

BRIDGE Housing Corporation

STRATEGIC PLAN 2019-2023





The Vera, at right, is the first phase of an affordable development BRIDGE is building in Portland's RiverPlace neighborhood. The building will open in 2019 with 203 affordable apartments, including 10 that will serve formerly homeless veterans.

On the cover: Jordan Downs Phase 1A, opening in 2019 in the Watts neighborhood of Los Angeles.

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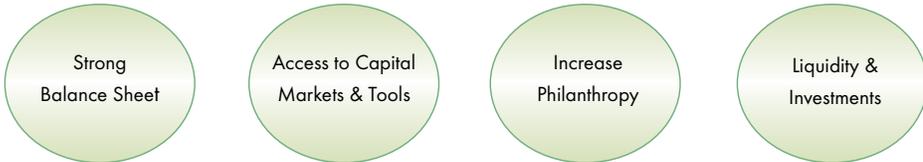
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Strategic Plan Overview

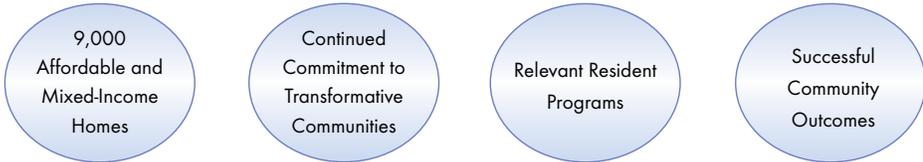
STRATEGIC PLAN

In five years, BRIDGE will have developed or acquired 9,000 units of affordable and mixed-income housing over its west coast geographic footprint. It will deepen its commitment to communities with place-based resident empowerment strategies. BRIDGE will require \$3.8 billion of debt and equity to accomplish this goal and \$35 million in philanthropic gifts.

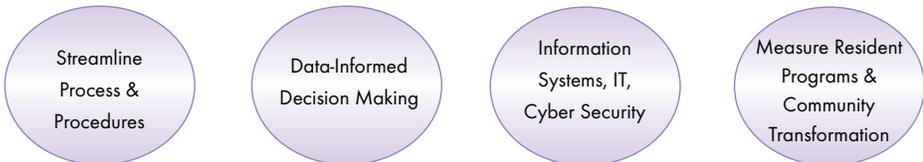
FINANCIAL STRENGTH



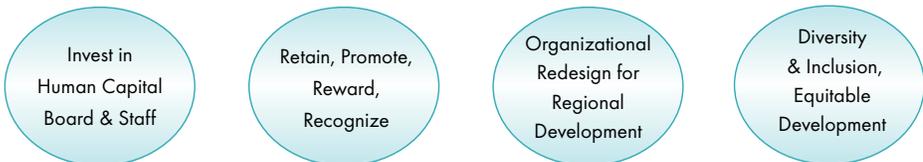
MEET THE NEED



ENHANCE THE PLATFORM



BUILD CAPACITY



INNOVATION LAB



Plan Background: Purpose and Process

Five years ago, BRIDGE committed to an ambitious expansion plan to double its production, which it achieved through growth along well-established dimensions:

- Broadening BRIDGE's footprint to encompass the entire West Coast, including acquiring properties in Washington and Oregon, and opening BRIDGE's third and fourth regional offices.
- Deepening BRIDGE's capacity for capital aggregation, complex transactions and stewardship of an ever-expanding portfolio.
- Strengthening BRIDGE's commitment to holistic community development, product diversity and resident outcomes.

As a result, BRIDGE has become a larger, stronger and more sophisticated organization that is able to meet the challenges of an increasingly complex environment: layered local and state funding and regulations, diverse needs of new residents and communities, and emerging capital and philanthropic resources.

The 2019-2023 Strategic Plan is a five-year road map for BRIDGE as it continues to grow as a leader, producer, operator and owner of affordable housing opportunities in the context of holistic communities. The plan focuses on six interrelated strategic initiatives:

1. Real Estate Development
2. Capital and Fund Development
3. Community Development and Resident Services & Evaluation
4. Internal Strengthening
5. Information Technology
6. Innovation Lab

The plan demands a high level of collaboration and intentional communication of key information among management, staff and Board. Plan goals will be operationalized through BRIDGE's two-year business plan and annual budget, which directly inform the day-to-day work of management and staff.

Over the course of a year, the plan was developed by BRIDGE management in concert with active Board participation. The process included a detailed assessment of the changing external environment, a reflection on the past five years and a deep dive into some of the most pressing issues for the organization. Many Board members were interviewed individually, and critical issues were raised and addressed during three Board and management retreats and numerous discussions, which resulted in development of consensus around strategic principles. The process itself strengthened BRIDGE, as it brought tough questions to the forefront and opened channels for dialog and understanding. Most importantly, the organization emerged with a shared horizon for the future.



BRIDGE Fundamentals

Mission

BRIDGE Housing strengthens communities and improves the lives of its residents, beginning—but not ending—with affordable housing.

Vision

- BRIDGE continues to be a sought-after leader in the mission-driven business of affordable and mixed-income housing, bringing quality, scale and innovation to production in diverse west coast markets.
- BRIDGE creates opportunities for its residents and their neighborhoods through community investments tailored to leverage opportunities for people and places.
- 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.
- BRIDGE, its staff, Board and partners are builders not only of healthy places to live but of effective leadership for now and the future of the industry.

Core Values

- Strive for excellence.
- Act with integrity and honesty: constantly aim to uphold the highest professional standards.
- Be results-oriented: define and achieve ambitious, measurable goals.
- Show commitment to mission: persevere in the face of challenges, seek resources to ensure the best outcomes and work toward successful outcomes.
- Hold accountability for actions: take responsibility for company, team and individual performance.
- Respect the rights and dignity of others: accept people for who they are and for their knowledge, skills and experience.
- Promote inclusion, equity and diversity: BRIDGE celebrates the diversity of the communities it serves, and believes in providing opportunity for all while respecting individual differences.
- Demonstrate compassion for others and work to improve their lives.



Guiding Principles

- BRIDGE believes that affordable housing is fundamental to helping people and communities thrive.
- 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 and human 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 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 will seek opportunity; it will evaluate new opportunities quickly with an eye to results and with awareness of the risk of mission drift.
- BRIDGE's Board and management will engage in a decision-making process characterized by collaboration, effective communication, timely sharing of key information and appropriate delegation of authority consistent with principles of sound corporate governance.
- BRIDGE recognizes that success requires local engagement and partnership in all sectors, including community, government, business, philanthropy and the affordable housing field.

External Environment

Decades of housing underproduction have caused an acute shortage of housing throughout the metropolitan cities of the West Coast. Thriving economies, land prices and construction costs have driven the expense of building affordable homes in the markets that most need them. While the Low Income Housing Tax Credit (LIHTC) program continues to be a critical tool, it has not been sufficient to address the demand for affordability, especially in urban markets and coastal communities. However, political momentum has been building in cities and towns hit hard by the affordable housing shortage. These bodies are responding, developing new programs to increase the supply of housing stock, but they have also put a premium on entities that have the platform and resources to innovate and develop new paradigms, and the organizational commitment to lead by example.

Such an environment, challenging though it may be, is tailor-made for BRIDGE and presents opportunities for the organization to scale and diversify its impact.

The Economy

In general, the American economy is strong, with employment rates at near-highs and enjoying a rebound since the 2008 financial crisis. However, this period of economic strength has not spread to all income classes equally. According to a Pew Research Center article, “since 2000, usual weekly wages have risen 3% among workers in the lowest tenth of the earnings distribution... but among people in the top tenth...real wages have risen a cumulative 15.7%¹” An environment with scarce housing availability coupled with wage stagnation has left low- and moderate-income households highly vulnerable. This crunch in supply and affordability is readily apparent in metropolitan and surrounding areas

on the West Coast—among them Portland, Seattle, San Francisco, Los Angeles and San Diego—where BRIDGE maintains offices. In all of them, housing is becoming increasingly unaffordable.

Product Demand

The housing shortage, coupled with wage/pension stagnation, has created struggles for lower-wage workers critical to the healthcare, retail and service sectors of the economy, for seniors and vulnerable populations, immigrants and newcomers, and even moderate-income families, particularly in urban areas. As demand evolves, the product expectations of local and state governments have and will continue to change. This is especially true as localities and states develop funding to support new and non-traditional types and mixes of housing.

In BRIDGE’s core markets, demand is rising in several specific areas:

- Moderate-income housing. The low supply of housing has made high-income areas difficult to afford for people earning 80% to 120% of Area Median Income (AMI). Traditionally, this income band has not needed subsidy, so very few resources have been directed to help these workers, who include teachers, nurses and first responders. This environment has caused many to leave high-rent areas entirely, creating the “missing middle” in cities across the West Coast.
- Permanent supportive housing. Over the last decade, a rising metropolitan focus on combatting homelessness has been paralleled by rising homelessness. Permanent supportive housing—a combination of deeply affordable housing and comprehensive health and social services—

¹ <http://www.pewresearch.org/facttank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/>

has been a component of the housing development pipeline in every West Coast city since the early '90s. Supportive housing is an increasing priority of localities such as Los Angeles, Portland, Seattle, San Francisco and San Diego. While it is a proven, cost-effective solution to chronic homelessness, it requires strong partnerships and sustainable funding for intensive services.

- **Public housing conversion.** In 2006, the U.S. Department of Housing and Urban Development (HUD) began to partner with private developers and owners to rehabilitate and then operate traditional public housing using LIHTC and other local resources. BRIDGE and other nonprofit and for-profit developers are partnering with HUD and local housing authorities to redevelop these sites as well as embed community development resources and services for residents. Housing authorities in locales such as Sacramento, Los Angeles, Ventura and San Francisco have worked or are working with BRIDGE to finance and execute these conversions.
- **Preservation.** A steady increase in federal and state funds is being dedicated to preserve affordable housing built in the past 20 years, to ensure ongoing affordability. Acquisitions will continue to receive public resources so that properties will serve their original mission and to prevent displacement of residents. This is especially true where the properties are in high-opportunity markets, such as the coastal communities of California.

Capital and Philanthropy

Providers of private capital for affordable housing are responding differently to changing economic, political and social conditions.

- **For-profit, mission-oriented debt and equity providers.** These entities, whose motivations are market risk-adjusted yield and Community Reinvestment Act (CRA) credit, are retaining traditional focus, but with LIHTC hotly competed, are also interested in diversifying sources of deal flow and exploring new capital products².
- **Philanthropies and philanthropists.** After several decades of supporting established nonprofit housing entities, several previously dominant funders (e.g. Ford, Rockefeller, MacArthur) have increasingly shifted from housing as an end in itself toward housing as a means to achieving other worthy outcomes, such as improved health, education, and as a way to address community disinvestment and income inequality. The focus is on an integrated set of outcomes rather than housing production as a single outcome. Beyond these foundations, high net worth individuals, particularly those who are self-made or tech innovators, are increasingly interested in impact investments and entrepreneurial philanthropy, often via mission-related investments (MRIs) and program-related investments (PRIs).

² Some of these entities also maintain departments that source impact investments for their high net worth (HNW) clients. See philanthropists.

External Environment

Other Environmental Conditions

- Per-unit construction costs continue to rise, jeopardizing public support for affordable housing production.
- The demise of as-of-right zoning has been accompanied by the rise of external obstacles to development—such as the largely toothless housing element law³, CEQA (the California Environmental Quality Act⁴) and similar local laws and political decisions.⁵ As a result, the time to move from land to entitlements continues to grow (adding cost), as do the procedural and soft costs require to transit the approval process.
- Development, ownership and management of affordable housing has always been complex and addresses the diverse expectations of funders, investors, governments and regulatory agencies, residents and neighbors. This complexity has only increased, as well as the time and cost of delivering quality products.
- Measuring the results of community services and programming informs the social return on these investments. There are new mortgage products, for example, where lenders can see results and investors can celebrate the social impact of their investments.

3 <http://www.latimes.com/politics/la-pol-sac-housing-shortage-law-questions-20170705-htmstory.html>.

4 An excellent and well-researched assessment of the damage to California from CEQA is presented in <https://www.hklaw.com/publications/in-the-name-of-the-environment-litigation-abuse-under-ceqa-august-2015/>

5 For instance, the North 40 property in Los Gatos: <https://www.mercurynews.com/2017/06/22/judge-los-gatos-violated-housing-law/>.

Comparative Advantages

While the West Coast has many capable nonprofit housing developers and owners, ranging from neighborhood-focused to metropolitan, regional and national, BRIDGE stands at the forefront in both brand and the demonstrated capacity behind its brand.

BRIDGE today has active comparative advantages—those it deploys consciously, frequently and reliably. It also has latent comparative advantages—those that it could deploy, or has considered, but that have yet to be practiced consistently. Converting latent resources into active ones will further leverage choices for BRIDGE in the next five years.

BRIDGE as an Enterprise

Thirty-five years ago, BRIDGE Housing began as a practical solution to the growing San Francisco Bay Area problem of scarcity of quality affordable housing, and via its founding governance and unique approach to development, BRIDGE set the West Coast trajectory for the affordable housing industry by producing large volumes of high-quality, affordable rental apartments.

Since then, BRIDGE has participated in the development of some 20,000 homes, 11,600 of which it currently owns or manages, in a footprint that spans the entire West Coast. Today, with its headquarters in San Francisco and offices in San Diego, Los Angeles (Orange County), Portland and Seattle, BRIDGE can keep a close watch on markets, trends, political issues and development opportunities.

BRIDGE's current pipeline consists of \$3.8 billion in total development costs representing some 7,000 homes, and BRIDGE expects to add 2,000 more to the pipeline during the plan period. Fulfilling its present pipeline

alone will keep BRIDGE's Real Estate Development team productively deployed for years. Further, the range of development types indicates BRIDGE's capacity and breadth, and serves as a magnet for new business development.

This track record has enabled BRIDGE to build and actively deploy its strengths:

- A legacy of success. Few other entities can match BRIDGE's scale and consistency of production over three and a half decades.
- A reputation for completing complex, double-bottom-line transactions. Counterparties to BRIDGE transactions such as lenders, investors and local governments believe that BRIDGE delivers on its commitments.
- Strong financial profile, enterprise risk profile and overall management. Since it was first rated in 2015, BRIDGE has maintained an A+ credit rating from Standard & Poor's, validating its stability and solid business model.
- Good stewardship of residents, properties and communities. BRIDGE as owner and manager "does the right thing" by the people who live in BRIDGE properties, by public- and private-sector financial partners, and by the communities where BRIDGE's properties aim to add value.
- The "NIMBY antidote." Although affordable housing development has become increasingly challenging in some markets due in part to community opposition, BRIDGE is a Not In My Backyard (NIMBY) antidote, in that many negative affordable housing stereotypes

Comparative Advantages

can be proven false in the case of BRIDGE properties.

- Proprietary development-capital streams. BRIDGE's strong financial track record and relationships with capital providers (lenders, investors and PRI-motivated philanthropies) positions the company to create its own capital products, such as a revolving fund to acquire moderate-income housing opportunities.
- Development working capital. BRIDGE has a significant internal allocation of development working capital that enables it to deploy predevelopment funds rapidly to move projects forward or, in some cases, to execute an acquisition.
- Accessible, reliable, relevant operating data. This data allows BRIDGE to underwrite new properties with accurate information. Further, BRIDGE uses this data to anticipate, sequence and make decisions concerning recapitalization and repositioning at the property and portfolio levels.
- Demonstrated ability to expand geographies. Operational capacity to enter new metropolitan areas and to expand at choice into adjacent states, such as Washington and Oregon
- Compelling communications. BRIDGE has a well-developed yet lean communications and marketing team. Through digital and print vehicles, BRIDGE conveys its success and impact on individuals and communities. Communications efforts particularly support outward-facing lines of business such as development, property management and fund development.
- Lessons learned from revitalizing complex, legacy public housing. The lessons thus far of Potrero, Jordan Downs and the San Francisco Rental Assistance Demonstration (RAD) properties have been hard earned and not inexpensive; this is valuable knowledge that few other developers hold. As BRIDGE implements upcoming phases of Potrero and Jordan Downs and considers similar transactions in the future, these lessons learned will be of great social impact and value to the organization.
- Capacity to tap non-housing streams for housing-related uses. Examples include VASH and VA lending for veterans' housing; HHS and Medicare/Medicaid waivers for senior housing with service retrofits; county and city funds that serve formerly homeless people; and Program of All-Inclusive Care for the Elderly (PACE) for frail seniors.

BRIDGE's Platform and People

In terms of human capital, BRIDGE is well positioned, with 378 total employees, including staff across five corporate offices and 91 properties, and a Senior Leadership Team that averages 11 years with BRIDGE.

- Continuity of leadership and upholding of BRIDGE's character and vision. In 35 years, BRIDGE has had only three CEOs: founding CEO Don Turner (1983-1996), Carol Galante (1996-2010) and Cynthia Parker (2010-present). Each successor CEO came to the role with deep knowledge of BRIDGE and a commitment to uphold its values, and to build the platform and expand BRIDGE's impact.

- Proven, effective, loyal Senior Leadership Team. The majority of Senior Leadership Team members have worked together for many years; they mutually appreciate and respect one another's commitment and domain expertise, making for a fast-moving, effective team.
- Commitment to inclusive culture. BRIDGE actively promotes a dedicated and inclusive workforce that respects shared values of equity within its communities and workplace. BRIDGE is committed to fostering a culture where employees do their best work, can be their best selves and experience continuous growth to support the organization's mission.

Key Factors and Imperatives for Success

This Strategic Plan is not a statement of what BRIDGE is, but rather a plan for what BRIDGE hopes to achieve. Therefore, the key factors are expressed as imperatives: what BRIDGE can and must do to accomplish the goals of this Strategic Plan.

Key Factors: External Facing

1. Maintain, convert and grow BRIDGE's robust pipeline of core business development opportunities.
2. Activate BRIDGE's latent external comparative advantages. These include:
 - a. Creating proprietary development capital streams.
 - b. Growing philanthropic funding by cultivating relationships with new institutions and individual supporters.
 - c. Extracting, documenting and replicating the learnings from legacy public housing revitalizations.
3. Identify and cultivate strong government and other programmatic partners. Cities, counties, school districts, major employers, state legislators and others can partner with BRIDGE to develop and fund affordable housing programs and strengthen communities.
4. Continue, strengthen and expand partnerships with strong, high-capacity service providers. Work collaboratively to build partner capacity and subsidy-raising potential in alignment with the needs of BRIDGE's target populations.

Key Factors: Internal Facing

1. Secure a strong commitment from the Board to grow. Express this commitment in efficient budgets to provide resources that are specifically targeted toward growth initiatives.
 - a. Develop appropriate risk-measurement, management and mitigation metrics and processes within the core portfolio and in new initiatives.
 - b. Establish clear communication practices to provide transparency, ensure consensus and provide proper risk mitigation.
2. Prioritize cost-containment strategies and innovations. Cost containment is a major industry-wide challenge. Through the launch of its Innovation Lab and other efforts, BRIDGE must find ways to mitigate costs while still retaining affordability.
3. Develop appropriate orientation metrics, such as:
 - a. Portfolio asset allocation strategy. Build out these formulas and institutionalize them for regular and reliable reporting.
 - b. Disposition analytics and principles. These will apply to sales (rare and voluntary) and more frequently to refinancing or recapitalization opportunities.
4. Bring data analytics into the organization's financial forecasts. Integrating more of BRIDGE's robust data into financial forecasting will improve the quality of forecasting, decision making and deployment of resources.

Performance Metrics

The initiatives outlined in this section were identified by the Board and staff as critical directions that respond to the external environment with a look to the future. In order to measure progress and success, the Board and staff identified performance metrics that will help guide implementation and delivery of the Strategic Plan.

Metric	2023 Target
Real estate production (ground-up development and acquisitions)	9,000 units
Project capital raised for developments	\$3.8 billion as defined by project pipeline
Real estate construction cost	5 methods of cost reduction tested
Community-serving assets	25 developed or planned
Preschool enrollment at Jordan Downs and Potrero	25% growth in enrollment among original residents
Fund development campaign	\$35 million in funds raised or committed
Resident quality of life	75% experience improved quality of life after moving into a BRIDGE property

Strategic Initiatives

Real Estate Development



Overview

Real estate development has always been at the core of BRIDGE's work. Over the next five years, the company will advance 9,000 units of housing, building out and balancing its current pipeline of approximately 7,000 with at least 2,000 additional units. These encompass new construction, acquisition and portfolio rehabs, and a range of types, from standalone buildings to long-term master-planned developments. While BRIDGE will continue to seek traditional Low Income Housing Tax Credit (LIHTC) development opportunities, this initiative describes several emerging areas of intentional expansion:

- Supportive housing: deeply affordable, permanent housing paired with intensive health and social services to prevent and end homelessness
- Large-scale public housing transformation: physical and community revitalization that addresses decades of underinvestment
- Large-scale master plans: mixed-income, mixed-use developments that create inclusive housing and economic development opportunities
- Moderate-income housing: serving people with moderate incomes who cannot afford market rents yet do not qualify for traditional subsidies

In addition to what BRIDGE builds, this initiative addresses aspects of where and how it develops, including:

- Portfolio asset allocation strategy and defined acquisitions approach to support mission, geographic/product diversity and manage risk and capital
- Cost-containment strategies to increase efficiencies in development, construction and operations

Rationale

Supportive Housing

Homelessness has skyrocketed throughout the West Coast: for example, California's homelessness rate increased 14% between 2016 and 2017 (by contrast, nationally, the rate increased 1% during the same time period). To respond, local governments are requiring affordable housing developers to set aside a portion of affordable units for priority populations, such as people who have experienced or are at risk of homelessness, veterans, youth exiting the foster care system and adults with mental illness.

BRIDGE has real estate development and financing expertise—which few social service agencies possess—that it can bring to partnerships in addition to the lessons and experience gained from its own developments. As the need for supportive housing grows, BRIDGE will create an intentional plan to expand its supportive housing development. BRIDGE believes that this diversification is a critical component of meeting its mission and furthering its goal of creating stronger communities and achieving housing equity for all.

Strategic Initiatives

Real Estate Development

During the next five years, BRIDGE will evaluate the addition of new supportive housing developments to its pipeline against these baseline conditions:

- a. Existence of meaningful and demonstrated commitment by elected officials at the state and local level.
- b. Presence of strong service partners that can provide robust programs and services.
- c. Availability of sustainable capital and revenue streams that will enable critically needed programs and services to be funded and provided over the long term.

Large-Scale Public Housing Transformation

Over the last five years, BRIDGE has developed a strong knowledge base and experience in redevelopment of large-scale public housing sites. As this plan goes to print, BRIDGE is finishing the first residential phases at Potrero in San Francisco, where it is rebuilding 619 public housing units into a 1,400-unit mixed-income community; and at Jordan Downs in Watts, Los Angeles, where 700 public housing units are being rebuilt as part of a 1,400 unit development. During the past several years, BRIDGE and its partners converted and rehabilitated more than 700 distressed public housing units in San Francisco under the Rental Assistance Demonstration (RAD) program.

Clearly, BRIDGE is uniquely qualified and positioned to engage in large-scale public housing transformation. Already, it has a strong core competency in master planning, complex financial structuring and developing community development approaches. For this strategic plan, BRIDGE will continue in this line of business while limiting its work to a span of properties within available resources.

When deciding whether to take on future large-scale public housing transformations during the period of this plan, BRIDGE will consider these guiding principles:

- a. Apply lessons learned from SF RAD and the first phases of Jordan Downs and Potrero re: deal structures, partnerships, populations, and review of process and outcome metrics.
- b. Work with a housing authority partner who is a strong advocate for BRIDGE's entry, in a jurisdiction where BRIDGE has existing relationships.
- c. Resulting development will be a mixed-income, mixed-use property.
- d. Transformation will have neighborhood impact and will include new infrastructure if needed.
- e. Availability of feasible external sources of capital.

Large-Scale Master Plans

BRIDGE will apply its learnings from Potrero and Jordan Downs as well as its past experience (e.g. North Beach Place, Marin City, Richmond City Center, COMM22) to build an even stronger platform on which to consider new large-scale efforts. BRIDGE is already deploying its expertise on multi-phase master plans in its pipeline, such as the 1,100-unit Balboa Reservoir (see below), and will seek opportunities to expand this effort to other sectors. For example, campus-style delivery of employer-assisted housing is a natural for universities, hospitals and health care, and the tech industry, all of which are seeking capable real estate partners who can navigate complex entitlements, community outreach, design and financing. BRIDGE's experience and past successes demonstrate the value it can provide as a residential development partner for large entities in the public and private sectors.

Moderate-Income Housing

BRIDGE will scale its existing work with local governments, market-rate developers and anchor institutions to directly address the growing need for moderate-income housing. Increasingly, the shortage of housing has spread to moderate-income households (those that earn between 80%-120% of Area Median Income). In cities and surrounding areas of San Francisco, Los Angeles, Seattle and Portland, essential professionals such as teachers, first responders and nurses are struggling to afford homes in the communities they serve. It has been challenging to create such housing, since LIHTC and other traditional subsidies cannot serve this income band. Alarmingly, many are choosing to leave high-rent areas altogether, creating the phenomenon dubbed by researchers as the “missing middle.”

BRIDGE is well-positioned to spearhead a response to this critical problem. BRIDGE is already working with local government, a market-rate developer and a community college to create significant moderate-income housing as part of the 1,100-unit Balboa Reservoir master plan in San Francisco. To scale this approach, BRIDGE will need to utilize new capital sources such as Opportunity Zones and to identify strong local partners (i.e. school districts, major employers, state legislators) who are willing to embrace innovative new approaches to solving the problem. Examples could include new legislation that extends property tax exemptions to this housing type, other tax incentives such as a middle-income tax credit, free or low-cost land, and expedited entitlement processes.

Portfolio Asset Allocation

BRIDGE will develop an asset allocation strategy to, over time, diversify its portfolio across multiple critical dimensions that include:

- a. Geography: metropolitan markets by region and state, with specific growth targets, especially for Portland and Seattle, two markets that are newer to BRIDGE
- b. Population types: families, seniors, special needs and supportive, moderate income, etc.
- c. Real estate market risk
- d. Concentration risk of development types
- e. Risk associated with potential policy changes that could impact funding streams, disrupt capital markets, or otherwise affect production and operation of affordable housing

Acquisitions

While the bulk of BRIDGE’s portfolio has centered on new construction, the organization has taken a more deliberate approach to acquisitions over the last five years. As BRIDGE continues to refine its guiding principles for acquisitions, it will screen potential new assets through the following considerations:

- a. How does the acquisition meet BRIDGE’s mission?
- b. Is the property at risk of losing affordability?
- c. How will BRIDGE add value (e.g. recapitalization, major rehabilitation, complex financial transactions, property management, community building)?
- d. What is the strategic rationale for the acquisition?
- e. What are the financial implications?

Strategic Initiatives

Real Estate Development

Cost Containment

BRIDGE will continue work begun under the previous strategic plan, promoting new ways of doing business that result in cost containment or even reductions. As resources—financial and environmental—become even more constrained, it is essential that BRIDGE increase its efficiency so that it can develop and operate housing that is high-quality, affordable and sustainable over the long term. Approaches that BRIDGE is taking, or will take, to contain costs, include:

- Use of modular construction, which BRIDGE has already employed at two developments, and panelized construction techniques
- Implementation of standardized specifications (already complete) and design standards (on track for completion)
- Use of construction management, to source competitive bids, boost value engineering and keep projects on time and budget
- Improvement of procurement policies for more cost-effective and bulk purchasing of construction materials as well as ongoing operational goods and services
- Achievement of operating efficiencies in newly constructed and portfolio properties; BRIDGE is already on track to attaining The Big Reach, a national initiative to reduce energy and water consumption 20% by 2020

BRIDGE's Innovation Lab (see page 29), which is a new initiative of this strategic plan, will take on cost containment as its first area of exploration. Through the Lab, BRIDGE will set cost-containment goals and work with relevant departments to operationalize cost-containment activities.

Conditions for Success

To execute its existing real estate development pipeline and build out a future pipeline per the parameters described above, BRIDGE must invest time and resources in:

- Aggregating required capital, including the \$3.8 billion needed to realize BRIDGE's current pipeline
- Setting appropriate staffing levels across all relevant divisions, to support growth and diversification
- Developing new partnerships, e.g. with strong supportive service providers, master-plan and moderate-income partners, and in targeted geographies
- Deploying systems to track and assess portfolio asset allocation and cost-containment measures

Examples and Opportunities

Balboa Reservoir: In August 2017, BRIDGE was selected to co-lead a development team to transform and bring new housing and open space to the 17-acre Balboa Reservoir property in San Francisco. The proposal includes up to 1,100 homes (apartments and for-sale dwellings), including 50% affordable/workforce housing. Additional proposed amenities include:

- Shared public garage, sized to meet City College of San Francisco (CCSF) and new resident demand
- Potential collaboration with CCSF for an additional 200 apartments for SF educators on CCSF property
- 4.2 acres of open space
- Childcare center for up to 100 children

- Detailed, best practices-driven guidelines for transportation, urban design, neighborhood character and sustainability

The current schedule anticipates that infrastructure construction would commence in 2021, with the first phase of residential construction following in 2022-2023. This is a rare opportunity to transform underutilized land into a vibrant new community affordable to a wide range of residents.

Marea Alta: One of the biggest challenges in developing affordable housing is the containment of construction cost. In the case of Marea Alta, a 115-unit affordable housing development in San Leandro, CA, BRIDGE turned to modular construction to solve a \$6 million financing gap, reducing hard costs and making the project feasible. While use of modular construction techniques in affordable housing is still in its infancy, BRIDGE is paving the way for other affordable housing developers to utilize this technique.

Strategic Initiatives

Capital and Fund Development

Strong
Balance Sheet

Access to Capital
Markets & Tools

Increase
Philanthropy

Overview

The need for affordable housing has reached a crisis point, affecting millions of individuals and families throughout the West Coast. In response, BRIDGE has built a strong pipeline of projects that have a capital need in excess of \$3.8 billion over the next five years. This initiative focuses on strengthening BRIDGE's access to capital to enable its real estate development practice, support its community/resident impact goals and ensure sustainable growth in its operations.

BRIDGE has created a three-pronged capital strategy in order to accomplish these goals:

1. Ensure strong financial fundamentals to continue to secure and grow its existing debt/equity partners, working capital base and revenue streams.
2. Strengthen and expand access to new and innovative capital vehicles.
3. Build philanthropic relationships and create a long-term fundraising campaign.

Rationale

Ensuring Financial Strength

Capital markets have changed markedly over the past five years and underscore the importance of maintaining BRIDGE's strong financial position to continue to access different forms of capital. For example, BRIDGE has seen a precipitous drop in the availability of traditional third-party predevelopment funds. Additionally, federal

tax reforms have disrupted the Low Income Housing Tax Credit (LIHTC) market, resulting in additional gaps in the capital stack. In order to thrive in this market, BRIDGE is cultivating and strengthening financial partnerships, strengthening its liquidity and structuring ready access to outside sources of capital.

Expanding Access to New and Innovative Capital Vehicles

While BRIDGE will continue to fuel its pipeline with conventional debt and LIHTC equity to the extent possible, the organization has other capital needs not filled by the above. For example, BRIDGE's emphasis on acquisitions, including GP acquisitions, has created the need for longer term, patient capital, where exit timing can be dictated by the project rather than the investment horizon. The company's emphasis on holistic community development has underscored the need for capital for non-housing uses such as educational, health and childcare facilities. Moderate-income housing, an additional focus area, will also require different capital and financial structuring. BRIDGE's impact goals require that its capital strategy transcend traditional project-level debt and equity to include new approaches, sources and structures.

Strengthening Philanthropy

BRIDGE was created from philanthropic capital in 1983, and throughout its history, grants from national and regional foundations enabled BRIDGE to accelerate its production of housing and test new ideas. Today, BRIDGE's need for philanthropic funding has expanded

as it advances large-scale neighborhood transformations and tests and evaluates programs that improve residents' lives. BRIDGE can and must grow its fundraising revenue, because the capital it aggregates to develop, acquire and preserve affordable housing typically cannot be used for transformative community development and programmatic activities.

Conditions for Success

To achieve the stated capital and fund development goals, BRIDGE must be willing to invest time and resources in:

- Clearly articulated annual business plans with defined tactics for achieving these goals.
- Board and Management support of and sufficient staffing for capital aggregation and fund development.
- Strong financial fundamentals:
 - ◆ Maintenance of a strong enterprise risk profile and extremely strong asset quality.
 - ◆ Maintenance of strong liquidity ratios.
- Systems, procedures and timely quantitative reporting to inform decisions and track performance metrics:
 - ◆ Distribution of key reports and data throughout the company's business lines, organizational levels and geographic locations.
 - ◆ Refined and enhanced tools for projecting, aggregating and tracking capital and fund development needs, as well as enhanced evaluation tools and return metrics.
 - ◆ Enhanced underwriting guidelines, risk evaluation measures and structuring criteria.
- A compelling and aspirational philanthropic vision with measurable and meaningful results.

Examples and Opportunities

501c3 Bond Issuance: A key activity in the coming years will be to leverage BRIDGE's strength, balance sheet, 501c3 status and A+ Standard and Poor's credit rating to access capital in new, cost-effective and innovative ways. A large scale, multi-tranche bond issue at the corporate level to fund new and existing deals would ensure that reliable, affordable capital is available for pipeline and portfolio enhancement purposes.

Opportunity Zone Fund: BRIDGE intends to utilize the newly passed Opportunity Zone legislation to attract investment to its extensive pipeline of eligible projects. BRIDGE will help investors achieve return and impact through a wide range of projects including moderate- and low-income housing as well as community-serving commercial spaces for childcare, healthy food options, health care and community centers. At Jordan Downs, for example, BRIDGE is working with residents and partners to identify desired programs and services and incorporating space for them into the long-term master plan.

Leveraged Portfolio Management: BRIDGE can deploy its assets to build its capital base in a variety of ways. While experience has demonstrated that an occasional sale can be helpful in expanding the organization's capital base, a sale is not the only way to achieve this outcome. Refinancing and repositioning assets can achieve the dual objective of building the capital base while maintaining an ongoing stream of revenue, with the additional advantage of keeping the units in the portfolio. A clearly articulated disposition strategy helps guide decision-making related to the sale of assets and appropriately balances the desire to strengthen the capital base of the organization with the mission-related goals of ensuring quality and affordability for residents and community.

Strategic Initiatives

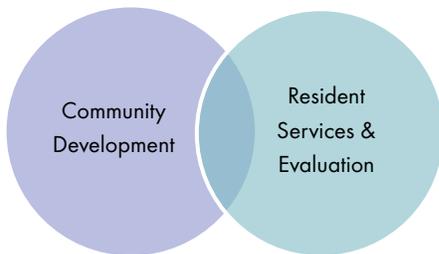
Community Development and Resident Services & Evaluation



Overview

BRIDGE strengthens communities, starting with affordable housing. To leverage its core real estate expertise and to create effective, lasting impact on people and place, BRIDGE integrates two related practice areas into its work: 1) Community Development and 2) Resident Services & Evaluation.

While these two areas are separate, the efforts sometimes overlap and are mutually reinforcing. Community Development supports the development of healthy, thriving communities of opportunity by strengthening social supports and supportive



networks—even before construction begins—and by improving people’s access to employment opportunities, health, high performing schools and quality retail. Initially, BRIDGE is implementing this approach primarily at Jordan Downs and Potrero: two large-scale public housing redevelopments that it is transforming into mixed-income, mixed-use communities. BRIDGE also seeks to apply the approach more broadly at developments small and large, including Balboa Reservoir in San Francisco, and BRIDGE’s portfolio of family buildings in West Oakland, CA.

BRIDGE manages more than 350 programs and services that are delivered by nonprofit partners at its properties. The focus and approach of each program are customized to the specific neighborhood, development and populations served. Consequently, the portfolio of programs exists on a continuum, from case management and service navigation (i.e., connecting residents to community-wide services that meet urgent or pressing needs) to programs that develop specific knowledge and skill sets (such as cooking classes or job interview preparation). For more vulnerable residents who require intensive social and mental health services, BRIDGE has gained experience developing permanent supportive housing—as standalone properties as well as designated apartments within larger buildings. BRIDGE recently added evaluation as a key component to the delivery of resident programs and services, community building and community development. This component reflects BRIDGE’s commitment to understanding and measuring the combined impact of housing, programs and intentional community engagement strategies on individual and community health and well-being.

Community Development

Rationale

BRIDGE’s Community Development work has evolved significantly over the past five years, and the organization is continuously evaluating results and lessons learned so that it can keep moving forward as social and economic contexts shift. Increasingly, government and other key stakeholders are viewing

the creation of housing only as a starting point and requesting that each new development address other issues such as health, public safety, education and economic development. The Community Development team has embraced these challenges and is working internally to integrate Community Development into all aspects of BRIDGE's work. There is an increasing demand in the sector for proven leaders in strengthening communities with diverse and complex environments, and this initiative is a natural extension of BRIDGE's role as an industry leader.

Five-Year Goals

Over the next five years, BRIDGE will focus its Community Development efforts on:

- Building vibrant communities of opportunity: BRIDGE will continue working with members of the community to build creative, innovative and resilient places where people feel able and encouraged to participate in the life of that community. The priorities for the next five years are:
 - ◆ Jordan Downs, Los Angeles
 - ◆ Rebuild Potrero, San Francisco
 - ◆ Balboa Reservoir, San Francisco
- Grow BRIDGE's role as an anchor institution through strategic partnerships: BRIDGE will identify, target, prospect and close complex partnership arrangements that drive impact in the categories of health, education and economic development. BRIDGE will leverage its proximity to geographies of innovation to improve access to quality education and career-building skills for the jobs of today and tomorrow.

- Deepen knowledge and expertise of community development: BRIDGE will improve the efficiency and effectiveness of its community development efforts and drive the interdepartmental adoption of community development approaches. BRIDGE's Community Development team will partner with Evaluation to continually assess community needs through use of neighborhood health key performance indicators, this in turn will inform BRIDGE's real estate development and community regeneration activities.

Conditions for Success

The success of BRIDGE's Community Development initiative depends on:

- Refinement of the work it is implementing at Jordan Downs and Potrero. As the phases of the developments progress, BRIDGE will need to continuously revisit the scope of its efforts and align resources to match the effort.
- Internal change management to integrate the Community Development approach across all phases of the project life cycle, from initial concept and community outreach through design, construction, lease-up and operations, and as a long-term owner.
- Data infrastructure for and a commitment to surveys of Jordan Downs and Potrero households, which quantifies BRIDGE's impact.
- Selection of strong, culturally competent service partners.
- Strong partnerships with high quality offsite institutions such as schools and health clinics.

Strategic Initiatives

Community Development and Resident Services & Evaluation

Examples and Opportunities

- Community investments: BRIDGE has demonstrated that it can deliver important community benefits by developing more than housing. For example, at North Beach Place in San Francisco, BRIDGE and its partners' master plan included space for a preschool: Kai Ming Head Start offers safe, outdoor play space and two full-day, bilingual classrooms that serve 40 low-income children, including 10% who have disabilities.
- Large-scale public housing transformation: BRIDGE entered the business of large-scale public housing transformation at Jordan Downs in Los Angeles, Potrero in San Francisco, and through its acquisition and conversion of seven public housing properties under the Rental Assistance Demonstration (RAD) program in San Francisco. Housing authorities are becoming more comfortable partnering with organizations such as BRIDGE, which leverage private capital to preserve and improve the housing and address the multibillion-dollar nationwide backlog of deferred maintenance.

Resident Services & Evaluation

Rationale

BRIDGE's approach to programs and services reflects a growing body of research on the importance and impact of affordable, well-managed housing on individual stability, as well as an array of social indicators of health (financial well-being, education, physical health and happiness). As government increasingly asks affordable housing developers to address the national housing crisis, the mix of resident populations at a given property is becoming more complex, requiring robust services that meet a range of needs. In contrast to 10 years ago,

it is now common to serve formerly homeless, extremely low-income and moderate-income residents at one property. This mix challenges BRIDGE to create service models that meet the needs of the whole population, and support strong community integration among the populations.

Five-Year Goals

Over the next five years, BRIDGE will focus on deepening and strengthening program delivery across an increasingly complex portfolio of properties. Within this broad goal, BRIDGE is focused on the following initiatives:

- Promoting social connections among seniors to support healthy aging in place. For aging seniors, reducing social isolation improves wellness and health outcomes and longevity. In the next five years, BRIDGE seeks to expand a senior service model that incorporates community-building activities, services that connect seniors to community resources and workshops that promote healthy decision making and positive aging.
- Promoting social cohesion across the BRIDGE portfolio. Social cohesion is residents' perception of emotional and social connections with others, and has been linked to happiness, healthy behaviors and choices, and positive mental and physical health outcomes. For low-income individuals and families, strong and broad social networks can support individual and community stability, helping residents access social, physical and emotional support from their communities. For BRIDGE, expanding programs that foster social networks and promote cultural, language and economic integration across diverse populations is a priority.

- Use of data analytics to evaluate service delivery and impact. The tracking and evaluation of data from residents and service delivery partners are critical to understanding and improving impact on residents and the larger community. BRIDGE seeks to identify strong, effective service delivery partners to cultivate increased well-being and access to opportunity.
- Increasing residents' access to low- or no-cost high speed internet and appropriate digital devices. The internet is a powerful tool for connecting with others, accessing information, and managing day-to-day living. Yet certain demographic groups—racial minorities, older adults, and those with lower levels of education and incomes—are less likely to have reliable and consistent access to broadband at home or digital equipment to effectively use broadband. BRIDGE seeks to expand digital access and literacy across its portfolio over the next five years through digital education, connections to digital resources and free Wi-Fi in community centers.
- Successful fundraising, particularly for services, programs and community development at Jordan Downs, Potrero and other large scale transformation projects. While property operations can sustain a base level of support, the “heavy lift” of resident engagement, programs/services, and community building during the 8-10 year development period requires additional funding sources that are reliable.

Example/Opportunity

- Supportive Housing: Supportive housing combines permanent, affordable housing with a range of services that help people achieve stability and quality of life. It is a key strategy to respond to the rising tide of homelessness in high-cost markets. Increasingly, local governments are requiring affordable housing developers to set aside a portion of affordable units for priority populations, such as people who have experienced or at risk of homelessness, veterans, youth exiting the foster care system and adults with mental illness. Consequently, developing BRIDGE's muscle in supportive housing is important to both the mission of addressing the housing crisis and the business goal of unit and portfolio expansion.

Conditions for Success

The success of BRIDGE's Resident Services & Evaluation initiatives depends on:

- Internal change management to integrate the services vision and strategy across all phases of the project life cycle, from initial concept and identification of partners through design and operations, and as a long-term owner.
- Data information for and a commitment to the portfolio-wide household survey (currently on a three-year cycle), which quantifies BRIDGE's impact on its residents.

Strategic Initiatives

Internal Strengthening

Invest in
Human Capital
Board & Staff

Organizational
Redesign for
Regional
Development

Diversity &
Inclusion,
Equitable
Development

Overview

In order to grow and scale successfully, BRIDGE will build its organizational infrastructure to support its advancement for the next five years and beyond. As BRIDGE takes its solutions to scale and increases the complexity of its work, it recognizes that it must invest in these interconnected areas of internal strength:

- People
- Processes & Systems

Rationale

People

BRIDGE's backbone has always been its people: the staff, management and Board members who bring to the company dedication to mission, skills, knowledge and attributes fundamental to operational excellence. The longevity of staff and Board is a comparative advantage for BRIDGE and results from a continued commitment to core values. BRIDGE's future success depends on its ability to build on this foundation while also embracing change, promoting innovation and targeting its investments on the fundamentals for good operations.

BRIDGE is committed to acquiring, retaining and developing the human capital it needs by:

- Consistently evaluating strengths and needs.
 - ◆ Evaluating organizational strengths, gaps and weaknesses at regular intervals.

- ◆ Hiring and training focused on building strengths and addressing gaps.
- ◆ Using tools that encourage employee engagement and address staff needs, such as engagement surveys, team-building opportunities and supporting staff advancement.
- ◆ Maintaining and refining programs that motivate, monitor and reward excellence—including competitive compensation standards.
- ◆ Creating a succession plan for key leadership roles.
- Promoting a culture that celebrates diversity, equity and inclusion (DE&I); this is essential to BRIDGE's effectiveness and commitment to its employees and the communities it serves.
 - ◆ Diversity includes all the ways that people differ, including the characteristics that make one person or group different from another. Broadly, diversity refers to race, ethnicity and gender; it also includes age, national origin, religion, disability, sexual orientation, education, marital status, language and physical characteristics.

- ◆ Equity promotes fair treatment and access to opportunity and advancement for all people. BRIDGE looks to remove barriers to the advancement of people, and works to increase justice and fairness within institutions and systems through housing and program opportunities.
- ◆ Inclusion creates environments where people feel welcomed, respected and valued. Inclusion recognizes that society carries many unconscious biases that form impediments to people feeling welcomed. BRIDGE is committed to breaking down implicit biases to foster greater inclusion in its communities, workforce and Board.
- ◆ BRIDGE will foster a dedicated and inclusive workforce that respects shared values of equity at all levels from its Board, Senior Leadership Team and staff. As BRIDGE scales and expands to serve more diverse communities and residents, the need for a more robust DE&I strategy becomes more apparent. During the five-year plan period, BRIDGE will explore ways to further integrate diversity and equity principles internally and externally, among the communities and people it serves. An interdisciplinary Diversity, Equity & Inclusion team will be formed from BRIDGE leadership, including Board and staff, to develop this initiative.
- Promoting a culture of learning and innovation.
 - ◆ Investment in training for staff and Board is essential to BRIDGE's success as an organization and its ability to retain high potential employees. Trainings will focus on a range of topics to provide a continuous learning environment for the Board and workforce. Continuous Board training will promote better

governance as BRIDGE expands, and ongoing staff trainings will help BRIDGE meet its other objectives in areas such as community development, resident programs and efficient development of scaled housing.

- ◆ Additionally, a structured approach to innovation will further BRIDGE's competitiveness and allow its employees to grow and acquire new skills and knowledge. The Innovation Lab, described on page 29, details this approach.

Processes & Systems

The growing volume, variety and complexity of development projects and transactions demand delegation, standardization and structural changes. The company must re-examine how it organizes to conduct work from bottom to top. Strengthening systems, seeking to standardize where feasible, evaluating business risk at the right place and point in the process, and developing more efficient tools and capacity to adapt are critical to BRIDGE's work over the next several years. BRIDGE's response to the call to do "whatever it takes" must continue to evolve to ensure sustainable, quality products and operations.

BRIDGE will strive to maintain excellence, manage risk and increase its agility and ability to adapt to changes in the environment by:

- Re-evaluating the structure and process for decision making (Board, management, staff), so that BRIDGE can efficiently execute on new opportunities with an increasing breadth and volume while managing day-to-day operations.
- Evaluating existing protocols and procedures for decisions at Board and management levels, e.g. transaction approvals and creation of new business lines, to reduce risk, increase standardization and

Strategic Initiatives

Internal Strengthening

facilitate product/production given the changed environment. Decisions should be driven by data and scaled appropriately.

- Sharing key information with decision makers on a timely basis, so that appropriate and collaborative choices can be made.
- Adjusting and aligning its organizational structure as needed to support scale and product/geographic diversification.
- Streamlining coordination among and between business units, management and the Board.
- Consistently communicating changes and improved systems changes to ensure efficiency and transparency.

Strategic Initiatives

Information Technology

Data-Informed
Decision Making

Information
Systems, IT,
Cyber Security

Overview

This initiative supports BRIDGE's capacity to leverage the benefits of technology and data analytics in today's fast moving real estate market. The current environment demands ever-increasing use of data and sophisticated analytical tools to make better and faster business decisions. To compete successfully, BRIDGE must invest in its data and technology infrastructure to scale production and operations, inform decision making and identify opportunities better and faster than its competitors. This initiative will also explore how technology is used to communicate with residents and incorporated into "smart buildings" where appropriate. This strategy has positive implications for resident services and operational savings.

This initiative will deliver actionable, reliable, accessible information to the right people in a timely manner using cost-effective, well-executed technology. In the next five years, BRIDGE will continue to enhance its IT platform, including:

- Scalability: technology and systems to help the organization grow in order to accomplish its ambitious five-year goals, including coordination of knowledge and data across departments and offices.
- Agility: systems and data that adapt quickly to changing needs and market conditions.
- Data-driven decision making: systems that track and analyze data to better support decision making at the enterprise level.

- Resident satisfaction: focus on bringing broadband to properties within the portfolio. Incorporate, where appropriate, systems that improve residents' ability to engage more readily with property management, including maintenance requests or rent payments.
- Business continuity: maintaining essential business functions during and after disasters.
- Security: keeping systems and data safe and secure is of critical importance as BRIDGE becomes more reliant on technology and data to carry out its mission.

Rationale

Over the past five years, BRIDGE has strengthened its technology infrastructure, data collection and analysis. To achieve its goal of producing and preserving 9,000 units of housing over the next five years, continued investment in expanding and strengthening its technology infrastructure is essential. Greater standardization, aggregation and analysis of data (e.g. developing tools to better manage project life-cycle data/knowledge transfer, improve visualization of project status and investment levels, and improve workflow of high-volume processes) will support BRIDGE as it grows and scales quickly and efficiently.

Strategic Initiatives

Innovation Lab



Overview

Through its 35 years, BRIDGE has excelled by doing “whatever it takes,” leading the field with innovative, outside-the-box thinking that has helped BRIDGE become a leader in the affordable housing industry. As BRIDGE scales, it can no longer trust innovation through an ad hoc process, rather it needs to institutionalize it. The Innovation Lab will incubate, pilot and launch new initiatives that address promising possibilities such as:

- Cost-containment strategies to increase efficiencies in development, construction and operations.
- Missing-middle / moderate-income housing or employer-assisted housing partnerships.
- Proprietary pipeline funding sources.
- Tapping non-housing subsidy streams for resident and community services.
- Opportunity Zone development (including mixed use) and capital raising.

Rationale

Innovation is a key factor for growth and scale, and as the real estate market becomes more competitive and complex, BRIDGE will need to innovate accordingly to excel in this environment. According to the Deloitte Innovation Survey, more than 60% of respondents stated that innovation is important for growth. Businesses that are successful at innovation are able to scale up and take a bigger share of the market. Innovation is also critical to BRIDGE’s mission; as more and more individuals and families are forced out of high-rent urban

markets, BRIDGE needs to scale in order to respond appropriately.

Composition

The Innovation Lab core team will be small (5-9 people) and led by an individual with experience and level of seniority akin to members of the Senior Leadership Team (SLT). The Innovation Lab leader will report to the CEO and they will work together to compose a set of priorities. Other Innovation Lab members will be interdisciplinary and will allocate somewhere between 30% and 80% of their time to the Lab. Several of them may have the opportunity to shift into full-time Innovation Lab roles should the activity prove its worth.

Process: Stage Gating to Innovation

The stage-gate model is a framework where a new idea, initiative or project is vetted through a process, where in each stage the idea receives feedback and is either allowed to go through the next step, edited/strengthened or eliminated. A successful initiative must go through all five steps in order to be launched.

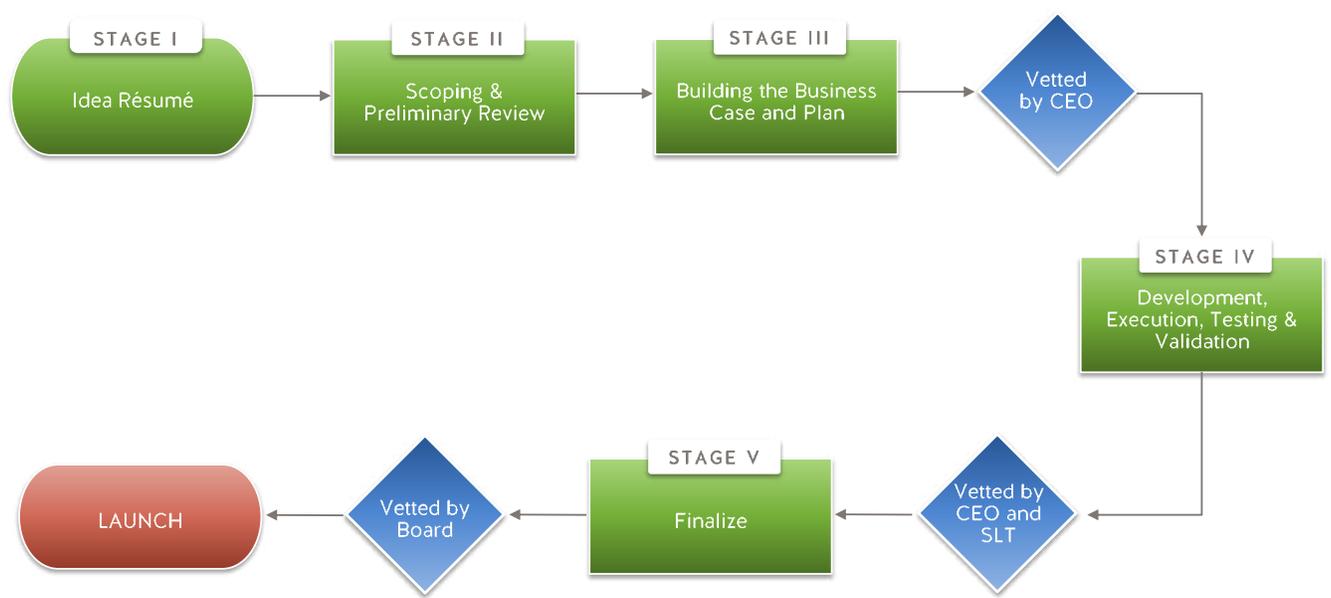
- Stage 1: Idea résumé – the initial idea is presented, with the market potential, risks and investments required. A decision to let the idea proceed, edit/strengthen or eliminate is made.
- Stage 2: Scoping, Preliminary Review – the idea is defined, target market is scoped out as well as level of demand, competitors are examined, an understanding of revenue and costs and risks/mitigants of the project. A decision to let the idea proceed, edit/strengthen or eliminate is made.

- Stage 3: Building the Business Case and Plan – A business case and plan are presented to the CEO with four main steps:
 - ◆ Product definition and analysis
 - ◆ Building the business case
 - ◆ Building the project plan
 - ◆ Feasibility review

A decision to let the idea proceed, edit/ strengthen or eliminate is made.
- Stage 4: Development – execution, testing and validation. The plan from the previous step is executed. The project team maps out a realistic timeline for the project. This step is presented to the CEO and the SLT team. A decision to let the idea proceed, edit/strengthen or eliminate is made.
- Stage 5: Launch – before official launch can begin, the project has to be vetted by a special group of the BRIDGE Board of Directors. A decision to let the idea proceed, edit/strengthen or eliminate is made.

Stage Gate Process

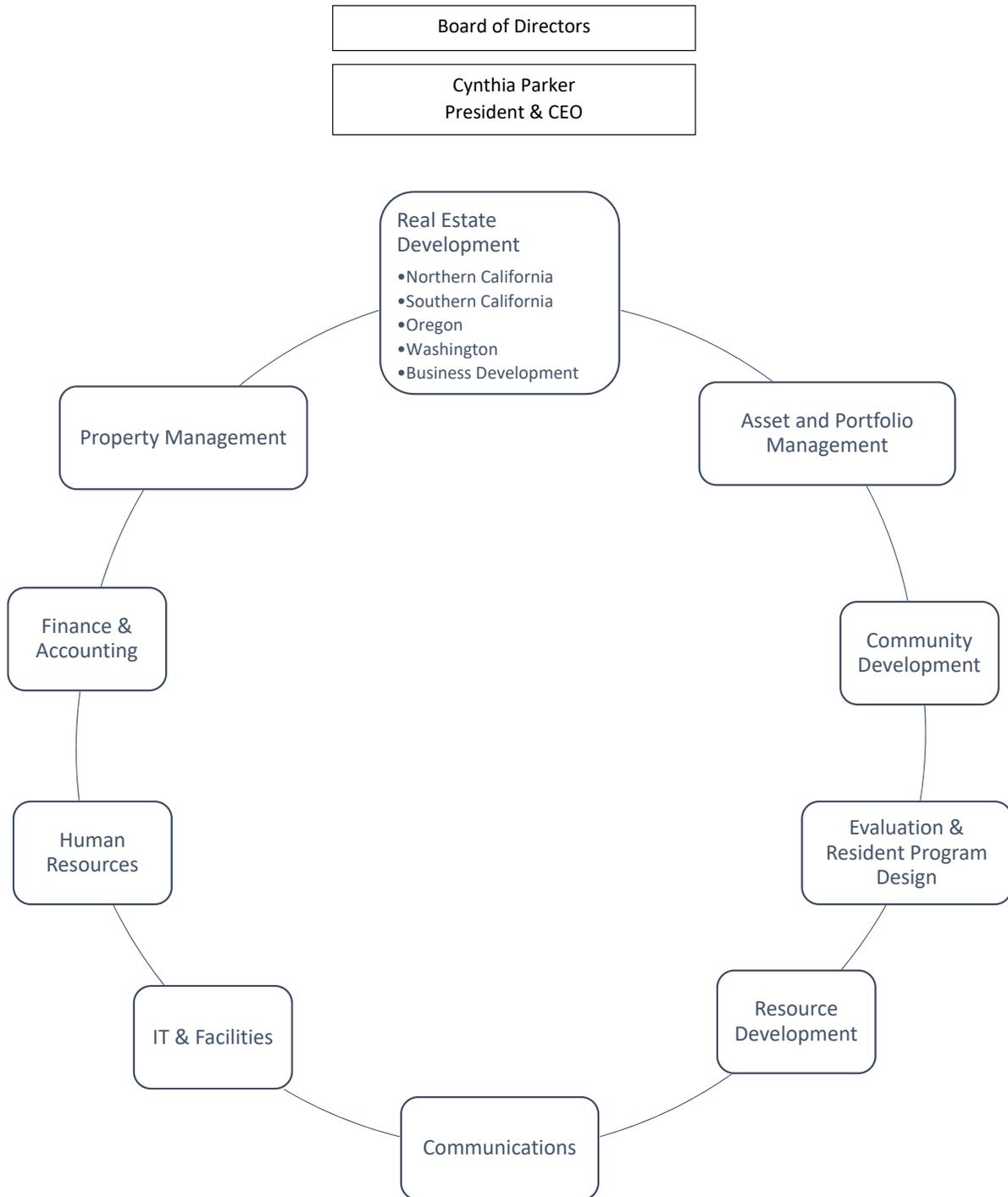
The decision to proceed, edit or eliminate is made at each stage.



Appendix I

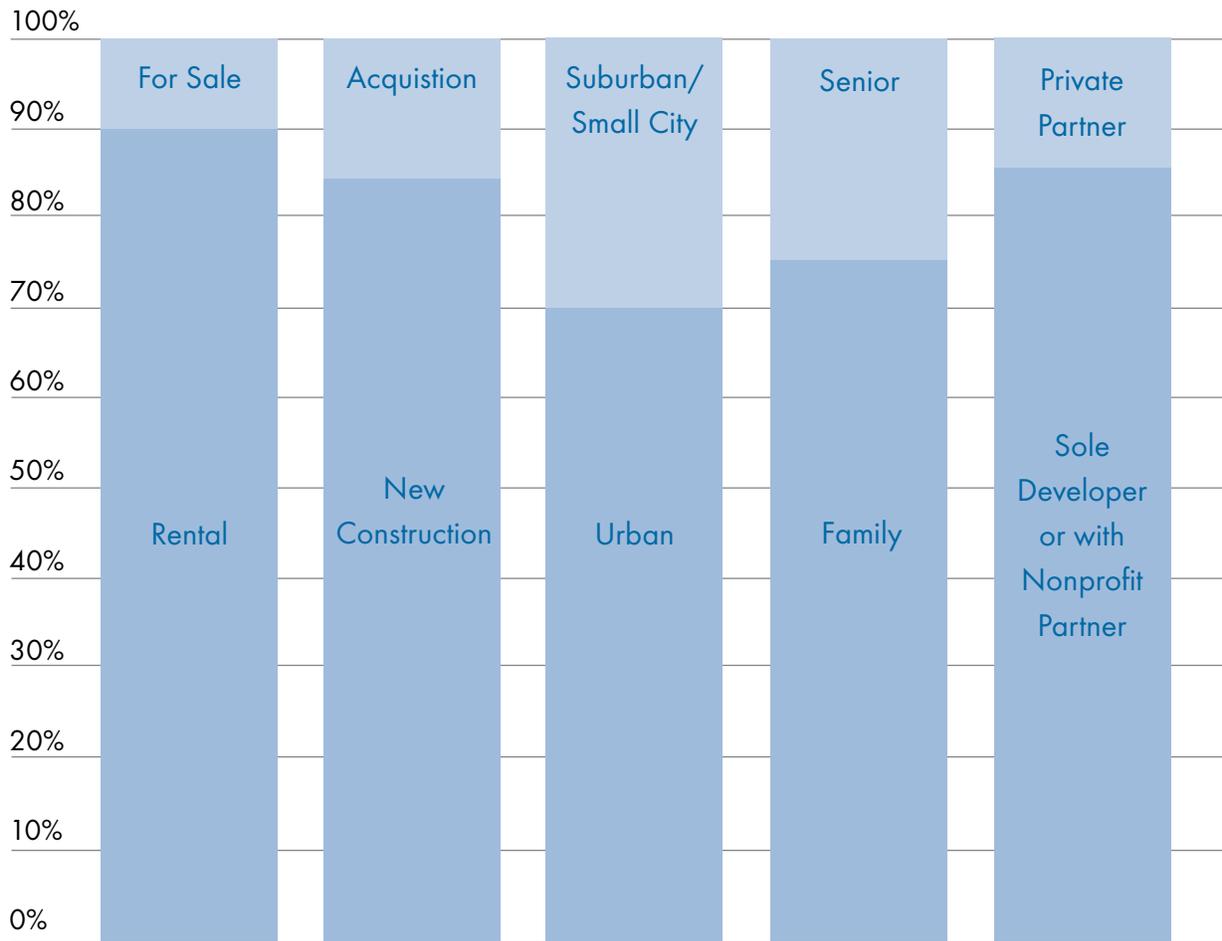
BRIDGE Organizational Chart

Organization by Function



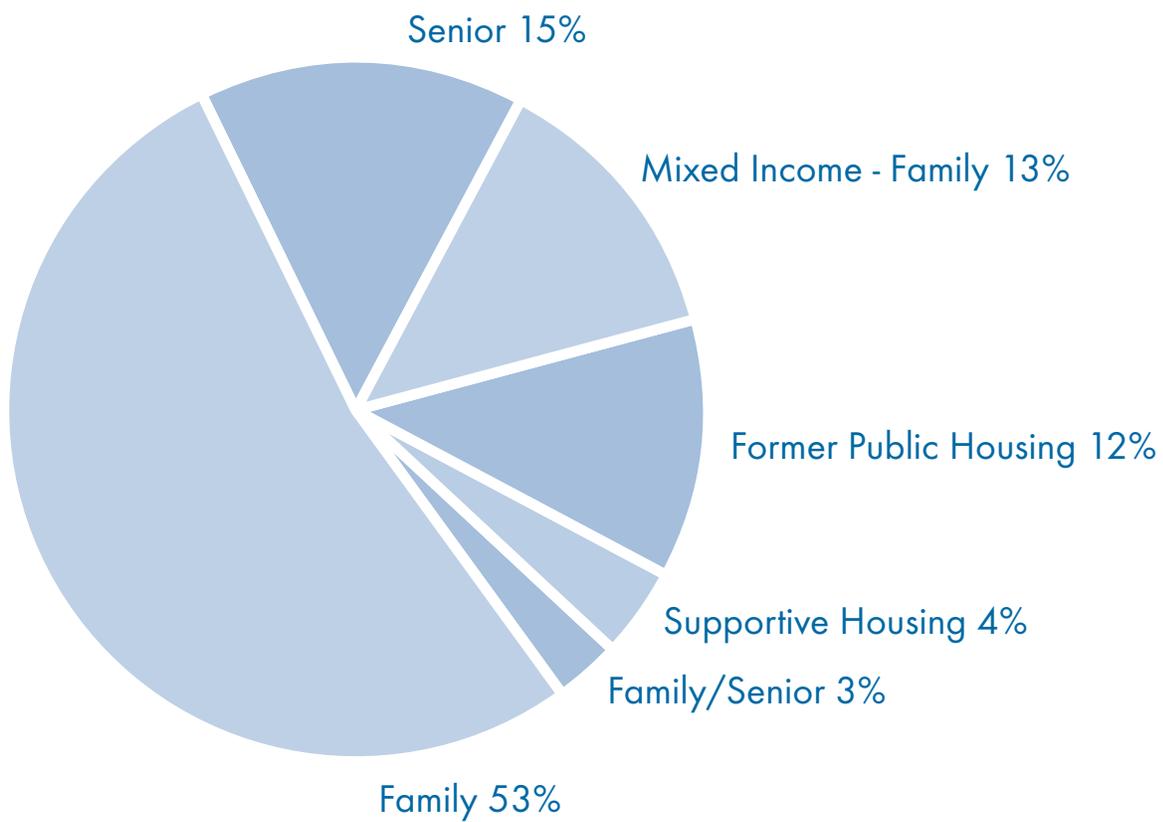
Appendix II

Range of BRIDGE Product Types



Appendix III

BRIDGE Resident 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"> • Knowledge • Capacity • Reputation • Leadership 	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"> • Local resources (money, land, etc.) • Political support • Relationships 	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

Appendix V

BOARD OF DIRECTORS

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Kurt Creager
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Kimberly McKay
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Smitha Seshadri
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