,000	950,311,000
Total liabilities	846,087,000	886,421,000	1,011,622,000
Net assets/equity ($)			
Unrestricted net assets	300,098,000	287,851,000	288,251,000
Temporarily restricted assets	48,496,000	47,139,000	46,394,000
Permanently restricted assets	1,660,000	1,660,000	1,660,000
Total net assets/equity	350,254,000	336,650,000	336,305,000
Average equity	342,765,000	343,452,000	336,477,500
Total liabilities and net assets/equity	1,196,341,000	1,223,071,000	1,347,927,000
		--Income statement--	
Revenue ($)			
Rental income	85,963,000	88,796,000	92,161,000
Total contributions and grants	13,485,000	5,400,000	5,975,000
Other income	29,382,000	32,912,000	13,423,000
Total revenues	128,830,000	127,108,000	111,559,000
Expenses ($)			
Operations and maintenance	127,195,797	121,435,197	93,777,055
Real estate taxes	1,578,203	1,536,803	1,662,945
Depreciation/amortization	32,273,000	32,971,000	34,417,000
General and administrative	4,820,000	6,921,000	7,835,000
Other expenses	216,000	247,000	862,000
Total operating expenses	166,083,000	163,111,000	138,554,000
Total net operating income	(37,253,000)	(36,003,000)	(26,995,000)
Adjustments to net operating income ($)			
Tax expense	243,592	214,898	245,089
Capital contributed/capital grants	52,231,000	22,399,000	26,650,000
Interest expense	24,137,000	24,101,000	24,162,000
Other expenses	(24,380,592)	(24,315,898)	(24,407,089)

Table 3

BRIDGE Housing Corp. Financial Summary (cont.)			
Change in net assets/equity (net income)	14,978,000	(13,604,000)	(345,000)
Net assets/equity, beginning of year	335,276,000	350,254,000	336,650,000
Net assets/equity, end of year	350,254,000	336,650,000	336,305,000
	--Cash flow statement--		
Operating activities ($)			
Change in net assets/equity	(37,253,000)	(36,003,000)	(26,995,000)
(Gain) loss on sale of assets	11,697,000	7,424,000	350,000
Depreciation/amortization	32,273,000	32,971,000	34,417,000
Other adjustments from operating activities	(4,224,000)	11,456,000	9,163,000
Net cash provided by operating activities	2,493,000	15,848,000	16,935,000
Investing activities ($)			
Purchase of rental property and property/equipment	(15,081,000)	(72,647,000)	(134,531,000)
Purchase of investments	(6,185,000)	3,196,000	(1,063,000)
Other adjustments from investing activities (sale of investments)	(5,369,000)	(3,701,000)	(2,511,000)
Net cash provided by investing activities	(26,635,000)	(73,152,000)	(138,105,000)
Financing activities ($)			
Interest paid	(18,619,000)	(17,561,000)	(15,517,000)
Payments of long-term debt	(75,866,000)	(42,084,000)	(19,892,000)
Proceeds from sale of bonds/notes	104,470,000	67,348,000	78,787,000
Other adjustments from financing activities	13,794,000	48,833,000	72,028,000
Net cash provided by financing activities	23,779,000	56,536,000	115,406,000
Net increase/decrease in cash equivalents	(363,000)	(768,000)	(5,764,000)
	--Financial ratio analysis--		
Property management ratios			
Rent collected as a percentage of gross rent (%)	97.2	97.4	97.7
Occupancy (%)	97.2	97.4	97.7
Key measurements			
Extraordinary item ($)	11,800,000	3,700,000	--
EBITDA ($)	32,778,795	26,520,701	33,492,034
Total debt ($)	785,939,000	820,426,000	888,724,000
Soft debt($)	424,752,131	475,604,944	490,751,905
Debt service ($)	94,485,000	59,645,000	35,409,000
Government support percentage (%)§	10.5	4.2	5.4
Voids, vacancy (% of revenues)	2.8	2.6	2.3
Arrears (% of revenues)	2.8	2.6	2.3
Average social rent (annual) ($)	6,140	6,343	6,583
Market rent in main region of operation ($)	24,299	24,795	25,301
Average social rent as a percentage of market rent in main region of operation (%)	25.3	25.6	26.0
Average market dwelling price ($)	--	--	630,116
Average national dwelling price ($)	286,160	292,000	342,000

Table 3

BRIDGE Housing Corp. Financial Summary (cont.)			
Average dwelling price as a percentage of national average (%)	--	--	184.2
EBITDA/revenues (%)	25.4	20.9	30.0
Debt/EBITDA (x)	24.0	30.9	26.5
EBITDA interest coverage (x)	1.8	1.5	2.2
Funds from operations ($)	(16,126,000)	(1,713,000)	1,418,000
Cash from operations ($)	2,493,000	15,848,000	16,935,000
Cash and liquidity ($)	65,831,000	65,063,000	59,299,000
Net working capital ($)	11,176,000	14,351,000	9,247,000
Working capital excluding cash ($)	(9,745,000)	(16,662,000)	(32,677,000)
Population growth (%)	--	--	1.1

*As of fiscal year-end. §These contributions are not purely governmental; most are from private sources.

Related Criteria And Research

Related Criteria

- General Criteria: Methodology: Industry Risk, Nov. 20, 2013
- Criteria: Methodology For Rating Public And Nonprofit Social Housing Providers, Dec. 17, 2014