

# BRIDGE HOUSING

## 2024-2027 STRATEGIC PLAN









# FOREWORD FROM THE CEO

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Dear BRIDGE Housing community,

I am delighted to launch and implement BRIDGE Housing's new 2024 – 2027 strategic plan. This plan provides a strong foundation to broaden our impact and advance our affordable housing mission well into the future. We have set ambitious but achievable goals and targets, including creating 5,100 units of affordable housing. We have outlined five priorities to get there that span our organization.

While our mission and values are staying the same, this plan is an opportunity to stretch ourselves to deepen our ability to create affordable housing by expanding financing sources and balancing our strength in new construction with more acquisitions. These changes are needed given the challenging external conditions affecting BRIDGE and our industry. This direction will push us as an organization in a good way, and we will need to be flexible, learning oriented, and persistent as we go.

I'm looking forward to stepping into this next chapter for BRIDGE at a time when our communities' need for quality affordable housing is only growing. We have a duty to continue building on our 40-year history of innovation and impact to deliver quality affordable housing for many years to come.

Ken Lombard  
President & CEO



# EXECUTIVE SUMMARY

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This 2024-2027 Strategic Plan is designed to chart a path for BRIDGE Housing to continue addressing the affordable housing crisis on the West Coast by creating thousands more units of affordable housing, and in turn greater opportunity for thousands of residents. BRIDGE will focus on providing housing for low- and middle-income households in California, Oregon, and Washington. BRIDGE aims to empower residents to achieve greater housing stability and economic opportunity, instead of the unstable housing, heavy rent burdens, and lack of access to jobs, education, and more that too many people face today.

BRIDGE has set three overarching goals to achieve this vision:

1. Create 5,100 more affordable housing units
2. Ensure that residents experience greater economic opportunity, housing stability, and satisfaction
3. Continually improve BRIDGE's operational efficiency and financial strength through outstanding asset and property management

The entire enterprise (including BRIDGE Housing Corporation, BRIDGE Property Management Corporation, and BRIDGE Community Impact) will be responsible for achieving these goals. BRIDGE will make progress towards its goals through implementing five priorities:

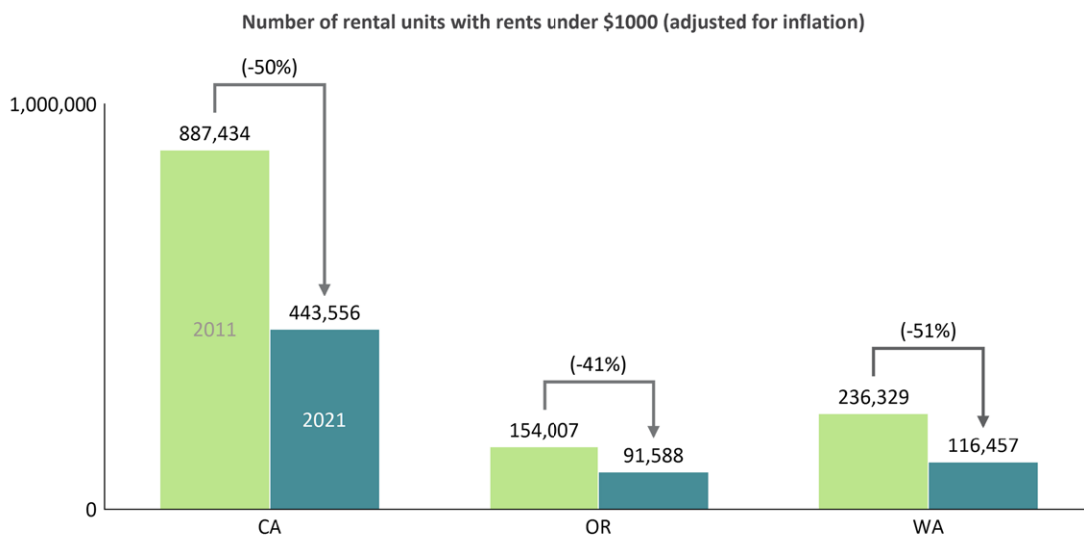
1. Grow and preserve affordable housing through new construction, acquisition, and refinancing and resyndication of BRIDGE's portfolio
2. Raise equity financing from new sources to fuel acquisitions and some new construction
3. Strengthen financial sustainability of BRIDGE's portfolio
4. Strengthen and focus Resident Services to increase resident economic opportunity
5. Strengthen BRIDGE's communications tools and strategies

As a result of this plan, BRIDGE will become a larger and financially stronger organization, growing in flexibility and agility to adapt to changing market conditions.

# STRATEGY OVERVIEW

Since its founding in 1983, BRIDGE has contributed to developing more than 20,000 units of affordable housing in California, Oregon, and Washington. For the thousands of families and individuals living in BRIDGE housing, this has meant experiencing the security, stability, and opportunity that quality affordable housing provides. Because of BRIDGE, many of its 30,000 residents can find and keep family-supporting jobs, even in high-cost, high-opportunity cities. Because BRIDGE residents are less rent burdened, they are more able to save money, build financial resilience and fund education. And because of BRIDGE Housing's focus on quality services, residents can build community and meet their goals.

However, as the housing crisis on the West Coast intensifies, the security and stability available to low- and middle-income households are diminishing, thanks to a significant net loss in affordable housing. Rental units below \$1000 have significantly declined<sup>1</sup> across all three of BRIDGE's geographies (see below).



<sup>1</sup>Note: All figures are adjusted to 2021 dollars using CPI-U Less Shelter. No cash units are excluded. For a full-time minimum wage employee in California (who makes less than \$30,000 annually), \$744 in rent represents 30% of monthly income. Sources: Harvard Joint Center for Housing Studies tabulations of US Census Bureau, American Community Survey 1-Year Estimates; Housing Matters: Urban Institute; CA HCD

## BRIDGE'S ASPIRATION

BRIDGE will address this challenge head-on by creating and preserving more affordable housing on the West Coast, the heart of the national housing crisis. BRIDGE will create thousands more units of affordable housing through both developing new housing from the ground up that is financially sustainable for the long-term, and increasingly through acquisitions. By doing so, BRIDGE can more fully realize its mission of strengthening communities and improving lives beginning – but not ending – with affordable housing.

## OVERARCHING GOALS

### Goal 1: Create 5,100 more affordable housing units

BRIDGE will significantly grow its portfolio of more than 125 properties to meet the urgent need for new housing on the West Coast. BRIDGE will continue to pursue new development whenever feasible, and will also strengthen its acquisition pipeline and team.

This portfolio expansion will be enabled in part by BRIDGE's \$100 million ESG bond issuance underwritten by Morgan Stanley, the \$250 million in financing provided by Morgan Stanley and National Equity Fund, and other sources. The upgrade of BRIDGE's credit rating to AA- by S&P Global Ratings – the highest rating assigned to any nonprofit developer – will further enhance BRIDGE's access to investment capital.

### Goal 2: Ensure residents experience greater economic opportunity, housing stability, and satisfaction

BRIDGE will focus on three outcomes to understand if it is achieving its mission of strengthening communities and improving lives: economic opportunity, housing stability, and resident satisfaction. This will require continuous strengthening of Resident Services and Property Management to maintain a consistently positive resident experience.

### Goal 3: Continually improve BRIDGE's operational efficiency and financial strength through outstanding asset and property management

Operational efficiency and financial health are pre-requisites to BRIDGE delivering on its mission through Goals 1 and 2. Across the organization, and with a specific focus on Asset and Property Management, BRIDGE will deepen its culture of execution and achieve even greater efficiency than it does today.

# STRATEGIC PRIORITIES

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To achieve these goals, BRIDGE must successfully execute five strategic priorities, listed below and described in the following pages:

1. Grow and preserve affordable housing through new construction, acquisition, and refinancing and resyndication of BRIDGE's portfolio
2. Raise equity financing from new sources to fuel acquisitions and some new construction
3. Strengthen the financial sustainability of BRIDGE's portfolio
4. Strengthen and focus Resident Services to increase resident economic opportunity
5. Strengthen BRIDGE's communications tools and strategies

## 1a. Develop New Units Of Affordable Housing

Ground-up development adds new affordable housing supply and draws on BRIDGE's distinct new construction expertise. BRIDGE will leverage the development projects already in its existing pipeline as opportunities to further refine its approach and ready the organization to pursue new construction even more effectively, as the market evolves.

BRIDGE will continue to pursue cost efficiencies, including evaluating potential opportunities in predevelopment, standardizing the use of easily adaptable project prototypes, and improving the implementation of Design and Construction Quality Control (DC-QC) processes across regions.

## 1b. Create And Preserve Affordable Housing Through Acquisition

Acquisitions offer an opportunity for BRIDGE to create and preserve affordability while circumventing challenging market conditions such as high interest rates and development costs. BRIDGE acquisitions will serve households in California, Oregon, and Washington between 50-120% AMI, supporting both BRIDGE's primary historical target population and the underserved "missing middle" of middle-income workers who do not qualify for subsidized housing but cannot sustainably afford market rate housing.

BRIDGE will maintain and create new affordability through high impact acquisitions, with a primary focus on:

- Maintaining affordability for naturally occurring affordable housing (NOAH) in changing neighborhoods, which is a rapidly disappearing asset class, particularly in high-opportunity areas
- Creating new affordability within market rate developments, which can be more efficient and cost effective per door than new development, and addresses the fact that many tenants are already income-eligible but rent burdened
- BRIDGE will also preserve subsidized affordable housing by acquiring general partner (GP) interest in rent-restricted properties (e.g., Section 8, LIHTC) where affordability may be under immediate threat of being lost.

## 1 c. Strengthen BRIDGE's Portfolio By Refinancing And Resyndicating Units

Existing portfolio preservation through refinancing and resyndication of properties extends the affordability of existing stock, while also generating incremental revenue. BRIDGE has an existing portfolio of nearly 130 properties, which will be routinely audited to identify potential refinancing and resyndication opportunities over the plan period.

## 2. Raise Equity Financing From New Sources To Fuel Acquisitions And Some New Construction

Raising private capital allows BRIDGE to build a more balanced, sustainable portfolio and limits the organization's reliance on soft debt and government subsidies. This will allow BRIDGE to drive more impact more quickly in a financially prudent manner.

Raising private capital will help BRIDGE better match its strategy to the right type and scale of capital: as BRIDGE adjusts its property mix, it sees an opportunity to leverage private investor capital, which is often well-suited to support acquisitions (relative to new development). Investor capital will allow BRIDGE to scale its work more quickly than it could on its own.

## 3. Strengthen Financial Sustainability Of BRIDGE's Portfolio Through Strong Asset And Property Management

Asset Management will work to ensure the financial health of each property, and build out new capacity to support portfolio growth, including quicker lease up times, managing capital expenditures (CapEx), faster onboarding times for new acquisitions, and identifying cost-saving opportunities utilizing BRIDGE's scale.

Property Management will work with Asset Management to ensure the financial and physical sustainability of BRIDGE properties. Activities will include hiring additional Property Management staff to keep up with growth in properties, continuing the rollout of the new online training platform for Property Management staff, and leveraging emerging technologies to help streamline resident engagement and connection.



## 4. Strengthen And Focus Resident Services To Increase Resident Economic Opportunity

Continuing to strengthen and focus Resident Services is critical to fulfilling BRIDGE's commitment to communities and its mission. Strong programs and services will help more residents have stable housing, earn and save money, and access educational opportunities. Today, BRIDGE contracts with more than 25 nonprofit providers to coordinate and deliver programs and services for residents at 109 of its nearly 130 properties. These programs and services include children's summer programs, adult education, afterschool care, and health and wellbeing programming. In addition, BRIDGE scholarship programs have awarded over \$3.5 million to more than 460 residents since 2001 to help them pursue post-secondary education.

BRIDGE will increase funding for resident services while rolling out more focused service coordination and supports for residents based on their need, whether seniors or low-to-moderate income families. BRIDGE will know if more focused programs and services are working if residents have greater housing stability, increased income (both improved and retained), and increased wealth (including across generations) through greater educational opportunities.

## 5. Strengthen BRIDGE's Communications Tools And Strategies

BRIDGE has an extraordinary story to tell based on its 40 years of leadership, innovation and impact in creating affordable housing on the West Coast. Seizing even more opportunities to share this story publicly and leverage the experience and insights of its executive team will help BRIDGE to (1) increase new development and acquisitions, particularly in newer markets within larger Southern California; (2) increase access to capital, specifically equity, from institutional and other investors new to BRIDGE; and (3) contribute to its policy influence to drive housing solutions that help advance its mission.

In order to remain engaged in the broader conversation around housing issues, BRIDGE will continue to engage with the media, pursue opportunities for thought leadership by its professional team, and capitalize on speaking engagements and other opportunities for public discourse.

# APPROACH TO IMPLEMENTATION

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BRIDGE will implement this plan in two phases: Phase 1: Build infrastructure for scale (July – December 2024) and Phase 2: Scale with efficiency (2025 – 2027). In Phase 1, BRIDGE will make investments in infrastructure and begin to launch its equity and acquisition strategies. In Phase 2, BRIDGE will continue to grow its pipeline and portfolio and run all functions at a steady state of quality and efficiency. Throughout the plan, BRIDGE will monitor targets and milestones to ensure the plan is on track.



# CONCLUSION

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This is an ambitious plan for BRIDGE. It includes significant growth, strengthening operations across departments and business units, and launching innovative approaches to bringing financing to the affordable housing sector. BRIDGE is committed to acting with urgency to execute this plan—an urgency that is required to meet the current affordable housing crisis and find solutions to build new housing in the wake of challenging conditions.

Since its founding, BRIDGE has been a leader in the affordable housing space, and this plan reflects a continuation of that leadership. Because of the work that BRIDGE will undertake in the next four years, thousands more families will have a quality, affordable home. The affordable housing sector writ large will have a model of how to create and preserve affordability at scale, even in challenging markets.







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