



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE CITY COUNCIL AND HOUSING AUTHORITY

DATE ISSUED: May 31, 2012

REPORT NO: HAR12-034

ATTENTION: Members of the City Council and Housing Authority of the City of San Diego
For the Agenda of July 10, 2012

SUBJECT: Ninth and Broadway - Preliminary Multifamily Housing Revenue Bond Items

COUNCIL DISTRICT: 2

REQUESTED ACTION:

Take the initial steps for the Housing Authority of the City of San Diego ("Housing Authority") to issue multifamily mortgage revenue bonds to facilitate the new construction of floors 8-17 (a 121-unit portion) of a 250-unit affordable rental housing development located at Ninth Avenue and Broadway in downtown San Diego. Final issuance of bonds will require San Diego Housing Commission ("Housing Commission") and Housing Authority approval at a later date.

STAFF RECOMMENDATION:

Seek Housing Authority of the City of San Diego approval, as described in this report, for the following:

- 1) Approve initial steps to issue Housing Authority multifamily mortgage revenue bonds for this project, including:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$24,000,000 in multifamily housing revenue bonds for new construction of Ninth and Broadway by a to-be-formed limited partnership.
 - b. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of authority to issue tax-exempt private activity bonds in an amount of up to \$24,000,000 for Ninth and Broadway.
 - c. Approve a bond financing team of Quint & Thimmig as bond counsel and CSG Advisors as bond financial advisor.
 - d. Request that the City Council hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing, and adopt a resolution approving the Housing Authority's issuance of tax-exempt bonds in an amount of up to \$24,000,000.
- 2) Authorize the President & Chief Executive Officer of the Housing Commission ("President & CEO"), or his designee to execute any and all documents and instruments, in a form approved by General Counsel and bond counsel, and to perform such acts as are necessary to implement these approvals, and to adjust terms/conditions as necessary for consistency with requirements of third-party funding sources or to accommodate market changes that may occur after approval of this report but before close of escrow.

May 31, 2012

Ninth and Broadway – Preliminary Multifamily Housing Revenue Bond Items

Page 2

SUMMARY:

Ninth and Broadway is Bridge Housing Corporation's ("Bridge") proposed 250-unit new construction affordable rental housing development to be located at the southeast corner of Ninth Avenue and Broadway (Attachment 1 – site map). The project was underwritten, financed and approved by the Centre City Development Corporation ("CCDC" or "Agency"). The 250-unit project will include 88 supportive housing units (35 percent of the total) for those who are homeless or at risk of becoming homeless, with 25 of the 88 units specifically targeted for adults and youth with mental illness. The 250-unit, 17-story development will be "vertically subdivided" and structured into two separate projects (project #1 is floors 1-7 and project #2 is floors 8-17) with separate legal ownership and separate project financing. This report, and the proposed issuance of multifamily mortgage revenue bonds, are only applicable to the construction and financing for project #2 comprised of floors 8-17.

- 1) Floors 1-7 (129 units) will be financed using 9 percent tax credits along with California Department of Housing and Community Development Multifamily Housing Program ("MHP") funds and will be owned by the single asset entity Broadway Tower Associates, L.P., a California limited partnership with Bridge SC LLC as the initial general partner.
- 2) Floors 8-17 (121 units) will be financed with 4 percent tax credits with multifamily mortgage revenue bonds and will be owned by the single asset entity Broadway Upper Tower Associates, L.P., a California limited partnership with Bridge SC LLC as the initial general partner.

On March 21, 2012, the City Council approved a Second Amended Disposition and Development Agreement ("DDA") (see Attachment 2) for the Ninth and Broadway Affordable Housing Project, with the developer Broadway Tower Associates, L.P. ("BTA").

The Property

The fee title ownership of the project site, as well as rights and obligations under the DDA were transferred from the Agency to the City in March 2011. On August 8, 2011, the developer and the City executed a 70-year ground lease. The project site is a 25,000-square-foot parcel. The parcel consists of a vacant lot currently utilized as a surface parking lot, and a one-story warehouse structure (not historically significant) used as a storage area to assist the homeless.

The Development

The proposed 17-story building will consist of 248 affordable rental units targeted for low, very-low and extremely-low income individuals, two managers' units, approximately 15,000 square feet of resident community space, approximately 5,800 square feet of ground-floor retail space and two-and-a-half levels of underground parking with 120 parking spaces. All units will have individual bathrooms and kitchen areas. Attachment 2 includes the project details, and a project summary is provided as Attachment 3 to this report. The estimated development schedule is:

- July 27, 2012 application to CDLAC for a bond allocation and application to the California Tax Credit Allocation Committee ("CTCAC") for 4 percent tax credits.
- September 26, 2012 CDLAC allocation meeting.
- October 17, 2012 CTCAC Committee meeting.
- January 2013 estimated construction start.
- January 2015 estimated construction completion.

May 31, 2012

Ninth and Broadway – Preliminary Multifamily Housing Revenue Bond Items

Page 3

The project will be managed by Bridge Property Management, a subsidiary of Bridge, which currently manages over 7,000 units. Bridge Property Management has 20 years of experience in managing affordable rental housing, including a number of supportive housing projects. The project will be staffed by two full-time resident managers, one and one-half full-time equivalent service coordinators, and one full-time leasing officer. There will be a security guard on site during non-business hours. A variety of services will be provided on-site, including nutrition and financial management classes and job training.

Project Sustainability

The project will be built to meet or exceed LEED Silver standards. Items such as photovoltaic for house electric, solar for hot water heating, green roof (located on the 15th floor terrace), and low flow water fixtures will be utilized. The developer will ensure that the project will exceed the State Title 24 (California Energy Code) requirements by 17.5 percent.

The Development Team

Bridge has formed a single asset limited partnership, Broadway Upper Tower Associates, L.P., to own the project. Bridge SC, LLC will be the initial General Partner of the limited partnership. Bridge SC, LLC's sole member is Bridge Housing Corporation Southern California, a 501(c)(3) nonprofit corporation (Attachment 4 - Organization Chart). Developer Disclosures are provided as Attachment 5.

Bridge Housing Corporation Southern California has developed approximately 1,100 affordable units in San Diego County including constructing the 112-unit Torrey Del Mar Apartments located at 13875 Carmel Valley Road, in 2003, with Housing Commission funding. Bridge Southern California's parent, Bridge, is a successful affordable housing developer with significant experience in a wide range of housing projects. Formed in 1983, Bridge Housing Corporation has developed over 13,000 affordable homes for more than 35,000 Californians, helped one-fourth of its residents advance to homeownership, provided hundreds of construction and permanent jobs, provided over 550,000 square feet of commercial space, and won over fifty state, national, and international awards.

Table 1 Development Team Summary

ROLE	FIRM/CONTACT	OWNERSHIP
Developer	Broadway Tower Associates, LP Contact: Kimberly McKay, Executive Vice President, Bridge Housing Corporation Southern California	General Partner: Bridge SC, LLC – Its sole member is Bridge Housing Corporation Southern California, a 501(c)(3) nonprofit
Architect	Studio E Architects Contact: Eric Naslund, Principal McLarand, Vasquez, Emsiek, & Partners (MVE) – Architect of Record Contact: Rick Castillo, Principal	Studio E: Eric Naslund and John Sheehan (Privately Owned) MVE: Carl McLarand, Ernesto Vasquez and Richard Emsiek (Privately Owned)
General Contractor (for both projects)	Highland Partnership, Inc. Contact: Ian Gill	Ian Gill and J. David Gardner (Privately Owned)
Property Management	Bridge Property Management Co.	501(c)(3) nonprofit corporation
Prevailing Wage Monitor	To be determined	
Construction Lender	Multifamily revenue bond issue. Lender bank to be determined.	

AFFORDABLE HOUSING IMPACT:**Affordability**

The proposed issuance of multifamily mortgage revenue bonds will provide construction and permanent gap financing to construct floors 8-17, a 121-unit portion of the affordable rental housing development's 248 units. The City's DDA will restrict the project's affordability for 55 years. The units will be affordable to tenants with incomes at Area Median Income ("AMI") levels ranging from 30 percent to 60 percent.

Table 2 Affordability & Rent Table

Ninth and Broadway – Floors 8-17 (121 unit portion of the total 250 unit development)							
Affordability Mix	Living Units ** (259 to 322 sq feet)		Studio Units (382 square feet)		One Bedrooms (430 to 624 sq ft)		
Project #2 Floors 8-17 (121 units portion):	Units	Estimated Net Rent	Units	Estimated Net Rent	Units	Estimated Net Rent	Total
40% AMI units	49	\$545*	0	--	0	--	49
50% AMI units	0	--	10	\$638 *	0	--	10
60% AMI units	0	--	0	--	61	\$875 *	61
Manager's unit	0	--	0	--	1	--	1
Subtotal	49		10		62		121
Project #1 Floors 1-7 (129 units portion):				--			
30% AMI units	79	--	0	--	0	--	79
40% AMI units	14	--	7	--	0	--	21
50% AMI units	0	--	15	--	13	--	28
Manager's unit	0	--	0	--	1	--	1
Subtotal	93		22		14		129
Total Units	142	--	32	--	76	--	250

* Developer's estimated rents after utilities allowance deduction.

** "Living Units" are efficiency rental units between 150 and 400 net square feet. The above estimated unit square footages are only for floors 8-17.

MHSA-Funded Supportive Housing

The project's 88 supportive housing units will include 25 units funded by the California Mental Health Services Act ("MHSA") Program and will be specifically targeted for adults and Transition-Age-Youth ("TAY") who have mental illness. The developer is partnering with Providence Corporation for Transition Age Youth ("Providence") for the TAY population and Community Research Foundation ("CRF") for the adult population. Providence and CRF are recognized full-service partnerships ("FSP") under the MHSA program, contracted by the County of San Diego. Supportive services to be provided by the FSPs include case management, substance abuse counseling, financial education, medical services, employment and education support services, and transportation assistance. The developer will work closely with the FSPs on these 25 units, including qualifying tenants, leasing, and coordinating services. The MHSA program will provide an operating subsidy to contribute toward the operating expenses that are not covered by the rental income.

Non-MHSA Funded Supportive Housing

The project's 88 supportive housing units will include 63 units (not funded by MHSA) and will be targeted for persons who are homeless or at risk of becoming homeless with disabilities such as

May 31, 2012

Ninth and Broadway – Preliminary Multifamily Housing Revenue Bond Items

Page 5

HIV/AIDS. The developer is partnering with Family Health Centers of San Diego to provide services including case management, medical services, group education and comprehensive risk counseling services. The 88 supportive housing units will be targeted for individuals with incomes at or below 30 percent of AMI. Section 8 project-based vouchers and an MHSA operating subsidy will help to offset the operating deficits for these supportive housing units.

FISCAL CONSIDERATIONS:

Budget Statement

This action does not impact the Housing Commission Budget.

Other Fiscal Impacts

The Housing Commission will be providing 88 project-based Section 8 certificates for the project's 88 supportive housing units. The project financing has been previously approved by the Centre City Development Corporation.

Table 3 - Developer's Estimated Sources of Financing
(This Table is Only for Floors 8-17, the 121-unit Portion of the Total 250 Unit Development)

Permanent Financing Sources	Amounts
Permanent Loan (multifamily mortgage revenue bonds)	\$1,649,000
City of San Diego (Agency Loan)	\$19,073,466
Deferred Developer Fee	\$700,000
4% Tax Credit Equity	\$15,781,054
Total Development Cost (TDC)	\$37,203,520
TDC Per Unit (for 121 units)	\$307,467

Proposed Bond Financing

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make Federal 4 percent tax credits available) to developers of affordable housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a project, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, projects are brought before the Housing Commission, Housing Authority, and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal and City Council TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds. Final authorization to issue bonds will be brought to the Housing Commission and Housing Authority in fall 2012.

The developer estimates a bond application to CDLAC on July 27, 2012 and a bond allocation at CDLAC's September 26, 2012 meeting. The developer then has ninety days to close the bond financing unless an extension is received by CDLAC. If necessary, staff can submit additional applications to CDLAC to secure a bond allocation for the project. A general description of the Multifamily Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financing are described in Attachment 6.

The developer will be seeking a CDLAC allocation of approximately \$24,000,000. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and

May 31, 2012

Ninth and Broadway – Preliminary Multifamily Housing Revenue Bond Items

Page 6

will fully comply with the City's ordinance on bond disclosure. The \$24,000,000 allocation that will be sought from CDLAC is approximately 12 percent higher than the \$21,462,069 amount for which the project is currently being underwritten. This increased amount represents a cushion to account for possible increases in the bond amount due to increases in construction costs, or increases in the assumed interest rate, or the loss of other planned funding sources. The bond amount that is ultimately issued will be based upon project costs, revenues, and interest rates prevailing at the time of bond issuance. The developer proposes that the bonds will be used for construction financing and permanent financing. Later this year, the Housing Commission staff will return to the Housing Authority for approval of the final bond amount.

There are no fiscal impacts to the Housing Commission, the City of San Diego, or the Housing Authority associated with the requested bond actions. Approval of the bond inducement and TEFRA resolutions do not commit the Housing Authority to issue bonds. The bonds will not constitute a debt of the City of San Diego. If bonds are ultimately issued for the project, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City nor the faith and credit of the Housing Authority will be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's .0023 bond amount issuer fee (estimated at \$55,200 with a \$24,000,000 bond issue) and the Housing Commission's annual administrative fee.

Staff recommends assigning CSG Advisors as bond financial advisor and Quint & Thimmig as bond counsel to work on the project. The proposed bond financing team members have been selected in accordance with the existing Housing Commission policy for the issuance of bonds. Financial advisors and bond counsels are designated on a rotating basis from the firms selected through a competitive Request for Proposal ("RFP") process.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS:

In 2009, BRIDGE and CCDC gave a presentation to the East Village Association regarding Ninth and Broadway. CCDC also held a lengthy Request for Proposals process to select the project's developer with multiple presentations to the Centre City Advisory Committee ("CCAC") which represents downtown's residents, property owners, businesses, charitable, civic and cultural groups.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On June 8, 2012, this item was unanimously approved by the Housing Commission Board.

On March 21, 2012 the City Council approved Resolution R-307346 which approved the Second Amendment to the Disposition and Development Agreement for the Ninth and Broadway Affordable Housing Project with Broadway Tower Associates LP.

On February 29, 2012 Centre City Development Corporation approved this project with their report "Ninth and Broadway Affordable Housing Project (southeast corner of Broadway and Ninth Avenue) Second Amendment to Disposition and Development Agreement East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project."

KEY STAKEHOLDERS and PROJECTED IMPACTS:

Stakeholders include Bridge as developer; the City of San Diego as the land owner and lessor of the land to the partnership; the County of San Diego which administers the local MHSA program; the Housing Authority as bond issuer; the State of California as a lender; and the homeless population which will

May 31, 2012

Ninth and Broadway – Preliminary Multifamily Housing Revenue Bond Items

Page 7

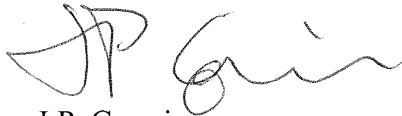
benefit from the portion of the project reserved for those who are homeless or at risk of becoming homeless. The project is anticipated to have a positive impact on the downtown community as it will contribute to the quality of the surrounding neighborhood and provide affordable housing for low-income persons.

ENVIRONMENTAL REVIEW:

This project is covered under the Final Environmental Impact Report ("FEIR") for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and 10th Amendment to the Centre City Redevelopment Plan, certified by the Agency on March 14, 2006 (Resolution R-04001), and subsequent addenda to the FEIR certified by the Agency on August 3, 2007 (Agency Resolution R-04193), April 21, 2010 (Agency Resolutions R-04508 and R-04510), and August 3, 2010 (Agency Resolution R-04544). The FEIR is a "Program EIR" prepared in compliance with State of California Environmental Quality Act Guidelines Section 15168.

Processing under the National Environmental Policy Act is not required as the requested action does not involve federal funds.

Respectfully submitted,



J.P. Correia
Real Estate Manager
Real Estate Department

Approved by,



Deborah N. Ruane
Senior Vice President
Real Estate Department

- Attachments:
1. Site Map
 2. City Council Resolution #307346 and Agency report
 3. Project Summary
 4. Organization Chart
 5. Developer Disclosure Statements
 - a) Bridge Housing Corporation Southern California
 - b) Bridge Housing Corporation
 - c) Bridge SC, LLC
 6. Multifamily Bond Program Summary

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1
SITE MAP



ATTACHMENT 2
CITY COUNCIL RESOLUTION 307346 AND CCDC MARCH 20, 2012 REPORT

RESOLUTION NUMBER R- 307346

DATE OF FINAL PASSAGE MAR 21 2012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SAN DIEGO APPROVING THE SECOND AMENDMENT TO
THE DISPOSITION AND DEVELOPMENT AGREEMENT
FOR THE NINTH AND BROADWAY AFFORDABLE
HOUSING PROJECT WITH BROADWAY TOWER
ASSOCIATES, L.P.

WHEREAS, the former Redevelopment Agency of the City of San Diego (Former RDA) was engaged in activities necessary to carry out and implement the Redevelopment Plan for the Centre City Redevelopment Project (Redevelopment Plan); and

WHEREAS, the Former RDA adopted an Implementation Plan for the Centre City Redevelopment Project (Implementation Plan) in accordance with California Health and Safety Code section 33490, which is part of the California Community Redevelopment Law (CRL), set forth at California Health and Safety Code sections 33000-33855; and

WHEREAS, to carry out the Redevelopment Plan and the Implementation Plan, the Former RDA and Broadway Tower Associates, L.P., a California limited partnership and affiliate of BRIDGE Housing Corporation – Southern California (Developer), entered into that certain Disposition and Development Agreement dated December 11, 2009 (DDA), a copy of which is on file with the City Clerk as Document No. RR-306488; and

WHEREAS, the DDA contemplates that the Developer will develop and construct a 250-unit multi-family affordable housing project, together with retail space, community space, and a parking garage (collectively, the Project) on a site (Property) generally located at the southeast

corner of Ninth Avenue and Broadway within the East Village Sub Area of the Centre City Redevelopment Project Area; and

WHEREAS, on or about March 16, 2011, the Agency transferred to the City fee title ownership of the Property, as well as all of the Agency's rights, title, interest, and obligations under the DDA; and

WHEREAS, the Former RDA dissolved as of February 1, 2012, in accordance with a deadline for elimination of all redevelopment agencies throughout California set forth in Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in a final opinion issued on December 29, 2011, in litigation designated as Case No. S194861; and

WHEREAS, the DDA was amended by the First Amendment to the DDA dated August 8, 2011, which changed the DDA to a three-party agreement among the Former RDA, Developer and City, and allowed early execution of a ground lease to enable Developer to receive full site control points for its Multifamily Housing Program (MHP) funding application; AND

WHEREAS, the DDA requires the Developer to operate the housing component of the Project upon completion of construction as rental housing that is affordable to low and very low income households, as more specifically defined and provided for in the DDA; and

WHEREAS, the DDA contemplates that the City will issue to the Developer a loan in an amount not to exceed \$21,873,000 (City Loan), to be applied toward the cost of construction of the Project's affordable housing component; and

WHEREAS, the Developer owns a leasehold interest in the Property pursuant to that certain Ground Lease between the City (as landlord) and Developer (as tenant) dated August 8, 2011; and

WHEREAS, pursuant to the DDA, the Former RDA provided a predevelopment loan to the Developer in the amount of \$1,000,000 (the "Predevelopment Loan") evidenced by that certain Predevelopment Loan Note dated February 8, 2010 executed by Developer in favor of the Former RDA (the "Predevelopment Loan Note"). The City has succeeded to the interests of the Former RDA in the Predevelopment Loan Note; and

WHEREAS, pursuant to the DDA, the Method of Financing (Attachment No. 3 to the DDA) and the Promissory Note to the Redevelopment Agency of the City of San Diego (Attachment No. 8.B. to the DDA) (the "Promissory Note"), in the event that actual Acquisition and Development Costs are less than the permanent Sources of Financing, the resulting cost savings ("Cost Savings") shall be paid to the City to reduce the principal amount of the City Loan. This repayment structure does not provide any incentive to the Developer to save costs and/or secure additional sources, and therefore the City wishes to revise it to allow the additional proceeds from Cost Savings or increased sources to be shared between the City (75 percent) and the Developer (25 percent). The Developer's share will be treated as an additional developer fee, which will be capped at \$900,000; and

WHEREAS, at the time of the execution of the DDA, the estimated Acquisition and Development Costs totaled \$65,700,000. Due to an increase in direct, indirect and financing costs for the Project, Acquisition and Development Costs have increased an additional \$7,556,000 to \$73,215,000. The Developer's proposed sources have increased by \$13,579,000, which is sufficient to cover the increased Acquisition and Development Costs and an unfilled gap of \$6,023,000. The City and Developer desire to amend the DDA to reflect this change in costs; and

WHEREAS, pursuant to Section 214. f.2. of the DDA, the Project has been bifurcated into two projects for financing purposes, one utilizing 4% Low Income Housing Tax Credits and the other pursuing 9% Low Income Housing Tax Credits, referred to in the DDA as the Split 4%/9% Structure. Developer has established that the proposed split meets all of the conditions precedent to establishing such a split set forth in Section 214. f.2. of the DDA; and

WHEREAS, in connection with the Split 4%/9% Structure, Developer desires to increase its current Developer fee of \$2,500,000, of which \$500,000 was to be deferred until the Completion of the Project, to a Developer fee of \$3,000,000 (\$2,500,000 attributed to the 4% Low Income Housing Tax Credit component and \$ 500,000 attributed to the 9% Low Income Housing Tax Credit component) to pay increased administration costs associated with managing two separate projects. The Deferred Developer Fee will remain the same; and

WHEREAS, the Developer made slight adjustments to the mix of Affordable Units. The total number of Affordable Units remains the same, but four (4) studios are converted to (i) two (2) living units and (ii) two (2) one-bedroom units. The average unit size and affordability will remain at the same level; and

WHEREAS, it is now proposed that the the City and the Developer enter into the Second Amendment the DDA to amend the Method of Financing and the Form of Promissory Note to the Redevelopment Agency of the City of San Diego to reflect modifications to the sources and uses, Cost Savings provision and additional proceeds repayment requirements, amend the Project Budget to reflect the revised sources and uses, amend the Agreement Affecting Real Property and the Scope of Development to reflect the change in the mix of the Affordable Units, amend the DDA and the Method of Financing to provide for an increase of the Developer fee to pay costs associated with the increased oversight and management of the bifurcated Project, amend


the maturity date of the Predevelopment Loan Note to coincide with the close of escrow for the disbursement of the City Loan, and take related actions; and

WHEREAS, the Council believes that the execution of the Second Amendment is in the best interests of the City and benefits the public health, safety, or general welfare of its residents, and is in accord with the public purpose and provisions of applicable state and local law and requirements; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, as follows:

1. That the Council hereby finds and determines that all recitals set forth in this Resolution are true and correct and fully incorporated herein by this reference.
2. That the Council hereby approves the Second Amendment and all exhibits attached thereto.
3. That the Mayor or his designee is authorized, on behalf of the City, to execute and deliver the Second Amendment, a copy of which is on file in the office of the City Clerk as Document No. RR- 307346.
4. That the Mayor or his designee is authorized, on behalf of the City, to execute and deliver all agreements and other documents reasonably required to effect the purposes of the Second Amendment and deemed by the Mayor or his designee to be in the best interests of the City.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Nathan Slegers
Deputy City Attorney

NS:hm
03/07/2012
Or.Dept:CCDC
Document No. 332564

I hereby certify that the foregoing Resolution was passed by the City Council of the City of San Diego, at its meeting of 3/20/12.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 3.21.12
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

DATE ISSUED: March 14, 2012

ATTENTION: Council President and City Council
Docket of March 20, 2012

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Ninth and Broadway Affordable Housing Project (southeast corner
of Broadway and Ninth Avenue) – Second Amendment to
Disposition and Development Agreement – East Village
Redevelopment District of the Expansion Sub Area of the Centre
City Redevelopment Project

COUNCIL DISTRICT: 2

REFERENCE: None

STAFF CONTACT: Eri Kameyama, Senior Project Manager, 619-533-7177

REQUESTED ACTION: That the City Council of the City of San Diego (“City Council”) approves the proposed Second Amendment to the Disposition and Development Agreement (DDA) (“Second Amendment”) between the City of San Diego (“City”) and Broadway Tower Associates, L.P. (“Developer”) for the Ninth and Broadway affordable housing project located at the southeast corner of Broadway and Ninth Avenue (“Project”). There is no proposed change to the Redevelopment Agency of the City of San Diego (“Agency”) loan amount.

STAFF RECOMMENDATION: That the City Council approves the proposed Second Amendment between the City and Developer for the Project.

SUMMARY: The Agency entered into a DDA with the Developer on December 11, 2009 and committed funding in an amount not to exceed \$21,873,000 to assist the development of an affordable housing project on the Agency-owned site at the southeast corner of Broadway and Ninth Avenue. The development will consist of 248 affordable rental units, two manager’s units, 15,000 square feet of resident community space, 5,800 square feet of ground-floor retail space and two-and-a-half levels of underground parking with 120 stalls. Of the 250 units, 88 units will be supportive housing available for the homeless and individuals at risk of homelessness.

The fee title ownership of the project site, as well as the Agency’s rights and obligations under the DDA, were transferred from the Agency to the City in March 2011. The DDA was amended

by the First Amendment to the DDA ("First Amendment") dated August 8, 2011, which modified the DDA to a three-party agreement among the Agency, Developer and City and allowed early execution of the Ground Lease to help the Project receive full site control points for the Multifamily Housing Program (MHP) funding application. Subsequent to the execution of the First Amendment, the Ground Lease and Agreement Affecting Real Property were executed between the City and Developer. The Developer requested that the DDA be further amended to incorporate several revisions to the Project's financing structure and design that have been made since the execution of the DDA in 2009, to be consistent with its nine percent (9%) tax credit application that will be submitted in March 2012. The proposed changes include adjustments to the sources and uses, an increase in the developer fee in recognition of costs associated with a more complex financing structure, a revision to the provision on additional proceeds and cost savings, and minor design modifications (unit size, unit mix, location of commercial space). There is no proposed change to the Agency loan amount. If successful in securing the 9% tax credits, all necessary funding sources will have been secured and the Project will be in a position to move forward to start construction in January 2013.

FISCAL CONSIDERATIONS: None.

ECONOMIC IMPACTS: None.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION: On February 29, 2012, the Centre City Development Corporation ("Corporation") Board voted 5-0 to approve the staff recommendation.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

DEVELOPMENT TEAM

ROLE	FIRM/CONTACT	OWNERSHIP
Developer	Broadway Tower Associates, LP Contact: Kimberly McKay, Executive Vice President, BRIDGE Housing Corporation Southern California	General Partner: BRIDGE SC, LLC Its sole member: BRIDGE Housing Corporation Southern California, a 501(c)(3) nonprofit corporation.
Architect	Studio E Architects - Design Architect Contact: Eric Naslund, Principal McLarand Vasquez Emsiek & Partners (MVE) - Architect of	Studio E: Eric Naslund and John Sheehan (Privately Owned) MVE: Carl McLarand, Ernesto Vasquez and Richard Emsiek

	Record Contact: Rick Castillo, Principal	(Privately Owned)
General Contractor	Highland Partnership, Inc. Contact: Ian Gill	Ian Gill and J. David Gardner (Privately Owned)
Property Management	BRIDGE Property Management Co. Contact: Susan Johnson	501(c)(3) nonprofit corporation

BACKGROUND:

The Project advances the Visions and Goals of the Downtown Community Plan and the Objectives of the Centre City Redevelopment Project by:

- Increasing the supply of affordable rental housing to very-low- and low-income persons;
- Expanding the supply of affordable living units to very-low-income persons;
- Assisting the development of affordable, permanent supportive housing projects; and
- Eliminating blight and utilizing a vacant parcel on a major commercial corridor.

This project is a critical component to the Corporation's plan toward the goal of ending downtown homelessness as it provides 88 supportive housing units targeted to the homeless and individuals at risk of homelessness.

On March 28, 2003, the Agency entered into an Owner Participation Agreement (OPA) with Lee Goldberg and SJS, Inc., which was later assigned to Broadway and 9th, LP ("Original Developer"), to construct a 12-story, 393-unit affordable rental-housing project on the 25,000 square-foot site located at Ninth Avenue and Broadway. Due to price escalations in construction costs, the Original Developer determined that the project was no longer economically viable and requested that the Agency terminate the OPA. The Agency agreed to terminate the OPA and negotiated to obtain an option to purchase the site from the Original Developer.

The Agency acquired the property from the original owner pursuant to the Repurchase Agreement dated July 17, 2006, which included rights to the design plans for the project that had already been reviewed by the City. The total purchase price for the land and plans was \$8,800,000. The Repurchase Agreement requires the Agency to develop an affordable housing project containing approximately 250 units on the property.

The Corporation issued a Request for Letters of Interest on June 1, 2007 and received submittals from seven development teams. Based on the published criteria of qualifications, three teams were short-listed to proceed with a Request for Proposals (RFP). An RFP was issued on August 10, 2007 and the three short-listed teams, Barone Galasso and Associates, BRIDGE Housing Corporation (BRIDGE), and Chelsea Investment Corporation with Related Companies of California, responded to the RFP. After a thorough review process, BRIDGE was selected as the

developer and an Exclusive Negotiation Agreement was executed between the Agency and BRIDGE in March 2009. BRIDGE later formed Broadway Tower Associates, L.P. to serve as the developer for the Project.

The Agency entered into a DDA with the Developer on December 11, 2009, and committed a subsidy in an amount not to exceed \$21,873,000 to assist the development of the Project. At the same time, the Project received design review approval from the Corporation. The fee title ownership of the project site, as well as the Agency's rights and obligations under the DDA, were transferred from the Agency to the City by the "First Agreement Regarding General Assignment, Assignment of Accounts Receivable and Other Assets, And Assignment and Assumption of Contracts and Other Items" between the Agency and the City dated March 16, 2011. The DDA was amended by the First Amendment dated August 8, 2011, which modified the DDA to a three-party agreement among the Agency, Developer and City and allowed early execution of the Ground Lease to help the Project receive full site control points for the MHP funding application. Subsequent to the execution of the First Amendment, the Ground Lease and Agreement Affecting Real Property were executed between the City and Developer.

DISCUSSION:

Project Description

Project Site

The project site is a 25,000-square-foot parcel located at the southeast corner of Ninth Avenue and Broadway. The parcel consists of a vacant lot and an old warehouse structure (not historically significant) and is currently utilized as a surface parking lot and a homeless storage area. A site map (Attachment A) is included with this report. The operators of the homeless storage have been notified that their operations will need to be relocated prior to commencement of construction.

Proposed Project

The 17-story building will consist of 248 affordable rental units targeted for low-, very-low- and extremely-low-income individuals, two manager's units, 15,000 square feet of resident community space, 5,800 square feet of ground-floor retail space and two-and-a-half levels of underground parking with 120 stalls. Of the 250 units, 88 units (35 percent of the total) will be set aside as supportive housing units available for the special needs population who were homeless or at risk of homelessness.

Supportive Housing

Of the 88 supportive housing units, 25 units will be funded by the Mental Health Services Act (MHSA) Program and will be specifically targeted for adults and Transition-Age-Youths (TAY) who have mental illness. The Developer is partnering with Providence Corporation for Transition Age Youth ("Providence") for the TAY population and Community Research

Foundation (CRF) for the adult population. Providence and CRF are recognized full-service partnerships (FSP) under the MHSA program, contracted by the County of San Diego. Supportive services to be provided by the FSPs include case management, substance abuse counseling, financial education, medical services, employment and education support services and transportation assistance. The Developer will work closely with the FSPs on these 25 units, including qualifying tenants, leasing and coordinating services. The MHSA program will provide an operating subsidy to pay for the operating expenses that are not covered by the rental income for 12 units.

The non-MHSA supportive housing units (63 units) will be targeted for individuals who are at risk of becoming homeless with disabilities such as HIV/AIDS. The Developer is partnering with Family Health Centers of San Diego to provide services including case management, medical services, group education and comprehensive risk counseling services at their locations. The 88 supportive housing units will be targeted for individuals with incomes at or below 30 percent of Area Median Income (AMI). Section 8 vouchers and MHSA operating subsidy will offset the operating deficits for these supportive housing units.

Property Management

The Project will be managed by BRIDGE Property Management, a subsidiary of BRIDGE Housing which currently manages over 7,000 units. BRIDGE Property Management has 20-years of experience in managing affordable rental housing, including numbers of supportive housing projects. The Project will be staffed by two full-time resident managers, one-and-a-half full-time equivalent service coordinators, one full-time leasing officer, one part-time compliance officer, two full-time janitors, one full-time maintenance supervisor and one full-time maintenance technician. There will be a security guard on site during non-business hours. A variety of services will be provided on-site, including nutrition and financial management classes and job training.

Project Financing

Development Budget

At the time of the DDA execution in December 2009, the estimated total development cost was \$65.7 million. This original budget reflected a 16-story building with two levels of parking and assumed that the transaction would be developed as one project, with one financing. Since that time, the Developer has updated the project budget to reflect the current 17-story building with 2.5 levels of parking as well as bifurcated project financing that will consist of MHP and 9% tax credits in one component and four percent (4%) tax exempt bond financing in the other by an air rights subdivision. The following table reflects the resulting cost increases to \$73.2 million.

	Original Dec 2009 (DDA)	Revised Jan 2012	Difference
Direct Costs	\$49,331,965	\$51,314,139	\$1,982,174
Indirect Costs	\$11,327,188	\$13,376,083	\$2,048,895
Financing Costs	\$4,999,440	\$6,824,865	\$1,825,425
Transition Reserve	\$0	\$700,000	\$700,000
Supportive Housing Reserve	\$0	\$1,000,000	\$1,000,000
Total	\$65,658,593	\$73,215,087	\$7,556,494
Per SF GBA	\$413	\$437	\$24
Per Unit	\$262,634	\$292,860	\$30,226

- Direct costs have increased by \$2 million reflecting the updated contractor's cost estimate based on an advanced set of drawings. A portion of the direct cost increase (approximately \$0.5 million) is due to the City's new water submetering ordinance that became effective in March 2010. A majority of the direct cost increase is due to an additional floor (8,560 square feet) that was not included in the previous cost estimate. Based on the increased gross building area, direct costs have actually decreased on a per-square-foot basis from \$311 to \$307.
- Increases in indirect costs are due to the greater architecture and engineering costs (approximately \$655,000), an increase in the soft cost contingency (from 3.7 percent to 6.5 percent of indirect costs) and an increased developer fee based on the bifurcated financing structure (\$1.4 million, of which \$900,000 will be reinvested in the Project as Developer equity), which will be discussed in more detail in the subsequent section.
- Financing costs increased by \$1.3 million due to: 1) a need to increase the amount of the construction loan to supplement the delayed disbursements of soft debts; 2) increased fees associated with bifurcation of the project into two projects (approximately \$250,000); and, 3) the higher interest rate associated with the taxable 9% tax credit component which does not utilize tax exempt bonds.
- A capitalized Transition Reserve (\$700,000) was added to satisfy lenders' requirements to address the risk associated with Project Based Section 8 vouchers not being renewed after its expiration in year 15. This reserve would cover the operating deficits during the transition years until alternative funding sources are secured.
- A Supportive Housing Reserve in the amount of \$1 million was added to the capital budget to be used for the annual supportive services for the 63 non-MHSA supportive housing units. The need to capitalize this reserve stems from the fact that MHP requires projects to pay for supportive services out of projects' excess cash flows after debt

services, but there is not sufficient cash flow to ensure that these services can be provided for 15 years. Services for the 25 MHSA units will be covered by its operating subsidy.

Keyser Marston Associates (KMA) and their construction cost estimator, Hunter Pacific, have closely evaluated the revised development budget and have determined the costs to be within industry standard (see Attachment B) and the costs per unit to be reasonable compared to market-rate construction.

Sources

At the time of the DDA execution, the Developer proposed to finance the Project as one project with a combination of 4% tax credits, MHP, MHSA, Affordable Housing Program (AHP) funds and the Agency loan in the amount of \$21,873,000 (\$87,000 per unit) as summarized below. At the time, this structure resulted in a funding gap of approximately \$6 million without identified funding sources. This gap was partially the result of a depressed tax credit equity market at the time. To fill the gap, the Developer committed to pursue other funding alternatives, including a 9% tax credit application (which would generate more tax credit equity), the Transit Oriented Development Housing (TOD) and Infill Incentive Grant (IIG) programs funded by Proposition 1C. The DDA required the Developer to use its developer fee and/or developer equity to fill any remaining funding gap.

To maximize the tax credit equity generated by the Project, it was also agreed that the Developer and Agency would make best efforts to explore ways to structure the Project as two components, one with 4% tax credits and the other with 9% tax credits. Generally, 9% tax credits generate larger tax credit equity than 4% tax credits. However, because the tax credit regulations limit the size of the projects applying for 9% tax credits at 150 units, larger projects with more than 150 units are not able to utilize 9% tax credits unless the projects are bifurcated. In addition, the tax credit regulations require 9% tax credit projects to complete construction within 24 months ("placed-in-service" requirement). Unlike suburban low-rise developments that can be phased to meet the placed-in-service requirement, it is extremely difficult for urban high-rise projects to meet the requirement. Because of these constraints, there have been no high-rise projects that have utilized both 4% and 9% tax credits in California.

Subsequent to the execution of the DDA, the Developer pursued funding sources identified in the DDA, and was awarded \$10 million in MHP funding and secured a commitment of 88 Project Based Section 8 vouchers from the San Diego Housing Commission. The Developer has secured MHSA funding in the amount of \$2.8 million from the California Housing Finance Agency. The Developer planned to apply for the TOD and IIG programs, but the Department of Housing and Community Development (HCD) has not issued a Notice of Funding Availability (NOFA) since the execution of the DDA due to depletion of program funding.

The Developer also conducted financial analysis utilizing both 4% and 9% tax credits and confirmed that bifurcation of the Project would generate much greater tax credit equity to close

the remaining gap. The Developer requested the California Tax Credit Allocation Committee (TCAC) to revise its regulations to allow high-rise projects to have 12 additional months to complete construction. TCAC approved this change and the current regulations (applications due March 2012) reflect this change. This change will allow high-rise projects to return credits awarded in one year and receive an equal amount of credits in the following year to afford more time for project completion. With this regulation change, the Project will be able to utilize both 4% and 9% tax credits. Utilizing both 4% and 9% tax credits combined with greatly improved tax credit pricing, the Developer's revised sources have increased by \$13.6 million, which is sufficient to fill the \$6 million gap and cover the increased project costs of \$7.6 million.

A comparison of the original and revised sources is shown below.

SOURCES OF FUNDS	Original Dec 2009 (DDA)	Revised Jan 2012	Difference
MHP	\$10,000,000	\$10,000,000	\$0
Tax Credit Equity (4%)	\$19,415,000	\$14,261,000	\$14,956,000
Tax Credit Equity (9%)	\$0	\$20,110,000	
MHSA	\$2,000,000	\$2,812,000	\$812,000
Deferred Developer Fee	\$500,000	\$0	(\$500,000)
Deferred Agency Interest	\$395,000	\$255,000	(\$140,000)
Affordable Housing Program (AHP)	\$1,000,000	\$1,000,000	\$0
Permanent Loan	\$4,453,000	\$2,000,000	(\$2,453,000)
Additional Sources to Fill the Gap (TOD, Infill Grant, or Developer's Equity)	\$6,023,000	\$0	(\$6,023,000)
GP Equity	\$0	\$904,000	\$904,000
City Assistance (excluding land)	\$21,873,000	\$21,873,000	\$0
TOTAL	\$65,659,000	\$73,215,000	\$7,556,000

Project proforma prepared by KMA is attached to this report as Attachment C.

Participation by the City – Second Amendment to DDA

The Developer plans to apply for the 9% tax credits in March 2012 and requested that the DDA be amended to incorporate changes to the financing structure, budget and design to be consistent

with the tax credit application. The draft Second Amendment has been prepared to address the following changes to the DDA (Attachment F):

Developer Fee

At the time of the DDA approval, the Project was planned to be financed as one project by 4% tax credits only, which limit the maximum developer fee at \$2.5 million. The current DDA allows a total developer fee of \$2.5 million, of which the developer offered to defer \$500,000 to assist with balancing the budget. The Project is now structured as two projects, one with 4% tax credits and the other with 9% tax credits. This change increases the maximum developer fee allowed under the tax credit regulations to \$3.9 million (\$2.5 million for the 4% tax credit component and \$1.4 million for the 9% tax credit component). The Developer and staff have negotiated an increase in the developer fee from \$2.5 million to \$3 million without deferral to compensate for the increased administration costs associated with financing and managing the bifurcated project (Attachment D), which will be legally and financially structured as two projects. For example, the Developer must now need to form and manage two limited partnerships for the tax credit financing, which will require separate accounting and legal documentation. During operation, accounting and regulatory compliance must be implemented separately as well. Staff believes that the fee increase of \$500,000 is justified considering the increased oversight and management duties for the bifurcated project.

In order to maximize the Project's eligible basis for the tax credit financing, the development budget reflects a developer fee of \$3.9 million, which is the maximum permitted under the tax credit program. The Developer has agreed to structure the remaining \$900,000 as GP Equity which reduces the cash fee that the Developer can receive to \$3 million. The Developer will have the opportunity to earn additional fees up to \$3.9 million based on performance through cost savings and additional sources as described in the following section.

Additional Proceeds and Cost Savings

Under the executed DDA, any cost savings and additional funding sources secured by the Developer must be applied toward paying down the Agency loan. This structure does not provide any incentive to the Developer to save costs or secure additional sources. Staff recommends that the DDA be amended to be consistent with other recently approved affordable housing partnership agreements to allow the additional proceeds from cost savings or increased sources to be shared between the City (75 percent) and the Developer (25 percent) to incentivize the Developer. The Developer's share (25 percent) will be considered as an additional developer fee, which will be capped at \$900,000, limiting the total developer fee at \$3.9 million. The Agency's share (75 percent) would be applied to pay down the Agency loan. However, any remaining funds in hard and soft cost contingencies upon completion of the Project will not be considered as cost savings and the full amount must be used to repay the Agency loan.

Agreement Affecting Real Property and Scope of Development (Unit Mix)

Based on the advanced set of drawings, the Developer made slight adjustments to the unit mix as

shown below. The total number of units remains the same, but four studios are converted to two living units and two one-bedroom units. The affordability mix will change to increase the number of units restricted at 30 percent AMI. Staff supports the changes because the average unit size and affordability will remain at the same level. The Agreement Affecting Real Property and Scope of Development will be amended to reflect the new unit mix.

Original Unit/Affordability Mix

	30% AMI	40% AMI	60% AMI	Unrestricted	TOTAL
Living Units	63	77			140
Studios		10	26		36
One Bedroom			72	2	74
TOTAL	63	87	98	2	250

Revised Unit/Affordability Mix

	30% AMI	40% AMI	60% AMI	Unrestricted	TOTAL
Living Units	79	63			142
Studios		7	25		32
One Bedroom			74	2	76
TOTAL	79	70	99	2	250

Project Budget and Method of Financing

The Project Budget (Attachment 7 of DDA) and Method of Financing (Attachment 3 of DDA) will be modified to reflect the updated sources and uses as discussed in the "Project Financing" section of this report.

Separate Agency Loan Notes and Ground Leases for the Bifurcated Financing Structure

As discussed above, the Project will be legally and financially structured as two projects: one with 4% tax credits and the other with 9% tax credits with two separate limited partnerships. In order to implement the bifurcation of the Project, the Mayor or designee will be authorized to make necessary modifications to the DDA administratively, including splitting the Agency loan into two separate loans each evidenced by a separate promissory note secured by a separate deed of trust and the Ground Lease into two separate ground leases for separate legal parcels to be identified in a vertical parcel map, so long as 1) the total amount of the Agency loan is not increased; 2) such modifications do not result in any increased financial risk to the City and do not materially impair the City's interests; and 3) such modifications are consistent with the DDA.

Subordination of Agency Loan/Affordability Covenants to MHP Loan/Regulatory Agreement

The Second Amendment will allow subordination of the Agency deed of trust and Agreement Affecting Real Property to the MHP deed of trust and its regulatory agreement if required by the state statutes and regulations. Note: Senior lenders' deeds of trust and covenants will be recorded against the leasehold interest, as opposed to the fee interest.

The original staff report recommending the execution of the DDA dated December 2, 2009 is attached to this report as Attachment E to provide a detailed background of the Project and terms of the original DDA.

Proposed Design Changes

The Developer is proposing changes to the arrangement of the ground-level commercial spaces and administrative offices along the project's Ninth Avenue frontage. In the previous design, the project's ground-level commercial square footage was divided between two separate commercial spaces; one along the Broadway frontage and a second retail space located at the center of the Ninth Avenue frontage. In the revised design, the two retail spaces have been consolidated into a single large retail space that extends the length of the Broadway frontage and wraps the corner onto Ninth Avenue. The proposed design provides a much larger commercial space at the important Ninth and Broadway street corner, and continues to provide a significant amount of commercial frontage along Ninth Avenue. In both the approved and proposed ground-level design, the remainder of the Ninth Avenue frontage is dedicated to the project's residential lobby, administrative offices, vehicular access ramps and utility areas. The revised design will adequately activate both the Ninth Avenue and Broadway frontages, and staff recommends approval of the proposed change. The updated floor plans and elevations are attached to this report.

Proposed Schedule of Performance

Action	Completion Date
Corporation Approval of Second Amendment	February 29, 2012
City Council Approval of Second Amendment	March – April 2012
9% Tax Credit Application	March 22, 2012
Construction Closing/Start Construction	January 2013
Complete Construction	January 2015

If the Developer fails to secure the 9% tax credit allocation in the first round of application (March 2012), the Developer is allowed to apply for the next round of application in July 2012, and the schedule will be delayed by four months.

Project Benefits

The Project will provide deeply affordable housing for 248 extremely-low-, very-low- and low-income individuals. Of the 248 units included in the Project, 88 units are set aside as supportive housing units available for the formerly homeless or those who are at risk of homelessness, including 25 units specifically targeted for adults and youths with mental illness. The Project is a critical component to the Corporation's plan toward the goal of ending downtown

homelessness. In addition, the Project will revitalize the corner of Ninth Avenue and Broadway with the proposed commercial space on the ground floor.

PROJECT DESCRIPTION – The following is a summary of the Project with proposed revisions:

Site Area	25,000 sq. ft.
Maximum FAR Permitted	10.0 – 14.0
Minimum FAR Required	6.0
Proposed FAR	6.8
FAR Bonuses Proposed	None
Stories	17 stories
Amount of Commercial Space	5,774 sq. ft.
Type of Housing	Affordable Rental Apartments
Total Number of Units	250
Types of Units (average sizes)	142 Living Units (301 SF) 32 Studios (424 SF) 76 1-BRs (632 SF)
Projected Rental Rates	\$412–\$875 based on 2011 AMI
Number of Units Demolished	0
Inclusionary Housing Ordinance Compliance/ Number of Affordable Units	Provision of 248 affordable apartments
Parking Required	112 spaces for residential
Proposed	120 spaces for residential
Assessor's Parcel Nos.	534-331-01 and 534-331-15

Environmental Impact: This project is covered under the Final Environmental Impact Report (FEIR) for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and 10th Amendment to the Centre City Redevelopment Plan, certified by the Agency on March 14, 2006 (Resolution R-04001), and subsequent addenda to the FEIR certified by the Agency on August 3, 2007 (Agency Resolution R-04193), April 21, 2010 (Agency Resolutions R-04508 and R-04510), and August 3, 2010 (Agency Resolution R-04544). The FEIR is a "Program EIR" prepared in compliance with State CEQA Guidelines Section 15168.

In connection with the approval of the DDA for the Project on December 7, 2009, the Agency caused the preparation of an Environmental Secondary Study (ESS) dated June 2009. Based on the conclusions of the ESS, the Agency made certain findings, consistent with State CEQA Guidelines Section 15168 and the Agency's CEQA procedures, to the effect that (i) the environmental impacts of the proposed Project were adequately addressed in the FEIR, (ii) the proposed Project is within the scope of the development program described in the FEIR, and (iii) no further environmental documentation is required under CEQA.

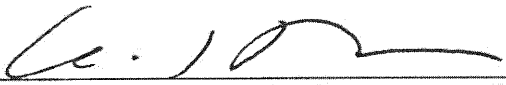
The proposed minor changes to the design of the project, as well as revisions to the DDA that pertain to modifications of the development budget and funding sources for the Project, do not implicate any new environmental concerns that are not already addressed in the FEIR and the ESS. In accordance with State CEQA Guidelines Sections 15162 and 15168, no further environmental documentation is required with respect to the proposed revisions to the OPA.

CONCLUSION

Staff requests that the City Council approves the proposed Second Amendment to incorporate revisions to the Project's financing and design as discussed in this report.

Respectfully submitted,

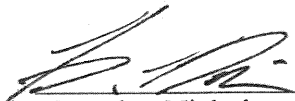
Concurred by:



Eri Kameyama
Senior Project Manager



Jeff Graham
Vice President, Redevelopment



Brandon Nichols
Senior Planner

Attachments: A – Site Map
 B – KMA Memo on Development Costs
 C – Updated Project Proforma by KMA
 D – Description of Increased Developer Administration Associated with a
 Bifurcated Project
 E – Staff Report recommending approval of DDA dated December 2, 2009
 F – Second Amendment to DDA
 Updated Project Design

ATTACHMENT 3 PROJECT SUMMARY

Table 4 - Project Summary

Multifamily mortgage revenue bonds financed portion of the total project	121 units, only floors 8-17 which is a portion of the total 250 units' development.
Location	Southeast corner of 9 th & Broadway
Assessor's Parcel Nos.	534-331-01 and 534-331-15
Total Site Area	25,000 sq. ft.
Current Use	Vacant land & one non-residential building
Maximum FAR Permitted	10.0 – 14.0
Minimum FAR Required	6.0
Proposed FAR	6.8
Total Parking	Required: 112 spaces for residential Proposed: 120 spaces for residential (which includes 74 parking spaces for the floors 8-17, 121 units project portion)
<u>Gross Square Footage (for floors 8-17, 121 units):</u>	
Total Gross Residential Square Footage.	78,807 square feet
Total Parking Garage (74 allocated spaces) Sq Ft.	+34,389 square feet
Total Gross Project Square Footage.	113,196 square feet for floors 8-17, 121 units
<u>Construction Cost (for floors 8-17, 121 units)</u>	
Estimated Construction Cost	\$26,960,000
Estimated Construction Cost Per Unit	\$ 222,810 per unit
Estimated Construction Cost Per Square Foot. . . .	\$ 238 per gross square foot
<u>Total Development Cost (for floors 8-17, 121 units)</u>	
Estimated Total Development Cost	\$37,203,520 TDC
Estimated Total Development Cost per unit	\$307,467 per unit for 121 units
<u>Total 250 Unit Project</u>	
Estimated Total Development Cost (TDC)	\$73,215,000
Estimated TDC Per Unit	\$ 292,860 per unit for 250 total units
Total Ninth and Broadway Projects' Unit Mix	142 Living Units 32 Studio Units +76 One Bedroom Units 250 Total Units
Total Ninth and Broadway Projects' Affordability	Ranging from 30% AMI to 60% AMI

ATTACHMENT 4 ORGANIZATION CHART

BRIDGE SC, LLC will be the General Partner for the proposed development. As evidenced by the organizational chart below, BRIDGE SC, LLC is an affiliate of BRIDGE Housing Corporation.



**ATTACHMENT 5A
DISCLOSURE STATEMENT
BRIDGE HOUSING CORPORATION SOUTHERN CALIFORNIA**

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE**

1. Name of CONTRACTOR: BRIDGE Housing Corporation – Southern California
2. Address and Zip Code: 345 Spear Street, San Francisco, CA 94105
3. Telephone Number: (415) 989-1111
4. Name of Principal Contact for CONTRACTOR: Kimberly McKay, VP
5. Federal Identification Number or Social Security Number of CONTRACTOR:

94-3233154
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

☐ A partnership known as: _____
(Name)

Check one

() General Partnership (Attach statement of General Partnership)

() Limited Partnership (Attach Certificate of Limited Partnership)

___ A business association or a joint venture known as:

(Attach joint venture or business association agreement)

___ A Federal, State or local government or instrumentality thereof.

___ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

Articles of Incorporation were filed on 9/11/95.

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

<u>Name, Address and Zip Code</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
---------------------------------------	---

BRIDGE Housing Corporation – Southern California is a wholly owned and controlled entity of BRIDGE Housing Corporation. See attached resolution

which shows the officers of BHC- SC; said officers are all employees of
BRIDGE Housing Corporation.

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

No.

10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name, Address and
Zip Code _____

Position Title (if any) and
extent of interest _____

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

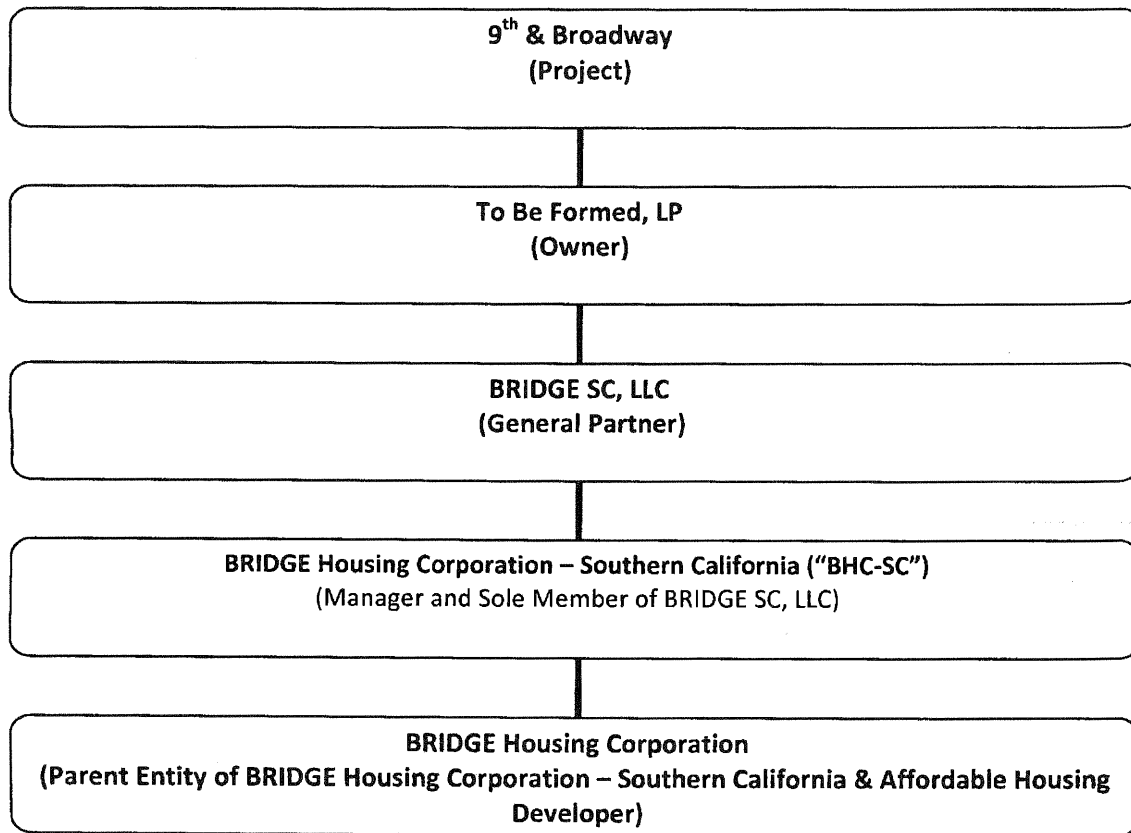
All officers of BRIDGE Housing Corporation – Southern California can be reached
at the following address:
345 Spear Street, Suite 700, San Francisco, CA 94105.

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature. If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Multiple affiliate entities – see organizational chart provided.

ORGANIZATIONAL CHART:

9th & Broadway – 4% LIHTC Development



The development will be vertically subdivided with two separate ownership and financing structures. 9th & Broadway will be owned by two separate legal entities, Broadway Tower Associates, LP and a to be formed, LP.

The 9th & Broadway is currently leased by Broadway Tower Associates, LP from the City of San Diego. Broadway Towers Associates, LP is the limited partnership that will own the 9% portion of the development. The LP is controlled by BRIDGE SC, LLC, the same GP partner as the 4% limited partnership.

BRIDGE SC, LLC is comprised of BRIDGE Housing Corporation – Southern California. BRIDGE Housing Corporation – Southern California is the Manager of the GP. BRIDGE Housing Corporation – Southern California is a wholly controlled affiliate of BRIDGE Housing Corporation.

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

See financial statement for BRIDGE Housing Corporation submitted under separate cover.

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

9th & Broadway will utilize mixed financing structure with 4% tax credits/bonds for construction and permanent financing, tax credit investor equity and City of San Diego funds (formerly RDA funds)

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

- a. Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$_____

BRIDGE Housing Corporation has adequate cash reserves and available financing. See financial statements.

- b. By loans from affiliated or associated corporations or firms:

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$_____

- c. By sale of readily salable assets/including marketable securities:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
	\$	\$

17. Names and addresses of bank references, and name of contact at each reference:

Bank of America; 45 Fremont St., 9th Floor, San Francisco, CA 94105

Contact: Jeff Bennett

Union Bank; 200 Pringle Avenue, Suite 335, Walnut Creek, CA 94596
Contact: Jonathan Klein

US Bank; 621 Capitol Mall, Suite 800, Sacramento, CA 95814
Contact: John Chan

Citibank; One Sansome Street, 22nd Floor, San Francisco, CA 94104
Contact: Merle Malakoff

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?
___ Yes X No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?
___ Yes X No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

<u>Bond</u> <u>Type</u>	<u>Project</u> <u>Description</u>	<u>Date of</u> <u>Completion</u>	<u>Amount</u> <u>of Bond</u>	<u>Action on</u> <u>Bond</u>
----------------------------	--------------------------------------	-------------------------------------	---------------------------------	---------------------------------

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

Not Applicable – a 3rd party general contractor will be utilized.

- a. Name and addresses of such contractor or builder:

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

___ Yes ___ No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$_____

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

- d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of</u> <u>Contract or Development</u>	<u>Location</u>	<u>Date to be</u> <u>Amount</u> <u>Completed</u>
--	-----------------	---

- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
------------------------	---------------	--------------------

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

Highland Partnership, Inc. has been selected as the contractor. See attached qualification statement from contractor.

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes ☒ No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

No other statements are attached.

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes ☒ No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category: See Certificates Attached.

- a. General Liability, including Bodily Injury and Property Damage Insurance
[Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☒ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☒ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☒ Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☒ Comprehensive Form
☐ Owned
☒ Hired
☒ Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

- e. **Excess Liability** [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

- f. Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT

is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state:

Government Entity
Making Complaint

Date

Resolution

No issues to report.

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state:

None. BRIDGE Housing Corporation – Southern California has never been disqualified, removed, etc. from bidding on or completing a project because of a violation of law or a safety regulation.

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

<u>Governmental Agency</u>	<u>Description License</u>	<u>License Number</u>	<u>Date Issued (original)</u>	<u>Status (current)</u>	<u>Revocation (yes/no)</u>
----------------------------	----------------------------	-----------------------	-------------------------------	-------------------------	----------------------------

N/A

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

No factors will adversely affect BRIDGE Housing Corporation - Southern California's ability to repay the Commission's loan.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

BRIDGE Housing Corporation – Southern California is a wholly controlled affiliate of BRIDGE Housing Corporation. BRIDGE Housing Corporation is the largest non-profit developer of affordable housing in California and has successfully developed over 13,000 homes in its 29-year history.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years:

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
12/11/09	Redevelopment Agency	Current	\$21,783,000
6/24/11	Redevelopment Agency	Current	\$9,255,000

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? ___ Yes X No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes ☒ No

If yes, explain:

38. List three local references who would be familiar with your previous construction project:

Name: City of Carlsbad – Debbie Fountain

Address: 2965 Roosevelt Suite B, Carlsbad, CA 92008

Phone: (760) 434-2935

Project Name and Description: Poinsettia Station Apartments – Carlsbad, CA

Name: KTGY – Chris Texter

Address: 17992 Fitch, Irvine, CA 92614

Phone: (949) 851-2133

Project Name and Description: Pottery Court – Lake Elsinore, CA

Name: City of San Marcos – Harry Williams

Address: 1 Civic Center Drive, San Marcos

Phone: (760) 744-1050

Project Name and Description: Sage Canyon Apartments

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the

personnel, the nature of the equipment and the general experience of the Contractor.

See previous responses.

40. Give the name and experience of the proposed Construction Superintendent.

Michael Wood – Highland Partnership, Inc. Senior Superintendent.

Mr. Wood has more than 32 years experience in the commercial construction industry in the San Diego and Southern California Market, serving as Field Supervisor and Project Superintendent on some of Southern California's largest construction projects. Major strengths include supervision of complex commercial, institutional and military projects, concrete placement and finish, and seismic enhancements. Mr. Wood has developed many strong client and industry relationships with a proven record performance and results.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 27 day of May, 2012, at San Diego, California.

CONTRACTOR

By:


Signature

Title

CERTIFICATION

The CONTRACTOR, BRIDGE Housing Corporation – Southern California, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: [Signature]

By: _____

Title: VP

Title: _____

Dated: 5/28/12

Dated: _____

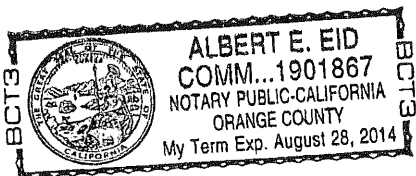
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

ATTEST:

State of California

County of Orange

Subscribed and sworn to before me this 28th day of May, 2012.



[Signature]
Signature of Notary

Albert E. Eid
Name of Notary

BRIDGE Housing Corporation-Southern California
CORPORATE RESOLUTION

Permanent Document
MAY 20 2011
Uploaded to SharePoint

Re: Election of Officers and Directors of BRIDGE Housing Corporation-Southern California

At a duly constituted meeting of the Board of Directors (the "Board") of BRIDGE Housing Corporation-Southern California, a California nonprofit public benefit corporation (the "Company"), held on December 14, 2010 the following resolutions were adopted:


WHEREAS, the Bylaws of the Company provide that the President, Secretary, Chief Financial Officer and one or more Vice Presidents of the Company shall be chosen annually by a majority of the Board of Directors and shall serve at the pleasure of the Board.

NOW, THEREFORE, BE IT RESOLVED: The following persons are hereby elected to the office of the Company immediately following his or her name effective as of January 1, 2011, for a term expiring on December 31, 2011 or until his or her successor is qualified and elected: Cynthia Parker, President, Susan M. Johnson, Vice President and Secretary, D. Kemp Valentine, Vice President and Chief Financial Officer, Rebecca V. Hlebasko, Vice President, Kimberly McKay, Vice President.

CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the duly elected and acting Secretary of BRIDGE Housing Corporation-Southern California and that the foregoing is a true copy of the Resolution adopted by the Board of Directors of the above-mentioned Company at a meeting of said Board held on the aforementioned date, and that said Resolution is in full force and effect.

Dated: 12/15, 2010



Susan M. Johnson, Secretary

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE**

1. Name of CONTRACTOR: BRIDGE Housing Corporation
2. Address and Zip Code: 345 Spear Street, San Francisco, CA 94105
3. Telephone Number: (415) 989-1111
4. Name of Principal Contact for CONTRACTOR: Kimberly McKay, EVP
5. Federal Identification Number or Social Security Number of CONTRACTOR:
94-2827909
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

☐ A partnership known as: _____
(Name)

Check one

() General Partnership (Attach statement of General Partnership)

() Limited Partnership (Attach Certificate of Limited Partnership)

___ A business association or a joint venture known as:

(Attach joint venture or business association agreement)

___ A Federal, State or local government or instrumentality thereof.

___ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

Articles of Incorporation were filed on 6/1/82.

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and Zip Code _____	Position Title (if any) and percent of interest or description of character and extent of interest
-------------------------------------	--

See attached list showing the members of the Board of Directors.

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

No.

10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name, Address and
Zip Code

Position Title (if any) and
extent of interest

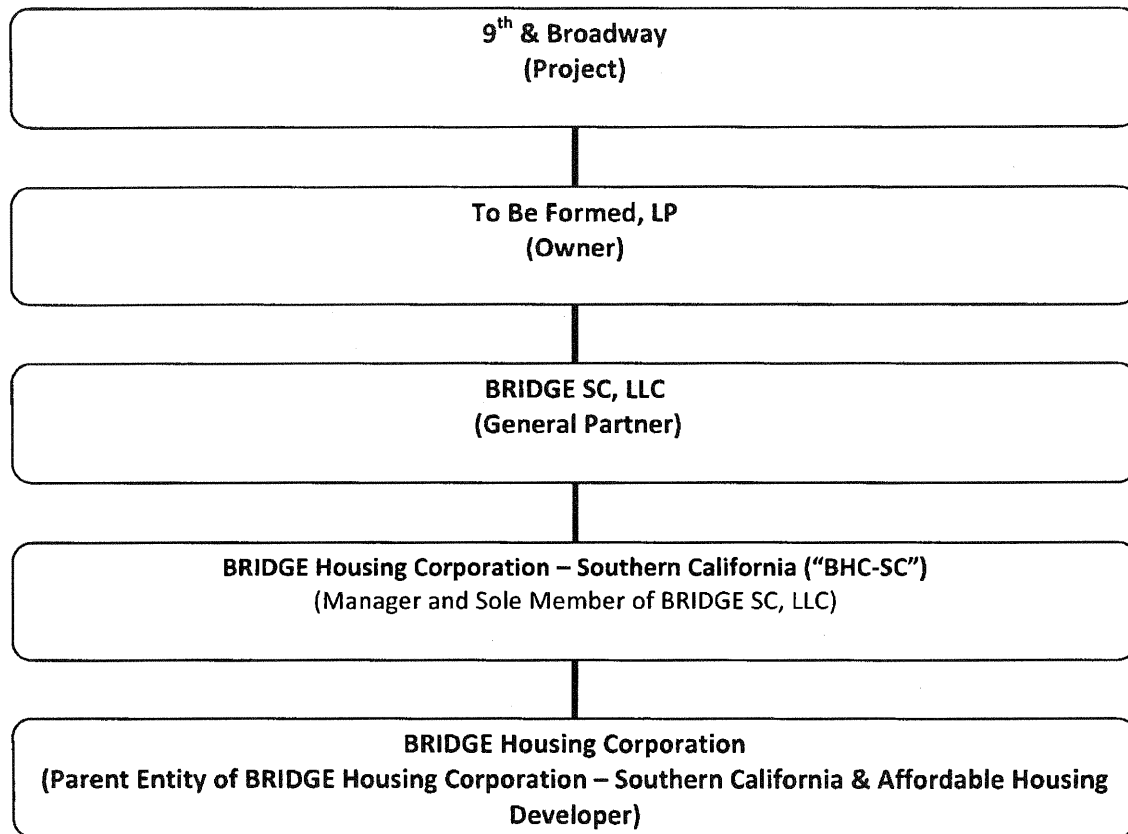
12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

See attached list showing the members of the Board of Directors.

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature. If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Multiple affiliate entities – see organizational chart provided.

ORGANIZATIONAL CHART:
9th & Broadway – 4% LIHTC Development



The development will be vertically subdivided with two separate ownership and financing structures. 9th & Broadway will be owned by two separate legal entities, Broadway Tower Associates, LP and a to be formed, LP.

The 9th & Broadway is currently leased by Broadway Tower Associates, LP from the City of San Diego. Broadway Towers Associates, LP is the limited partnership that will own the 9% portion of the development. The LP is controlled by BRIDGE SC, LLC, the same GP partner as the 4% limited partnership.

BRIDGE SC, LLC is comprised of BRIDGE Housing Corporation – Southern California. BRIDGE Housing Corporation – Southern California is the Manager of the GP. BRIDGE Housing Corporation – Southern California is a wholly controlled affiliate of BRIDGE Housing Corporation.

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

See financial statement for BRIDGE Housing Corporation submitted under separate cover.

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

9th & Broadway will utilize mixed financing structure with 4% tax credits/bonds for construction and permanent financing, tax credit investor equity and City of San Diego funds (formerly RDA funds)

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

- a. Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$ _____

BRIDGE Housing Corporation has adequate cash reserves and available financing. See financial statements.

- b. By loans from affiliated or associated corporations or firms:

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$ _____

- c. By sale of readily salable assets/including marketable securities:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
	\$	\$

17. Names and addresses of bank references, and name of contact at each reference:
Bank of America; 45 Fremont St., 9th Floor, San Francisco, CA 94105
Contact: Jeff Bennett

Union Bank; 200 Pringle Avenue, Suite 335, Walnut Creek, CA 94596
Contact: Jonathan Klein

US Bank; 621 Capitol Mall, Suite 800, Sacramento, CA 95814
Contact: John Chan

Citibank; One Sansome Street, 22nd Floor, San Francisco, CA 94104
Contact: Merle Malakoff

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?
___ Yes X No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?
___ Yes X No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Bond Type	Project Description	Date of Completion	Amount of Bond	Action on Bond
--------------	------------------------	-----------------------	-------------------	-------------------

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

Not Applicable – a 3rd party general contractor will be utilized.

- a. Name and addresses of such contractor or builder:

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

___ Yes ___ No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$_____

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

- d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of</u> <u>Contract or Development</u>	<u>Location</u>	<u>Date to be</u> <u>Amount</u> <u>Completed</u>
--	-----------------	---

- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
------------------------	---------------	--------------------

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

Highland Partnership, Inc. has been selected as the contractor. See attached qualification statement from contractor.

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or

City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes ☒ No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

No other statements are attached.

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes ☒ No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category: See Certificates Attached.

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☒ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☒ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☒ Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☐ Owned
- ☒ Hired
- ☒ Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

- f. Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT

is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state:

Government Entity
Making Complaint

Date

Resolution

No issues to report.

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state:

None. BRIDGE Housing Corporation has never been disqualified, removed, etc. from bidding on or completing a project because of a violation of law or a safety regulation.

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

<u>Governmental Agency</u>	<u>Description License</u>	<u>License Number</u>	<u>Date Issued (original)</u>	<u>Status (current)</u>	<u>Revocation (yes/no)</u>
----------------------------	----------------------------	-----------------------	-------------------------------	-------------------------	----------------------------

N/A

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

No factors will adversely affect BRIDGE Housing Corporation's ability to repay the Commission's loan.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

BRIDGE Housing Corporation is the largest non-profit developer of affordable housing in California and has successfully developed over 13,000 homes in its 29-year history.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years:

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
12/11/09	Redevelopment Agency	Current	\$21,783,000
6/24/11	Redevelopment Agency	Current	\$9,255,000

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? ___ Yes X No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes ☒ No

If yes, explain:

38. List three local references who would be familiar with your previous construction project:

Name: City of Carlsbad – Debbie Fountain

Address: 2965 Roosevelt Suite B, Carlsbad, CA 92008

Phone: (760) 434-2935

Project Name and Description: Poinsettia Station Apartments – Carlsbad, CA

Name: KTGY – Chris Texter

Address: 17992 Fitch, Irvine, CA 92614

Phone: (949) 851-2133

Project Name and Description: Pottery Court – Lake Elsinore, CA

Name: City of San Marcos – Harry Williams

Address: 1 Civic Center Drive, San Marcos

Phone: (760) 744-1050

Project Name and Description: Sage Canyon Apartments

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the

personnel, the nature of the equipment and the general experience of the Contractor.

See previous responses.

40. Give the name and experience of the proposed Construction Superintendent.

Michael Wood – Highland Partnership, Inc. Senior Superintendent.

Mr. Wood has more than 32 years experience in the commercial construction industry in the San Diego and Southern California Market, serving as Field Supervisor and Project Superintendent on some of Southern California's largest construction projects. Major strengths include supervision of complex commercial, institutional and military projects, concrete placement and finish, and seismic enhancements. Mr. Wood has developed many strong client and industry relationships with a proven record performance and results.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 27 day of May, 2012, at San Diego, California.

CONTRACTOR

By:

Signature

Title

CERTIFICATION

The CONTRACTOR, BRIDGE Housing Corporation, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: [Signature]

By: _____

Title: EV

Title: _____

Dated: 5/28/12

Dated: _____

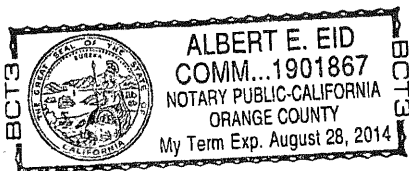
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

ATTEST:

State of California

County of Orange

Subscribed and sworn to before me this 28th day of May, 2012.



[Signature]
Signature of Notary

Albert E. Eid
Name of Notary

BOARD OF DIRECTORS

Douglas D. Abbey
AMB Capital Partners LLC
Pier 1, Bay 1
San Francisco, CA 94111

Richard Bender
Dean, Professor Emeritus
Center for Environmental Design Research
390 Wurster Hall, #1839
College of Environmental Design
U.C. Berkeley
Berkeley, CA 94720-1839

Ray Carlisle
Carlisle Companies
2200 Powell Street, Suite 530
Emeryville, CA 94608

Kent Colwell, CRE
Parthenon Associates
220 Montgomery Street, Penthouse 10
San Francisco, CA 94104

Harry Haigood
332 Infantry Terrace (home business)
San Francisco, CA 94129

Richard Holliday
Holliday Development
1500 Park Avenue, Suite 200
Emeryville, CA 94608

Mary King
Interim General Manager
AC Transit
1600 Franklin Street
Oakland, CA 94612

Ron Nahas
Rafanelli & Nahas
3697 Mt. Diablo Boulevard
Suite 250
Lafayette, CA 94549

Dennis O'Brien
The O'Brien Group
950 Tower Lane, Suite 1250
Foster City, CA 94404

Peter Palmisano
850 Meadowood Lane (home business)
St Helena, CA 94574

Lynn Sedway
Sedway Consulting
44 Montgomery Street, Suite 3705
San Francisco, CA 94104

Alan L. Stein
JMP Securities LLC
600 Montgomery Street, Suite 1100
San Francisco, CA 94111

Paul Stein
SKS Investments LLC
500 Treat Street, Suite 200
San Francisco, CA 94110

Ernesto Vasquez
McLarand Vasquez Emsiek & Partners
1900 Main Street, 8th floor
Irvine, CA 92614

Clark Wallace
Clark Wallace Realtor & Associates
13 Bel Air Drive
Orinda, CA 94563

Susanne B. Wilson
Solutions by Wilson
155 E. Campbell Avenue # 200
Campbell, CA 95008

Jim Wunderman
Bay Area Council
201 California Street, 14th Floor
San Francisco, CA 94111

**BRIDGE HOUSING CORPORATION
AND AFFILIATES**

COMBINED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

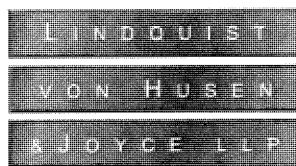
YEARS ENDED DECEMBER 31, 2010 AND 2009

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Combined Statements of Financial Position.....	2
Combined Statements of Activities	4
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	8
Supplementary Information	32
Combining Schedules of Financial Position.....	33
Combining Schedules of Activities.....	37
Combining Schedules of Cash Flows.....	39
Combining Schedules of Cash Composition	41
Schedules of Financial Position.....	42
Schedules of Notes Payable.....	44

* * * *



Board of Directors
BRIDGE Housing Corporation and Affiliates
San Francisco, California

JAMES M. KRAFT
S. SCOTT SEAMANDS
MARK O. BRITTAIN
ALEXIS H. WONG
CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ
STANLEY WOO

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined statements of financial position of BRIDGE Housing Corporation, a California nonprofit public benefit corporation, and affiliates as of December 31, 2010 and 2009, and the related combined statements of activities, and cash flows for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of BRIDGE Housing Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of BRIDGE Housing Corporation and affiliates' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of BRIDGE Housing Corporation and affiliates as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years ended December 31, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2011 on our consideration of BRIDGE Housing Corporation and affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The accompanying supplementary information on pages 33 through 45 is presented for the purpose of additional analysis and is not a required part of the basic combined financial statements. The information has been subjected to the audit procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Lindquist, von Hussen and Joyce LLP

April 27, 2011

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 66,194,000	\$ 64,682,000
Accounts receivable – net (Note 3)	2,825,000	2,697,000
Contributions receivable (Note 4)	6,000	137,000
Notes receivable (Note 5)	2,922,000	2,733,000
Prepaid expenses and deposits (Note 6)	1,854,000	1,825,000
Impounds (Note 7)	1,395,000	1,113,000
Total current assets	<u>75,196,000</u>	<u>73,187,000</u>
Non-current assets:		
Restricted cash and deposits (Note 8)	36,212,000	48,404,000
Marketable securities (Note 2)	9,019,000	7,969,000
Notes receivable – net of current portion (Note 5)	29,303,000	29,206,000
Prepaid expenses and deposits – net of current portion (Note 6)	372,000	368,000
Property and equipment – net (Note 9)	1,004,931,000	1,043,159,000
Deferred costs – net (Note 10)	13,627,000	14,290,000
Land under lease and held for development (Note 11)	5,398,000	6,798,000
Other investments (Note 12)	1,693,000	1,949,000
Total non-current assets	<u>1,100,555,000</u>	<u>1,152,143,000</u>
Total assets	<u>\$ 1,175,751,000</u>	<u>\$ 1,225,330,000</u>

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2010 AND 2009

	2010	2009
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 17,973,000	\$ 30,251,000
Notes payable (Note 13)	116,078,000	98,430,000
Interest payable (Note 13)	4,085,000	3,043,000
Deferred revenues (Note 15)	1,665,000	1,992,000
Security and other deposits	4,334,000	3,906,000
Total current liabilities	<u>144,135,000</u>	<u>137,622,000</u>
Non-current liabilities:		
Notes payable – net of current portion (Note 13)	626,248,000	662,353,000
Interest payable – net of current portion (Note 13)	47,367,000	42,809,000
Deferred revenues – net of current portion (Note 15)	22,725,000	23,543,000
Security and other deposits – net of current portion	-	397,000
Total non-current liabilities	<u>696,340,000</u>	<u>729,102,000</u>
Total liabilities	<u>840,475,000</u>	<u>866,724,000</u>
Net assets:		
Unrestricted:		
Controlling interests	79,146,000	70,580,000
Non-controlling interests	200,238,000	203,997,000
Total unrestricted	<u>279,384,000</u>	<u>274,577,000</u>
Temporarily restricted (Note 16)	54,232,000	82,369,000
Permanently restricted (Note 17)	1,660,000	1,660,000
Total net assets	<u>335,276,000</u>	<u>358,606,000</u>
Total liabilities and net assets	<u>\$ 1,175,751,000</u>	<u>\$ 1,225,330,000</u>

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Support and revenue:				
Rental income –				
net of vacancies and concessions	\$ 82,363,000	\$ -	\$ -	\$ 82,363,000
Management revenue	6,736,000	-	-	6,736,000
Contributions (Note 16)	2,269,000	10,739,000	-	13,008,000
Interest income	2,068,000	64,000	-	2,132,000
Revenue from townhome sales	39,449,000	-	-	39,449,000
Other	1,613,000	-	-	1,613,000
Net assets released				
from restrictions (Note 16)	38,940,000	(38,940,000)	-	-
Total support and revenue	173,438,000	(28,137,000)	-	145,301,000
Expenses:				
Program services	186,716,000	-	-	186,716,000
Supporting services	5,234,000	-	-	5,234,000
Fundraising	233,000	-	-	233,000
Total expenses	192,183,000	-	-	192,183,000
Changes in net assets	(18,745,000)	(28,137,000)	-	(46,882,000)
Net assets, beginning of year	274,577,000	82,369,000	1,660,000	358,606,000
Net capital contribution – non-controlling interest	23,552,000	-	-	23,552,000
Net assets, end of year	\$ 279,384,000	\$ 54,232,000	\$ 1,660,000	\$ 335,276,000
Reconciliation of net assets:				
Controlling interest:				
Beginning of year				\$ 154,609,000
Change in net assets				(19,571,000)
End of year				135,038,000
Non-controlling interest:				
Beginning of year				\$ 203,997,000
Capital contributions				23,552,000
Non-controlling interests in limited partnership earnings				(27,311,000)
End of year				200,238,000
Net assets, end of year				\$ 335,276,000

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENTS OF ACTIVITIES
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2009			
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Support and revenue:				
Rental income –				
net of vacancies and concessions	\$ 79,217,000	\$ -	\$ -	\$ 79,217,000
Management revenue	3,153,000	-	-	3,153,000
Contributions (Note 16)	337,000	3,549,000	-	3,886,000
Interest income	2,351,000	133,000	-	2,484,000
Revenue from townhome sales	3,551,000	-	-	3,551,000
Other	3,398,000	-	-	3,398,000
Net assets released				
from restrictions (Note 16)	4,264,000	(4,264,000)	-	-
Total support and revenue	96,271,000	(582,000)	-	95,689,000
Expenses:				
Program services	113,737,000	-	-	113,737,000
Supporting services	4,010,000	-	-	4,010,000
Fundraising	367,000	-	-	367,000
Total expenses	118,114,000	-	-	118,114,000
Changes in net assets before change				
in accounting estimates	(21,843,000)	(582,000)	-	(22,425,000)
Change in accounting estimates of transfer fees (Note 15)	3,961,000	-	-	3,961,000
Changes in net assets	(17,882,000)	(582,000)	-	(18,464,000)
Net assets, beginning of year	288,978,000	82,951,000	1,660,000	373,589,000
Net capital contribution –				
non-controlling interest	3,481,000	-	-	3,481,000
Net assets, end of year	\$ 274,577,000	\$ 82,369,000	\$ 1,660,000	\$ 358,606,000
Reconciliation of net assets:				
Controlling interest:				
Beginning of year				\$ 150,394,000
Change in net assets				4,215,000
End of year				154,609,000
Non-controlling interest:				
Beginning of year				\$ 223,195,000
Capital contributions				3,481,000
Non-controlling interests in limited partnership earnings				(22,679,000)
End of year				203,997,000
Net assets, end of year				\$ 358,606,000

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets:	\$ (46,882,000)	\$ (18,464,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,050,000	26,318,000
Loss (gain) on disposal of fixed assets	27,470,000	4,790,000
Amortization of deferred revenue	(1,308,000)	(5,269,000)
Unrealized loss (gain) and income from investment entities	2,242,000	(3,036,000)
Contributions earmarked for non-operating activities	-	(2,864,000)
Income from forgivable loans	(10,242,000)	(843,000)
(Increase) decrease in assets:		
Accounts receivable	(128,000)	1,638,000
Contributions receivable	131,000	97,000
Prepaid expenses and deposits	(33,000)	157,000
Impounds	(282,000)	162,000
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	5,538,000	972,000
Deferred revenues	101,000	160,000
Interest payable	5,090,000	5,866,000
Net cash provided by operating activities	10,747,000	9,684,000
Cash flows from investing activities:		
Collection of notes receivable	(286,000)	2,415,000
Net decrease in other investments	(184,000)	695,000
Net increase in restricted cash and deposits	12,840,000	(1,028,000)
Sale (Purchase) of marketable securities	62,000	159,000
(Purchase) Disposal of property and equipment	(35,168,000)	(110,462,000)
Net increase in deferred costs	(702,000)	(716,000)
Net cash used in investing activities	(23,438,000)	(108,937,000)
Cash flows from financing activities:		
Payment of development payables	(29,464,000)	(20,506,000)
Proceeds from notes payable	76,660,000	134,504,000
Payment of notes payable	(35,805,000)	(20,625,000)
Payment of syndication costs	(453,000)	(178,000)
Proceeds from contributions earmarked for development activities	-	2,864,000
Proceeds from capital contributions	3,265,000	3,659,000
Net cash provided by financing activities	14,203,000	99,718,000
Increase in cash and cash equivalents	1,512,000	465,000
Cash and cash equivalents, beginning of year	64,682,000	64,217,000
Cash and cash equivalents, end of year	\$ 66,194,000	\$ 64,682,000

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Supplementary information:		
Cash paid for interest (net of capitalized portion)	\$ 18,072,000	\$ 14,209,000
Noncash investing and financing activities:		
Assets acquired by assuming liabilities	\$ 12,494,000	\$ 36,744,000
Assets acquired through capital contribution	\$ 4,307,000	\$ -
Liabilities paid with sales proceeds through escrows	\$ 34,761,000	\$ -
Liabilities paid with capital contribution	\$ 16,434,000	\$ -
Syndication costs incurred by assuming liabilities	\$ 115,000	\$ -

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

BRIDGE Housing Corporation (BRIDGE) creates high-quality, affordable homes for working families and seniors. With over 13,000 homes placed in service and over 5,600 units currently in progress, BRIDGE is among the largest affordable housing developers. BRIDGE builds a range of housing types that not only fit comfortably into their surroundings but also act as the catalyst for revitalizing and strengthening neighborhoods.

BRIDGE is also affiliated with and under common board control with other not-for-profit corporations which have been formed either as supporting entities to BRIDGE, or as instruments to further BRIDGE's organizational objectives. These entities, which are included in the combined financial statements of BRIDGE in accordance with generally accepted accounting principles, are:

- BRIDGE is a general partner of Drake Marin Associates and owner of land in Livermore, California. BRIDGE is also a co-general partner of Pacific Oaks Associates, South San Francisco Magnolia Plaza Associates, and San Rafael Apartments LP, and is a non-managing member of North Beach Development Associates LLC, and North Beach Retail Associates LLC, which are accounted for under the equity method of accounting.
- BRIDGE Infill Development, Inc. (BID), a taxable not-for-profit entity, is a managing member and 2% owner of BRIDGE Urban Infill Land Development, LLC (BUILD). BUILD was formed to acquire, own, develop, manage, lease, finance, construct, redevelop, reposition and ultimately dispose of commercial and residential properties. BID is the managing member and the State of California Public Employees' Retirement System (CalPERS), is the non-managing member of BUILD, which is accounted for under the equity method of accounting.
- Bay Area Senior Services, Inc. (BASS), the licensee operating The Peninsula Regent (TPR), a senior assisted living facility in San Mateo, California.
- BRIDGE Property Management Company (BPMC), provider of property and marketing services to rental properties developed by BRIDGE or acquired by other related entities.
- HomeBricks, Inc., provider of home ownership services and mortgage assistance programs for low income families, sole member of HomeBricks NSP LLC, and operator of Pacific Home Connection (PHC), a taxable non-profit entity which is a provider of home ownership services and mortgage assistance programs.
- BRIDGE Support Corporation (BSC), non-profit established as a support corporation to BRIDGE Housing Corporation.

Housing Properties and Other Entities

- BLP, Inc., developer and operator of a senior assisted living facility in Pleasanton, California.
- BRIDGE Community Development, Inc., a non-profit established as a support corporation to BRIDGE.
- BRIDGE West Oakland Housing, Inc., BOMH, Inc., Alto Station, Inc., Brisbane Senior Housing, Inc., Bayview Senior Housing, Inc., Chestnut Creek, Inc., Emeryville Senior Housing, Inc., and Redwood Shores Housing, Inc., recipients of grants and loans mainly from the U.S. Department of Housing and Urban Development (HUD), for the rehabilitation and/or construction of housing properties in Oakland, Vallejo and South San Francisco, California, and owners and operators of affordable housing properties in Emeryville, Mill Valley, San Rafael, Brisbane, and San Francisco, California.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

- BRIDGE Economic Development Corporation (BREDCO), developer and co-managing member of COMM 22 LLC, developer consultant for a joint venture project in San Francisco, holder and land owner of a property in Oakland, California and owner and operator of commercial rental properties developed by BRIDGE. BREDCO is also the managing member of Mandela Gateway Commercial LLC, owner and operator of retail space in Oakland, California. BREDCO also acts as an agent for Restoration Association for Improving the Landmark 16th Street Station (RAILS) which is not an affiliated entity of BRIDGE. In addition, as of March 31, 2011, BREDCO became the developer of MacArthur Transit Partner Corporation.
- BRIDGE Homes, Inc., developer of an affordable ownership housing project in Marin City, California and the sole member of Mandela Gateway Townhomes, LLC, Armstrong Townhomes, LLC, Berry Street, LLC, 474 Natoma, LLC, and 1275 ECR, LLC.
- BRIDGE Housing Acquisitions, Inc. (BHAI), sole member of Hilltop Summit LLC who is the owner of The Summit at Hilltop, a 240-unit mixed affordable and market rate apartment complex in Richmond, California. The Summit at Hilltop was sold to a third party in 2010.
- BRIDGE Housing Corporation Southern California, Inc. (BHC SoCal), a general partner of:
 - Carmel Valley Housing Associates
 - Copper Creek 4% Housing Associates
 - Copper Creek 9% Housing Associates
 - Laguna Canyon Housing Associates
 - Northwood Housing Associates
 - Poinsettia Housing Associates
 - Santa Alicia Family Housing Associates
 - White Dove Canyon Housing Associates

BHC SoCal is also the sole member of BRIDGE SC LLC, which is a general partner of:

- Area F-1 Housing Associates
- BHC Sage Park, LP
- Broadway Tower Associates
- Pottery Court Housing Associates
- Summerhouse Housing Associates, LP
- Woodbury Partners, LP

BHC SoCal was the general partner of Ivy Housing Associates, and the co-managing member of CPW One Tribeca, LLC. Both entities were dissolved in early 2010.

- BRIDGE Housing Ventures, Inc. (BHVI), a co-general partner of Marina Annex Associates, and a general partner of:
 - Chestnut Linden Associates
 - Mandela Gateway Associates
 - North Beach Housing Associates

BHVI is the limited partner in South Beach Family Associates and Winfield Hill Associates.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

BHVI is also a co-limited partner of the following partnerships, which are accounted for under the equity method of accounting:

Pacific Oaks Associates
South San Francisco Magnolia Plaza Associates
SR Fountains Limited Partnership
Centertown Associates

BHVI owns land in Oakland, California which is held for development. During 2010, BHVI purchased Fell Street Housing Apartments and Pinole Grove Senior Housing Apartments from affiliated entities.

- BRIDGE Properties, Inc. (BPI), a taxable not-for-profit entity.
- BRIDGE Regional Partners (BRP) owner of land in Fremont, California and owner of an operating property in Pittsburg, California.
- Emery BRIDGE, Inc., a not-for-profit entity.
- MCB Family Housing, Inc. (MCB) is the sole managing member of BRIDGE NorCal, LLC who is the general partner of Trestle Glen Associates, LP, Foothill Farms Associates LP and St. Joseph's Family Associates. MCB is also the sole managing member of Alameda Housing LLC who is the general partner of Alameda Housing Associates, and co-managing member of Folsom Essex LLC. During 2010, BRIDGE NorCal LLC purchased and sold a property in Carlsbad, California from and to third-party entities.
- Northpoint Housing, Inc. (NHI), a general partner of:

Canal Housing Associates
Chelsea Housing Associates
Northpoint Housing Associates
Northpoint II Housing Associates

NHI is also the sole member of BRIDGE Tower LLC, who is the general partner of:

14th Street Associates
Carquinez Associates
Cottonwood Creek Associates
Fabian Way Associates, LP
Geary Housing Partners, LP
Grand Oak Associates
Irvington Development Group, LP
Jennings Avenue Associates
Kentfield Associates, LP
Leland Housing Partners, LP
St. Joseph's Senior, LP

and a co-general partner of Marina Tower Associates and Cinnabar Commons II, LP.

- Winfield Hill, Inc. is the sole managing member of Winfield Hill LLC who is the general partner of Winfield Hill Associates. Winfield Hill, Inc is also the general partner of Richmond City Center Associates.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

- Single-purpose not-for-profit corporations holding a controlling general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing:

Not-For-Profit Corporation	Limited Partnership(s)
Armstrong Place, Inc.	None as of December 31, 2010
BRIDGE Bissell, Inc.	None as of December 31, 2010
BRIDGE Terraza, Inc.	La Terraza Associates
BRIDGE Third Street, Inc.	YWCA Villa Nueva Partners
Chestnut Linden, Inc.	None as of December 31, 2010
Church Street Housing, Inc.	Church Street Housing Associates and BRIDGE Grayson Creek Associates
Coggins Square, Inc.	Coggins Square Associates
Danville Senior Housing, Inc.	Danville Senior Housing Associates and Sanraf Associates
Fell Street Housing, Inc.	None as of December 31, 2010 ⁽²⁾
Hercules Senior Housing, Inc.	Hercules Senior Housing Associates ⁽³⁾
Hotel Don, Inc.	None as of December 31, 2010 ⁽¹⁾
Milpitas Housing, Inc.	Milpitas Housing Associates
North Beach Housing, Inc.	None as of December 31, 2010
Northside Senior Housing, Inc.	Northside Senior Housing Associates
Ohlone Housing Corporation	Ohlone Housing Associates
Roberts Avenue, Inc.	Roberts Avenue Senior Housing, LP
Rotary Valley, Inc.	Rotary Valley Associates
San Marcos Family Housing, Inc.	Terra Cotta Housing Associates
Site K, Inc.	South Beach Family Associates and Armstrong Place Associates
Strobridge Housing, Inc.	Strobridge Housing Associates
Westpark Housing Corp.	None as of December 31, 2010

⁽¹⁾ Hotel Don, Inc. was the general partner of Hotel Don Associates. The Partnership was dissolved in December 2009. Hotel Don, Inc. is the sole member of BRIDGE Triangle LLC.

⁽²⁾ Fell Street Housing, Inc. was the general partner of Fell Street Housing Associates. The property was sold to BHVI in 2010 and the partnership was dissolved in 2011.

⁽³⁾ Hercules Senior Housing, Inc. was the general partner of Pinole Grove Associates. The property was sold to BHVI in 2010 and the partnership was dissolved in 2011.

- Single-purpose not-for-profit corporations holding a general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing. BRIDGE's officers and/or board have majority control over these entities:

Not-For-Profit Corporation	Limited Partnership(s)
Calistoga Brannan Housing, Inc.	Calistoga Brannan Housing Associates
Hunt Avenue, Inc.	Hunt Avenue Associates
Metro Senior Homes, Inc.	Metro Senior Housing Associates
Nairobi Housing, Inc.	Nairobi Housing Associates
Silverado Creek Housing, Inc.	Silverado Creek Partners

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

- Single-purpose not-for-profit corporations holding a limited partner interest (ranging from 99% to 99.99%) in their respective limited partnerships providing affordable housing:

<u>Not-For-Profit Corporation</u>	<u>Limited Partnership(s)</u>
Calistoga Brannan Housing, Inc. Hunt Avenue, Inc.	Hunt Avenue Associates Calistoga Brannan Housing Associates

- The combined financial statements do not include single-purpose not-for-profit corporations holding a general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing for which BRIDGE's officers and/or board are deemed not to have majority control, namely:

<u>Not-For-Profit Corporation</u>	<u>Limited Partnership(s)</u>
Bernal Senior Housing Corporation Centertown, Inc. SR Senior Housing, Inc.	Bernal Senior Housing Partners Centertown Associates SR Fountains Limited Partnership

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

Not-for-Profit Corporations

The combined financial statements include the accounts of BRIDGE (Parent) and other not-for-profit entities that are commonly controlled by BRIDGE's Officers or Board of Directors, including those not-for-profit entities that are majority controlled by BRIDGE. Other not-for-profit entities, over which BRIDGE does not exercise majority control, are not included in the combined financial statements. All material intercompany balances and transactions have been eliminated in the combined financial statements.

Limited Partnerships

Partnerships that are controlled by BRIDGE or its affiliated not-for-profit entities are included in the combined financial statements. Partnerships over which BRIDGE or its affiliates exercise significant influence are included in the financial statements using the equity method of accounting.

The partnership interests generally range from .01% to 1.0% with the remainder of the partnership's equity held by a limited partner and shown as non-controlling interests in unrestricted net assets.

Basis of Presentation

The combined financial statements are presented in accordance with generally accepted accounting principles, which require that financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets predicated on the existence of donor-imposed restrictions:

Unrestricted

Unrestricted net assets consist of all resources of BRIDGE which have not been specifically restricted by a donor.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Temporarily Restricted

Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit their use. Donor restrictions are stipulated by either a time restriction or a purpose restriction. Upon expiration of a time restriction or completion of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets consist of assets whose use has been restricted for investment in perpetuity.

The combined financial statements generally reflect the same classification of net assets as appears on the individual financial statements of each affiliated entity, except for the unamortized portion of forgivable loans from HUD under the Section 202 program, the Multifamily Property Disposition – Upfront Grant, or development grants which are recorded as temporarily restricted net assets in the combined financial statements.

The financial statements of one of the affiliates have additionally been prepared in accordance with applicable provisions of the Audit and Accounting Guide, *Health Care Organizations*, issued by the AICPA, with respect to accounting for the long-term obligation to provide continuing care and the use of the facility to current residents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

BRIDGE and affiliates consider all highly liquid debt instruments purchased with an original maturity of one year or less to be cash equivalents. BRIDGE has designated certain cash and cash equivalents for the development of affordable homes and for operating and replacement reserves at one of the properties. Donor restricted cash represents amounts received with donor stipulations that limit the use of the donated assets. Not included as cash equivalents are funds restricted as to their use such as reserves for replacements, operations, debt services, mortgage assistant programs and tenant security deposits. BRIDGE and affiliates maintain cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance, including the restricted cash, was approximately \$60,818,000 as of December 31, 2010. BRIDGE and affiliates have not experienced any losses in such accounts.

Cash and cash equivalents composition as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Unrestricted	\$ 32,837,000	\$ 31,393,000
Designated	31,192,000	30,811,000
Donor restricted	2,165,000	2,478,000
Total unrestricted cash and cash equivalents	<u>66,194,000</u>	<u>64,682,000</u>
Restricted (Note 8)	<u>36,212,000</u>	<u>48,404,000</u>
Total cash and cash equivalents	<u>\$ 102,406,000</u>	<u>\$ 113,086,000</u>

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Marketable Securities

Marketable securities are stated at fair value using quoted prices in active markets for identical assets (Level 1 measurements) and consist of the following:

	<u>2010</u>	<u>2009</u>
Multi-asset funds	\$ 9,019,000	\$ 7,969,000

Fair Value of Financial Assets and Liabilities

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. It is not practicable for management to estimate the fair value of accounts and notes receivable, notes payable, equity investments and financial guarantees because of the nature of such instruments and because there is no readily available market information for financial instruments with similar terms, except for BID's equity investment in BUILD (see Note 12).

Fair Value Measurements

BRIDGE and affiliates adopted an accounting policy of fair value measurements effective January 1, 2008. Under generally accepted accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

Generally accepted accounting principles establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of BRIDGE and affiliates. Unobservable inputs, if any, reflects BRIDGE and affiliates' assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Revenue Recognition

BRIDGE earns fees for development of properties and generally recognizes the fees as earned over the development period as follows:

- 30% of each anticipated total developer fee is recorded when the predevelopment phase ends and the construction period begins; however, if BRIDGE receives payment of fees during the predevelopment phase, revenue will be recognized as fees are received but shall not exceed 30% of total anticipated developer fee; and
- 70% is recorded throughout the construction period based on the percentage of completion as gauged by the general contractor's progress billing.

An allowance of 5% of the fee is reserved until the Internal Revenue Service Form 8609 is obtained, or its equivalent, to signify completion of the development process. In addition, for "for-sale" projects, the last approximately 25% of the total anticipated developer fees are not recognized until the last unit is sold.

Development fees recognized from combined affiliates or consolidated subsidiaries are eliminated as intercompany transactions. BRIDGE estimates that 70% of its development fees cover related project costs. Project costs include costs of development, such as consultants, allocated internal salaries and benefits, related overhead, and other non-reimbursed fees that are ordinarily capitalized. Therefore, real property costs have been reduced by 30% of the developer fees. Due to current economic condition, the average capitalizable project costs have been higher than 70% of developer fees earned in recent years. Management believes that it is a temporary increase. Therefore, no changes in accounting estimates are reflected in the combined financial statements.

Revenue from the sales of condominium leasehold interests and related memberships at one of the properties, net of related deferred project costs, is recognized on the straight-line basis over the 40-year lease term. Prior to 2009, net revenue arising from the transfer fees out of subsequent re-sales of condominium leasehold interests and related memberships was recognized over the remaining lease term. Unrecognized revenue from transfer fees of a previous resale is recognized in full in the year of the subsequent resale. Effective January 1, 2009, transfer fees are fully recognized as income upon sale of each unit (see Note 15).

Revenue from resident fees, rents and services is recognized in the period rendered. Rental income is shown at its maximum gross potential. Vacancy loss and concessions are shown as a reduction of rental income. Rental units occupied by employees are included in rental income and as an expense of operations. Most of the rental income is received under short-term residential leases.

Revenue from long-term leases on land is recorded in the period earned, according to lease contract terms. In many situations, rental revenue is payable only from excess cash and is recorded when cash is received. Such intercompany revenue has been eliminated in the combined financial statements.

Management Revenue and Related Accounts

BRIDGE provides property management, bookkeeping and asset management services. BRIDGE also provides investment management, marketing and other services. Income is earned in accordance with the terms of the agreements and recorded as revenue. Such intercompany revenue has been eliminated in the combined financial statements.

Contributions

Contributions are recognized as revenue when unconditionally promised. Noncash contributions are recorded at their estimated fair value when received. Contributions to be received after one year are discounted at an appropriate discount rate when material.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Allowances for Uncollectible Accounts

The allowances for uncollectible accounts are determined on specific identification basis, based upon management's assessment. Management determines the allowance for uncollectible amounts based on historical experience, current economic conditions and by regularly evaluating individual receivables.

Management elects to record bad debts using the direct write-off method related to rents for the housing properties. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the result that would have been obtained had the allowance method been followed.

Other Investments

Other investments in a for-profit entity, taxable not-for-profit entities, and other not-for-profit organizations are recorded using the cost or equity method of accounting, depending on the level of ownership and control. Investments in entities which are 100% or majority controlled by BRIDGE are eliminated in the combined financial statements.

Mortgage loans held for investment are second deeds of trust and are valued at aggregate cost. Cost consists of loan principal balance, less allowance for losses, if any.

Property and Equipment, Leasehold Improvements, Ground Lease and Deferred Costs

Property and equipment are stated at cost of acquisition or construction, or fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance, repair, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

BRIDGE and affiliates incur costs during the development phase of the affordable housing project undertaken. Such costs include governmental fees, legal and consulting fees, as well as construction costs. BRIDGE and affiliates record these costs as assets (development in progress). Housing project development costs are considered to be development in progress until the housing project is placed in service. Development in progress is not depreciated until the completion of the development.

Deferred costs are incurred in order to obtain permanent financing and tax credits for the properties. Deferred costs are stated at cost and amortized on a straight-line basis. Organization costs are expensed as incurred.

The useful lives of the assets are estimated as follows:

Buildings and improvements	15 to 55 years
Furniture, fixtures and equipment	3 to 12 years
Tax credit costs	10 years
Permanent loan costs	15 to 55 years

In accordance with generally accepted accounting principles, BRIDGE reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. Impairment loss of (\$1,400,000) and \$-0- were recorded in 2010 and 2009, respectively.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Land

Purchased land is carried at cost. Donated land is carried at estimated fair market value at the date of donation. BRIDGE leases most of its land to affiliated affordable housing developments under long-term leases.

Accounting for Leases

Leasehold interests of several combined entities are not subject to capitalization and thus are accounted for as operating leases. Prepaid ground leases are an allocation of the total cost of the property which are amortized over the respective lease terms.

Income Taxes

BRIDGE is a not-for-profit corporation pursuant to the Internal Revenue Code Section 501(c)(3) and related California code sections, and, accordingly, is exempt from federal and state income taxes on related business income. BID, BPI and PHC are the only entities combined which are not tax-exempt. Deferred income taxes do not arise from the operations of these entities in a material amount. The income or loss from the partnerships is reported by the partners on their income tax returns.

BRIDGE and affiliates believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. BRIDGE and affiliates' federal and state income tax returns for the years 2006 through 2009 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Guarantees

Generally accepted accounting principles require a liability to be recorded for the fair value of the stand ready obligation associated with a guarantee issued after December 31, 2002. Guarantees issued between entities under common control or on behalf of an entity under common control are excluded. Consequently, no liabilities have been recorded as all guarantees are considered to be issued to entities under common control (see Note 19).

Allocation of Partnership Income/Loss and Tax Credits

The affiliated partnerships are generally expected to generate low-income housing credits, which will be allocated in the same manner as the income or loss of each partnership. Because the limited partners' losses are limited to their investments, the limited partners' equity will not be reduced below zero unless future capital contributions will be made in an amount sufficient to absorb the losses. All remaining losses are allocated to the general partners.

Functional Expense Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Program services include all expenses relating to development, management of properties, and resident services. Supporting services consist of management and general expenses.

Related-party Transactions

Most related-party transactions have been eliminated in the combined financial statements. The remaining related-party transactions are not material.

Subsequent Events

Management has evaluated subsequent events through April 27, 2011, the date on which the financial statements were available to be issued.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2010 and 2009 consist of the following:

	<i>2010</i>	<i>2009</i>
Reimbursable costs	\$ 1,604,000	\$ 1,211,000
Rent	1,089,000	1,344,000
Management and consulting fees	246,000	207,000
	<u>2,939,000</u>	<u>2,762,000</u>
Less: allowance for uncollectible accounts	114,000	65,000
Total	<u>\$ 2,825,000</u>	<u>\$ 2,697,000</u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable, as of December 31, 2010 and 2009, are comprised of the following:

	<i>2010</i>	<i>2009</i>
Neighborhood Partnership Initiative	\$ -	\$ 75,000
Building and Technology Initiative	-	3,000
Other	6,000	59,000
	<u>6,000</u>	<u>137,000</u>
Less: allowance for uncollectible accounts	-	-
	<u>6,000</u>	<u>137,000</u>
Less: current portion	6,000	137,000
Non-current portion	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – NOTES RECEIVABLE

Notes receivable, including accrued interest, as of December 31, 2010 and 2009, consist of the following:

	<i>2010</i>	<i>2009</i>
Construction financing	\$ 28,892,000	\$ 31,625,000
Mortgage assistance program	3,102,000	239,000
Related party	150,000	-
Other	931,000	440,000
	<u>33,075,000</u>	<u>32,304,000</u>
Less: allowance for uncollectible accounts	850,000	365,000
	<u>32,225,000</u>	<u>31,939,000</u>
Less: current portion	2,922,000	2,733,000
Non-current portion	<u>\$ 29,303,000</u>	<u>\$ 29,206,000</u>

Construction financing of \$50,000,000 for one of the leased properties was loaned to the property owner out of the proceeds from the initial sales of leasehold condominium interests and related memberships. The loan is secured by a first deed of trust and bears interest at 6%, with monthly principal and interest payments of \$380,000 through December 2018. As of December 31, 2010 and 2009, the principal outstanding was \$28,892,000 and \$31,625,000, respectively.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Principal payments under these notes are estimated to be received as follows:

	<i>Year ended December 31,</i>
2011	\$ 2,922,000
2012	3,081,000
2013	3,271,000
2014	3,472,000
2015	3,686,000
Thereafter	16,643,000
	<u>\$ 33,075,000</u>

NOTE 6 – PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits as of December 31, 2010 and 2009 consist of the following:

	<i>2010</i>	<i>2009</i>
Deposits	\$ 979,000	\$ 843,000
Ground leases	360,000	368,000
Insurance	252,000	501,000
Predevelopment costs	329,000	-
Payroll and commission	120,000	171,000
Property taxes	62,000	68,000
Other	124,000	242,000
	<u>2,226,000</u>	<u>2,193,000</u>
Less: current portion	1,854,000	1,825,000
Non-current portion	<u>\$ 372,000</u>	<u>\$ 368,000</u>

NOTE 7 – IMPOUNDS

Certain properties are required to make deposits to impound accounts to cover property tax and insurance premiums in accordance with the lenders' regulatory agreements. Impound balances as of December 31, 2010 and 2009 were \$1,395,000 and \$1,113,000, respectively.

NOTE 8 – RESTRICTED CASH AND DEPOSITS

Restricted cash and deposits as of December 31, 2010 and 2009 consist of the following:

	<i>2010</i>	<i>2009</i>
Operating reserves	\$ 16,111,000	\$ 15,975,000
Replacement reserves	13,581,000	14,112,000
Mortgage assistance program	1,430,000	12,106,000
Tenant security deposits	3,953,000	3,867,000
Bonds proceeds	-	1,209,000
Debt service accounts	896,000	888,000
Residual receipts and other	241,000	247,000
Total	<u>\$ 36,212,000</u>	<u>\$ 48,404,000</u>

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Operating and Replacement Reserves

BRIDGE and affiliates are required to maintain operating reserves as well as replacement and repair reserves for property and equipment in accordance with partnership and other lenders' regulatory agreements.

Mortgage Assistance Program (MAP)

MAP provides second mortgages to low-income to moderate-income first time home buyers.

Tenant Security Deposits

BRIDGE and affiliates are required to hold security deposits in separate bank accounts in the name of the properties.

Bond Proceeds

Bond proceeds are held in a trust account to make monthly interest payments and to pay other lender fees. The balance was applied toward repayment of the outstanding bond principal balance upon permanent loan conversion in 2010.

Debt Service Accounts

Certain properties are required to make deposits to debt service accounts to cover mortgage payments.

Residual Receipts

BRIDGE and affiliates are required to deposit excess cash, as generally defined by HUD, into separate bank accounts in accordance with the HUD regulatory agreements.

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 100,250,000	\$ 102,850,000
Buildings and improvements	927,900,000	805,470,000
On-site and offsite improvements	90,357,000	85,530,000
Furniture, fixtures and equipment	27,303,000	25,019,000
Operational work in progress	1,390,000	-
Development held for sale	37,101,000	105,552,000
Development in progress	40,803,000	115,619,000
	<u>1,225,104,000</u>	<u>1,240,040,000</u>
Less: accumulated depreciation and amortization	220,173,000	196,881,000
Total	<u>\$1,004,931,000</u>	<u>\$ 1,043,159,000</u>

Depreciation and amortization of property and equipment totaled \$29,050,000 and \$25,455,000 for the years ended December 31, 2010 and 2009, respectively.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 10 – DEFERRED COSTS

Deferred costs as of December 31, 2010 and 2009 are summarized as follows:

	<i>2010</i>	<i>2009</i>
Permanent loan costs	\$ 10,879,000	\$ 11,143,000
Tax credit fees	2,617,000	2,356,000
City fees	3,765,000	3,765,000
Other	1,978,000	1,955,000
	<u>19,239,000</u>	<u>19,219,000</u>
Less: accumulated amortization	5,612,000	4,929,000
Total	<u>\$ 13,627,000</u>	<u>\$ 14,290,000</u>

Amortization of deferred cost totaled \$1,439,000 and \$863,000 for the years ended December 31, 2010 and 2009, respectively.

NOTE 11 – LAND UNDER LEASES AND HELD FOR DEVELOPMENT

Land under long-term leases and held for development as of December 31, 2010 and 2009 consists of the following:

	<i>2010</i>	<i>2009</i>
Oakland, California, held for development (2000)	\$ 534,000	\$ 1,934,000
Livermore, California, donated (1986)	1,660,000	1,660,000
San Diego, California, donated (2000)	1,428,000	1,428,000
Foster City, California (1995)	804,000	804,000
Pinole, California (1993)	538,000	538,000
Carlsbad, California, donated (1999)	327,000	327,000
Richmond, California (1992)	107,000	107,000
Total	<u>\$ 5,398,000</u>	<u>\$ 6,798,000</u>

BRIDGE leases all of the above land except for land held for development under various long-term leases to affiliates. Terms of the leases range from 55 to 90 years. The land is pledged as security under deeds of trust for the related notes payable or is pledged as security for certain liabilities of the lessees. During 2010, an impairment loss of \$1,400,000 was recorded (Note 2).

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 12 – OTHER INVESTMENTS

Other investments as of December 31, 2010 and 2009 consist of the following:

	<i>2010</i>	<i>2009</i>
BUILD	\$ 688,000	\$ 1,096,000
Second mortgage loans	353,000	396,000
Willowbrook property ⁽¹⁾	197,000	199,000
BASS condominium held for resale	122,000	184,000
Housing Partnership Insurance Exchange	1,055,000	879,000
Other	10,000	-
	<u>2,425,000</u>	<u>2,754,000</u>
General and limited partner deficit interests accounted for under the equity method	<u>(732,000)</u>	<u>(805,000)</u>
Total	<u>\$ 1,693,000</u>	<u>\$ 1,949,000</u>

- ⁽¹⁾ A BRIDGE affiliate purchased below market rate units and accounted for them as investment in real estate held for sale. Since circumstances arose that previously were considered unlikely and, as a result, the affiliate decided not to sell a long-lived asset previously classified as held for sale, the asset has been reclassified as held and used since 2009. The total investment carrying value net of accumulated depreciation was \$197,000 and \$199,000 for 2010 and 2009, respectively.

The carrying value of BID's equity investment in BUILD was \$995,000 and \$1,127,000, and the fair value was estimated to be approximately \$688,000 and \$721,000 based on appraisals as of December 31, 2010 and 2009, respectively. The appraisals are deemed to be prepared using Level 3 inputs as follows:

- Either income capitalization or adjusted comparable sales appraisal method was used to project that the highest and best use of the properties were at their current uses;
- All townhome units will be sold by January 2013, and the average sales price would be comparable to other units in the vicinity; and
- A 10-year cash flow projection was prepared with:
 - Capitalization rates range from 5.50% to 6.25%;
 - Discount rate range from 7.75% to 17%;
 - Annual rent increases range from 2% to 5%;
 - Annual expense increases of 3%; and
 - A vacancy rate of 5%.

Management determined that \$307,000 and \$31,000 for 2010 and 2009, respectively, is other-than-temporary impairment loss and is included in the statements of activities accordingly. The remaining balance was deemed to be a temporary impairment loss in 2009 and was not reflected in the financial statements.

BRIDGE holds various second mortgage loans associated with a development project in Pinole, California. The loans bear no interest but share in the appreciation of the property. It is the intention of BRIDGE to re-lend the amounts to future buyers. However, BRIDGE may receive proceeds from the mortgage loans when the property is sold.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

BRIDGE invested in Housing Partnership Insurance Exchange (HPIEx) for the purpose of gaining access to property and liability insurance for its various development properties from a captive insurance company. The investment is stated at estimated fair value using quoted purchase prices determined by HPIEx (Level 2 input) and represents 15.45% of the capital of HPIEx.

Summarized financial information for unconsolidated entities accounted for under the equity method, as of December 31, 2010 and 2009, consist of the following:

	<i>2010</i> ⁽²⁾	<i>2009</i>
Total assets	\$ 82,862,000	\$ 85,309,000
Total liabilities	117,361,000	113,287,000
Partners' equity ⁽¹⁾	(34,499,000)	(27,978,000)
Income	14,272,000	14,001,000
Expenses	20,189,000	14,861,000
Results of operations	(5,917,000)	(860,000)

⁽¹⁾ BRIDGE's share of this equity, as of December 31, 2010 and 2009, was \$(732,000) and \$(805,000), respectively.

⁽²⁾ In March 2011, BRIDGE withdrew its interest from the Cinnabar Commons II, LP.

The following financial position and activity summarizes the entities that are not included in the combined financial statements based on BRIDGE's board participation:

	<i>2010</i>	<i>2009</i>
Total assets	\$ 7,878,000	\$ 8,018,000
Total liabilities	9,209,000	8,992,000
Net assets ⁽¹⁾	(1,331,000)	(974,000)
Support and revenue	1,123,000	1,100,000
Expenses	1,480,000	1,555,000
Change in net assets	(357,000)	(455,000)

⁽¹⁾ BRIDGE's pro-rata share of the net assets as of December 31, 2010 and 2009 was \$(142,000) and \$(177,000), respectively, based on its ratio of board representation.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 13 – NOTES PAYABLE

Notes payable as of December 31, 2010 and 2009 are generally secured by the respective properties and consist of the following:

	2010		2009	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Permanent loans, bearing interest from 0% to 9%, generally with principal and interest due monthly, to be repaid in full through 2061. Interest expense was \$10,617,000 and \$10,732,000 for 2010 and 2009, respectively.	\$ 1,789,000	\$ 181,151,000	\$ 2,050,000	\$ 191,899,000
Construction loans, bearing variable interest, generally with interest only payments due monthly, to be repaid in full or partially converted to permanent loans through 2013. Interest expense net of capitalized amount was \$2,591,000 and \$197,000 for 2010 and 2009, respectively.	2,228,000	210,279,000	2,042,000	224,831,000
Local loans, bearing interest from 0% to 10%, generally payable out of excess cash annually in arrears, to be repaid in full through 2068. Interest expense was \$4,234,000 and \$3,956,000 for 2010 and 2009, respectively.	25,100,000	161,504,000	21,720,000	149,939,000
Bonds, bearing interest from 2% to 14%, generally with principal and interest paid monthly, to be repaid in full through 2055. Principal payments are generally accumulated in a principal fund held by a trustee. Interest expense was \$2,830,000 and \$2,849,000 for 2010 and 2009, respectively.	1,485,000	60,609,000	1,399,000	75,456,000
County loans, bearing interest from 1% to 6.5%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2075. Interest expense was \$1,375,000 and \$1,441,000 for 2010 and 2009, respectively.	7,419,000	40,853,000	6,680,000	40,715,000
State loans, bearing 3% interest, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2065. Interest expense was \$1,802,000 and \$1,785,000 for 2010 and 2009, respectively.	12,910,000	68,099,000	11,519,000	59,833,000

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010		2009	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Affordable Housing Program (AHP), bearing no interest, with principal payments generally deferred through 2065, at which time outstanding principal may be forgiven at the lenders' discretion.	-	10,815,000	-	10,449,000
Ground leases, bearing interest from 0% to 7.75%, generally payable out of excess cash annually in arrears, to be repaid in full through 2080. Interest expense was \$142,000 and \$130,000 for 2010 and 2009, respectively.	213,000	4,497,000	177,000	3,407,000
Other loans, bearing interest from 0% to 8%, generally with principal and interest due monthly, to be repaid in full through 2059. Interest expense was \$82,000 and \$78,000 for 2010 and 2009, respectively.	308,000	4,519,000	265,000	4,254,000
Total	51,452,000	742,326,000	45,852,000	760,783,000
Less: current portion	4,085,000	116,078,000	3,043,000	98,430,000
Non-current portion	<u>\$ 47,367,000</u>	<u>\$ 626,248,000</u>	<u>\$ 42,809,000</u>	<u>\$ 662,353,000</u>

Total interest expense was \$23,673,000 and \$21,168,000 for 2010 and 2009, respectively.

Principal payments toward notes payable for the next five years are subject to changes in net cash flow which is a contingency that cannot be reasonably estimated. Minimum required payments are estimated as follows:

<i>Year ended December 31,</i>	<i>Principal Payments</i>
2011	\$ 116,078,000
2012	10,672,000
2013	26,974,000
2014	7,082,000
2015	8,612,000
Thereafter	<u>572,908,000</u>
	<u>\$742,326,000</u>

NOTE 14 – LINES OF CREDIT

In 2000, BRIDGE entered into an unsecured line of credit with Bank of America for \$7.0 million. In 2009, BRIDGE amended the line of credit to \$5.0 million whereby interest is variable at LIBOR plus 2.5% (3.5% floor) and extended the maturity date to August 1, 2010. At December 31, 2010 and 2009, no amounts were drawn on the line of credit.

In 2001, BRIDGE entered into an unsecured line of credit with Wells Fargo Bank for \$2.0 million. The line of credit bears interest at LIBOR plus 3% (4% floor) with an expiration date of April 18, 2012. At December 31, 2010 and 2009, no amounts were drawn on the line of credit.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 15 – DEFERRED REVENUES

Deferred revenues as of December 31, 2010 and 2009 consist of the following:

	<i>2010</i>	<i>2009</i>
Condominium and membership sales – net	\$ 23,543,000	\$ 24,851,000
Other	847,000	684,000
	<u>24,390,000</u>	<u>25,535,000</u>
Less: current portion	1,665,000	1,992,000
Non-current portion	<u>\$ 22,725,000</u>	<u>\$ 23,543,000</u>

Residents of one of the leased properties purchased a leasehold condominium interest in the building by entering into a membership agreement. The purchase price, plus a monthly fee, entitle the resident to occupy a residential unit, receive services, and use common areas for future periods until the resident or the resident's estate sells the membership to a third party. The membership is valid for 99 years and the leasehold interest is valid for 40 years from the date of issuance. The leasehold interest of current residents is valid through 2043. Total initial membership sales proceeds amounted to \$57,455,000 net of related deferred project costs of \$5,139,000 and are being deferred and amortized over the lease term. The remaining deferred revenue of condominium and membership sales at December 31, 2010 and 2009 was \$23,543,000 and \$24,851,000, respectively.

Upon the resale of a leasehold condominium, a BRIDGE affiliate is entitled to a transfer fee equal to 10% of the seller's purchase price, plus 75% of any realized appreciation. The affiliate is required to pay 75% of the transfer fees as contingent lease payments to the owner of the property. Transfer of the seller's membership occurs simultaneously with the sale of the leasehold condominium.

Prior to 2009, both the revenue from the transfer fees and the related contingent lease payments to the owner of the property were deferred and amortized over the remaining lease term in accordance with generally accepted accounting principles. In the year of subsequent resale, any unamortized fees from the previous resale were recognized as revenue in full.

Effective January 1, 2009 the affiliate changed its accounting policy for transfer fees. The affiliate had been following the guidance in generally accepted accounting principles, which states that a seller who is required to support operations of a real estate enterprise has a continuing exposure to risk of loss until the projected property revenue is sufficient to cover projected operating expenses. A safety margin of one-third of revenue is to be used in estimating a vacancy rate until the exposure to substantial risk of loss is eliminated. Sales revenue should be deferred and recognized on a performance basis under the seller's obligation to support operations until the risk of loss is eliminated.

Effective January 1, 2009 the affiliate estimated that prior experience and future projections indicate that the one-third vacancy rate safety margin is no longer necessary. Therefore, transfer fees are fully recognized as income upon each unit's sale in order to more accurately report the Company's financial activity. This change in the affiliate's accounting estimate of future years' revenue and expense activity is reflected in the combined statements of activities by recognizing the full amount of the previously deferred transfer fee revenue of \$3,961,000.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 16 – TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

The major programs for which BRIDGE has received restricted contributions are as follows:

HUD Capital Advances – HUD has granted capital advances to certain multi-family properties under the Multifamily Property Disposition – Upfront Grant or the Section 202 program. These advances are secured by deeds of trust with assignment of rents. The capital advances bear no interest and shall be repayable if the properties do not remain available for very low-income housing through a specific term or the notes become due and payable by reason of default under the notes, mortgages or regulatory agreements. In the event of noncompliance with affordability provisions as described in the notes, interest and principal will be payable on demand. The capital advances will not otherwise have to be repaid. Since the capital advances are expected to be forgiven, they are released over 40 years from temporary restricted net assets to unrestricted net assets.

Development Restricted Proceeds – Various companies and agencies have awarded grants to certain properties for the development of affordable housing. These grants are not secured, bear no interest and are not repayable unless the properties do not remain available as low-income housing. These grants are released as the restricted use is met either upon home sales or over the useful life of the property.

Stein Educational Assistance Program – Provides scholarships or awards to qualified residents in BRIDGE developments.

Homeownership Initiative – Increases the number of new affordable homes for sale and ensures that low-income, moderate-income and minority families have the proper level of support through services and financial backing to purchase and sustain a new home.

Building and Technology Initiative – Enabled BRIDGE to move to new, larger headquarters in 2004 and is bringing greater operational efficiency and improved information technology systems to BRIDGE and its properties throughout the state of California.

Neighborhood Partnership Initiative (NPI) – Increases affordable housing and economic development in low-income urban communities. NPI properties are ambitious, mixed-income, multi-use developments that combine many elements of community revitalization. In addition to housing, NPI efforts also focus on creating jobs, retail activity, services, and neighborhood facilities.

25th Anniversary Initiative – In 2008, BRIDGE celebrated its 25th anniversary and sponsored several events.

Temporarily restricted net assets as of December 31, 2010 and 2009 were available for the following purposes:

	<i>2010</i>	<i>2009</i>
HUD Capital Advances	\$ 35,295,000	\$ 36,503,000
Development Restricted Proceeds	16,325,000	43,791,000
Stein Educational Assistance Program	2,047,000	1,155,000
Homeownerships Initiative	248,000	310,000
Neighborhood Partnership Initiative	65,000	178,000
Building and Technology Initiative	44,000	181,000
25 th Anniversary Initiative	-	27,000
Other	208,000	224,000
Total	<u>\$ 54,232,000</u>	<u>\$ 82,369,000</u>

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Net assets were released from restrictions for the years ended December 31, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
HUD Capital Advances	\$ 1,208,000	\$ 1,208,000
Development Restricted Proceeds	36,851,000	820,000
Stein Educational Assistance Program	132,000	104,000
Homeownerships Initiative	126,000	658,000
Neighborhood Partnership Initiative	263,000	991,000
Building and Technology Initiative	139,000	45,000
25 th Anniversary Initiative	27,000	137,000
Other	194,000	301,000
Total	<u>\$ 38,940,000</u>	<u>\$ 4,264,000</u>

NOTE 17 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets, as of December 31, 2010 and 2009, consist of land required to be used for low-income housing of \$1,660,000.

NOTE 18 – EMPLOYEE BENEFIT PLANS

BRIDGE has employee 403(b) plans, established effective July 1, 1998, covering eligible employees. BRIDGE contributions to the plan consist of a percentage based on eligible employees' compensation plus a discretionary amount to match voluntary employee contributions. Contributions and plan costs totaled approximately \$805,000 and \$813,000 for 2010 and 2009, respectively.

A taxable not-for-profit affiliate of BRIDGE has an employee 401(k) plan, established effective January 1, 2003, covering eligible employees. The affiliate's contributions to the plan consist of a percentage based on eligible employees' compensation plus a discretionary amount to match voluntary employee contributions. Contributions and plan costs totaled approximately \$3,000 and \$8,000 for 2010 and 2009, respectively.

BRIDGE has an employee 457(b) plan, established effective July 1, 2004, covering eligible employees. BRIDGE's contributions are discretionary. Contributions and plan costs totaled approximately \$47,000 and \$33,000 for 2010 and 2009, respectively.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

Rental Payments under Non-cancelable Operating Leases

Office space

BRIDGE has leases for office space in San Francisco, Los Angeles, and San Diego, California, which expire between April 2013 and April 2014.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

The following is a schedule by year of the future minimum rental payments under the office space leases:

<i>Year ended December 31,</i>	
2011	\$ 804,000
2012	822,000
2013	780,000
2014	189,000
	<u>\$ 2,595,000</u>

Rent costs totaled approximately \$958,000 and \$889,000 for 2010 and 2009, respectively.

Property-related leases

BRIDGE and affiliates lease property land, facilities, and commercial space under leases ranging from 30 to 55 years. Rent expense totaled approximately \$8,218,000 and \$7,180,000 for 2010 and 2009, respectively.

Certain ground lease payments are subject to changes in net cash flow which is a contingency that cannot be reasonably estimated. Minimum future lease payments under the foregoing leases are:

<i>Year ended December 31,</i>	
2011	\$ 5,152,000
2012	5,153,000
2013	5,153,000
2014	5,154,000
2015	5,154,000
Thereafter	148,374,000
	<u>\$ 174,140,000</u>

Litigation

BRIDGE is named in various claims and legal actions in the normal course of its activities. Based upon counsel and management's opinion the outcome of such matters are not expected to have a material adverse effect on the financial position or changes in net assets of BRIDGE.

Letters of Credit

As of December 31, 2010 and 2009, BRIDGE and affiliates did not have any outstanding balance on its letters of credit.

Surety Bonds

In connection with certain project developments, BRIDGE enters into surety bond agreements which bind BRIDGE to repay the surety company if the contractor is unable to successfully perform on the contract. As of December 31, 2010 and 2009, BRIDGE has outstanding a maximum of \$3,331,000 and \$3,231,000, respectively, in surety bonds.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Property Management

Property management on certain properties are contracted with non-affiliated entities for annual amounts subject to yearly increases.

Other

As a general partner in various partnerships, BRIDGE may be subject to other liabilities, should an affected partnership's assets become insufficient to meet its obligations. In the opinion of management, the future revenues and the value of the underlying assets of each of these partnerships will be sufficient to meet ongoing and future partnership obligations.

NOTE 20 – GUARANTEES

BRIDGE issues a variety of guarantees in the course of developing properties. The guarantees are generally issued in favor of limited partner investors or lenders. Guarantees, as of December 31, 2010 and 2009 (except for tax benefits which are one year in arrears), consist of the following:

	<u>2010</u>	<u>2009</u>
Operating deficits	\$ 13,492,000	\$ 10,579,000
Construction loan repayment and completion	111,502,000	218,198,000
Tax benefits	183,509,000	167,189,000
Equity contribution	6,113,000	2,305,000
Total	<u>\$ 314,615,000</u>	<u>\$ 398,271,000</u>

Operating Deficit Guarantees

Operating deficit guarantees are commitments to fund future operating deficits of partnerships. The guarantees are issued in favor of limited tax credit partnerships, and generally are for the fifteen-year period when the investor is expected to hold its limited partner interest, or for shorter periods (for example, until certain debt ratios are achieved). A payment under a guarantee would create a receivable from the partnership. To date, BRIDGE has not experienced any calls on these guarantees.

Construction Loan Repayment and Completion Guarantees

BRIDGE has provided repayment guarantees for construction loans used for the development of properties. BRIDGE has also provided unlimited construction completion guarantees in favor of certain lenders for the development of properties. There are no significant completion delays in current BRIDGE developments. To date, BRIDGE has not experienced non-completion of a project, nor has it been called on for any loan repayment guarantee.

Tax Benefits Guarantees

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, BRIDGE has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease up. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, BRIDGE has not experienced any calls on these guarantees.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Equity Contribution Guarantee

During 2002, BRIDGE became a co-managing member of North Beach Development Associates, LLC (NBDA), the developer of North Beach Housing Associates. NBDA has executed certain performance guarantees relating to construction completion, operating cash flows and tax credit recapture. BRIDGE is obligated to fund NBDA up to \$2.3 million should specified events occur resulting in a capital call by NBDA's managing members. BRIDGE considers the occurrence of such events highly unlikely.

BRIDGE and affiliated not-for-profit organizations are the general partners, co-general partners, members, or co-managing members of various limited partnerships or limited liability companies as disclosed in Note 1. BRIDGE and affiliates executed various performance guarantees in connection with those limited partnerships or limited liability companies. BRIDGE is obligated to fund various affiliated not-for-profit organizations in the event such guarantees are being called upon. To date, BRIDGE has not experienced any calls on these guarantees and considers the occurrence of such events highly unlikely.

No stand ready liability has been recorded in connection with the operating deficit, construction loan repayment and completion, tax benefit, or equity contribution guarantees as these are guarantees to entities under common control.

NOTE 21 – SUBSEQUENT EVENT

In 2011, one of BRIDGE's affiliates was awarded \$18,000,000 development funding under the New Market Tax Credit Program.

SUPPLEMENTARY INFORMATION

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	2010									
BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 15,653,000	\$ 726,000	\$ 8,045,000	\$ 930,000	\$ 405,000	\$ 15,910,000	\$ 19,967,000	\$ 4,558,000	\$ -	\$ 66,194,000
Accounts receivable – net	11,115,000	306,000	556,000	1,015,000	21,000	12,000	1,190,000	4,128,000	(15,518,000)	2,825,000
Contributions receivable – current portion	6,000	-	-	-	-	-	-	-	6,000	6,000
Notes receivable – current portion	865,000	-	2,902,000	-	-	-	-	-	(845,000)	2,922,000
Prepaid expenses and deposits – current portion	899,000	1,000	183,000	6,000	32,000	-	708,000	25,000	1,854,000	1,854,000
Impounds	-	-	-	-	-	-	1,395,000	-	-	1,395,000
Total current assets	28,538,000	1,033,000	11,686,000	1,951,000	458,000	15,922,000	23,260,000	8,711,000	(16,363,000)	75,196,000
Non-current assets:										
Restricted cash and deposits	-	-	-	-	1,430,000	-	34,782,000	-	-	36,212,000
Marketable securities	-	-	-	-	-	9,019,000	-	-	-	9,019,000
Notes receivable – net of current portion	10,420,000	-	25,990,000	-	3,102,000	-	-	13,061,000	(23,270,000)	29,303,000
Prepaid expenses and deposits – net of current portion	-	-	-	-	12,000	-	2,744,000	103,000	(2,487,000)	372,000
Property and equipment – net	3,560,000	-	2,280,000	-	743,000	-	999,785,000	9,815,000	(11,252,000)	1,004,931,000
Deferred costs – net	-	-	-	-	-	-	13,627,000	-	-	13,627,000
Land under lease and held for development	3,110,000	-	-	-	-	-	534,000	1,754,000	-	5,398,000
Other investments	3,129,000	688,000	122,000	-	549,000	-	-	22,469,000	(25,264,000)	1,693,000
Total non-current assets	20,219,000	688,000	28,392,000	-	5,836,000	9,019,000	1,051,472,000	47,202,000	(62,273,000)	1,100,555,000
Total assets	\$ 48,757,000	\$ 1,721,000	\$ 40,078,000	\$ 1,951,000	\$ 6,294,000	\$ 24,941,000	\$ 1,074,732,000	\$ 55,913,000	\$ (78,636,000)	\$ 1,175,751,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

		2010								
BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
LIABILITIES AND NET ASSETS										
Current liabilities:										
Accounts payable and accrued expenses	\$ 2,556,000	\$ 36,000	\$ 959,000	\$ 378,000	\$ 247,000	\$ 27,086,000	\$ 3,476,000	\$ 34,756,000	\$ (16,783,000)	\$ 17,973,000
Notes payable – current portion	2,000,000	-	-	-	808,000	-	-	116,784,000	(706,000)	116,078,000
Interest payable – current portion	39,000	-	-	-	23,000	-	-	4,247,000	(162,000)	4,085,000
Deferred revenues – current portion	-	-	1,308,000	-	-	-	-	1,665,000	-	1,665,000
Security and other deposits	-	-	335,000	-	-	-	17,000	4,334,000	-	4,334,000
Total current liabilities	4,595,000	36,000	2,602,000	378,000	1,078,000	149,586,000	3,493,000	161,786,000	(17,651,000)	144,135,000
Non-current liabilities:										
Notes payable – net of current portion	16,785,000	-	-	-	4,126,000	-	15,737,000	652,741,000	(26,493,000)	626,248,000
Interest payable – net of current portion	810,000	-	-	-	7,000	-	1,592,000	51,293,000	(3,926,000)	47,367,000
Deferred revenues – net of current portion	-	-	22,235,000	-	-	-	3,042,000	25,870,000	(3,145,000)	22,725,000
Security and other deposits – net of current portion	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	17,595,000	-	22,235,000	-	4,133,000	665,570,000	20,371,000	729,904,000	(33,564,000)	696,340,000
Total liabilities	22,190,000	36,000	24,837,000	378,000	5,211,000	815,156,000	23,864,000	891,690,000	(51,215,000)	840,475,000
Net assets:										
Unrestricted:										
Controlling interests	24,792,000	1,685,000	15,237,000	1,573,000	834,000	7,521,000	32,049,000	106,567,000	(27,421,000)	79,146,000
Non-controlling interests	-	-	-	-	-	-	-	200,238,000	-	200,238,000
Total unrestricted	24,792,000	1,685,000	15,237,000	1,573,000	834,000	207,759,000	32,049,000	306,805,000	(27,421,000)	279,384,000
Temporarily restricted	115,000	-	4,000	-	249,000	51,817,000	-	54,232,000	-	54,232,000
Permanently restricted	1,660,000	-	-	-	-	-	-	1,660,000	-	1,660,000
Total net assets	26,567,000	1,685,000	15,241,000	1,573,000	1,083,000	259,576,000	32,049,000	362,697,000	(27,421,000)	335,276,000
Total liabilities and net assets	\$ 48,757,000	\$ 1,721,000	\$ 40,078,000	\$ 1,951,000	\$ 6,294,000	\$ 1,074,732,000	\$ 55,913,000	\$ 1,254,387,000	\$ (78,636,000)	\$ 1,175,751,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	2009										
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
	ASSETS										
Current assets:											
Cash and cash equivalents	\$ 16,194,000	\$ 839,000	\$ 7,894,000	\$ 1,195,000	\$ 30,000	\$ 10,444,000	\$ 17,378,000	\$ 10,708,000	\$ 64,682,000	\$ -	\$ 64,682,000
Accounts receivable – net	13,310,000	149,000	825,000	879,000	714,000	-	1,573,000	3,558,000	21,008,000	(18,311,000)	2,697,000
Contributions receivable – current portion	137,000	-	-	-	-	-	-	-	137,000	-	137,000
Notes receivable – current portion	223,000	-	2,733,000	-	-	-	-	-	2,956,000	(223,000)	2,733,000
Prepaid expenses and deposits – current portion	378,000	9,000	164,000	6,000	38,000	-	1,220,000	10,000	1,825,000	-	1,825,000
Impounds	-	-	-	-	-	-	1,113,000	-	1,113,000	-	1,113,000
Total current assets	30,242,000	997,000	11,616,000	2,080,000	782,000	10,444,000	21,284,000	14,276,000	91,721,000	(18,534,000)	73,187,000
Non-current assets:											
Restricted cash and deposits	-	-	-	-	12,106,000	-	36,298,000	-	48,404,000	-	48,404,000
Marketable securities	-	-	-	-	-	7,969,000	-	-	7,969,000	-	7,969,000
Contributions receivable – net of current portion	-	-	-	-	-	-	-	-	-	-	-
Notes receivable – net of current portion	12,234,000	-	28,892,000	-	239,000	-	-	14,502,000	55,867,000	(26,661,000)	29,206,000
Prepaid expenses and deposits – net of current portion	-	-	-	-	-	-	2,812,000	105,000	2,917,000	(2,549,000)	368,000
Property and equipment – net	1,652,000	4,000	2,314,000	-	52,000	-	1,045,000,000	9,858,000	1,058,880,000	(15,721,000)	1,043,159,000
Deferred costs – net	-	-	-	-	-	-	14,447,000	158,000	14,605,000	(315,000)	14,290,000
Land under lease and held for development	3,110,000	-	-	-	-	-	1,933,000	1,755,000	6,798,000	-	6,798,000
Other investments	3,280,000	1,096,000	184,000	-	595,000	-	-	24,287,000	29,442,000	(27,493,000)	1,949,000
Total non-current assets	20,276,000	1,100,000	31,390,000	-	12,992,000	7,969,000	1,100,490,000	50,665,000	1,224,882,000	(72,735,000)	1,152,147,000
Total assets	\$ 50,518,000	\$ 2,097,000	\$ 43,006,000	\$ 2,080,000	\$ 13,774,000	\$ 18,413,000	\$ 1,121,774,000	\$ 64,941,000	\$ 1,316,603,000	\$ (91,273,000)	\$ 1,225,330,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES COMBINING SCHEDULES OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	2009									
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Eliminations	Total
	LIABILITIES AND NET ASSETS									
Current liabilities:										
Accounts payable and accrued expenses	\$ 2,614,000	\$ 47,000	\$ 1,109,000	\$ 535,000	\$ 350,000	\$ 191,000	\$ 41,058,000	\$ 3,146,000	\$ (18,799,000)	\$ 30,251,000
Notes payable – current portion	4,989,000	-	-	-	1,664,000	-	92,989,000	-	99,642,000	98,430,000
Interest payable – current portion	55,000	-	-	-	308,000	-	2,691,000	-	3,054,000	3,043,000
Deferred revenues – current portion	158,000	-	1,308,000	-	-	-	683,000	158,000	2,307,000	1,992,000
Security and other deposits	-	-	-	-	-	-	3,887,000	19,000	3,906,000	3,906,000
Total current liabilities	7,816,000	47,000	2,417,000	535,000	2,322,000	191,000	141,308,000	3,323,000	(20,337,000)	137,622,000
Non-current liabilities:										
Notes payable – net of current portion	18,057,000	-	-	-	9,416,000	-	645,033,000	13,761,000	(23,914,000)	662,353,000
Interest payable – net of current portion	799,000	-	-	-	525,000	-	43,513,000	1,084,000	(3,112,000)	42,809,000
Deferred revenues – net of current portion	-	-	23,543,000	-	-	-	105,000	3,102,000	(3,207,000)	23,543,000
Security and other deposits – net of current portion	-	-	397,000	-	-	-	-	-	397,000	397,000
Total non-current liabilities	18,856,000	-	23,940,000	-	9,941,000	-	688,651,000	17,947,000	(30,233,000)	729,102,000
Total liabilities	26,672,000	47,000	26,357,000	535,000	12,263,000	191,000	829,959,000	21,270,000	(50,570,000)	866,724,000
Net assets:										
Unrestricted:										
Controlling interests	21,791,000	2,050,000	16,642,000	1,545,000	1,201,000	17,067,000	7,316,000	44,456,000	(41,488,000)	70,580,000
Non-controlling interests	-	-	-	-	-	-	203,997,000	-	203,997,000	203,997,000
Total unrestricted	21,791,000	2,050,000	16,642,000	1,545,000	1,201,000	17,067,000	211,313,000	44,456,000	(41,488,000)	274,577,000
Temporarily restricted	395,000	-	7,000	-	310,000	1,155,000	80,502,000	-	82,369,000	82,369,000
Permanently restricted	1,660,000	-	-	-	-	-	-	-	1,660,000	1,660,000
Total net assets	23,846,000	2,050,000	16,649,000	1,545,000	1,511,000	18,222,000	291,815,000	44,456,000	(41,488,000)	358,606,000
Total liabilities and net assets	\$ 50,518,000	\$ 2,097,000	\$ 43,006,000	\$ 2,080,000	\$ 13,774,000	\$ 18,413,000	\$ 1,121,774,000	\$ 65,726,000	\$ (92,058,000)	\$ 1,225,330,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010							Other Entities ⁽²⁾	Subtotal	Eliminations	Total
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp.	Housing Properties ⁽¹⁾				
Support and revenue:	\$ 4,316,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,000	\$ 4,482,000	\$ (4,482,000)	\$ -
Developer fees											
Rental income -- net of vacancies and concessions	274,000	-	11,829,000	-	14,000	-	70,324,000	315,000	82,756,000	(393,000)	82,363,000
Management revenue	11,427,000	288,000	1,308,000	4,136,000	751,000	6,924,000	440,000	8,429,000	33,703,000	(26,967,000)	6,736,000
Contributions	713,000	-	106,000	-	-	1,024,000	10,258,000	907,000	13,008,000	-	13,008,000
Interest income	807,000	-	1,841,000	1,000	71,000	3,000	161,000	504,000	3,388,000	(1,256,000)	2,132,000
Revenue from townhome sales	-	-	-	-	-	-	39,449,000	-	39,449,000	-	39,449,000
Other	391,000	-	-	-	-	50,000	1,172,000	-	1,613,000	-	1,613,000
Total support and revenue	17,928,000	288,000	15,084,000	4,137,000	836,000	8,001,000	121,804,000	10,321,000	178,399,000	(33,098,000)	145,301,000
Expenses:											
Program services	11,119,000	641,000	16,203,000	3,781,000	1,254,000	1,299,000	178,491,000	22,661,000	235,449,000	(48,733,000)	186,716,000
Supporting services	3,855,000	12,000	290,000	328,000	10,000	1,000	766,000	67,000	5,329,000	(95,000)	5,234,000
Fundraising	233,000	-	-	-	-	-	-	-	233,000	-	233,000
Total expenses	15,207,000	653,000	16,493,000	4,109,000	1,264,000	1,300,000	179,257,000	22,728,000	241,011,000	(48,828,000)	192,183,000
Changes in net assets	2,721,000	(365,000)	(1,409,000)	28,000	(428,000)	6,701,000	(57,453,000)	(12,407,000)	(62,612,000)	15,730,000	(46,882,000)
Net assets, beginning of year	23,846,000	2,050,000	16,650,000	1,545,000	1,511,000	18,222,000	291,815,000	44,456,000	400,095,000	(41,489,000)	358,606,000
Net capital contribution	-	-	-	-	-	-	25,214,000	-	25,214,000	(1,662,000)	23,552,000
Net assets, end of year	\$ 26,567,000	\$ 1,685,000	\$ 15,241,000	\$ 1,573,000	\$ 1,083,000	\$ 24,923,000	\$ 259,576,000	\$ 32,049,000	\$ 362,697,000	(27,421,000)	\$ 335,276,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2009									
BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp.	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
Support and revenue:										
Developer fees	\$ 4,460,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,000	\$ 4,722,000	\$ (4,722,000)	\$ -
Rental income – net of vacancies and concessions	163,000	-	10,915,000	-	3,000	68,143,000	354,000	79,578,000	(361,000)	79,217,000
Management revenue	6,123,000	529,000	1,308,000	3,520,000	1,291,000	1,200,000	6,783,000	20,804,000	(17,651,000)	3,153,000
Contributions	857,000	-	132,000	-	-	32,000	-	3,886,000	-	3,886,000
Interest income	639,000	-	1,990,000	2,000	133,000	309,000	474,000	3,566,000	(1,082,000)	2,484,000
Revenue from townhome sales	-	-	-	-	-	3,551,000	-	3,551,000	-	3,551,000
Other	252,000	115,000	-	-	1,938,000	1,073,000	-	3,398,000	-	3,398,000
Total support and revenue	12,494,000	644,000	14,345,000	3,522,000	1,427,000	75,991,000	7,873,000	119,505,000	(23,816,000)	95,689,000
Expenses:										
Program services	8,601,000	790,000	15,804,000	2,912,000	1,247,000	97,811,000	4,713,000	132,850,000	(19,113,000)	113,737,000
Supporting services	3,213,000	21,000	186,000	353,000	12,000	693,000	64,000	4,543,000	(533,000)	4,010,000
Fundraising	367,000	-	-	-	-	-	-	367,000	-	367,000
Total expenses	12,181,000	811,000	15,990,000	3,265,000	1,259,000	98,504,000	4,777,000	137,760,000	(19,646,000)	118,114,000
Changes in net assets before change in accounting estimates	313,000	(167,000)	(1,645,000)	257,000	168,000	(22,513,000)	3,096,000	(18,255,000)	(4,170,000)	(22,425,000)
Change in accounting estimates of transfer fees (Note 15)	-	-	3,961,000	-	-	-	-	3,961,000	-	3,961,000
Changes in net assets	313,000	(167,000)	2,316,000	257,000	168,000	(22,513,000)	3,096,000	(14,294,000)	(4,170,000)	(18,464,000)
Net assets, beginning of year	23,533,000	2,217,000	14,334,000	1,288,000	1,343,000	310,558,000	41,360,000	410,619,000	(37,030,000)	373,589,000
Net capital contribution	-	-	-	-	-	3,770,000	-	3,770,000	(289,000)	3,481,000
Net assets, end of year	\$ 23,846,000	\$ 2,050,000	\$ 16,650,000	\$ 1,545,000	\$ 1,511,000	\$ 291,815,000	\$ 44,456,000	\$ 400,095,000	\$ (41,489,000)	\$ 358,606,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010						Other Entities ⁽²⁾	Subtotal	Eliminations	Total
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBridges, Inc.	BRIDGE Support Corp.	Housing Properties ⁽¹⁾			
Cash flows from operating activities:										
Change in net assets	\$ 2,721,000	\$ (365,000)	\$ (1,409,000)	\$ 28,000	\$ (428,000)	\$ 6,701,000	\$ (57,453,000)	\$ (12,407,000)	\$ 15,730,000	(46,882,000)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:										
Depreciation and amortization	157,000	4,000	446,000	-	39,000	-	28,360,000	44,000	-	29,050,000
(Gain) Loss on disposal of fixed assets	-	-	-	-	-	-	27,470,000	-	-	27,470,000
Change in accounting estimates for deferred revenue	-	-	(1,308,000)	-	-	-	-	-	-	(1,308,000)
Unrealized gain (loss) and income from investment entities	(184,000)	412,000	4,000	-	11,000	(1,050,000)	2,909,000	3,266,000	(3,126,000)	2,342,000
Income from forgivable loans	-	-	-	-	-	-	(10,242,000)	-	-	(10,242,000)
(Increase) decrease in assets:										
Accounts receivable	2,195,000	(157,000)	269,000	(136,000)	693,000	(12,000)	383,000	(570,000)	(2,793,000)	(128,000)
Contributions receivable	131,000	-	-	-	-	-	-	-	-	131,000
Prepaid expenses and deposits	(521,000)	8,000	(19,000)	-	(6,000)	-	580,000	(13,000)	(62,000)	(33,000)
Impounds	-	-	-	-	-	-	(282,000)	-	-	(282,000)
Increase (decrease) in liabilities:										
Accounts payable and accrued expenses	(469,000)	(11,000)	(555,000)	(157,000)	(103,000)	(173,000)	4,939,000	329,000	1,738,000	5,538,000
Deferred revenues	(158,000)	-	(62,000)	-	-	-	162,000	(218,000)	(377,000)	101,000
Interest payable	(5,000)	-	-	-	(803,000)	-	6,355,000	508,000	(965,000)	5,090,000
Net cash provided by (used in) operating activities	3,867,000	(109,000)	(2,694,000)	(265,000)	(597,000)	5,466,000	3,181,000	(9,061,000)	10,899,000	10,747,000
Cash flows from investing activities:										
(Additions to) Collection of notes receivable	1,172,000	-	2,733,000	-	(2,863,000)	-	-	1,441,000	(2,769,000)	(386,000)
Net decrease in other investments	335,000	(4,000)	-	-	35,000	-	-	(662,000)	112,000	(184,000)
Net (increase) decrease in restricted cash and deposits	-	-	-	-	10,676,000	-	2,166,000	(2,000)	-	12,840,000
(Purchase) Sale of marketable securities	-	-	62,000	-	-	-	-	-	-	62,000
(Purchase) Disposal of property and equipment	(1,654,000)	-	(10,000)	-	(245,000)	-	(29,066,000)	-	(4,193,000)	(35,168,000)
Net (increase) decrease in deferred costs	-	-	-	-	-	-	(545,000)	158,000	(387,000)	(702,000)
Net cash provided by (used in) investing activities	(147,000)	(4,000)	2,785,000	-	7,603,000	-	(27,445,000)	935,000	(7,165,000)	(23,438,000)
Cash flows from financing activities:										
Payment of development payables	-	-	-	-	-	-	(29,464,000)	-	-	(29,464,000)
Proceeds from notes payable	864,000	-	-	-	2,387,000	-	75,506,000	1,976,000	(2,073,000)	76,660,000
Payment of notes payable	(5,125,000)	-	-	-	(9,018,000)	-	(21,662,000)	-	-	(35,805,000)
Payment of syndication costs	-	-	-	-	-	-	(453,000)	-	-	(453,000)
Proceeds from (distribution of) capital contributions	-	-	-	-	-	-	4,926,000	(1,661,000)	-	3,265,000
Net cash provided by (used in) financing activities	(4,261,000)	-	-	-	(6,631,000)	-	26,853,000	1,976,000	(3,734,000)	14,203,000
Increase (decrease) in cash and cash equivalents	(541,000)	(113,000)	151,000	(265,000)	375,000	5,466,000	2,589,000	(6,150,000)	-	1,512,000
Cash and cash equivalent, beginning of year	16,194,000	839,000	7,894,000	1,195,000	30,000	10,444,000	17,378,000	10,708,000	-	64,682,000
Cash and cash equivalent, end of year	\$ 15,653,000	\$ 726,000	\$ 8,045,000	\$ 930,000	\$ 405,000	\$ 15,910,000	\$ 19,967,000	\$ 4,558,000	\$ -	\$ 66,194,000
Supplementary information:										
Cash paid for interest (net of capitalized portion)	\$ 468,000	\$ -	\$ -	\$ -	\$ 899,000	\$ -	\$ 16,646,000	\$ 30,000	\$ 29,000	\$ 18,072,000
Noncash investing and financing activities:										
Assets acquired by assuming liabilities	\$ 411,000	\$ -	\$ 405,000	\$ -	\$ 485,000	\$ -	\$ 11,193,000	\$ -	\$ -	\$ 12,494,000
Assets acquired through capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,307,000	\$ -	\$ -	\$ 4,307,000
Liabilities paid with sales proceeds through escrows	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,761,000	\$ -	\$ -	\$ 34,761,000
Liabilities paid with capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,434,000	\$ -	\$ -	\$ 16,434,000
Syndication costs incurred by assuming liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ -	\$ -	\$ 115,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2009										
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp.	Housing Properties ^(a)	Other Entities ^(b)	Subtotal	Eliminations	Total
Cash flows from operating activities:											
Change in net assets	\$ 313,000	\$ (167,000)	\$ 2,316,000	\$ 257,000	\$ 168,000	\$ 2,236,000	\$ (22,513,000)	\$ 3,096,000	(14,294,000)	\$ (4,170,000)	(18,464,000)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:											
Depreciation and amortization	159,000	5,000	429,000	-	58,000	-	25,623,000	44,000	26,318,000	-	26,318,000
(Gain) Loss on disposal of fixed assets	3,000	-	(27,000)	-	-	-	4,814,000	-	4,790,000	-	4,790,000
Change in accounting estimates for deferred revenue	(432,000)	(80,000)	(5,269,000)	-	-	(1,959,000)	(505,000)	(4,227,000)	(7,203,000)	4,167,000	(3,036,000)
Unrealized gain (loss) and income from investment entities	-	-	-	-	(788,000)	-	(2,864,000)	(1,260,000)	(4,912,000)	2,048,000	(2,864,000)
Contributions earmarked for non-operating activities	-	-	-	-	-	-	(843,000)	-	(843,000)	-	(843,000)
Income from forgivable loans	-	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:											
Accounts receivable	(3,440,000)	9,000	(252,000)	30,000	215,000	-	1,218,000	(291,000)	(2,511,000)	4,149,000	1,638,000
Contributions receivable	97,000	-	-	-	-	-	-	-	97,000	-	97,000
Prepaid expenses and deposits	280,000	-	(5,000)	5,000	(16,000)	-	(46,000)	-	218,000	(61,000)	157,000
Impounds	-	-	-	-	-	-	162,000	-	162,000	-	162,000
Increase (decrease) in liabilities:											
Accounts payable and accrued expenses	810,000	(88,000)	310,000	64,000	67,000	94,000	1,775,000	54,000	3,086,000	(2,114,000)	972,000
Deferred revenues	(190,000)	-	-	-	-	-	158,000	53,000	21,000	139,000	160,000
Interest payable	(28,000)	-	-	-	167,000	-	6,045,000	333,000	6,517,000	(651,000)	5,866,000
Net cash provided by (used in) operating activities	(2,428,000)	(321,000)	(2,498,000)	356,000	(129,000)	371,000	13,024,000	(2,198,000)	6,177,000	3,507,000	9,684,000
Cash flows from investing activities:											
(Additions to) Collection of notes receivable	621,000	-	2,574,000	-	(159,000)	-	100,000	(439,000)	2,697,000	(282,000)	2,415,000
Net decrease in other investments	544,000	129,000	-	-	-	-	-	(194,000)	479,000	216,000	695,000
Net (increase) decrease in restricted cash and deposits	91,000	-	(191,000)	-	(67,000)	-	(861,000)	-	(1,028,000)	-	(1,028,000)
(Purchase) Sale of marketable securities	-	-	4,511,000	-	-	(4,352,000)	-	-	159,000	-	159,000
(Purchase) Disposal of property and equipment	(871,000)	30,000	(227,000)	-	(1,000)	-	(104,570,000)	-	(105,639,000)	(4,823,000)	(110,462,000)
Net (increase) decrease in deferred costs	-	-	-	-	-	-	(571,000)	(112,000)	(683,000)	(33,000)	(716,000)
Net cash provided by (used in) investing activities	385,000	159,000	6,667,000	-	(227,000)	(4,352,000)	(105,902,000)	(745,000)	(104,015,000)	(4,922,000)	(108,937,000)
Cash flows from financing activities:											
Payment of development payables	-	-	-	-	-	-	(23,220,000)	-	(23,220,000)	2,714,000	(20,506,000)
Proceeds from notes payable	1,078,000	-	-	-	(58,000)	-	133,164,000	70,000	134,254,000	250,000	134,504,000
Payment of notes payable	-	-	-	-	-	-	(20,625,000)	-	(20,625,000)	-	(20,625,000)
Payment of syndication costs	-	-	-	-	-	-	(178,000)	-	(178,000)	-	(178,000)
Proceeds from contributions earmarked for development subsidies	-	-	-	-	-	-	2,864,000	-	2,864,000	-	2,864,000
Proceeds from (distribution of) capital contributions	-	-	-	-	-	-	3,948,000	1,260,000	5,208,000	(1,549,000)	3,659,000
Net cash provided by (used in) financing activities	1,078,000	-	-	-	(58,000)	-	95,953,000	1,330,000	98,303,000	1,415,000	99,718,000
Increase (decrease) in cash and cash equivalents	(965,000)	(162,000)	4,169,000	356,000	(414,000)	(3,981,000)	3,075,000	(1,613,000)	465,000	-	465,000
Cash and cash equivalent, beginning of year	17,159,000	1,001,000	3,725,000	839,000	444,000	14,425,000	14,303,000	12,321,000	64,217,000	-	64,217,000
Cash and cash equivalent, end of year	\$ 16,194,000	\$ 839,000	\$ 7,894,000	\$ 1,195,000	\$ 30,000	\$ 10,444,000	\$ 17,378,000	\$ 10,708,000	\$ 64,682,000	\$ -	\$ 64,682,000
Supplementary information:											
Cash paid for interest (net of capitalized portion)	\$ 519,000	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 13,660,000	\$ 15,000	\$ 14,224,000	\$ (15,000)	\$ 14,209,000
Noncash investing and financing activities:											
Assets acquired by assuming current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,464,000	\$ -	\$ 29,464,000	\$ -	\$ 29,464,000
Assets acquired by assuming non-current liabilities	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ 7,200,000	\$ -	\$ 7,280,000	\$ -	\$ 7,280,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF CASH COMPOSITION
YEARS ENDED DECEMBER 31, 2010 AND 2009

BRIDGE Housing Corporation and Affiliate's cash composition as of December 31, 2010 and 2009 are as follow:

	2010						
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp	Housing Properties ⁽¹⁾ Other Entities ⁽²⁾ Total
Unrestricted Designated	\$ 14,366,000	\$ 726,000	\$ 1,546,000	\$ 930,000	\$ 405,000	\$ 13,864,000	\$ - \$ 1,000,000 \$ 32,837,000
Donor restricted	1,172,000	-	6,495,000	-	-	-	19,967,000 3,558,000 31,192,000
Total unrestricted cash and cash equivalents	15,538,000	726,000	8,041,000	930,000	405,000	13,864,000	2,165,000 4,558,000 66,194,000
Restricted cash and deposits (Note 8)	-	-	-	-	1,430,000	-	34,782,000 - 36,212,000
Total cash and cash equivalents	\$ 15,538,000	\$ 726,000	\$ 8,041,000	\$ 930,000	\$ 1,835,000	\$ 13,864,000	\$ 4,558,000 \$ 102,406,000

	2009						
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp	Housing Properties ⁽¹⁾ Other Entities ⁽²⁾ Total
Unrestricted Designated	\$ 12,560,000	\$ 839,000	\$ 1,480,000	\$ 1,195,000	\$ 30,000	\$ 8,289,000	\$ - \$ 7,000,000 \$ 31,393,000
Donor restricted	3,318,000	-	6,407,000	-	-	-	17,378,000 3,708,000 30,811,000
Total unrestricted cash and cash equivalents	15,878,000	839,000	7,887,000	1,195,000	30,000	8,289,000	2,155,000 - 2,478,000 64,682,000
Restricted cash and deposits (Note 8)	-	-	-	-	12,106,000	-	36,298,000 - 48,404,000
Total cash and cash equivalents	\$ 15,878,000	\$ 839,000	\$ 7,887,000	\$ 1,195,000	\$ 12,136,000	\$ 8,289,000	\$ 10,708,000 \$ 113,086,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
SCHEDULES OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	Corporate	Predevelopment	BRIDGE Housing Corporation	Corporate	Predevelopment	BRIDGE Housing Corporation
	ASSETS					
Current assets:						
Cash and cash equivalents	\$ 15,399,000	\$ 254,000	\$ 15,653,000	\$ 15,833,000	\$ 361,000	\$ 16,194,000
Accounts receivable – net	11,115,000	-	11,115,000	13,310,000	-	13,310,000
Contributions receivable	6,000	-	6,000	137,000	-	137,000
Notes receivable	865,000	-	865,000	223,000	-	223,000
Prepaid expenses and deposits	557,000	342,000	899,000	378,000	-	378,000
Total current assets	27,942,000	596,000	28,538,000	29,881,000	361,000	30,242,000
Non-current assets:						
Notes receivable – net of current portion	10,420,000	-	10,420,000	12,234,000	-	12,234,000
Property and equipment – net	343,000	3,217,000	3,560,000	394,000	1,258,000	1,652,000
Land under lease and held for development	3,110,000	-	3,110,000	3,110,000	-	3,110,000
Other investments	3,129,000	-	3,129,000	3,280,000	-	3,280,000
Total non-current assets	17,002,000	3,217,000	20,219,000	19,018,000	1,258,000	20,276,000
Total assets	\$ 44,944,000	\$ 3,813,000	\$ 48,757,000	\$ 48,899,000	\$ 1,619,000	\$ 50,518,000

BRIDGE HOUSING CORPORATION AND AFFILIATES
SCHEDULES OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	Corporate	Predevelopment	BRIDGE Housing Corporation	Corporate	Predevelopment	BRIDGE Housing Corporation
	LIABILITIES AND NET ASSETS			LIABILITIES AND NET ASSETS		
Current liabilities:						
Accounts payable and accrued expenses	\$ 937,000	\$ 1,619,000	\$ 2,556,000	\$ 2,488,000	\$ 126,000	\$ 2,614,000
Notes payable	2,000,000	-	2,000,000	4,989,000	-	4,989,000
Interest payable	39,000	-	39,000	55,000	-	55,000
Deferred revenues	-	-	-	158,000	-	158,000
Total current liabilities	2,976,000	1,619,000	4,595,000	7,690,000	126,000	7,816,000
Non-current liabilities:						
Notes payable – net of current portion	14,708,000	2,077,000	16,785,000	16,844,000	1,213,000	18,057,000
Interest payable – net of current portion	810,000	-	810,000	799,000	-	799,000
Total non-current liabilities	15,518,000	2,077,000	17,595,000	17,643,000	1,213,000	18,856,000
Total liabilities	18,494,000	3,696,000	22,190,000	25,333,000	1,339,000	26,672,000
Net assets:						
Unrestricted:						
Controlling interests	24,675,000	117,000	24,792,000	21,511,000	280,000	21,791,000
Total unrestricted	24,675,000	117,000	24,792,000	21,511,000	280,000	21,791,000
Temporarily restricted	115,000	-	115,000	395,000	-	395,000
Permanently restricted	1,660,000	-	1,660,000	1,660,000	-	1,660,000
Total net assets	26,450,000	117,000	26,567,000	23,566,000	280,000	23,846,000
Total liabilities and net assets	\$ 44,944,000	\$ 3,813,000	\$ 48,757,000	\$ 48,899,000	\$ 1,619,000	\$ 50,518,000

BRIDGE HOUSING CORPORATION AND AFFILIATES

SCHEDULES OF NOTES PAYABLE

(BRIDGE HOUSING CORPORATION ONLY)

YEARS ENDED DECEMBER 31, 2010 AND 2009

Notes payable of BRIDGE Housing Corporation as of December 31, 2010 and 2009 are as follows:

	2010		2009	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Wells Fargo Bank, unsecured, due April 12, 2016, with 2% interest payable quarterly.	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000
Wells Fargo Bank, unsecured due January 18, 2011, with 4% interest payable quarterly.	-	2,000,000	-	2,000,000
Wells Fargo Bank, unsecured, due April 30, 2014, with zero interest in the first five years, and 3% interest payable quarterly beginning in 2004.	30,000	1,000,000	41,000	1,000,000
The Ford Foundation, unsecured, due July 16, 2022, with 1% interest payable quarterly. Loan proceeds are designated to be used in homeownership developments.	-	3,000,000	-	3,000,000
The Ford Foundation, unsecured, due September 20, 2020, with 1% interest payable quarterly. Loan proceeds are designated to be lent to HomeBricks for the Mortgage Assistance Program.	-	3,000,000	-	3,000,000
Bank of America, unsecured, due October 31, 2010 with zero interest in the first five years, and 4.5% interest payable quarterly beginning in 2005.	-	-	46,000	2,989,000
Catholic Healthcare West, unsecured, due September 1, 2010, with 3% interest payable quarterly.	-	-	-	2,000,000
Calvert Social Investment Foundation, unsecured, due December 31, 2012, with 4.5% interest payable semi-annually interest payments commencing December 2003.	-	1,000,000	-	1,000,000
S.H Cowell Foundation, unsecured, due November 1, 2013, with 2.5% interest payable quarterly.	4,000	1,000,000	4,000	1,000,000

BRIDGE HOUSING CORPORATION AND AFFILIATES

SCHEDULES OF NOTES PAYABLE

(BRIDGE HOUSING CORPORATION ONLY)

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010		2009	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
FB Heron Foundation, unsecured, due September 2012, payable in two installments of \$50,000 each on September 30, 2010 and September 30, 2011 with a final installment of \$400,000 due on September 30, 2012. Interest of 4% is due and payable quarterly.	5,000	450,000	5,000	500,000
Redevelopment Agency of the City of Pinole, secured by a deed of trust. Simple interest accrues at 4% per annum. Principal and interest due in October 2024, but under certain conditions, the due date can be extended for another 19 years, with the note being forgiven at the end of that term.	570,000	900,000	535,000	900,000
County of Contra Costa, secured by a deed of trust. Simple interest accrues at 4% per annum. Principal and interest due in October 2024, but under certain conditions, the due date can be extended for another 19 years, with the note being forgiven at the end of that term.	240,000	400,000	223,000	400,000
Community Development Agency of the City of Foster City, non-interest-bearing, secured primarily by a deed of trust. Principal payments are due annually in an amount equal to rental payments received. The note is due in June 2050, with unpaid balance to be forgiven under certain circumstances.	-	616,000	-	616,000
<u>Others</u>				
Developer fee payable	-	250,000	-	336,000
Predevelopment payable	-	2,077,000	-	1,213,000
Notes payable to affiliates	-	92,000	-	92,000
Total	849,000	18,785,000	854,000	23,046,000
Less: current portion	39,000	2,000,000	55,000	4,989,000
Non-current portion	\$ 810,000	\$ 16,785,000	\$ 799,000	\$ 18,057,000

**ATTACHMENT 5C
DISCLOSURE STATEMENT
BRIDGE SC, LLC**

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE**

1. Name of CONTRACTOR: BRIDGE SC, LLC

2. Address and Zip Code: 345 Spear Street, San Francisco, CA 94105

3. Telephone Number: (415) 989-1111

4. Name of Principal Contact for CONTRACTOR: Kimberly McKay, VP

5. Federal Identification Number or Social Security Number of CONTRACTOR:

26-3714598

6. If the CONTRACTOR is not an individual doing business under his own name,
the CONTRACTOR has the status indicated below and is organized or operating
under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

☐ A nonprofit or charitable institution or corporation. (Attach copy of
Articles of Incorporation and documentary evidence verifying current
valid nonprofit or charitable status).

☐ A partnership known as: _____
(Name)

Check one

() General Partnership (Attach statement of General Partnership)

() Limited Partnership (Attach Certificate of Limited Partnership)

_____ A business association or a joint venture known as:

(Attach joint venture or business association agreement)

_____ A Federal, State or local government or instrumentality thereof.

 X Other (explain)

Limited Liability Company, acting as General Partner of housing partnership.

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

BRIDGE SC, LLC was formed on October 3, 2005.

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and
Zip Code _____

Position Title (if any) and
percent of interest or description
of character and extent of interest

BRIDGE Housing Corporation – Southern California is the sole and managing member of BRIDGE SC, LLC.

- 9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.**

No.

- 10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.**

Yes, once tax credit investor is selected. GP will be revised to reflect a new tax credit GP and Member.

- 11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):**

**Name, Address and
Zip Code**

**Position Title (if any) and
extent of interest**

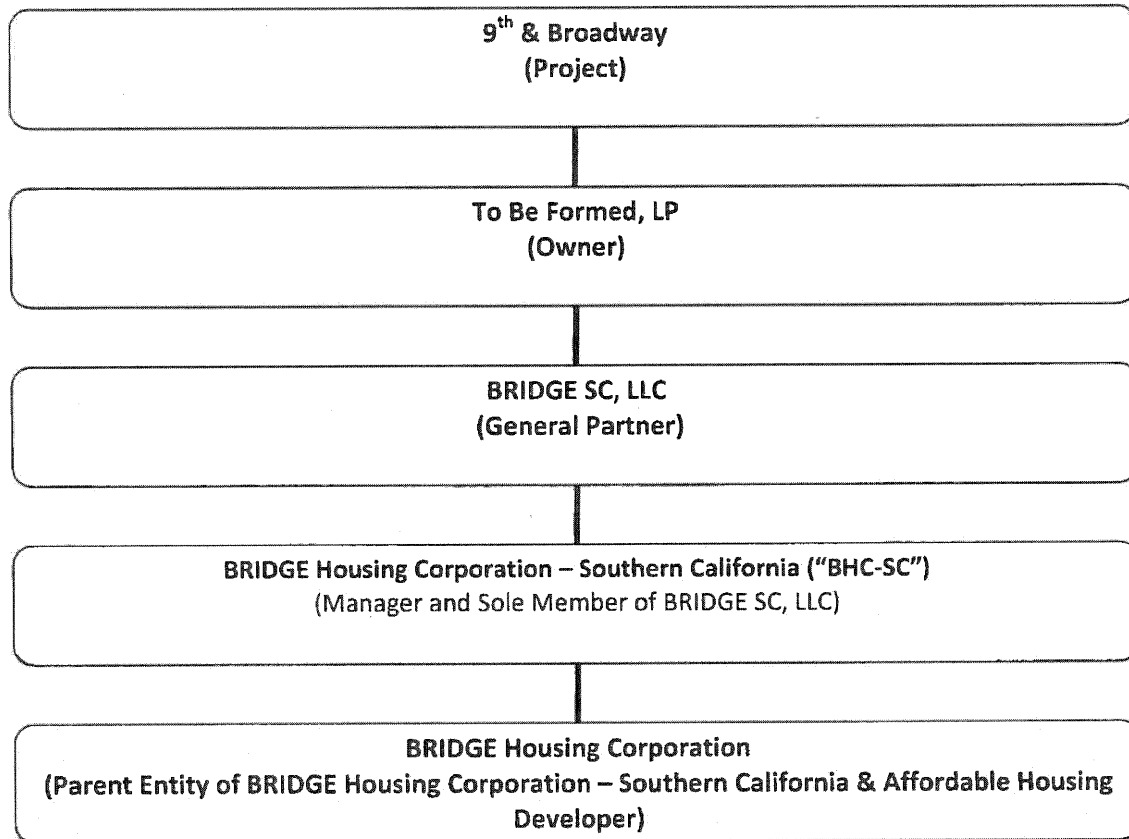
- 12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:**

**Manager of BRIDGE SC, LLC is BRIDGE Housing Corporation – Southern California. All officers of BRIDGE Housing Corporation – Southern California can be reached at the following address:
345 Spear Street, Suite 700, San Francisco, CA 94105.**

- 13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature. If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.**

Multiple affiliate entities – see organizational chart provided.

**ORGANIZATIONAL CHART:
9th & Broadway – 4% LIHTC Development**



The development will be vertically subdivided with two separate ownership and financing structures. 9th & Broadway will be owned by two separate legal entities, Broadway Tower Associates, LP and a to be formed, LP.

The 9th & Broadway is currently leased by Broadway Tower Associates, LP from the City of San Diego. Broadway Towers Associates, LP is the limited partnership that will own the 9% portion of the development. The LP is controlled by BRIDGE SC, LLC, the same GP partner as the 4% limited partnership.

BRIDGE SC, LLC is comprised of BRIDGE Housing Corporation – Southern California. BRIDGE Housing Corporation – Southern California is the Manager of the GP. BRIDGE Housing Corporation – Southern California is a wholly controlled affiliate of BRIDGE Housing Corporation.

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

See financial statement for BRIDGE Housing Corporation (submitted separately). BRIDGE Housing Corporation is the parent entity of the manager of BRIDGE SC, LLC.

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

9th & Broadway will utilize mixed financing structure with 4% tax credits/bonds for construction and permanent financing, tax credit investor equity and City of San Diego funds (formerly RDA funds)

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

- a. Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$ _____

The manager, BRIDGE Housing Corporation has adequate cash reserves and available financing. See financial statements.

- b. By loans from affiliated or associated corporations or firms:

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$ _____

- c. By sale of readily salable assets/including marketable securities:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
	\$	\$

17. Names and addresses of bank references, and name of contact at each reference:

Bank of America; 45 Fremont St., 9th Floor, San Francisco, CA 94105
Contact: Jeff Bennett

Union Bank; 200 Pringle Avenue, Suite 335, Walnut Creek, CA 94596
Contact: Jonathan Klein

US Bank; 621 Capitol Mall, Suite 800, Sacramento, CA 95814
Contact: John Chan

Citibank; One Sansome Street, 22nd Floor, San Francisco, CA 94104
Contact: Merle Malakoff

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

 Yes X No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

 Yes X No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

<u>Bond</u> <u>Type</u>	<u>Project</u> <u>Description</u>	<u>Date of</u> <u>Completion</u>	<u>Amount</u> <u>of Bond</u>	<u>Action on</u> <u>Bond</u>
----------------------------	--------------------------------------	-------------------------------------	---------------------------------	---------------------------------

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

Not Applicable – a 3rd party general contractor will be utilized.

a. Name and addresses of such contractor or builder:

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

___ Yes ___ No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ _____

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

- d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of</u> <u>Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be</u> <u>Completed</u>
--	-----------------	---------------	---------------------------------------

- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
------------------------	---------------	--------------------

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder

for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

Highland Partnership, Inc. has been selected as the contractor. See attached qualification statement from contractor.

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes ☒ No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

No other statements are attached.

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes ☒ No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category: See Certificates Attached.

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☒ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☒ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☒ Personal Injury

b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☐ Owned
- ☒ Hired
- ☒ Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

- e. **Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]**

- f. **Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]**

27. **CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.**

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state:

Government Entity
Making Complaint

Date

Resolution

No issues to report.

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state:

None. The manager of this entity, BRIDGE Housing Corporation – Southern California has never been disqualified, removed, etc. from bidding on or completing a project because of a violation of law or a safety regulation.

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Governmental Agency	Description License	License Number	Date Issued (original)	Status (current)	Revocation
(yes/no)					

N/A

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

No factors will adversely affect BRIDGE SC, LLC's ability to repay the Commission's loan.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

BRIDGE SC, LLC's manager, BRIDGE Housing Corporation – Southern California, is a wholly controlled affiliate of BRIDGE Housing Corporation. BRIDGE Housing Corporation is the largest non-profit developer of affordable housing in California and has successfully developed over 13,000 homes in its 29-year history.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years:

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
12/11/09	Redevelopment Agency	Current	\$21,783,000
6/24/11	Redevelopment Agency	Current	\$9,255,000

The above contracts were entered into by the manager entity, BRIDGE Housing Corporation – Southern California.

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? ☐ Yes ☒ No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?
☐ Yes ☒ No

If yes, explain:

38. List three local references who would be familiar with your previous construction project:

Name: City of Carlsbad – Debbie Fountain

Address: 2965 Roosevelt Suite B, Carlsbad, CA 92008

Phone: (760) 434-2935

Project Name and Description: Poinsettia Apartments – Carlsbad, CA

Name: KTGY – Chris Texter

Address: 17992 Fitch, Irvine, CA 92614

Phone: (949) 851-2133

Project Name and Description: Pottery Court – Lake Elsinore, CA

Name: City of San Marcos – Harry Williams

Address: 1 Civic Center Drive, San Marcos

Phone: (760) 744-1050

Project Name and Description: Sage Canyon Apartments

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

See previous responses.

40. Give the name and experience of the proposed Construction Superintendent.

Michael Wood – Highland Partnership, Inc. Senior Superintendent.

Mr. Wood has more than 32 years experience in the commercial construction industry in the San Diego and Southern California Market, serving as Field Supervisor and Project Superintendent on some of Southern California's largest construction projects. Major strengths include supervision of complex commercial, institutional and military projects, concrete placement and finish, and seismic enhancements. Mr. Wood has developed many strong client and industry relationships with a proven record performance and results.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 24th day of May, 2012, at San Diego, California.

CONTRACTOR

By:

[Signature]
Signature

VP
Title

CERTIFICATION

The CONTRACTOR, BRIDGE SC, LLC, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: [Signature]

By: _____

Title: VP

Title: _____

Dated: 5/24/12

Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

ATTEST:

State of California

County of Orange

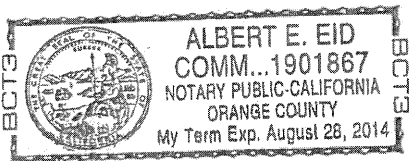
Subscribed and sworn to before me this 24th day of May, 2012.

[Signature]

Signature of Notary

Alberts, E.D.

Name of Notary



ATTACHMENT 6
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM
Summary

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity bonds” because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City’s faith, credit or taxing power nor of the Housing Authority’s faith and credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

Rating: Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- Application for Bond Allocation: The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the

Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.