

2008 Annual Report



ABOVE: ALAN STEIN, FOUNDING CHAIRMAN OF BRIDGE, HANDS THE GAVEL TO RICK HOLLIDAY

Dear Friends:

The past 18 months have been a time of significant change and transition for the country, our industry and, in many respects, BRIDGE Housing.

At our silver anniversary gala in June 2008, Alan Stein, the founding Chairman of BRIDGE, stepped down after 25 exceptional years to take on the new role of Chairman Emeritus. Then in early 2009, BRIDGE President Carol Galante was handpicked by the Obama Administration to become the Deputy Assistant Secretary for Multifamily Housing Programs at the U.S. Department of Housing and Urban Development. We will always be grateful to Carol for her steadfast commitment to improving lives and communities, and for the exceptional legacy she left with BRIDGE.

These transitions, combined with the fact that we are in the final year of our current business plan, make this an ideal time to pause and think through our strategic vision for the organization over the next five to seven years. Our organization's ability to thrive through change is a testament to the strength of BRIDGE and the commitment to excellence this company has cultivated.

In the midst of these transitions, it is instructive to reflect on the last quarter century and recognize that BRIDGE has done much more than develop and manage affordable homes. We have produced mixed-income communities, parks and wetlands, commercial and retail space, child care centers, police substations, even a library. We have created over 90,000 jobs and generated more than \$5 billion for local economies.

We could not have accomplished any of this alone, and we wish to thank our many friends and partners, who share our passion for making every year a better year for Californians.

Lydia Tan
Interim President and CEO

Richard Holliday
Chairman of the Board

During one of the most uncertain periods in modern real estate development, BRIDGE held its own in 2008, with more than 2,700 homes and apartments either completed or in construction. In addition, we jump-started work on developments that represent a wide range of affordable opportunities:

- BRIDGE and its affiliate BUILD were awarded the rights to redevelop San Francisco Housing Authority's Potrero Terrace and Annex. The team plans to replace all of the existing 606 apartments and build an additional 600 to 800 rental and for-sale homes.
- In Los Angeles County, BRIDGE is developing an underutilized site on the north side of Gardena High School. Sage Park will include 128 affordable apartments targeted to Los Angeles Unified School District teachers and staff. Proposed community amenities include exhibit space for the famed Gardena High art collection and expanded community gardens.
- In coordination with a local nonprofit, BRIDGE will acquire Summerhouse, a partially complete, foreclosed-upon condominium project in Temecula. On its share of the site, BRIDGE plans to create 90 affordable apartments for families.
- BRIDGE's Alta Torre, when complete in 2010, will provide 56 high-quality, service-enriched homes for very low-income seniors in Palo Alto. Part of a larger site acquired by BUILD, Alta Torre is complemented by more than 100 for-sale townhomes at Altaire as well as the Taube-Koret Campus for Jewish Life, with senior living, recreational facilities and an intergenerational community and performing arts center.



LEFT TO RIGHT: SHEROLYN SAMSON, ALAN AND RUTH STEIN EDUCATIONAL ASSISTANCE PROGRAM ALUMNA; ALTA TORRE GROUNDBREAKING, PALO ALTO

CONSOLIDATED
STATEMENT
OF FINANCIAL
POSITION

| | 2008 | 2007 |
|---|-------------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 70,454,000 | 70,973,000 |
| Restricted cash and deposits | 47,554,000 | 46,526,000 |
| Accounts receivable - net | 3,695,000 | 5,259,000 |
| Notes receivable | 34,274,000 | 36,799,000 |
| Prepaid expenses, deposits and impounds | 3,625,000 | 6,715,000 |
| Property and equipment - net | 931,206,000 | 832,325,000 |
| Deferred costs - net | 14,438,000 | 14,435,000 |
| Land under lease and other investments | 8,802,000 | 8,370,000 |
| Total assets | 1,114,048,000 | 1,021,402,000 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | 24,992,000 | 12,684,000 |
| Notes and interest payable | 680,341,000 | 625,189,000 |
| Deferred revenues | 30,645,000 | 31,981,000 |
| Security and other deposits | 4,481,000 | 4,176,000 |
| Total liabilities | 740,459,000 | 674,030,000 |
| Net assets: | | |
| Unrestricted: | | |
| Controlling interests | 65,783,000 | 68,182,000 |
| Non-controlling interests | 223,195,000 | 218,062,000 |
| Total unrestricted | 288,978,000 | 286,244,000 |
| Temporarily restricted: | 82,951,000 | 59,378,000 |
| Permanently restricted: | 1,660,000 | 1,750,000 |
| Total net assets | 373,589,000 | 347,372,000 |
| Total liabilities and net assets | \$ 1,114,048,000 | 1,021,402,000 |

* The above Financial Statements were consolidated adopting EITF 04-5 whereby entities which BRIDGE controls are consolidated.
To obtain a copy of BRIDGE's audited financial statements, please contact the BRIDGE offices.

CONSOLIDATED
STATEMENT OF
ACTIVITIES

| | 2008 | 2007 |
|--|----------------------|----------------------|
| SUPPORT AND REVENUE: | | |
| Rental income – net of vacancies and concessions | \$ 76,247,000 | \$ 66,013,000 |
| Management revenue | 4,127,000 | 3,806,000 |
| Contributions | 29,896,000 | 17,371,000 |
| Interest income | 4,389,000 | 5,497,000 |
| Other | 4,417,000 | 23,271,000 |
| Total support and revenue | 119,076,000 | 115,958,000 |
| EXPENSES: | | |
| Program services ⁽¹⁾ | 81,628,000 | 76,258,000 |
| Supporting services | 3,901,000 | 3,815,000 |
| Fundraising | 378,000 | 252,000 |
| Total expenses | 85,907,000 | 80,325,000 |
| Cash Operating Income | \$ 33,169,000 | \$ 35,633,000 |

⁽¹⁾Expenses exclude \$26,088,000 and \$24,307,000 of non-cash Depreciation and Amortization Expense and \$6,575,000 and \$4,545,000 of non-cash Interest Expense on project related subordinate financing in 2008 and 2007 respectively.



LEFT TO RIGHT: WOODBURY WALK, IRVINE; THE GIZARD FAMILY, NEW BRIDGE RESIDENTS



BRIDGE
DEVELOPMENTS

| PROJECT NAME | PROJECT LOCATION | PROJECT TYPE | TOTAL HOMES & APARTMENTS | AFFORDABLE HOMES & APARTMENTS | PROJECT VALUE | BRIDGE | BUILD* | HomeBricks** |
|---|------------------|--------------------------------|--------------------------|-------------------------------|------------------------|--------|--------|--------------|
| 104 BRIDGE DEVELOPMENTS COMPLETED/IN SERVICE 1983-2008 | | | 12,528 | 8,848 | \$1,830,000,000 | | | |
| IN CONSTRUCTION | | | | | | | | |
| 4545 KENTFIELD ROAD | STOCKTON | FAMILY RENTAL | 90 | 90 | \$ 15,800,000 | • | | |
| ALTAIRE/ALTA TORRE (901 SAN ANTONIO) | PALO ALTO | SENIOR RENTAL/FAMILY OWNERSHIP | 159 | 56 | 113,600,000 | • | • | • |
| ARMSTRONG PLACE TOWNHOMES | SAN FRANCISCO | FAMILY OWNERSHIP | 124 | 124 | 60,000,000 | • | | • |
| CENTRAL STATION/IRONHORSE APARTMENTS | OAKLAND | FAMILY RENTAL/LAND DEVELOPMENT | 596 | 99 | 51,500,000 | • | • | • |
| CITRA | SUNNYVALE | FAMILY RENTAL | 147 | 15 | 39,800,000 | | • | |
| CRIMSON (LEWIS ROAD) | SAN JOSE | FAMILY OWNERSHIP | 80 | 4 | 50,700,000 | | • | |
| GEARY BLVD. SENIOR LIVING AND HEALTH CENTER | SAN FRANCISCO | SENIOR RENTAL | 150 | 150 | 63,000,000 | • | | |
| IRVINGTON VILLAGE PHASE II | FREMONT | FAMILY OWNERSHIP | 168 | 25 | 99,400,000 | | • | |
| MISSION WALK | SAN FRANCISCO | FAMILY OWNERSHIP | 131 | 131 | 63,500,000 | • | | • |
| MOSAICA 601 | SAN FRANCISCO | FAMILY OWNERSHIP | 21 | 21 | 5,600,000 | | | • |
| ONE EAST JULIAN | SAN JOSE | FAMILY OWNERSHIP | 8 | 8 | 2,500,000 | | | • |
| TRESTLE GLEN AT EL CAMINO TRANSIT VILLAGE | COLMA | FAMILY RENTAL/OWNERSHIP | 151 | 119 | 46,100,000 | • | | |
| ARMSTRONG PLACE SENIOR | SAN FRANCISCO | SENIOR RENTAL | 116 | 116 | 41,200,000 | • | | |
| CHELSEA PARK | SAN FRANCISCO | FAMILY OWNERSHIP | 5 | 5 | 1,145,000 | | | • |
| 2008 IN CONSTRUCTION | | | 1,946 | 963 | \$ 653,845,000 | | | |
| IN APPROVALS | | | | | | | | |
| 474 NATOMA | SAN FRANCISCO | FAMILY OWNERSHIP | 57 | 57 | 30,500,000 | • | | |
| COMM 22 | SAN DIEGO | FAMILY/SENIOR/RENTAL/OWNERSHIP | 252 | 197 | 105,000,000 | • | | • |
| DOLORES LIA | MILLBRAE | FAMILY OWNERSHIP | 27 | 27 | 10,200,000 | • | | • |
| LINDEN LOFTS | OAKLAND | FAMILY OWNERSHIP | 50 | TBD | 17,500,000 | • | | |
| MACARTHUR TRANSIT VILLAGE | OAKLAND | FAMILY RENTAL/OWNERSHIP | 624 | 108 | 213,200,000 | • | • | |
| POTRERO TERRACE/POTRERO ANNEX | SAN FRANCISCO | FAMILY/SENIOR/RENTAL/OWNERSHIP | 1400 | 900 | 444,260,000 | • | • | • |
| POTTERY COURT | LAKE ELSINORE | FAMILY RENTAL | 90 | 90 | 24,000,000 | • | | |
| SAN LEANDRO CROSSINGS | SAN LEANDRO | FAMILY MIXED | 300 | 100 | 115,000,000 | • | • | |
| ST. JOSEPH'S - SENIOR | OAKLAND | SENIOR RENTAL | 84 | 84 | 34,700,000 | • | | |
| ST. JOSEPH'S - FAMILY | OAKLAND | FAMILY RENTAL/OWNERSHIP | 70 | 70 | 34,000,000 | • | | |
| WOODS MANOR | PITTSBURG | FAMILY RENTAL | 80 | 80 | 19,150,000 | • | | |
| WEST SACRAMENTO | SACRAMENTO | FAMILY RENTAL | 70 | 70 | 26,800,000 | • | | |
| SAGE PARK | LOS ANGELES | FAMILY RENTAL | 128 | 128 | 32,130,000 | • | | |
| BLOCK 11A TRANSBAY | SAN FRANCISCO | SPECIAL NEEDS RENTAL | 120 | 120 | 36,000,000 | • | | |
| 2008 IN APPROVALS | | | 3,352 | 2,031 | \$1,142,440,000 | | | |
| GRAND TOTAL TO DATE | | | 17,826 | 11,842 | \$3,626,285,000 | | | |

* BRIDGE Urban Infill Land Development (BUILD) invests capital and provides entitlement expertise in development efforts led by BUILD and by our quality partners.

** HomeBricks, a BRIDGE affiliate, performs fee-for-service work on behalf of other entities in some cases.

INVESTING IN SUSTAINABILITY



LEFT TO RIGHT: DISCUSSING BEST PRACTICES AT PICKLEWEED APARTMENTS IN MILL VALLEY; THE TSEHAI FAMILY, FIRST-TIME HOMEBUYERS ASSISTED BY HOMEBRICKS

There is no doubt that these challenging economic times are directly impacting the working families and seniors we serve. In 2008, in the spirit of BRIDGE's 25th anniversary, we went beyond celebrating our accomplishments. We demonstrated a steadfast commitment to advancing our mission, and we continue to create solutions and seek out opportunities, even in this unprecedented market.

Our anniversary year kicked off with a sold-out gala dinner in San Francisco, where former San Francisco Mayor Willie Brown described BRIDGE as "probably the most viable nonprofit organization in the state of California." During the gala, we unveiled our new virtual city, BRIDGEtown, along with 25 long-term initiatives that will challenge BRIDGE and our partners to continue building, leading and sustaining for the next 25 years.

BRIDGE is grateful for the support and partnership we receive from many organizations and individuals. We are especially appreciative of the significant support provided by the following in 2008:

DOUGLAS D. ABBEY

RICHARD AND CONNIE ADAMS

BARBARA AND GERSON BAKAR

BANK OF AMERICA

CITI FOUNDATION

S. H. COWELL FOUNDATION

DEIRDRE ENGLISH

THE FORD FOUNDATION

SCOTT AND JESSICA GERBER

EVELYN & WALTER HAAS, JR. FUND

MIMI AND PETER HAAS FUND

THE F.B. HERON FOUNDATION

RICK AND NANCY HOLLIDAY

BRADLEY INMAN

JOHN LAING HOMES

THE JOHN D. & CATHERINE T. MACARTHUR FOUNDATION

BILL AND URSULA MOFFETT

BETH MULLEN

RONALD AND MARY NAHAS

DENNIS AND GLORIA O'BRIEN FOUNDATION

THE CHARLES PANKOW FOUNDATION

SAVERI & SAVERI, INC.

ALAN L. AND RUTH STEIN

DON TERNER MEMORIAL FUND FOR PEOPLE IN NEED

UNION BANK OF CALIFORNIA

ERNESTO AND SOCORRO VASQUEZ

WACHOVIA

WASHINGTON MUTUAL

WEB SERVICE COMPANY

WELLS FARGO

WESTERN NATIONAL GROUP

To that end, we revisited a dozen BRIDGE properties throughout the state in the fall, bringing together the original development teams to discuss lessons learned and best practices to use going forward. And to address the policy-oriented solutions to our industry's challenges, we hosted two policy forums with the Urban Land Institute, the USC Lusk Center for Real Estate, and the UC Berkeley Fisher Center for Real Estate and Urban Economics.

Ultimately, the purpose of these efforts is to provide a stronger foundation for the people we serve, resulting in increased opportunities and healthier, more stable communities.

To learn more about BRIDGE's 25th anniversary activities, visit www.bridgehousing.com/BRIDGE-at-25

For a full list of donors, please visit our website at www.bridgehousing.com.