

# BRIDGE Housing Corporation Strategic Plan 2013-2017



BUILDING    SUSTAINING    LEADING



MacArthur Station is a master-planned, mixed-use Transit-Oriented Development located adjacent to the MacArthur BART Station in North Oakland. The vision is to redevelop and revitalize this underutilized site to create a vibrant, transit-oriented community that enhances bicycle and pedestrian use, with increased and enhanced access to the BART station and connecting public transit lines. MacArthur Station will provide 624 new residences (including 108 affordable apartments), a new 478-space parking garage for BART patrons and guests, and 42,500 square feet of local commercial and retail space.

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# Executive Summary

Production Metrics	2013-2017 Goal
New units developed	3,800
Units acquired	3,750
Community Development Metrics	
Number of times resident services accessed	100,000
Number of community-based investments made	20
Operating Metrics	
Decrease in per-unit costs	15%
Reinvestment via capital facility and other fund reserves	TBD

## BACKGROUND

BRIDGE launched its strategic planning process in the fall of 2011 as a participatory, iterative engagement of its Board and senior leadership. BRIDGE identified long-term goals and a series of strategic initiatives that are essential to its future success. This plan is a five-year road map for the BRIDGE Board and staff as they continue to grow the company's leadership as a producer and owner of affordable housing opportunities, particularly in a resource-constrained environment.

## VISION

- BRIDGE strengthens communities and creates opportunities for working families and seniors.
- BRIDGE is a leader and innovator.
- BRIDGE earns the highest degree of customer satisfaction from all stakeholders.
- BRIDGE is the go-to developer, and it delivers results.

*"The growth plan dictates that BRIDGE will double in size over the next five years, with increased commitment to community development, product and market diversity, and resident outcomes."*

—Cynthia A. Parker, President & CEO, BRIDGE Housing

## OVERARCHING EXTERNAL ENVIRONMENT

The external environment creates the social, cultural and economic context in which BRIDGE operates. Events, trends and decisions made at the local, state, national and even global levels have significant impact on the needs of the people BRIDGE serves, and on the methods, tools and approaches that make the most sense for BRIDGE to use in meeting those needs. Among the important driving forces with the potential for greatest impact on BRIDGE's operations are the economy, changing demographics and government policy, social factors that drive attitudes and values, and technology as a unique and powerful driver of social and economic change.

# Executive Summary

## CORE COMPETENCIES/COMPARATIVE ADVANTAGES

BRIDGE has a demonstrated track record for the production and long-term, stable stewardship of quality affordable housing in challenging markets with complex parameters. Other attributes, knowledge and skills that inform its future are:

- An engaged Board of Directors with diverse perspectives, including newer members and those with significant tenured investment in the organization.
- Current scale, portfolio quality, capacity to develop alternative approaches.
- A reputation as problem solvers with respect for local needs and policies.
- A deeply experienced senior staff that values learning and is intensely committed to quality.
- Experience and position as a leader and industry builder.

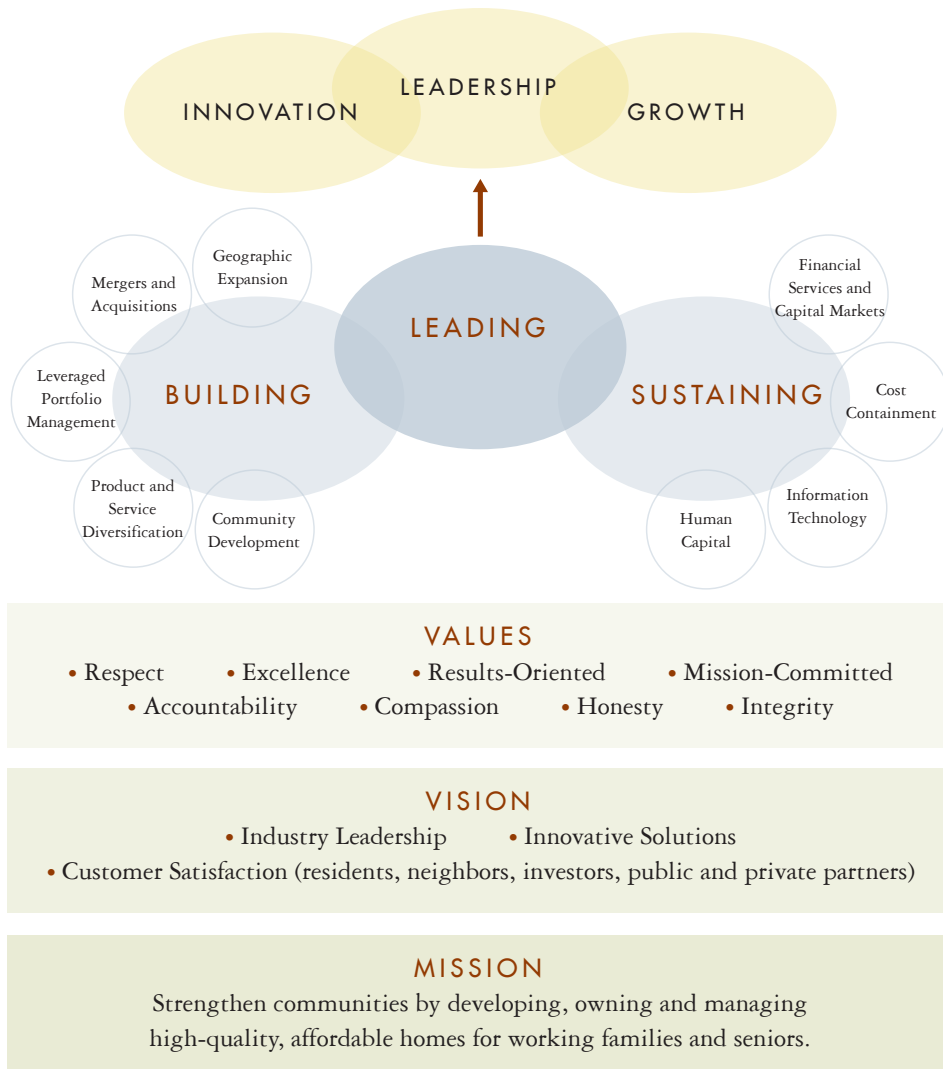
## LONG-RANGE GOALS

Over the next three decades, the company will strive to:

- Advance its mission, always in pursuit of “Quantity, Quality, Affordability.”
- Strengthen communities, starting but not ending with housing.
- Leverage experience, resources and a culture of innovation to test new ways to achieve 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 demand.
- Lead the repositioning of the industry as there are shifts in resources, markets and policies.
- Be the go-to organization for best practices in all of BRIDGE’s lines of business.



# Executive Summary







## Background: Process and Plan Purpose

Thirty years ago, BRIDGE Housing began as a practical solution to a growing problem, and it set the trajectory for the affordable housing industry by producing large volumes of high-quality, affordable homes in California.

An anonymous donor provided seed capital to figure out how to deliver affordable housing to working-class families in the expensive Bay Area, and rather than just study the problem, BRIDGE was born. To lead the organization, founding Board Chairman Alan Stein hired Don Turner and Rick Holliday, who quickly found ways to start producing housing for working families, often partnering with private partners in new and innovative ways.

Today, BRIDGE continues to bring innovation to its core mission--production and ownership at a scale that has impact--solving the demands of communities as well as seniors and families. To thrive and advance its mission in this era of volatile markets and unpredictable resources, BRIDGE saw the urgent need to develop a strategic plan that would leverage its strengths and set a horizon for success.

BRIDGE launched its strategic planning process in the fall of 2011 as a participatory, iterative

engagement of its Board and senior leadership.

The process included a detailed assessment of the changing and demanding external environment and the development of scenarios for the future, as well as an assessment of its own strengths and capabilities in the context of a changing environment. BRIDGE identified long-term goals and a series of strategic initiatives that are essential to its future success.

This plan is a five-year road map for the BRIDGE Board and staff as they continue to grow the company's leadership as a producer and owner of affordable housing opportunities. This will require the company to continue to both adapt and innovate to sustain itself in these rapidly changing times.

It is BRIDGE's intent to grow its products at scale and with the intentionally innovative approaches characteristic of BRIDGE over its first 30 years. BRIDGE will step up to the critical and new role of industry leader as a national organization while strengthening its ability to conduct business sustainably--through leadership development, continuous improvements in the use of technology, and enhanced performance with reductions in time and cost of delivery.





## BRIDGE Fundamentals

### MISSION

BRIDGE Housing Corporation strengthens communities by developing, owning and managing high-quality, affordable homes for working families and seniors.

### VISION

- BRIDGE strengthens communities and creates opportunities for working families and seniors, beginning but not ending with housing.
- BRIDGE is a leader and innovator in the mission-driven business of effective production, operation and ownership of affordable and mixed-income housing.
- BRIDGE earns the highest degree of customer satisfaction from all stakeholders, including residents, neighbors, investors, taxpayers, private- and public-sector partners, and employees.
- BRIDGE is the go-to developer and owner for public officials, investors and communities seeking an array of housing solutions, and it delivers results.

### CORE VALUES

- Strive for **excellence**.
- Act with **integrity** and **honesty** – constantly strive to uphold the highest professional standards.
- **Results-oriented** – take responsibility for defining and achieving ambitious, measurable goals.
- **Committed to mission** – persevere in the face of challenges, seek resources to ensure the best outcomes and work toward successful outcomes.
- **Accountable** for actions – assume responsibility for company, team and individual performance.
- **Respectful** of the rights and dignity of others – accept people for who they are and for their knowledge, skills and experience.
- Have **compassion** for others and work to improve their lives.

# BRIDGE Fundamentals

## GUIDING (OPERATING) PRINCIPLES

- BRIDGE will continue to use an interdisciplinary approach whether acquiring properties, building charter schools for community partners or evaluating new market opportunities.
- BRIDGE will use its capital resources to enable it to continue to be a leader in achieving quality, quantity and affordability while always being attentive to capital preservation.
- BRIDGE will be vulnerable to opportunity; it will evaluate new opportunities quickly and with awareness of the risk of mission drift.
- BRIDGE's Board and staff will engage in a decision-making process characterized by open, effective communication and appropriate delegation of authority, consistent with principles of sound corporate governance.
- BRIDGE will maintain the physical and economic health of its property portfolio to a standard of high quality and will proactively seek opportunities to leverage its portfolio to further its mission.
- BRIDGE recognizes that success requires local engagement and partnership in all sectors, including community, government, business, philanthropy and the affordable housing field.

# Overarching External Environment

The external environment creates the social, cultural, and economic context in which BRIDGE operates. Events, trends and decisions made at the local, state, national and even global levels have significant impact on the needs of the people BRIDGE serves, and on the methods, tools and approaches that make the most sense for BRIDGE to use in meeting those needs. This section of the document provides an overview of some of the key external factors that are the most significant and impactful to the company.

A key theme for the BRIDGE strategic plan for the next five years is the uncertainty and turbulence that are a daily fact of life. During the October 2011 planning workshop, a participant commented, “Our concerns included the financial markets and economy, dissatisfaction with government, lack of business confidence, gridlock because of divisive politics and negative media focus. There is also a growing disparity between rich and poor. California was the home of baby boomers in significant numbers after WWII and those households are now aging while immigrant households once again represent new growth.” These and many other topics require BRIDGE’s attention, and the company must be prepared to manage both quickly and thoughtfully as conditions change abruptly.

Among the important driving forces with the potential for greatest impact on BRIDGE’s operations are the economy, changing demographics and government policy, social factors that drive attitudes and values, and technology as a unique and powerful driver of social and economic

change. Each of these is discussed in a high-level summary in the following paragraphs.

## THE ECONOMY

The overall economic health of the nation, and of the communities BRIDGE serves, is a key driver of market need for affordable housing, shaping the company’s capacity to help meet that need. During economic downturns, when employment rates and consumer confidence drop, people at the lower end of the income spectrum feel the squeeze first and most acutely. Conversely, during boom periods, rental rates often soar, making it harder for BRIDGE’s target population to afford housing.

Public awareness of the need and criticality of housing to the overall economic health of communities has always been an important aspect of California’s response to high housing costs, particularly along the coast and in almost every economic scenario. However, the national response has been to narrow resources, forcing states and communities to choose among a host of important services, from maintaining the infrastructure to augmenting the safety net.

An important factor within the economy is the cost of funds, with attendant interest rates, which affects the ways that BRIDGE accesses capital and impacts the cost of housing production. While rates have remained at historic lows over the last few years, improvements in the economy will surely fuel rate adjustments over time.

# Overarching External Environment

Another key aspect of the overall economy is cost and availability of energy resources. Oil prices are expected to rise over the coming years; this probability will continue to create incentives for communities to situate housing, including affordable housing, adjacent to transit hubs. The linkage between carbon-based fuels and climate change will also significantly impact housing development; the affordable housing industry would do well to seek to reduce its carbon footprint through the use of solar and other energy alternatives.

## DEMOGRAPHICS

Population growth in the Sunbelt, especially areas where growth is driven by immigration, has slowed but not ended. California remains one of the few states where the child population is increasing faster than the population over age 65. However, this is not occurring across the entire state, but rather in selected areas such as Los Angeles County, where immigrant populations constitute more than 35% of the population.

While significant variation in income has been characteristic of the California economy since BRIDGE began, the shifts in public dollars have added to the challenge, eroding middle-income populations nationwide.

## GOVERNMENT POLICY AND HOUSING

Government policy is always a central issue for BRIDGE, which uses many government programs and initiatives in various ways to finance development, support property operations

and subsidize housing production in most of its projects. Subsidies, including many of federal origin, typically come from the State or municipalities, which are key partners in most BRIDGE developments.

Changes in policies and programs therefore can have a quite sudden and significant impact on BRIDGE, as was experienced with the elimination of the redevelopment agencies in early 2012. This materially affected a number of BRIDGE's current and planned projects, and required a concentrated effort on the part of senior staff to adjust their work on the fly. It was a good test run for BRIDGE's ability to analyze and understand the many implications of a dramatic change, and overall the staff demonstrated they were up to the test.

Given the continuing uncertainties in Washington, DC and Sacramento, the ongoing fiscal difficulties at all levels of government, and the extra layer of bipartisan volatility pertaining to housing policy, public support, and poverty alleviation, it's clear that BRIDGE must expect further upheavals in the future. Certainly the trend has been for the federal government to reduce subsidies while actively encouraging Public Housing Authorities to seek local financing. This has opened up new opportunities for BRIDGE and other large nonprofit and for-profit affordable housing owners that are equipped to help the PHAs.

# Overarching External Environment

In particular, BRIDGE must anticipate a continuing decline in the availability of public capital. Today's policy environment is being shaped by taxation and spending policies--some going back 30 years or more--in most states, regions and large cities. Communities are burdened by aging infrastructure and a general atrophying of interest and capacity for affordable housing development by the public sector.

Federally owned or supported housing stock has not been recapitalized adequately for decades. This situation is compounded by the desire to reduce operating support and to limit federal financing tools to workforce housing and mixed-income developments. As an illustration of the aggregate drop in funding, a recent report on family housing resources from the San Francisco Mayor's Office of Housing noted a decline of 50% in federal resources between 2007 and 2012 and a decline of 85% in city/state/federal resources between 2009 and 2012.

Demand for rental housing in all age and income brackets continues to grow in some markets. In isolated communities, there are selected increases in homeownership, but homeownership rates are essentially flat as the Central Valley and inland regions are coping with a significant rate of foreclosures.

As mentioned above in the Economy section, there is an increasing focus on linking transit with housing and employment, a new pattern of smart growth seen around the new transit stations in Los Angeles.

## SOCIAL FACTORS

American society is in the midst of a process of change that seems likely to continue unabated for the foreseeable future. Individual and collective views and expectations about what is possible, what is "normal," what is communicated, how people work, and what they believe--there is ongoing change in all of these areas, which affects BRIDGE's work in many ways.

What is society's view of poverty? Homelessness? Care for seniors or people with disabilities? NIMBYs? Where and how communities must grow or not? What role does the emerging trend of collaborative consumption (car sharing and co-housing, for example) play in community development? All of these topics are the subject of constant dialog and debate, with wide variability of opinions in the communities in which BRIDGE builds and owns properties.

The success of BRIDGE's work depends to a significant extent on its awareness of the social situation, community by community. As the world continues to change, BRIDGE will have to remain attuned to the evolving needs and attitudes of its many constituents and stakeholders.



# Overarching External Environment

## TECHNOLOGY

The continuing development and deployment of technology throughout the business world and society has fundamental consequences for BRIDGE. During the October 2011 workshop, a participant commented:

*“When it comes to technology, a snapshot of five to 10 years from now is that people will be using their iPhones to pay rent, lock and unlock their apartments and so on. Seniors will dial up their health care provider and receive service technologically. Staff will carry almost everything one could want to know about property and portfolio in their tablets. All stakeholders, including Board, senior leadership, government agencies and business partners will demand scaled information, presented at unit, project and portfolio levels. In this arena, the ability to adopt new ways of doing business will be critical to success. We need to become the company that embraces this kind of thing first.... Then and only then can we can truly become thought leaders.”*

Technological changes affect the projects BRIDGE builds, because so many applications of technology must be designed into buildings from the beginning. Energy systems, HVAC systems, safety and security systems, elevators, building management and the ways that residents live and communicate are all significantly impacted by high communication speeds, wireless systems, handheld systems, etc. BRIDGE can assert its role as an industry leader by becoming more adept at integrating technology into all phases of its work, from concept through design, permitting, construction, delivery and ongoing management. This will require additional emphasis and effort, and consequently additional resources and staffing. It may also lead the company to seek new competencies at the Board level.

# Overarching External Environment

## CAPITAL

BRIDGE has developed a strong balance sheet and has provided the necessary capital reserves required as an owner and asset manager. BRIDGE has also historically been an early adaptor of housing investment vehicles and has consistently innovated as an aggregator of capital sources to fund its development pipeline. Past innovations have included the World/BRIDGE initiative and partnering in real estate investments with CalPERS as a fund manager for mixed-income/mixed-use projects in urban infill areas.

The advent of the LIHTC program, GSE and FHA housing finance, coupled with an expectation that housing would be a vehicle for delivery of various services to targeted populations, has moved affordable development into a series of single-asset project financings with increasingly complex capital stacks and layered subsidy sources. Use of most of these funds requires independent competitive applications and multiple layers of regulatory compliance monitoring. While BRIDGE has been adroit at using its expertise to execute large transactions utilizing multiple fund sources, the impact of these conditions has led to industry transaction costs and complexity that add years and dollars to even “vanilla” developments.

# Core Markets and Comparative Advantages

## CORE MARKETS

### GEOGRAPHY

BRIDGE's geographic footprint has formed in response to demand for affordable rental housing. It has historically developed in some of the least affordable markets in the state, first the nine Bay Area counties, then Orange and San Diego counties. BRIDGE currently develops, owns and operates housing along much of the urban coast of California, with forays into Sacramento, San Joaquin and Riverside counties.

### PRODUCT

At first glance, one would presume that BRIDGE's core product expertise is affordable rental housing as defined by the State of California's policies for the LIHTC. However, over much of its history, BRIDGE has acquired expertise in other product areas, including 80/20 tax-exempt bonds, affordable homeownership, master planning, acquisition and rehabilitation, historic preservation and varying levels of service-enriched housing. This breadth represents BRIDGE's response to both market demand and an opportunity to shift roles.

For example, BRIDGE is providing technical expertise and management as well as financial capacity in delivering Rene Cazenave Apartments, a complex, mid-rise affordable housing development for formerly homeless individuals. Created jointly with Community Housing Partnership, the building includes 120 units of housing, a service and counseling center for residents, and retail space in San Francisco's developing Transbay masterplan

area. St. Joseph's Senior Apartments, which opened in 2012, is an acquisition/historic rehabilitation project. And 9th and Broadway, when finished, will be a high-rise, 250-unit building in downtown San Diego with a mix of residents, including many with special needs or reeling from recent homelessness. In fact, core market competency is the capacity to achieve complex transactions in challenging markets.

### CUSTOMERS

BRIDGE serves a diverse range of residents who are very low-, low- and moderate-income seniors and working families. BRIDGE's affordable housing, frequently situated close to transit and jobs, helps people live in the communities where they work. BRIDGE is often active in markets such as San Francisco, where a minimum-wage earner would need to work 183 hours per week to afford an average two-bedroom, market-rate rental unit, given a 30% rent burden. BRIDGE's customer base also includes private- and public-sector partners, with notably deep and significant relationships with local government entities, business and philanthropy.

# Core Markets and Comparative Advantages

## COMPARATIVE ADVANTAGES

BRIDGE has a demonstrated track record for the production and long-term, stable stewardship of quality affordable housing in challenging markets with complex parameters. Its portfolio reflects its competencies, and its balance sheet reflects a unique equilibrium between great stewardship of assets and the capacity/will to leverage its assets when this is best for both mission and sustainability. As an illustration of the company's breadth and depth, over the past three decades, BRIDGE has:

- Worked in 85 communities in Northern and Southern California
- Participated in the development of over 14,000 affordable homes, including 10,000 that are still owned by BRIDGE and 8,100 that BRIDGE property/asset manages.
- Created parks and wetlands, child care centers, police substations, a library and over 500,000 square feet of commercial and retail space.
- Offered a growing slate of educational, health and wellness programs to residents (more than 11,500 class participants served in 2011).

Other attributes, knowledge and skills that inform its future are:

- An engaged Board of Directors, including newer members and those with significant tenured investment in the organization and on-the-ground private development capacity.

- A Board of Directors that brings diverse perspectives and, together with staff, fosters a breadth of perspectives and healthy debate.
- A reputation as problem solvers with respect for local needs and policies.
- A deeply experienced senior staff that values learning and is intensely committed to quality.
- Experience and position as a leader and industry builder.

BRIDGE is a landlord of choice and an employer of choice with a desire for turnover, whether resident or employee, to be about new opportunities.

The number and diversity of organizations engaged in developing and owning affordable LIHTC-eligible affordable housing has over the last two decades more than doubled in California, especially in markets where resources for development were available, such as the San Francisco Bay Area. Many of these organizations require one or more new development opportunities annually to be viable. BRIDGE is squarely in the development business and would be very frustrated if unable to add to its portfolio through new development. However, unlike many organizations, BRIDGE has the advantages of its current scale, the quality of its portfolio and its capacity to develop alternative approaches, many of which are identified as important strategic choices going forward.

# Long-Range Goals

While this plan focuses on a five-year horizon, BRIDGE maintains an even longer view of where and what the company aims to be. BRIDGE's future builds upon nearly 30 years of experience, learning and results. Over the next three decades, the company will strive to:

- Advance its mission, always in pursuit of “Quantity, Quality, Affordability.”
- Strengthen communities, starting but not ending with housing.
- Leverage experience, resources and a culture of innovation to test new ways to achieve 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 demand.
- Lead the repositioning of the industry as there are shifts in resources, markets and policies.
- Be the go-to organization for best practices in all of its lines of business.



# Strategic Approach

To accomplish the goals above, BRIDGE will deploy strategies that fall into three categories: Building, Sustaining, Leading. These are the tenets of the BRIDGE tagline and have been company aspirations from the beginning. This set of strategic directions is reflected throughout the plan and will serve the company well as it progresses toward its long-range goals.

## BUILDING

- Expand the diversity of products, services, geography and demographics with the urgency characteristic of BRIDGE at its founding.
- Become a financial intermediary to allow for vertical business integration and more efficient access to capital.
- Develop deeper resident services and community-building programs to complement the housing.

## SUSTAINING

- Support, maintain and enhance the company's portfolio.
- Create efficiencies in construction cost while maintaining sustainable design standards.
- Use information technology to support efficiencies and enhance resident services and community building.

## LEADING

- Proactively help shape policy to improve and support the affordable housing industry.
- Set examples for the field by achieving increased efficiency, reduced costs and speed while adeptly managing change; demonstrate continued ability to work and grow in a resource-constrained environment.

# Key Factors and Imperatives for Success

Success requires BRIDGE to reassert itself as a leader in the creation and deployment of new tools for affordable housing production, operations and ownership. This means an urgent focus on:

- Deploying its strengths to continued operations and repositioning those strengths to the task of streamlining production.
- Leveraging its balance sheet.
- Directing human capital to the tasks, developing new approaches to everything from community engagement to evaluating costs throughout project lifecycles to using technology in radically different but effective ways.
- Streamlining decision-making that reflects a clear understanding and commitment to the goals of this plan.
- Effectively managing change within the company, the industry and the communities in which BRIDGE operates.

It is obvious that there will be no shortage of need for affordable housing in the future. BRIDGE's capacity to meet demand by continuing to produce large volumes of affordable housing will depend to a great extent on its capacity to adapt using position, experience, capital, information and expertise to identify opportunities, assess best fit and act. BRIDGE and the industry can no longer rely upon replicable, formulaic ("vanilla") deals. All of this must be achieved while increasing efficiency, inventing new product options and reducing costs per unit.

An overarching challenge will be for BRIDGE to adapt quickly to the changing environment while retaining both product quality and effective risk-management skills. It is imperative that the BRIDGE leadership rapidly integrate the best of the company's legacy as an innovator with its depth of experience in delivering and operating affordable housing for the benefit of communities and residents.



# Strategic Initiatives

The initiatives outlined in this section were identified by Board and staff as critical directions that respond to the external environment with a look toward the future. They build on the competencies of BRIDGE and enhance the company's mission-focused productivity. The initiatives are as follows:

1. Product and Service Diversification
2. Community Development (Supporting and Enhancing Neighborhoods)
3. Geographic Expansion
4. Mergers and Acquisitions
5. Leveraged Portfolio Management
6. Financial Services and Capital Markets
7. Cost Containment
8. Information Technology
9. Human Capital

Collectively, the implementation of these initiatives will enable growth, product and services diversification; promote innovation, and support continued improvement of the company's capacity to deliver on this strategic plan.

Production Metrics	2013-2017 Goal
New units developed	3,800
Units acquired	3,750
Community Development Metrics	
Number of times resident services accessed	100,000
Number of community-based investments made	20
Operating Metrics	
Decrease in per-unit costs	15%
Reinvestment via capital facility and other fund reserves	TBD

# Strategic Initiatives

## 1. PRODUCT AND SERVICE DIVERSIFICATION

### OVERVIEW

The primary goal of the initiative is focused on development in three main categories:

- Expanded pursuit of core development and management business, both as BRIDGE and as supporter of other smaller developer/owners, as the industry adapts to changing market conditions. Focus on targeted communities (such as veterans' housing, senior supportive housing) or addressing the never fully developed mixed-income and mixed-use portfolio. The work will often be in conjunction with transit corridors or other community redevelopment activities.
- Development and adaptation of new methods of product delivery (improved building design and systems, smart building technology, modular and prefab construction methods, new materials and systems use).
- Pursuit of non-core development opportunities, such as housing partnerships with health-care or educational institutions, other nonprofits or communities organized and seeking an array of housing solutions that support living, working and aging in places of choice.

### RATIONALE

This initiative focuses on BRIDGE's core competencies and their applicability to a broader

set of development and business models in which BRIDGE has historically not been involved. The goal is to apply BRIDGE's skill set and access to capital within new mission-related product and business lines that are similar to, but broader than, its current core work in developing LIHTC apartment communities. The effort is targeted at diversifying revenue streams, providing for more predictable short- to mid-term profitability and more even staffing-to-workload ratios. Strategic partnerships or alliances will likely play a key role in this phase as BRIDGE seeks to enter new markets, new product types, expanded service functions and new regulatory environments.

Relying on BRIDGE's corporate infrastructure, access to capital and partners, high level of technical skills and trained staff, BRIDGE will expand its product and industry footprint. Leveraging existing skills and resources, BRIDGE will look to expand beyond now traditional financing models and products and apply its skills and knowledge in a broader context. The primary goals of this phase are to:

- Bolster mission and revenue streams on a short- to mid-term basis, understanding that the product development cycle ranges from four to eight years.
- Identify new areas of growth and innovation. By exposing BRIDGE to a broader array of contexts and needs, this phase will incubate new mission growth opportunities for BRIDGE.



# Strategic Initiatives

## FIVE-YEAR OUTCOMES

Success will be measured by expansion of revenue and product development that serves current and future affordable housing populations. Success will also be measured by new unit production ranging from 370 to 460 units generated from the diversification efforts from 2013 to 2017. In addition to these new construction units, acquisition of existing projects/units will be part of the effort (see “Leveraged Portfolio Management” and “Mergers and Acquisitions”). Given the five-year horizon of the plan, acquisitions will play a large role in growth since the development cycle is much shorter than new construction. In addition, success will be measured by the new methods and techniques developed for delivering units in the changing marketplace (design and construction methods, financing methods, partnership and project types), as well as the number of new or non-core populations being served through the initiative.

## FIT WITH ONGOING ACTIVITIES

The current pipeline has been in transition, involving ever-increasing adaption to new populations, development models and financing structures (leaving BRIDGE well-suited to continue and grow this adaptation and innovation cycle as a core strength). The current changes in the external market have already demanded of the company new thinking with respect to innovative methods for managing the organization and meeting its responsibility as a leader in the affordable housing industry. BRIDGE is at the beginning of this innovation and change management cycle and has the position, resources and sense of direction to produce the next generation of cost-effective, integrated, living, work and community spaces.

Recent precursors to this product diversification include:

- The Coronet, affordable senior housing with a PACE health-care center.
- Armstrong Place Senior Housing and Townhomes, affordable senior housing (HUD/ LIHTC mixed financing) with homeless and senior services, retail space and mixed-income townhomes.
- 9th and Broadway, new building type, split financing structure, multiple high-service populations to be served.

# Strategic Initiatives

- Rene Cazenave Apartments, 120 affordable units for formerly homeless households with a wrap-around service center: a model for a new role and position of BRIDGE in the development of complex, service-intensive housing.
- MacArthur Transit Village and San Leandro Crossings, examples of BRIDGE's expanding role as a master developer of transit-oriented development (TOD) projects, a manager of public-private partnerships, and partner in larger scale retail and commercial design and development. Additionally, completed developments like The Coronet, the Peninsula Regent continuing care retirement community, and the Parkview, a mixed-income assisted living community with a memory care unit.

## CONDITIONS FOR SUCCESS

The initiative will require BRIDGE to leverage its significant level of resources, reputation, skilled workforce and market position. In addition, the work will require a growing sense of urgency with respect to market changes, a significant emphasis on reinvention of BRIDGE, the industry and the definition of mission-driven product, and greater levels of risk tolerance, corporate investment and systems for managing risks and mission rewards.

## ILLUSTRATION OF STARTING POINTS

- Inventorying lessons learned from current activities and design, and applying new models around those lessons. Adapting the programming and design of BRIDGE communities to changing population needs (income, age, service needs) and market conditions and simultaneously integrating the learnings from BRIDGE's community development work and the goals of design for efficiency and cost reduction.
- Expanding the vision and the practice of BRIDGE influence beyond projects to the broader community and its needs.
- Promoting BRIDGE's influence and leadership in the TOD arena, understanding the complex needs of market, populations to be served, and the public-private interface.
- Tackling the challenging economic modeling critical to defining what is feasible when integrating income groups and community expectations.
- Developing and/or acquiring the expertise and strategic alliances needed to design and operate retail at scale for diverse markets.

# Strategic Initiatives

## 2. COMMUNITY DEVELOPMENT (SUPPORTING AND ENHANCING NEIGHBORHOODS)

### OVERVIEW

The initiative focuses on identifying and pursuing opportunities to strengthen the social and physical environments in which BRIDGE communities are developed and exist. The community development efforts will benefit a range of stakeholders: the community at large, residents, and BRIDGE as owner and operator of mixed-use and mixed-income housing opportunities. Given the eclectic nature of the communities BRIDGE serves and operates in, the approach will involve a varied and disparate set of social, economic and physical design responses: charter schools, retail (either at scale as in the case of TOD opportunities and niche spaces that serve residents and community), commercial space, tailored on-site service provision and leveraged investment in existing social support networks. The initiative is not a one-size-fits-all effort, but focuses on developing structures internal to BRIDGE that can be adaptive and flexible as the organization works with partners and the community, to inventory and respond to individual, neighborhood and market conditions.

### RATIONALE

The initiative is imperative for two overarching reasons:

- BRIDGE's work presents it with increasingly complex contexts and opportunities. Community development is a tool and approach necessary for bridging the many gaps that exist and growing in a period of declining resources.
- As social, economic and public finance contexts shift, there is an ever-increasing demand for proven leaders in the ownership and operation of large assets in complicated community contexts. This initiative is the natural extension of BRIDGE's role as an industry leader.

### FIVE-YEAR OUTCOMES

Outcomes of this initiative will be measured by the number of community-based facilities and service structures enhanced and integrated with BRIDGE apartment communities, and replication of successful housing and service models that show the power of larger scale integrative thinking and implementation. New sources of capital and revenue attracted by community development activities will be a key indicator of success as they will speak to the replicability and growth potential of the model.

# Strategic Initiatives

## FIT WITH ONGOING ACTIVITIES

BRIDGE has focused on the integration of developments with community-building efforts since the development of Marin City and Richmond City Center. In the past few years developments such as The Coronet, Armstrong Place, North Beach Place and Mandela Gateway have each required BRIDGE to actively integrate community development outcomes into the development process. The first two include comprehensive services for seniors similar to assisted living in a residential setting, and the latter two have defined retail strategies that serve community market gaps and contribute to the economic development and sustainability of the neighborhood.

Plans for expanded staffing capacity to proactively pursue this type of integration are already part of the 2012 work plan. In addition, BRIDGE's existing portfolio of ongoing work includes several major efforts: Rebuild Potrero and Jordan Downs, which are beginning to attract larger scale investment from socially responsible investors and philanthropists. Additional opportunities exist within the existing pipeline as well, including MacArthur Transit Village, San Leandro Crossings, 9th and Broadway and COMM22.

## CONDITIONS FOR SUCCESS

The effort will require a thorough understanding of the value proposition for BRIDGE as developer, owner and community developer that is inherent in defining the right mix of community-enhancing activities. This understanding must be coupled with an internal structure that supports fund development, investment and technology critical to measuring results. In addition, BRIDGE will need to grow its experience in defining and managing development approaches that balance the competing needs of community and market with the social needs of the residents. All of the work will necessitate a renewed and increased investment in fund development activities to provide essential seed and operating capital for community development activities.

## ILLUSTRATION OF STARTING POINTS

Starting points include an inventory and analysis of BRIDGE's existing experiences while determining the opportunities that currently exist, but may not be identified, within its pipeline. In addition, completion of the hiring of a VP-level staff member to direct the community development effort (a search process is currently underway) along with a build-out of the staff structure and scope of responsibilities are fundamental first steps for the initiative.

# Strategic Initiatives

## 3. GEOGRAPHIC EXPANSION

### OVERVIEW

This initiative is intended to project BRIDGE's expertise into new markets where needed while applying its core competencies and strategic advantages (balance sheet, liquidity, track record of portfolio management, leadership) to grow additional housing affordability. The goal of the initiative is to expand development opportunities and volume, and expand opportunities for a broad application of new products, through the acquisition of market expertise and/or human capital in markets BRIDGE desires to enter.

In addition, BRIDGE's Capital Markets platform is well-suited to application in broader geographic markets, having attracted a national base of socially minded investors and philanthropy.

### RATIONALE

The market is calling for the expertise and resources that BRIDGE possesses. Similarly, the changing landscape of funding is demanding a broader geographic net to support the organization's production goals.

### FIVE-YEAR OUTCOMES

Success of the initiative will be measured by the development of 550 to 925 new units in new geographic regions from 2013 to 2017. In addition to this range of new construction units, acquisition of existing units (see "Leveraged Portfolio" initiative) will be required to achieve scale and operating efficiencies in new geographies. The balance of the new geographic portfolio--size relative to mix of new and acquired--are key components to track during implementation. Also, the establishment of new partnerships and strategic alliances, key for geographic expansion, will be a key measurement for tracking the progress of the initiative.

### FIT WITH ONGOING ACTIVITIES

BRIDGE has a history of successful expansion into new regions, including San Diego and Orange County. BRIDGE's pipeline also is responding to a number of market and geographic pulls, with new work under way in the Sacramento region and opportunities growing in the Northwest.



# Strategic Initiatives

## CONDITIONS FOR SUCCESS

Geographic expansion will require a number of conditions for successful implementation:

- Clear underwriting and investment criteria for projects as well as regional portfolios.
- The necessary infrastructure to support start-up operations in geographic areas (staff, technology, capital, regional interest).
- Resources sufficient to evaluate new markets and opportunities.
- A pool of opportunities and financing sufficient to warrant investment in the area.
- Access to staff and capital capacity and/or partners sufficient for a manageable entry into the new marketplace and future expansion.
- An integrated, collaborative approach between all groups within the organization.
- Established relationships with local decision makers.
- Strategic partnerships that leverage the expertise of partners and expedite entry into new markets.

## ILLUSTRATION OF STARTING POINTS

First steps will include an assessment of the coastal markets, both in California and beyond, to assess constrained markets in which BRIDGE's expertise and capacity would be applicable. In addition, BRIDGE will explore additional regions that have demonstrated capacity and have requested its involvement in projects and community development.

# Strategic Initiatives

## 4. MERGERS AND ACQUISITIONS

### OVERVIEW

Mergers and acquisitions are distinguished from Leveraged Portfolio activities when the organization decides to acquire an entity or the resources of an entity (human and capital). This initiative would be appropriate in the case of interest on the part of an existing organization in being integrated into the BRIDGE approach, or when BRIDGE elects to acquire the skills, capacity or resources of an existing entity by acquiring that entity. In addition, joint ventures on an ongoing basis for a particular product type or location, while not mergers technically, would represent the functional integration of different organizations with mutually beneficial skills and resources targeting common objectives.

### RATIONALE

The initiative is appropriate when it represents the most efficient, least costly and lowest risk method for adding capacity or assets to the organization, or when in response to environmental conditions (requests from strategic partners such as lenders, investors or localities).

### FIVE-YEAR OUTCOMES

As an opportunity-driven initiative, performance goals are harder to define but are embedded in the other strategic initiatives, including “Diversification,” “Community Development,” “Leveraged Portfolio Management” and “Geographic Expansion.” BRIDGE expects to structure successful strategic alliances

with other industry leaders over the next five-year period as its activities and footprint grow and expand.

### FIT WITH ONGOING ACTIVITIES

BRIDGE’s pipeline is experiencing diversification overall with different products and locations, and as such BRIDGE has expanded its strategic partnerships including new relationships with Eskaton, Community Housing Partnership, the Institute on Aging and others. These are precursors to expanded strategic alliances and potential organizational mergers as they have laid the groundwork for the internal infrastructure needed for managing the integration of multiple sources of information and management.

### CONDITIONS FOR SUCCESS

The capacity to be a good partner, including interest and resources, along with an interest in strategic growth are the necessary conditions for success. The ability to evaluate and act upon business opportunities quickly is also fundamental to the initiative.

### ILLUSTRATION OF STARTING POINTS

First steps in pursuing this initiative include an evaluation and understanding of where BRIDGE might be the most relevant in a changing marketplace and an inventory of its existing relationships (Eskaton, CHP, etc.) where a more formal ongoing partnership might be of interest to all.

# Strategic Initiatives

## 5. LEVERAGED PORTFOLIO MANAGEMENT

### OVERVIEW

The goal of this initiative is to build on core competencies to expand BRIDGE's portfolio of assets and to create new opportunities for property repositioning that deliver revenue and mission-related outcomes (quality, quantity, affordability).

The initiative includes three strategies:

- Increase efficiency and effectiveness of asset restructuring work on the BRIDGE portfolio. Maximize value, return and mission-related goals.
- Expand portfolio work through strategic acquisitions of projects or portfolios. Use core competencies to efficiently and effectively identify and act on opportunities of assets acquired.
- Expand revenue opportunities for portfolio group by expanding business line to include partnerships to assist other developers with restructuring activities.

### RATIONALE

Growing the Portfolio Management Team's activities is consistent with the organization's goals to sustain and protect its existing assets through rigorous forecasting and appropriate rehabilitation and recapitalization. This also provides work-

product diversification beyond traditional new construction and informs development practices through systems review and retrofit. Ongoing work in portfolio financing innovation and systems upgrades, combined with the base work of portfolio asset preservation, provides revenue for mission-related goals. Along with product diversification, this initiative will continue as part of the long-term strategy for the organization. Further growth in the portfolio category is expected through product or service expansion. Product expansion is achieved through acquisition of additional assets or portfolios, while service expansion is achieved through the introduction of other activities such as consulting and strategic partnerships.

### FIVE-YEAR OUTCOMES

The strategic plan anticipates that BRIDGE will grow. As the portfolio grows, opportunities for repositioning, restructuring or other mission-related/revenue-producing activities will increase. To be successful with this effort, acquisitions must be strategic, following defined criteria in order to avoid acquiring problem properties (see Appendix IV for Portfolio Criteria).

# Strategic Initiatives

Success will be measured through the growth of the portfolio of existing units ranging from 3,000 to 3,750 newly acquired units from 2013 to 2017. In addition, the number of BRIDGE-controlled units rehabilitated and/or recapitalized will be an estimated 3,000 units. The value achieved through acquisition and/or repositioning of non-BRIDGE and BRIDGE units is a critical performance metric that will be tracked to assure the greatest value to the organization and the populations served. In addition, an ongoing inventory of new methods and techniques for restricting and recapitalizing will be the base for continued improvement for the organization as well as the foundation for technical support and leadership by BRIDGE in the broader community. The Leveraged Portfolio work will support growth in the diversification, geographic expansion, and mergers and acquisitions initiatives, and its influence in these areas will be tracked closely.

## FIT WITH ONGOING ACTIVITIES

Portfolio restructuring activities have already commenced within BRIDGE's portfolio of assets. While it is an essential activity in any case, it has also proven to be a viable revenue diversification strategy as the activity provides a small stream of revenue through the generation of fees, return of capital and increases in ongoing cash flow that have supported revenue goals of the organization. Integration of new building sustainability practices and technology, along with resident service improvements, will enhance the mission-related goals of quality, quantity and affordability through this process.

## CONDITIONS FOR SUCCESS

Adequate capital resources will be needed to fully pursue large-scale portfolio opportunities on a focused regimen. Assembly of resources on a deal-by-deal basis is neither efficient nor competitive in securing existing product. Although BRIDGE could continue to assemble layered financing over time, most existing acquisitions will have multiple bidders requiring some cash or equity to participate. In addition, the quality of staff, continued investment in training that staff, and a continued mandate for measuring portfolio performance (including increased cash flow and stronger operating metrics) are essential conditions for success. The health of the portfolio is the essential foundation of the organization's balance sheet, without which BRIDGE's continued growth would not be possible.

## ILLUSTRATION OF STARTING POINTS

Alongside the continuing work of evaluating the existing portfolio, evaluating new portfolio opportunities and developing the necessary resources to do so (human, equity, capital), the thoughtful, structured integration of any new product or portfolio into operations is paramount.

# Strategic Initiatives

## 6. FINANCIAL SERVICES AND CAPITAL MARKETS

### OVERVIEW

In assessing the future, BRIDGE will need to call on its strength to aggregate capital as an intermediary and lead the industry in more efficient means of fund development. As continued challenges to individual subsidy and LIHTC programs add up, a more enterprise level of capital finance will be required if BRIDGE wants to fuel continued affordable housing production.

BRIDGE should continue to be a trusted source for private-sector real estate and tax investment for both its own account and development partners. It should use its own financial intermediary to attract and raise both debt and capital.

### RATIONALE

In addition to the need to create sustainable financing and organizational structures, the initiative supports BRIDGE's role in continued industry leadership. The attraction of new capital is a catalyst for growing investments in the organization and its efforts. As noted in the environmental overview, the current resource mobilization strategies for multifamily affordable housing are complicated and inefficient, increasing cost and risk, so new ways of capital aggregation and project- and portfolio-based funding are key steps in sustained growth.

In its role in enhancing and supporting the communities within which BRIDGE works, BRIDGE has consistently required social investment from individuals and foundations to provide the soft funding necessary to innovate and provide outcome-based resident programs. As BRIDGE recognizes the increased need to integrate and diversify program and product offerings, it will need to raise additional social capital to meet the changing needs of its community partners. Sources of social capital are expected to include individual, foundation and corporate investors as well as more traditional revenues from public and private sources.

### FIVE-YEAR OUTCOMES

Specific capital assembly goals for the initiative include:

- Create BRIDGE Equity Fund of \$100M for portfolio acquisition and soft financing.
- Create BRIDGE syndication arm for syndication of BRIDGE and other tax-credit projects.
- Create BRIDGE Bond Fund to support “soft debt.”
- Develop social capital to support community building and resident services functions.
- Implement new platform to support alignment with GSE program and proposed CDFI bond.

# Strategic Initiatives

## FIT WITH ONGOING ACTIVITIES

BRIDGE has developed a strong balance sheet and has provided the necessary capital reserves required as an owner and asset manager. BRIDGE has also historically been an early adaptor of housing investment vehicles and has consistently innovated as an aggregator of capital sources to fund its development pipeline. Past innovations have included co-developing the World-BRIDGE initiative and partnering in real estate investments with CalPERS as a fund manager for mixed-income/mixed-use projects in urban infill areas.

More recently, BRIDGE was awarded an allocation of New Markets Tax Credits to guide tax credit investments into economic development projects in communities of disinvestment and high poverty rates. One of BRIDGE's affiliated companies has also gained certification from the US Treasury Department as a financial intermediary under the Community Development Financial Institution (CDFI) program.

## CONDITIONS FOR SUCCESS

The initiative will require expanded skill sets and staffing, guided by clear underwriting and structuring criteria. The initiative places a greater underwriting risk on the organization. An organizational structure that can assess opportunities quickly and clearly while balancing risk and opportunity is very important. Technology and the rapid aggregation of data will be key as the need for quick but detailed analytics and comparison to underwriting criteria and goals are important to the success of each segment of the venture.

## ILLUSTRATION OF STARTING POINTS

Implementation of the CDFI and NMTC programs recently awarded to BRIDGE and the successful aggregation of equity for current acquisition and new construction projects in the pipeline are the leading edge of the new effort. The transformation of the Capital Markets group to a broader financial intermediary platform, including lending and investment, as well as a redefinition of BRIDGE's Fund Development group as a broader social investment vehicle, are the next areas of internal growth and enhancement.

# Strategic Initiatives

## 7. COST CONTAINMENT

### OVERVIEW

The purpose of the initiative is to further promote cost consciousness throughout the organization to increase efficiencies in its work. The contraction of costs and conservation of resources leverages BRIDGE's internal capacity and external capacity (capital, human) and creates opportunities for innovation as existing processes, methods, design and implementation are questioned.

### RATIONALE

A culture of continuous evaluation of cost and process will lead not only to incremental savings but should result in a higher quality product-- responsive to customers and clients (residents, lenders, investors), affordable for the population served, and supportive of continued stewardship of the company's assets. In addition, reigning in costs has been a longstanding issue in the affordable housing industry, and every few years a new industry-wide study is undertaken. The concerns today are more critical than ever as financial resources and financial tools become increasingly limited. The prominence of cost containment as an issue represents an opportunity for BRIDGE to continue its industry leadership in innovating new ideas and more efficient means of development.

### FIVE-YEAR OUTCOMES

The goal of this initiative is to promote new ways of doing business (developing, operating and managing affordable housing) that will result in development, corporate and operational cost savings. Success in achieving this goal will potentially result in:

- Reduced dependence on subsidy programs.
- Reduced development and construction costs.
- Reduced operating costs.
- Reduced corporate overhead to develop and manage housing.
- Increased amount of affordable housing produced.
- Expanded opportunity for BRIDGE to be an industry leader.
- Ideally, increased profitability for BRIDGE and cost reductions for all.

Tracking of the metrics above will be important to demonstrating value internally and to the market, and will provide insight into the drivers of cost both in terms of time and dollars invested.



# Strategic Initiatives

## FIT WITH ONGOING ACTIVITIES

BRIDGE has changed, or is in the process of changing, a number of procedures and processes for the purposes of increasing efficiencies and reducing costs. These include:

- New approaches to construction management.
- Standardized specifications and design standards.
- Improved data collection and reporting systems for project development and operation.

## CONDITIONS FOR SUCCESS

Work in this area requires a concerted investment in change management--both internally and externally—as investment risk and benefit shift during a continuously changing external environment. An openness to structural change within the organization and growth of a culture that promotes a cycle of testing and learning from new systems and methods are key to creating a sustainable cost-conscious culture.

## ILLUSTRATION OF STARTING POINTS

Initiative pilots will focus on opportunities to 1) expand work in progress on BRIDGE's construction management and standards development, 2) review project development processes and consultant participation and analyses of opportunities for efficiencies in process management and contracting, and 3) establish new methods of leveraging BRIDGE's balance sheet for more efficient buying systems for new communities and ongoing operations.

# Strategic Initiatives

## 8. INFORMATION TECHNOLOGY

### OVERVIEW

The guiding principles of the initiative are to place actionable information into the right hands of the right people in a timely manner using cost-effective, well-executed Information Technology (IT) applications, while significantly increasing the use of IT throughout BRIDGE internally and externally for all stakeholders (staff, Board, residents, investors, etc.). The fundamental characteristics for guiding BRIDGE's IT initiative are:

- Scalable: system can grow as BRIDGE grows.
- Flexible: system can change quickly to meet new needs.
- Fast: quick to implement and alter depending on business needs.

### RATIONALE

- Enabling platform for other initiatives and growth of organization.
- Potential enabler of cost containment and efficiency.

### FIVE-YEAR OUTCOMES

The goal of the initiative is to facilitate BRIDGE's continued growth and to facilitate BRIDGE's other strategic initiatives. Main objectives include:

- Enable other strategic initiatives.
- Create competitive advantage for BRIDGE.
- Enhance communications with and between all BRIDGE stakeholders.
- Utilize IT for cost containment/efficiency.
- Apply technology externally to empower the communities BRIDGE serves.

### FIT WITH ONGOING ACTIVITIES

The initiative fits with BRIDGE's ongoing experience in designing, scoping and implementing complex systems across multiple areas of the company and to multiple locations. Yardi implementation and continued development, the myBRIDGE SharePoint launch, and the investment in and management of the Business Intelligence system (DnA) are initial examples of BRIDGE's ongoing activities that will inform and be the basis for future implementations.

### CONDITIONS FOR SUCCESS

The critical conditions for the success of this initiative are that easy, timely access to information is valuable to decision makers; the infrastructure is in place to provide that information; and there is commitment to continue investment in and management of the systems.

# Strategic Initiatives

## ILLUSTRATION OF STARTING POINTS

BRIDGE's continued investment in the Business Intelligence system and the staff needed to support this effort will be the innovative work of the next few years as BRIDGE continues to support and upgrade its existing systems. The effort also will require an extensive amount of work in defining, and possibly redesigning, business practices within the organization, creating efficiencies within the processes themselves and in the relationship of these practices to the data collection, reporting and analytic systems being created.

# Strategic Initiatives

## 9. HUMAN CAPITAL

### OVERVIEW

A paramount ingredient to BRIDGE's success has been always been the leadership, expertise and commitment demonstrated by its people (employees, leadership, Board of Directors). The future success of the company will depend on BRIDGE's ability to build on this foundation by retaining its core competencies within a culture that embraces change, promotes innovation and focuses on operational excellence.

### RATIONALE

The critical components of BRIDGE's success moving forward will be its ability to:

- Leverage knowledge.
- Grow the strategic responsiveness of staff and Board.
- Solidify core competencies through staff development and expand capacity through recruitment of top talent.
- Create a culture that allows individuals (including partners) to innovate and take the risks necessary to pursue new ways of doing business.
- Design an organizational structure that can execute quickly in the pursuit of new opportunities while efficiently managing day-to-day operations.
- Drive performance through the management and measurement of business outcomes.
- Maintain commitment to its mission.

# Strategic Initiatives

## FIVE-YEAR OUTCOMES

The goal of this initiative is to enable BRIDGE's continued success through the attraction, retention and development of top talent. The main objectives include:

- Increasing bench strength through staff development and leadership training.
- Motivating, monitoring and rewarding top performance.
- Designing an organizational structure that supports expansion and streamlines decision-making.
- Creating a succession plan for key leadership roles.

## FIT WITH ONGOING ACTIVITIES

The focus of this initiative is based on proven human-capital strategies that will support the current as well as future direction of the company.

## CONDITIONS FOR SUCCESS

The successful execution of this strategic plan is dependent on the organization's ability to embrace change. Historically, change has occurred slowly, and BRIDGE has had the tools, skills and people to stay ahead of those changes. The current environment demands increased strategic thinking, quick action often without certainty of outcomes, and the confidence to make choices without multiple levels of management input. The leadership team will need to model new behaviors

in an effort to drive change within the organization. In order for the organization to react quickly, decision-making will need to be streamlined, staff will need to be empowered to act independently, and management skills will need to be upgraded throughout the organization.

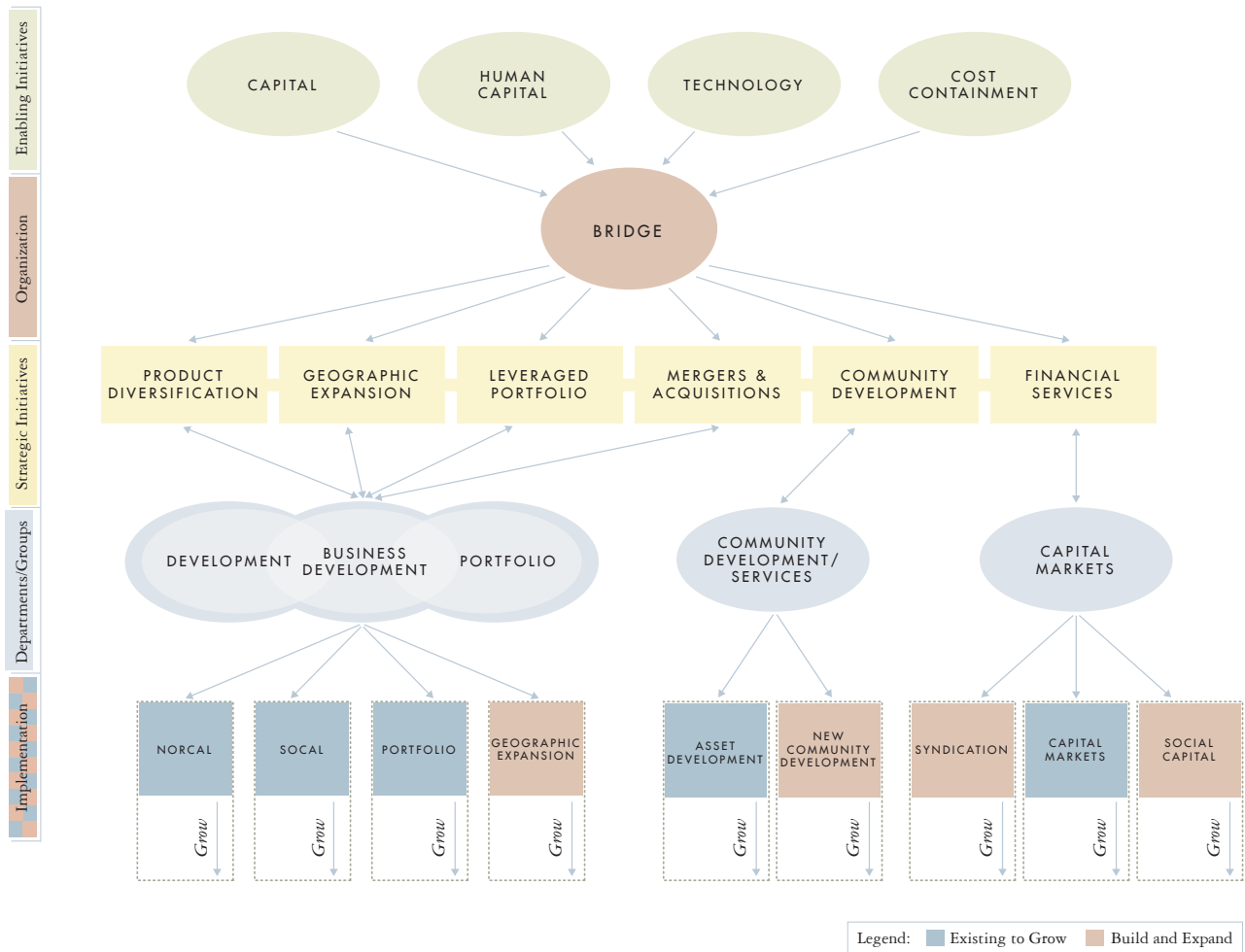
## ILLUSTRATION OF STARTING POINTS

Some of the initial change management and human resources investment has already begun with the design of BRIDGE's performance management system, which is based on business outcomes, quarterly monitoring of progress towards goals, and incentive compensation based on financial outcomes as well as team and individual goal achievement. BRIDGE expects further refinement of these systems over time. In addition, the management team will focus on the following efforts:

- Identification of high-potential employees.
- Identification of required core competencies needed for success.
- Evaluation of organizational strengths, gaps and weaknesses.
- Management training.
- Refinement of performance management systems.
- Design of programs that motivate and reward performance.

# Strategic Initiatives

## STRATEGIC INITIATIVE STRUCTURE



# Conclusion

The five-year strategic plan provides an overarching set of guiding principles coupled with selected initiatives that establish an ambitious path to follow and deepen BRIDGE's commitment to mission. The plan recognizes the organization's strong core operating platform and calls upon the company to essentially double in size over a five-year period. At the same time, community and economic development remain necessary drivers to move the country forward and create neighborhood change along with opportunities for residents. The call to mission recognizes the volatility within the affordable housing industry and the political and economic environments. As such, the plan suggests maximum flexibility and a willingness to partner with other organizations with similar mission intent and complementary skill sets. BRIDGE will use the plan as a guiding document rather than a prescriptive set of tasks to achieve.

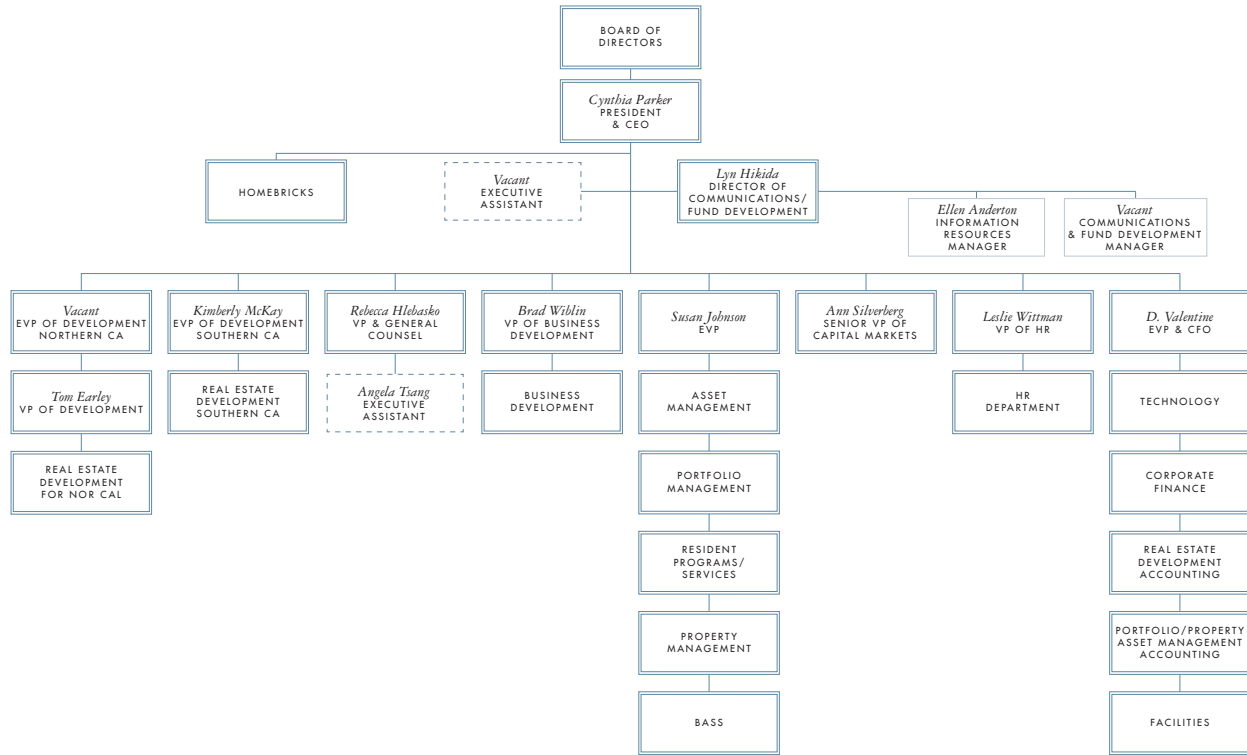
Now that the plan has been created, a business plan, budget and identification of needed resources will follow. Included in this process will be the refinement and/or development of systems to track and measure the outcomes outlined.

During the next five years, the plan will be subject to annual or more frequent review so that modifications and mid-course horizon shifts can be adjusted as required. Ultimately, this strategic plan is a tool and a direction that will help BRIDGE adapt more nimbly to change and continue to lead by the tenets of its mission: quantity, quality and affordability.



# Appendix I

## ORGANIZATION CHART



# Appendix II

## BOARD OF DIRECTORS AND SENIOR LEADERSHIP TEAM

### BOARD OF DIRECTORS

Richard Holliday - Chairman  
President, Holliday Development

Ron Nahas - Vice Chairman  
Partner, Rafanelli & Nahas

Douglas D. Abbey  
Founder, AMB Property Corporation

Richard Bender  
Dean, Professor Emeritus  
Center for Environmental Design Research  
University of California at Berkeley

Ray Carlisle  
President, Carlisle Companies  
President, National Association of Real Estate Brokers,  
Investment Division

Kent Colwell, CRE  
Principal, Parthenon Associates

Harry M. Haigood  
Private Investor  
Former Deputy Assistant Secretary,  
Government Financial Policy, Department of the Treasury

Nancy J. Hemmenway  
Chief Human Resources Officer, Prologis

Dennis O'Brien  
President, The O'Brien Group

Peter Palmisano  
Partner, Pacific Union Development Co.

Lynn M. Sedway, CRE  
President, Sedway Consulting

Alan L. Stein - Chairman Emeritus  
Managing Director, JMP Securities LLC

Paul Stein  
Managing Partner, SKS Investments LLC

Ernesto Vasquez  
Partner, McLarand Vasquez Emsiek & Partners

Susanne B. Wilson  
Principal, Solutions by Wilson

Jim Wunderman  
President & CEO, Bay Area Council

### EMERITUS

Anthony Frank  
Founding Chairman, Belvedere Capital Partners

Sunne Wright McPeak  
President & CEO, California Emerging Technology Fund

Angelo Siracusa  
Retired President, Bay Area Council

### SENIOR LEADERSHIP TEAM

Cynthia A. Parker  
President and CEO

Susan M. Johnson  
Executive Vice President

Kimberly McKay  
Executive Vice President

D. Valentine  
Executive Vice President and Chief Financial Officer

Ann Silverberg  
Senior Vice President

Rebecca V. Hlebasko  
Vice President and General Counsel

Tom Earley  
Vice President

James Valva  
Vice President

Brad Wiblin  
Vice President

Leslie Wittmann  
Vice President

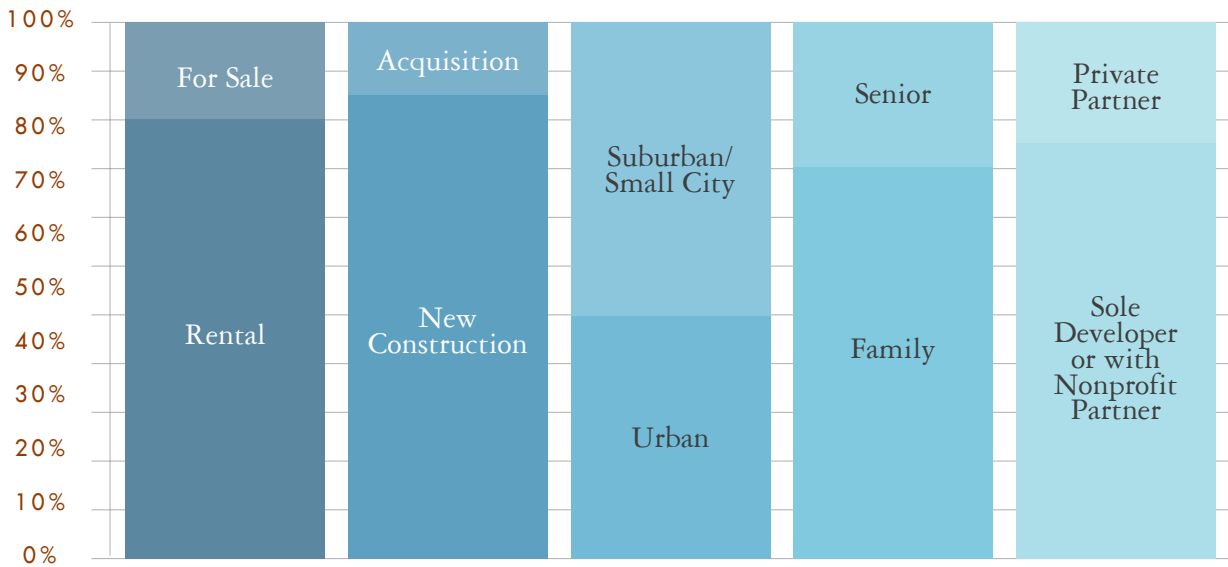
Corinne Morrison  
Controller

Lyn Hikida  
Director of Communications and Fund Development

Philip Williams  
Director of Development

# Appendix III

RANGE OF BRIDGE PRODUCT TYPES

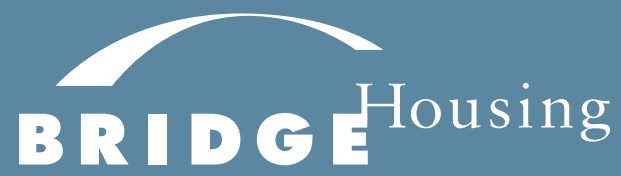


# Appendix IV

## CRITERIA FOR PORTFOLIO AND PROPERTY ACQUISITION

Ideal	Not Ideal
Core competency exists or can be obtained: <ul style="list-style-type: none"> <li>• Knowledge</li> <li>• Capacity</li> <li>• Reputation</li> <li>• Leadership</li> </ul>	Core competency not present or not replicable locally
Effective balance of mission and economic return	Mission and return imbalance
Strong market or weak market only with appropriate mitigation measures	Unknown or weak market without mitigating factors
Scale exists or can be achieved over time: Plan in place to ramp up to scale (projects, organizational infrastructure, etc.)	Loss leader
Sufficient resources: <ul style="list-style-type: none"> <li>• Local resources (money, land, etc.)</li> <li>• Political support</li> <li>• Relationships</li> </ul>	Insufficient resources
Condition of assets (acquisition): Acceptable physical condition once investigated or plan with resources to address issues	Inadequate resources to fully address physical condition





BUILDING

SUSTAINING

LEADING

[BRIDGEHOUSING.COM](http://BRIDGEHOUSING.COM)