



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE HOUSING AUTHORITY

DATE ISSUED: October 12, 2012

REPORT NO: HAR12-043

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of November 27, 2012

SUBJECT: Final Bond Authorization for Ninth & Broadway

COUNCIL DISTRICT: 2

REQUESTED ACTION:

Take the final step to authorize the issuance of Housing Authority of the City of San Diego multifamily mortgage revenue bonds to facilitate the new construction of a 121-unit portion of the Ninth and Broadway Apartments.

STAFF RECOMMENDATION:

That the Housing Authority of the City of San Diego ("Housing Authority") authorize the issuance of up to \$23,000,000 in multifamily housing revenue bonds to fund construction of 121 units in floors 8-17 of a 250-unit affordable rental housing development located at 929 Broadway, by Broadway Upper Tower Associates LP ("BUTA").

SUMMARY:

The Project

Ninth and Broadway is BRIDGE Housing Corporation's ("BRIDGE") proposed 17-story high-rise tower 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 former Redevelopment Agency of the City of San Diego ("Agency"). The proposed development is a new construction project that will provide 250 affordable rental units and 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 (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 LP ("BTA"), a California limited partnership with Broadway Tower, Inc. 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 BUTA, a California limited partnership with Broadway Upper Tower, LLC as the initial general partner.

On March 21, 2012, the City Council approved a Second Amendment to the Disposition and Development Agreement (“DDA”) (City Council Resolution #307346) for Ninth and Broadway with the developer BTA.

The proposed 17-story building will consist of 248 affordable rental units targeted for low and very-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 115 parking spaces. All units will have individual bathrooms and kitchen areas. 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-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 classes, financial management classes, and job training.

Bond Allocation

The California Debt Limit Allocation Committee (“CDLAC”) approved a \$23,000,000 bond allocation on September 26, 2012.

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 of San Diego 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 at the southeast corner of Ninth Avenue and Broadway. The parcel consists of a vacant lot currently utilized as a surface parking lot and a one-story warehouse structure (not historically significant).

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 approximately 17.5 percent.

The Development Team

BRIDGE has formed BUTA as a single asset limited partnership to own the 121-unit project. Broadway Upper Tower LLC will be the BUTA limited partnership’s initial General Partner. Broadway Upper Tower LLC’s sole member is BRIDGE Housing Corporation Southern California, a 501(c)(3) nonprofit corporation (Attachment 2 - Organizational Chart).

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 San Diego Housing Commission (“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 Upper 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 and McLarand, Vasquez, Emsiek, & Partners (MVE) – Architect of Record Contact: Rick Castillo, Principal	<u>Studio E</u> : Eric Naslund and John Sheehan (Privately Owned) <u>MVE</u> : Carl McLarand, Ernesto Vasquez and Richard Emsiek (Privately Owned)
General Contractor	Highland Partnership, Inc.	Ian Gill and J. David Gardner
Civil Engineer	Fusco Engineering Inc.	
Construction Lender	Mortgage revenue bonds; U.S. Bank	
Prevailing Wage Monitor	To be determined	
Property Management	BRIDGE Property Management Co.	501(c)(3) nonprofit corporation

Housing 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 development's 248 units. The City's DDA agreement will restrict the project's affordability for 55 years. The bond program restrictions will be recorded against the property for fifty-five years. The 121 units will be affordable to tenants with incomes at Area Median Income ("AMI") levels ranging from 40 percent AMI to 60 percent AMI.

Table 2 Affordability & Rent Table

Ninth and Broadway – Floors 8-17 (121 unit portion of the total 250 unit development)							
Affordability Mix	Living Units (337 square feet)		Studio Units (447 square feet)		One Bedrooms (623 square feet)		
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	\$ 548 *	0	--	0	--	49
50% AMI units	0	--	5	\$642 *	6	\$729 *	11
60% AMI units	0	--	6	\$773 *	54	\$879 *	60
Manager's unit	0	--	0	--	1	--	1
Subtotal	49		11		61		121
Project #1 Floors 1-7 (129 units portion):				--			
30% AMI units	88	--	3	--	2	--	93
40% AMI units	6	--	1	--	0	--	7
50% AMI units	0	--	16	--	12	--	28
Manager's unit	0	--	0	--	1	--	1
Subtotal	94		20		15		129
Total Units	143	--	31	--	76	--	250

* Developer's estimated net rents after utilities allowance deduction.

Financing Structure

Estimated sources of funding are summarized in the following table:

Table 3 - Estimated Sources of Funding
(This Table is only for the Floors 8-17, 121 Unit Portion of the Total 250 Unit Development)

Construction Funding Sources	Amounts	Permanent Funding Sources	Amounts
Construction loan (multifamily mortgage revenue bonds)	\$22,000,000	Permanent Loan (multifamily mortgage revenue bonds)	\$1,595,000
City of San Diego (former Redevelopment Agency loan)	\$13,372,980	City of San Diego (former Redevelopment Agency Loan)	\$18,872,980
4% Tax Credit Equity	\$262,765	4% Tax Credit Equity	\$16,682,565
Accrued Interest	\$226,476	Accrued Interest	\$226,476
		General Partner Contribution	\$700,000
Total Development Cost (TDC)	\$35,862,221	Total Development Cost (TDC)	\$38,077,021
TDC Per Unit (for 121 units)	\$296,382	TDC Per Unit (for 121 units)	\$314,686

Please refer to Attachment 6 for additional information on development costs.

Estimated Development Schedule

- September 26, 2012 CDLAC bond allocation approval
- October 10, 2012 TCAC 4% tax credits proposal review/approval meeting
- November 27, 2012 Housing Authority review
- December 10, 2012 Bond Closing
- January 2013 Construction start
- January 2015 Construction completion

Public Disclosure and Bond Authorization

The bonds will be sold through a private placement, purchased directly by U.S. Bancorp. U.S. Bancorp is a “qualified institutional buyer” within the meaning of the U.S. securities laws. At closing, it will sign an “Investor’s Letter” certifying, among other things, that it is buying the Bonds for its own account and not for public distribution. Because the bonds are being sold through a private placement, an Official Statement will not be used. In addition, the bonds will not be subject to continuing disclosure requirements nor will they be credit enhanced or rated. When bonds are issued through a public offering, a third party trustee administers bond proceeds, collects project loan payments, makes bond debt service payments, and protects the interest of bondholders. Under the private placement structure for this transaction, U.S. Bancorp will act as both the bond owner’s representative (in lieu of a trustee) and as the bondholder/lender.

The transfer of the bonds by U.S. Bancorp or any subsequent bondholder will be restricted to transferees who would purchase all of the bonds (to maintain ownership by a single bondholder), and who would represent to the Housing Authority that they are qualified institutional buyers who are buying the bonds for investment purposes and not for resale, and have made due investigation of the information they would deem material in connection with the purchase of the bonds.

The following documents will be executed on behalf of the Housing Authority: Indenture, Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other documents. At the time of

docketing, bond documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's office and bond counsel.

Indenture - The bonds will be issued pursuant to an Indenture between the Housing Authority and U.S. Bancorp (acting as the bond owner representative). Based upon instructions contained in the Indenture, the bond owner representative will disburse bond proceeds for eligible costs, collect project revenues and make payments to bondholders.

Loan Agreement - Under the terms of the Loan Agreement, the Housing Authority will loan the bonds' proceeds to the borrower in order to develop the project. The Loan Agreement sets out the terms of repayment and the security for the loan, and the Housing Authority assigns its rights to receive repayments under the loan to U.S. Bancorp as the bond owner representative.

Assignment of Deed of Trust and other Loan Documents – These documents assign the Housing Authority's rights and responsibilities as the bond issuer to U.S. Bancorp, and they are signed by the Housing Authority and U.S. Bancorp. Rights and responsibilities that are assigned to U.S. Bancorp include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, enforce insurance, and enforce other requirements. These rights will be used by U.S. Bancorp as bond owner representative to protect its financial interests as the bondholder.

Regulatory Agreement – Will be recorded against the property in order to ensure the long term use of the project as affordable housing and to ensure that the project complies with all applicable federal and state laws. The Housing Authority, U.S. Bancorp, and BUTA (the borrower) are parties to the Regulatory Agreement.

Since the bonds will not be repaid using any City of San Diego or Housing Authority revenues, it is not appropriate to provide any information about the City's finances. For a summary of the Housing Commission's Multifamily Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize bond financings, please see Attachment 3. The Housing Authority's bond counsel for this transaction is Quint & Thimmig LLP.

Staff has been working with CSG Advisors, the Housing Commission's Financial Advisor, to perform due diligence concerning the proposed financing and to formulate a recommendation for the Housing Authority. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the bond issuance for the project be authorized assuming: a) final credit approval from U.S. Bancorp, b) approval by the Housing Authority, and c) financing for the 9 percent tax credit portion (floors 1-7) must close before or concurrently with the issuance of bonds. The Financial Advisor's analysis and recommendation is included as Attachment 4. Staff is also working with the City Attorney and the City's Disclosure Practices Working Group to assure that the issuance of Housing Authority bonds is in conformance with the City's disclosure requirements. The developer's Disclosure Statements are provided as Attachment 5. A development summary is included in Attachment 6 which further details construction costs.

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, to the City of San Diego or to the Housing Authority associated with the requested action. The bonds will not constitute a debt of the City of San

Diego. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds; security for repayment of the bonds will be limited to the value of the property and its revenue sources. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's issuer fee (estimated at \$52,900) and the Housing Commission's annual administrative fee.

Approval of this report's recommendations will result in no expenditure of Housing Commission loan funds for this project. However, the Housing Commission will be providing 88 project based Section 8 certificates for the project's 88 supportive housing units.

The proposed funding sources and uses approved by this action were approved in the Fiscal Year 2013 Housing Authority Approved Budget. Approving this action will produce/result in 121 "Affordable Housing Units Financed" under "Rental Housing Finance" at an average cost of \$0 per unit to the Commission. For its services, the Commission will receive \$52,900 in Bond Fees which were included in the FY13 Annual Budget

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This item was unanimously approved by the Housing Commission Board on October 12, 2012.

Preliminary bond items for the project were approved by the Housing Authority and San Diego City Council on July 10, 2012 and approved by the Housing Commission on June 8, 2012. On February 29, 2012 the former Centre City Development Corporation approved this project. On March 21, 2012 the City Council adopted Resolution R-307346 which approved the Second Amendment to the Disposition and Development Agreement for this project.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS:

In 2009, BRIDGE and the former Centre City Development Corporation gave a presentation to the East Village Association regarding Ninth and Broadway. There was also 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.

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 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. Organizational Chart
 3. Multifamily Bond Program Summary
 4. Financial Advisor's Analysis
 5. Developer Disclosure Statements
 - a) Broadway Upper Tower Associates LP
 - b) Broadway Upper Tower, LLC
 - c) BRIDGE Housing Corporation Southern California
 - d) BRIDGE Housing Corporation
 6. Development Summary

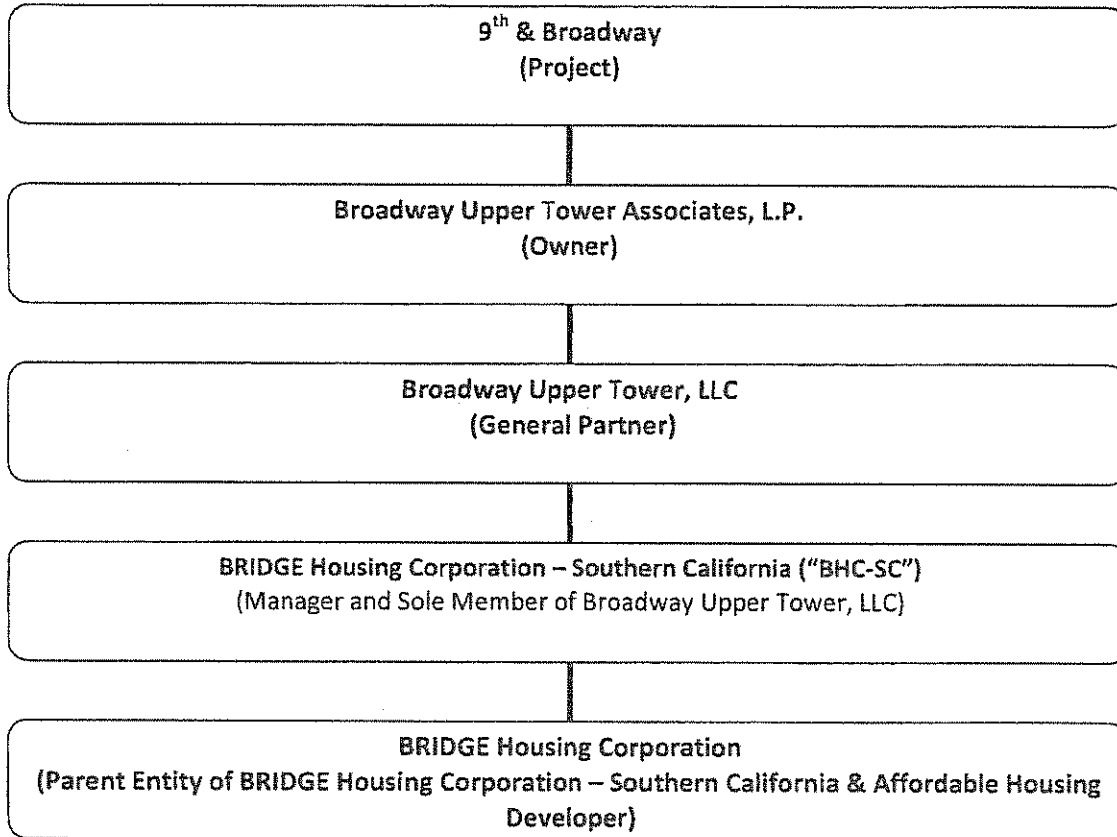
Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego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

ATTACHMENT 1
SITE MAP



ATTACHMENT 2 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 Broadway Upper Tower, LP. Broadway Upper Tower, LLC is the GP for the LP.

Broadway Upper Tower, 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.

ATTACHMENT 3
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.

September 20, 2012

Mr. J. Correia
San Diego Housing Commission
1122 Broadway,
San Diego, California 92101

RE: **9th and Broadway Apartments**

Dear Mr. Correia:

The San Diego Housing Commission (the "Commission") has retained CSG Advisors, Inc. to analyze the feasibility of the proposed bond financing for the 9th and Broadway Apartments (the "Project"). Our findings are organized as follows:

- Current Project Status and the Proposed Project.
- The Proposed Financing.
- Project's Projected Financial Status.
- Benefits and Risks to the Commission.
- Public Purpose.
- Negotiation of Additional Public Benefit.
- Recommendations.

We have based our analysis of the proposed financing on documents provided by BRIDGE Housing Corporation (the "Developer"), and on additional conversations and documents provided by representatives for the Developer and Commission staff. The documents examined included the Developer's proposed financial schedules. CSG has not visited the site of the proposed Project.

CURRENT PROJECT STATUS AND THE PROPOSED PROJECT

The site of the proposed Project is 929 9th Avenue – the southeast corner of the intersection of 9th and Broadway Street, San Diego, CA 92101 on a 0.57 acre site (the "Site").

The City of San Diego (the "City") currently owns the Site. The Site currently contains a parking lot but is otherwise vacant. The Developer has obtained site control with the City through a Disposition and Development Agreement ("DDA"), and has executed a Ground lease with the City. The Developer has, further, executed an Assignment and Assumption agreement with owner of the proposed Project (the "Borrower"), providing for a lease between the Borrower and the City.

The Developer proposes to construct a seventeen-story development on the Site with two components (together, "The Development"). The first component will consist of a 9% low income housing tax credit development encompassing floors one through seven and will be financed, in part, with equity generated by the sale of 9% low income housing tax credits. The Project (i.e., the portion of the building to be financed with the proceeds of tax-exempt bonds) will comprise the units located on floors eight through seventeen of the

development. The Development will be vertically subdivided to achieve the legal separation of the Project and the 9% tax credit portion.

The Project will consist of a total of 121 units: 120 rent-restricted units and one manager's unit.

The Housing Authority of the City of San Diego (the "Authority") has submitted a request for \$23,000,000 in bond allocation to the California Debt Limit Allocation Committee (CDLAC). CDLAC will be considering the allocation request at its scheduled meeting of September 26, 2012.

On July 10, 2012, the Authority approved a resolution of its official intent to issue bonds in the not-to-exceed amount of \$24,000,000 for the Project. The resolution also approved submittal of the application to CDLAC.

THE PROPOSED FINANCING

The Developer proposes to construct the Project as part of the construction of the Development. According to projections provided by the Developer, the total development cost totals approximately \$38,077,000.

Construction sources include:

Bond Proceeds:	\$22,000,000
Tax Credit Equity:	\$262,765
City of San Diego:	\$13,372,980
Accrued Interest:	<u>\$226,476</u>
Total Construction Sources	\$35,862,221

Permanent sources include:

Bond Proceeds:	\$1,595,000
Tax Credit Equity:	\$16,682,565
City of San Diego:	\$18,872,980
Accrued Interest:	\$226,476
General Partner Contribution:	\$700,000
Deferred Developer Fee:	<u>\$0</u>
Total Permanent Sources ¹	\$38,077,021

¹ Permanent Sources includes funds for additional costs paid at permanent conversion, including operating reserve and developer fee.

Total bond proceeds of \$22,000,000 will be available during the construction period to fund a portion of construction costs.

Ownership

The ownership entity for the Project will be Broadway Upper Tower Associates, L.P. (i.e., the Borrower). The partners of the limited partnership are expected to be Broadway Upper Tower LLC, (an affiliate of the Developer) as the managing general partner and an affiliate of U.S. Bancorp as the low-income housing tax credit investor limited partner.

Bond Structure and Credit Enhancement

The Developer proposes that the Authority issue approximately \$22,000,000 of tax-exempt bonds (the "Bonds") to finance the construction of the Project.

The Bonds would be unrated without credit enhancement, and would be issued on a private placement basis and purchased by U.S. Bancorp (the "Lender"). The bonds would be issued as "draw-down" bonds. The payment of principal and interest to the bondholder(s) will be secured solely by the revenues pledged under the indenture.

As unrated, non-credit enhanced bonds sold on a private placement basis, the bond issue must meet the minimum requirements of the Commission's policies for such issues (e.g., maximum \$100,000 minimum denominations, no more than 15 bondholders, etc).

Construction Loan

Pursuant to the Lender's commitment letter, the construction portion of the loan will be an amount not to exceed \$23,000,000. The term of the construction loan will be 30 months subject to two six-month extensions. The interest rate during the construction period will vary on a monthly basis, based on an index (LIBOR) plus a spread. According to the Lender's commitment letter, the indicative rate for August 7, 2012 was 2.07%.

Permanent Loan

The term (or "permanent") portion of the loan will be a not-to-exceed amount of \$1,595,000. The term loan will fully amortize over its 15-year term.

The interest rate for the term loan will be based upon the Lender's Community Investment Pricing ("CIP") Index plus an appropriate spread. According to the Lender's commitment letter, the indicative rate for August 7, 2012 was 3.67%

Projected Issuance Date

The Commission anticipates that CDLAC will award an allocation of private activity bonds for the Project at its September 26th meeting. The Developer proposes that the Bonds be issued on or about December 10, 2012. As CDLAC has not awarded the allocation, it correspondingly has not posted the date by which the allocation must be used and the Bonds issued (usually 90-110 days after the allocation award).

Commission Financial Involvement

The Commission is not providing subordinate financing to the Project and has no other financial involvement.

Affordability Restrictions

Upon implementing the proposed financing, the Project will be subject to the following regulatory restrictions and regulatory terms:

The units will be restricted to 50% and 60% of area median income (“AMI”) as follows:

- Tax-Exempt bond regulatory requirements: the Developer has elected to restrict 50% of the units at 50% AMI and 50% of the units at 60% AMI. This election reflects voluntary elections under CDLAC and is effective for a term of 55 years.
- Tax Credit regulatory requirements: all units must be affordable at 60% AMI to remain eligible for tax credits (30 yr term).
- The 50% of AMI units will include 49 units further restricted to 40% of AMI for 55 years by the City of San Diego regulatory agreement associated with its subordinate loan.

PROJECT’S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer – annual debt service on the senior loan would total approximately \$146,420. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$110,346 at a debt coverage ratio (DCR) of 1.75. Cash flow after reserves would total approximately \$61,949 (DCR @ 1.42).

THE BENEFITS AND RISKS TO THE COMMISSION

The proposed financing provides a vehicle for financing the construction of the Project.

By approving a recommendation to the Housing Authority to move forward with the approval process for the proposed bond financing, the Commission will not obligate the Commission or the Housing Authority to issue the Bonds.

As proposed, the financing will result in 120 new long-term affordable units (plus one manager’s unit) in the City of San Diego.

If the Authority issues the bonds, the Commission would receive a fee at bond closing of 0.23% of the issue amount (\$50,600) and an annual fee equal to the greater of \$10,000 and 0.23% of the permanent amount of the Bonds (i.e., \$10,000, annually).

PUBLIC PURPOSE

The proposed financing will result in 120 housing units affordable to low-income households (plus one manager's unit): 60 units will be restricted to households earning 50% of AMI or less; 60 units will be restricted to households earning 60% of AMI or less. One unit will be an unrestricted manager's unit

The bond and tax credit regulatory agreements will require that:

- i) 120 units are affordable at the above affordability levels for 55 years.

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

As noted above, the financing will result in long-term affordability restrictions on 120 units within the Project.

RECOMMENDATIONS

Based upon analysis of the available information, we recommend that the Commission approve moving forward with the proposed issuance. Our recommendation is based upon the following:

- The financing will assist in creating 120 affordable units in the City of San Diego with long-term affordability covenants.
- The Commission is expected to receive a tax-exempt bond allocation of \$23,000,000 from CDLAC for the Project.
- U.S. Bancorp is currently underwriting the Project.
- The Commission will not be responsible for costs of issuance. The Commission, assuming the maximum loan amount, will receive a long-term annual fee of approximately \$10,000.
- The bond financing and tax credit equity will provide approximately \$18,277,565 for construction costs.

Contingent Items

The Commission may choose to move forward with the financing subject to the following contingencies:

- The Commission must receive a tax-exempt bond allocation from CDLAC (expected on September 26, 2012).

9th and Broadway Apartments

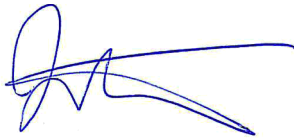
September 20, 2012

Page 6 of 6

- As of this writing, U.S. Bancorp has not provided its final credit approval for the financing. The Bonds cannot be issued without this final approval.
- Final bond documents and approving resolution must be approved by the Housing Authority.
- Construction of the Development is contingent upon financial close of both financing for the Project and for the 9% portion of the Development. Therefore, the financing for the 9% portion of the Development must close before or at the same time as the issuance of Bonds for the Project.

Should you require any further information or would like to discuss the Project or the proposed financing in additional detail, please do not hesitate to contact me.

Sincerely,
CSG Advisors



John Hamilton

Exhibit A

9th and Broadway Apartments

date of rev: 9/19/12

Long-Term Bond Loan**Tax Exempt (Real Estate Loan)**

Principal Amount ¹	\$ 1,595,000
Mortgage Rate ²	4.500%
Amortization Term	15
Underwriting Monthly Debt Service	\$ 12,202
Underwriting Annual Debt Service	\$ 146,420

¹ Source: Preliminary estimates from the Developer² Source: Preliminary estimates from the Developer. (The indicative rate from the U.S. Bank Commitment Letter dated August 7, 2012)Post Financing Operations Analysis ¹

Income		Stabilized Year				
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Gross Rental Income	2.50% Inflation	\$ 1,040,436	\$ 1,066,447	\$ 1,093,108	\$ 1,120,436	\$ 1,148,447
Other Income	2.50% Inflation	\$ 18,875	\$ 19,347	\$ 19,831	\$ 20,327	\$ 20,835
Gross Potential Income		\$ 1,059,311	\$ 1,085,794	\$ 1,112,939	\$ 1,140,762	\$ 1,169,281
Vacancy Collection Loss ²	5%	(52,966)	(54,290)	(55,647)	(57,038)	(58,464)
Effective Gross Income		\$ 1,006,346	\$ 1,031,504	\$ 1,057,292	\$ 1,083,724	\$ 1,110,817
Expenses						
Operating Expenses	3.50% Inflation	\$ (730,080)	\$ (755,633)	\$ (782,080)	\$ (809,453)	\$ (837,784)
Property Taxes	2.00% Inflation	\$ (9,500)	\$ (9,690)	\$ (9,884)	\$ (10,081)	\$ (10,283)
Issuer Fee	\$10,000 min 0.23%	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)
Trustee Fee ³	0.000%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses		\$ (749,580)	\$ (775,323)	\$ (801,964)	\$ (829,534)	\$ (858,067)
Net Operating Income		\$ 256,766	\$ 256,182	\$ 255,328	\$ 254,190	\$ 252,751
Required Debt Service						
Senior						
Real Estate Loan		\$ (146,420)	\$ (146,420)	\$ (146,420)	\$ (146,420)	\$ (146,420)
Cash Flow before Reserves		\$ 110,346	\$ 109,762	\$ 108,909	\$ 107,770	\$ 106,331
Debt Coverage Ratio Before Reserves		1.75	1.75	1.74	1.74	1.73
Reserves ⁴		\$ (48,400)	\$ (48,400)	\$ (48,400)	\$ (48,400)	\$ (48,400)
Cash Flow After Reserves		\$ 61,946	\$ 61,362	\$ 60,509	\$ 59,370	\$ 57,931
Overall Debt Coverage Ratio (DCR)		1.42	1.42	1.41	1.41	1.40

¹ Source: Preliminary Developer Projections² Of Gross Potential Income³ No Trustee⁴ \$400/unit per annum per U.S. Bank commitment

9th and Broadway Apartments Permanent Sources and Uses of Funds ¹**Sources**

Tax Exempt Bond Loan	\$ 1,595,000
Tax Credit Equity	\$ 16,682,565
City of San Diego	\$ 18,872,980
Accrued Interest During Construction	\$ 226,476
General Partner Contribution	\$ 700,000
Deferred Developer Fee	\$ -
Total Sources	\$ 38,077,021

Uses

Land and Acquisition Costs	\$ -
Construction Costs	\$ 19,299,697
Construction Contingency	\$ 1,877,494
Developer Fee	\$ 2,500,000
Lease-up and Operating Reserve	\$ 566,309
Other Hard and Soft Costs	\$ 13,833,521
Total Uses	\$ 38,077,021

Surplus(Deficit)	\$ -
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¹Source: Information provided by the Developer



San Diego
HOUSING COMMISSION

ATTACHMENT 5A
DISCLOSURE STATEMENT
BROADWAY UPPER TOWER ASSOCIATES LP

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

1. Name of CONTRACTOR: Broadway Upper Tower Associates, L.P.
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:

45-5626742
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:

Formed June 13, 2012

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 Broadway Upper Tower, LLC. Broadway Upper Tower, LLC is the GP of Broadway Upper Tower Associates, LP.

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 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 _____

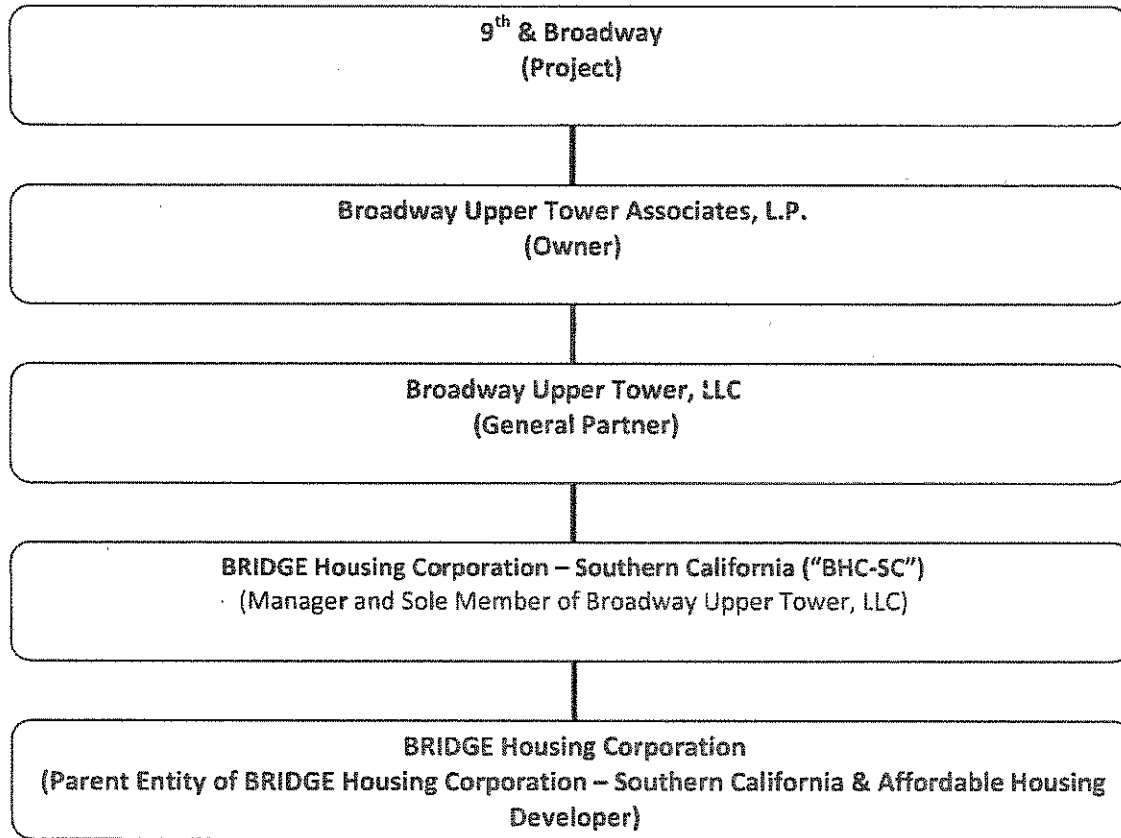
12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Manager of Broadway Upper Tower, 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 Broadway Upper Tower, LP. Broadway Upper Tower, LLC is the GP for the LP.

Broadway Upper Tower, 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 Broadway Upper Tower, LLC, GP of Broadway Upper Tower Associates, L.P.

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

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
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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	Status (original)	Revocation (current)
<u>(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 Broadway Upper Tower Associates, L.P.'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.

Broadway Upper Tower Associates, L.P.'s GP is Broadway Upper Tower, LLC whose 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 13 day of Sept, 20 , at San Diego, California.

CONTRACTOR

By:

Signature

Title

CERTIFICATION

The CONTRACTOR, Broadway Upper Tower Associates, L.P., 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]

Title: VP

Dated: 9/13/12

By: _____

Title: _____

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:

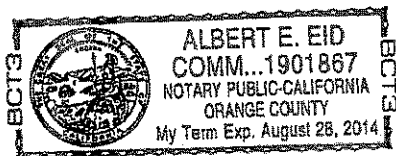
State of California

County of Orange

Subscribed and sworn to before me this 13th day of Sept., 2012.

[Signature]

Signature of Notary



Albert E. Eid
Name of Notary



San Diego
HOUSING COMMISSION

ATTACHMENT 5B
DISCLOSURE STATEMENT
BROADWAY UPPER TOWER, LLC

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

1. Name of CONTRACTOR: Broadway Upper Tower, 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:

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.

 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:

Formed August 21, 2012

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 Broadway Upper Tower, 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 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 _____

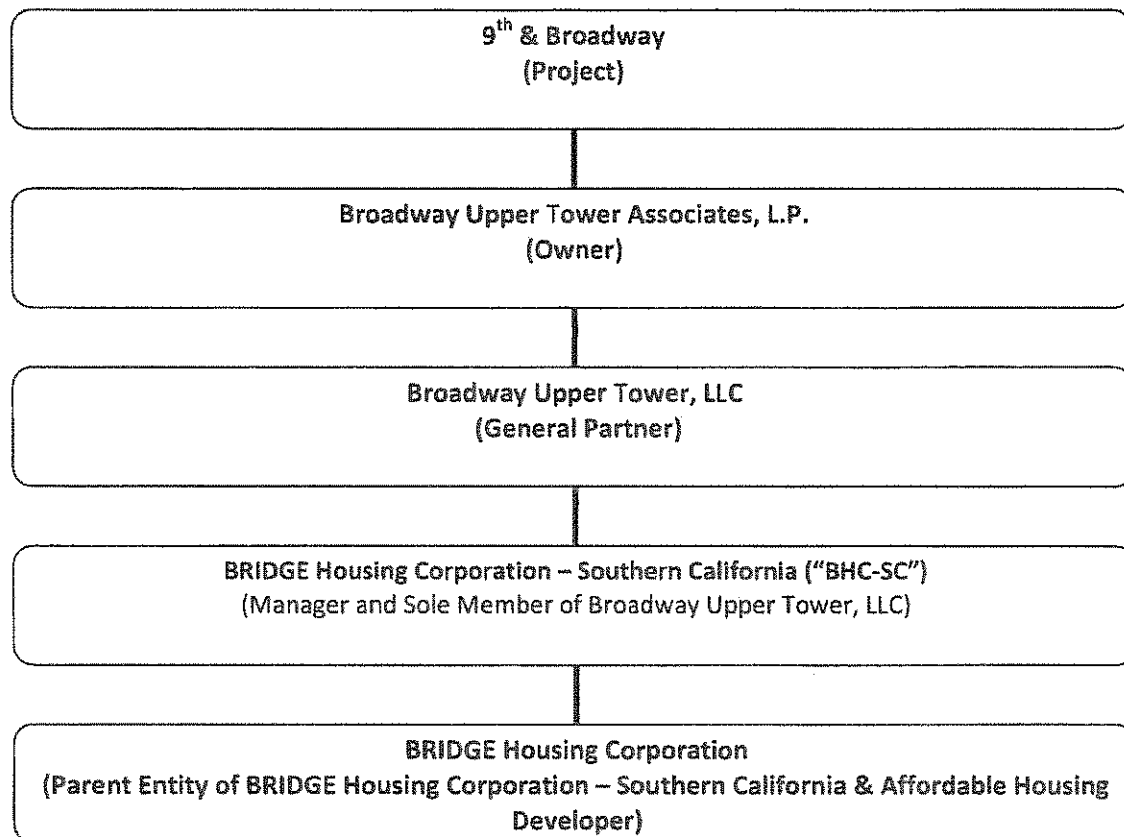
12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Manager of Broadway Upper Tower, 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 Broadway Upper Tower, LP. Broadway Upper Tower, LLC is the GP for the LP.

Broadway Upper Tower, 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 Broadway Upper Tower, 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:

Bond <u>Type</u>	Project <u>Description</u>	Date of <u>Completion</u>	Amount <u>of Bond</u>	Action on <u>Bond</u>
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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 Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
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- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
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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
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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 Broadway Upper Tower, 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.

Broadway Upper Tower, 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 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 X 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 13 day of Sept, 2012 at San Diego, California.

CONTRACTOR

By:

Signature

Title

CERTIFICATION

The CONTRACTOR, Broadway Upper Tower, 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: 9/13/12

Dated: _____

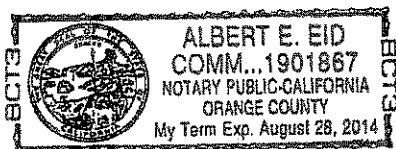
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not 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 13th day of Sept., 2012.



[Signature]
Signature of Notary

Albert E. Eid
Name of Notary

**ATTACHMENT 5C
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%.

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

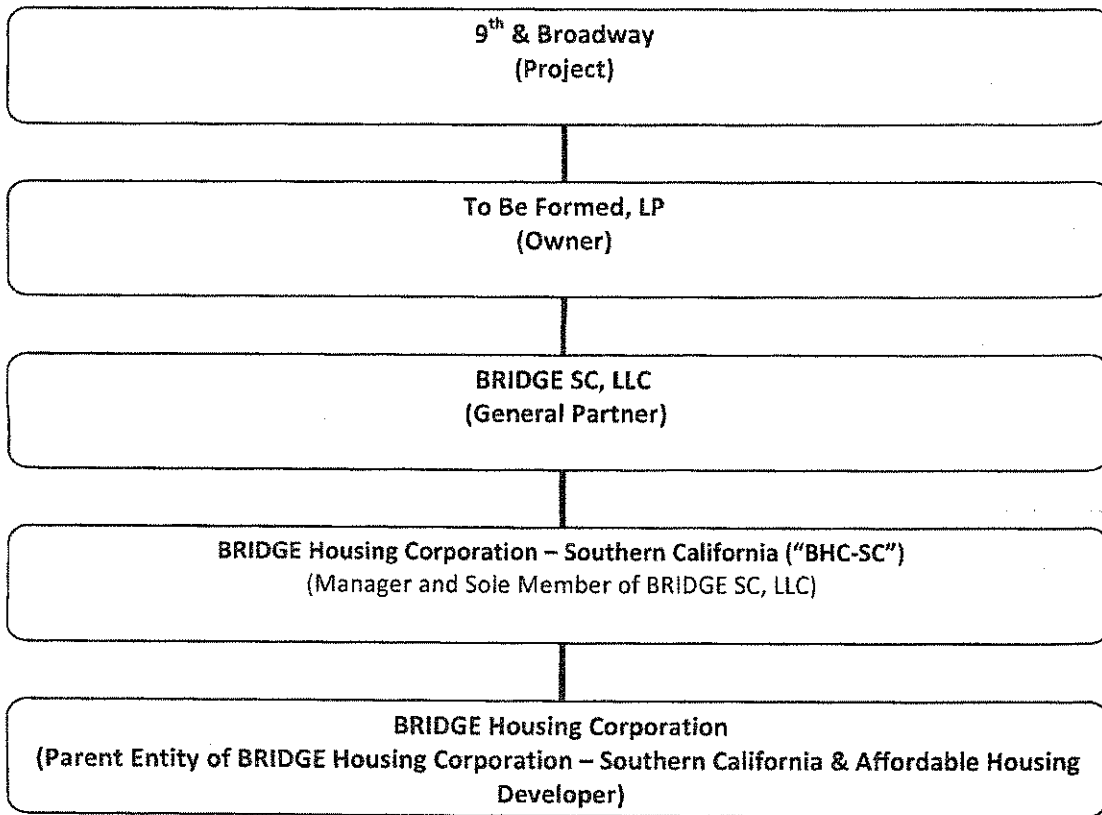
345 Spear Street, Suite 700, San Francisco, CA 94105.

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:

Bond Type	Project Description	Date of Completion	Amount of Bond	Action on Bond
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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 Completed</u>
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- e. Outstanding construction-contract bids of such contractor or builder:

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

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 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 Property

Title: _____

Dated: 5/28/12

Dated: _____

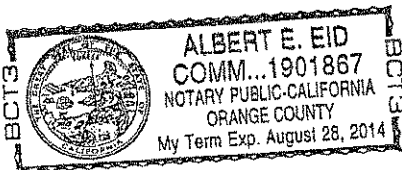
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not 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 _____

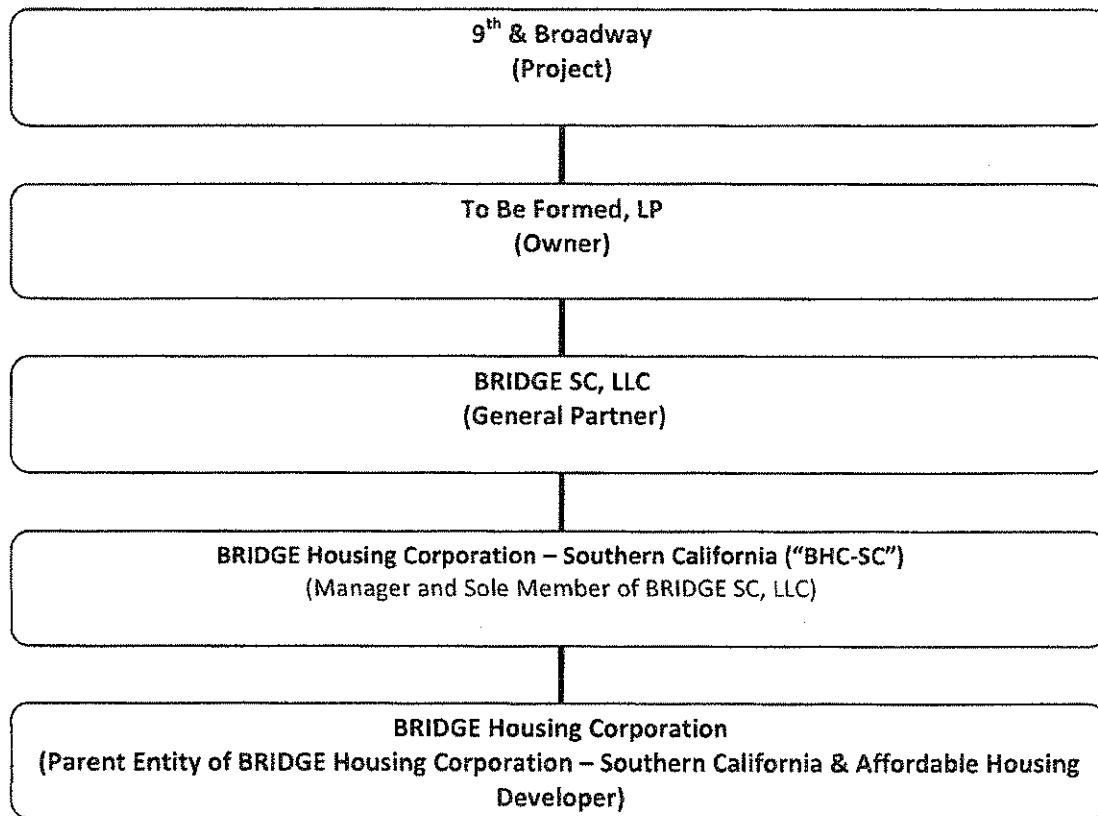
12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

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:

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

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

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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.

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<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
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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?

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If yes, explain:

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

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Phone: (760) 434-2935

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

Name: KTGY – Chris Texter

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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

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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: EVP

Title: _____

Dated: 5/28/12

Dated: _____

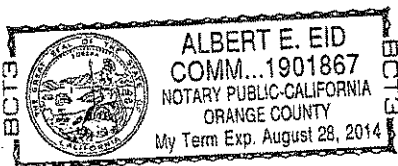
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not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

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**BRIDGE HOUSING CORPORATION
AND AFFILIATES**

COMBINED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

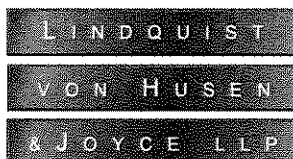
YEARS ENDED DECEMBER 31, 2011 AND 2010

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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* * * *



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

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

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, 2011 and 2010, and the related combined statements of activities, and cash flows for the years then ended. These combined financial statements are the responsibility of BRIDGE Housing Corporation's management. Our responsibility is to express an opinion on these combined 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 referred to above present fairly, in all material respects, the financial position of BRIDGE Housing Corporation and affiliates as of December 31, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended, 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 25, 2012 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 35 through 47 is presented for the purpose of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lindquist, von Huen and Joyce LLP

April 25, 2012

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 65,831,000	\$ 66,194,000
Accounts receivable – net (Note 3)	2,588,000	2,825,000
Contributions receivable	4,000	6,000
Notes receivable (Note 4)	3,121,000	2,922,000
Prepaid expenses and deposits (Note 5)	2,058,000	1,854,000
Impounds (Note 6)	1,294,000	1,395,000
Total current assets	<u>74,896,000</u>	<u>75,196,000</u>
Non-current assets:		
Restricted cash and deposits (Note 7)	44,472,000	36,212,000
Marketable securities (Note 2)	14,482,000	9,019,000
Notes receivable – net of current portion (Note 4)	28,052,000	29,656,000
Prepaid expenses and deposits – net of current portion (Note 5)	364,000	372,000
Property and equipment – net (Note 8)	1,014,744,000	1,004,931,000
Deferred costs – net (Note 9)	13,193,000	13,627,000
Land under lease and held for development (Note 10)	4,861,000	5,398,000
Other investments (Note 11)	1,277,000	1,340,000
Total non-current assets	<u>1,121,445,000</u>	<u>1,100,555,000</u>
Total assets	<u>\$ 1,196,341,000</u>	<u>\$ 1,175,751,000</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, 2011 AND 2010

	2011	2010
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,211,000	\$ 17,973,000
Notes payable (Note 12)	40,875,000	116,078,000
Interest payable (Note 12)	4,035,000	4,085,000
Deferred revenues (Note 14)	3,294,000	1,665,000
Security and other deposits	305,000	352,000
Total current liabilities	<u>63,720,000</u>	<u>140,153,000</u>
Non-current liabilities:		
Notes payable – net of current portion (Note 12)	688,536,000	626,248,000
Interest payable – net of current portion (Note 12)	52,493,000	47,367,000
Deferred revenues – net of current portion (Note 14)	34,824,000	22,725,000
Security and other deposits – net of current portion	6,514,000	3,982,000
Total non-current liabilities	<u>782,367,000</u>	<u>700,322,000</u>
Total liabilities	<u>846,087,000</u>	<u>840,475,000</u>
Net assets:		
Unrestricted:		
Controlling interests	80,660,000	79,146,000
Non-controlling interests	219,438,000	200,238,000
Total unrestricted	300,098,000	279,384,000
Temporarily restricted (Note 15)	48,496,000	54,232,000
Permanently restricted (Note 16)	1,660,000	1,660,000
Total net assets	<u>350,254,000</u>	<u>335,276,000</u>
Total liabilities and net assets	<u>\$ 1,196,341,000</u>	<u>\$ 1,175,751,000</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, 2011 AND 2010

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Rental income –				
net of vacancies and concessions	\$ 85,963,000	\$ -	\$ -	\$ 85,963,000
Management revenue	4,159,000	-	-	4,159,000
Contributions	2,123,000	11,362,000	-	13,485,000
Interest income	2,581,000	-	-	2,581,000
Revenue from townhome sales	18,660,000	-	-	18,660,000
Other	3,982,000	-	-	3,982,000
Net assets released				
from restrictions (Note 15)	17,098,000	(17,098,000)	-	-
Total support and revenue	134,566,000	(5,736,000)	-	128,830,000
Expenses:				
Program services	161,047,000	-	-	161,047,000
Supporting services	4,820,000	-	-	4,820,000
Fundraising	216,000	-	-	216,000
Total expenses	166,083,000	-	-	166,083,000
Changes in net assets	(31,517,000)	(5,736,000)	-	(37,253,000)
Net assets, beginning of year	279,384,000	54,232,000	1,660,000	335,276,000
Net capital contribution – non-controlling interest	52,231,000	-	-	52,231,000
Net assets, end of year	\$ 300,098,000	\$ 48,496,000	\$ 1,660,000	\$ 350,254,000
Reconciliation of net assets:				
Controlling interest:				
Beginning of year				\$ 135,038,000
Change in net assets				(4,222,000)
End of year				130,816,000
Non-controlling interest:				
Beginning of year				\$ 200,238,000
Capital contributions				52,231,000
Non-controlling interests in limited partnership earnings				(33,031,000)
End of year				219,438,000
Net assets, end of year				\$ 350,254,000

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, 2011 AND 2010

	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	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 15)	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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets:	\$ (37,253,000)	\$ (46,882,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	32,273,000	29,050,000
Loss (gain) on disposal of property and equipment	11,697,000	27,470,000
Amortization of deferred revenue	(1,308,000)	(1,308,000)
Unrealized loss (gain) and income from investment entities	563,000	2,242,000
Dividends received in the form of notes receivable	(521,000)	-
Income from forgivable loans	(13,284,000)	(10,242,000)
(Increase) decrease in assets:		
Accounts receivable	237,000	(128,000)
Contributions receivable	2,000	131,000
Prepaid expenses and deposits	(196,000)	(33,000)
Impounds	102,000	(282,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	4,856,000	5,538,000
Deferred revenues	(174,000)	101,000
Interest payable	5,499,000	5,090,000
Net cash provided by operating activities	2,493,000	10,747,000
Cash flows from investing activities:		
(Additions to) Collection of notes receivable	10,000	(286,000)
Net (increase) decrease in other investments	980,000	(184,000)
Net (increase) decrease in restricted cash and deposits	(5,926,000)	12,840,000
Sale (Purchase) of marketable securities	(6,185,000)	62,000
(Purchase) Disposal of property and equipment	(15,081,000)	(35,168,000)
Net (increase) decrease in deferred costs	(433,000)	(702,000)
Net cash used in investing activities	(26,635,000)	(23,438,000)
Cash flows from financing activities:		
Payment of development payables	(19,243,000)	(29,464,000)
Proceeds from notes payable	91,084,000	76,660,000
Proceeds from deferred revenue earmarked for development	13,386,000	-
Payment of notes payable	(75,866,000)	(35,805,000)
Payment of syndication costs	(140,000)	(453,000)
Proceeds from capital contributions	14,558,000	3,265,000
Net cash provided by financing activities	23,779,000	14,203,000
Increase (decrease) in cash and cash equivalents	(363,000)	1,512,000
Cash and cash equivalents, beginning of year	66,194,000	64,682,000
Cash and cash equivalents, end of year	\$ 65,831,000	\$ 66,194,000

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, 2011 AND 2010

	2011	2010
Supplementary information:		
Cash paid for interest (net of capitalized portion)	\$ 18,619,000	\$ 18,072,000
Noncash investing and financing activities:		
Assets acquired by assuming liabilities	\$ 19,066,000	\$ 12,494,000
Assets acquired through capital contribution	\$ 11,861,000	\$ 4,307,000
Liabilities paid with sales proceeds through escrows	\$ 545,000	\$ 34,761,000
Liabilities paid with capital contribution	\$ 25,952,000	\$ 16,434,000
Syndication costs incurred by assuming liabilities	\$ 117,000	\$ 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, 2011 AND 2010

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

BRIDGE Housing Corporation (BRIDGE) creates high-quality, affordable homes for working families and seniors. With over 13,500 homes placed in service and over 5,200 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 a catalyst for revitalizing and strengthening neighborhoods.

BRIDGE is also affiliated with and under common board control with other not-for-profit corporations (Affiliates) 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 and affiliates 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 affiliates.
- 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 Properties and Other Entities

- BLP, Inc., developer and operator of a senior assisted living facility in Pleasanton, California.
- BRIDGE Community Development, Inc. (BCDI), a non-profit established as a support corporation to BRIDGE. BCDI is the sole managing member of BDCI Subsidiary CDE I, LLC, BDCI Subsidiary CDE II, LLC, BDCI Subsidiary CDE III, LLC and BDCI Subsidiary CDE IV, LLC which are providers of community lending for affordable housing. There were no activities during 2011 and 2010.
- 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, 2011 AND 2010

- 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 sole member of 16 Street Train Station LLC, and Mandela Gateway Commercial LLC which is the 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, BREDCO is sole member of BUILD Equity Investments (MacArthur Transit Community), LLC and managing member and 50% owner of MacArthur Community Transit Partners, LLC (MCTP LLC). BREDCO is also the developer of MCTP LLC.
- 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

474 Natoma LLC was converted from a for-sale project to a rental housing project. BRIDGE Homes, Inc. was also the sole member of 1275 ECR, LLC which was sold to a third party in December 2011.

- BRIDGE Housing Acquisitions, Inc. (BHA), sole member of Hilltop Summit LLC who was 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. BHA is also the co-limited partner of SR Fountains Limited Partnership, which is accounted for under the equity method of accounting.
- 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 is also the managing member of COMM 22 Housing GP, LLC, which is a general partner of COMM 22 Senior Housing LP and COMM 22 Family Housing, LP.

BHC SoCal is also the sole member of Tobria Terrance LLC which owns a project providing affordable housing.

BHC SoCal is also the sole member of Pottery Court LLC, which is a general partner of Pottery Court Housing Associates, LP.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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.

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
Centertown Associates

BHVI owns land in Oakland, California which is held for development. In December 2010, BHVI purchased Fell Street Housing Apartments and Pinole Grove Senior Housing Apartments from affiliated entities and subsequently sold both properties to affiliated entities in October 2011.

- BRIDGE Properties, Inc. (BPI), a taxable not-for-profit entity.
- BRIDGE Regional Partners, Inc. (BRP) owner of land in Fremont, California and owner of an operating property in Pittsburg, California.
- Emery BRIDGE, Inc., a not-for-profit entity.
- Hotel Don, Inc. is the sole member of BRIDGE Triangle LLC.
- MCB Family Housing, Inc. (MCB) is the sole member of:

BRIDGE NorCal, LLC which is the general partner of:

MacArthur Telegraph Associates LP
St. Joseph's Family Associates

Alameda Housing LLC which is the general partner of Alameda Housing Associates
Foothill Farms Senior, LLC which is the general partner of Foothill Farms Associates LP

MCB is also the managing general partner of Trestle Glen Associates LP, and a co-member of Folsom Essex LLC which is the general partner of 25 Essex, LP. MCB accounts for its interest in Folsom Essex LLC is under the equity method of accounting.

- Northpoint Housing, Inc. (NHI), a general partner of:

Canal Housing Associates
Chelsea Housing Associates
Fabian Way Associates, LP
Geary Housing Partners, LP
Northpoint Housing Associates
Northpoint II Housing Associates

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

14th Street Associates
Carquinez Associates
Cottonwood Creek Associates
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. BRIDGE Tower LLC transferred its interest in Cinnabar Commons, II, LP to a third party on March 15, 2011.

- 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.
- 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, 2011 and 2010
BRIDGE Bissell, Inc.	None as of December 31, 2011 and 2010
BRIDGE Terraza, Inc.	None as of December 31, 2011 ⁽¹⁾
BRIDGE Third Street, Inc.	YWCA Villa Nueva Partners
Chestnut Linden, Inc.	None as of December 31, 2011 and 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
Hercules Senior Housing, Inc. ⁽²⁾	Hercules Senior Housing Associates
Milpitas Housing, Inc.	Milpitas Housing Associates
North Beach Housing, Inc.	None as of December 31, 2011 and 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, 2011 and 2010

⁽¹⁾ BRIDGE Terraza, Inc. was the general partner of La Terraza Associates. The property was sold to Tobria Terrace LLC of which BHC SoCal is the sole member, and La Terraza Associates was dissolved in 2011.

⁽²⁾ Hercules Senior Housing, Inc. was the general partner of Pinole Grove Associates. The property was sold to BHVI in 2010, and Pinole Grove Associates was dissolved in 2011.

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

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- 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

Fell Street Housing, Inc. is the managing member of Gough Street Housing LLC which is the general partner of Gough Street Housing Associates.

Hercules Senior Housing, Inc. is the managing member of John Street Housing LLC which is the general partner of John Street Housing Associates.

- 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:

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

- The combined financial statements do not include single-purpose not-for-profit corporations and other entities 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:

Not-For-Profit Corporation / Other Entities	Limited Partnership(s)
Bernal Senior Housing Corporation	Bernal Senior Housing Partners
Centertown, Inc.	Centertown Associates
SR Senior Housing, Inc.	SR Fountains Limited Partnership
Folsom Essex, LLC	25 Essex, LP

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

Not-for-Profit Corporations

The combined financial statements include the accounts of BRIDGE 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.

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Limited Partnerships /Limited Liability Companies (LLCs)

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

BRIDGE and affiliates' partnership interests generally range from .01% to 1.0% with the remaining partnership equity held by limited partners and shown as non-controlling interests in unrestricted net assets.

Accounting Method

BRIDGE and affiliates use the accrual method of accounting which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

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.

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 and affiliates which have not been specifically restricted by a donor.

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 statements 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.

BRIDGE HOUSING CORPORATION AND AFFILIATES

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Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. 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 assistance 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 restricted accounts, was approximately \$47,499,000 as of December 31, 2011. BRIDGE and affiliates have not experienced any losses in such accounts.

Cash and cash equivalents composition amounts are as follows:

	2011	2010
Unrestricted	\$ 26,797,000	\$ 32,837,000
Designated	36,962,000	31,192,000
Donor restricted	2,072,000	2,165,000
Total unrestricted cash and cash equivalents	65,831,000	66,194,000
Restricted (Note 7)	44,472,000	36,212,000
Total cash and cash equivalents	\$ 110,303,000	\$ 102,406,000

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:

	2011	2010
Multi-asset funds	\$ 14,482,000	\$ 9,019,000

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 lack of readily available market information for financial instruments with similar terms, except for BID's equity investment in BUILD (see Note 11).

Fair Value Measurements

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.

BRIDGE HOUSING CORPORATION AND AFFILIATES

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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.

Not included below is BID's investment in BUILD which accounts for its investments using the fair value method of accounting (see Note 11).

	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Balance as of December 31, 2011</i>
Marketable securities	\$ 14,482,000	\$ -	\$ -	\$ 14,482,000
BRIDGE's investment in Housing Partnership Insurance Exchange	-	928,000	-	928,000
Total	\$ 14,482,000	\$ 928,000	\$ -	\$ 15,410,000

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	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Balance as of December 31, 2010</i>
Marketable securities	\$ 9,019,000	\$ -	\$ -	\$ 9,019,000
BRIDGE's investment in Housing Partnership Insurance Exchange	-	1,055,000	-	1,055,000
Total	<u>\$ 9,019,000</u>	<u>\$ 1,055,000</u>	<u>\$ -</u>	<u>\$ 10,074,000</u>

Revenue Recognition

Developer Fees

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 generally 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 as of 2007. Due to current economic condition, the average capitalizable project costs have been higher than 70% of developer fees earned in recent years. As of December 31, 2011 and 2010, total real property costs have been reduced by approximately 20% of the developer fees.

Sales of Leasehold Condominium Interest

Revenue from the initial sales of leasehold condominium 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 (see Note 14). Transfer fees out of subsequent re-sales of leasehold condominium interests and related memberships are fully recognized as income upon sale of each unit.

Sales of Townhome Units

Net revenue on the sale of townhome units built by BRIDGE and affiliates is recognized on the basis of units sold and when all of the following conditions are met: a title to the property is transferred to the buyer, a significant down payment is received, the earnings process is complete, and the collection of any remaining receivables is reasonable assured.

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Rental Income

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.

Contributions

Contributions are recognized as revenue when they are 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. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as unrestricted support, temporarily restricted support or permanently restricted support, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions. Contributions restricted for the purpose of long-lived assets are reported as unrestricted support when expended for that purpose in the individual financial statements of each affiliated entity, but maybe reported as temporarily restricted net assets in the combined financial statements.

Management Revenue and Related Accounts

BRIDGE and affiliates provide 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.

Notes Receivable

Notes receivable represent construction financing provided to a third party and financial assistance provided to the qualified homebuyers. Loans are stated at unpaid principal balances, less an allowance for loan losses. The loans are collateralized by the properties.

Allowances for Uncollectible Accounts

The allowances for uncollectible accounts are determined on specific identification basis, based upon management's assessment. Based on an assessment of the customer's current credit worthiness, an estimate of the balance that may not be collected is made. In addition, an amount of estimated credit losses on the aggregate remaining accounts receivable is made based on past collection experience. Once all efforts to collect have been undertaken, the unpaid balance is written off as a charge to the allowance for doubtful accounts or loan losses. Subsequent recoveries, if any, are credited to the allowance.

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.

BRIDGE HOUSING CORPORATION AND AFFILIATES
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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.

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) until the housing project is placed in service. Any funds expended on a project that do not pass beyond the development stage are recorded as expenses when activity on the project ceases. Management believes that no material portion of the development in progress is unrealizable at December 31, 2011 and 2010. 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 affordable housing projects. 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 and affiliates review their 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 losses of \$-0- and \$1,400,000 were recorded in 2011 and 2010, respectively.

Capitalized Interest

BRIDGE and affiliates capitalized interest incurred during construction as a component of development in progress and building and improvements costs. BRIDGE and affiliates capitalized interest of approximately \$919,000 and \$1,770,000 in 2011 and 2010, respectively.

Other Investments

Other investments in for-profit entities, 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.

BRIDGE HOUSING CORPORATION AND AFFILIATES
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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 affiliates 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.

No income tax provision has been included in the combined financial statements for the single member limited liability companies (LLCs) which are generally considered disregarded entities. The income and loss of the LLCs is included in the tax returns of their respective sole members. Only the annual California limited liability company minimum tax and the annual fee appear as expense in the combined financial statements.

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 2007 through 2010 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 tax credits, which will be allocated in the same manner as the income or loss of each affiliated 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 amounts 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

Material related-party transactions have been eliminated in the combined financial statements.

Subsequent Events

Management has evaluated subsequent events through April 25, 2012, the date on which the financial statements were available to be issued.

BRIDGE HOUSING CORPORATION AND AFFILIATES
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Reclassification

Certain amounts previously reported in the 2010 financial statements were reclassified to conform to the 2011 presentation for comparative purposes.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2011	2010
Reimbursable costs	\$ 1,477,000	\$ 1,604,000
Rent	1,049,000	1,089,000
Management and consulting fees	121,000	246,000
	<u>2,647,000</u>	<u>2,939,000</u>
Less: allowance for uncollectible accounts	59,000	114,000
Total	<u>\$ 2,588,000</u>	<u>\$ 2,825,000</u>

NOTE 4 – NOTES RECEIVABLE

Notes receivable, including accrued interest consist of the following:

	2011	2010
Construction financing	\$ 25,990,000	\$ 28,892,000
Mortgage assistance program / second mortgage loans	4,946,000	3,455,000
Related party	162,000	150,000
Other	873,000	931,000
	<u>31,971,000</u>	<u>33,428,000</u>
Less: allowance for uncollectible accounts	798,000	850,000
	<u>31,173,000</u>	<u>32,578,000</u>
Less: current portion	3,121,000	2,922,000
Non-current portion	<u>\$ 28,052,000</u>	<u>\$ 29,656,000</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.

BRIDGE and affiliates established a mortgage assistance program for revolving loan funds to provide financial assistance in the form of subordinated mortgage to qualified home buyers in low- and moderate- income household in California. The loans bear interest at 4%, and mature through 2031.

BRIDGE and affiliates 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 and affiliates to re-lend the amounts to future buyers. However, BRIDGE and affiliates may receive proceeds from the mortgage loans when the property is sold.

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

BRIDGE and affiliates evaluates notes receivable based on the following credit quality indicators: collateral, related versus non-related borrowers. These credit quality indicators are updated at least annually. Details about the notes receivable follow:

	<i>Collateralized</i>	<i>Uncollateralized</i>	<i>Past Due</i>	<i>Allowance</i>	<i>Net</i>
Related party	\$ -	\$ 162,000	\$ -	\$ -	\$ 162,000
Non-related party	31,809,000	-	-	(798,000)	31,011,000
Total	<u>\$ 31,809,000</u>	<u>\$ 162,000</u>	<u>\$ -</u>	<u>\$ (798,000)</u>	<u>\$ 31,173,000</u>

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

<i>Year ended December 31,</i>	
2012	\$ 3,121,000
2013	3,271,000
2014	3,472,000
2015	3,686,000
2016	3,914,000
Thereafter	13,709,000
	<u>\$ 31,173,000</u>

NOTE 5 – PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits consist of the following:

	2011	2010
Deposits	\$ 1,044,000	\$ 979,000
Ground leases	364,000	360,000
Insurance	492,000	252,000
Predevelopment costs	290,000	329,000
Payroll and commission	20,000	120,000
Property taxes	78,000	62,000
Other	134,000	124,000
	<u>2,422,000</u>	<u>2,226,000</u>
Less: current portion	<u>2,058,000</u>	<u>1,854,000</u>
Non-current portion	<u>\$ 364,000</u>	<u>\$ 372,000</u>

NOTE 6 – 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, 2011 and 2010 were \$1,294,000 and \$1,395,000, respectively.

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NOTE 7 – RESTRICTED CASH AND DEPOSITS

Restricted cash and deposits consist of the following:

	2011	2010
Operating reserves	\$ 20,221,000	\$ 16,111,000
Replacement reserves	15,744,000	13,581,000
Mortgage assistance program	654,000	1,430,000
Tenant security deposits	4,079,000	3,953,000
Debt service accounts	3,493,000	896,000
Residual receipts and other	281,000	241,000
Total	<u>\$ 44,472,000</u>	<u>\$ 36,212,000</u>

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.

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.

BRIDGE HOUSING CORPORATION AND AFFILIATES
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NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2011	2010
Land	\$ 118,232,000	\$ 100,250,000
Buildings and improvements	939,459,000	927,900,000
On-site and offsite improvements	91,509,000	90,357,000
Furniture, fixtures and equipment	28,256,000	27,303,000
Operational work in progress	1,322,000	1,390,000
Development held for sale	5,356,000	37,101,000
Development in progress	62,551,000	40,803,000
	<u>1,246,685,000</u>	<u>1,225,104,000</u>
Less: accumulated depreciation and amortization	231,941,000	220,173,000
Total	<u>\$1,014,744,000</u>	<u>\$1,004,931,000</u>

Depreciation and amortization of property and equipment totaled \$31,406,000 and \$29,050,000 for the years ended December 31, 2011 and 2010, respectively.

NOTE 9 – DEFERRED COSTS

Deferred costs are summarized as follows:

	2011	2010
Permanent loan costs	\$ 11,006,000	\$ 10,879,000
Tax credit fees	2,753,000	2,617,000
City fees	3,638,000	3,765,000
Other	1,966,000	1,978,000
	<u>19,363,000</u>	<u>19,239,000</u>
Less: accumulated amortization	6,170,000	5,612,000
Total	<u>\$ 13,193,000</u>	<u>\$ 13,627,000</u>

Amortization of deferred cost totaled \$867,000 and \$1,439,000 for the years ended December 31, 2011 and 2010, respectively.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 10 – LAND UNDER LEASE AND HELD FOR DEVELOPMENT

Land under long-term leases and held for development consists of the following:

	2011	2010
Oakland, California, held for development (2000)	\$ 534,000	\$ 534,000
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
Carlsbad, California, donated (1999)	327,000	327,000
Richmond, California (1992)	108,000	107,000
Total	<u>\$ 4,861,000</u>	<u>\$ 5,398,000</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 2011, land in Pinole, California was sold to John Street Housing Associates, LP, an affiliated entity, and was recorded as property and equipment. During 2010, an impairment loss of \$1,400,000 was recorded (see Note 2).

NOTE 11 – OTHER INVESTMENTS

Other investments consist of the following:

	2011	2010
BUILD ⁽¹⁾	\$ (119,000)	\$ 688,000
Willowbrook property ⁽²⁾	195,000	197,000
BASS condominium held for resale	140,000	122,000
Housing Partnership Insurance Exchange ⁽³⁾	928,000	1,055,000
Other	10,000	10,000
	<u>1,154,000</u>	<u>2,072,000</u>
General and limited partner capital (deficit) interests and membership interests accounted for under the equity method	<u>123,000</u>	<u>(732,000)</u>
Total	<u>\$ 1,277,000</u>	<u>\$ 1,340,000</u>

⁽¹⁾ BID is the managing member of BUILD which accounts for its investments using the fair value method of accounting. The fair value was estimated based on appraisals as of December 31, 2011 and 2010. 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 July 2013, and the average sales price would be comparable to other units in the vicinity; and

BRIDGE HOUSING CORPORATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

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- A 10-year cash flow projection was prepared with:
 - Capitalization rates range from 5.75% to 7.25%;
 - Discount rate range from 8% to 9%;
 - Annual rent increases range from 2% to 4%;
 - Annual expense increases of 3%; and
 - A vacancy rate of 4.5% to 5%.
- (2) 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 \$195,000 and \$197,000 for 2011 and 2010, respectively.
- (3) BRIDGE invested in Housing Partnership Insurance Exchange (HPIEx) for the purposes 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 13.42% of the capital of HPIEx.

Summarized financial information for unconsolidated entities accounted for under the equity method, as of December 31, 2011 and 2010, consist of the following:

	2011	2010
Total assets	\$ 82,480,000	\$ 122,530,000
Total liabilities	66,026,000	125,764,000
Partners' equity ⁽¹⁾	16,454,000	(3,234,000)
Income	16,953,000	14,272,000
Expenses	10,955,000	20,189,000
Results of operations	5,998,000	(5,917,000)

- (1) BRIDGE's share of the equity, as of December 31, 2011 and 2010, was \$4,000 and \$(44,000), respectively. 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:

	2011	2010
Total assets	\$ 33,555,000	\$ 7,878,000
Total liabilities	13,629,000	9,209,000
Net assets ⁽¹⁾	19,926,000	(1,331,000)
Support and revenue	1,131,000	1,123,000
Expenses	1,514,000	1,480,000
Change in net assets	(383,000)	(357,000)

- (1) Based on the ratio of board representation, BRIDGE's pro-rata share of the change in net assets for 2011 and 2010 was \$(150,000) and \$(142,000), respectively.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 12 – NOTES PAYABLE

Notes payable are generally secured by the respective properties and consist of the following:

	2011		2010	
	<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 \$10,849,000 and \$10,617,000 for 2011 and 2010, respectively.	\$ 1,023,000	\$ 187,771,000	\$ 1,789,000	\$ 181,151,000
Construction loans, bearing variable interest, generally with interest only payments due monthly, to be repaid in full or partially converted to permanent loans maturing through 2071. Interest expense net of capitalized amount was \$1,666,000 and \$2,591,000 for 2011 and 2010, respectively.	3,420,000	105,235,000	2,228,000	210,279,000
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 \$4,360,000 and \$4,234,000 for 2011 and 2010, respectively.	28,374,000	199,186,000	25,100,000	161,504,000
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 \$2,927,000 and \$2,830,000 for 2011 and 2010, respectively.	1,140,000	58,036,000	1,485,000	60,609,000
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 \$1,779,000 and \$1,375,000 for 2011 and 2010, respectively.	9,606,000	53,922,000	7,419,000	40,853,000
State loans, bearing 3% interest, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2066. Interest expense was \$2,340,000 and \$1,802,000 for 2011 and 2010, respectively.	12,411,000	104,102,000	12,910,000	68,099,000

BRIDGE HOUSING CORPORATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011		2010	
	<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.	-	12,263,000	-	10,815,000
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 \$106,000 and \$142,000 for 2011 and 2010, respectively.	188,000	4,453,000	213,000	4,497,000
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 \$111,000 and \$82,000 for 2011 and 2010, respectively.	366,000	4,443,000	308,000	4,519,000
Total	56,528,000	729,411,000	51,452,000	742,326,000
Less: current portion	4,035,000	40,875,000	4,085,000	116,078,000
Non-current portion	\$ 52,493,000	\$ 688,536,000	\$ 47,367,000	\$ 626,248,000

Total interest expense was \$24,137,000 and \$23,673,000 for 2011 and 2010, 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>
2012	\$ 40,875,000
2013	25,815,000
2014	7,056,000
2015	7,580,000
2016	15,268,000
Thereafter	632,817,000
	<u>\$ 729,411,000</u>

NOTE 13 – 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 which point the line of credit expired and was not renewed. At December 31, 2011 and 2010, 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, 2011 and 2010, no amounts were drawn on the line of credit.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 14 – DEFERRED REVENUES

Deferred revenues consist of the following:

	2011	2010
Condominium and membership sales – net	\$ 22,235,000	\$ 23,543,000
Development proceeds	15,173,000	-
Other	710,000	847,000
	<u>38,118,000</u>	<u>24,390,000</u>
Less: current portion	3,294,000	1,665,000
Non-current portion	<u>\$ 34,824,000</u>	<u>\$ 22,725,000</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, 2011 and 2010 was \$22,235,000 and \$23,543,000, respectively.

In connection with the development of certain affordable housing projects, BRIDGE and affiliates received financing proceeds in 2011 to pay for related development costs. If all conditions specified in the financing agreements are met, no payments are required. Until then, BRIDGE and affiliates recorded these proceeds as deferred revenue.

NOTE 15 – 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.

BRIDGE HOUSING CORPORATION AND AFFILIATES

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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.

Temporarily restricted net assets were available for the following purposes:

	2011	2010
HUD Capital Advances	\$ 34,086,000	\$ 35,295,000
Development Restricted Proceeds	12,022,000	16,325,000
Stein Educational Assistance Program	1,856,000	2,047,000
Homeownerships Initiative	-	248,000
Neighborhood Partnership Initiative	259,000	65,000
Building and Technology Initiative	-	44,000
Other	273,000	208,000
Total	<u>\$ 48,496,000</u>	<u>\$ 54,232,000</u>

Net assets were released from restrictions for the years ended December 31, 2011 and 2010 as follows:

	2011	2010
HUD Capital Advances	\$ 1,209,000	\$ 1,208,000
Development Restricted Proceeds	14,971,000	36,851,000
Stein Educational Assistance Program	237,000	132,000
Homeownerships Initiative	248,000	126,000
Neighborhood Partnership Initiative	183,000	263,000
Building and Technology Initiative	44,000	139,000
25 th Anniversary Initiative	-	27,000
Other	206,000	194,000
Total	<u>\$ 17,098,000</u>	<u>\$ 38,940,000</u>

NOTE 16 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets, as of December 31, 2011 and 2010, consist of land required to be used for low-income housing of \$1,660,000.

NOTE 17 – 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 \$867,000 and \$805,000 for 2011 and 2010, 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 \$6,000 and \$3,000 for 2011 and 2010, respectively.

BRIDGE HOUSING CORPORATION AND AFFILIATES
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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 \$60,000 and \$47,000 for 2011 and 2010, respectively.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Rental Payments under Non-cancelable Operating Leases

Office space

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

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

	<i>Year ended December 31,</i>
2012	\$ 832,000
2013	790,000
2014	191,000
	<u>\$ 1,813,000</u>

Rent costs totaled approximately \$804,000 and \$958,000 for 2011 and 2010, 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 \$7,770,000 and \$8,218,000 for 2011 and 2010, 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>
2012	\$ 5,153,000
2013	5,154,000
2014	5,154,000
2015	5,155,000
2016	5,155,000
Thereafter	143,245,000
	<u>\$ 169,016,000</u>

Litigation

BRIDGE and affiliates are 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 BRIDGE and affiliates' financial position or changes in net assets.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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Letters of Credit

As of December 31, 2011 and 2010, 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, 2011 and 2010, BRIDGE has outstanding a maximum of \$7,270,000 and \$3,331,000, respectively, in surety bonds.

Property Management

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

Other

As general partners in various partnerships, BRIDGE and affiliates may be subject to other liabilities, should the affected partnerships' assets become insufficient to meet their obligations. In the opinion of management, 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 19 – 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, 2011 and 2010 (except for tax benefits which are one year in arrears), consist of the following:

	2011	2010
Operating deficits	\$ 13,486,000	\$ 13,492,000
Construction loan repayment and completion	92,551,000	111,502,000
Tax benefits	198,099,000	183,509,000
Equity contribution	6,128,000	6,113,000
Total	<u>\$ 310,264,000</u>	<u>\$ 314,615,000</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.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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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.

Equity Contribution Guarantee

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 remote.

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 20 – SUBSEQUENT EVENTS

On January 1, 2012, one of BRIDGE's affiliates exercised its option and had another affiliated entity buy out the interest of the existing limited partner.

In 2012, one of BRIDGE's affiliates entered into discussions to potentially change the structure of its lease and note receivable agreements.

In anticipation of this transaction, in February 2012 monthly payments towards the note receivable and monthly payments on the lease were ceased.

In March 2012, one of BRIDGE's affiliates paid off its HUD loan in full from proceeds of a new loan. The remaining balance of the new loan will be used to fund a planned rehabilitation of the property.

SUPPLEMENTARY INFORMATION

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	2011								
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Total
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 14,231,000	\$ 1,026,000	\$ 8,010,000	\$ 1,841,000	\$ 222,000	\$ 10,048,000	\$ 26,387,000	\$ 3,466,000	\$ 65,831,000
Accounts receivable – net	10,113,000	43,000	313,000	283,000	98,000	-	1,543,000	3,361,000	15,754,000
Contributions receivable – current portion	4,000	-	-	-	-	-	-	-	4,000
Notes receivable – current portion	40,000	-	3,081,000	-	-	-	-	-	3,121,000
Prepaid expenses and deposits – current portion	554,000	1,000	165,000	48,000	2,000	-	1,263,000	25,000	2,058,000
Impounds	-	-	-	-	-	-	1,294,000	-	1,294,000
Total current assets	24,942,000	1,670,000	11,569,000	2,172,000	322,000	10,048,000	30,487,000	6,852,000	88,062,000
Non-current assets:									
Restricted cash and deposits	-	-	-	-	-	-	43,818,000	-	44,472,000
Marketable securities	-	-	-	-	654,000	-	-	-	14,482,000
Notes receivable – net of current portion	10,049,000	521,000	22,910,000	-	4,946,000	-	-	12,161,000	50,587,000
Prepaid expenses and deposits – net of current portion	-	-	-	-	12,000	-	2,669,000	101,000	2,782,000
Property and equipment – net	8,344,000	-	2,951,000	-	4,000	-	1,001,051,000	13,573,000	1,025,923,000
Deferred costs – net	-	-	-	-	-	-	13,374,000	81,000	13,455,000
Land under lease and held for development	2,573,000	-	-	-	-	-	534,000	1,754,000	4,861,000
Other investments	3,367,000	(119,000)	123,000	-	195,000	-	-	20,151,000	23,717,000
Total non-current assets	24,333,000	402,000	25,984,000	-	5,811,000	14,482,000	1,061,446,000	47,821,000	1,180,279,000
Total assets	\$ 49,275,000	\$ 2,072,000	\$ 37,553,000	\$ 2,172,000	\$ 6,133,000	\$ 24,530,000	\$ 1,091,933,000	\$ 54,673,000	\$ 1,268,341,000
									\$ (72,000,000)
									\$ 1,196,341,000

⁽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, 2011 AND 2010

2011											
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	\$ 3,291,000	\$ 9,000	\$ 1,449,000	\$ 438,000	\$ 55,000	\$ 67,000	\$ 23,419,000	\$ 4,979,000	\$	\$ 15,211,000	
Notes payable – current portion	1,400,000	-	-	-	68,000	-	39,407,000	-	40,875,000	-	
Interest payable – current portion	66,000	-	-	-	21,000	-	3,969,000	-	4,056,000	(21,000)	
Deferred revenues – current portion	201,000	-	1,308,000	-	-	-	191,000	1,856,000	3,556,000	(262,000)	
Security and other deposits	-	-	287,000	-	1,000	-	-	17,000	305,000	-	
Total current liabilities	4,958,000	9,000	3,044,000	438,000	145,000	67,000	68,986,000	6,852,000	84,499,000	(20,779,000)	
Non-current liabilities:											
Notes payable – net of current portion	15,367,000	-	-	-	4,737,000	-	668,279,000	15,920,000	704,303,000	(15,767,000)	
Interest payable – net of current portion	-	-	-	-	-	-	54,352,000	1,688,000	56,040,000	(3,547,000)	
Deferred revenues – net of current portion	-	-	20,927,000	-	-	-	13,998,000	2,975,000	37,900,000	(3,076,000)	
Security and other deposits – net of current portion	-	-	-	-	-	-	12,355,000	52,000	12,407,000	(5,895,000)	
Total non-current liabilities	15,367,000	-	20,927,000	-	4,737,000	-	748,984,000	20,635,000	810,650,000	(28,283,000)	
Total liabilities	20,325,000	9,000	23,971,000	438,000	4,882,000	67,000	817,970,000	27,487,000	895,149,000	(49,062,000)	
Net assets:											
Unrestricted:											
Controlling interests	26,951,000	2,063,000	13,578,000	1,734,000	1,251,000	22,607,000	8,233,000	27,186,000	103,603,000	(22,943,000)	
Non-controlling interests	-	-	-	-	-	-	219,433,000	-	219,433,000	5,000	
Total unrestricted	26,951,000	2,063,000	13,578,000	1,734,000	1,251,000	22,607,000	227,666,000	27,186,000	323,036,000	(22,938,000)	
Temporarily restricted	339,000	-	4,000	-	-	1,856,000	46,297,000	-	48,496,000	-	
Permanently restricted	1,660,000	-	-	-	-	-	-	-	1,660,000	-	
Total net assets	28,950,000	2,063,000	13,582,000	1,734,000	1,251,000	24,463,000	273,963,000	27,186,000	373,192,000	(22,938,000)	
Total liabilities and net assets	\$ 49,275,000	\$ 2,072,000	\$ 37,553,000	\$ 2,172,000	\$ 6,133,000	\$ 24,530,000	\$ 1,091,933,000	\$ 54,673,000	\$ 1,268,341,000	\$ (72,000,000)	

⁽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, 2011 AND 2010

	BRIDGE Housing Corporation	2010							Other Entities ⁽²⁾	Subtotal	Eliminations	Total
		BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp	Housing Properties ⁽¹⁾					
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	\$ -	\$ 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		18,343,000	(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	-	-	-	-	-		3,767,000	(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	-	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		91,559,000	(16,363,000)	75,196,000
Non-current assets:												
Restricted cash and deposits	-	-	-	-	1,450,000	-	34,782,000	-		36,212,000	-	36,212,000
Marketable securities	-	-	-	-	-	9,019,000	-	-		9,019,000	-	9,019,000
Notes receivable – net of current portion	10,420,000	-	25,990,000	-	3,454,000	-	-	13,062,000		52,926,000	(23,270,000)	29,656,000
Prepaid expenses and deposits – net of current portion	-	-	-	-	12,000	-	2,744,000	103,000		2,859,000	(2,487,000)	372,000
Property and equipment – net	3,560,000	-	2,280,000	-	743,000	-	999,785,000	9,815,000		1,016,183,000	(11,252,000)	1,004,931,000
Deferred costs – net	-	-	-	-	-	-	13,627,000	-		13,627,000	-	13,627,000
Land under lease and held for development	3,110,000	-	-	-	-	-	534,000	1,754,000		5,398,000	-	5,398,000
Other investments	3,129,000	688,000	122,000	-	197,000	-	-	22,468,000		26,604,000	(25,264,000)	1,340,000
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		1,162,828,000	(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	\$	\$ 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.

^(a) Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULES OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	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	\$ 18,000	\$ 27,086,000	\$ 3,476,000	\$ 34,756,000	\$ (16,783,000)	\$ 17,973,000
Notes payable – current portion	2,000,000	-	-	-	808,000	-	113,976,000	-	116,784,000	(706,000)	116,078,000
Interest payable – current portion	39,000	-	-	-	23,000	-	4,185,000	-	4,247,000	(162,000)	4,085,000
Deferred revenues – current portion	-	-	1,308,000	-	-	-	357,000	-	1,665,000	-	1,665,000
Security and other deposits	-	-	335,000	-	-	-	-	17,000	352,000	-	352,000
Total current liabilities	4,595,000	36,000	2,602,000	378,000	1,078,000	18,000	145,604,000	3,493,000	157,804,000	(17,651,000)	140,153,000
Non-current liabilities:											
Notes payable – net of current portion	16,785,000	-	-	-	4,126,000	-	616,093,000	15,737,000	652,741,000	(36,493,000)	626,248,000
Interest payable – net of current portion	810,000	-	-	-	7,000	-	48,884,000	1,592,000	51,293,000	(3,926,000)	47,367,000
Deferred revenues – net of current portion	-	-	22,235,000	-	-	-	593,000	3,042,000	25,870,000	(3,145,000)	22,725,000
Security and other deposits – net of current portion	-	-	-	-	-	-	3,982,000	-	3,982,000	-	3,982,000
Total non-current liabilities	17,595,000	-	22,235,000	-	4,133,000	-	669,552,000	20,371,000	733,886,000	(33,564,000)	700,322,000
Total liabilities	22,190,000	36,000	24,837,000	378,000	5,211,000	18,000	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	22,876,000	7,521,000	32,049,000	106,567,000	(27,421,000)	79,146,000
Non-controlling interests	-	-	-	-	-	-	200,238,000	-	200,238,000	-	200,238,000
Total unrestricted	24,792,000	1,685,000	15,237,000	1,573,000	834,000	22,876,000	207,759,000	32,049,000	306,805,000	(27,421,000)	279,384,000
Temporarily restricted	115,000	-	4,000	-	249,000	2,047,000	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	24,923,000	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	\$ 24,941,000	\$ 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 ACTIVITIES
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011							Subtotal	Eliminations	Total
BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp.	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾			
Support and revenue:										
Developer fees	\$ 4,396,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,414,000	\$ 5,810,000	\$ (5,810,000)	\$ -
Rental income – net of vacancies and concessions	163,000	-	11,458,000	-	-	-	385,000	86,347,000	(384,000)	85,963,000
Management revenue	8,135,000	1,306,000	3,909,000	731,000	-	719,000	(214,000)	15,086,000	(10,927,000)	4,159,000
Contributions	647,000	-	120,000	375,000	46,000	12,294,000	3,000	13,485,000	-	13,485,000
Interest income	444,000	-	1,665,000	1,000	148,000	243,000	473,000	3,492,000	(911,000)	2,581,000
Revenue from townhome sales	-	-	-	-	-	18,660,000	-	18,660,000	-	18,660,000
Other	853,000	-	-	659,000	-	2,460,000	10,000	3,982,000	-	3,982,000
Total support and revenue	14,638,000	14,549,000	3,910,000	1,928,000	556,000	108,702,000	2,071,000	146,862,000	(18,032,000)	128,830,000
Expenses:										
Program services	8,403,000	15,895,000	3,385,000	1,752,000	1,014,000	145,663,000	6,853,000	183,086,000	(22,039,000)	161,047,000
Supporting services	3,636,000	9,000	313,000	8,000	2,000	479,000	81,000	4,892,000	(72,000)	4,820,000
Fundraising	216,000	-	-	-	-	-	-	216,000	-	216,000
Total expenses	12,255,000	16,208,000	3,749,000	1,760,000	1,016,000	146,142,000	6,934,000	188,194,000	(22,111,000)	166,083,000
Changes in net assets	2,383,000	378,000	(1,659,000)	168,000	(460,000)	(37,440,000)	(4,863,000)	(41,332,000)	4,079,000	(37,253,000)
Net assets, beginning of year	26,567,000	1,685,000	15,241,000	1,573,000	24,923,000	259,576,000	32,049,000	362,697,000	(27,421,000)	335,276,000
Net capital contribution	-	-	-	-	-	51,827,000	-	51,827,000	404,000	52,231,000
Net assets, end of year	\$ 28,950,000	\$ 2,063,000	\$ 13,582,000	\$ 1,734,000	\$ 24,463,000	\$ 273,963,000	\$ 27,186,000	\$ 373,192,000	(22,938,000)	\$ 350,254,000

⁽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, 2011 AND 2010

	2010									
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	\$ 4,316,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,000	\$ 4,482,000	\$ (4,482,000)	\$ -
Rental income – net of vacancies and concessions	274,000	-	11,829,000	-	14,000	-	70,324,000	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	8,429,000	33,703,000	(26,967,000)	6,736,000
Contributions	713,000	-	196,000	-	-	1,024,000	10,258,000	13,008,000	-	13,008,000
Interest income	807,000	-	1,841,000	1,000	71,000	3,000	161,000	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	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	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	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	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	(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	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	\$ 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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	BRIDGE Housing Corporation	BID	BASS	BP&C	HomeBricks, Inc.	BRIDGE Support Corp.	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
Cash flows from operating activities:											
Change in net assets	\$ 2,383,000	\$ 378,000	\$ (1,659,000)	\$ 161,000	\$ 168,000	\$ (460,000)	\$ (37,440,000)	\$ (4,865,000)	\$ (41,832,000)	\$ 4,079,000	\$ (37,253,000)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:											
Depreciation and amortization	163,000	-	499,000	-	12,000	-	31,551,000	48,000	32,273,000	-	32,273,000
(Gain) Loss on disposal of fixed assets	-	-	-	-	-	-	11,715,000	(18,000)	11,697,000	-	11,697,000
Amortization of deferred revenue	-	-	(1,308,000)	-	-	-	-	-	(1,308,000)	-	(1,308,000)
Unrealized gain (loss) and income from investment entities	(511,000)	55,000	-	-	229,000	721,000	513,000	1,824,000	2,801,000	(2,238,000)	563,000
Dividends received in the form of notes receivable	(849,000)	(521,000)	-	-	-	-	-	-	(521,000)	-	(521,000)
Income from forgivable loans	-	-	-	-	(375,000)	-	(12,060,000)	-	(13,284,000)	-	(13,284,000)
(Increase) decrease in assets:											
Accounts receivable	1,002,000	265,000	243,000	732,000	(77,000)	12,000	(353,000)	767,000	2,589,000	(2,352,000)	237,000
Contributions receivable	2,000	-	-	-	-	-	-	-	2,000	-	2,000
Prepaid expenses and deposits	345,000	-	18,000	(42,000)	30,000	-	(480,000)	2,000	(127,000)	(69,000)	(196,000)
Impounds	-	-	-	-	-	-	102,000	-	102,000	-	102,000
Increase (decrease) in liabilities:											
Accounts payable and accrued expenses	607,000	(27,000)	490,000	60,000	(192,000)	49,000	3,445,000	1,503,000	5,935,000	(1,079,000)	4,856,000
Deferred revenues	201,000	-	(48,000)	-	-	-	(147,000)	13,000	19,000	(195,000)	(174,000)
Interest payable	66,000	-	-	-	(9,000)	-	4,826,000	96,000	4,979,000	520,000	5,499,000
Net cash provided by (used in) operating activities	3,379,000	148,000	(1,765,000)	911,000	(214,000)	322,000	1,672,000	(628,000)	3,825,000	(1,332,000)	2,493,000
Cash flows from investing activities:											
(Additions to) Collections of notes receivable	433,000	-	2,901,000	-	(1,492,000)	-	-	(232,000)	1,590,000	(1,580,000)	10,000
Net (increase) decrease in other investments	303,000	752,000	-	-	-	-	-	511,000	1,566,000	(386,000)	980,000
Net (increase) decrease in restricted cash and deposits	-	-	-	-	777,000	-	(6,755,000)	52,000	(5,926,000)	-	(5,926,000)
(Purchase) Sale of marketable securities and investments	-	-	(1,000)	-	-	(6,184,000)	-	-	(6,185,000)	-	(6,185,000)
(Purchase) retirement of property and equipment	(4,819,000)	-	(1,170,000)	-	(45,000)	-	(8,974,000)	-	(15,008,000)	(75,000)	(15,083,000)
Net (increase) decrease in deferred costs	-	-	-	-	-	-	(609,000)	(86,000)	(695,000)	262,000	(433,000)
Net cash provided by (used in) investing activities	(4,083,000)	752,000	1,730,000	-	(760,000)	(6,184,000)	(16,338,000)	225,000	(24,658,000)	(1,977,000)	(26,635,000)
Cash flows from financing activities:											
Payment of development payables	-	-	-	-	-	-	(16,609,000)	-	(16,609,000)	(2,634,000)	(19,243,000)
Proceeds from notes payable	2,932,000	-	-	-	968,000	-	93,058,000	19,000	96,977,000	(5,893,000)	91,084,000
Proceeds from deferred revenue earmarked for development	-	-	-	-	-	-	13,386,000	-	13,386,000	-	13,386,000
Payment of notes payable	(3,650,000)	-	-	-	(177,000)	-	(82,763,000)	(708,000)	(87,298,000)	11,432,000	(75,866,000)
Payment of syndication costs	-	-	-	-	-	-	(140,000)	-	(140,000)	-	(140,000)
Proceeds from (distribution of) capital contributions	-	-	-	-	-	-	14,154,000	-	14,154,000	401,000	14,558,000
Net cash provided by (used in) financing activities	(718,000)	-	-	-	791,000	-	21,086,000	(689,000)	20,470,000	3,309,000	23,779,000
Increase (decrease) in cash and cash equivalents	(1,422,000)	900,000	(35,000)	911,000	(183,000)	(5,862,000)	6,420,000	(1,092,000)	(363,000)	-	(363,000)
Cash and cash equivalent, beginning of year	15,653,000	726,000	8,045,000	930,000	405,000	15,910,000	19,967,000	4,538,000	66,194,000	-	66,194,000
Cash and cash equivalent, end of year	\$ 14,231,000	\$ 1,626,000	\$ 8,010,000	\$ 1,841,000	\$ 222,000	\$ 10,048,000	\$ 26,387,000	\$ 3,446,000	\$ 65,831,000	\$ -	\$ 65,831,000
Supplementary information:											
Cash paid for interest (net of capitalized portion)	\$ 250,000	\$ -	\$ -	\$ -	\$ 43,000	\$ -	\$ 19,446,000	\$ 304,000	\$ 20,043,000	\$ (1,424,000)	\$ 18,619,000
Noncash investing and financing activities:											
Assets acquired by assuming liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,135,000	\$ -	\$ 24,135,000	\$ (5,069,000)	\$ 19,066,000
Assets acquired through capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,861,000	\$ -	\$ 11,861,000	\$ -	\$ 11,861,000
Liabilities paid with capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,952,000	\$ -	\$ 25,952,000	\$ -	\$ 25,952,000
Disposal of assets by transferring liabilities	\$ 1,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000	\$ (1,300,000)	\$ -
Repayment of notes payable with sales proceeds from escrows	\$ -	\$ -	\$ -	\$ -	\$ 545,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545,000
Syndication costs incurred by assuming liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,000	\$ -	\$ 117,000	\$ -	\$ 117,000

⁽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, 2011 AND 2010

	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBucks, Inc.	BRIDGE Support Corp.	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
Cash flows from operating activities:											
Change in net assets	\$ 2,721,000	\$ (365,000)	\$ (1,409,000)	\$ 28,000	\$ (428,000)	\$ 6,701,000	\$ (57,455,000)	\$ (12,407,000)	\$ (62,612,000)	\$ 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	-	28,560,000	44,000	29,050,000	-	29,050,000
(Gain) Loss on disposal of fixed assets	-	-	-	-	-	-	27,470,000	-	27,470,000	-	27,470,000
Change in accounting estimates for deferred revenue	-	-	(1,308,000)	-	-	-	-	-	(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	5,268,000	(3,126,000)	2,242,000
Income from forgivable loans	-	-	-	-	-	-	(10,242,000)	-	(10,242,000)	-	(10,242,000)
(Increase) decrease in assets:											
Accounts receivable	2,195,000	(157,000)	269,000	(156,000)	693,000	(12,000)	383,000	(570,000)	2,665,000	(2,793,000)	(128,000)
Contributions receivable	131,000	-	-	-	-	-	-	-	131,000	-	131,000
Prepaid expenses and deposits	(521,000)	8,000	(19,000)	-	(6,000)	-	580,000	(15,000)	29,000	(62,000)	(33,000)
Impounds	-	-	-	-	-	-	(282,000)	-	(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	3,800,000	1,738,000	5,538,000
Deferred revenues	(158,000)	-	(62,000)	-	-	-	162,000	(218,000)	(276,000)	377,000	101,000
Interest payable	(5,000)	-	-	-	(803,000)	-	6,355,000	508,000	6,055,000	(965,000)	5,090,000
Net cash provided by (used in) operating activities	3,867,000	(109,000)	(2,654,000)	(265,000)	(597,000)	5,466,000	3,181,000	(9,061,000)	(152,000)	10,899,000	10,747,000
Cash flows from investing activities:											
(Additions to) Collection of notes receivable	1,172,000	-	2,773,000	-	(2,863,000)	-	-	1,441,000	2,483,000	(2,769,000)	(286,000)
Net decrease in other investments	535,000	(4,000)	-	-	35,000	-	-	(662,000)	(296,000)	112,000	(184,000)
Net (increase) decrease in restricted cash and deposits	-	-	-	-	10,676,000	-	2,166,000	(2,000)	12,840,000	-	12,840,000
(Purchase) Sale of marketable securities	-	-	62,000	-	-	-	-	-	62,000	-	62,000
(Purchase) Retirement of property and equipment	(1,654,000)	-	(10,000)	-	(245,000)	-	(29,066,000)	-	(30,975,000)	(4,193,000)	(35,168,000)
Net (increase) decrease in deferred costs	-	-	-	-	-	-	(545,000)	158,000	(387,000)	(315,000)	(702,000)
Net cash provided by (used in) investing activities	(147,000)	(4,000)	2,783,000	-	7,603,000	-	(27,445,000)	935,000	(16,273,000)	(7,165,000)	(23,438,000)
Cash flows from financing activities:											
Payment of development payables	-	-	-	-	-	-	(29,464,000)	-	(29,464,000)	-	(29,464,000)
Proceeds from notes payable	\$64,000	-	-	-	2,387,000	-	73,506,000	1,976,000	78,733,000	(2,073,000)	76,660,000
Payment of notes payable	(5,125,000)	-	-	-	(9,018,000)	-	(21,662,000)	-	(35,805,000)	-	(35,805,000)
Payment of syndication costs	-	-	-	-	-	-	(453,000)	-	(453,000)	-	(453,000)
Proceeds from (distribution of) capital contributions	-	-	-	-	-	-	4,926,000	-	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	17,957,000	(3,754,000)	14,203,000
Increase (decrease) in cash and cash equivalents	(341,000)	(113,000)	151,000	(265,000)	375,000	5,466,000	2,589,000	(6,150,000)	1,512,000	-	1,512,000
Cash and cash equivalent, beginning of year	16,194,000	839,000	7,894,000	1,195,000	30,000	10,441,000	17,278,000	10,708,000	64,682,000	-	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	\$ -	\$ 66,194,000
Supplementary information:											
Cash paid for interest (net of capitalized portion)	\$ 468,000	\$ -	\$ -	\$ -	\$ 899,000	\$ -	\$ 16,646,000	\$ 30,000	\$ 18,045,000	\$ 29,000	\$ 18,074,000
Non-cash investing and financing activities:											
Assets acquired by assuming liabilities:	\$ 411,000	\$ -	\$ 405,000	\$ -	\$ 485,000	\$ -	\$ 11,193,000	\$ -	\$ 12,494,000	\$ -	\$ 12,494,000
Assets acquired through capital contribution	-	-	-	-	-	-	4,307,000	-	4,307,000	-	4,307,000
Liabilities paid with sales proceeds through escrows	-	-	-	-	-	-	31,761,000	-	31,761,000	-	31,761,000
Liabilities paid with capital contribution	-	-	-	-	-	-	16,431,000	-	16,431,000	-	16,431,000
Syndication costs incurred by assuming liabilities	-	-	-	-	-	-	115,000	-	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 COMPOSITION
YEARS ENDED DECEMBER 31, 2011 AND 2010

BRIDGE Housing Corporation and Affiliate's cash composition as of December 31, 2011 and 2010 are as follow:

	2011						
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp. ⁽¹⁾	Housing Properties ⁽¹⁾ Other Entities ⁽²⁾ Total
Unrestricted	\$ 12,572,000	\$ 1,626,000	\$ 2,130,000	\$ 1,841,000	\$ 222,000	\$ 8,192,000	\$ - \$ 214,000 \$ 26,797,000
Designated	1,447,000	-	5,876,000	-	-	-	26,387,000 3,252,000 36,962,000
Donor restricted	212,000	-	4,000	-	-	1,856,000	- - 2,072,000
Total unrestricted cash and cash equivalents	14,231,000	1,626,000	8,010,000	1,841,000	222,000	10,048,000	26,387,000 3,466,000 65,831,000
Restricted cash and deposits (Note 7)	-	-	-	-	654,000	-	43,818,000 - 44,472,000
Total cash and cash equivalents	\$ 14,231,000	\$ 1,626,000	\$ 8,010,000	\$ 1,841,000	\$ 876,000	\$ 10,048,000	\$ 70,205,000 \$ 3,466,000 \$ 110,303,000

	2010						
	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	BRIDGE Support Corp. ⁽¹⁾	Housing Properties ⁽¹⁾ Other Entities ⁽²⁾ Total
Unrestricted	\$ 14,366,000	\$ 726,000	\$ 1,546,000	\$ 930,000	\$ 405,000	\$ 13,864,000	\$ - \$ 1,000,000 \$ 32,837,000
Designated	1,172,000	-	6,495,000	-	-	-	19,967,000 3,558,000 31,192,000
Donor restricted	115,000	-	4,000	-	-	2,046,000	- - 2,165,000
Total unrestricted 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
Restricted cash and deposits (Note 7)	-	-	-	-	1,430,000	-	34,782,000 - 36,212,000
Total cash and cash equivalents	\$ 15,653,000	\$ 726,000	\$ 8,045,000	\$ 930,000	\$ 1,835,000	\$ 15,910,000	\$ 54,749,000 \$ 4,558,000 \$ 102,406,000

⁽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.

⁽³⁾ In addition, BSC held \$14,482,000 and \$9,019,000 marketable securities as of December 31, 2011 and 2010, respectively.

BRIDGE HOUSING CORPORATION AND AFFILIATES
SCHEDULES OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2011 AND 2010

		2011		BRIDGE Housing Corporation	
	Corporate	Predevelopment	Subtotal	Eliminations	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 13,836,000	\$ 395,000	\$ 14,231,000	\$ -	\$ 14,231,000
Accounts receivable – net	14,557,000	-	14,557,000	(4,444,000)	10,113,000
Contributions receivable	4,000	-	4,000	-	4,000
Notes receivable	40,000	-	40,000	-	40,000
Prepaid expenses and deposits	425,000	129,000	554,000	-	554,000
Total current assets	28,862,000	524,000	29,386,000	(4,444,000)	24,942,000
Non-current assets:					
Notes receivable – net of current portion	10,049,000	-	10,049,000	-	10,049,000
Property and equipment – net	578,000	8,608,000	9,186,000	(842,000)	8,344,000
Land under lease and held for development	2,573,000	-	2,573,000	-	2,573,000
Other investments	3,367,000	-	3,367,000	-	3,367,000
Total non-current assets	16,567,000	8,608,000	25,175,000	(842,000)	24,333,000
Total assets	\$ 45,429,000	\$ 9,132,000	\$ 54,561,000	\$ (5,286,000)	\$ 49,275,000
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable and accrued expenses	\$ 2,981,000	\$ 4,754,000	\$ 7,735,000	\$ (4,444,000)	\$ 3,291,000
Notes payable	1,400,000	-	1,400,000	-	1,400,000
Interest payable	66,000	-	66,000	-	66,000
Deferred revenues	201,000	-	201,000	-	201,000
Total current liabilities	4,648,000	4,754,000	9,402,000	(4,444,000)	4,958,000
Non-current liabilities:					
Notes payable – net of current portion	11,854,000	3,513,000	15,367,000	-	15,367,000
Interest payable – net of current portion	-	-	-	-	-
Total non-current liabilities	11,854,000	3,513,000	15,367,000	-	15,367,000
Total liabilities	16,502,000	8,267,000	24,769,000	(4,444,000)	20,325,000
Net assets:					
Unrestricted:					
Controlling interests	27,055,000	738,000	27,793,000	(842,000)	26,951,000
Total unrestricted	27,055,000	738,000	27,793,000	(842,000)	26,951,000
Temporarily restricted	212,000	127,000	339,000	-	339,000
Permanently restricted	1,660,000	-	1,660,000	-	1,660,000
Total net assets	28,927,000	865,000	29,792,000	(842,000)	28,950,000
Total liabilities and net assets	\$ 45,429,000	\$ 9,132,000	\$ 54,561,000	\$ (5,286,000)	\$ 49,275,000

BRIDGE HOUSING CORPORATION AND AFFILIATES

SCHEDULES OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2011 AND 2010

		2010		BRIDGE Housing Corporation	
	Corporate	Predevelopment	Subtotal	Eliminations	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 15,399,000	\$ 254,000	\$ 15,653,000	\$ -	\$ 15,653,000
Accounts receivable – net	12,387,000	96,000	12,483,000	(1,368,000)	11,115,000
Contributions receivable	6,000	-	6,000	-	6,000
Notes receivable	865,000	-	865,000	-	865,000
Prepaid expenses and deposits	557,000	342,000	899,000	-	899,000
Total current assets	29,214,000	692,000	29,906,000	(1,368,000)	28,538,000
Non-current assets:					
Notes receivable – net of current portion	10,420,000	-	10,420,000	-	10,420,000
Property and equipment -- net	343,000	3,742,000	4,085,000	(525,000)	3,560,000
Land under lease and held for development	3,110,000	-	3,110,000	-	3,110,000
Other investments	3,129,000	-	3,129,000	-	3,129,000
Total non-current assets	17,002,000	3,742,000	20,744,000	(525,000)	20,219,000
Total assets	\$ 46,216,000	\$ 4,434,000	\$ 50,650,000	\$ (1,893,000)	\$ 48,757,000
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable and accrued expenses	\$ 2,209,000	\$ 1,715,000	\$ 3,924,000	\$ (1,368,000)	\$ 2,556,000
Notes payable	2,000,000	-	2,000,000	-	2,000,000
Interest payable	39,000	-	39,000	-	39,000
Deferred revenues	-	-	-	-	-
Total current liabilities	4,248,000	1,715,000	5,963,000	(1,368,000)	4,595,000
Non-current liabilities:					
Notes payable – net of current portion	14,708,000	2,077,000	16,785,000	-	16,785,000
Interest payable – net of current portion	810,000	-	810,000	-	810,000
Total non-current liabilities	15,518,000	2,077,000	17,595,000	-	17,595,000
Total liabilities	19,766,000	3,792,000	23,558,000	(1,368,000)	22,190,000
Net assets:					
Unrestricted:					
Controlling interests	24,675,000	642,000	25,317,000	(525,000)	24,792,000
Total unrestricted	24,675,000	642,000	25,317,000	(525,000)	24,792,000
Temporarily restricted	115,000	-	115,000	-	115,000
Permanently restricted	1,660,000	-	1,660,000	-	1,660,000
Total net assets	26,450,000	642,000	27,092,000	(525,000)	26,567,000
Total liabilities and net assets	\$ 46,216,000	\$ 4,434,000	\$ 50,650,000	\$ (1,893,000)	\$ 48,757,000

BRIDGE HOUSING CORPORATION AND AFFILIATES
SCHEDULES OF NOTES PAYABLE
(BRIDGE HOUSING CORPORATION ONLY)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Notes payable of BRIDGE Housing Corporation are as follows:

	2011		2010	
	<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.	\$ 15,000	\$ 3,000,000	\$ -	\$ 3,000,000
Wells Fargo Bank, unsecured due January 18, 2011, with 4% interest payable quarterly.	-	-	-	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.	27,000	1,000,000	30,000	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.	8,000	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.	8,000	3,000,000	-	3,000,000
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
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.	4,000	400,000	5,000	450,000
Redevelopment Agency of the City of Pinole, secured by a deed of trust. Simple interest accrues at 4% per annum. Principal and interest due were forgiven in October 2011 in connection with transferring the land to an affiliated entity.	-	-	570,000	900,000

BRIDGE HOUSING CORPORATION AND AFFILIATES

SCHEDULES OF NOTES PAYABLE

(BRIDGE HOUSING CORPORATION ONLY)

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011		2010	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
County of Contra Costa, secured by a deed of trust. Simple interest accrues at 4% per annum. Principal and interest due were forgiven in October 2011 in connection with transferring the land to an affiliated entity.	-	-	240,000	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	-	146,000	-	250,000
Predevelopment notes payable	-	3,513,000	-	2,077,000
Notes payable to affiliates	-	92,000	-	92,000
Total	66,000	16,767,000	849,000	18,785,000
Less: current portion	66,000	1,400,000	39,000	2,000,000
Non-current portion	\$ -	\$ 15,367,000	\$ 810,000	\$ 16,785,000

**ATTACHMENT 6
DEVELOPMENT SUMMARY - NINTH & BROADWAY**

Summary Details

Location	929 9 th Avenue, San Diego, (Ninth and Broadway)	
Multifamily Mortgage Revenue Bonds Financed Portion of Total Project	121 units, floors 8-17 which is a portion of the total 250 unit, seventeen story development	
Maximum Mortgage Revenue Bonds	Up to \$23,000,000	
Proposed Housing Commission Loan	None	
Council District	2	
Community Planning Area	Downtown Community Plan	
Developer	BRIDGE Housing Corporation	
Current Use	Vacant land and one non-residential building	
Project Type	New construction	
Housing Type	Affordable Rental Apartments	
Number of Units	121 units	
Affordable Units	120	
Total Site Area	25,000 square foot parcel	
Maximum FAR Permitted	10.0 – 14.0	
Proposed FAR	6.8	
Parking Required/Proposed	Required: 112 spaces for residential Proposed: 115 spaces for residential (including 75 parking spaces for floors 8-17, 121 units project portion)	
Construction Type	Type I	
State Prevailing Wages	Yes	
Financing Structure	4% Tax Credits; Multifamily Mortgage Revenue Bonds	
Affordability Term	55 Years	
<u>Gross Square Footage (for floors 8-17, 121 units):</u>		
Total Gross Residential Square Footage	80,678 square feet	
Total Parking Garage (75 allocated spaces) Sq. Ft.	+37,423 square feet	
Total Gross Project Square Footage	118,101 square feet	
<u>Residential Construction Cost (for floors 8-17, 121 units)</u>		
Estimated Construction Cost	\$19,299,697	
Estimated Construction Cost Per Unit	\$ 159,502 per unit	
Estimated Construction Cost Per Square Foot	\$ 239 per gross square foot	
<u>Total Development Cost (for floors 8-17, 121 units)</u>		
Estimated Total Development Cost	\$38,077,021 TDC	
Estimated Total Development Cost Per Unit	\$ 314,686 per unit	
Permanent Financing Cost Per Square Foot	\$ 322 per gross square foot	

Total 250 Unit Project	
Estimated Total Development Cost (TDC)	\$74,381,743
Estimated TDC Per Unit	\$ 297,527 per unit
Total Ninth and Broadway Projects' Unit Mix	143 Living Units 31 Studio Units +76 One Bedroom Units 250 Total Units
Total Ninth and Broadway Projects' Affordability	Ranging from 30% AMI to 60% AMI

Unit Affordability

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):	Units	Estimated Net Rent	Units	Estimated Net Rent	Units	Estimated Net Rent	Total
40% AMI units	49	\$548*	0	--	0	--	49
50% AMI units	0	--	5	\$642 *	6	--	11
60% AMI units	0	--	6	\$773 *	54	\$875 *	60
Manager's unit	0	--	0	--	1	--	1
Total Units	49		11		61		121

* Estimated net rents after utilities allowance deduction.

Estimated Sources of Financing **

(For Floors 8-17, 121 Unit Portion of the Total 250 Unit Development):

Construction Financing Estd Sources	Amounts	Permanent Financing Estd Sources	Amounts
Construction loan (multifamily mortgage revenue bonds)	\$22,000,000	Permanent Loan (multifamily mortgage revenue bonds)	\$1,595,000
City of San Diego (Agency loan)	\$13,372,980	City of San Diego (Agency Loan)	\$18,872,980
4% Tax Credit Equity	\$262,765	4% Tax Credit Equity	\$16,682,565
Accrued Interest	\$226,476	Accrued Interest	\$226,476
		General Partner Contribution	\$700,000
Total Development Cost (TDC)	\$35,862,221	Total Development Cost (TDC)	\$38,077,021
TDC Per Unit (for 121 units)	\$296,382	TDC Per Unit (for 121 units)	\$314,686

Estimated Uses of Financing (Permanent) **

(For Floors 8-17, 121 Unit Portion of the Total 250 Unit Development):

Permanent Financing Estimated Uses	Amounts	Per Unit	Per Square Foot
Construction Costs	\$19,299,697	\$159,502	\$163
Construction Contingency (9.73%)	\$1,877,494	\$15,516	\$16
Developer Fee	\$2,500,000	\$20,661	\$21
Lease-up and Operating Reserve	\$566,309	\$4,680	\$5
Other Hard & Soft Costs	\$13,833,521	\$114,327	\$117
Total Uses	\$38,077,021	\$314,686	\$322
TDC Per Unit (for 121 units)	\$314,686		

** From Financial Advisor's Letter (Attachment 4, page 2).

Estimated Sources of Financing (Permanent)

For the entire 250 unit project:

Permanent Financing Estimated Sources	Lower Portion Floors 1-7 (129 units)	Upper Portion Floors 8-17 (121 units)	Total Both Portions (250 units)
Permanent Loan (multifamily mortgage revenue bonds)		\$1,595,000	\$1,595,000
Permanent Loan (from US Bank)	\$350,000		\$350,000
City of San Diego (Agency Loan)	\$2,527,899	\$18,872,980	\$21,400,879
4% Tax Credit Equity		\$16,682,565	\$16,682,565
9% Tax Credit Equity	\$18,739,783		\$18,739,783
Accrued Interest		\$226,476	\$226,476
General Partner Contribution		\$700,000	\$700,000
Multifamily Housing Program	\$10,000,000		\$10,000,000
State Mental Health Services Act	\$2,812,150		\$2,812,150
Land Donation via City Lease	\$1,588,463		\$1,588,463
General Partner Equity	\$200,000		\$200,000
Limited Partner Equity from Photovoltaic credit	\$86,427		\$86,427
Total Sources	\$36,304,722	\$38,077,021	\$74,381,743
TDC Per Unit	\$281,432/unit	\$314,686/unit	\$297,527/unit

Estimated Pro Forma Summary Year One ***

(For Floors 8-17, 121 Unit Portion of the Total 250 Unit Development):

	Amount	Comments
Gross Income	\$1,059,311	
Vacancy	(-\$52,966)	5%
Effective Gross Income	\$1,006,345	
Operating Expenses	(-\$749,580)	\$6,195 per unit per year
Net Operating Income	\$256,765	
Debt Service	(-\$146,420)	1.42 Debt Coverage Ratio
Reserves	(-\$48,400)	\$400 per unit per year
Cash Flow	\$61,945	

*** From Financial Advisor's Letter (Report Attachment 4, page 7).