

File No. 190844 Committee Item No. 4  
Board Item No. 7

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date October 21, 2019

Board of Supervisors Meeting

Date November 11, 2019

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ordinance
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Introduction Form
<input type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Public Correspondence

OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SUD Height Map
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Referral PC 080519
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Referral FYI 080519
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Referral FYI 091119
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Referral PC 091119
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	PC Transmittal 091219
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Hearing Notice 102119
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>VIOLATION CEQA</u>
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

Completed by: Erica Major Date October 18, 2019  
Completed by: Erica Major Date October 30, 2019

[Planning Code, Zoning Map - 3333 California Street Special Use District]

**Ordinance amending the Planning Code and Zoning Map to create the 3333 California Street Special Use District; and making environmental findings, findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in single-underline italics Times New Roman font.  
**Deletions to Codes** are in ~~striketrough italics Times New Roman font~~.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~striketrough Arial font~~.  
**Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Environmental and Land Use Findings.

(a) On September 5, 2019, the Planning Commission conducted a duly noticed public hearing on the proposed 3333 California Street Project ("Project"), including the proposed Planning Code and Zoning Map amendments, and by Resolution No. 20514 recommended the proposed amendments for approval. At its hearing on September 5, 2019, and prior to recommending the proposed Planning Code and Zoning Map amendments for approval, the Planning Commission certified a Final Environmental Impact Report (FEIR) for the Project pursuant to the California Environmental Quality Act (CEQA) (California Public Resources Code Sections 21000 et seq.), the CEQA Guidelines (14 Cal. Code Reg. Sections 15000 et seq.) and Chapter 31 of the Administrative Code. In accordance with the actions contemplated in this ordinance, the Board of Supervisors has reviewed the FEIR and concurs



1 with its conclusions, and finds that the actions contemplated in this ordinance are within the  
2 scope of the Project described and analyzed in the FEIR. The Board hereby adopts and  
3 incorporates by reference as though fully set forth herein the Commission's CEQA approval  
4 findings, including a statement of overriding considerations, adopted by the Planning  
5 Commission on September 5, 2019, in Motion No. 201513, and adopts the supplemental  
6 CEQA findings on file with the Clerk of the Board of Supervisors in File No. 190844. This  
7 Board also adopts and incorporates by reference as though fully set forth herein the Project's  
8 Mitigation Monitoring and Reporting Program (MMRP). Said findings and MMRP are on file  
9 with the Clerk of the Board of Supervisors in File No. 190844.

10 (b) On September 5, 2019, the Planning Commission, in Resolution No. 20514,  
11 adopted findings that the actions contemplated in this ordinance are consistent, on balance,  
12 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The  
13 Board of Supervisors adopts these findings as its own. A copy of said Resolution is on file  
14 with the Clerk of the Board of Supervisors in File No. 190844, and is incorporated herein by  
15 reference.

16 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that the  
17 Planning Code and Zoning Map amendments will serve the public necessity, convenience,  
18 and welfare for the reasons set forth in Planning Commission Resolution No. 20514, and the  
19 Board incorporates such reasons herein by reference.

20  
21 Section 2. Article 2 of the Planning Code is hereby amended by adding Section  
22 249.86, to read as follows:

23 **SEC. 249.86. 3333 CALIFORNIA STREET SPECIAL USE DISTRICT.**

24 (a) Location. A Special Use District entitled the 3333 California Special Use District  
25 ("SUD"), the general boundaries of which are California Street to the north, Presidio Avenue to the

1 east, Masonic Avenue to the southeast, Euclid Avenue to the south, and Laurel Street/Mayfair Drive to  
2 the west, as more specifically shown on Section Map SU03 of the Zoning Maps of the City and County  
3 of San Francisco, is hereby established for the purpose set forth below.

4 (b) Purpose. The purpose of the SUD is to facilitate the development of a mixed use project in  
5 a transit-rich location with residential, non-residential, child care, open space, and related uses, and to  
6 give effect to the Development Agreement for the 3333 California Street Mixed-Use Development  
7 Project, as approved by the Board of Supervisors in the ordinance in File No. 190845. The SUD will  
8 provide benefits to the City including but not limited to: replacement of a large-scale office building  
9 with a series of smaller buildings designed to be consistent with the scale and character of the  
10 neighborhood; construction of hundreds of new housing units, including family-sized units and on-site  
11 senior housing with affordability levels exceeding on-site City requirements; an on-site child care  
12 facility; and construction and maintenance of new, publicly accessible open spaces and new  
13 connections to the surrounding street grid, including new pedestrian connections, and other street and  
14 streetscape improvements.

15 (c) Development Controls. Applicable provisions of the Planning Code shall apply to the SUD  
16 except as otherwise provided in this Section 249.86. In the event of a conflict between other provisions  
17 of the Planning Code and this Section, the provisions of this Section shall control.

18 (1) Additional Permitted Uses. In addition to the uses permitted in the RM-1 zoning  
19 district, the non-residential land use controls of the NC-S zoning district shall apply for  
20 following uses are principally permitted within the first and second story of all buildings with  
21 frontage on California Street, except that the following uses shall be principally permitted on  
22 such floors: and shall be subject to the controls of the NC-S zoning applicable to such uses,  
23 except for any prohibition on such use:

24 (A) Flexible Retail Uses;

25 (B) Social Service or Philanthropic Facilities; and,

1                    (C) Other non-residential uses- Arts Activities.

2                    (2) Uses Not Permitted. Notwithstanding any other provision in this Code, the  
3 following uses shall not be permitted in the SUD:

4                    (A) Automotive Service;

5                    (B) Drive-Up Facility; and,

6                    (C) Mortuary.

7                    (3) Notwithstanding any other provision of this Code, the following uses shall  
8 require conditional use authorization pursuant to the provisions of Section 303:

9                    (A) Liquor Store;

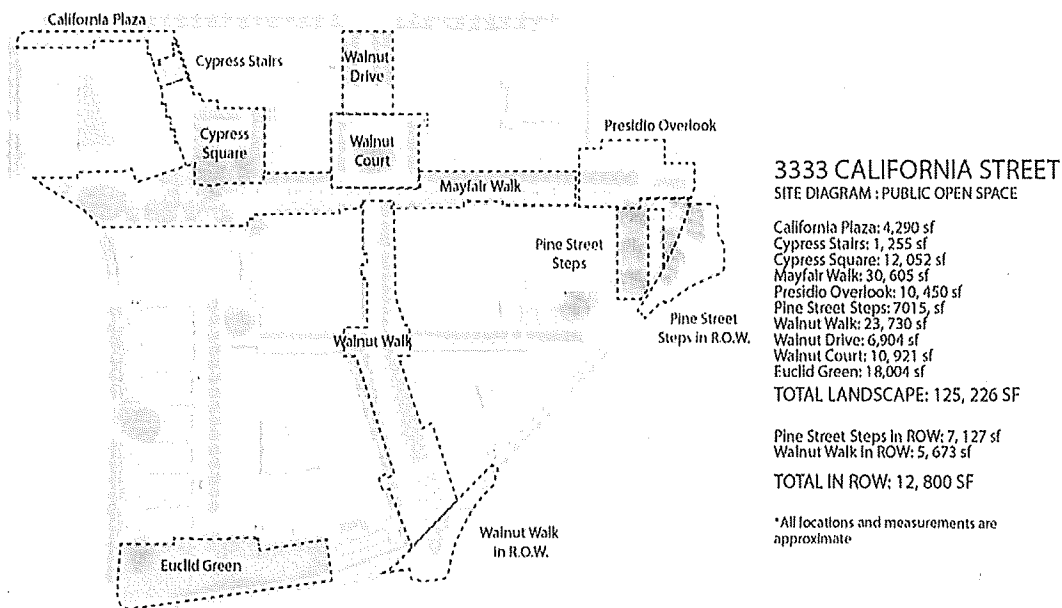
10                   (B) Massage, Chair/Foot; and,

11                   (C) Neighborhood Agriculture.

12                   (4) In addition to the restrictions set forth in this subsection (c), the hours of  
13 operation for commercial uses within the SUD shall be from 6:00am to 12:00am.

14                   (2) (5) Usable Open Space Requirements. Usable open space required under Section  
15 135 has been designed on an SUD-wide basis. The open space requirement shall be met through a  
16 combination of private and common usable open spaces, as defined in Section 135, that will be  
17 associated with individual buildings as well as approximately 56,000 square feet of privately owned,  
18 publicly accessible parks and plazas that will be counted as common usable open space, provided such  
19 space is otherwise compliant with Section 135(g) and developed in accordance with the Development  
20 Agreement for the project, including without limitation, Schedule 1 (Community Benefits Linkages and  
21 impact Fee Schedule) thereof. The open space plan depicted below in this subsection (c)(2) generally  
22 sets forth the approximate location and size of such privately owned, publicly accessible open space.  
23 Accordingly, compliance with usable open space requirements for any building in the SUD shall be  
24 evaluated on a project-wide basis and for consistency with the terms of the Development Agreement.  
25 Upon expiration or termination of the Development Agreement, the then-applicable open space

requirements of the Planning Code shall apply to any future development, provided however, that any building which has satisfied its open space requirements in accordance with this subsection (c)(2) prior to the expiration of the Development Agreement shall be deemed to be Code-conforming as to open space requirements and shall not constitute a noncomplying structure or nonconforming use under the provisions of Article 1.7, notwithstanding the expiration of the Development Agreement.



(3) (6) Off-Street Parking. Article 1.5 of this Code shall apply to this SUD, except as follows:

(A) Child Care Facility Parking. Off-street parking spaces for any child care facility shall be permitted at a rate of 1.5 parking spaces for each nine children who could be accommodated in the child care facility under the applicable child care licensing requirements.

(B) Affordable Housing Parking. Off-street parking spaces for any building containing residential uses, all of which are 100% affordable housing units (with the

1 exception of the manager's unit), shall be permitted at a rate of no more than 0.5 parking  
2 spaces per unit.

3 (4) (7) Inclusionary Housing. For so long as the Development Agreement is in effect,  
4 the affordable housing requirements of the Development Agreement shall govern. Upon expiration or  
5 termination of the Development Agreement, the then-applicable Inclusionary Affordable Housing  
6 requirements set forth in Planning Code Sections 415 et seq., as amended from time to time, shall apply  
7 to any future development, without reference to the date of any earlier development application.

8 (5) (8) Child Care Requirements. For so long as the Development Agreement is in  
9 effect, the Child Care requirements of the Development Agreement shall govern. Upon expiration or  
10 termination of the Development Agreement, the then-applicable Child Care requirements set forth in  
11 Planning Code Sections 414 and 414A et seq., as amended from time to time, shall apply to any future  
12 development, without reference to the date of any earlier development application.

13 (6) (9) Director Determination. During the term of the Development Agreement, all  
14 site and/or building permit applications for construction of new buildings or alterations of, or additions  
15 to existing structures ("Applications") submitted to the Department of Building Inspection shall be  
16 forwarded to the Planning Department for consistency review. For purposes of this subsection (c)(6),  
17 Applications do not include any interior modifications or alterations, provided however, that any such  
18 modification or alteration shall otherwise comply with the applicable requirements of the Planning  
19 Code. In no event may the Planning Director or Planning Commission approve an Application that is  
20 not in substantial conformance with this Section 249.86, the Development Agreement, or any  
21 conditional use authorization and planned unit development authorization.

22 (7) (10) Discretionary Review. No requests for discretionary review shall be accepted  
23 or heard for projects within the SUD.

Section 3. City Planning Commission Resolution 4109, November 13, 1952. Effective as of the effective date of this ordinance, City Planning Commission Resolution No. 4109, and all related conditions, stipulations, special restrictions, and other limitations imposed in connection with the 1952 re-classification of the property (Assessor's Block 1032, Lot A) (the "Property") from a First Residential District to a Commercial District shall no longer apply to the Property and is hereby extinguished.

Section 4. The Planning Code is hereby amended by revising Special Use District Map SU03 of the Zoning Map of the City and County of San Francisco, as follows:

Description of Property	Special Use District Hereby Approved
Assessor's Block/Lot 1032/033	3333 California Street Special Use District

Section 5. The San Francisco Planning Code is hereby amended by revising Sectional Map HT03 of the Zoning Map of the City and County of San Francisco, based on Assessor's Parcel Maps on the effective date of this ordinance, as follows:

Description of Property	Height and Bulk Districts to be Superseded	Height and Bulk Districts Hereby Approved
Assessor's Parcel Block No. 1032, Lot 003 (an approximately 2.13 acre area of the northwestern portion of Lot 003 from California Street south approximately 215' and from Laurel Street east approximately 451.75')	40-X	45-X

1	Assessor's Parcel Block No. 1032,	40-X	67-X
2	Lot 003 (an approximately 1.64 acre		
3	area of the northeastern portion of		
4	Lot 003 from California Street south		
5	approximately 197' and		
6	approximately 270.63' west of the		
7	northeastern most property corner		
8	along the California Street frontage)		
9	Assessor's Parcel Block No. 1032,	40-X	80-X
10	Lot 003 (an approximately 0.69 acre		
11	area measuring approximately		
12	190.25' by 158.39' centrally located		
13	within Lot 003 197' south of		
14	California Street)		
15	Assessor's Parcel Block No. 1032,	40-X	92-X
16	Lot 003 (an approximately 1.54 acre		
17	area measuring approximately		
18	190.25' by 182.72' centrally located		
19	on the eastern side of Lot 003 197'		
20	south of California Street)		

21  
22 A pictorial representation of the above height and bulk districts on Assessor's Parcel  
23 Block 1032, Lot 3 is contained in Board of Supervisors File No. 190844.

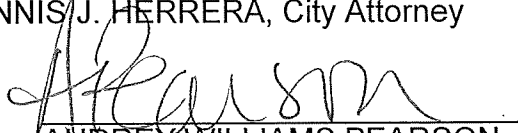
24  
25 Section 6. Effective Date and Operative Date.

1 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs  
2 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not  
3 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the  
4 Mayor's veto of the ordinance.

5 (b) This ordinance shall become operative only on (and no rights or duties are affected  
6 until) the later of (1) its effective date, as stated in subsection (a) above, or (2) the effective  
7 date of the ordinance approving the Development Agreement for the Project. A copy of said  
8 ordinance is on file with the Clerk of the Board of Supervisors in File No. 190845.

9  
10 APPROVED AS TO FORM:  
11 DENNIS J. HERRERA, City Attorney

12 By:

  
13 AUDREY WILLIAMS PEARSON  
14 Deputy City Attorney

15 n:\legana\as2019\2000037\01405484.docx



**REVISED LEGISLATIVE DIGEST**

(11/12/2019, Amended in Board)

[Planning Code, Zoning Map - 3333 California Street Special Use District]

**Ordinance amending the Planning Code and Zoning Map to create the 3333 California Street Special Use District; and making environmental findings, findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

Existing Law

Currently, the property at 3333 California Street (Assessor's Block 1032, Lot 003)("the property"), generally bounded by California Street, Presidio Avenue, Masonic Avenue, Euclid Avenue, and Laurel Street/Mayfair Drive, is zoned RM-1 with a height limit of 40 feet. The property is also subject to Planning Commission Resolution 4109, which governs the location, type, and size of uses on the property.

Amendments to Current Law

This ordinance would create a special use district for the property, to facilitate the reuse of the existing office building as two residential buildings, and the development of 13 new buildings, including seven duplexes. The special use district would be subject to the Planning Code controls for parcels zoned RM-1, except it would have special controls related to open space, parking for child care uses, child care, and inclusionary housing. The district also would allow buildings fronting California Street to include, at the first and second story, flexible retail uses, social services or philanthropic facilities, and other non-residential uses, all subject to the controls of NC-S zoning. The SUD would prohibit automotive service, drive-up facility, and mortuary uses. Liquor stores, massage foot/chair, and neighborhood agriculture uses would require conditional use authorization. Hours of operation for all commercial uses would be from 6:00 am to midnight. Parking for affordable housing development would be limited to 0.5 space per unit. Permits for the buildings would be reviewed by the Planning Director for consistency with a development agreement (proposed in separate legislation) and the special use district controls, and requests for discretionary review would not be considered.

The ordinance would increase the height limit for buildings on the northern half of the property. Along California Street, between Laurel Street and the continuation of Walnut Avenue, the height limit would increase to 45 feet. On California Street between the continuation of Walnut Avenue and Presidio Avenue (but not including the northeast corner lot containing the San Francisco Fire Credit Union Building) the height limit would increase to 67 feet. In the interior of the property, at the current location of the existing building, the height limit would increase to 80 feet and 92 feet. The height limit would remain 40 feet along Laurel

Street south of the intersection with Mayfair Drive, and along Euclid Avenue and Masonic Avenue to approximately Pine Street.

The ordinance would revoke Resolution 4109.

### Background Information

Laurel Heights Partners, LLC, a Delaware limited liability company ("Developer") has proposed a mixed-use development project ("Project") that includes converting an existing office building into two residential buildings, constructing 13 new buildings. Overall, the Project is proposed to include 744 dwelling units within 977,437 gross square feet (gsf) of residential/commercial floor area; 34,496 gsf of retail floor area; a 14,665 gsf childcare facility; 401,234 gsf devoted to off-street parking with 754 parking spaces and 10 carshare spaces; 125,226 square feet of privately owned, publicly accessible open space and 86,570 square feet of other open space, including private open space for residents. The Project will contain public pathways through the site and retain an existing open space at Euclid Avenue.

City staff has negotiated a development agreement with the Developer for a term of 15 years. Under the development agreement, Developer will attain the vested right to develop the Project in return for specified community benefits, including the affordable housing, public open space, child care facility, transportation, street improvements, auxiliary water supply system contribution, and workforce commitments made by Developer. The Board will consider the development agreement in separate legislation.

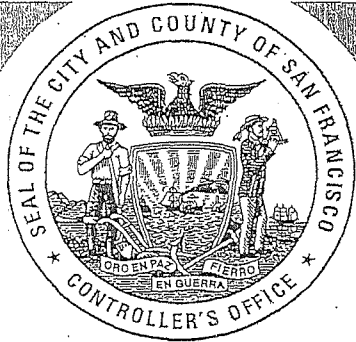
Substitute legislation (original legislation introduced on July 30, 2019) updated the open space plan, clarified the controls for additional uses on the project site, and included specific controls for child care requirements. Amendments made at the Land Use Committee on October 21, 2019 specified uses that are not permitted or conditionally permitted, limited commercial hours of operation, and limited parking for buildings with 100% affordable housing.

n:\legana\as2019\2000037\01403400.docx

# 3333 California Street Development Agreement

## Economic Impact Report

225



**CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller

Office of Economic Analysis

Items # 190844 and 190845

10.16.2019

190844  
190845

# INTRODUCTION

2

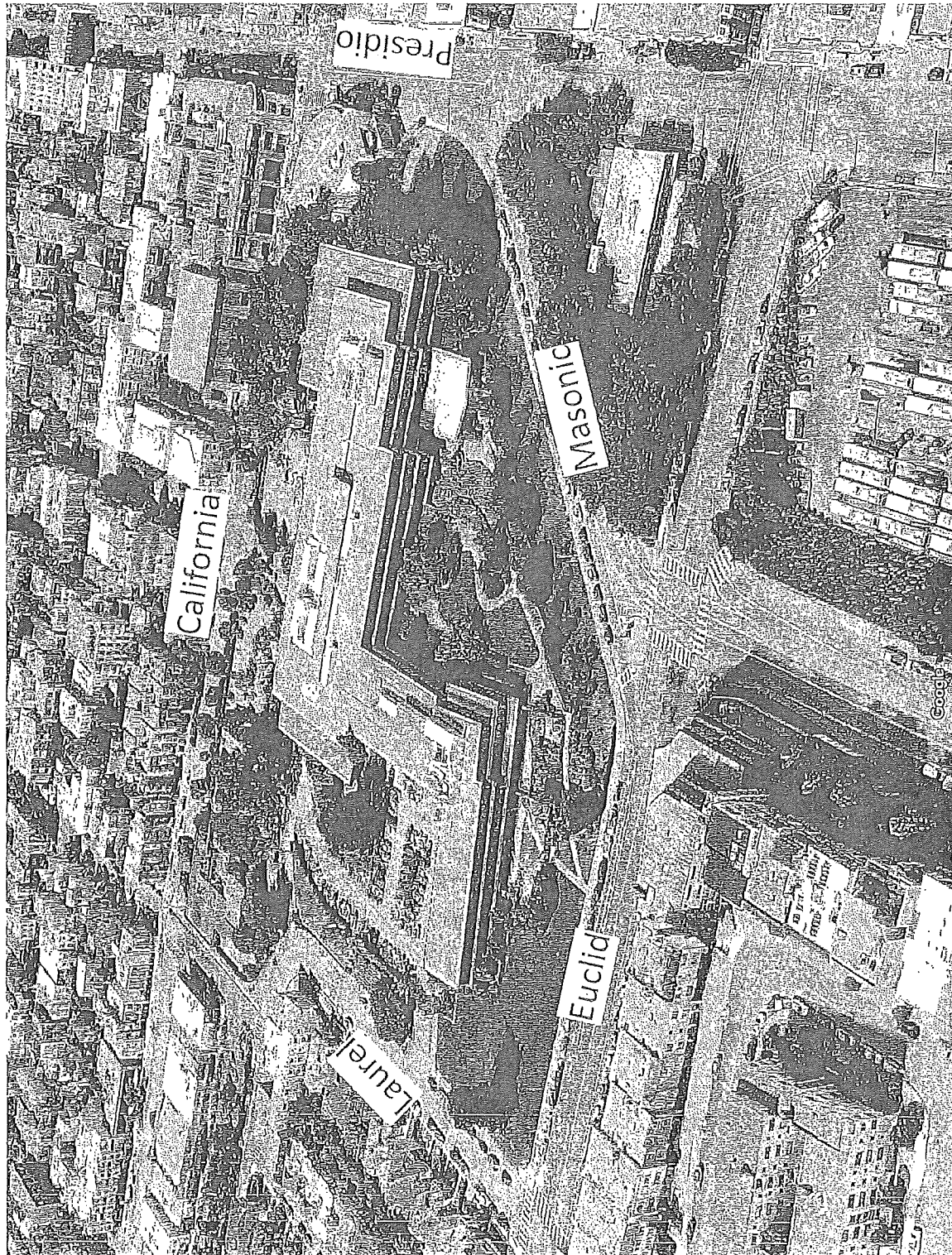
- On July 30, 2019, supervisor Stefani introduced ordinance (#190844) to create the 3333 California Street Special Use District (SUD) and also introduced ordinance (#190845) approving the Development Agreement (DA) between the City and the Laurel Heights Partners LLC for the development of about 10.25 acres site.
- The project site is currently used by the University of California, San Francisco (UCSF) Laurel Height Campus.
- The proposed SUD legislation would change allowable heights on a portion of the project parcel. The height changes will affect 6 acres of the total of 10.25 acres area.
- The proposed ordinance would also revoke a 1952 Planning Commission Resolution which prohibits retail uses and limits the overall residential density on the project site.
- The Office of Economic Analysis has prepared this report after determining that the proposed ordinances could have a material economic impact on the city's economy.

## EXISTING USES at the Project Site

3

- The project site currently serves as the University of California, San Francisco (UCSF) Laurel Height Campus. Current uses on the site are office, research, laboratory, childcare and parking.
- The campus contains a four-story, 455,000 sq. ft. office building as well as a one-story, 14,000 sq. ft. annex building (serving building facilities and plant operation functions) at the corner of California and Laurel Street.
- The campus has a 11,500 sq. ft. daycare facility as well.
- The site also has three surface parking lots as well as a 93,000 sq. ft. three-level, partially below-grade parking garage.
- The existing building's office usage and its 55.5 feet height are both considered legal-nonconforming under the existing RM-1 zoning.
- The aerial map of the existing building is presented on the next slide.

# EXISTING PROJECT SITE : Aerial view



# Proposed SUD Height and Bulk Changes

5

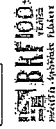
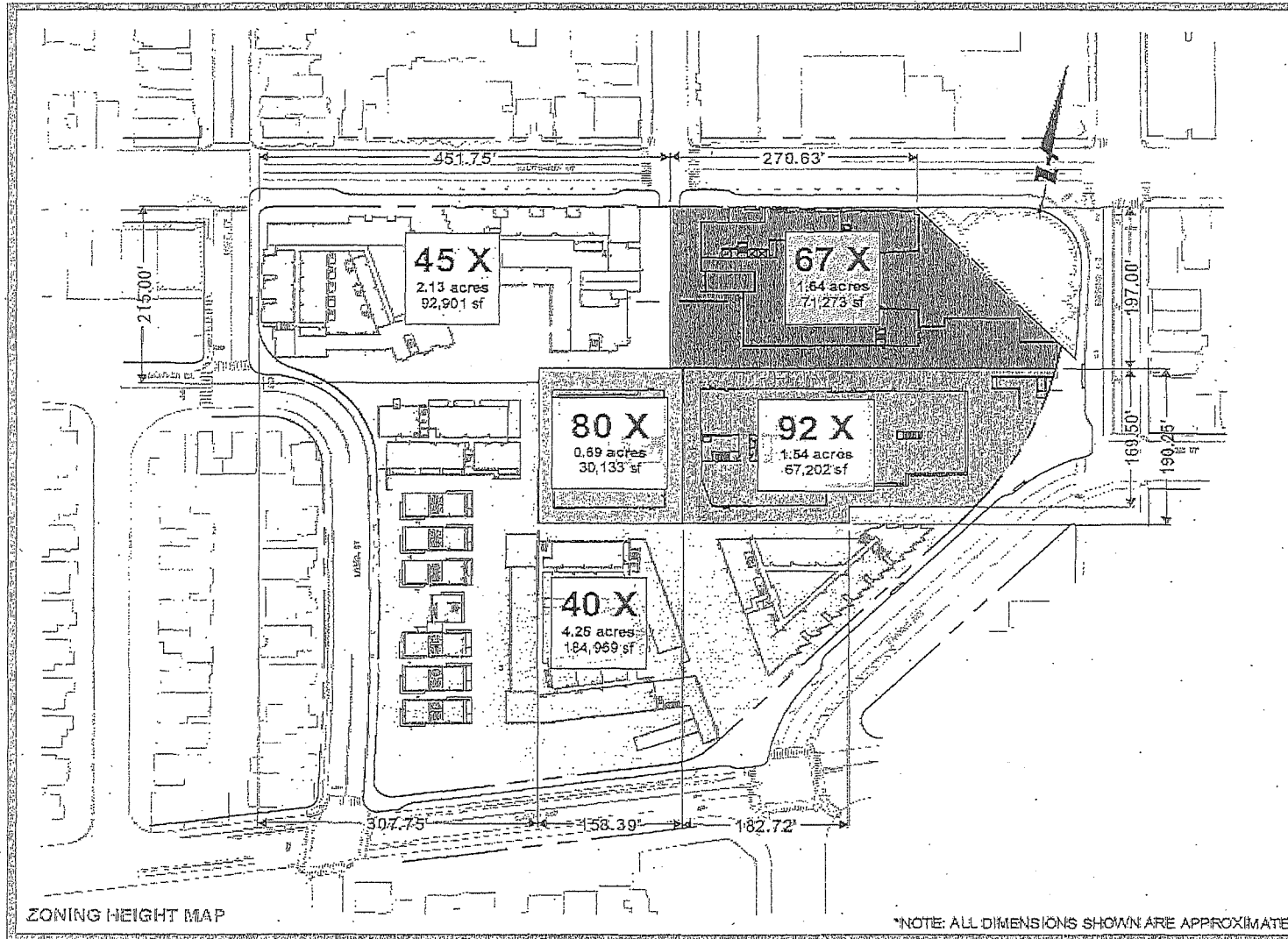
Property Description	Block/Lot	Parcel Area (Acre)	Existing (Height and Bulk)	Proposed (Height and Bulk)
Northwestern portion from California Street south and Laurel Street east.	1032/003	2.13	40-X	45-X
Northeastern portion from California Street south and northeastern most corner along the California Street frontage.	1032/003	1.64	40-X	67-X
Area centrally located within south of California Street.	1032/003	0.69	40-X	80-X
Area centrally located on the eastern side of south of California Street.	1032/003	1.54	40-X	92-X
Total		6.00		

229

# Map of Proposed Height Changes

6

230



2333 CALIFORNIA DRIVE

July 16, 2019  
EXHIBIT



## Description and Overview of the Project

7

- The proposed project at 3333 California Street as outlined under the Development Agreement (DA) is a mixed-use project consisting of 744 housing units, including 588 market-rate units and 25% on-site affordable senior housing units (185 units + 1 manager unit).
- The project would also include 34,496 sq. ft. of retail space as well as 14,000 sq. ft. of child care center for approximately 175 seats, serving the community living in those residential units.
- Over 2 acres of publicly accessible open space as well as 857 off-street parking spaces will also be provided as part of the project.
- The proposed project will reuse portion of the existing office building, divided into two separate buildings adapted for residential use. Thirteen new will buildings would also be constructed throughout the site for residential as well as non-residential uses:
- Under the DA, the project is entitled for 15 years, after which the developer loses the right to build the project and would have to reapply to the city for the new entitlement.

## Site's Maximum Potential under the Existing Zoning

8

- The project site is considered underutilized and is predominantly occupied by surface parking lots, driveways, open space, and a large noncomplying and nonconforming office building.
- Although the office use is not permitted under the existing RM-1 zoning, the current office use is considered legal and can continue to exist as such on the site.
- In the absence of any SUD changes and the development agreement (DA), the site will most likely be built to its maximum capacity, while preserving the existing office space (which can be considered as its highest and the best use given current office market conditions in the city).
- Under this likely scenario, the site will maximize the residential potential on the remaining underutilized portion of the 10.25 acres.
- The OEA estimates that the site can potentially add 361 residential units in addition to the exiting office space, when underutilized land's potential is fully maximized.
- The next slide compares the difference in the development capacity at build-out between what is being proposed under the DA/SUD changes and what the OEA estimates as the site's maximum potential under the existing zoning.

# Difference in Development Capacity at Build-out

9

Usage	Proposed Project under the SUD and the DA	Current Site (Existing Zoning)	Difference
Office (Sq. Ft.)	0	338,000	-338,000
Retail	34,496	0	34,496
Total Non-residential Use (Sq. Ft.)	34,496	338,000	-303,504
Residential Use			
Residential Space (Sq. Ft.)	978,611	475,425	503,186
New Housing Units	744	361	383
<i>Affordable Units</i>	<i>186</i>	<i>65</i>	<i>121</i>

233

# Economic Impact Factors

10

- The proposed development is expected to affect the local economy in three major ways:
  1. The re-zoning will increase the number of housing units on the site. This will put downward pressure on prices and rents for residential real estate across the city, making city housing prices modestly more affordable.
  2. Under the proposed project there will be a loss of office space in the city, which will put an upward pressure on office rents.
  3. The demolition and construction activity following the rezoning and development agreement will generate additional construction activity.
- The OEA analyzed and modeled the difference in development potential of the site under the proposed rezoning and the DA and compared its full potential under the exiting zoning (as explained on slides 8 and 9).

# Impact of New Housing

1

- All else constant, an increase in the housing supply will reduce residential rents and home prices in the city.
- The OEA estimates that these additional 383 units have the potential to reduce housing prices by 0.15%, not taking into account any changes in employment or population as a result of the proposed development.
- When accounting for employment and population changes resulting from this development, we estimate a net reduction of housing prices of 0.05% (see slide 15).

# Impact of Affordable Housing Subsidy

12

- Low-income households generally experience a higher housing burden than higher-income households. An increase in the number of affordable units will decrease the housing burden for low-income households who can qualify for and occupy those units.
- Under the development agreement, the project would provide 25% of the on-site housing as affordable (compared to an existing 18% requirement to provide on-site affordable units or pay the city in-lieu affordable housing fee).
- This would create a potential to build an additional 121 units as shown on slide 9.
- The OEA further estimates that at build-out these additional affordable units would reduce low-income housing payments by \$0.84 million annually to the households who would occupy these units or \$6,906 per household.

## Impact on Office Space

13

- As proposed, the project will adaptively reuse portions of the existing office building and convert it for residential use.
- There would be a net decrease in the commercial office space on the project site but those office uses will likely move to other suitable office spaces in the city.
- But the loss of office space due to the proposed project would likely result in higher office rents because of competition for the limited office space in the city.
- The OEA estimates that the citywide office rent could rise by 0.5% (see Appendix). This would likely result in \$32.4 million higher rents annually in the office market across the city.

## REMI Model Inputs

14

- The OEA uses the REMI model to simulate the impact of the proposed re-zoning and the development agreement potential difference (as shown on slide 8) on the city's economy. The simulation inputs are presented below.

Inputs	Value
Housing Price Change	-0.15%
Affordable Housing Subsidy Value (\$ million)	\$0.8
Value of Residential Investment (\$ million)	\$553.5
Value of Non-Residential Investment (\$ million)	\$8.9
Change in Rent for Office Space (\$ million)	\$32.4



# Economic Impact Assessment

15

- The project is assumed to develop over a fifteen-year period, from 2020-2034. The average city-wide impacts at buildout are shown in the table below:

Citywide Impacts	REMI Simulation Results
Employment Change	187
Population Change	248
GDP Change (\$2018, million)	\$31.4
Housing Price Change	-0.05%

# Conclusions

16

- The proposed rezoning and the associated project under the development agreement will expand the city's economy.
- Employment, population, and GDP are all expected to rise as a result of the proposed project under the associated zoning, land use and development agreement changes.
- The OEA estimates that, on average, over the forecast horizon, the differential potential of the project would add 187 jobs or \$31.4 million annually to the local GDP.
- The REMI simulation results further show that citywide housing prices are expected to decline by 0.05 percent as a result of additional project housing supply, after taking into account any associated population and employment changes.

## Calculation of Impact on the Office Rents

Total office space in the city (sq. ft.) = 107,174,222

Loss of office space under the development agreement (sq. ft.) = -338,000

Decrease in office space (%) =  $-338,000 / 107,174,222 = -0.32\%$

Elasticity of demand for office ( $E_d$ ) = -0.62

Elasticity of supply for office ( $E_s$ ) = 0.02

Impact on office rents = Decrease in office space / ( $E_s - E_d$ )

Impact on office rents =  $-0.32 / (0.02 + 0.62) = -0.32 / 0.64 = -0.5\%$

Asim Khan, Ph.D.  
Senior Economist  
[asim.khan@sfgov.org](mailto:asim.khan@sfgov.org)



## SAN FRANCISCO PLANNING DEPARTMENT

### Planning Commission Motion No. 20512

HEARING DATE: September 5, 2019

**Case No.:** 2015-014028ENV  
**Project Title:** 3333 California Street Mixed-Use Project  
**Zoning:** RM-1 (Residential, Mixed, Low Density District)  
40-X Height and Bulk District  
**Block/Lot:** Assessor's Block 1032/Lot 003  
**Lot Size:** 446,490 square feet (10.25 acres)  
**Project Sponsor:** Laurel Heights Partners  
Don Bragg - (415) 857-9324  
[dbragg@pradogroup.com](mailto:dbragg@pradogroup.com)  
**Staff Contact:** Kei Zushi - (415) 575-9038  
[CPC.3333CaliforniaEIR@sfgov.org](mailto:CPC.3333CaliforniaEIR@sfgov.org)

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

ADOPTING FINDINGS RELATED TO THE CERTIFICATION OF A FINAL ENVIRONMENTAL IMPACT REPORT FOR A PROPOSED MIXED-USE PROJECT AND PROJECT VARIANT AT 3333 CALIFORNIA STREET. BOTH THE PROJECT AND PROJECT VARIANT WOULD DEMOLISH THE EXISTING ANNEX BUILDING, SURFACE PARKING LOTS, AND CIRCULAR GARAGE RAMPS; PARTIALLY DEMOLISH THE EXISTING FOUR-STORY OFFICE BUILDING AND DIVIDE IT INTO TWO SEPARATE BUILDINGS, VERTICALLY EXPAND THE EXISTING BUILDING TO ADD TWO TO THREE LEVELS; AND CONSTRUCT THIRTEEN NEW BUILDINGS. IN TOTAL, THE PROJECT WOULD INCLUDE 824,691 SQUARE FEET OF RESIDENTIAL USES (CONTAINING A TOTAL OF 558 UNITS), 54,117 SQUARE FEET OF RETAIL USE, 49,999 SQUARE FEET OF OFFICE USE, AND 14,690 SQUARE FEET OF CHILD CARE USE. THE PROJECT VARIANT WOULD INCLUDE 978,611 SQUARE FEET OF RESIDENTIAL USES (CONTAINING A TOTAL OF 744 UNITS), 48,593 SQUARE FEET OF RETAIL USE, AND 14,650 SQUARE FEET OF CHILD CARE USE. BOTH THE PROJECT AND PROJECT VARIANT WOULD ALSO INCLUDE VEHICULAR PARKING, BICYCLE PARKING, LOADING FACILITIES, AND STREETSCAPE IMPROVEMENTS.

MOVED, that the San Francisco Planning Commission (hereinafter "commission") hereby CERTIFIES the final environmental impact report identified as case no. 2015-014028ENV, the "3333 California Street Mixed-Use Project" (hereinafter "project and variant"), based upon the following findings:

1. The City and County of San Francisco, acting through the planning department (hereinafter "department") fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code section 21000 *et seq.*, hereinafter "CEQA"), the State CEQA Guidelines (Cal. Code Regs. Title 14, section 15000 *et seq.*, hereinafter "CEQA Guidelines"), and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter 31").

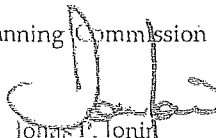
- A. The department determined that an environmental impact report (hereinafter "EIR") was required and provided public notice of that determination by publication in a newspaper of general circulation on September 20, 2017.

- B. The department held a public scoping meeting on October 16, 2017 in order to solicit public comment on the scope of the project's environmental review.
  - C. On April 25, 2018, the department published an initial study and provided public notice in a newspaper of general circulation of the availability of the initial study for public review and comment; this notice was mailed to the department's list of persons requesting such notice, and to property owners and occupants within a 300-foot radius of the site on April 25, 2018.
  - D. On November 7, 2018, the department published the draft EIR (hereinafter "DEIR") and provided public notice in a newspaper of general circulation of the availability of the DEIR for public review and comment, and of the date and time of the commission public hearing on the DEIR; this notice was mailed to the department's list of persons requesting such notice, and to property owners and occupants within a 300-foot radius of the site on November 7, 2018.
  - E. Notices of availability of the DEIR and of the date and time of the public hearing were posted near the project site on November 7, 2018.
  - F. On November 7, 2018, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, and to government agencies, the latter both directly and through the State Clearinghouse.
  - G. A notice of completion was filed with the State Secretary of Resources via the State Clearinghouse on November 7, 2018.
- 2. The historic preservation commission held a duly advertised hearing on said DEIR on December 5, 2018 at which historic preservation commission formulated its comments on the DEIR.
  - 3. The planning commission held a duly advertised public hearing on said DEIR on December 13, 2018 at which opportunity for public comment was given, and public comment was received on the DEIR. The period for acceptance of written comments ended on January 8, 2019.
  - 4. The department prepared responses to comments on environmental issues received at the public hearing and in writing during the 62-day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a response to comments document, published on August 22, 2019, distributed to the commission and all parties who commented on the DEIR, and made available to others upon request at the department.
  - 5. A final EIR (hereinafter "FEIR") has been prepared by the department, consisting of the DEIR, any consultations and comments received during the review process, any additional information that became available, and the responses to comments document, all as required by law.
  - 6. Project EIR files have been made available for review by the commission and the public. These files are available for public review at the department at 1650 Mission Street, Suite 400, and are part of the

record before the commission. The project files are also available on the internet at the following address: <https://www.ab900record.com/3333cal>.

7. On September 5, 2019, the commission reviewed and considered the information contained in the FEIR and hereby does find that the contents of said report and the procedures through which the FEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.
8. The commission hereby does find that the FEIR concerning file no. 2015-014028ENV reflects the independent judgement and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the responses to comments document contains no significant revisions to the DEIR that would require recirculation of the document pursuant to CEQA Guideline section 15088.5, and hereby does CERTIFY THE COMPLETION of said FEIR in compliance with CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.
9. The commission, in certifying the completion of said FEIR, hereby does find that the project or project variant described in the EIR as well as the revised project and revised variant would have the following significant unavoidable environmental impacts, which cannot be mitigated to a level of insignificance:
  - A. The proposed project or project variant would have a significant, project-specific impact on historic architectural resources;
  - B. The proposed project or project variant would have a significant, project-specific transit capacity utilization impact related to transportation and circulation; and
  - C. The proposed project or project variant would have a significant, project-specific construction noise impact.
10. The commission reviewed and considered the information contained in the FEIR prior to approving the proposed project.

I hereby certify that the foregoing motion was ADOPTED by the Planning Commission at its regular meeting of September 5, 2019.

  
Jonas P. Iorin  
Commission Secretary

AYES: Fung, Hillis, Johnson, Koppel, Melgar, Moore, Richards  
NOES: None  
ABSENT: None  
ADOPTED: September 5, 2019



## SAN FRANCISCO PLANNING DEPARTMENT

### Planning Commission Motion No. 20513

HEARING DATE: SEPTEMBER 5, 2019

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Record No.:* 2015-014028ENV  
*Project Address:* 3333 California Street (aka 3333 California Street Mixed-Use Project)  
*Existing Zoning:* Residential – Mixed, Low Density [RM-1] Zoning District  
40-X Height and Bulk District  
*Proposed Zoning:* Residential – Mixed, Low Density [RM-1] Zoning District;  
3333 California Street Special Use District  
40-X, 45-X, 67-X, 80-X and 92-X Height and Bulk Districts  
*Block/Lot:* 1032/003  
*Block/Lot:* 1032 / 003  
*Project Sponsor:* Laurel Heights Partners, LLC  
c/o: PSKS  
150 Post Street, Suite 320  
San Francisco, CA 94108  
*Staff Contact:* Nicholas Foster, AICP, LEED GA – (415) 575-9167  
[nicholas.foster@sfgov.org](mailto:nicholas.foster@sfgov.org)

ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, INCLUDING FINDINGS OF FACT, FINDINGS REGARDING IMPACTS FOUND NOT TO BE SIGNIFICANT THAT DO NOT REQUIRE MITIGATION, POTENTIALLY SIGNIFICANT IMPACTS THAT CAN BE REDUCED TO LESS-THAN-SIGNIFICANT LEVELS THROUGH MITIGATION, SIGNIFICANT IMPACTS THAT CANNOT BE REDUCED TO LESS-THAN-SIGNIFICANT LEVELS WITH MITIGATION, , EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND A STATEMENT OF OVERRIDING CONSIDERATIONS RELATED TO APPROVALS FOR THE 3333 CALIFORNIA STREET MIXED-USE PROJECT ("PROJECT"), LOCATED ON LOT 003 OF ASSESSOR'S BLOCK 1032.

#### PREAMBLE

The 3333 California Street Mixed-Use Project ("Project") comprises a project site of approximately 10.25-acres (or approximately 447,361 square feet) on the block bounded by California Street to the north, Presidio Avenue to the east, Masonic Avenue to southeast, Euclid Avenue to the south, and Laurel Street/Mayfair Drive to the west.

The Project would redevelop the subject property with a mix of residential, retail, child care, open space, and parking uses. The existing 14,000 gross-square-foot (gsf) annex building, surface parking lots and ramp structures would be demolished, and the existing 455,000 gsf office building ("Center Office Building"), would be partially demolished and adaptively reused for residential uses (as two separate



buildings, "Center Building A" and "Center Building B") with up to three stories added to each. The Project would also construct thirteen new buildings, ranging from 4-story duplex townhouses to 6-story apartment buildings, as residential-only buildings ("Masonic"; "Euclid"; "Mayfair"; and the seven "Laurel Duplex" buildings), and mixed-use buildings ("Plaza A"; "Plaza B"; and "Walnut") containing non-residential uses on the ground and second floors. Overall, the Project includes a total of approximately 1,428,000 gsf of new and rehabilitated floor area, comprising: approximately 978,000 gsf of residential floor area (include 744 dwelling units); approximately 35,000 gsf of retail floor area; an approximately 15,000 gsf childcare facility (accommodating approximately 175 children); approximately 400,000 gsf devoted to off-street parking with 857 parking spaces (including approximately 10 car share spaces); and 839 bicycle spaces.

A total of 25% of the Project's dwelling units will be deed-restricted, on-site affordable units designated for low-income senior households. These affordable units will be located in the proposed Walnut Building on California Street and consist of 185 studio and 1-bedroom units for seniors plus 1 on-site manager's unit.

The Project would provide 52 percent of the overall lot area (approximately 233,000 square feet) as grade-level open area, some of which would be public open space and some of which would be private open space exclusively for residents. The Project would include a total of approximately 125,000 square feet (or roughly 2.88 acres) of publicly-accessible landscaped open space with multi-purpose plazas, lawns, and pathways. New public pedestrian walkways would cross the property in a north-south direction between California Street and the intersection of Masonic and Euclid avenues approximately along the line of Walnut Street and in an east-west direction between Laurel Street and Presidio Avenue along the line of Mayfair Drive. The Project would also include streetscape improvements to enhance the safety of, and strengthen the network of, existing sidewalks and street crossings that abut the Site. These physical improvements to the Site are in service of meeting the goals and objectives of the Better Streets Plan. Specifically, the Project would include the following streetscape and pedestrian improvements: a new at-grade street crossing; sidewalk expansion; enhanced paving; installation of new street trees and street lighting on various public rights-of-way. Some of these improvements require a major encroachment permit from the Department of Public Works and are subject to Board of Supervisors approval.

The proposed scope of work before the Commission was analyzed in the EIR as the "Project Variant" (or just "Variant"). The primary difference between the base project and the Variant is that the Variant includes 185 senior affordable dwelling units plus 1 on-site manager's unit instead of office use within the Walnut Building. Under the Variant, the Walnut Building would also contain four additional floors (22 feet taller) to accommodate the residential uses. On August 19, 2019, the Project Sponsor submitted a letter to the Department requesting Conditional Use Authorization of the Variant. The Project is more particularly described in Attachment A (See Below).

The Project Sponsor filed an Environmental Evaluation Application for the Project with the San Francisco Planning Department ("Department") on March 29, 2016.

Pursuant to and in accordance with the requirements of Section 21094 of CEQA and Sections 15063 and 15082 of the CEQA Guidelines, the Department, as lead agency, published and circulated a Notice of Preparation ("NOP") on September 20, 2017, which solicited comments regarding the scope of the environmental impact report ("EIR") for the proposed project. The NOP and its 30-day public review comment period were advertised in a newspaper of general circulation in San Francisco and mailed to governmental agencies, organizations and persons interested in the potential impacts of the proposed project. The Department held a public scoping meeting on October 16, 2017, at the Jewish Community Center of San Francisco at 3200 California Street.

During the approximately 30-day public scoping period that ended on October 20, 2017, the Department accepted comments from agencies and interested parties that identified environmental issues that should be addressed in the EIR. Comments received during the scoping process were considered in preparation of the Draft EIR.

The Department prepared the Draft EIR, which describes the Project and the environmental setting, analyzes potential impacts, identifies mitigation measures for impacts found to be significant or potentially significant, and evaluates alternatives to the Project. The Draft EIR assesses the potential construction and operational impacts of the Project on the environment, and the potential cumulative impacts associated with the Project in combination with other past, present, and future actions with potential for impacts on the same resources. The analysis of potential environmental impacts in the Draft EIR utilizes significance criteria that are based on the San Francisco Planning Department Environmental Planning Division guidance regarding the environmental effects to be considered significant. The Environmental Planning Division's guidance is, in turn, based on CEQA Guidelines Appendix G, with some modifications.

The Department published a Draft EIR for the project on November 7, 2018, and circulated the Draft EIR to local, state, and federal agencies and to interested organizations and individuals for public review. On November 7, 2018, the Department also distributed notices of availability of the Draft EIR; published notification of its availability in a newspaper of general circulation in San Francisco; posted the notice of availability at the San Francisco County Clerk's office; and posted notices at locations within the project area. The Planning Commission held a public hearing on December 13, 2018, to solicit testimony on the Draft EIR during the public review period. A court reporter, present at the public hearing, transcribed the oral comments verbatim, and prepared written transcripts. The Department also received written comments on the Draft EIR, which were sent through mail, hand delivery, or email. The public comment period on the Draft EIR ended on January 8, 2019. In addition, the Department has continued to receive comments on the EIR, which do not raise issues not already addressed.

The Department then prepared the Responses to Comments on Draft EIR document ("RTC"). The RTC document was published on August 22, 2019, and includes copies of all of the comments received on the Draft EIR and written responses to each comment.

In addition to describing and analyzing the physical, environmental impacts of the revisions to the Project, the RTC document provided additional, updated information, clarification and modifications on

issues raised by commenters, as well as Planning Department staff-initiated text changes to the Draft EIR. The Final Environmental Impact Report (Final EIR), which includes the Draft EIR, the RTC document, the Appendices to the Draft EIR and Attachments to the RTC document, and all of the supporting information, has been reviewed and considered. The RTC document and its attachments and all supporting information do not add significant new information to the Draft EIR that would individually or collectively constitute significant new information within the meaning of Public Resources Code Section 21092.1 or CEQA Guidelines Section 15088.5 so as to require recirculation of the Final EIR (or any portion thereof) under CEQA. The RTC document and attachments and all supporting information contain no information revealing (1) any new significant environmental impact that would result from the Project or from a new mitigation measure proposed to be implemented, (2) any substantial increase in the severity of a previously identified environmental impact, (3) any feasible project alternative or mitigation measure considerably different from others previously analyzed that would clearly lessen the environmental impacts of the Project, but that was rejected by the project sponsor, or (4) that the Draft EIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded.

The Commission reviewed and considered the Final EIR for the Project and found the contents of said report and the procedures through which the Final EIR was prepared, publicized and reviewed complied with the California Environmental Quality Act (Public Resources Code section 21000 *et seq.*) ("CEQA"), the CEQA Guidelines (14 Cal. Code Reg. section 15000 *et seq.*), and Chapter 31 of the San Francisco Administrative Code.

The Commission found the Final EIR was adequate, accurate and objective, reflected the independent analysis and judgment of the Department and the Planning Commission, and that the summary of comments and responses contained no significant revisions to the Draft EIR, and certified the Final EIR for the Project in compliance with CEQA, the CEQA Guidelines, and Chapter 31 by its Motion No. 20512.

The Commission, in certifying the Final EIR, found that the Project described in the Final EIR will have the following significant and unavoidable environmental impacts:

- Cause a substantial adverse change in the significance of a historical resource, as defined in section 15064.5 of the CEQA Guidelines, located at 3333 California Street.
- Result in an adverse transit capacity utilization impact for Muni route 43 Masonic during the weekday a.m. peak hour under baseline conditions.
- Expose people to or generate noise levels in excess of applicable standards or cause a substantial temporary or periodic increase in ambient noise levels.

The Planning Commission Secretary is the Custodian of Records for the Planning Department materials, located in the File for Case No. 2015-014028ENV, at 1650 Mission Street, Fourth Floor, San Francisco, California.

On September 5, 2019, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2015-014028ENV to consider the approval of the Project. The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written

materials and oral testimony presented on behalf of the Project, the Planning Department staff, expert consultants and other interested parties.

This Commission has reviewed the entire record of this proceeding, the Environmental Findings, attached to this Motion as Attachment A and incorporated fully by this reference, regarding the alternatives, mitigation measures, improvement measures, environmental impacts analyzed in the FEIR and overriding considerations for approving the Project, and the proposed MMRP attached as Exhibit C and incorporated fully by this reference, which includes both mitigation measures and improvement measures. The entire record, including Attachment A and Exhibit C was made available to the public.

MOVED, that the Planning Commission hereby adopts these findings under the California Environmental Quality Act, including rejecting alternatives as infeasible and adopting a Statement of Overriding Considerations, as further set forth in Attachment A hereto, and adopts the MMRP attached as Exhibit C, based on substantial evidence in the entire record of this proceeding.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on September 5, 2019.



Jonas R. Smith

Commission Secretary

AYES: Fung, Hillis, Johnson, Koppel, Melgar, Moore

NAYS: Richards

ABSENT: None

ADOPTED: September 5, 2019

## ATTACHMENT A

### 3333 CALIFORNIA STREET MIXED-USE PROJECT

#### California Environmental Quality Act findings:

#### FINDINGS OF FACT, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND STATEMENT OF OVERRIDING CONSIDERATIONS

#### SAN FRANCISCO PLANNING COMMISSION

September 5, 2019

In determining to approve the 3333 California Street Mixed-Use Project ("Project"), as described in Section I.A, Project Description, below, the following findings of fact and decisions regarding mitigation measures and alternatives are made and adopted, and the statement of overriding considerations is made and adopted, based on substantial evidence in the whole record of this proceeding and under the California Environmental Quality Act, California Public Resources Code Sections 21000-21189.3 ("CEQA"), particularly Sections 21081 and 21081.5, the Guidelines for implementation of CEQA, California Code of Regulations, Title 14, sections 15000-15387 ("CEQA Guidelines"), particularly sections 15091 through 15093, and Chapter 31 of the San Francisco Administrative Code.

This document is organized as follows:

Section I provides a description of the project proposed for adoption, project objectives, the environmental review process for the project, the approval actions to be taken and the location of records;

Section II identifies the impacts found not to be significant that do not require mitigation;

Section III identifies potentially significant impacts that can be avoided or reduced to less-than-significant levels through mitigation and describes the disposition of the mitigation measures;

Section IV identifies significant impacts that cannot be avoided or reduced to less-than-significant levels and describes any applicable mitigation measures as well as the disposition of the mitigation measures;

Section V identifies mitigation measures considered but rejected as infeasible for economic, legal, social, technological, or other considerations;

Section VI evaluates the different project alternatives and the economic, legal, social, technological, and other considerations that support approval of the project and the rejection as infeasible of alternatives, or elements thereof, analyzed; and

Section VII presents a statement of overriding considerations setting forth specific reasons in support of the actions for the project and the rejection as infeasible of the alternatives not incorporated into the project.

The Mitigation Monitoring and Reporting Program ("MMRP") for the mitigation measures that have been proposed for adoption is attached with these findings as Exhibit 1 to Attachment A to Motion No. 20513. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. The MMRP provides a table setting forth each mitigation measure listed in the Final Environmental Impact Report for the Project ("Final EIR") that is required to reduce or avoid a significant adverse impact. The MMRP also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in the MMRP.

These findings are based upon substantial evidence in the entire record before the San Francisco Planning Commission (the "Commission"). The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("Draft EIR" or "DEIR") or the Responses to Comments document ("RTC") in the Final EIR are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

I. PROJECT DESCRIPTION, OBJECTIVES, ENVIRONMENTAL REVIEW PROCESS, APPROVAL ACTIONS, AND RECORDS

The Project would redevelop the subject property with a mix of residential, retail, commercial, child care, open space, and parking uses. The Project would include the adaptive reuse of the existing office building at the center of the site, which would be separated into two buildings for residential uses, and the construction of thirteen new residential and mixed-use buildings along the California Street, Masonic Avenue, Euclid Avenue, and Laurel Street frontages.

Overall, the Project is proposed to include 744 dwelling units within 977,437 gross square feet (gsf) of residential/commercial floor area; 34,496 gsf of retail floor area; a 14,665 gsf childcare facility; 401,234 gsf devoted to off-street parking with 847 parking spaces; 125,226 square feet of privately owned, publicly accessible open space and 86,570 square feet of other open space, including private open space for residents.

The Project is more particularly described below in Section I.A

A. Project Description.

1. Project Location and Site Characteristics.

The Project site ("Project Site") is a 446,490-square-foot, or 10.25-acre, single parcel located on Lot 003 of Assessor's Block 1032. The irregularly shaped parcel is bounded by California Street to the north, Presidio Avenue to the east, Masonic Avenue to southeast, Euclid Avenue to the south, and Laurel Street/Mayfair Drive to the west.

The Project Site is located within the Laurel Heights area of San Francisco's Presidio Heights neighborhood. It is adjacent to the Pacific Heights and Western Addition neighborhoods (to the east) and just north of the Anza Vista area of the Inner Richmond neighborhood. The parcel is located within an RM-1 Zoning District and a 40-X Height and Bulk District. Low- to mid-rise residential uses surround the Project Site to the north, east, south, and west across California

Street, Presidio Avenue, Euclid Avenue, and Laurel Street. Other land uses near the site include the SF Fire Credit Union, at the southwest corner of California Street and Presidio Avenue, adjacent to the Project Site; the Jewish Community Center of San Francisco (JCCSF), at the northwest corner of California Street and Presidio Avenue, across the street from the Project Site; San Francisco Fire Station No. 10, across Masonic Avenue southeast of the Project Site; the San Francisco Municipal Railway's (Muni) Presidio Division and Yard at 875 Presidio Avenue (a bus storage, maintenance depot, and administration building, across Euclid and Masonic avenues south of the Project Site); and the Laurel Village Shopping Center along California Street, across Laurel Street west of the Project Site.

The Project Site, which currently serves as the University of California, San Francisco ("UCSF") Laurel Heights Campus, is developed with a four-story, 455,000 gsf office building (including a 93,000 gsf, three-level, 212-space, partially below-grade parking garage) at the center of the site; a one-story, 14,000 gsf annex building at the corner of California and Laurel streets; three surface parking lots with a total of 331 spaces, and a three-level, partially below-grade parking garage with a total of 212 spaces; and landscaping or landscaped open space. Current uses on the campus are office, research, laboratory, child care, and parking. UCSF is in the process of shifting its uses to other campus locations in the city.

The surface parking lots and the parking garage are connected by an internal roadway system and the circular garage ramp structures north of the existing office building's east wing. The main entrance on California Street is accessed through an existing 28-foot-wide curb cut with one inbound lane and one outbound lane. The Mayfair Drive (22-foot-wide curb cut) and Laurel Street (22-foot-wide curb cut) access driveways have one inbound lane and one outbound lane. Access to the existing parking garage is also available from the Presidio Avenue driveway (28-foot-wide curb cut). Pedestrian access to the campus is provided at California Street, Laurel Street, and Euclid Avenue, and an internal sidewalk system leads to the existing office building's entrances along its north and west façades. The Project Site is well-served by Muni transit service with bus routes on California Street, Presidio Avenue, and Walnut Street.

## 2. Project Characteristics.

The Project would redevelop the 10.25-acre Project Site with a mix of residential, retail, commercial, child care, open space, and parking uses. The existing 14,000 gsf annex building and the two circular garage ramp structures would be demolished, and the existing 455,000 gsf office building and partially below-grade parking garage would be partially demolished. The Project would include the adaptive reuse of the existing office building at the center of the site for residential uses (as two separate buildings, "Center Building A" and "Center Building B") and the construction of thirteen new residential and mixed-use buildings along the California Street, Masonic Avenue, Euclid Avenue, and Laurel Street frontages: "Plaza A"; "Plaza B"; "Walnut"; "Masonic"; "Euclid"; "Mayfair"; and "Laurel Duplexes."

Overall, the Project is proposed to include 744 dwelling units (including market-rate units and affordable units, consisting of approximately 185 deed-restricted, onsite affordable units designated for low-income senior households in the proposed Walnut Building on California Street, with an additional manager's unit) within 977,437 gsf of residential floor area; 34,496 gsf of

retail/commercial floor area (in the proposed Plaza A, Plaza B, and Walnut buildings); a 14,665 gsf child care facility (in the proposed Walnut building); 401,234 gsf devoted to off-street parking with 847 parking spaces; 125,226 square feet of privately owned, publicly accessible open space, and 86,570 square feet of other open space, including private open space for residents. The residential unit breakdown for the 744 units would consist of approximately 419 studio and one-bedroom units (56.3 percent), 195 two-bedroom units (26.2 percent), 103 three-bedroom units (13.8 percent), and 27 four-bedroom units (3.6 percent).

a. Proposed Buildings.

The Project includes the adaptive reuse of the existing office building as two separate buildings, which would be adapted for residential use and strengthened to accommodate vertical additions and the construction of thirteen new residential and mixed-use buildings, each as described below. The descriptions are presented beginning with the renovated buildings at the center of the Project Site, then the new buildings by street location in a clockwise fashion from California Street.

i. Center Building A

The adaptively reused Center Building A would be an 89,735-gross-square-foot building (including common areas and amenity space for residents) for 51 dwelling units. Two stories would be added to Center Building A. Residential uses would be provided on renovated Levels 1 through 4 and the two new levels (Levels 5 and 6). Level 1 would have a residential lobby (entrance from the proposed Walnut Walk) and building common areas. Levels 5 and 6 would be set back from the perimeter of the lower floors of Center Building A. The depth of the proposed setbacks would range from approximately 12 to 43 feet with private terraces proposed for the setback areas on Level 5. The overall height of Center Building A would be approximately 80 feet.

ii. Center Building B

Center Building B would be a 254,398 gsf building with 231,667 gsf of residential floor area (including common areas and amenity space for residents) for 139 dwelling units; and 22,731 gsf of space for parking. Two and three stories would be added to the east and west portions of Center Building B, respectively, for an overall height of 80 feet at the east portion and 92 feet at the west portion. The building would have residential uses on the east portions of Basement Levels B1 and B2 (which is possible because the site's south-to-north and west-to-east downward-trending slope means that these levels are not completely subsurface at these "basement" levels). Basement Level B2 would include a new residential lobby on Masonic Avenue with pedestrian access via Masonic Plaza. The basement levels would also include building common areas, elevator lobbies, mechanical rooms, and a class 1 bicycle storage room, with vehicle parking spaces that would serve Center Buildings A and B. Residential and common area uses would also be provided on Center Building B's renovated Levels 1



through 4, the reconstructed level and three new levels on its central portion (Levels 5 to 7), and the reconstructed level and two new levels on its eastern portion (Levels 5 and 6). Level 1 would have a residential lobby (with an entrance from the proposed Walnut Walk) and building common areas.

The existing basement levels in Center Building B would be renovated for residential uses, and portions of two levels (Basement Levels B1 and B3) would serve as the Center B Building Garage for residents of Center Buildings A and B. These residents could also park in the proposed California Street and Masonic garages. Access to the Center B Building, California Street, and Masonic garages would be provided from curb cuts and driveways on Presidio Avenue, Walnut Street, and Masonic Avenue.

iii. Plaza A Building

The Plaza A Building at the corner of Laurel and California streets would be a four-story, 45-foot-tall, 150,900-gross-square-foot building with 66,755 gsf of residential floor area (including common areas and amenity space for residents) for 67 dwelling units, 14,816 gross square feet of ground-floor retail/commercial space, and 69,329 gsf of space for parking, circulation, and storage and mechanical rooms on two parking levels. The proposed building would frame a trapezoidal-shaped interior courtyard and would be set back approximately 18 feet from the north (California Street) property line at Level 1 only. An approximately 4,290-square-foot plaza would be developed within this setback area (California Plaza). The proposed building would be constructed to the west (Laurel Street) property line except at its southwest corner (near Laurel Street and Mayfair Drive) where it would be set back from Laurel Street by approximately 13 feet and from Mayfair Drive by approximately 38 feet. The proposed setback from Mayfair Drive would increase to approximately 48 feet starting at Level 2. The primary residential entrance would be on Laurel Street, with secondary entrances on the proposed Mayfair Walk. Retail/commercial spaces would be accessed from California Street.

Parking for the residents of the Plaza A Building would be provided in the California Street Garage on Basement Level B1 (under the Plaza A Building) and Basement Level B2 (under the Plaza B Building) and would be accessed from the proposed driveway and garage ramp on Laurel Street. The proposed driveway and garage ramp on Laurel Street would be restricted to right-turn in and right-turn out movements. Parking for retail/commercial uses would be provided on Basement Level B2 (under the Plaza A Building) and would be accessed from the proposed driveway and garage ramp on the Walnut Street extension. Basement Level B1 would have a class 1 bicycle parking storage room (67 spaces) for residents.

iv. Plaza B Building

The Plaza B Building between the proposed Plaza A Building and the Walnut Street extension would be a four-story, 45-foot-tall, 152,544-gross-square-foot building with 72,035 gsf of residential floor area (including common areas and amenity space for residents) for 61 dwelling units, 11,180 gross square feet of retail/commercial space, and 69,329 gross square feet of space for parking, circulation, and storage and mechanical rooms on two parking levels. The inverted L-shaped building would frame the proposed Cypress Square on two sides and would be constructed to the California Street property line. The primary residential entrance would be on California Street, with secondary entrances on the Walnut Street extension and the proposed Cypress Square. Retail/commercial spaces would be accessed from California Street.

The Plaza B Building would have a partially below grade basement level due to the site's south-to-north and west-to-east downward-trending slope (toward California Street and Presidio Avenue). Basement Level B1 would have retail/commercial space and a residential lobby on California Street, a class 1 bicycle parking storage room for the retail/commercial uses, shower and locker facilities for the retail/commercial uses, residential parking for Center Building A and Center Building B, and a ramp from the Walnut Street extension to the retail/commercial parking on Basement Level B2 (under the Plaza A Building). An at-grade class 1 bicycle parking storage room would contain 61 spaces for residents.

Parking for residents of the Plaza B Building would be provided in the California Street Garage on Basement Level B2 and would be accessed from the proposed driveway and garage ramp on Laurel Street. The proposed driveway and garage ramp on Laurel Street would be restricted to right-turn in and right-turn out movements. Parking for the retail/commercial uses would be provided on Basement Level B2 under the Plaza A Building and would be accessed from the proposed driveway and garage ramp off the Walnut Street extension.

v. The Walnut Building

The proposed Walnut Building, east of the Walnut Street extension, would have a total of 336,700 gsf, with 147,590 gsf of residential uses (185 studios and 1-bedrooms for seniors, and a managers unit), 8,500 gsf of retail/commercial uses, a 14,665-gross-square-foot childcare use, and an 165,945-gross-square-foot below-grade parking garage with 233 parking spaces. The overall height of the proposed Walnut Building would be approximately 67 feet and 5 levels over Basement Level B1.

The proposed structure would be rectangular in shape with two interior courtyards. The proposed Walnut Building would be constructed to the California Street property line at the northwest corner. The southwest corner of the proposed building would be set back approximately 35-feet from the Walnut Street sidewalk and approximately 72 feet from the proposed Mayfair Walk. The

southeast corner of the proposed building would be set back approximately 25 feet from the Presidio Avenue sidewalk with Basement Levels B1 and B2 and topped by the eastern end of Mayfair Walk and the Presidio Overlook. The northeast corner of the building is set back 9 feet from the California Street property line. Entrances to the retail/commercial and child care center parking spaces would be from California Street. The portion of the proposed California Street Garage under the Walnut Building would be accessed from the proposed driveway and garage ramp off the Walnut Street extension and from the proposed driveway off Presidio Avenue.

Due to the south-to-north and west-to-east downward-trending slope, the Walnut Building would have one below-grade and two partially below-grade basement levels. Basement Level B3 would be accessed from the Presidio Avenue entry driveway and garage ramp with egress from the Masonic Avenue exit-only driveway. An internal garage ramp would provide access to Basement Level B2. The north portion of Basement Level B2 (along California Street) would be developed with an at-grade, centrally located retail/commercial space and an elevator lobby for the proposed child care center space. Basement Level B2 would also include class 1 bicycle parking storage room for the child care use (10 spaces) at the northeast corner and space for circulation with ramp access to Basement Level B3 and the Presidio Avenue entry driveway and Masonic Avenue exit-only driveway. At-grade retail/commercial and child care space elevator lobbies fronting California Street would be developed on the northwest portion of Basement Level B1, and an L-shaped child care center would be developed on its east portion, facing California Street and Presidio Avenue, with access to a triangular-shaped outdoor terrace overlooking the adjacent SF Fire Credit Union. The remainder of Basement Level B1 would be devoted to parking for residents of Center Building A and Center Building B, a class 1 bicycle parking storage room for the retail/commercial uses, and space for circulation with access from the proposed driveway and garage ramp off the Walnut Street extension. Levels 1 through 5 would have exclusively residential uses.

vi. The Masonic Building

The triangular-shaped Masonic Building would be bounded by the proposed Walnut Walk on the west, the private terraces and landscaped area between the building and Center Building B on the north, and Masonic Avenue on the southeast. It would be a four- to six-story, 40-foot-tall, 97,725-gross-square-foot building with 83,505 gsf of residential floor area (including residential amenity space) for 57 dwelling units and 14,220 gsf of space for parking, circulation, and storage and mechanical rooms on a single parking level. The proposed building would be set back approximately 10 feet from the southeast (Masonic Avenue) property line. The proposed Masonic Plaza would be developed in the space between Center Building B and the Masonic Building. The residential entrances would be on Masonic Avenue and on the proposed Walnut Walk.

Due to the site's southwest-to-northeast downward-trending slope, the Masonic Building's first level (Basement Level B1) would be a partially below-grade parking garage (the Masonic Garage), with a residential lobby at the northeast corner of the floor adjacent to the proposed garage entry and driveway. The footprint for the proposed Masonic Garage would extend under the proposed Walnut Walk and Euclid Building. Basement Level B1 would be accessed from the proposed driveway off Masonic Avenue adjacent to the residential lobby at the northeast corner of the proposed building. The residential uses along Masonic Avenue and southwest of the proposed garage entry and driveway would have separate entrances via stoops, while those along the north portion would have separate private terraces (facing the landscaped area between Center Building B and the Masonic Building). Two separate residential common areas and a class 1 bicycle parking storage room for residents would be provided at the center of this floor, and a residential common area at the northwest corner.

A portion of the parking for the residential uses would be provided in mechanical stackers on the single-level parking garage (the Masonic Garage) accessed from Masonic Avenue. The mechanical stacker system would be a multicar, independently accessed system that residents would use to retrieve and return their own vehicles (i.e., they would be able to operate the system without assistance from a valet).

vii. The Euclid Building

The Euclid Building would be a roughly square building surrounding an internal courtyard. The proposed building would be bounded by the private terraces and landscaped area between it and Center Building A on the north, the proposed Walnut Walk on the east, Euclid Avenue on the south, and the proposed private terraces on the west between it and the Laurel Duplexes. The Euclid Building would be a four- to six-story, 40-foot-tall, 226,530-gross-square-foot building with 184,170 gsf of residential floor area (including common areas) for 139 dwelling units and 42,360 gsf of space for parking and circulation in the single-level parking garage (the Masonic Garage) accessed from Masonic Avenue. The proposed building would be set back approximately 67 feet from the south (Euclid Avenue) property line. The proposed Euclid Green would be developed within this setback and would extend west to Laurel Street. The eastern portion of this space would be private open space (Euclid Terrace) associated with the Euclid Building amenity spaces.

Due to the site's southwest-to-northeast downward-trending slope, the Euclid Building would have a partially below-grade floor. Level 1 would have at-grade residential uses arrayed around the internal courtyard along the north side, the northern portion of the east side, and the west side. The building would have separate at-grade entrances to the residential lobby, a residential common area, and an amenity space near the proposed Walnut Walk at the center of the east side. Separate partially below-grade common area spaces and a class 1 bicycle

parking storage room would be developed along the south (Euclid Avenue) side of this floor. Level 2 would have residential uses arrayed around the internal courtyard. The residential common areas and lobby along the south portion of the floor would be connected to the residential common areas, lobby, and interior courtyard below. The next three floors (Level 3 – Level 5) would have residential uses along each side, surrounding the internal courtyard. The top floor (Level 6) would also have residential uses but only along the north, east, and west sides. At Level 6, the proposed building would be set back from the lower floors along its south elevation (Euclid Avenue). The Euclid Building's proposed below-grade basement level would be part of the proposed Masonic Garage and would be accessed from Masonic Avenue.

viii. The Laurel Duplexes

Seven detached duplexes would be developed along Laurel Street between Euclid Avenue and the proposed Mayfair Building. Construction of the seven duplexes would result in the development of 60,260 gsf of total floor area with 55,300 gsf of residential floor area and 4,960 gsf of parking and storage space. Each duplex would include four floors, would range in height from 37 to 40 feet, and would have a centralized building core for the elevators and stairs. Six of the seven duplexes would be set back approximately 25 feet from Laurel Street. The fourth duplex in the row would be set back approximately 60 feet from Laurel Street to retain two existing Coast Live Oak trees.

Each of the Laurel Duplexes would have individual two-car parking garages located at the rear of the duplexes. Driveway access would be provided through a separate entry/exit driveway just south of the Mayfair Building that would be shared to provide access to the Laurel Duplexes and Mayfair Garage.

ix. Mayfair Building

The rectangular Mayfair Building would be bounded by the proposed Mayfair Walk on the north, the proposed landscaped area to the east between it and Center Building A, the proposed Laurel Duplexes on the south, and Laurel Street on the west. The Mayfair Building would be a four-story, 40-foot-tall, 59,040-gross-square-foot building with 46,680 gsf of residential floor area (including common areas) for 30 dwelling units, and 12,360 gsf of space for parking, circulation, and storage and mechanical rooms on a single parking level. The proposed building would be set back approximately 6 to 23 feet (average 15 feet) from the west (Laurel Street) property line.

Due to the site's south-to-north and west-to-east downward-trending slope, the Mayfair Building would have a below-grade parking level with access from Laurel Street. The basement level would provide space for residential parking (most of which would have mechanical lifts), circulation (including connections to the proposed California Street and Masonic garages), a mechanical room, and

a class 1 bicycle parking storage room (30 spaces). Residents would be able to retrieve and return their own vehicles from the mechanical stacker (i.e., they would be able to operate the mechanical stacker system without assistance from a valet). The ground floor would be developed with a residential lobby (at the northwest corner) with stepped access from the proposed Mayfair Walk. The ground floor would also include residential uses with private terraces along the north and south sides. The top three floors would be developed with residential uses, with private balconies at the top floor along the west side.

b. Streetscape Changes

Circulation changes would include the introduction, elimination, or relocation of existing curb cuts on Presidio, Masonic, and Euclid avenues; on Laurel Street; and on Mayfair Drive as follows:

- The existing 28-foot-wide curb cut at the California Street entrance would be reduced to 22 feet with the development of curb bulb-outs at the extension of Walnut Street into the project site, which would terminate with a roundabout. The Walnut Street extension would provide access to two of the California Street Garage entrances.
- The existing 29-foot-wide curb cut on Presidio Avenue would remain, but would be adjusted slightly to follow the proposed modification to the alignment of the west curb on Presidio Avenue, to be parallel to the existing east curb. The driveway would provide in and out access for the off-street freight loading area and separate in-only access to the California Street Garage for retail/commercial, child care, and residential parking uses.
- A new 16-foot-wide curb cut would be provided for vehicles exiting to Masonic Avenue from the California Street Garage and Basement Level B3 of Center Building B.
- A new 20-foot-wide curb cut on Masonic Avenue would provide in and out access to the proposed Masonic Garage.
- The existing 27-foot-wide curb cut on Laurel Street (between Mayfair Drive and Euclid Avenue) would be removed.
- The Laurel Duplexes would have independent access to their respective garages (14 independent parking spaces in total) via an entry/exit driveway from Laurel Street, shared with Mayfair Garage.
- The existing 22-foot-wide curb cut on Mayfair Drive would be relocated to immediately south of the proposed Mayfair Building and modified to be an 18-foot-wide curb cut and driveway to provide in and out access to the proposed Mayfair Building's below-grade parking garage.

- A new 20-foot-wide curb cut on Laurel Street would provide right-turn in access to and right-turn out egress from the proposed California Street Garage.

The Project Site would be integrated with the existing street grid. Pedestrian promenades would be developed to align with Walnut Street and connect to Masonic and Euclid avenues (north/south direction), and to align with Mayfair Drive and connect to Presidio and Masonic avenues and Pine Street (east/west direction). The north-south running Walnut Walk and the east-west running Mayfair Walk would be closed to vehicular traffic. The northern portion of Walnut Walk would be the extension of Walnut Street into the Project Site, which would provide vehicular access to the California Street Garage and terminate at a roundabout. Pedestrians would be able to walk through the project site from Laurel, California, and Walnut streets to Presidio Avenue, Masonic Avenue, Pine Street, and Euclid Avenue. In addition, a pedestrian walkway between the Plaza A and Plaza B buildings (Cypress Stairs) would provide access from the California Street sidewalk (at the midblock between Laurel and Walnut streets) to Cypress Square, one of the proposed onsite plazas that would be open to the public. Pedestrian access would also be provided at Walnut Street, at Presidio Avenue near the corner of Pine Street at the eastern terminus of Mayfair Walk (the proposed Pine Street Steps and Plaza), at the intersection of Masonic and Euclid Avenues at the southern terminus of Walnut Walk (the proposed Corner Plaza), and at the western terminus of Mayfair Walk. In addition, access to the proposed Euclid Green would be developed at the corner of Laurel Street and Euclid Avenue. These spaces would be designed to be compliant with the Americans with Disabilities Act.

The Project would include an encroachment at the eastern property boundary along Presidio Avenue, immediately north of the intersection with Pine Street and Masonic Avenue, to accommodate streetscape improvements. The Project would reconfigure the curb line in this area to regularize the property's frontage on Presidio Avenue. These proposed modifications to the eastern edge of the property would be combined with the reconfiguration of the triangular-shaped pedestrian island and the right-most travel lane for southbound traffic on Presidio Avenue merging onto Masonic Avenue, the construction of a corner bulb-out on the west side of the Masonic Avenue/Presidio Avenue/Pine Street intersection, the installation of a continental crosswalk crossing Presidio Avenue (to Pine Street), and the widening of the Presidio Avenue sidewalk (from 10 to 15 feet). These streetscape changes would result in an approximately 2,170-square-foot space that would be integrated with the proposed Pine Street Steps and Plaza.

The Project would also reconfigure the west curb line on Masonic Avenue at its intersection with Euclid Avenue. The Project would reconfigure the triangular-shaped pedestrian island and right-most travel lane for southbound traffic on Masonic Avenue merging onto Euclid. The existing triangular-shaped pedestrian island would be incorporated into an approximately 4,000-square-foot open space (the proposed Corner Plaza) that would be integrated with the southern end of the proposed Walnut Walk.

The Project would add a corner bulb-out at the northeast corner of Laurel Street/Mayfair Drive, which would be an approximately 650-square-foot space that would highlight the primary east-west pedestrian access to the site, the proposed Mayfair Walk.

Streetscape changes would also include proposed sidewalk widening along Masonic Avenue (from 10 to 15 feet), along Euclid Avenue (from 10.5 to 12 feet), and along Laurel Street (from 10 to 12 feet); and proposed corner bulb-outs at the southwest and southeast corners of the California Street/Walnut Street intersection, and at the northeast corner of the Laurel Street/Euclid Avenue intersection.

c. Transportation Demand Management Plan

The Project includes a Transportation Demand Management ("TDM") Plan, in compliance with Section 169 of the Planning Code. The Project would implement TDM Measures from the following categories of measures in the TDM Program Standards: active transportation; car-share; delivery; family-oriented; information and communications; and parking management. The TDM Ordinance requires, prior to issuance of a certificate of occupancy, that a property owner facilitate a site inspection by the Planning Department and document implementation of applicable aspects of the TDM Plan, and maintain a TDM Coordinator, allow for Department inspections, and submit periodic compliance reports throughout the life of the Project.

d. Open Space

The Project would retain approximately 52 percent of the overall lot area (approximately 232,846 square feet, excluding green roofs) as open area with portions to be developed with a combination of privately-owned, publicly accessible open space and private open space for residents. The Project would include new landscaped open space throughout the Project Site, including:

- California Plaza (approximately 4,290 square feet) Cypress Square (12,052 square feet) and Cypress Stairs (1,255 square feet)
- Mayfair Walk (30,605 square feet)
- Presidio Overlook (10,450 square feet)
- Lower Walnut Walk (23,730 square feet) Walnut Drive (6,904 square feet) and Walnut Court (10,921 square feet)
- Euclid Green (approximately 18,004 square feet), and
- Pine Street Steps (7,015 square feet)

There would also be approximately 86,570 square feet of other open space, including private open space for residents, including rooftop decks, ground-level terraces, interior



courtyards and private internal walkways. In addition to the privately-owned publicly accessible open space and open space only for residents, the proposed improvements at the Presidio Avenue/Pine Street/Masonic Avenue intersection (the proposed Pine Street Steps and Plaza) and the Masonic Avenue and Euclid Avenue intersection (the proposed Corner Plaza) would be partially within the public right-of-way and would total approximately 12,000 square feet of open area.

e. Construction Activities

The proposed new buildings would be supported on continuous and/or individual foundations bearing on native stiff to very stiff clay, medium dense sand, or bedrock. The perimeter walls of new buildings adjacent to the existing parking garage may need to be supported on drilled piers that gain support in the bedrock below the elevation of the bottom of the existing parking garage. Foundation work would not be required to support the proposed addition of up to a maximum of two residential floors to the adaptively reused Center Buildings A and B; however, where shear walls terminate at the foundation level, new or expanded footings would be required for the improved seismic systems for Center Buildings A and B.

Approximately 274,000 square feet of the 446,479-square-foot Project Site would be modified as a result of the Project. Approximately 47,000 cubic yards of demolition debris would be generated by the Project. The depths of excavation would range from 7 to 40 feet below the existing grade (including the elevators and automobile stacker pits) with a total of approximately 241,000 net cubic yards of excavated soils generated during the approximately seven-year construction period. Thus, approximately 288,000 cubic yards of demolition debris and excavated soils would be removed from the project site.

f. Construction Schedule

The Project would be constructed in four overlapping development phases, with full build-out expected to occur approximately seven to fifteen years after project entitlements. Under an up-to-15-year construction timeframe, the same development program would be implemented; however, periods of dormancy would be introduced between construction phases, and some construction activities currently assumed as concurrent would occur separately over a longer timeframe. The project sponsor may also choose to develop the Project in a different order than the preliminary four-phase construction program described below.

The four development phases are preliminarily identified as Phase 1 (Masonic and Euclid buildings), Phase 2 (Center Buildings A and B), Phase 3 (Plaza A, Plaza B, and Walnut buildings), and Phase 4 (Mayfair Building and Laurel Duplexes). Construction would not commence until all existing uses at the UCSF Laurel Heights Campus, including the existing child care center, have vacated. The preliminary construction schedule assumes spring 2020 as the start of construction and spring 2027 as the end of construction.

Phase 1 construction activities associated with the development of the Masonic and Euclid buildings would last approximately 30 months. Construction staging, including concrete truck staging, would occur onsite on the surface parking lots on the west side of the site closest to Laurel and California streets. Phase 1 would include the demolition of the existing annex building and the southern portion of the existing office building (including the auditorium); excavation for the parking garage and building foundations; construction of a sewer line extension under Masonic Avenue; construction of a gas line extension under Euclid, Masonic and Presidio avenues; and the construction of the Masonic and Euclid buildings. Open space improvements would include the development of Masonic Plaza between Center Building B and the Masonic Building, the southern portion of the proposed Walnut Walk, a portion of the proposed Euclid Green, and the proposed Euclid Terrace private open space (adjacent to the eastern end of the proposed Euclid Green), as well as adjacent public right-of-way improvements along portions of Masonic and Euclid avenues. Initial occupancy may occur prior to the overall construction completion of the phase (anticipated to be the final quarter of 2022).

The rehabilitation and adaptive reuse of the existing office building at the center of the site under Phase 2 (Center Buildings A and B) would last 24 months, with demolition activities anticipated to commence in month 20 of Phase 1, during the exterior work on the Masonic and Euclid Buildings. Construction staging would occur onsite on the surface parking lot at the northeast portion of the site closest to California Street and on the surface parking lot closest to Laurel Street. Concrete truck staging would occur onsite on the internal roadway on the northwest portion of the site, on the west end of the proposed Mayfair Walk, and on the surface parking lot closest to Laurel Street. Phase 2 would include the demolition of the northern portion of the existing office building and the circular garage ramp structures; the partial demolition of the existing office building (to be separated into two structures); limited excavation; and interior renovations and seismic upgrades to adaptively reuse the existing office building as two separate residential buildings. Initial occupancy may occur prior to the overall construction completion of the phase (anticipated to be the final quarter of 2023). Logistically, portions of the Phase 3 garage construction necessary to commission Phase 2 may occur during this phase.

Under Phase 3, construction of the Plaza A, Plaza B, and Walnut buildings along California Street would last approximately 36 months with demolition activities anticipated to commence on month 15 of Phase 2, during the exterior work on the Center A and B Buildings. Construction staging would occur onsite on the surface parking lot closest to Laurel Street. The parking lanes along the south side of California Street and the east side of Laurel Street would be used for staging through the duration of Phase 3. Concrete truck staging would occur onsite from the extension of Walnut Street and near the western terminus of the proposed Mayfair Walk. Concrete truck staging would also occur in the parking lane on the west side of Masonic Avenue (for dispatch) and the parking lane on the east side of Laurel Street. Phase 3 would include the demolition of the existing surface parking lots along California Street, and excavation for the parking garage and building foundations. Open space improvements would include the

development of the northern portion of Walnut Walk, Mayfair Walk, Presidio Overlook, and Pine Plaza as well as adjacent public right-of-way improvements along California Street and Presidio Avenue. Initial occupancy may occur prior to the overall construction completion of the phase (anticipated to be the first quarter of 2026).

Phase 4 construction activities associated with the development of the Mayfair Building and Laurel Duplexes would last approximately 20 months, with demolition activities anticipated to commence on month 30 of Phase 3, during the interior work on the Plaza A, Plaza B, and Walnut Buildings. Construction staging would occur within the parking lane along the east side of Laurel Street and on a portion of the parking lane on the north side of Euclid Avenue (near Laurel Street), which would be used for staging through the duration of Phase 4. Concrete truck staging would occur in the parking lane on the west side of Masonic Avenue (for dispatch) and the parking lane on the east side of Laurel Street. Phase 4 would include a limited amount of demolition; and limited excavation for the parking garage and building foundations. Open space improvements would include the development of the western end of the proposed Euclid Green as well as adjacent public right-of-way improvements along Euclid Avenue and Laurel Street. Initial occupancy may occur prior to the overall construction completion of the phase (anticipated to be the second quarter of 2027)

B. Project Objectives.

The Project Sponsor, Laurel Heights Partners LLC seeks to achieve the following objectives by undertaking the project:

1. Redevelop a large underutilized commercial site into a new high quality walkable mixed-use community with a mix of compatible uses including residences, neighborhood-serving ground floor retail, onsite child care, potential office/commercial uses, and substantial open space.
2. Create a mixed-use project that encourages walkability and convenience by providing residential uses, neighborhood-serving retail, onsite child care, and potential office/commercial uses on site
3. Address the City's housing goals by building new residential dwelling units on the site, including onsite affordable units, in an economically feasible project consistent with the City's General Plan Housing Element and ABAG's Regional Housing Needs Allocation for the City and County of San Francisco.
4. Open and connect the site to the surrounding community by extending the neighborhood urban pattern and surrounding street grid into the site through a series of pedestrian and bicycle pathways and open spaces, including a north-south connection from California Street to Euclid Avenue that aligns with Walnut Street and an east-west connection from Laurel Street to Presidio Avenue.

5. Create complementary designs and uses that are compatible with the surrounding neighborhoods by continuing active ground floor retail uses along California Street east from the Laurel Village Shopping Center, adding to the mix of uses and businesses in the area, and providing activated, neighborhood-friendly spaces along the Presidio, Masonic and Euclid avenue edges compatible with the existing multi-family development to the south and east.
6. Provide a high quality and varied architectural and landscape design that is compatible with its diverse surrounding context, and utilizes the site's topography and other unique characteristics.
7. Provide substantial open space for project residents and surrounding community members by creating a green, welcoming, walkable environment that will encourage the use of the outdoors and community interaction.
8. Incorporate open space in an amount equal to or greater than that required under the current zoning, in multiple, varied types designed to maximize pedestrian accessibility and ease of use.
9. Include sufficient off-street parking for residential and commercial uses in below-grade parking garages to meet the project's needs.
10. Work to retain and integrate the existing office building into the development to promote sustainability and eco-friendly infill redevelopment.

C. Environmental Review.

The City and County of San Francisco, acting through the planning department (hereinafter "department") fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code section 21000 et seq., hereinafter "CEQA"), the State CEQA Guidelines (Cal. Code. Regs. Title 14, section 15000 et seq., hereinafter "CEQA Guidelines"), and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter 31").

The department determined that an environmental impact report (hereinafter "EIR") was required and provided public notice of that determination by publication in a newspaper of general circulation on September 20, 2017. The department held a public scoping meeting on October 16, 2017 in order to solicit public comment on the scope of the project's environmental review.

On April 25, 2018, the department published an initial study and provided public notice in a newspaper of general circulation of the availability of the initial study for public review and comment; this notice was mailed to the department's list of persons requesting such notice, and to property owners and occupants within a 300-foot radius of the site on April 25, 2018.

On November 7, 2018, the department published the draft EIR (hereinafter "DEIR") and provided public notice in a newspaper of general circulation of the availability of the DEIR for

public review and comment, and of the date and time of the commission public hearing on the DEIR; this notice was mailed to the department's list of persons requesting such notice, and to property owners and occupants within a 300-foot radius of the site. Also, on November 7, 2018, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, and to government agencies, the latter both directly and through the State Clearinghouse.

A notice of completion was filed with the State Secretary of Resources via the State Clearinghouse on November 7, 2018.

The historic preservation commission held a duly advertised hearing on said DEIR on December 5, 2018 at which historic preservation commission formulated its comments on the DEIR. The planning commission held a duly advertised public hearing on said DEIR on December 13, 2018 at which opportunity for public comment was given, and public comment was received on the DEIR. The period for acceptance of written comments ended on January 8, 2019.

The department prepared responses to comments on environmental issues received at the public hearing and in writing during the 62-day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a response to comments document, published on August 22, 2019, distributed to the commission and all parties who commented on the DEIR, and made available to others upon request at the department.

A final EIR (hereinafter "FEIR") was prepared by the department, consisting of the DEIR, any consultations and comments received during the review process, any additional information that became available, and the responses to comments document, all as required by law.

Project EIR files have been made available for review by the commission and the public. These files are available for public review at the department at 1650 Mission Street, Suite 400, and are part of the record before the commission. The project files are also available on the internet at the following address: <https://www.ab900record.com/3333cal>.

On September 5, 2019, the commission reviewed and considered the information contained in the FEIR and found that the contents of said report and the procedures through which the FEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code, and found that the FEIR reflected the independent judgement and analysis of the City and County of San Francisco, was adequate, accurate and objective, and that the responses to comments document contained no significant revisions to the DEIR that would require recirculation of the document pursuant to CEQA Guideline section 15088.5, and certified the FEIR as complete, and in compliance with CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code

D. Approval Actions.

The Project requires the following approvals:

1. Actions by the City Planning Commission

- Certification of Environmental Impact Report (EIR) and adoption of findings under CEQA.
- Adoption of Findings of Consistency with the general plan and priority policies of Planning Code section 101.1.
- Recommendation to the Board of Supervisors of an amendment to the Height and Bulk Map to increase height limits along California Street from 40 to 45 feet to accommodate higher ceilings for ground-floor retail uses, at the center of the site (from 40 feet to 80 and 92 feet) for the renovated buildings resulting from the adaptive reuse of the existing office building, and along California Street at the location of the Walnut Building (from 40 to 67 feet).
- Recommendation to the Board of Supervisors of an amendment to the Special Use District Map to designate the boundaries of the Special Use District.
- Recommendation to the Board of Supervisors of a Special Use District to reflect other planning code compliance issues, including to allow office and retail uses at the project site and to modify or waive the requirements of Resolution 4109.
- Conditional Use/Planned Unit Development authorization to permit development of buildings with height in excess of 40 feet and provide for minor deviations from the provisions for measurement of height, to provide for additional dwelling unit density, and to provide other exceptions to the planning code requirements applicable to the project site.
- Recommendation to the Board of Supervisors to approve a Development Agreement with respect to, among other community benefits, the project sponsor's commitment to the amount of affordable housing developed as part of the project and to develop and maintain privately-owned, publicly accessible open space and vesting the project's entitlements for a 15-year period.
- Approval of a Transportation Demand Management Plan (Planning Code section 169).

2. Actions by the San Francisco Board of Supervisors

- Adoption of findings under CEQA.
- Adoption of Findings of Consistency with the General Plan and priority policies of Planning Code section 101.1.
- Approval of planning code and zoning map amendments, including Special Use District to reflect other planning code compliance issues, including to allow office

and retail uses at the project site and to modify or waive the requirements of Resolution 4109, and an amendment to the Height and Bulk Map.

- Approval of Development Agreement.
- Adoption of an ordinance approving a major encroachment permit that would include sidewalk improvements, sidewalk expansion, and removal and replacement of street and significant trees.

3. San Francisco Public Works

- Approval of Subdivision Map.
- Public hearing on removal and replacement of street trees and significant trees, streetscape improvements in the public right-of-way, including new curb cuts on Masonic Avenue (two) and Laurel Street (eight), of encroachment permit for the proposed development of the Corner Plaza at Masonic and Euclid avenues, the Pine Street Steps and Plaza at the Masonic/Pine/Presidio intersection, curb bulb-outs and associated streetscape improvements on the west side of Presidio Avenue at the intersection with Pine Street and Masonic Avenue, on the west side of Masonic Avenue at the intersection with Euclid Avenue, and on the east side of Laurel Street at the intersection with Mayfair Drive, and for sidewalk widening
- Approval of a street space permit from the Bureau of Street Use and Mapping if sidewalk(s) are used for construction staging and pedestrian walkways are constructed in the curb lane(s).
- Recommendation to Board of Supervisors to approve legislation for sidewalk widening.

4. San Francisco Municipal Transportation Agency

- Approval of request for on-street commercial truck (yellow) and passenger (white) loading zones on Laurel Street, California Street, Masonic Avenue, and Euclid Avenue.
- Approval of a special traffic permit from the Sustainable Streets Division if sidewalk(s) are used for construction staging and pedestrian walkways are constructed in the curb lane(s).
- Approval of construction within the public right-of-way (e.g., bulbouts and sidewalk extensions) to ensure consistency with the Better Streets Plan.
- Approval of the placement of bicycle racks on the perimeter sidewalks and within the project site

5. San Francisco Department of Building Inspection
  - Review and approval of demolition, excavation, and site/building permits.
  - Review and approval of construction permit for non-potable water system.
  - Approval of a permit for nighttime construction if any night construction work is proposed that would result in noise greater than five dBA above ambient noise levels, as applicable.
  - Review and approval of plumbing plans for non-potable water reuse system per the Non-potable Water Ordinance.
6. San Francisco Public Utilities Commission
  - Review and approval of Erosion and Sediment Control Plan, in accordance with article 4.1 of the public works code.
  - Review and approval of any changes to sewer laterals (connections to the City sewer system).
  - Review and approval of any changes to existing publicly-owned fire hydrants, water service laterals, water meters, and/or water mains.
  - Review and approval of the size and location of new fire, standard, and/or irrigation water service laterals.
  - Review and approval of post-construction stormwater design guidelines including a Stormwater Control Plan, in accordance with City's 2016 Stormwater Management Requirements and Design Guidelines.
  - Review and approval of a Landscape Plan per the Water Efficient Irrigation Ordinance.
  - Approval of the use of dewatering wells per article 12B of the health code (joint approval by the San Francisco Department of Public Health).
  - Review and approval of documentation for non-potable water reuse system per the Non-potable Water Ordinance.
7. San Francisco Department of Public Health
  - Review and approval of a Site Mitigation Plan, in accordance with San Francisco Health Code article 22A (Maher Ordinance).
  - Review and approval of a Construction Dust Control Plan, in accordance with San Francisco Health Code article 22B (Construction Dust Control Ordinance).



- Approval of the use of dewatering wells per article 12B of the health code (joint approval by the San Francisco Public Utilities Commission).
- Review and approval of design and engineering plans for non-potable water reuse system and testing prior to issuance of a Permit to Operate.

8. Actions by Other Government Agencies

- Bay Area Air Quality Management District
  - Approval of any necessary air quality permits for installation, operation, and testing (e.g., Authority to Construct/Permit to Operate) for individual air pollution sources, such as boilers and emergency standby diesel generator.
  - Approval of Asbestos Dust Mitigation Plan for construction and grading operations.

E. Findings About Significant Environmental Impacts and Mitigation Measures.

The following Sections II, III and IV set forth the findings about the determinations of the Final EIR regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide written analysis and conclusions regarding the environmental impacts of the Project and the mitigation measures included as part of the Final EIR and adopted as part of the Project.

In making these findings, the opinions of the Planning Department and other City staff and experts, other agencies and members of the public have been considered. These findings recognize that the determination of significance thresholds is a judgment within the discretion of the City and County of San Francisco; the significance thresholds used in the Final EIR are supported by substantial evidence in the record, including the expert opinion of the Final EIR preparers and City staff; and the significance thresholds used in the Final EIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project.

These findings do not attempt to describe the full analysis of each environmental impact contained in the Final EIR. Instead, a full explanation of these environmental findings and conclusions can be found in the Final EIR (which includes the Initial Study, Draft EIR, and Response to Comments document) and these findings hereby incorporate by reference the discussion and analysis in the Final EIR supporting the determination regarding the Project impacts and mitigation measures designed to address those impacts. For ease of reference only, the page of the Initial Study (IS), Draft EIR (DEIR) or Response to Comments document (RTC) is noted after the impact number where the primary discussion and analysis of that impact can be found. In making these findings, the determinations and conclusions of the Final EIR relating to environmental impacts and mitigation measures are hereby ratified, adopted and incorporated in these findings, except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

As set forth below, the mitigation measures set forth in the Final EIR and the attached MMRP are hereby adopted and incorporated, to substantially lessen or avoid the potentially significant impacts of the Project. Accordingly, in the event a mitigation measure recommended in the Final EIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is nevertheless hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measure in the Final EIR due to a clerical error, the language of the mitigation measure as set forth in the Final EIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the numbers contained in the Final EIR.

In Sections II, III and IV below, the same findings are made for a category of environmental impacts and mitigation measures. Rather than repeat the identical finding to address each and every significant effect and mitigation measure, the initial finding obviates the need for such repetition because in no instance are the conclusions of the Final EIR, or the mitigation measures recommended in the Final EIR for the Project, being rejected.

F. Location and Custodian of Records.

The public hearing transcripts and audio files, a copy of all letters regarding the Final EIR received during the public review period, the administrative record, and background documentation for the Final EIR are located at the Planning Department, 1650 Mission Street, San Francisco. The Planning Commission Secretary, Jonas P. Ionin, is the Custodian of Records for the Planning Department and the Planning Commission.

II. IMPACTS FOUND NOT TO BE SIGNIFICANT AND THUS DO NOT REQUIRE MITIGATION

Under CEQA, no mitigation measures are required for impacts that are less than significant (Pub. Res. Code § 21002; CEQA Guidelines §§ 15126.4, subd. (a)(3), 15091). As more fully described in the Final EIR and the Initial Study, and based on the evidence in the whole record of this proceeding, it is hereby found that implementation of the Project would not result in any significant impacts in the following areas and that these impact areas therefore do not require mitigation:

Land Use

- Impact LU-1 (IS 110): The proposed Project would not physically divide an existing community.
- Impact LU-2 (IS 110): The proposed Project would not conflict with any applicable land use plan, policy or regulation adopted for the purpose of avoiding or mitigating an environmental effect, such that a significant environmental impact would result.
- Impact C-LU-1 (IS 111): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to cumulative land use impacts.

- Population and Housing
- Impact PH-1 (IS 112): The proposed Project would not directly or indirectly induce substantial population growth in an area.
- Impact PH-2 (IS 120): The proposed Project would not displace substantial numbers of existing housing units or people necessitating the construction of replacement housing.
- Impact C-PH-1 (IS 120): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant cumulative population and housing impacts.

#### Cultural Resources

- Impact CR-2 (DEIR 4.B.47): The Project would not materially alter, in an adverse manner, the physical characteristics of any offsite historical resources that justify their inclusion in the California Register of Historical Resources.
- Impact C-CR-1 (DEIR 4.B.48): The impacts of the proposed Project, in combination with other past, present, and reasonably foreseeable future projects, would not materially alter, in an adverse manner, the physical characteristics of historical resources that justify their eligibility for inclusion in the California Register of Historical Resources, resulting in a cumulative impact.

#### Transportation and Circulation

- Impact TR-1 (DEIR 4.C.68): Construction of the proposed Project would not result in substantial interference with pedestrian, bicycle, or vehicle circulation and accessibility to adjoining areas thereby resulting in potentially hazardous conditions.
- Impact TR-3 (DEIR 4.C.81): The proposed Project would not cause major traffic hazards.
- Impact TR-5 (DEIR 4.C.88): The proposed project would not result in an adverse impact related to a substantial increase in transit delays.
- Impact TR-6 (DEIR 4.C.88): The proposed Project would not cause significant impacts on regional transit.
- Impact TR-7 (DEIR 4.C.92): The proposed Project would not result in substantial overcrowding on public sidewalks, create potentially hazardous conditions for pedestrians, or otherwise interfere with pedestrian accessibility to the site and adjoining areas.
- Impact TR-8 (DEIR 4.C.94): The proposed project would not create potentially hazardous conditions for bicyclists and would not interfere with bicycle accessibility to the project site or adjoining areas.

- Impact TR-9 (DEIR 4.C.96): The proposed Project's freight loading demand would be met during the peak loading hour.
- Impact TR-10 (DEIR 4.C.98): The proposed Project's passenger loading demand would be met during the peak loading hour and would not create hazardous conditions or significant delays for transit, bicycles or pedestrians.
- Impact TR-11 (DEIR 4.C.99): The proposed Project would not result in significant impacts on emergency access to the project site or adjacent locations.
- Impact C-TR-1 (DEIR 4.C.101): Construction of the proposed Project, in combination with reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to cumulative construction-related transportation impacts.
- Impact C-TR-3 (DEIR 4.C.104): The proposed Project would not contribute considerably to a major traffic hazard.
- Impact C-TR-4 (DEIR 4.C.105): The proposed Project would not contribute considerably to significant cumulative transit capacity impacts on Muni screenlines.
- Impact C-TR-5 (DEIR 4.C.108): The proposed Project would not contribute considerably to significant cumulative transit delay impacts.
- Impact C-TR-6 (DEIR 4.C.108): The proposed Project would not contribute considerably to significant cumulative transit capacity impacts on regional transit routes.
- Impact C-TR-7 (DEIR 4.C.112): The proposed Project would not contribute considerably to significant cumulative pedestrian impacts.
- Impact C-TR-8 (DEIR 4.C.112): The proposed Project would not contribute considerably to a significant cumulative bicycle impact.
- Impact C-TR-9 (DEIR 4.C.113): The proposed Project would not contribute considerably to a significant cumulative freight loading impact.
- Impact C-TR-10 (DEIR 4.C.114): The proposed Project would not contribute considerably to a significant cumulative passenger loading impact.
- Impact C-TR-11 (DEIR 4.C.114): The proposed Project would not contribute considerably to a significant cumulative impact on emergency vehicle access.

#### Noise

- Impact NO-4 (DEIR 4D.62): Operation of the proposed project would not cause substantial permanent increases in ambient noise levels along roadway segments in the project site vicinity.

- Impact NO-5 (DEIR 4.D.64): The proposed Project's occupants would not be substantially affected by future noise levels on the site.
- Impact NO-6 (DEIR 4.D.67): Operation of the proposed Project would not expose people and structures to or generate excessive groundborne vibration or noise levels.
- Impact C-NO-1 (DEIR 4.D.68): Construction noise as a result of the proposed Project, combined with construction noise from reasonably foreseeable projects in the project area, would not cause a substantial temporary or periodic increase in ambient noise levels in the project vicinity during construction.
- Impact C-NO-2 (DEIR 4.D.71): Operation of the proposed Project, in combination with other development, would not cause a substantial permanent increase in ambient noise levels in the project vicinity.

#### Air Quality

- Impact AQ-1 (DEIR 4.E.38): During construction, the proposed Project would generate fugitive dust and criteria air pollutants which would not violate an air quality standard, contribute substantially to an existing or projected air quality violation, or result in a cumulatively considerable net increase in criteria air pollutants.
- Impact AQ-2 (DEIR 4.E.49): At project build-out, the operation of the proposed Project would not result in emissions of criteria air pollutants at levels that would violate an air quality standard, contribute to an existing or projected air quality violation, or result in a cumulatively considerable net increase in criteria air pollutants.
- Impact AQ-3 (DEIR 4.E.52): Construction and operation of the proposed Project would not generate toxic air contaminants, including DPM, at levels which would expose sensitive receptors to substantial pollutant concentrations.
- Impact AQ-4 (IS 145): The proposed project or project variant would not generate emissions that create objectionable odors affecting a substantial number of people.
- Impact AQ-4 (DEIR 4.E.60): The proposed Project would not conflict with implementation of the 2017 Bay Area Clean Air Plan.
- Impact C-AQ-1 (DEIR 4.E.66): The proposed Project, in combination with past, present, and reasonably foreseeable future development in the project area, would not contribute to cumulative regional air quality impacts.
- Impact C-AQ-2 (DEIR 4.E.66): The proposed Project, in combination with past, present, and reasonably foreseeable future development in the project area, would not contribute to cumulative health risk impacts on sensitive receptors.

#### Greenhouse Gas Emissions

- Impact C-GG-1 (IS 148): The proposed Project would generate greenhouse gas emissions, but not at levels that would result in a significant impact on the environment or conflict with any policy, plan, or regulation adopted for the purpose of reducing greenhouse gas emissions.

#### Wind and Shadow

- Impact WS-1 (IS 151): The proposed Project would not alter wind in a manner that substantially affects public areas.
- Impact WS-2 (IS 156): The proposed Project would not create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas.
- Impact C-WS-1 (IS 156): The proposed Project, in combination with past, present, and reasonably foreseeable future projects in the project site vicinity, would not result in a cumulatively considerable contribution to cumulative wind impacts.
- Impact C-WS-2 (IS 162): The proposed Project, in combination with past, present, and reasonably foreseeable future projects in the project site vicinity, would not result in a cumulatively considerable contribution to cumulative shadow impacts.

#### Recreation

- Impact RE-1 (IS 166): The proposed Project would not increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facilities would occur or be accelerated, or such that the construction of new facilities would be required.
- Impact RE-2 (IS 170): Construction of open space as part of the proposed Project would not result in substantial adverse physical environmental impacts beyond those analyzed and disclosed in the initial study.
- Impact C-RE-1 (IS 171): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to cumulative impacts on recreational facilities or resources.

#### Utilities and Service Systems

- Impact UT-1 (RTC 6.21): Sufficient water supplies are available to serve the Project in normal, dry, and multiple dry years unless the Bay-Delta Plan Amendment is implemented; in that event, the SFPUC may develop new or expanded water supply facilities to address shortfalls in single and multiple dry years but this would occur with or without implementation of the proposed project or its variant. Impacts related to new or expanded water supply facilities cannot be identified at this time or implemented in

the near term; instead, the SFPUC would address supply shortfalls through increased rationing, which could result in significant cumulative effects, but the Project would not make a considerable contribution to impacts from increased rationing.

- Impact UT-2 (IS 180): The SFPUC has sufficient water supply available to serve the project site from existing entitlements and resources and would not require new or expanded water supply resources or entitlements.
- Impact UT-3 (IS 182): The proposed project or project variant would be served by a landfill with sufficient permitted capacity.
- Impact UT-4 (IS 185): Construction and operation of the proposed Project would comply with all applicable statutes and regulations related to solid waste.
- Impact C-UT-1 (IS 185): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to cumulative impacts on utilities and service systems.

#### Public Services

- Impact PS-1 (IS 189): The proposed Project would increase demand for fire protection and police protection, schools, and other public services, but not to the extent that would require new or physically altered fire or police, schools, or other public facilities, the construction of which could result in significant environmental impacts.
- Impact C-PS-1 (IS 196): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to cumulative impacts on public services.

#### Biological Resources

- Impact BI-2 (IS 202): The proposed Project would not conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance.

#### Geology and Soils

- Impact GE-1 (IS 208): The proposed Project would not expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault and strong seismic ground shaking.
- Impact GE-2 (IS 210): The proposed Project would not result in substantial soil erosion or the loss of topsoil.
- Impact GE-3 (IS 211): The proposed Project is not located on a geologic unit or soil that is unstable (or could become unstable as a result of the project), potentially resulting in an onsite or offsite landslide, lateral spreading, subsidence, liquefaction or collapse.

- Impact GE-4 (IS 212): The proposed Project would not be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code, creating substantial risks to life or property.
- Impact C-GE-1 (IS 215): The proposed Project, in combination with past, present, and reasonably foreseeable future projects in the project site vicinity, would not result in a cumulatively considerable contribution to cumulative impacts related to geology and soils.

#### Hydrology and Water Quality

- Impact HY-1 (IS 217): The proposed Project would not violate any water quality standards or waste discharge requirements or otherwise substantially degrade water quality.
- Impact HY-2 (IS 221): The proposed Project would not substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level.
- Impact HY-3 (IS 222): The proposed Project would not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in substantial erosion, siltation, or flooding on or off site.
- Impact HY-4 (IS 223): The proposed Project would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.
- Impact C-HY-1 (IS 224): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to cumulative impacts related to hydrology and water quality.

#### Hazards and Hazardous Materials

- Impact HZ-1 (IS 231): The proposed Project would not create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials.
- Impact HZ-2 (IS 232): The proposed Project would not create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment.
- Impact HZ-3 (IS 237): The proposed Project would not result in hazardous emissions or the handling of hazardous or acutely hazardous materials, substances, or waste, but



would involve the usage of minor amounts of routine hazardous materials within one-quarter mile of an existing or proposed school.

- Impact HZ-4 (IS 238): The project site is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 but would not create a significant hazard to the public or the environment.
- Impact HZ-5 (IS 239): The proposed Project would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan and would not expose people or structures to a significant risk of loss, injury, or death involving fires.
- Impact C-HZ-1 (IS 240): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to cumulative impacts related to hazards and hazardous materials.

#### Mineral and Energy Resources

- Impact ME-1 (IS 240): The proposed Project would not result in the loss of availability of a known mineral resource or locally important mineral resource recovery site.
- Impact ME-2 (IS 242): The proposed Project would not encourage activities which result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner.
- Impact C-ME-1 (IS 245): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to cumulative impacts on mineral and energy resources.

#### Agriculture and Forest Resources (IS 246)

- The Project site and vicinity are located within an urbanized area of San Francisco. No land in San Francisco has been designated as agricultural land or forest land, and therefore there would be no impacts to agricultural or forest resources.

### III. FINDINGS OF POTENTIALLY SIGNIFICANT IMPACTS THAT CAN BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL THROUGH THE IMPOSITION OF MITIGATION MEASURES

CEQA requires agencies to adopt mitigation measures that would avoid or substantially lessen a project's identified significant impacts or potential significant impacts if such measures are feasible (unless mitigation to such levels is achieved through adoption of a project alternative). The findings in this Section III and in Section IV concern mitigation measures set forth in the Final EIR. These findings discuss mitigation measures as identified in the Final EIR for the Project. The full text of the mitigation measures is contained in the Final EIR and in Exhibit 1, the Mitigation Monitoring and Reporting Program. The impacts identified in this Section III would be reduced to a less-than-significant level through implementation of the mitigation measures contained in the Final EIR, included in the Project, or

imposed as conditions of approval and set forth in Exhibit 1. Impacts identified in Section IV would remain significant and unavoidable even with implementation of the mitigation measures contained in the Final EIR, included in the Project, or imposed as conditions of approval and set forth in Exhibit 1.

The Commission recognizes that some of the mitigation measures are partially within the jurisdiction of other agencies. The Commission urges these agencies to assist in implementing these mitigation measures, and finds that these agencies can and should participate in implementing these mitigation measures.

#### Cultural Resources

Impact CR-2 (IS 125): Construction activities of the proposed Project could cause a substantial adverse change in the significance of an archaeological resource.

The project area was part of the Lone Mountain, and later Laurel Hill, Cemetery from the mid-1850s to the 1940s. As a result, the project has a high historic archaeological sensitivity based on the possible presence of historic burials or other features associated with the cemetery. The project has the potential to adversely impact significant prehistoric and historical archaeological resources, if such resources are present within the project site.

Mitigation Measure M-CR-2a: Archaeological Testing, Monitoring, Data Recovery and Reportings

Mitigation Measure M-CR-2b: Interpretation

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measures M-CR-2a and M-CR-2b would reduce impact CR-2 to a less-than-significant level.

Impact CR-3 (IS 133): Construction activities of the proposed Project could disturb human remains, if such remains are present within the project site.

There are gaps in the current understanding of prehistoric land use history. Given this lack of understanding, although unlikely, it is possible Native American human remains may be encountered during project construction. Further, there is a high potential for the project to encounter human remains associated with the historic-era Laurel Hill Cemetery. In the event that construction activities disturb unknown human remains within the project area, any inadvertent damage to human remains would be considered a significant impact.

Mitigation Measure M-CR-2a: Archaeological Testing, Monitoring, Data Recovery and Reportings

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measure M-CR-2a would reduce impact CR-3 to a less-than-significant level.

Impact CR-4 (IS 134): Construction activities of the proposed Project could disturb tribal cultural resources, if such resources are present within the project site.

CEQA Section 21074.2 requires the lead agency to consider the effects of a project on tribal cultural resources. As defined in Section 21074, tribal cultural resources are sites, features, places, cultural

landscapes, sacred places, and objects with cultural value to a California Native American tribe that are listed, or determined to be eligible for listing, on the national, state, or local register of historical resources. Pursuant to State law under Assembly Bill 52 (Public Resources Code section 21080.3.1), on September 21, 2017, the Planning Department requested consultation with Native American tribes regarding possible significant effects that the project may have on tribal cultural resources. The Planning Department received no response concerning the project.

Based on the background research there are no known tribal cultural resources in the project area; however, based on the archeological sensitivity assessment, the project site is an archaeologically sensitive area with a moderate potential for prehistoric archeological resources. Prehistoric archeological resources may also be considered tribal cultural resources. In the event that construction activities disturb unknown archeological sites that are considered tribal cultural resources, any inadvertent damage would be considered a significant impact.

Mitigation Measure M-CR-2a: Archaeological Testing, Monitoring, Data Recovery and Reportings

Mitigation Measure M-CR-2b: Interpretation

Mitigation Measure M-CR-4: Tribal Cultural Resources Interpretive Program

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measures M-CR-2a, M-CR-2b, and M-CR-4 would reduce impact CR-4 to a less-than-significant level.

Impact C-CR-1 (IS 136): The proposed Project, in combination with past, present, and reasonably foreseeable future projects in the vicinity, would result in a cumulatively considerable contribution to significant cumulative impacts on as-yet unknown archaeological resources, human remains, or tribal cultural resources.

Archeological resources, tribal cultural resources, and human remains are non-renewable resources of a finite class. All adverse effects to archeological resources erode a dwindling cultural/scientific resource base. Federal and state laws protect archeological resources in most cases, either through project redesign or by requiring that the scientific data present within an archeological resource be archeologically recovered. As discussed above, the project could have a significant impact related to archeological resources, tribal cultural resources, and disturbance of human remains. The project's impact, in combination with other projects in the area that would also involve ground disturbance and that could also encounter previously recorded or unrecorded archeological resources, tribal cultural resources, or human remains, could result in a significant cumulative impact.

Mitigation Measure M-CR-2a: Archaeological Testing, Monitoring, Data Recovery and Reportings

Mitigation Measure M-CR-2b: Interpretation

Mitigation Measure M-CR-4: Tribal Cultural Resources Interpretive Program

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measures M-CR-2a, M-CR-2b, and M-CR-4 would reduce impact C-CR-1 to a less-than-significant level.

#### Transportation and Circulation

Impact TR-2 (DEIR 4.C.74): The proposed Project would cause substantial additional Vehicle Miles Travelled (VMT) and/or substantially induce automobile travel.

More off-street vehicular parking is linked to more driving and VMT. If the project provided parking at a substantially higher rate than the existing neighborhood average rate for retail uses, it could result in VMT that would exceed the threshold of 15 percent below the regional average for retail uses, the significance threshold for the nonresidential use, a potentially significant impact.

#### Mitigation Measure M-TR-2: Reduce Retail Parking Supply

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measure M-TR-2 would reduce impact TR-2 to a less-than-significant level.

Impact C-TR-2 (DEIR 4.C.102): The proposed Project's incremental effects on regional VMT would be significant, when viewed in combination with past, present, and reasonably foreseeable future projects.

More off-street vehicular parking is linked to more driving and VMT. If the project provided parking at a substantially higher rate than the existing neighborhood average rate for retail uses, it could result in VMT that would exceed the threshold of 15 percent below the regional average for retail uses, the significance threshold for the nonresidential use, a potentially significant impact.

#### Mitigation Measure M-TR-2: Reduce Retail Parking Supply

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measure M-TR-2 would reduce impact C-TR-2 to a less-than-significant level.

#### Noise and Vibration

Impact NO-2 (DEIR 4.D.51): Construction of the proposed Project would expose structures to, or generate excessive groundborne vibration levels but not excessive groundborne noise.

Groundborne vibrations from certain aspects of Project construction have the potential to affect the existing offsite structures nearest to the project site. Most offsite structures, including historic buildings and some older buildings along Presidio Avenue and Masonic Avenue, and older residential structures along Euclid Avenue and Laurel Street, and newer residential and commercial structures along California Street, would be too distant from the proposed construction activities on the project site to be susceptible to structural damage. However, excavators used during excavation work along certain portions of California Street have the potential to cause structural damage at the nearest offsite structure, the SF Fire Credit Union building, when operating within 8 feet of this building. This would be a significant impact.

#### Mitigation Measure M-NO-2: Vibration Monitoring Program for SF Fire Credit Union Building

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measure M-NO-2 would reduce impact NO-2 to a less-than-significant level.

Impact NO-3 (DEIR 4.D.58): Operation of the proposed Project would not result in a substantial permanent increase in ambient noise levels in the immediate project vicinity, or permanently expose persons to noise levels in excess of standards in the San Francisco General Plan and the San Francisco Noise Ordinance.

Stationary equipment associated with project includes HVAC systems, cooling towers, an emergency generator, ventilation systems, and trash compactors, but the design and selection of this equipment is not complete. It is possible that HVAC and cooling equipment at the project buildings could result in excessive noise. A mitigation measure is identified to ensure that project equipment noise levels would comply with Police Code section 2909 requirements with respect to both existing offsite and future onsite land uses.

#### Mitigation Measure M-NO-3: Stationary Equipment Noise Controls

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measure M-NO-3 would reduce impact NO-3 to a less-than-significant level.

#### Biological Resources

Impact BI-1 (IS 198): The proposed Project would have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service; and the proposed Project would interfere substantially with the movement of native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites.

Tree removal and construction-related activities associated with the project could adversely affect bird breeding and nest behaviors at the project site and in the immediate vicinity. Construction activities that may cause visual disturbance or alter the ambient noise environment include vegetation removal, demolition of existing buildings, and construction of foundations and new buildings. Although adult birds can escape the project site to avoid direct harm during construction, eggs or chicks associated with active nests could still be permanently affected (i.e. abandoned or killed) by project construction activities. The project may result in the displacement of nesting migratory birds and/or the abandonment of active nests should construction and vegetation removal occur during the typical nesting season (January 15 through August 15). A mitigation measure is identified to ensure that project activities do not result in the take of an active nest.

The project would increase the number of new buildings at the project site and the heights of existing buildings, which could create potential obstacles for resident or migratory birds. This could result in an increase in bird injury or mortality in the event of a collision. The project would comply with Planning Code section 139's feature-related standards.

#### Mitigation Measure M-BI-1: Preconstruction Nesting Bird Surveys and Buffer Areas

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measure M-BI-1 would reduce impact BI-1 to a less-than-significant level.

Impact C-BI-1 (IS 204): The proposed Project, in combination with past, present, and reasonably foreseeable future projects, would result in a cumulatively considerable contribution to cumulative impacts related to biological resources.

Cumulative development within the vicinity of the project site would occur within a dense urban environment that lacks suitable habitat for candidate, sensitive, or special-status species. Future projects such as 3700 California Street and 2670 Geary Boulevard, may result in an increase in population density, taller buildings, and tree removal. Such development could have an impact on nesting and migratory birds that would be reduced to less-than-significant levels with implementation of mitigation measures associated with meeting the requirements of the Migratory Bird Treaty Act and California Fish and Game Code. Additionally, these future projects would also be subject to, and comply with, the requirements of Planning Code section 139, incorporation of bird-safe glazing treatment on 100 percent of any feature-related hazards (e.g., balconies, free-standing glass walls, or skywalks).

#### Mitigation Measure M-BI-1: Preconstruction Nesting Bird Surveys and Buffer Areas

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measure M-BI-1 would reduce impact C-BI-1 to a less-than-significant level.

#### Geology and Soils

Impact GE-5 (IS 212): The proposed Project would directly or indirectly destroy a unique paleontological resource or site or unique geologic feature.

The project would entail excavation to a depth of up to 40 feet to accommodate the below-grade basement levels, foundations, and site terracing, extending into the Colma Formation at certain locations. For paleontologically sensitive areas, the objective of implementing mitigation measures is to reduce adverse impacts on paleontological resources by recovering fossils and associated contextual data prior to and during ground-disturbing activities. Ground-disturbing activities as a result of the project could expose and cause impacts on unknown paleontological resources, which would be a potentially significant impact.

#### Mitigation Measure M-GE-5: Inadvertent Discovery of Paleontological Resources

The Commission finds that, for the reasons set forth in the Final EIR, implementing Mitigation Measure M-GE-5 would reduce impact GE-5 to a less-than-significant level.

#### IV. SIGNIFICANT IMPACTS THAT CANNOT BE AVOIDED OR MITIGATED TO A LESS-THAN-SIGNIFICANT LEVEL

Based on substantial evidence in the whole record of these proceedings, the Planning Commission finds that, where feasible, changes or alterations have been required, or incorporated into, the Project to reduce the significant environmental impacts as identified in the Final EIR. The Commission finds that the mitigation measures in the Final EIR and described below are appropriate, and that changes have been required in, or incorporated into, the Project, pursuant to Public Resources Code section 21002 and CEQA Guidelines Section 15091, that may lessen, but do not avoid (i.e., reduce to less-than-significant levels),

the potentially significant environmental effects associated with implementation of the Project that are described below. Although all of the mitigation measures set forth in the MMRP, attached as Exhibit 1, are hereby adopted, for some of the impacts listed below, despite the implementation of feasible mitigation measures, the effects remain significant and unavoidable.

The Commission further finds based on the analysis contained within the Final EIR, other considerations in the record, and the significance criteria identified in the Final EIR, that feasible mitigation measures are not available to reduce some of the significant Project impacts to less-than-significant levels, and thus those impacts remain significant and unavoidable. The Commission also finds that, although mitigation measures are identified in the Final EIR that would reduce some significant impacts, certain measures, as described in this Section IV below, are uncertain or infeasible for reasons set forth below, and therefore those impacts remain significant and unavoidable or potentially significant and unavoidable.

Thus, the following significant impacts on the environment, as reflected in the Final EIR, are unavoidable. But, as more fully explained in Section VII, below, under Public Resources Code section 21081(a)(3) and (b), and CEQA Guidelines 15091(a)(3), 15092(b)(2)(B), and 15093, it is found and determined that legal, environmental, economic, social, technological and other benefits of the Project override any remaining significant adverse impacts of the Project for each of the significant and unavoidable impacts described below. This finding is supported by substantial evidence in the record of this proceeding.

#### Cultural Resources

Impact CR-1 (DEIR 4B.41): The proposed Project would cause a substantial adverse change in the significance of a historical resource as defined in section 15064.5 of the CEQA Guidelines.

The Midcentury Modern-designed corporate campus at 3333 California Street, built between 1956 and 1966, is eligible for listing in the California Register of Historical Resources as an individual property under Criterion 1 for its association with the broad pattern of development in San Francisco as a unique urban adaptation of a typically suburban property type (corporate campus) and under Criterion 3 for its uniform Midcentury Modern architectural qualities, and for its association with master landscape design firm Eckbo, Royston & Williams and master engineering firm of John J. Gould & H. J. Degenkolb & Associates. As such, the property is considered a "historical resource" for the purposes of the CEQA.

The Historic Resources Evaluation Response prepared for the Project by the Planning Department evaluated the Project's proposed treatment of the property for consistency with the Secretary's Standards, and concluded that the Project would not comply with Standards 1, 2, 5, 6, 9, or 10 for several reasons, including the removal of elements that convey the project site's history as a corporate campus, the construction of new buildings on formerly open and/or landscaped space at the project site, and the changes to the massing and materiality of the office building. Moreover, the project would materially alter the physical characteristics of 3333 California Street that convey its historic significance and that justify its inclusion in the California Register.

The project would materially impair the historical significance of 3333 California Street. Accordingly, the project would result in a substantial adverse change to 3333 California Street, a significant impact under CEQA.

Mitigation Measure M-CR-1a: Documentation of Historical Resource

Mitigation Measure M-CR-1b: Interpretation of the Historical Resource

Although implementation of these mitigation measures could reduce the severity of the impact to 3333 California Street that would result from implementation of the project, the impact would be significant and unavoidable.

Transportation and Circulation

Impact TR-4 (DEIR 4.C.83): The proposed Project would result in an adverse transit capacity utilization impact for Muni route 43 Masonic during the weekday a.m. peak hour under baseline conditions.

The project would result in an adverse impact on the 43 Masonic Muni route by increasing ridership to exceed the 85 percent capacity utilization and contributing more than 5 percent on this route during the weekday a.m. peak hour under baseline conditions. This increase in transit demand could not be accommodated by adjacent transit capacity, given the 43 Masonic is the only transit line within one half of a mile that serves the northbound destinations for the assumed distribution of project trips. Therefore, the project would have a significant impact on an individual Muni line.

Mitigation Measure M-TR-4: Monitor and Provide Fair-Share Contribution to Improve 43 Masonic Capacity

Although implementation of this mitigation measure would result in transit route improvements expected to allow Muni to maintain transit headways, reducing the project's impact to a less-than-significant level, the options for providing additional service and SFMTA's ability to implement improvements is uncertain. Accordingly, the project's impact would be considered significant and unavoidable.

Noise and Vibration

Impact NO-1 (DEIR 4.D.36): Construction of the proposed Project would expose people to or generate noise levels in excess of applicable standards or cause a substantial temporary or periodic increase in ambient noise levels.

The nearest noise-sensitive receptors are located between 60 and 240 feet from the nearest portion of the site. These uses would experience temporary and intermittent noise associated with excavation and construction activities. The temporary daytime construction noise increases at sensitive residential land uses on the south side of Euclid Avenue, the west side of Laurel Street, and the north side of California Street would be as high as 16 dBA, 17 dBA, and 10 dBA above ambient levels, respectively, during some phases of the construction program, which would be considered a substantial increase. Although construction-related impacts are considered temporary, they would be persistent over certain phases of construction during the seven-year construction period and would represent a 10-dBA increase over ambient noise levels, creating a significant impact.



Onsite noise-sensitive receptors would include residential dwellings (in all-new and renovated buildings) and both a child care center and residential dwellings in the proposed Walnut Building. Future onsite sound levels are not yet known and will be based on a number of factors, including levels of traffic noise received at onsite receptors within the project site, the noise shielding effect of intervening buildings, and noises generated by use of the project buildings including traffic, commercial activities, and residential activities. Regardless of future ambient sound levels, it can be reasonably assumed based on the estimated sound levels for offsite receptors, that during construction of subsequent phases of the four-phase construction program, there would be periodic increases over ambient daytime noise levels of 10 dBA or more at onsite receptor locations, which would be a significant impact.

A mitigation measure is intended to reduce the potential for construction noise impacts at offsite receptors and future onsite receptors.

#### Mitigation Measure M NO-1: Construction Noise Control Measures

Implementation of construction-related noise control measures in Mitigation Measure M-NO-1 would reduce the project's temporary or periodic increases in ambient noise levels to the maximum extent feasible. However, these construction-related measures would not necessarily reduce noise increases at the sensitive residential land uses on the south side of Euclid Avenue, the west side of Laurel Street, the north side of California Street, and future onsite receptors to below the +10 dBA standard over ambient conditions during construction activities that would generate high levels of noise (i.e., general excavation of all phases and certain building construction activities. Because the certainty of the construction noise reductions from implementation of Mitigation Measure M-NO-1 are not assured, the impact is considered significant and unavoidable.

#### V. MITIGATION MEASURES REJECTED AS INFEASIBLE

No mitigation measures identified in the Final EIR are rejected as infeasible.

#### VI. EVALUATION OF PROJECT ALTERNATIVES

This Section describes the reasons for approving the Project and the reasons for rejecting the alternatives as infeasible. CEQA requires that an EIR evaluate a reasonable range of alternatives to the proposed project or the project location that substantially reduce or avoid significant impacts of the proposed project. CEQA requires that every EIR also evaluate a "No Project" alternative. Alternatives provide the decision maker with a basis of comparison to the proposed Project in terms of their significant impacts and their ability to meet project objectives. This comparative analysis is used to consider reasonable, potentially feasible options for minimizing environmental consequences of the proposed Project.

#### Alternatives Considered, Rejected and Reasons for Rejection

The Planning Commission rejects the Alternatives set forth in the Final EIR and listed below based upon substantial evidence in the record, including evidence of economic, legal, social, technological, and other considerations described in this Section, in addition to those described in Section VII below, which are hereby incorporated by reference, that make these alternatives infeasible. In making these determinations, the Commission is aware that CEQA defines "feasibility" to mean "capable of being

accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors." (CEQA Guidelines § 15364.) Under CEQA case law, the concept of "feasibility" encompasses (i) the question of whether a particular alternative promotes the underlying goals and objectives of a project; and (ii) the question of whether an alternative is "desirable" from a policy standpoint to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

A. No Project Alternative

Under the No Project Alternative, the Project site would generally remain in its existing condition and would not be redeveloped with a mix of residential, retail, child care, and open space uses. This alternative would reduce or avoid impacts associated with construction activities, and effects associated with the operation of more intense uses on the site. All structures on the site would be retained, and the existing site would continue to function as an office use, at the city's standard office occupancy rate of 276 gross square feet of space per employee, a slight increase in the number of onsite employees compared to existing conditions). The existing 543 parking spaces would remain.

The existing glazing has been modified from the original system and, based on current condition of the office building's glass curtain wall system, would likely require in-kind replacement. No other modifications, repairs, or restoration activities would be conducted on the exterior. In addition, the interior of the existing office building could be altered as part of tenant leasing agreements. Any such alterations would not result in a change to the amount of currently leasable office space.

The existing land use controls on the project site would continue to govern site development and would not be changed.

The No Project Alternative would reduce the impacts of the project because no new development would occur. None of the significant and unavoidable impacts associated with the project would occur. The No Project Alternative would have less-than-significant impacts or no impacts on topics determined in the Final EIR or initial study to be either less than significant or less than significant with mitigation under the project, and would not require mitigation measures.

The No Project Alternative is hereby rejected as infeasible because, although it would eliminate the significant and unavoidable historic architectural resources, transportation and circulation, and noise and vibration impacts of the Project, it would fail to meet all of the basic objectives of the Project. In particular, this alternative would fail to achieve objectives regarding the development of a walkable mixed-use community with a mix of compatible uses including residences, neighborhood-serving ground floor retail, onsite child care, potential office/commercial uses, and substantial open space; it would fail to address the City's housing goals because it would not create any new residential dwelling units on the site; and it would fail to extend the neighborhood urban pattern and surrounding street grid into the site, a key urban design principle consistent with the Planning Department's early input on the Project, which has been incorporated into the Project's design.

For these reasons, it is hereby found that the No Project Alternative is rejected because it would not meet the basic objectives of the Project and, therefore, is not a feasible alternative.

B. Full Preservation – Office Alternative

Under the Full Preservation – Office Alternative, the existing four-story office building would be retained in its entirety and would continue as office use. A one-level vertical addition would be constructed on the roof to expand the usable space for office uses, replacing the existing mechanical penthouse. New construction on the project site would be limited to the northern portion of the site adjacent to California Street. Two new multi-family residential buildings (the Plaza B and Walnut buildings) and the California Street Garage would be developed in the areas occupied by the surface parking lots on that portion of the site. The annex building, the perimeter brick wall that borders the north and west (partial) boundaries of the project site, and a portion of the surface parking lot on the western portion of the site, south of Mayfair Drive, would be retained. Existing conditions on the southern and eastern portions of the project site would be maintained. The most prominent views of the project site, from the east on Pine Street (looking west) and from the south on Masonic Avenue (looking north), would be retained with minimal change as would views from Laurel Street (looking east).

The footprint of the office building would remain the same as under existing conditions. One floor of additional usable office space would be added, increasing the height of the office building from 55 feet 6 inches to 66 feet 8 inches. The addition would be set back 15 feet from the east, west, and south sides of the existing office building; would have a contemporary design with steel and glazing, and would be visually subordinate in relation to the overall size of the existing building. With the vertical addition to the existing office building and the retention of the annex building, there would be a total of 406,459 gross square feet of office uses under the Full Preservation – Office Alternative (406,459 more gross square feet than under the project, which would not contain office uses).

The Plaza B and Walnut buildings would have different land uses, building footprints, and building heights compared to the project. These new residential buildings would have no ground-floor retail along California Street or child care uses as they would with the project. The Plaza B and Walnut buildings along California Street would provide a total of 167 residential units (577 fewer residential units than the project).

One new below-grade parking garage (the California Street Garage) would be constructed. The California Street Garage would have two levels of below-grade parking rather than the three levels in the project. The parking garage under the existing office building would be retained. The parking program for this alternative would retain 102 of the 331 existing surface parking spaces on the project site; the remaining 229 surface parking spaces would be replaced by spaces in the new California Street Garage. The 212 parking spaces in the existing garage would be retained. Overall, there would be 765 off-street parking spaces: 167 spaces for residential uses, 585 spaces for office uses, and 13 car-share spaces. Thus, the Full Preservation – Office Alternative would provide 82 fewer spaces than the project's 847 off-street parking spaces. Except for spaces in the retained surface parking lots, off-street parking (663 spaces) would be in the California Street Garage and the retained parking garage.

The Full Preservation – Office Alternative would be constructed in approximately two years, with excavation and site preparation for construction of the Plaza B and Walnut buildings and the California Street Garage and alterations to the existing office building occurring as part of a single phase (5 to 13 years less than the proposed Project).

The Full Preservation – Office Alternative would not cause a substantial adverse impact on the historic resource at 3333 California Street, as the project site would continue to convey its historic and architectural significance as a Midcentury Modern-designed corporate campus. Mitigation Measure M-CR-1a: Documentation of Historical Resource and Mitigation Measure M-CR-1b: Interpretation of the Historical Resource would not be required.

Like the project, the Full Preservation – Office Alternative would result in adverse impacts on the 43 Masonic by increasing ridership to exceed the 85 percent capacity utilization during the weekday a.m. peak period under baseline conditions, although to a lesser degree. Therefore, similar to the project, this alternative would have a significant impact on an individual Muni line and mitigation would be required. Implementation of Mitigation Measure M-TR-4: Monitor and Provide Fair Share Contribution to Improve 43 Masonic Capacity would reduce the impact, but the impact would remain significant and unavoidable after mitigation.

With a construction program limited to the northern portion of the site and a shorter, single-phase construction schedule, the number of temporary construction-related noise events that could affect offsite sensitive receptor locations would be reduced from those under the project. However, the type of construction equipment and use characteristics would not change because demolition, excavation, and construction activities, even though more limited, would still occur. Thus, the potential to generate substantial temporary noise increases of at least 10 dBA over ambient levels at various offsite locations along surrounding streets would remain significant and unavoidable, as discussed in greater detail in the Final EIR. Construction noise impacts under this alternative (although more limited in terms of the number of noise events) would be significant and implementation of Mitigation Measure M-NO-1: Construction Noise Control Measures would be required, which would reduce but not eliminate construction noise impacts. As with the project, construction noise impacts under the Full Preservation – Office Alternative would remain significant and unavoidable with implementation of Mitigation Measure M-NO-1.

The Full Preservation – Office Alternative is rejected as infeasible because, although it would eliminate the significant and unavoidable historic architectural resources impact identified for the Project, and would reduce the significant and unavoidable transportation and circulation and noise impacts, it would fail to meet some of the project objectives, and would meet many of the other project objectives to a lesser extent than the project. The Full Preservation – Office Alternative would fail to open and connect the site to the surrounding community because it would not construct the Walnut and Mayfair walks. Accordingly, it would fail to extend the neighborhood urban pattern and surrounding street grid into the site, a key urban design principle consistent with the Planning Department's early input on the Project, which has been incorporated into the Project's design. It would also fail to provide active ground floor retail uses or activated neighborhood-friendly spaces along the adjacent streets. The alternative would increase the City's housing supply compared to current conditions, but to a substantially lesser extent than would the Project, with only 167 units, 577 fewer residential units and a

corresponding reduction in the number of affordable senior housing units. The alternative would be consistent with the City's goals and policies in the General Plan Housing Element and the City's progress toward meeting its ABAG Regional Housing Needs Allocation number but to a lesser extent than the project. Although this alternative would redevelop a large underutilized commercial site, it would do so to a lesser degree and with a limited mix of uses, reducing walkability and convenience because no onsite child care and retail uses would be provided. In addition, the open space in this alternative would not be as varied or designed to maximize pedestrian accessibility.

In addition, the City has numerous Plans and policies, including in the General Plan (Housing and Transportation Elements) related to the production of housing, including affordable housing, particularly near transit, as more particularly described in the materials considered by the Commission at the September 5, 2019 hearing regarding the Final EIR certification and project approvals, which are incorporated by reference as though fully set forth herein. The Full Preservation – Office Alternative does not promote these Plans and policies to the same extent as the project, particularly due to the lower number of units provided in the Alternative (167) as compared to the Project. Relevant policies include, but are not limited to, the following. From the Housing Element: Objective 1 (identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing); Policy 1.8 (promote mixed use development including permanently affordable housing); Policy 1.10 (support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips); Objective 4 (foster a housing stock that meets the needs of all residents across life cycles); Policy 4.1 (develop new housing for families with children); Policy 4.4 (encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible); Policy 4.5 (ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels); Policy 12.1 (encourage new housing that relies on transit use and environmentally sustainable patterns of movement). From the Transportation Element: Objective 2 (use the transportation system as a means for guiding development and improving the environment); Policy 2.1 (use rapid transit and other transportation improvements as catalyst for desirable development and coordinate new facilities with public and private development); Policy 2.5 (provide incentives for use of transit, carpools, vanpools, walking and bicycling, and reduce need for new or expanded automobile and parking facilities).

For these reasons, it is hereby found that the Full Preservation – Office Alternative is rejected because, although it would eliminate the significant and unavoidable historic architectural resources impact and would reduce the identified significant and unavoidable transportation and circulation and noise impacts identified for the project, it would fail to meet some project objectives, as well as several City Plans and policies related to the production of housing, including affordable housing, particularly housing and jobs near transit, and urban design, to the same extent as the project. It is, therefore, not a feasible alternative.

C. Full Preservation – Residential Alternative

Under the Full Preservation – Residential Alternative, the existing office building would be mostly retained and converted to residential use. A one-level vertical addition would be constructed to add more space for the residential use. New construction would be restricted to the northern and western portions of the site adjacent to California Street and Laurel Street/Mayfair Drive. As under the project, three new mixed-use multi-family residential buildings with ground-floor retail (the Plaza A, Plaza B, and Walnut buildings), one new multi-family residential building (the Mayfair Building), and two garages (the California Street and Mayfair garages) would be constructed. The annex building, perimeter brick wall, and surface parking lots on the northern portion of the site would be demolished to make way for the new construction. On the western portion of the site along Laurel Street and south of Mayfair Drive, the concrete pergola, terraced formal landscaping, and surface parking would be mostly retained, and development would not be as extensive as it would under the project because the Laurel Duplexes would not be constructed. Existing conditions on the southern and eastern portions of the project site would be maintained. The view through the project site to the existing building from Laurel Street (looking west) would be altered with development of the Mayfair Building. The most prominent views of the project site, from the east on Pine Street (looking west) and from the south on Masonic Avenue (looking north), would be retained with minimal change.

The footprint of the office building would be altered slightly from that under existing conditions, and would be retained as one building instead of being divided into two. Building demolition would be limited to the north-facing entry, the northerly extension of the east wing, and the exposed concrete piers over the garage along with the circular garage ramp structures. Only one floor of residential use would be added, instead of three floors. Similar to the project, this alternative would adaptively reuse the existing office building for residential use and would replace the glass curtain window wall system. Under this alternative the new window wall system would be designed to be compatible with the character of the historic resource. The vertical addition would increase the height of the existing building from 55 feet 6 inches to 66 feet 8 inches. Its design and setbacks would be similar to those described for the Full Preservation – Office Alternative. With the addition of one floor to the existing building, there would be a total 369,818 gross square feet of residential space for 190 residential units in the building.

The land use program, footprints, and heights for the Plaza A, Plaza B, Walnut, and Mayfair buildings would be substantially the same as under the project. Development of the four new buildings along California and Laurel streets would total 335,361 gross square feet of residential use with 344 residential units, 14,650 gross square feet of child care use, and 44,306 gross square feet of retail use. The Plaza A and Plaza B buildings would be 45 feet tall, with ground floor retail. The Walnut Building would be 67 feet tall and would include ground floor retail and child care space. The Mayfair Building would be a four-story residential building with a proposed height of 40 feet. Overall, under Alternative the Full Preservation – Residential Alternative, there would be 224,277 fewer gross square feet than under the project.

The Full Preservation – Residential Alternative would provide two new below-grade parking garages (the California Street and Mayfair garages, one fewer than the project); and partly retain the parking garage under the existing office building. The parking program would replace and

expand the existing 543 surface and subsurface parking spaces on the project site. Unlike the project, 80 of the 331 surface parking spaces on the project site would be retained. Overall, there would be a total of 746 off-street parking spaces under this alternative: 534 spaces for residential uses, 115 spaces for retail uses, 29 spaces for the child care use, 60 commercial parking spaces, and 8 car-share spaces. Thus, the Full Preservation – Residential Alternative would provide 203 more off-street parking spaces than there are currently and 101 fewer spaces than the project's 847 off-street parking spaces.

The Full Preservation – Residential Alternative would be constructed in approximately five and a half years and two phases. Construction activities included in the phases are discussed below; and as with the construction program for the proposed project the phases could be developed in a different order. First phase: Demolition of the circular garage ramp structures and the northerly extension of the east wing of the existing office building and alterations to the existing office building. Second phase: Demolition of the existing annex building and the surface parking lots on the north and west portions of the site, excavation and site preparation for construction of the California Street buildings and the Mayfair Building and associated garages.

The Full Preservation – Residential Alternative would not cause a substantial adverse impact on the historic resource at 3333 California Street, as the project site would continue to convey its historic and architectural significance as a Midcentury Modern-designed corporate campus. Mitigation Measure M-CR-1a: Documentation of Historical Resource and Mitigation Measure M-CR-1b: Interpretation of the Historical Resource would not be required.

Like the project, the Full Preservation – Residential Alternative would result in adverse impacts on the 43 Masonic by increasing ridership to exceed the 85 percent capacity utilization during the weekday a.m. peak period under baseline conditions, although to a lesser degree. Therefore, similar to the project, this alternative would have a significant impact on an individual Muni line and mitigation would be required. Implementation of Mitigation Measure M-TR-4: Monitor and Provide Fair Share Contribution to Improve 43 Masonic Capacity would be required. Similar to the project, the SFMTA's ability to provide additional capacity or improve transit headways is uncertain; thus, the impact would remain significant and unavoidable after mitigation.

Under this alternative, the construction program would be shorter than that for the project and would be completed in two phases rather than four. However, the type of construction equipment and use characteristics would not change because demolition, excavation, and construction activities, even though more limited, would still occur. Thus, the potential to generate substantial temporary noise increases of at least 10 dBA over ambient levels at various offsite locations along surrounding streets, and, during the second phase of construction, at certain onsite locations that could be occupied after completion of the first phase, would remain significant and unavoidable, as discussed in greater detail in the Final EIR. Construction noise impacts under this alternative (although more limited in terms of the number of noise events) would be significant and implementation of Mitigation Measure M-NO-1: Construction Noise Control Measures would be required, which would reduce but not eliminate construction noise impacts. As with the project, construction noise impacts under the Full Preservation – Residential Alternative would remain significant and unavoidable with implementation of Mitigation Measure M-NO-1.

The Full Preservation – Residential Alternative is rejected as infeasible because, although it would eliminate the significant and unavoidable historic architectural resources impact identified for the Project, and would reduce the significant and unavoidable transportation and circulation and noise impacts, it would fail to meet several of the project objectives to the same extent as the project. This alternative would not open and connect the site to the surrounding community to the same extent as the project, as only Mayfair Walk, and not Walnut Walk, would be developed to extend through the entire site. Accordingly, it would not, to the same extent as the project, extend the neighborhood urban pattern and surrounding street grid into the site, a key urban design principle consistent with the Planning Department's early input on the Project, which has been incorporated into the Project's design. The alternative would increase the City's housing supply compared to current conditions, but to a lesser extent than would the Project, with 210 fewer residential units and a corresponding reduction in the number of affordable senior housing units. This would be less consistent with the City's goals and policies in the General Plan Housing Element and the City's progress toward meeting its ABAG Regional Housing Needs Allocation number. This alternative would redevelop a large underutilized commercial site, although to a lesser degree and with less density than the project, and it would provide fewer activated neighborhood-friendly spaces along the adjacent streets than would the project. In addition, the open space in this alternative would not be as varied and is not designed to maximize pedestrian accessibility.

In addition, the City has numerous Plans and policies, including in the General Plan (Housing and Transportation Elements) related to the production of housing, including affordable housing, particularly near transit, as more particularly described in the materials considered by the Commission at the September 5, 2019 hearing regarding the Final EIR certification and project approvals, which are incorporated by reference as though fully set forth herein. The Full Preservation – Residential Alternative does not promote these Plans and policies to the same extent as the project. Relevant policies include, but are not limited to, the following. From the Housing Element: Objective 1 (identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing); Policy 1.8 (promote mixed use development including permanently affordable housing); Policy 1.10 (support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips); Objective 4 (foster a housing stock that meets the needs of all residents across life cycles); Policy 4.1 (develop new housing for families with children); Policy 4.4 (encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible); Policy 4.5 (ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels); Policy 12.1 (encourage new housing that relies on transit use and environmentally sustainable patterns of movement). From the Transportation Element: Objective 2 (use the transportation system as a means for guiding development and improving the environment); Policy 2.1 (use rapid transit and other transportation improvements as catalyst for desirable development and coordinate new facilities with public and private development); Policy 2.5 (provide incentives for use of transit, carpools, vanpools, walking and bicycling, and reduce need for new or expanded automobile and parking facilities).



For these reasons, it is hereby found that the Full Preservation – Residential Alternative is rejected because, although it would eliminate the significant and unavoidable historic architectural resources impact and would reduce the identified significant and unavoidable transportation and circulation and noise impacts identified for the project, it would fail to meet several of the project objectives and City Plans and policies related to the production of jobs and housing, including affordable housing, particularly near transit, and urban design, to the same extent as the project. It is, therefore, not a feasible alternative.

D. Partial Preservation – Office Alternative

Under the Partial Preservation – Office Alternative, the existing office building would be mostly retained for continued office use and altered with minor demolition. A two-story addition would be added to the roof to expand the office use. New construction on the project site would be limited to the northern and western portions of the site. As under the project, three new mixed-use multi-family residential buildings with ground-floor retail (the Plaza A, Plaza B, and Walnut buildings), one new multifamily residential building (the Mayfair Building), and two garages (the California Street and Mayfair garages) would be constructed. The annex building, circular garage ramp structures, surface parking lots, and open and landscaped areas on the northern portion of the site along California and Laurel streets would be demolished to make way for the new construction. On the western portion of the site along Laurel Street and south of Mayfair Drive, the concrete pergola, terraced formal landscaping, brick retaining wall, and surface parking would be removed; however, development would not be as extensive as it would under the project because one fewer Laurel Duplex would be constructed and footprints would be slightly different. Existing conditions on the southern and eastern portions of the project site would be maintained. The view through the project site to the existing building from Laurel Street (looking west) would be altered with development of the Mayfair Building and Laurel Duplexes. The most prominent views of the project site, from the east on Pine Street (looking west) and from the south on Masonic Avenue (looking north), would be retained with minimal change.

Under this alternative, the existing office building's north-facing entry, the northerly extension of the east wing, and the exposed concrete piers over the garage would be demolished, and the continuous full-height, slightly recessed curtain wall glazing and the glass curtain wall system would be replaced in kind for office use, rather than altered for residential use. The existing office building's auditorium space would be retained. This alternative's stepped, two-story, 24-foot-tall vertical addition would increase the height of the existing office building from 55 feet 6 inches up to 80 feet. The first story of the vertical addition would be set back 15 feet from the east, west, and south sides of the existing office building. The second story would be set back an additional 45 feet and 120 feet, respectively, from the east and west sides of the new floor addition immediately below. The addition would be designed with modern materials, such as steel and glazing, and would be visually subordinate to the existing structure, matching its stepped approach. With the addition of two floors to the existing office building and the enclosure of the northeastern portion of the existing office building (where the northerly extension of the east wing, exposed concrete piers over the garage, and circular garage ramp structures would be demolished), there would be a total 402,404 gross square feet of office space under this alternative (26,404 more gross square feet than under existing conditions [with demolition of the existing 14,000-gross-square-foot

annex building)) and 402,404 more gross square feet than under the project, which would not contain office uses).

The footprints of the Plaza A, Plaza B, and Walnut buildings on California Street and the Mayfair Building on Laurel Street (including the California Street and Mayfair garages) would not change compared to the project. The Plaza A and Plaza B buildings would be 65 feet tall, with ground floor retail (20 feet taller than the project). As with the project, the Walnut Building would be 67 feet tall and would include ground floor retail and child care space. The Mayfair Building would be a four-story residential building with a proposed height of 40 feet. Six Laurel Duplexes (not seven as with the project) would be constructed along Laurel Street. Five would be set back 25 feet from Laurel Street, a similar setback as that for the project. The fourth duplex in the row would be set back 60 feet from Laurel Street to retain two existing Coast Live Oak trees, as with the project. The footprints would disturb slightly less surface area than under the project because there would be one less building, and the last duplex on the south end would have a slightly smaller footprint in order to retain the south wing of the existing office building and a portion of the green lawn at the northeast corner of Euclid Avenue and Laurel Street. Each duplex would be four stories tall and building heights would range from 37 to 40 feet, as with the project.

This alternative would provide two new below-grade parking garages and five individual two-car parking garages, and would partially retain the three-level, partially below-grade parking garage, as with the project. The parking program for the Partial Preservation – Office Alternative would replace and expand the existing 543 surface and subsurface parking spaces on the project site. Overall, there would be a total of 1,132 off-street parking spaces: 456 spaces for residential uses, 69 spaces for retail uses, 570 spaces for office uses, 21 spaces for the child care use, and 16 carshare spaces. Thus, this alternative would provide 285 more parking spaces than the project's 847 off-street parking spaces. There would be 30 off-street residential parking spaces for the Mayfair Building; 10 spaces for the Laurel Duplexes would be in private, two-car parking garages. Off-street parking spaces for the remaining residential use (416 spaces) would be provided in the California Street Garage. All 69 off-street parking spaces for the retail use and all 21 spaces associated with the child care use would also be located in the California Street Garage along with 16 car-share spaces. The 570 off-street parking spaces for the office use would be located in the California Street Garage (506 spaces) and the retained parking garage under the existing office building (64 spaces).

This alternative would be constructed in approximately five and a half years in three phases. Construction activities included in the phases are discussed below; and, as with the project, the construction phases could be developed in a different order. First phase: Demolition of the circular garage ramp structures and the northerly extension of the east wing of the existing office building and alterations to the existing office building. Second construction phase: Demolition of the existing annex building and the surface parking lots on the north portion of the site and excavation and site preparation for construction of the California Street buildings and associated California Street Garage. Third phase: Demolition of the surface parking lot and associated landscaping on the west portion of the site near Laurel Street and excavation and site preparation for construction of the Mayfair Building (and associated Mayfair Garage) and the Laurel Duplexes.

New construction and changes to the existing office building would result in moderate changes to the distinctive materials, features, spaces and spatial relationships on the northern and western portions of the property. Although the retention, rehabilitation, and reuse of the existing office building under this alternative would avoid the physical loss of the office building, the removal of many of the character-defining site and landscape features in combination with the construction of ten new buildings along California and Laurel streets would be substantial enough to hinder the site's ability to convey its historically open feel such that the property could no longer convey its historic and architectural significance as a Midcentury Modern-designed corporate campus. Although this alternative would reduce the impact on the historic architectural resource, the extent of the alterations to the character-defining building, site, and landscape features would, on balance, materially alter the physical characteristics of the property at 3333 California Street that convey its historic and architectural significance and that justify its inclusion in the California Register. As such, the Partial Preservation – Office Alternative would reduce the magnitude of the impact compared to the project, but not to a less-than-significant level, and the substantial adverse impact on the historic resource at 3333 California Street would remain. For this reason, as with the project, implementation of Mitigation Measure M-CR-1a: Documentation of Historical Resource and Mitigation Measure M-CR-1b: Interpretation of the Historical Resource would be required for this alternative. Implementation of these mitigation measures would reduce the significant impact, but not to a less-than-significant level.

Like the project, the Partial Preservation – Office Alternative would result in adverse impacts on the 43 Masonic by increasing ridership to exceed the 85 percent capacity utilization during the weekday a.m. peak period under baseline conditions, and would increase ridership more than the project would, resulting in a slightly greater significant impact. Therefore, this alternative would have a significant impact on an individual Muni line and mitigation would be required. Implementation of Mitigation Measure M-TR-4: Monitor and Provide Fair Share Contribution to Improve 43 Masonic Capacity would be required. Similar to the project, the SFMTA's ability to provide additional capacity or improve transit headways is uncertain; thus, the impact would remain significant and unavoidable after mitigation.

The construction program for this alternative would be shorter than the project, and would require three phases rather than four. However, the type of construction equipment and use characteristics would not change because demolition, excavation, and construction activities, even though more limited, would still occur. Thus, the potential to generate substantial temporary noise increases of at least 10 dBA over ambient levels at various offsite locations along surrounding streets, and, during the subsequent phases of construction, at certain onsite locations that could be occupied after completion of the earlier phases, as discussed in greater detail in the Final EIR. Construction noise impacts under this alternative would be significant and implementation of Mitigation Measure M-NO-1: Construction Noise Control Measures would be required, which would reduce but not eliminate construction noise impacts. As with the project, construction noise impacts under the Partial Preservation – Office Alternative would remain significant and unavoidable with implementation of Mitigation Measure M-NO-1.

The Partial Preservation – Office Alternative is rejected as infeasible because, although it would reduce the significant and unavoidable historic architectural resources and noise impacts

identified for the project, it would not eliminate them, and it would result in a slightly greater significant and unavoidable transportation and circulation impact, and it would fail to meet several of the project objectives to the same extent as the project. This alternative would not open and connect the site to the surrounding community to the same extent as the project, as only Mayfair Walk, and not Walnut Walk, would be developed to extend through the entire site. Accordingly, it would not, to the same extent as the project, extend the neighborhood urban pattern and surrounding street grid into the site, a key urban design principle consistent with the Planning Department's early input on the Project, which has been incorporated into the Project's design. The alternative would increase the City's housing supply compared to current conditions, but to a lesser extent than would the Project, with 288 fewer residential units and a corresponding reduction in the number of affordable senior housing units. This would be less consistent with the City's goals and policies in the General Plan Housing Element and the City's progress toward meeting its ABAG Regional Housing Needs Allocation number. This alternative would redevelop a large underutilized commercial site, although to a lesser degree and with less density than the project, and it would provide fewer activated neighborhood-friendly spaces along the adjacent streets than would the project. In addition, the open space provided in this alternative would not be as varied and would have less pedestrian accessibility and ease of use.

In addition, the City has numerous Plans and policies, including in the General Plan (Housing and Transportation Elements) related to the production of housing, including affordable housing, particularly near transit, as more particularly described in the materials considered by the Commission at the September 5, 2019 hearing regarding the Final EIR certification and project approvals, which are incorporated by reference as though fully set forth herein. The Partial Preservation – Office Alternative does not promote these Plans and policies to the same extent as the project particularly due to the lower number of units provided in the Alternative (456) as compared to the Project. Relevant policies include, but are not limited to, the following. From the Housing Element: Objective 1 (identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing); Policy 1.8 (promote mixed use development including permanently affordable housing); Policy 1.10 (support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips); Objective 4 (foster a housing stock that meets the needs of all residents across life cycles); Policy 4.1 (develop new housing for families with children); Policy 4.4 (encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible); Policy 4.5 (ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels); Policy 12.1 (encourage new housing that relies on transit use and environmentally sustainable patterns of movement). From the Transportation Element: Objective 2 (use the transportation system as a means for guiding development and improving the environment); Policy 2.1 (use rapid transit and other transportation improvements as catalyst for desirable development and coordinate new facilities with public and private development); Policy 2.5 (provide incentives for use of transit, carpools, vanpools, walking and bicycling, and reduce need for new or expanded automobile and parking facilities).

For these reasons, it is hereby found that the Partial Preservation – Office Alternative is rejected because, although it would reduce the significant and unavoidable historic architectural resources and noise impacts identified for the project, it would not eliminate them, and it would result in a slightly greater significant and unavoidable transportation and circulation impact, and it would fail to meet several of the project objectives and City Plans and policies related to the production of housing, including affordable housing, particularly near transit, and urban design, to the same extent as the project. It is, therefore, not a feasible alternative.

E. Partial Preservation – Residential Alternative

Under the Partial Preservation – Residential Alternative, the existing office building would be partially retained as a single building and adapted for residential use, with a two-story addition on the roof. This addition would be shorter and less noticeable than the addition for the project and the setbacks, on all sides except the north side, would make the addition more visually subordinate to the existing building. While, like the project, the south wing and associated landscape and the northerly extension of the east wing would be demolished, the center of the remaining existing building would not be removed to create two separate buildings connected by a bridge. The glass curtain wall system would be replaced with a compatible design that reflects the new residential use. A portion of the three-level, partially below-grade parking garage would also be retained; however, the circular garage ramp structures and the annex building and perimeter brick wall that borders the north and west (partial) boundaries of the project site would be demolished. With the addition of two floors and the enclosure of the northeastern and southwestern portions of the existing building (i.e., where the northerly extension of the east wing and the whole south wing would be demolished), there would be a total of 330,282 gross square feet of residential uses (or 162 residential units) in the adaptively reused residential building.

The land use program, footprints, and heights for the Plaza A, Plaza B, Walnut, and Mayfair buildings and the Laurel Duplexes would be substantially similar to the project. New construction under this alternative would be more limited than under the project but expanded from that under the full preservation alternatives and the Partial Preservation – Office Alternative to add development along Euclid Avenue on the southern portion of the site. There would be no new construction along Masonic Avenue southeast of Euclid Avenue, as the Masonic Building would not be built. The footprint of the Euclid Building would be reduced compared to the project to retain the existing private courtyard to the east, and the building would be four stories tall instead of six.

The Euclid Building would be bounded by the private terraces and landscaped area between it and the adaptively reused residential building on the north, the adaptively reused residential building's courtyard on the east, Euclid Avenue on the south, and by the private terraces and landscaped area between it and the Laurel Duplexes on the west. It would be set back approximately 100 feet from the south (Euclid Avenue) property line, instead of 67 feet as under the project. As with the project, the Euclid Building would not include a retail use.

The Partial Preservation – Residential Alternative would provide three new below-grade parking garages: the California Street, Mayfair, and Euclid garages; and would partly retain the parking

garage under the existing building. The Masonic Garage would not be built. Each of the Laurel Duplexes (except the fourth duplex at the Laurel Street midblock) would have private, two-car parking garages. The Euclid Garage would have a smaller footprint than the Masonic Garage planned for the project. As with the project, the parking program would replace and expand the existing 543 surface and subsurface parking spaces on the project site. Overall, there would be a total of 800 off-street parking spaces: 588 spaces for residential uses, 115 spaces for retail uses, 29 spaces for the child care use, 60 commercial parking spaces, and 8 car-share spaces. This alternative would provide 47 fewer parking spaces than the project. The Mayfair and Euclid garages would provide 166 off-street residential parking spaces for the adaptively reused residential building (66 spaces), Euclid Building (68 spaces), Mayfair Building (30 spaces), and the Laurel Duplexes (2 spaces). The other 12 off-street residential parking spaces for the Laurel Duplexes would be provided within the private, two-car parking garages for all but one of the Laurel Duplexes. All other off-street parking associated with the residential use (410 spaces) would be in the California Street Garage and the retained parking garage under the adaptively reused residential building. All off-street parking associated with retail (115 spaces) and child care (29 spaces) uses and the commercial parking spaces (60) and car-share spaces (8) would be located in the California Street Garage.

The Partial Preservation – Residential Alternative would be constructed in approximately six and a half years in four phases. Construction activities included in each of the phases are discussed below; and, as with the project, the order of the construction phases may change. First phase: Demolition of the existing annex building, circular garage ramp structures, the northerly extension of the east wing of the existing office building, and the south wing of the existing office building; and excavation and site preparation for construction of the Euclid Building (and associated Euclid Garage). Second phase: Rehabilitation and adaptive reuse of the existing office building. Third phase: Demolition of the surface parking lots on the north portion of the site and excavation and site preparation for construction of the California Street buildings and associated California Street Garage. Fourth phase: Demolition of the surface parking lot and associated landscaping on the west portion of the site near Laurel Street for construction of the Mayfair Building (and associated Mayfair Garage) and the Laurel Duplexes.

New construction and changes to the existing office building would result in substantial changes to the distinctive materials, features, spaces and spatial relationships on the northern, western, and southern portions of the property. Although the retention and adaptive reuse of a portion of the existing office building under this alternative would avoid the physical loss of the office building, the removal of character-defining site and landscape features, in combination with the construction of 12 new buildings along California Street, Laurel Street, and Euclid Avenue, would be substantial enough to hinder the site's ability to convey its historically open feel such that the property could no longer convey its historic and architectural significance as a Midcentury Modern-designed corporate campus. Although this alternative would reduce the impact on the historic architectural resource, the extent of the alterations to the character-defining building, site, and landscape features would, on balance, materially alter the physical characteristics of the property at 3333 California Street that convey its historic and architectural significance and that justify its inclusion in the California Register. As such, the Partial Preservation – Residential Alternative would reduce the magnitude of the impact compared to

the project, but not to a less-than-significant level, and the substantial adverse impact on the historic resource at 3333 California Street would remain. For this reason, as with the project, implementation of Mitigation Measure M-CR-1a: Documentation of Historical Resource and Mitigation Measure M-CR-1b: Interpretation of the Historical Resource would be required for this alternative. Implementation of these mitigation measures would reduce the significant impact, but not to a less-than-significant level.

Like the project, the Partial Preservation – Residential Alternative would result in adverse impacts on the 43 Masonic by increasing ridership to exceed the 85 percent capacity utilization during the weekday a.m. peak period under baseline conditions, although to a lesser degree. Therefore, similar to the project, this alternative would have a significant impact on an individual Muni line and mitigation would be required. Implementation of Mitigation Measure M-TR-4: Monitor and Provide Fair Share Contribution to Improve 43 Masonic Capacity would be required. Similar to the project, the SFMTA's ability to provide additional capacity or improve transit headways is uncertain; thus, the impact would remain significant and unavoidable after mitigation.

The construction program would be slightly shorter than that for the project and would be completed in the same number of phases. The type of construction equipment and use characteristics would not change because although durations would be slightly more limited, the same types of demolition, excavation, and construction activities would still occur, generating noise increases of 10 dBA or more over ambient levels at offsite locations along surrounding streets, and, during the subsequent phases of construction, at certain onsite locations that could be occupied after completion of the earlier phases, as discussed in greater detail in the Final EIR. Therefore, construction noise impacts from these activities would remain significant and unavoidable. For these reasons, implementation of Mitigation Measure M-NO-1: Construction Noise Control Measures would be required. Implementation of this mitigation measure would reduce but not eliminate the significant impact.

The Partial Preservation – Residential Alternative is rejected as infeasible because, although it would reduce the significant and unavoidable historic architectural resources and transportation and circulation impacts identified for the project, it would not eliminate them, it would not reduce or eliminate the significant and unavoidable noise impact, and it would fail to meet several of the project objectives to the same extent as the project. This alternative would not open and connect the site to the surrounding community to the same extent as the project, as only Mayfair Walk, and not Walnut Walk, would be developed to extend through the entire site. Accordingly, it would not, to the same extent as the project, extend the neighborhood urban pattern and surrounding street grid into the site, a key urban design principle consistent with the Planning Department's early input on the Project, which has been incorporated into the Project's design. The alternative would increase the City's housing supply compared to current conditions, but to a lesser extent than would the Project, with 156 fewer residential units and a corresponding reduction in the number of affordable senior housing units. This would be less consistent with the City's goals and policies in the General Plan Housing Element and the City's progress toward meeting its ABAG Regional Housing Needs Allocation number. This alternative would provide fewer activated neighborhood-friendly spaces along the adjacent streets than

would the project. In addition, the open space provided in this alternative would not be as varied and would have less pedestrian accessibility and ease of use.

In addition, the City has numerous Plans and policies, including in the General Plan (Housing and Transportation Elements) related to the production of housing, including affordable housing, particularly near transit, as more particularly described in the materials considered by the Commission at the September 5, 2019 hearing regarding the Final EIR certification and project approvals, which are incorporated by reference as though fully set forth herein. The Partial Preservation – Residential Alternative does not promote these Plans and policies to the same extent as the project. Relevant policies include, but are not limited to, the following. From the Housing Element: Objective 1 (identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing); Policy 1.8 (promote mixed use development including permanently affordable housing); Policy 1.10 (support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips); Objective 4 (foster a housing stock that meets the needs of all residents across life cycles); Policy 4.1 (develop new housing for families with children); Policy 4.4 (encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible); Policy 4.5 (ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels); Policy 12.1 (encourage new housing that relies on transit use and environmentally sustainable patterns of movement). From the Transportation Element: Objective 2 (use the transportation system as a means for guiding development and improving the environment); Policy 2.1 (use rapid transit and other transportation improvements as catalyst for desirable development and coordinate new facilities with public and private development); Policy 2.5 (provide incentives for use of transit, carpools, vanpools, walking and bicycling, and reduce need for new or expanded automobile and parking facilities).

For these reasons, it is hereby found that the Partial Preservation – Residential Alternative is rejected because, although it would reduce the significant and unavoidable historic architectural resources and transportation and circulation impacts identified for the project, it would not eliminate them, it would not reduce or eliminate the significant and unavoidable noise impact, and it would fail to meet several of the project objectives and City Plans and policies related to the production of housing, including affordable housing, particularly near transit, and urban design, to the same extent as the project. It is, therefore, not a feasible alternative.

#### F. Code-Conforming Alternative

Under the Code-Conforming Alternative, 26 new buildings would be constructed (13 more than under the project) and the existing office building would be adaptively reused for residential use without being separated into two different structures, for a total of 27 buildings. This alternative would provide 629 residential units, no office uses or child care uses, and a limited retail program of approximately 14,995 square feet.

The term "code conforming" is not defined in the planning code or CEQA. Referring to this alternative as "code-conforming" indicates that the alternative could be approved without the



need to amend the current planning code or zoning map; such an alternative need not be limited to a project that is "principally permitted" or could be constructed "as-of-right." This alternative is considered "code conforming" because it could be developed with a conditional use authorization or a planned unit development authorization under Planning Code sections 303 and 304, and with modification of stipulations that are applicable under the provisions of Planning Code section 174(b). For example, amendments to the Height and Bulk Map are not included in the code-conforming alternative

Under this alternative, project site changes would be greater than those under the project. The existing conditions on the northern portion of the site would be altered with development of three new buildings. However, the California Street buildings would all be 40 feet tall, shorter than under the project. Demolition of the south wing of the existing office building and the auditorium under the east wing of the existing office building (along its south edge near Masonic Avenue) would allow for the development of the Masonic and Euclid buildings and the associated Masonic Garage on the southern and eastern portions of the project site. The footprint of the Euclid Building would be smaller than with project to allow for development on the grass lawn along the edge of Euclid Avenue. Existing conditions on the southern and western portions of the project site along Euclid Avenue east of Laurel Street, and along Laurel Street south of Mayfair Drive, would be altered more substantially with development of 21 separate, two-unit, four-story townhomes. There would be 10 townhomes along Euclid Avenue instead of the Euclid Green (publicly-accessible open space under the Project) and the Euclid Terrace (private open space under the Project). Along Laurel Street 11 new townhomes would be developed instead of the multi-family Mayfair Building and seven Laurel Duplexes.

Under the Code-Conforming Alternative, the existing building's northerly extension of the east wing, a portion of the existing parking garage, the auditorium under the east wing, and the whole south wing would be demolished. The retained building would be adaptively reused as a residential building and the glass curtain and painted aluminum window wall system would be replaced with a compatible design that reflects the change in use from office to residential. With partial demolition, the footprint of the retained building would be altered from that under existing conditions and the project. There would be a total of 259,157 gross square feet of residential uses (135 residential units) in the adaptively reused residential building.

This alternative would provide two new below-grade parking garages: the California Street Garage, which would be constructed under the Plaza A, Plaza B, and Walnut buildings and the Masonic Garage, which would be developed under the Masonic and Euclid buildings. The parking garage under the existing office building would be partly retained. In addition, each of the duplexes along Euclid Avenue and Laurel Street would have private, two-car parking garages. Unlike the project, the Mayfair Garage would not be constructed because the Mayfair Building would not be part of this alternative.

Overall, there would be a total of 740 off-street parking spaces under this alternative: 629 spaces for residential uses, 45 spaces for retail uses, 60 commercial parking spaces, and 6 car-share spaces. Thus, the Code-Conforming Alternative would provide 107 fewer spaces than the project. A total of 287 off-street residential parking spaces for the adaptively reused residential building (82 spaces), the Euclid Building (102 spaces), the Masonic Building (61 spaces), and the

duplexes along Euclid Avenue and Laurel Street (42 spaces) would be provided within the Masonic Garage and within the private, two-car parking garages for the Euclid and Laurel duplexes. All other off-street parking associated with the residential use (342 spaces) would be provided in the California Street Garage and the retained parking garage under the adaptively reused residential building. All off-street parking associated with retail uses (45 spaces) would also be located in the California Street Garage along with the commercial parking spaces (60 spaces) and car-share spaces (6 spaces).

As with the project, the Code-Conforming Alternative would be constructed in four phases, over a similar 7-year construction timeframe. Construction activities included in the representative phases are discussed below, and as with the project, the construction phases could be implemented in a different order. First phase: Demolition of the circular garage ramp structures, the northerly extension of the east wing of the existing office building, the auditorium under the east wing of the existing office building, and the south wing of the existing office building; excavation on the southern and eastern portions of the site and site preparation and construction of the Masonic and Euclid buildings (and associated Masonic Garage) as well as the duplexes along Euclid Avenue. Second phase: Alterations to the existing office building for its adaptive reuse as a residential building. Third phase: Demolition of the existing annex building and the surface parking lots on the north portion of the site and excavation and site preparation for construction of the California Street buildings and associated California Street Garage. Fourth phase: Demolition of the surface parking lot and associated landscaping on the west portion of the site near Laurel Street and excavation and site preparation for construction of the duplexes along Laurel Street.

Changes to the character-defining features of the building, site, and landscape, in tandem with the construction of 26 new buildings, would result in a material change to the property's distinctive materials, features and spatial relationships that convey its historic and architectural significance as an urban adaptation of a suburban corporate campus model. New construction and changes to the existing office building would result in substantial adverse changes to the distinctive materials, features, spaces, and spatial relationships on the property. Although the retention, rehabilitation, and reuse of the existing office building under the Code-Conforming Alternative would, like the project, avoid the physical loss of the office building, and would make less substantial changes to the existing office building than would the project, the removal of character-defining site and landscape features, in combination with the construction of 26 new buildings along California Street, Laurel Street, Masonic Avenue, and Euclid Avenue, would be more substantial than that under the proposed Project, as more of the historic site and landscape would be removed. On balance, the historic resource impacts of this alternative would be comparable in degree to those of the project. The extent of the alterations to the character-defining building, site and landscape features would materially alter the physical characteristics of 3333 California Street that convey its historic and architectural significance as a Midcentury Modern-designed corporate campus and that justify its inclusion in the California Register. As such, the Code-Conforming Alternative would cause a substantial adverse impact on 3333 California Street. For this reason, as with the project, implementation of Mitigation Measure M-CR-1a: Documentation of Historical Resource and Mitigation Measure M-CR-1b: Interpretation of

the Historical Resource would be required. Implementation of these mitigation measures would reduce the significant impact of this alternative, but not to a less-than-significant level.

Like the project, the Code-Conforming Alternative would result in adverse impacts on the 43 Masonic by increasing ridership to exceed the 85 percent capacity utilization during the weekday a.m. peak period under baseline conditions, although to a lesser degree. Therefore, similar to the project, this alternative would have a significant impact on an individual Muni line and mitigation would be required. Implementation of Mitigation Measure M-TR-4: Monitor and Provide Fair Share Contribution to Improve 43 Masonic Capacity would be required. Similar to the project, the SFMTA's ability to provide additional capacity or improve transit headways is uncertain; thus, the impact would remain significant and unavoidable after mitigation.

The construction program under this alternative would be the same as the project. The type of construction equipment and use characteristics would not change because demolition, excavation, and construction activities would still occur and would be similar to those of the project. These activities would generate noise increases of 10 dBA or more over ambient levels at offsite locations along surrounding streets, and, during the subsequent phases of construction, at certain onsite locations that could be occupied after completion of the earlier phases, as discussed in greater detail in the Final EIR. Therefore, construction noise impacts from these activities would remain significant and unavoidable. For these reasons, implementation of Mitigation Measure M-NO-1: Construction Noise Control Measures would be required. Implementation of this mitigation measure would reduce but not eliminate the significant impact.

The Code-Conforming Alternative is rejected as infeasible because, although it would reduce the significant and unavoidable transportation and circulation impact, it would not eliminate it, and it would not reduce or eliminate the significant and unavoidable historic architectural resources or noise impacts, and it would fail to meet several of the project objectives to the same extent as the project. This alternative would not open and connect the site to the surrounding community to the same extent as the project, as only Mayfair Walk, and not Walnut Walk, would be developed to extend through the entire site. Accordingly, it would not, to the same extent as the project, extend the neighborhood urban pattern and surrounding street grid into the site, a key urban design principle consistent with the Planning Department's early input on the Project, which has been incorporated into the Project's design. The alternative would increase the City's housing supply compared to current conditions, but to a lesser extent than would the Project, with 115 fewer residential units and a corresponding reduction in the number of affordable senior housing units. This would be less consistent with the City's goals and policies in the General Plan Housing Element and the City's progress toward meeting its ABAG Regional Housing Needs Allocation number. This alternative would provide a significantly reduced level of active ground floor retail uses, and fewer activated neighborhood-friendly spaces along the adjacent streets, than would the project. In addition, this alternative would not construct as much open space for project residents and community members, and would not retain Euclid Green; those new open spaces would be in less varied types with less pedestrian accessibility and ease of use. Although this alternative would redevelop a large underutilized commercial site at a similar development intensity compared to the project, it would have a more limited mix of uses, reducing walkability and convenience.

In addition, the City has numerous Plans and policies, including in the General Plan (Housing and Transportation Elements) related to the production of housing, including affordable housing, particularly near transit, as more particularly described in the materials considered by the Commission at the September 5, 2019 hearing regarding the Final EIR certification and project approvals, which are incorporated by reference as though fully set forth herein. The Code-Conforming Alternative does not promote these Plans and policies to the same extent as the project. Relevant policies include, but are not limited to, the following. From the Housing Element: Objective 1 (identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing); Policy 1.8 (promote mixed use development including permanently affordable housing); Policy 1.10 (support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips); Objective 4 (foster a housing stock that meets the needs of all residents across life cycles); Policy 4.1 (develop new housing for families with children); Policy 4.4 (encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible); Policy 4.5 (ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels); Policy 12.1 (encourage new housing that relies on transit use and environmentally sustainable patterns of movement). From the Transportation Element: Objective 2 (use the transportation system as a means for guiding development and improving the environment); Policy 2.1 (use rapid transit and other transportation improvements as catalyst for desirable development and coordinate new facilities with public and private development); Policy 2.5 (provide incentives for use of transit, carpools, vanpools, walking and bicycling, and reduce need for new or expanded automobile and parking facilities).

For these reasons, it is hereby found that the Code-Conforming Alternative is rejected because, although it would reduce the significant and unavoidable transportation and circulation impact, it would not eliminate it, and it would not reduce or eliminate the significant and unavoidable historic architectural resources or noise impacts. Moreover, the Code-Conforming Alternative would fail to meet several of the project objectives and City Plans and policies related to the production of housing, including affordable housing, particularly near transit, and urban design, to the same extent as the project. It is, therefore, not a feasible alternative.

G. Alternatives Proposed By Members of the Public

During the public comment period, the Laurel Heights Improvement Association of San Francisco, Inc. ("LHIA") presented a conceptual site plan and narrative of an alternative (and variant) to the project that purported to include the same number of residential units as the proposed project and the project variant analyzed in the Final EIR (558 units and 744 units, respectively), 460 parking spaces, and one-level of underground parking, underground freight loading, and a three-year construction schedule ("LHIA Alternative"). The LHIA Alternative is described and analyzed in the Final EIR in Section 5.H. Alternatives in the Responses to Comments document. The Commission finds that, as noted in the Final EIR, assuming that the LHIA Alternative could be constructed as described, the LHIA Alternative is not considerably different than Alternative C – the Full Preservation – Residential Alternative, because it would

convert the existing office use to residential use while conforming to the Secretary of the Interior Standards for Rehabilitation, and would have similar building footprints as Alternative C for the new residential buildings, such that a similar amount of the historic landscape design would be preserved. Thus, the EIR did not need to be recirculated to include the LHIA Alternative.

In addition, the Commission finds that, based on substantial evidence in the record, in particular, the August 15, 2019 letter from Public Works to planning department staff and the April 2nd and 4th, 2019 letters from the project sponsor to planning department staff, the LHIA Alternative is not a feasible alternative because the LHIA Alternative could not, in fact, be constructed as described in the comment letter. As determined by the project sponsor, and verified by experts at Public Works, the LHIA Alternative and variant would include fewer units than the project or the project variant, approximately 48% of the units would be studios or have nested bedrooms, and would not meet the planning code's dwelling unit mix requirements. In addition, the LHIA Alternative could not include 460 parking spaces or underground freight loading without additional excavation than purported, due to the height of the existing garage opening on Presidio Avenue, the floor to floor height of the existing garage levels, and demolition of the ramps leading to the existing garage levels. The Commission finds that the LHIA Alternative would fail to meet several of the project objectives and City policies related to urban design, similar to the reasons set forth above Alternative C – the Full Preservation - Residential Alternative, and incorporated herein. In addition, the LHIA Alternative would not meet the City's goals and policies related to family-sized housing, including but not limited to, Housing Element Policy 4.1 which encourages the development of new housing for families with children due to the number of units that would be studios or have nested bedrooms.

For these reasons, the Commission finds that neither the LHIA Alternative, nor its variant, are considerably different from alternatives already contained in the FEIR and are not feasible alternatives, and thus were not required to be included in the Final EIR. Nevertheless, they are hereby rejected as they are not feasible alternatives for the reasons set forth above.

## VII. STATEMENT OF OVERRIDING CONSIDERATIONS

Pursuant to Public Resources Section 21081 and CEQA Guidelines Section 15093, the Commission hereby finds, after consideration of the Final EIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs the significant and unavoidable impacts and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, this determination is that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the Final EIR and the preceding findings, which are incorporated by reference into this Section, and in the documents found in the administrative record, as described in Section I.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the Commission specifically finds that there are significant benefits of the Project in spite of the unavoidable significant impacts. The Commission further finds that, as part of the process of obtaining Project approval, all significant effects on the environment from implementation of the Project have been

eliminated or substantially lessened where feasible. Any remaining significant effects on the environment found to be unavoidable are found to be acceptable due to the following specific overriding economic, technical, legal, social and other considerations:

- The Project would redevelop a large underutilized commercial site into a new high quality walkable mixed-use community with a mix of compatible uses including residences, including 185 residences for low-income seniors, neighborhood-serving ground floor retail, onsite child care, potential commercial uses, and substantial open space.
- The Project would create a mixed-use community that encourages walkability and convenience by providing residential uses, neighborhood-serving retail, onsite child care, and potential commercial uses on the same site.
- The Project would address the City's housing goals by building 744 new residential dwelling units on the site, including 185 onsite affordable housing units for seniors, and a substantial percentage of units with two or more bedrooms, consistent with the City's General Plan Housing Element and ABAG's Regional Housing Needs Allocation for the City.
- The Project would open and connect the site to the surrounding community by extending the neighborhood urban pattern and surrounding street grid into the site through a series of pedestrian and bicycle pathways and open spaces. The Project would include a north-south connection from California Street to Euclid Avenue that aligns with Walnut Street (Walnut Walk), and an east-west connection from Laurel Street to Presidio Avenue (Mayfair Walk).
- The Project would complement and be compatible with the surrounding neighborhoods by continuing active ground floor retail uses along California Street east from the Laurel Village Shopping Center. New retail space would add to the mix of uses and businesses in the area. The Project would provide active neighborhood-friendly spaces along the Presidio, Masonic and Euclid avenue edges, in a manner that is compatible with the existing multi-family development to the south and east.
- The Project would provide substantial open space for project residents and surrounding community members, including 125,226 square feet of privately-owned, publicly accessible space and 86,570 square feet of open space for residents, in a green, welcoming, walkable environment that will encourage the use of the outdoors and community interaction. The privately-owned, publicly accessible open space is designed to maximize pedestrian accessibility, including disabled access.
- The Project would include sufficient off-street parking for residential and commercial uses in below-grade parking garages, allowing the at-grade space to be oriented towards pedestrians.

- The Project would redevelop the existing office building into residential uses in a sustainable and eco-friendly infill development.
- Under the terms of the Development Agreement, the Project Sponsor would provide a host of additional assurances and benefits that would accrue to the public and the City, including, but not limited to: increased affordable housing units exceeding amounts otherwise required by the City's Planning Code, with approximately 25% of all Project dwelling units consisting of deed-restricted, onsite affordable units designated for low-income senior households in the proposed Walnut Building on California Street; construction and maintenance of 125,226 square feet of privately-owned, publicly accessible open space; transportation demand management measures exceeding the level otherwise required; provision of approximately 14,000 gross square feet of rentable area for an onsite child care facility with adjacent open space for child care use; workforce obligations; streetscape improvements, and a contribution to the City's AWSS system expansion.
- The Project would be constructed at no cost to the City, and would provide substantial direct and indirect economic benefits to the City, including at least \$10 million in property tax revenue on a previously tax-exempt parcel, and would provide 430-600 jobs on-site during construction.
- The Project is consistent with the City's General Plan, in particular the Housing Element, the Urban Design Element, the Commerce and Industry Element, and the Transportation Element, as more particularly described in the materials considered by the Commission at the September 5, 2019 hearing regarding the Final EIR certification and project approvals, which are incorporated by reference as though fully set forth herein.

Having considered the above, the Planning Commission finds that the benefits of the Project outweigh the unavoidable adverse environmental effects identified in the Final EIR, and that those adverse environmental effects are therefore acceptable.

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance

MITIGATION MEASURES				
<i>Cultural Resources (Historic Architectural Resources) Mitigation Measures</i>				
<p><b>Mitigation Measure M-CR-1a: Documentation of Historical Resource</b></p> <p>Prior to issuance of demolition or site permits, the project sponsor shall undertake Historic American Building/Historic American Landscape Survey-like (HABS/HALS-like) documentation of the building and associated landscape features. The documentation shall be undertaken by a professional who meets the Secretary of the Interior's Professional Qualifications Standards for Architectural History, History, or Architecture (as appropriate) to prepare written and photographic documentation of 3333 California Street. The specific scope of the documentation shall be reviewed and approved by the Planning Department but shall include the following elements:</p> <p><b>Measured Drawings</b> – A set of measured drawings shall be prepared that depict the existing size, scale, and dimension of the historic resource. Planning Department Preservation staff will accept the original architectural drawings or an as-built set of architectural drawings (e.g., plans, sections, elevations). Planning Department Preservation staff will assist the consultant in determining the appropriate level of measured drawings;</p> <p><b>Historic American Buildings/Historic American Landscape Survey-Level Photographs</b> – Either Historic American Buildings/Historic American Landscape Survey (HABS/HALS) standard large-format or digital photography shall be used. The scope of the digital photographs shall be reviewed by Planning Department Preservation staff for concurrence, and all digital photography shall be conducted according to the latest National Park Service (NPS) standards. The photography shall be undertaken by a qualified professional with demonstrated experience in HABS/HALS photography.</p>	<p>Project sponsor to retain qualified professional consultant.</p> <p>Consultant to prepare documentation.</p> <p>Planning Department shall review, request revisions if appropriate, and ultimately approve documentation.</p> <p>Project sponsor to conduct outreach to identify other interested repositories under the direction of Planning Department Preservation staff.</p>	<p>Prior to issuance of any demolition or site permit for the affected historic resource at 3333 California Street, the qualified professional consultant to submit documentation package per HABS / HAER / HALS Guidelines for review by Planning Department.</p> <p>Prior to issuance of any demolition or site permit for the affected historic resource at 3333 California Street, project sponsor to transmit documentation to the History Room in SF Library, San Francisco Architectural Heritage, and NWIC.</p>	<p>The qualified professional consultant to submit draft and final documentation prepared pursuant to HABS/HAER/HALS Guidelines to Planning Department for review and approval.</p> <p>Following approval of documentation by Planning Department and prior to the start of construction, project sponsor to transmit documentation to the SF History Center in SF Library, Planning Department, and NWIC.</p>	<p>Considered complete when project sponsor transmits documentation to the History Room in SF Library, San Francisco Architectural Heritage, and NWIC as well as any other repositories, if applicable, as identified and agreed with during the outreach process.</p>

(August 19, 2019)



FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>Photograph views for the data set shall include contextual views; views of each side of the building and interior views, including any original interior features, where possible; oblique views of the building; and detail views of character-defining features, including landscape elements.</p> <p>All views shall be referenced on a photographic key. This photographic key shall be on a map of the property and shall show the photograph number with an arrow to indicate the direction of the view. Historic photographs shall also be collected, reproduced, and included in the data set.</p> <p><b>HABS/HALS Historical Report</b> – A written historical narrative and report shall be provided in accordance with the HABS/HALS Historical Report Guidelines. The written history shall follow an outline format that begins with a statement of significance supported by the development of the architectural and historical context in which the structure was built and subsequently evolved. The report shall also include architectural description and bibliographic information.</p> <p><b>Video Recordation</b> – Video recordation shall be undertaken before demolition or site permits are issued. The project sponsor shall undertake video documentation of the affected historical resource and its setting. The documentation shall be conducted by a professional videographer, one with experience recording architectural resources. The documentation shall be narrated by a qualified professional who meets the standards for history, architectural history, or architecture (as appropriate) set forth by the Secretary of the Interior's Professional Qualification Standards (36 Code of Federal Regulations Part 61). The documentation shall include as much information as possible—using visuals in combination with narration—about the materials, construction methods, current condition, historic use, and historic context of the historical resource. This mitigation measure would supplement the traditional HABS/HALS documentation, and would enhance the collection of reference materials that would be available to the public and inform future research.</p> <p><b>Softcover Book</b> – A Print-on-Demand softcover book shall be produced that includes the content from the historical report, historical photographs, HABS/HALS photography, measured drawings, and field notes. The Print-on-Demand book shall be made available to the public for distribution.</p>				

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR  
 3333 California Street Mixed-Use Project  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)**

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
The project sponsor shall transmit such documentation to the History Room of the San Francisco Public Library, San Francisco Architectural Heritage, the Planning Department, and the Northwest Information Center. The HABS/HALS documentation scope will determine the requested documentation type for each facility, and the project sponsor will conduct outreach to identify other interested repositories. All documentation will be reviewed and approved by the Planning Department's Preservation staff before any demolition or site permit is granted for the affected historical resource.				
<p><b>Mitigation Measure M-CR-1b: Interpretation of the Historical Resource</b></p> <p>The project sponsor shall facilitate the development of an interpretive program focused on the history of the project site. The interpretive program should be developed and implemented by a qualified professional with demonstrated experience in displaying information and graphics to the public in a visually interesting manner, such as a museum or exhibit curator. This program shall be initially outlined in a proposal for an interpretive plan subject to review and approval by Planning Department Preservation staff. The proposal shall include the proposed format and location of the interpretive content, as well as high-quality graphics and written narratives. The proposal prepared by the qualified consultant describing the general parameters of the interpretive program shall be approved by Planning Department Preservation staff prior to issuance of the architectural addendum to the site permit. The detailed content, media and other characteristics of such interpretive program shall be approved by Planning Department Preservation staff prior to issuance of a Temporary Certificate of Occupancy.</p> <p>The interpretative program shall include but not be limited to the installation of permanent on-site interpretive displays or screens in publicly accessible locations. Historical photographs, including some of the large-format photographs required by Mitigation Measure M-CR-1a, may be used to illustrate the site's history.</p> <p>The primary goal is to educate visitors and future residents about the property's historical themes, associations, and lost contributing features within broader historical, social, and physical landscape contexts. These themes would include but not be limited to the subject property's historic</p>	<p>Project sponsor and their qualified professional to select materials from 3333 California Street building to display.</p> <p>Project sponsor to establish location(s), media, and characteristics of the display.</p> <p>Project sponsor and their qualified professional to prepare display.</p>	<p>Prior to issuance of architectural addendum to the site permit, the general parameters of the interpretive program shall be approved by Planning Department Preservation staff.</p> <p>Prior to any demolition or removal activities, selection of interpretative materials to occur.</p> <p>Interpretive program shall be approved by Planning Department prior to the issuance of the first Temporary Certificate of Occupancy and updated for each construction phase, if needed.</p>	<p>The qualified professional to submit interpretive materials to Planning Department for approval.</p> <p>Project sponsor to report to Planning Department when display is completed.</p>	<p>Considered complete when Planning Department approve the interpretive program for all construction phases and when the interpretive program is installed.</p>

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
significance as a Midcentury Modern corporate campus designed by Edward B. Page with a landscape designed by Eckbo, Royston & Williams. The interpretive program should be developed in coordination with the archaeological program, which would likely include interpretation of the subject property's inclusion in the larger site of California Registered Landmark 760, Former Site of Laurel Hill Cemetery.				
<i>Cultural Resources (Archaeological Resources) Mitigation Measures</i>				
<p><b>Mitigation Measure M-CR-2a: Archaeological Testing, Monitoring, Data Recovery and Reporting</b></p> <p>Based on a reasonable presumption that archaeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the project on buried historical or prehistoric resources. The project sponsor shall retain the services of an archaeological consultant from rotation of the Department Qualified Archaeological Consultants List maintained by the Planning Department archaeologist. The project sponsor shall contact the Department archaeologist to obtain the names and contact information for the next three archaeological consultants on the qualified archaeological consultants list. The archaeological consultant shall undertake an archaeological testing program as specified in the Archaeological Research Design and Treatment Plan and outlined below. In addition, the consultant shall be available to conduct an archaeological monitoring program, as required pursuant to this measure. The archaeological consultant's work shall be conducted in accordance with this measure at the direction of the Environmental Review Officer (ERO). All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archaeological monitoring and/or testing programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the suspension of construction can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less than significant level potential effects on a significant archaeological resource as defined in CEQA Guidelines section 15064.5 (a) and (c).</p>	Project sponsor to retain qualified professional archaeologist from the pool of archaeological consultants maintained by the Planning Department.	Prior to issuance of site permits and prior to commencement of demolition and soil-disturbing activities for each construction phase, submittal of all plans and reports for approval by the ERO.	The archaeological consultant shall undertake an archaeological testing program as specified herein. (See below regarding archaeological consultant's reports).	Considered complete when project sponsor retains a qualified professional archaeological consultant, and archaeological consultant has a scope approved by the ERO for the archaeological testing program.

(August 19, 2019)

<b>FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR</b> <b>3333 California Street Mixed-Use Project</b> <b>(Includes Text for Adopted Mitigation Measures and Improvement Measures)</b>				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<u>Consultation with Descendant Communities</u> <p>On discovery of an archaeological site<sup>1</sup> associated with descendant Native Americans, the Overseas Chinese, or other potentially interested descendant group, an appropriate representative<sup>2</sup> of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archaeological field investigations of the site and to consult with the ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site per Mitigation Measure M-CR-2b (below). A copy of the Final Archaeological Resources Report shall be provided to the representative of the descendant group.</p>	Project sponsor/archaeological consultant.	Upon discovery of an archaeological site associated with descendant groups, and for the duration of the archaeological investigation of the associated site.	Project sponsor/archaeological consultant shall contact the ERO and appropriate descendant group representative upon discovery of an archaeological site.	
<u>Archaeological Testing Program</u> <p>The archaeological consultant shall prepare and submit to the ERO for review and approval an archaeological testing plan (ATP) that tiers off the Archaeological Research Design and Treatment Plan. The purpose of the archaeological testing program will be to determine to the extent possible the presence or absence of archaeological resources and to identify and to evaluate whether any archaeological resource encountered on the site constitutes an historical resource under CEQA.</p> <p>At the completion of the archaeological testing program, the archaeological consultant shall submit a written report of the findings to the ERO. If based on the archaeological testing program the archaeological consultant finds that significant archaeological resources may be present, the ERO in consultation with the archaeological consultant shall determine if additional measures are warranted. Additional measures that may be undertaken include additional archaeological testing, archaeological monitoring, and/or an archaeological data recovery program. If the ERO determines that a significant archaeological resource is present and that the resource could be adversely affected by the project, at the discretion of the project sponsor either:</p> <p>A) The project shall be redesigned so as to avoid any adverse effect on</p>	<p>Project sponsor and archaeological consultant at the direction of the ERO.</p> <p>Project sponsor and archaeological consultant in consultation with the ERO.</p>	<p>Prior to any excavation, site preparation or construction an ATP for such phase is to be submitted to and approved by the ERO.</p> <p>At the completion of the archaeological testing program.</p>	<p>Archaeological consultant to undertake ATP in consultation with ERO.</p> <p>Archaeological consultant to submit results of testing. Based on findings, the project sponsor and archaeological consultant, in consultation with ERO, to determine the final steps.</p>	<p>Considered complete upon submittal of Final Archaeological Resources Report.</p>

<sup>2</sup> An “appropriate representative” of the descendant group is here defined to mean, in the case of Native Americans, any individual listed in the current Native American Contact List for the City and County of San Francisco maintained by the California Native American Heritage Commission and in the case of the Overseas Chinese, the Chinese Historical Society of America.

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR  
 3333 California Street Mixed-Use Project  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>the significant archaeological resource; or</p> <p>B) A data recovery program shall be implemented; unless the ERO determines that the archaeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.</p> <p><u>Archaeological Monitoring Program</u></p> <p>If the ERO in consultation with the archaeological consultant determines that an archaeological monitoring program (AMP) shall be implemented, the AMP would minimally include the following provisions:</p> <ul style="list-style-type: none"> <li>The archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP prior to any project-related soils disturbing activities commencing. The ERO in consultation with the archaeological consultant shall determine what project activities shall be archaeologically monitored. A single AMP or multiple AMPs may be produced to address project phasing. In most cases, any soils-disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archaeological monitoring because of the risk these activities pose to potential archaeological resources and to their depositional context. The archaeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archaeological resource;</li> <li>The archaeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archaeological consultant and the ERO until the ERO has, in consultation with project archaeological consultant, determined that project construction activities could have no effects on significant archaeological deposits; and</li> <li>The archaeological monitor shall record and be authorized to collect</li> </ul>	<p>Project sponsor and archaeological consultant in consultation with the ERO.</p>	<p>Project sponsor, archaeological consultant, and ERO shall meet prior to commencement of soils-disturbing activities for each construction phase. If ERO determines that archaeological monitoring is necessary, monitor throughout all soils-disturbing activities for each construction phase</p>	<p>If required, archaeological consultant to prepare AMP in consultation with the ERO.</p> <p>Project sponsor, archaeological consultant, archaeological monitor, and project sponsor's contractors shall implement the AMP, if required by the ERO</p>	<p>Considered complete on approval of AMP by ERO; submittal of report regarding findings of AMP.</p>

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>soil samples and artifactual/ecofactual material as warranted for analysis.</p> <p>If an intact archaeological deposit is encountered, all soils-disturbing activities in the vicinity of the deposit shall cease. The archaeological monitor shall be empowered to temporarily redirect demolition/excavation/pile driving/construction activities and equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.), the archaeological monitor has cause to believe that the pile driving activity may affect an archaeological resource, pile driving activity that may affect the archaeological resource shall be suspended until an appropriate evaluation of the resource has been made in consultation with the ERO. The archaeological consultant shall immediately notify the ERO of the encountered archaeological deposit. The archaeological consultant shall make a reasonable effort to assess the identity, integrity, and significance of the encountered archaeological deposit, and present the findings of this assessment to the ERO. If the ERO determines that a significant archaeological resource is present and that the resource could be adversely affected by the project, at the discretion of the project sponsor either:</p> <p>A) The project shall be redesigned so as to avoid any adverse effect on the significant archaeological resource; or</p> <p>B) A data recovery program shall be implemented, unless the ERO determines that the archaeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.</p> <p>Whether or not significant archaeological resources are encountered, the archaeological consultant shall submit a written report of the findings of the monitoring program to the ERO.</p> <p><u>Archaeological Data Recovery Program</u></p> <p>If the ERO, in consultation with the archaeological consultant, determines that an archaeological data recovery program shall be implemented based on the presence of a significant resource, the archaeological data recovery program shall be conducted in accord with an archaeological data recovery plan (ADRP). No archaeological data recovery shall be undertaken without the prior approval of the ERO or the Planning Department archaeologist. The</p>	<p>Project sponsor and project archaeological consultant.</p> <p>Project sponsor and archaeological consultant in consultation with the ERO.</p>	<p>After completion of the approved archaeological monitoring program</p> <p>If there is a determination by the ERO that an ADRP is required.</p>	<p>Submit report on findings of AMP</p> <p>If required, archaeological consultant to prepare an ADRP in consultation with the ERO.</p>	<p>Considered complete on approval of the FARR by ERO.</p>

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR  
 3333 California Street Mixed-Use Project  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP prior to preparation of a draft ADRP. The archaeological consultant shall submit a draft ADRP to the ERO. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archaeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, shall be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archaeological resources if nondestructive methods are practical.</p> <p>The scope of the ADRP shall include the following elements:</p> <ul style="list-style-type: none"> <li>• <i>Field Methods and Procedures.</i> Descriptions of proposed field strategies, procedures, and operations.</li> <li>• <i>Cataloguing and Laboratory Analysis.</i> Description of selected cataloguing system and artifact analysis procedures.</li> <li>• <i>Discard and Deaccession Policy.</i> Description of and rationale for field and post-field discard and deaccession policies.</li> <li>• <i>Interpretive Program.</i> Consideration of an onsite/offsite public interpretive program during the course of the archaeological data recovery program.</li> <li>• <i>Security Measures.</i> Recommended security measures to protect the archaeological resource from vandalism, looting, and non-intentionally damaging activities.</li> <li>• <i>Final Report.</i> Description of proposed report format and distribution of results.</li> </ul> <p><i>Curation.</i> Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities.</p>				

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
**(Includes Text for Adopted Mitigation Measures and Improvement Measures)**

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p><u>Human Remains and Associated or Unassociated Funerary Objects</u></p> <p>The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and Federal laws. This shall include immediate notification of the ERO and the Medical Examiner of the City and County of San Francisco, and in the event of the Medical Examiner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC), which shall appoint a Most Likely Descendant (MLD). The MLD will complete his or her inspection of the remains and make recommendations or preferences for treatment within 48 hours of being granted access to the site (Public Resources Code section 5097.98). The project sponsor and ERO shall make all reasonable efforts to develop a burial agreement with the MLD, as expeditiously as possible, for the treatment and disposition, with appropriate dignity, of human remains and associated or unassociated funerary objects (as detailed in CEQA Guidelines section 15064.5(d)). The agreement shall take into consideration the appropriate excavation, removal, recordation, scientific analysis, custodianship, curation, and final disposition of the human remains and associated or unassociated funerary objects. If the MLD agrees to scientific analyses of the remains and/or associated or unassociated funerary objects, the archaeological consultant shall retain possession of the remains and associated or unassociated funerary objects until completion of any such analyses, after which the remains and associated and unassociated funerary objects shall be reinterred or curated as specified in the agreement. Nothing in existing State regulations or in this mitigation measure compels the project sponsor and the ERO to accept recommendations of an MLD. However, if the ERO, project sponsor and MLD are unable to reach an agreement on scientific treatment of the remains and associated and unassociated funerary objects, the ERO, with cooperation of the project sponsor, shall ensure that the remains and/or mortuary materials are stored securely and respectfully until they can be reinterred on the property, with appropriate dignity, in a location not subject to further or future subsurface disturbance.</p> <p>Treatment of historic-period human remains and of associated or unassociated funerary objects discovered during any soil-disturbing activity will additionally follow protocols laid out in the Archaeological Research Design</p>	<p>Project sponsor and archaeological consultant shall notify the San Francisco Medical Examiner and if applicable, Native American Heritage Commission who will appoint a Most Likely Descendant. Project sponsor, ERO, and the Most Likely Descendant shall make all reasonable efforts to develop a burial agreement.</p>	<p>In the event human remains and/or funerary objects are encountered project sponsor's construction contractor to immediately contact archaeological consultant and ERO.</p>	<p>Archaeological consultant/archaeological monitor/project sponsor or contractor to contact San Francisco Medical Examiner and ERO and implement regulatory requirements, if applicable, regarding discovery of Native American human remains and associated/unassociated funerary objects.</p>	<p>Considered complete on notification of the San Francisco Medical Examiner, ERO, and NAHC, if necessary, and completion of burial agreement and/or analysis.</p>

(August 19, 2019)



FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>and Treatment Plan, the ATP, and any agreement established between the project sponsor, Medical Examiner and the ERO.</p> <p><u>Final Archaeological Resources Report</u></p> <p>The archaeological consultant shall submit a Final Archaeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archaeological resource and describes the archaeological and historical research methods employed in the archaeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the FARR. The FARR may be submitted at the conclusion of all construction activities associated with the project.</p> <p>Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound, one unbound and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA Department of Parks and Recreation [DPR] 523 series) and/or documentation for nomination to the National Register of Historic Places (National register)/California Register of Historical Resources (California register). In instances of high public interest in or the high interpretive value of the resource, the ERO may require a different final report content, format, and distribution than that presented above.</p>	<p>Project sponsor and archaeological consultant in consultation with ERO.</p> <p>Archaeological consultant at the direction of the ERO.</p>	<p>If applicable, after completion of archaeological data recovery, inventorying, analysis and interpretation.</p> <p>If applicable, upon approval of Final Archaeological Resources Report by ERO.</p>	<p>If applicable, archaeological consultant to submit a FARR to ERO for approval.</p> <p>Once approved, archaeological consultant to distribute FARR and provide written certification to ERO that required FARR distribution has been completed.</p>	<p>Considered complete upon approval of Final Archaeological Resources Report by ERO and distribution of FARR as directed by ERO.</p>
<p><b>Mitigation Measure M-CR-2b: Interpretation</b></p> <p>Based on a reasonable presumption that archaeological resources may be present within the project site, and to the extent that the potential significance of some such resources is premised on the California register Criteria 1 (Events), 2 (Persons), and/or 3 (Design/Construction), the following measure shall be undertaken to avoid any potentially significant adverse effect from the project on buried historical resources if significant archaeological resources are discovered.</p> <p>The project sponsor shall implement an approved program for interpretation of significant archaeological resources. The project sponsor shall retain the</p>	<p>Project sponsor and archaeological consultant at the direction of the ERO.</p>	<p>Prior to issuance of final certificate of occupancy.</p>	<p>Archaeological consultant to develop program for post-recovery interpretation of resources. All plans and recommendations for interpretation by the archaeological consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until deemed final by the</p>	<p>Considered complete upon installation of approved interpretation program, if required.</p>

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
**(Includes Text for Adopted Mitigation Measures and Improvement Measures)**

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>services of a qualified archaeological consultant from the rotational qualified archaeological consultant list maintained by the Planning Department archaeologist having expertise in California urban historical and prehistoric archaeology. The archaeological consultant shall develop a feasible, resource-specific program for post-recovery interpretation of resources. The particular program for interpretation of artifacts that are encountered within the project site will depend upon the results of the data recovery program and will be the subject of continued discussion between the ERO, consulting archaeologist, and the project sponsor. Such a program may include, but is not limited to, any of the following (as outlined in the Archaeological Research Design and Treatment Plan): lectures, exhibits, websites, video documentaries, and preservation and display of archaeological materials. To the extent feasible, the interpretive program shall be part of a larger, coordinated public interpretation strategy for the project area.</p> <p>The archaeological consultant's work shall be conducted at the direction of the ERO, and in consultation with the project sponsor. All plans and recommendations for interpretation by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO.</p>			<p>ERO. The ERO to approve final interpretation program. Project sponsor to implement an approved interpretation program.</p>	
<p><b>Mitigation Measure M-CR-4: Tribal Cultural Resources Interpretive Program</b></p> <p>If the Environmental Review Officer (ERO) determines that a significant archaeological resource is present, and if in consultation with the affiliated Native American tribal representatives, the ERO determines that the resource constitutes a tribal cultural resource (TCR) and that the resource could be adversely affected by the proposed project, the proposed project shall be redesigned so as to avoid any adverse effect on the significant tribal cultural resource, if feasible.</p> <p>If the ERO, in consultation with the affiliated Native American tribal representatives and the project sponsor, determines that preservation-in-place of the tribal cultural resources is not a sufficient or feasible option, the project sponsor shall implement an interpretive program of the TCR in consultation with affiliated tribal representatives. An interpretive plan produced in consultation with the ERO and affiliated tribal representatives, at a minimum,</p>	<p>Project sponsor at the direction of the ERO.</p> <p>Project sponsor in consultation with the ERO.</p>	<p>For the duration of soil-disturbing activities throughout all construction phases.</p> <p>Prior to issuance of final certificate of occupancy.</p>	<p>Project sponsor shall contact the ERO and appropriate Native American tribal representative upon discovery of an archaeological resource that constitutes a TCR.</p> <p>A qualified consultant, the project sponsor, a Native American tribal representative, and the ERO shall collaborate on the development of a feasible, resource-specific program for post-recovery</p>	<p>Considered complete upon installation of approved interpretation program, if required.</p>

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
and approved by the ERO would be required to guide the interpretive program. The plan shall identify, as appropriate, proposed locations for installations or displays, the proposed content and materials of those displays or installation, the producers or artists of the displays or installation, and a long-term maintenance program. The interpretive program may include artist installations, preferably by local Native American artists, oral histories with local Native Americans, artifacts displays and interpretation, and educational panels or other informational displays.			interpretation of resources. The interpretive plan shall be submitted first and directly to the ERO for review and comment, and shall be considered a draft report subject to revision until deemed final by the ERO. The ERO to approve final interpretation program. Project sponsor to implement an approved interpretation program.	
<i>Transportation and Circulation Mitigation Measures</i>				
<b>Mitigation Measure M-TR-2: Reduce Retail Parking Supply</b> The proposed project or project variant shall provide retail parking in an amount not to exceed the existing neighborhood rate of 1.55 by 38 percent (or 2.14 spaces per 1,000 gross square feet).	Project sponsor or qualified consultant to develop a draft parking plan to achieve the required retail parking rate.	Prior to approval of the Conditional Use/PUD application.	The project sponsor or qualified consultant to provide a draft parking program to the Planning Department for review and approval.	Considered complete upon review and approval of the parking reduction plan by the Planning Department.
<b>Mitigation Measure M-TR-4: Monitor and Provide Fair-Share Contribution to Improve 43 Masonic Capacity</b> Based on an evaluation of the transit ridership generated by the proposed project or project variant, monitoring of transit capacity utilization for the 43 Masonic route shall be initiated when the first phase of development has been completed and occupied. The transit monitoring phase shall involve the following steps. <ul style="list-style-type: none"> <li>The project sponsor shall fund a transit capacity study to be reviewed and approved by the SFMTA. The project sponsor shall obtain current ridership on the 43 Masonic route from SFMTA and an assessment of the capacity utilization shall be conducted at the 43 Masonic route's maximum load point for weekday a.m. peak hour conditions.</li> </ul>	Project sponsor or qualified consultant at the direction of the SFMTA shall prepare a transit capacity study to determine whether capacity utilization exceeds 85 percent for the 43 Masonic route. If so, then SFMTA will determine whether adding bus(es) or other	Baseline study conducted prior to the issuance of the first Certificate of Occupancy of the first phase of development, and subsequent ridership study after the first phase of the development is occupied. No studies shall be required if fair-share contribution is paid.	SFMTA to review the study and determine if the capacity utilization of the 43 Masonic line at its maximum load point exceeds 85 percent as measured at the completion of any individual project phase. If so, and the SFMTA has committed to implement M-TR-4, the project sponsor shall provide the fair share contribution subject to the limits stated in M-TR-4 to	Considered complete upon payment of fair-share contribution or review and approval of the transit capacity study by SFMTA, if applicable and payment of fair-share contribution. If SFMTA determines one or

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<ul style="list-style-type: none"> <li>If the capacity utilization exceeds 85 percent, a fair share contribution payment shall be made to SFMTA by the project sponsor, calculated in a Transit Mitigation Agreement, to contribute to the cost of providing additional bus service or otherwise improving service on the 43 Masonic route.</li> </ul> <p>The fair share contribution as documented in EIR Appendix D shall not exceed the following amounts across all phases. Payment of the following fair share contribution levels would mitigate the impacts of the estimated transit ridership added by full development of the proposed project or project variant.</p> <ul style="list-style-type: none"> <li>Proposed Project – \$182,227</li> <li>Project Variant – \$218,390</li> </ul> <p>These amounts shall be increased by consumer price index per year plus a one-time escalation of 0.5 percent.</p> <p>SFMTA will determine whether adding bus(es) or other measures are more desirable to increase capacity along the route and will use the funds provided by the project sponsor to implement the most desirable measure, which may include, but is not limited to, the following:</p> <ol style="list-style-type: none"> <li>Instead of adding more buses to a congested route, increase travel speeds along the route, which would allow for buses to move faster, thus increasing efficiency and reliability. In this case, the project sponsor's fair share contribution may be used to fund a study to identify appropriate and feasible improvements and/or implement a portion of the improvements that would increase travel speeds enough to increase capacity along the bus route. Such improvements could include transit only lanes, transit signal priority, and transit boarding improvements.</li> <li>Increase capacity along the corridor by adding a new Muni service route in this area. If this option is selected, the project sponsor's fair share contribution may fund the purchase of the new vehicles.</li> </ol> <p>If the capacity utilization with the proposed project or project variant based on SFMTA's ridership data is less than 85 percent after a particular phase of the proposed project or project variant is completed and occupied, then the project</p>	<p>measures are more desirable to increase capacity along the route and will use the funds provided by the project sponsor to implement the most desirable measure</p>		<p>capital costs for SFMTA to implement one of the designated capacity enhancement measures.</p>	<p>more fair-share payments is required, considered complete upon payment of the final fair-share payment.</p>

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>sponsor's fair share payment shall be \$0 and the process shall repeat at the subsequent phase. Each subsequent fair share calculation shall take account of amounts paid for prior phases, to ensure that payments are not duplicative for the same transit rider impacts.</p>				
<i>Noise and Vibration Mitigation Measures</i>				
<p><b>Mitigation Measure M-NO-1: Construction Noise Control Measures</b></p> <p>The project sponsor shall implement a project-specific Noise Control Plan that has been prepared by a qualified acoustical consultant and approved by the Planning Department. The Noise Control Plan may include, but is not limited to, the following construction noise control measures. Implementation of applicable construction noise control measures shall apply to all phases of the construction period.</p> <ul style="list-style-type: none"> <li>Muffle and maintain all equipment used on site. All internal combustion engine driven equipment shall be fitted with mufflers that are in good working condition.</li> <li>Position stationary noise sources, such as temporary generators and pumps, as far from nearby receptors as possible, within temporary enclosures and shielded by barriers (which could reduce construction noise by as much as 5 dB) or other measures, to the extent feasible.</li> <li>Use "quiet" models of air compressors and other stationary equipment where such technology exists.</li> <li>Prohibit unnecessary idling of internal combustion engines.</li> <li>Impact tools (e.g., jack hammers, pavement breakers, rock drills) used for project construction shall be "quiet" gasoline-powered compressors or electrically powered compressors, and electric rather than gasoline- or diesel- powered engines shall be used to avoid noise associated with compressed air exhaust from pneumatically powered tools. However, where the use of pneumatic tools is unavoidable, an exhaust muffler on the compressed air exhaust shall be used; this muffler can lower noise levels from the exhaust by up to about 10 dBA. External jackets on the tools themselves shall be</li> </ul>	<p>Project sponsor and construction contractor shall prepare and implement Noise Control Plan.</p>	<p>Draft Noise Control Plan to be submitted to Planning Department and Department of Public Health prior to issuance of the first building permit or other permit that allows ground disturbance.</p> <p>Draft construction-noise monitoring program to be submitted to the Planning Department and Department of Public Health prior to start of excavation of all construction phases, prior to building construction of the Euclid and Masonic buildings, and the Laurel Duplexes and Mayfair Building.</p>	<p>Planning Department and Department of Public Health shall review and approve Noise Control Plan and construction-noise monitoring programs.</p> <p>Project sponsor, qualified consultant, and/or construction contractor(s) to prepare a weekly noise monitoring log which shall be made available to the Planning Department when requested. Any weekly report that includes an exceedance or for a period during which a complaint is received shall be submitted to the Development Performance Coordinator within 3 business days following the week in which the exceedance or complaint occurred.</p> <p>Project sponsor shall notify the Planning Department Development Performance Coordinator of any night noise permit requests when submitted and any emergency/unanticipated activity causing noise with potential to exceed standard as soon as possible.</p>	<p>Project sponsor, qualified consultant, and/or construction contractor(s) to submit final noise monitoring report to the Planning Department Development Performance Coordinator at the completion of each construction phase.</p> <p>Considered complete at the completion of project construction and submittal of final noise monitoring reports.</p>

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR  
 3333 California Street Mixed-Use Project  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>used, which could achieve a reduction of 5 dBA. Quieter equipment shall be used when feasible, such as drills rather than impact equipment.</p> <ul style="list-style-type: none"> <li>Clearly post allowable construction hours (i.e., 7 a.m. to 8 p.m.) on signs around the project site through the duration of construction.</li> <li>During the excavation component of all construction phases, during building construction (framing of structure and major exterior work) of the Euclid and Masonic buildings, the Laurel Duplexes, and Mayfair Building, prepare and implement a daytime construction-noise monitoring program (e.g., 7 a.m. to 7 p.m. during weekdays, and 7 a.m. to 3 p.m. on Saturdays and all other times that excavation or major exterior construction of the identified buildings occurs). Three monitoring stations shall be required to provide continuous noise monitoring at the nearest potentially impacted receptors to the south (along Euclid Avenue), to the west (along Laurel Street), and to the north (along California Street). Selection of the three monitoring locations shall be coordinated between the Planning Department, construction contractor, and ultimately the affected residential property owners. The program shall be set up to alert the Construction Manager or other designated person(s) when noise levels exceed allowable limits (10 dBA above established ambient levels). If noise levels are found to exceed applicable noise limits due to construction-related activities, corrective action shall be taken, such as halting or moving specific construction activities, fixing faulty or poorly operating equipment, and installing portable barriers.</li> <li>Designate a Construction Manager who shall:             <ul style="list-style-type: none"> <li>Clearly post his/her name and phone number(s) on signs visible during each phase of the construction program.</li> <li>Notify area residents of construction activities, schedules, and impacts.</li> <li>Receive and act on complaints about construction noise disturbances.</li> </ul> </li> </ul>				

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
**(Includes Text for Adopted Mitigation Measures and Improvement Measures)**

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<ul style="list-style-type: none"> <li>○ Determine the cause(s) and implement remedial measures as necessary to alleviate potentially significant problems related to construction noise</li> <li>○ Request night noise permits from the San Francisco Department of Building Inspection (DBI) if any activity, including deliveries or staging, is anticipated outside of work hours that has the potential to exceed noise standards. If such activity is required in response to an emergency or other unanticipated conditions, night noise permits shall be requested as soon as feasible for any ongoing response activities.</li> <li>○ Notify the Planning Department's Development Performance Coordinator at the time that night noise permits are requested or as soon as possible after emergency/unanticipated activity causing noise with the potential to exceed noise standards has occurred.</li> </ul> <p><u>Plan Review, Implementation, and Reporting</u></p> <p>The Noise Control Plan shall be reviewed and approved by the San Francisco Department of Public Health and Planning Department prior to implementation. Noise monitoring shall be completed by a qualified noise consultant.</p> <p>A noise monitoring log report shall be prepared by the Construction Manager or other designated person(s) on a weekly basis and shall be made available to the Planning Department when requested. The log shall include any complaints received, whether in connection with an exceedance or not, as well as any complaints received through calls to 311 or DBI if the contractor is made aware of them (for example, via a DBI notice, inspection, or investigation). Any weekly report that includes an exceedance or for a period during which a complaint is received should be submitted to the Development Performance Coordinator within 3 business days following the week in which the exceedance or complaint occurred. A report also shall be submitted to the Planning Department Development Performance Coordinator at the completion of each construction phase. The report shall document noise levels, exceedances of threshold levels, if reported, and corrective action(s) taken.</p>				

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p><b>Mitigation Measure M-NO-2: Vibration Monitoring Program for SF Fire Credit Union Building</b></p> <p>Prior to excavation activities along California Street, including for the Walnut Building and California Street Garage, a detailed vibration assessment and monitoring plan shall be completed to ensure that construction activities and equipment are selected and designed to ensure groundborne vibration levels at the SF Fire Credit Union do not exceed levels protective of the structural integrity of the building.</p> <p>The project contractor shall:</p> <ul style="list-style-type: none"> <li>Retain the services of a qualified structural engineer or vibration consultant to prepare a pre-construction building assessment and vibration monitoring plan of the SF Fire Credit Union building.</li> <li>Prior to excavation activities for the Walnut Building and the California Street Garage, perform inspection of the SF Fire Credit Union building to document existing building conditions with written and photographic descriptions of the existing condition of visible exteriors and in interior locations upon permission of the owner. The assessment shall determine specific locations to be monitored and include annotated drawings to locate digital photo locations, survey markers, and/or other monitoring devices to measure vibrations. Based on the construction program for the proposed project or project variant and the condition of the SF Fire Credit Union building, the structural engineer and/or vibration consultant shall develop a vibration monitoring plan to protect the SF Fire Credit Union building. The pre-construction assessment and vibration monitoring plan shall be submitted to the Planning Department prior to issuance of construction permits for excavation for the Walnut Building and the California Street Garage.</li> </ul>	<p>Project sponsor to retain a qualified consultant to prepare a detailed vibration assessment and monitoring plan.</p> <p>Project sponsor to retain a qualified structural engineer or vibration consultant to carry out pre-construction assessment.</p>	<p>The detailed vibration assessment and monitoring plan is to be submitted to Planning Department prior to issuance of demolition or site permits for Walnut Building and California Street Garage.</p> <p>Prior to excavation activities for the Walnut Building and California Street Garage, the qualified consultant shall perform pre-construction inspection of the SF Fire Credit Union building.</p>	<p>Planning Department to approve vibration assessment and monitoring plan.</p> <p>Project sponsor, qualified consultant, and/or construction contractor(s) to submit weekly reports during excavation, foundation and exterior construction activities to the Planning Department Development Performance Coordinator, and Department of Building Inspection upon request.</p> <p>Planning Department shall review and approve pre-construction assessment and vibration monitoring plan.</p>	<p>Considered complete at the completion of Walnut Building and California Street Garage excavation and submittal of final vibration monitoring report to the Planning Department.</p>

(August 19, 2019)



FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<ul style="list-style-type: none"> <li>Inform the SF Fire Credit Union of upcoming construction activities that may generate high levels of vibration, including excavator use that may occur within 15 feet of this building (thereby providing a 7-foot protective buffer to the 8-foot distance where damage may occur).</li> <li>Perform vibration monitoring at the SF Fire Credit Union building during excavation activities for the Walnut Building and the California Street Garage when operating heavy equipment (i.e., excavators) within 15 feet of the building foundation. Vibration monitoring shall be conducted on a daily basis, as needed, when heavy equipment operates within 15 feet of the building foundation. When vibration levels exceed allowable threshold the Construction Manager, structural engineer, or other designated person(s) shall be alerted.</li> <li>Should the measured vibration levels at the SF Fire Credit Union building during excavation for the Walnut Building and the California Street Garage exceed 0.5 PPV (in/sec) at any time, or if damage to the SF Fire Credit Union building is observed, construction personnel shall immediately cease excavation and implement vibration control measures such as adjustment of excavation methods to reduce vibration of soil or use of equipment that generates lower levels of vibration. Examples of equipment that may generate lower levels of vibration may include smaller sized back-hoes.</li> <li>If damage to the SF Fire Credit Union building occurs, the building shall be remediated to its pre-construction condition at the conclusion of ground-disturbing activity, as shown in the pre-construction assessment, with the consent of the building owner.</li> </ul> <p>Plan Review, Implementation, and Reporting</p> <p>The Detailed Vibration Assessment Plan shall be reviewed and approved by the San Francisco Planning Department prior to implementation. Vibration measurements shall be completed by a qualified structural engineer or vibration consultant.</p>				

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
**(Includes Text for Adopted Mitigation Measures and Improvement Measures)**

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
A vibration monitoring log report is to be prepared by the Construction Manager or other designated person(s) on a weekly basis during excavation for the Walnut Building and California Street Garage, and shall be made available to the Planning Department Development Performance Coordinator and building department when requested. A final report on the vibration monitoring shall be submitted to the Planning Department following completion of Walnut Building and California Street Garage excavation and prior to the issuance of a Certificate of Occupancy. The report shall document vibration levels, exceedances of the threshold level, if reported, and corrective action(s) taken.				
<p><b>Mitigation Measure M-NO-3: Stationary Equipment Noise Controls</b></p> <p>Noise attenuation measures shall be incorporated into all stationary equipment (including HVAC equipment) installed on all buildings that include such stationary equipment as necessary to meet noise limits specified in Section 2909 of the Police Code. Interior noise limits shall be met under both existing and future noise conditions. Noise attenuation measures could include provision of sound enclosures/barriers, addition of roof parapets to block noise, increasing setback distances from sensitive receptors, provision of louvered vent openings, and location of vent openings away from adjacent residential uses.</p> <p>After completing installation of the HVAC equipment but, before receipt of the Final Certificate of Occupancy for each building, the project sponsor shall conduct noise measurements to ensure that the noise generated by stationary equipment complies with section 2909 (a) and (d) of the San Francisco Noise Ordinance. No Final Certificate of Occupancy shall be issued for any building until the standards in the Noise Ordinance are shown to be met for that building.</p>	Project sponsor and construction contractor(s) shall implement noise attenuation measures and conduct noise measurements identified in M-NO-3.	<p>Prior to issuance of building permit, incorporate practices identified in M-NO-3 into the project construction plans.</p> <p>Before receipt of the Final Certificate of Occupancy for each building, the project sponsor shall conduct noise measurements.</p>	<p>Project sponsor to provide copies of project construction plans to Planning Department that show incorporation of practices identified.</p> <p>Before receipt of the Final Certificate of Occupancy for each building, the project sponsor shall submit noise measurements results to the Planning Department Development Performance Coordinator. The noise measurement results from the stationary equipment shall demonstrate compliance with sections 2909 (a) and (d) of the San Francisco Noise Ordinance.</p>	Considered complete upon submittal of project construction plans incorporating identified practices and noise measurements results demonstrating compliance with the San Francisco Noise Ordinance.
<i>Biological Resources Mitigation Measures</i>				
<p><b>Mitigation Measure M-BI-1: Preconstruction Nesting Bird Surveys and Buffer Areas</b></p> <p>Nesting birds and their nests shall be protected during construction by implementation of the following measures for each construction phase:</p>	Project sponsor and qualified biologist shall	Vegetation/tree removal activities shall be	Before each construction phase. If qualified biologist proposes to	Considered complete upon

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>a. To the extent feasible, conduct initial activities including, but not limited to, vegetation removal, tree trimming or removal, ground disturbance, building demolition, site grading, and other construction activities which may compromise breeding birds or the success of their nests outside of the nesting season (January 15 through August 15).</p> <p>b. If construction during the bird nesting season cannot be fully avoided, a qualified wildlife biologist* shall conduct pre-construction nesting surveys within 14 days prior to the start of construction or demolition at areas that have not been previously disturbed by project activities or after any construction breaks of 14 days or more. Surveys shall be performed for suitable habitat within 250 feet of the project site in order to locate any active nests of common bird species and within 500 feet of the project site to locate any active raptor (birds of prey) nests.</p> <p>c. If active nests are located during the preconstruction nesting bird surveys, a qualified biologist shall evaluate if the schedule of construction activities could affect the active nests and if so, the following measures would apply:</p> <p>i. If construction is not likely to affect the active nest, construction may proceed without restriction; however, a qualified biologist shall regularly monitor the nest at a frequency determined appropriate for the surrounding construction activity to confirm there is no adverse effect. Spot-check monitoring frequency would be determined on a nest-by-nest basis considering the particular construction activity, duration, proximity to the nest, and physical barriers which may screen activity from the nest. The qualified biologist may revise his/her determination at any time during the nesting season in coordination with the Planning Department.</p> <p>ii. If it is determined that construction may affect the active nest, the qualified biologist shall establish a no-disturbance buffer around the nest(s) and all project work shall halt</p>	<p>implement measures to protect nesting birds and their nests.</p>	<p>conducted during the non-breeding season (i.e., August 16 through January 14), OR preconstruction surveys shall be conducted for work scheduled during the breeding season (January 15 through August 15).</p> <p>The preconstruction survey shall be conducted within 14 days prior to the start of work or after any construction breaks of 14 days or more during the bird nesting season (January 15 through August 15)</p>	<p>modify nest buffer distances, Planning Department shall review and approve in coordination with California Department of Fish and Wildlife before the buffer distances are reduced.</p>	<p>completion of preconstruction nesting bird surveys or completion of vegetation removal and grading activities outside of the bird breeding season.</p>

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR  
 3333 California Street Mixed-Use Project  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>within the buffer until a qualified biologist determines the nest is no longer in use. Typically, these buffer distances are 250 feet for passerines and 500 feet for raptors; however, the buffers may be adjusted if an obstruction, such as a building, is within line-of-sight between the nest and construction.</p> <p>iii. Modifying nest buffer distances, allowing certain construction activities within the buffer, and/or modifying construction methods in proximity to active nests shall be done at the discretion of the qualified biologist and in coordination with the Planning Department, who would notify CDFW. Necessary actions to remove or relocate an active nest(s) shall be coordinated with the Planning Department and approved by CDFW.</p> <p>iv. Any work that must occur within established no-disturbance buffers around active nests shall be monitored by a qualified biologist. If adverse effects in response to project work within the buffer are observed and could compromise the nest, work within the no-disturbance buffer(s) shall halt until the nest occupants have fledged.</p> <p>v. Any birds that begin nesting within the project area and survey buffers amid construction activities are assumed to be habituated to construction-related or similar noise and disturbance levels, so exclusion zones around nests may be reduced or eliminated in these cases as determined by the qualified biologist in coordination with the Planning Department, who would notify CDFW. Work may proceed around these active nests as long as the nests and their occupants are not directly impacted.</p> <p>d. In the event inactive nests are observed within or adjacent to the project site at any time throughout the year, any removal or relocation of the inactive nests shall be at the discretion of the qualified biologist in coordination with the Planning Department, who would notify and seek approval from the CDFW, as appropriate. Work may proceed around these inactive nests.</p>				

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
* Typical experience requirements for a "qualified biologist" include a minimum of four years of academic training and professional experience in biological sciences and related resource management activities, and a minimum of two years of experience conducting surveys for each species that may be present within the project area.				
<i>Geology and Soils Mitigation Measures</i>				
<b>Mitigation Measure M-GE-5: Inadvertent Discovery of Paleontological Resources.</b>  Before the start of any drilling or excavation activities, the project sponsor shall retain a qualified paleontologist, as defined by the Society of Vertebrate Paleontology, who is experienced in on-site construction worker training. The qualified paleontologist shall train all construction personnel who are involved with earthmoving activities, including the site superintendent, regarding the possibility of encountering fossils, the appearance and types of fossils that are likely to be seen during construction, and proper notification procedures should fossils be encountered. If potential vertebrate fossils are discovered by construction crews, all earthwork or other types of ground disturbance within 50 feet of the find shall stop immediately and the monitor shall notify the Environmental Review Officer. The fossil should be protected by an "exclusion zone" (an area approximately five feet around the discovery that is marked with caution tape to prevent damage to the fossil). Work shall not resume until a qualified professional paleontologist can assess the nature and importance of the find. Based on the scientific value or uniqueness of the find, the qualified paleontologist may record the find and allow work to continue, or recommend salvage and recovery of the fossil. The qualified paleontologist may also propose modifications to the stop-work radius based on the nature of the find, site geology, and the activities occurring on the site. If treatment and salvage is required, recommendations shall be consistent with Society of Vertebrate Paleontology's 2010 Standard Procedures for the Assessment and Mitigation of Adverse Impacts to Paleontological Resources, and currently accepted scientific practice, and shall be subject to review and approval by the Environmental Review Officer. If required, treatment for fossil remains may include preparation and recovery of fossil materials so that they can be housed in an appropriate museum or university collection [e.g.,	Project sponsor to retain appropriately qualified paleontologist to conduct training for construction personnel and to review procedures for Stop Work notices for inadvertent discoveries.  Project sponsor and construction contractor(s) to report any fossils encountered.	Prior to and during any excavation, site preparation or soil disturbance for each construction phase.  ERO to approve training materials and ensure notification procedures are up to date.	The project sponsor's paleontological consultant shall notify the ERO immediately if work should stop, as indicated, and consult with the qualified paleontologist to develop recommendations for monitoring, treatment, and salvage, as needed.	Considered complete upon completion of ground-disturbing activities, if no paleontological resources are encountered, or upon completion of recovery or report preparation as directed by the ERO.

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
the University of California Museum of Paleontology], and may also include preparation of a report for publication describing the finds. The Planning Department shall ensure that information on the nature, location, and depth of all finds is readily available to the scientific community through university curation or other appropriate means.				
<b>IMPROVEMENT MEASURES FOR THE 3333 CALIFORNIA STREET MIXED-USE PROJECT</b> <i>(Improvement measures are not required under CEQA. The EIR identifies Improvement Measures to avoid or reduce the less-than-significant impacts of the proposed project or project variant. The decision-makers may adopt these Improvement Measures as conditions of approval.)</i>				
<i>Transportation and Circulation Improvement Measures</i>				
<b>Improvement Measure I-TR-1: Project Construction Updates</b> To minimize construction impacts on access for nearby residences, institutions, and businesses, the project sponsor should provide nearby residences and adjacent businesses with regularly updated information regarding construction, including construction activities, peak construction vehicle activities (e.g., concrete pours), travel or parking lane closures, and sidewalk closures via a newsletter and/or website.	Project sponsor and project construction contractor(s).	Implement measure throughout all phases of construction.	Project sponsor and project construction contractor(s) to provide documentation regarding compliance with Improvement Measure I-TR-1 to Planning Department.	Considered complete at the completion of project construction.
<b>Improvement Measure I-TR-3: Driveway Queue Abatement</b> It will be the responsibility of the owner/operator of the proposed parking garage to ensure that recurring vehicle queues do not occur on the public right-of-way. A vehicle queue is defined as one or more vehicles (destined to the parking facility) blocking any portion of any public street, alley or sidewalk for a consecutive period of three minutes or longer on a daily or weekly basis. If a recurring queue occurs, the owner/operator of the parking facility will employ abatement methods as needed to abate the queue. Appropriate abatement methods will vary depending on the characteristics and causes of the recurring queue, as well as the characteristics of the parking facility, the street(s) to which the facility connects, and the associated land uses. Suggested abatement methods include but are not limited to the following: redesign of facility to improve vehicle circulation and/or on-site queue capacity; ingress/egress restrictions, such as limiting access to right-in/right-out; employment of parking attendants; installation of "LOT FULL" signs with active management by parking attendants; use of valet parking or other space-efficient parking techniques; use of parking occupancy sensors and signage directing	Project sponsor/building management representative and Planning Department.	Ongoing during building occupancy.	Project sponsor/building management representative to ensure that recurring vehicle queues do not occur adjacent to the project site.  Planning Department shall notify the project sponsor/building management representative in writing if recurring queues are suspected. Project sponsor/building management representative to hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. If the Planning Department determines that a recurring queue does exist, the	Ongoing during building occupancy.

(August 19, 2019)

**FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR**  
**3333 California Street Mixed-Use Project**  
 (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>drivers to available spaces; transportation demand management strategies such as customer/employee shuttles, delivery services; and/or parking demand management strategies such as parking time limits, paid parking, time-of-day parking surcharge, or validated parking.</p> <p>If the Planning Director, or his or her designee, suspects that a recurring queue is present, the department will notify the property owner in writing. Upon request, the owner/operator will hire a qualified transportation consultant to evaluate the conditions at the site for no less than seven days. The consultant will prepare a monitoring report to be submitted to the department for review. If the department determines that a recurring queue does exist, the facility owner/operator will have 90 days from the date of the written determination to abate the queue.</p>			project sponsor/building management representative shall have 90 days from the date of the written determination to abate the queue.	
<p><b>Improvement Measure I-TR-9a: Schedule and Coordinate Deliveries</b></p> <p>Per Planning Code section 169.5, the project will maintain a transportation demand management (TDM) coordinator.<sup>3</sup> The project's TDM coordinator will work with delivery providers and building tenants to schedule and coordinate loading activities to ensure that any freight loading/service vehicles can be accommodated either in the proposed on-street or on-site/off-street loading spaces. Loading and moving activities will be minimized during peak periods and spread across the day, thereby reducing activity during the peak hour for loading. The TDM coordinator will work with tenants to find opportunities to consolidate deliveries and reduce the need for peak period deliveries whenever possible. Deliveries will be scheduled to minimize loading activities during peak periods and reduce potential for conflicts with traffic, transit, bicyclists, and pedestrians on the surrounding street network. Freight loading/service vehicles will be monitored and actively discouraged from parking illegally or obstructing traffic, transit, bicycle, or pedestrian flow along the project frontages.</p>	Project sponsor/ building management representative/ TDM coordinator.	<p>Prior to issuance of certificates of occupancy for new buildings.</p> <p>Implementation of this measure is ongoing, after building occupancy.</p>	The project sponsor shall provide documentation to the Planning Department regarding procedures to implement this improvement measure.	Ongoing during building occupancy.
<p><b>Improvement Measure I-TR-9b: Monitor Loading Activity and Implement Loading Management Strategies as Needed</b></p> <p>After completion of the proposed project or project variant, the project sponsor will conduct a utilization study of commercial and passenger loading spaces. If</p>	Project sponsor/ building management representative to	After one year of operation of the proposed project or project variant, conduct	The project sponsor shall provide documentation to the Planning Department regarding procedures	Considered complete upon review and

<sup>3</sup> The project sponsor of a development project subject to the requirements of planning code section 169 must designate a TDM coordinator. The TDM coordinator may be an employee for the development project (e.g., property manager) or the project sponsor may contract with a third-party provider(s) (e.g., transportation brokerage services as required for certain projects pursuant to planning code section 163). The TDM coordinator shall be delegated authority to coordinate and implement the TDM Plan.

(August 19, 2019)

FINAL MITIGATION MONITORING AND REPORTING PROGRAM FOR 3333 California Street Mixed-Use Project (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Actions Schedule and Verification of Compliance
<p>the result of the study indicates that fewer than 15 percent of the loading spaces (e.g., 1 space) are available during the peak loading period, the project sponsor will implement loading management strategies and/or provide additional or expanded loading supply to meet the loading demand.</p> <p>Additional loading strategies could include (but are not limited to):</p> <ul style="list-style-type: none"> <li>Expanding efforts to coordinate with parcel delivery companies to schedule deliveries during off-peak hours</li> <li>Installing delivery supportive amenities such as lock boxes and unassisted delivery systems to allow delivery personnel access and enable off-peak hour deliveries</li> <li>Coordinating delivery services across buildings to enable the delivery of several buildings' packages to a single location</li> <li>Requiring deliveries to the retail and restaurant components of the proposed project or project variant to occur during early morning or late evening hours</li> <li>Reserving on-street parking spaces for smaller delivery vehicles through the SFMTA Temporary Signage Program</li> </ul>	<p>conduct a loading utilization study with an approach reviewed and approved by Planning transportation staff.</p>	<p>loading utilization study.</p>	<p>to implement this improvement measure.</p>	<p>approval of the loading utilization study by the planning department. If Planning determines one or more loading strategies is/are recommended, considered complete upon implementation of loading management strategies.</p>

(August 19, 2019)





## SAN FRANCISCO PLANNING DEPARTMENT

---

September 12, 2019

Ms. Angela Calvillo, Clerk  
Honorable Supervisor Stefani  
Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

Re: Transmittal of Planning Department Case Number 2015-014028PRJ:  
3333 CALIFORNIA ST  
Board File Nos. 190844 & 190845  
Planning Commission Recommendation: Approval

Dear Ms. Calvillo and Supervisor Stefani,

On September 5, 2019, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinances, introduced by Supervisor Stefani. Board File No. 190844 is an Ordinance that would amend the Planning Code to add Section 249.86 to create the 3333 California Street Special Use District and amending Sectional Maps SU03 and HT03 of the Zoning Map. Board File No. 190845 is Ordinance approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners, LLC, a Delaware limited liability company, for the development of an approximately 10.25-acre site located at California Street at Presidio Avenue with various public benefits. At the hearing the Planning Commission recommended approval without modifications.

Supervisor, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron D. Starr", with a stylized flourish at the end.

Aaron D. Starr  
Manager of Legislative Affairs

cc:

Audrey William Pearson, Deputy City Attorney  
Daniel Herzstein, Aide to Supervisor Stefani  
Erica Major, Office of the Clerk of the Board

[www.sfplanning.org](http://www.sfplanning.org)

Transmittal Materials

CASE NO. 2015-014028PRJ  
3333 CALIFORNIA ST

Attachments :

Planning Commission Resolution No. 20514 (SUD Ordinance)  
Planning Commission Resolution No. 20515 (DA Ordinance)  
Planning Department Executive Summary

**This page intentionally left blank.**



# SAN FRANCISCO PLANNING DEPARTMENT

## Planning Commission Resolution No. 20514

HEARING DATE: SEPTEMBER 5, 2019

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Case No.:* 2015-014028MAP/PCA  
*Project Name:* 3333 California Street (aka 3333 California Street  
Mixed-Use Project)  
*Existing Zoning:* Residential – Mixed, Low Density [RM-1] Zoning District  
40-X Height and Bulk District  
*Proposed Zoning:* Residential – Mixed, Low Density [RM-1] Zoning District;  
3333 California Street Special Use District  
40-X, 45-X, 67-X, 80-X and 92-X Height and Bulk Districts  
*Block/Lot:* 1032/003  
*Project Sponsor:* Laurel Heights Partners LLC  
Don Bragg – (415) 395-0880  
*Staff Contact:* Nicholas Foster, AICP, LEED GA – (415) 575-9167  
[nicholas.foster@sfgov.org](mailto:nicholas.foster@sfgov.org)

RESOLUTION APPROVING A PROPOSED ORDINANCE WITH MODIFICATIONS THAT WOULD AMEND THE PLANNING CODE TO ESTABLISH THE 3333 CALIFORNIA STREET SPECIAL USE DISTRICT, TO SPECIFY USE CONTROLS THAT APPLY TO THE SUD, TO SPECIFY DIRECTOR DETERMINATION AND DISCRETIONARY REVIEW CONTROLS; TO EXTINGUISH PLANNING COMMISSION RESOLUTION 4109, TO AMEND HEIGHT AND BULK DISTRICT MAP NO. HT03 TO INCREASE THE HEIGHT LIMIT FOR ASSESSOR'S BLOCK 1032 LOT 003 FROM 40-X TO 40-X, 45-X, 67-X, 80-X AND 92-X AS DEPICTED IN THE BOARD OF SUPERVISORS FILE NO. 190844, AND TO AMEND SPECIAL USE DISTRICT MAP NO. SU03 TO INCLUDE THE NEW 3333 CALIFORNIA STREET SPECIAL USE DISTRICT; AND MAKING VARIOUS FINDINGS, INCLUDING FINDINGS UNDER PLANNING CODE SECTION 302; THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, on July 30, 2019, pursuant to Planning Code section 302(b), Supervisor Catherine Stefani introduced an ordinance amending the Planning Code to add section 249.86 to establish the 3333 California Street Special Use District (herein "3333 California Street SUD"), amending Height and Bulk District Map No. HT03 and Special Use District Map No. SU03, to implement the 3333 California Street Mixed-Use Project ("Project"), and extinguishing Planning Commission Resolution No. 4109 ("Ordinance").

WHEREAS, on September 3, 2019, pursuant to Planning Code section 302(b), Supervisor Catherine Stefani introduced a substitute ordinance, amending the previous ordinance introduced on July 30, 2019.

WHEREAS, the Ordinance would enable the Project. The Project would redevelop the subject property with a mix of residential, retail, child care, open space, and parking uses. The existing 14,000 gross-square-foot (gsf) annex building, surface parking lots and ramp structures would be demolished, and the existing

455,000 gsf office building ("Center Office Building"), would be partially demolished and adaptively reused for residential uses (as two separate buildings; "Center Building A" and "Center Building B") with up to three stories added to each. The Project would also construct thirteen new buildings, ranging from 4-story duplex townhouses to 6-story apartment buildings, as residential-only buildings ("Masonic"; "Euclid"; "Mayfair"; and the seven "Laurel Duplex" buildings), and mixed-use buildings ("Plaza A"; "Plaza B"; and "Walnut") containing non-residential uses on the ground and second floors. Overall, the Project includes a total of approximately 1,428,000 gsf of new and rehabilitated floor area, comprising: approximately 978,000 gsf of residential floor area (include 774 dwelling units); approximately 35,000 gsf of retail floor area; an approximately 15,000 gsf childcare facility (accommodating approximately 175 children); approximately 400,000 gsf devoted to off-street parking with 857 parking spaces (including approximately 10 car share spaces); and 839 bicycle spaces. A total of 25% of the Project's dwelling units will be deed-restricted, on-site affordable units designated for low-income senior households. These affordable units will be located in the proposed Walnut Building on California Street and consist of 185 studio and 1-bedroom units for seniors plus 1 on-site manager's unit.

WHEREAS, the Ordinance would add Planning Code section 249.86 to establish the 3333 California Street SUD, which: 1) allows certain non-residential uses as principally permitted within the first and second floor of all buildings with frontage along California Street subject to the controls of the NC-S zoning, including Flexible Retail Uses; Social Service or Philanthropic Facilities; and non-residential uses; 2) specifies requirements for usable open space; 3) specifies off-street parking requirements for child care facilities; 4) specifies affordable housing and child care requirements applicable to the Project; 5) specifies director determination and discretionary review controls for the project; and 6) extinguishes City Planning Commission Resolution 4109; WHEREAS, the Ordinance would amend the Zoning Map, specifically Height & Bulk District Map No. HT03 to increase the height limit for Block 1032, Lot 003 from 40-X to 40-X, 45-X, 67-X, 80-X, and 92-X, as depicted in Board of Supervisors File No. 190844, and Special Use District Map No. SU03 to include the new 3333 California Street Special Use District.

WHEREAS, the Ordinance would extinguish City Planning Commission Resolution 4109.

WHEREAS, this Resolution recommending the approval of the Ordinance is a companion to other legislative approvals relating to the Project, including recommendation for approval of the Development Agreement for the 3333 California Street Mixed-Use Project (Board File No. 190845) and the Conditional Use Authorization to allow structures to exceed 40 feet in a RM Zoning District; for a change of use for an existing child care facility, and to allow a Planned Unit Development with the requested modifications from the requirements of the Planning Code (Motion No. 20516).

WHEREAS, On September 5, 2019, the commission reviewed and considered the information contained in the Final Environmental Impact Report ("FEIR") for the 3333 California Street Mixed-Use Project, Planning Department Case No. 2015-014028ENV, consisting of the Draft EIR and the responses to comments document, and found that the contents of said report and the procedures through which the FEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code, and found further that the FEIR reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the responses to comments document contains no significant revisions to the DEIR that would require recirculation of the document pursuant to CEQA Guideline section.

15088.5, and certified the completion of said FEIR in compliance with CEQA and the CEQA Guidelines in Motion No. 20512; and

WHEREAS, On September 5, 2019, by Motion No. 20513, the Commission adopted findings, including a statement of overriding considerations and a mitigation monitoring and reporting program (MMRP), pursuant to CEQA;

WHEREAS the Planning Department, Jonas Ionin, Commission Secretary, is the Custodian of Records, located in Case No. 2015-014028ENV, at 1650 Mission Street, Fourth Floor, San Francisco,

WHEREAS, on September 5, 2019, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on the proposed Ordinance.

NOW THEREFORE BE IT RESOLVED, that the Commission has reviewed and considered the FEIR certified in Motion No. 20512, and the adopts and incorporates by reference as though fully set forth herein, the findings, including the statement of overriding considerations, adopted by the Commission in Motion No. 20513 on September 5, 2019;

AND BE IT FURTHER RESOLVED that pursuant to Planning Code section 302, the Planning Commission hereby finds that the Ordinance promotes the public welfare, convenience and necessity for the following reasons:

1. The Ordinance would give effect to the 3333 California Street Mixed-Use Project, thereby facilitating the development of currently under-utilized land for much-needed housing, commercial space, and open space.
2. The Ordinance would give effect to the 3333 California Street Mixed-Use Project, which in turn will provide employment opportunities for local residents during construction and post-occupancy, as well as a new open space for new and existing residents.
3. The Ordinance would give effect to the 3333 California Street Mixed-Use Project by enabling the creation of a new mixed-use development. This new development would integrate with the surrounding City fabric and the existing neighborhood and would constitute a beneficial development.
4. The Ordinance would enable the construction of a new vibrant, safe, and connected neighborhood, including a new publicly-accessible open space. The Ordinance would help ensure a vibrant neighborhood with active streets and open spaces, high quality and well-designed buildings, and thoughtful relationships between buildings and the public realm.
5. The Ordinance would enable construction of new housing, including new on-site affordable senior housing. These new uses would create a new mixed-use development that would strengthen and complement nearby neighborhoods.

AND BE IT FURTHER RESOLVED, that the Commission finds the Ordinance is in general conformity with the General Plan as set forth in Planning Commission Resolution No. 20514.

#### GENERAL PLAN: HOUSING ELEMENT

#### Objectives and Policies

**OBJECTIVE 1:**

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

**Policy 1.1**

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

**Policy 1.8**

Promote mixed use development, and include housing, particularly permanently affordable housing, in new commercial, institutional or other single use development projects.

**Policy 1.10**

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

**OBJECTIVE 4:**

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

**Policy 4.1**

Develop new housing, and encourage the remodeling of existing housing, for families with children.

**Policy 4.4**

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

**Policy 4.5**

Ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

**OBJECTIVE 11:**

SUPPORT AND RESPECT THE DIVERSE AND DISTINCT CHARACTER OF SAN FRANCISCO'S NEIGHBORHOODS.

**Policy 11.1**

Promote the construction and rehabilitation of well-designed housing that emphasizes beauty, flexibility, and innovative design, and respects existing neighborhood character.

**Policy 11.2**

Ensure implementation of accepted design standards in project approvals.

**Policy 11.3**

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

**Policy 11.4:**

Continue to utilize zoning districts which conform to a generalized residential land use and density plan and the General Plan.

**Policy 11.6**

Foster a sense of community through architectural design, using features that promote community interaction.

**Policy 11.8**

Consider a neighborhood's character when integrating new uses, and minimize disruption caused by expansion of institutions into residential areas.

**OBJECTIVE 12**

BALANCE HOUSING GROWTH WITH ADEQUATE INFRASTRUCTURE THAT SERVES THE CITY'S GROWING POPULATION.

**Policy 12.1**

Encourage new housing that relies on transit use and environmentally sustainable patterns of movement.

**Policy 12.2**

Consider the proximity of quality of life elements, such as open space, child care, and neighborhood services, when developing new housing units.

**Policy 12.3**

Ensure new housing is sustainably supported by the City's public infrastructure systems.

**OBJECTIVE 13**

PRIORITIZE SUSTAINABLE DEVELOPMENT IN PLANNING FOR AND CONSTRUCTING NEW HOUSING.

**Policy 13.1**

Support "smart" regional growth that located new housing close to jobs and transit.

**Policy 13.3**

Promote sustainable land use patterns that integrate housing with transportation in order to increase transit, pedestrian, and bicycle mode share.

**GENERAL PLAN: COMMERCE AND INDUSTRY**



**OBJECTIVE 1**

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

**Policy 1.1**

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

**OBJECTIVE 3**

PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

**Policy 3.2**

Promote measures designed to increase the number of San Francisco jobs held by San Francisco residents.

**GENERAL PLAN: TRANSPORTATION**

**OBJECTIVE 2**

USE THE EXISTING TRANSPORTATION INFRASTRUCTURE AS A MEANS FOR GUIDING DEVELOPMENT AND IMPROVING THE ENVIRONMENT.

**Policy 2.1**

Use rapid transit and other transportation improvements in the city and region as the catalyst for desirable development and coordinate new facilities with public and private development.

**Policy 2.5**

Provide incentives for the use of transit, carpools, vanpools, walking and bicycling and reduce the need for new or expanded automobile and automobile parking facilities.

**OBJECTIVE 23**

IMPROVE THE CITY'S PEDESTRIAN CIRCULATION SYSTEM TO PROVIDE FOR EFFICIENT, PLEASANT, AND SAFE MOVEMENT.

**Policy 23.1**

Provide sufficient pedestrian movement space with a minimum of pedestrian congestion in accordance with a pedestrian street classification system.

**GENERAL PLAN: URBAN DESIGN ELEMENT**

**Objectives and Policies**

**OBJECTIVE 1:**

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

**Policy 1.2**

Recognize, protect and reinforce the existing street pattern, especially as it is related to topography.

**Policy 1.3**

Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

**Policy 1.7**

Recognize the natural boundaries of districts, and promote connections between districts.

**GENERAL PLAN: RECREATION AND OPEN SPACE ELEMENT**

**Objectives and Policies**

**OBJECTIVE 1:**

ENSURE A WELL-MAINTAINED, HIGHLY UTILIZED, AND INTEGRATED OPEN SPACE SYSTEM.

**Policy 1.1**

Encourage the dynamic and flexible use of existing open spaces and promote a variety of recreation and open space uses, where appropriate.

*The Project would provide a mixed-used development with residential (including substantial new affordable housing), retail, and open space uses, leveraging the Site's location along transit corridors and allowing people to work and live within close proximity to transit, consistent with numerous Housing Element and Transportation Element policies that encourage residential and mixed-use development near transit. Furthermore, as detailed in the Development Agreement (Board File No. 190845), the Project exceeds the Planning Code's inclusionary affordable housing requirements, and will provide a 25% level of on-site affordable housing at Project buildout, fulfilling the Housing Element's objective of encouraging affordable housing.*

*The Site is located in a transit-rich location, within close proximity to various bus lines. Future residents can walk, bike, or access MUNI, or regional bus service from the Site. The Project includes a detailed, TDM program tailored to the Project uses, with various performance measures, monitoring and enforcement measures designed to incentivize use of transit and other alternatives to single occupancy vehicle trips. In addition, the Project's streetscape design would enhance vehicular, bicycle, and pedestrian access and connectivity through the site. The Project would be easily accessed by bicyclists and pedestrians. These Project attributes are consistent with numerous General Plan policies encouraging development that includes environmentally sustainable patterns of movement.*

*The Project would remove portions of—and re-develop the remainder of—a large-scale building and rest of the site with a series of smaller state-of-the-art buildings designed to be consistent with the neighborhood character and scale. The Project's high-quality architectural and landscape design encourages variety, compatibility with the surrounding context, and strong urban design with prominent corners. The Project would incorporate varying heights, massing, and scale, creating a strong, consistent streetwall along the various street frontages, consistent with the Urban Design Element's objective to emphasize the characteristic pattern which gives to the City and its neighborhoods an image, a sense of purpose, and a means of orientation. The Project has been designed*

*to promote community interaction, both within the Project through common residential open space and with the broader community, through access to the privately-owned, publicly-accessible open space on the Site. The Project would also create new connections to the surrounding street grid, including new pedestrian connections, and other street and streetscape improvements.*

*The Project is located in an area that is well-served by retail and other neighborhood services, and would provide additional neighborhood-serving retail space along California Street. The Project would help meet the job creation goals, consistent with the Commerce and Industry Element, and as established in the City's Economic Development Strategy by generating new employment opportunities, and by providing expanded employment opportunities for City residents at varying employment levels both during and after construction. The Development Agreement's community benefit programs include commitments to construction and operations workforce first source hiring, as well as local business enterprise requirements for construction and end use jobs.*

*The Project would include streetscape improvements to enhance the safety of, and strengthen the network of, existing sidewalks and street crossings that abut the Site including Presidio, Masonic, and Euclid Avenues, as well as Laurel Street, and Mayfair Drive, consistent with the Urban Design Element's goal to recognize, protect and reinforce the existing street pattern. These physical improvements also meet the goals and objectives of the Better Streets Plan. Specifically, the Project would include the following streetscape and pedestrian improvements: a new at-grade street crossing; sidewalk widening; enhanced paving; installation of new street trees and street lighting on various adjacent public rights-of-way. These improvements require a major encroachment permit from the Department of Public Works that is subject to Board of Supervisors approval. The encroachment permit imposes long-term maintenance responsibility and liability for these improvements on the Project Sponsor.*

*On the whole, the Project would add a significant amount of housing to a site that is currently underutilized, well-served by existing and future transit, and is within walking distance of substantial goods and services. The Project would create appropriate residential density at a location that is well served by transit and would include substantial new on-site open space to support and activate the new active ground floor and open space uses in the proposed Project and to serve the broader neighborhood. The Project balances significant housing production with new and improved infrastructure and related public benefits, including an on-site child care facility.*

AND BE IT FURTHER RESOLVED, that the Commission finds the Ordinance is in general conformity with Planning Code Section 101.1 as set forth in Planning Commission Resolution No. 20514.

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

*The Project would have a positive effect on existing neighborhood-serving retail uses because it would bring additional residents to the neighborhood, thus increasing the customer base of existing neighborhood-serving retail.*

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

*The Project would not negatively affect the existing housing and neighborhood character. The Project would not displace any housing given the existing building contains only non-residential uses (primarily*

office use). Like the neighborhoods surrounding the Site, which includes a variety of uses, such as single family homes, multi-unit apartment buildings, the Jewish Community Center, the Laurel Village Shopping Center, and the Muni bus storage yard, the Project is mixed-use and mixed-income, and would provide a range of improvements, housing, and services that would preserve the neighborhood's cultural and economic diversity. It would include approximately 744 units, 185 units of which would be affordable units for seniors with 1 on-site manager's unit. The remaining (market rate) units would consist of a range of unit sizes to accommodate a diverse set of residents.

- C. That the City's supply of affordable housing be preserved and enhanced,

*The Project would enhance the City's supply of affordable housing through its affordable housing commitments in the Development Agreement (Board File No. 190845), which will result in a total of 25% on-site affordable housing units.*

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

*The Project would not impede MUNI transit service or overburden streets and neighborhood parking. The Project is at a location well-served by transit and future residents and employees of the Project could access the Site via existing MUNI transit service. The Project does not include any commercial office uses that would generate commuter traffic, and the Project includes sufficient off-street parking and a robust transportation program with an on-site Transportation Demand Management (TDM) program.*

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

*The Project does not include commercial office development, and does not displace any industrial or service uses. In addition, the proposed retail uses and other non-residential uses would provide future opportunities for resident employment and ownership in the service sector.*

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

*The Project includes substantial investment in upgrades to an existing building and construction of new buildings to comply with all current structure and seismic requirements under the San Francisco Building Code.*

- G. That landmarks and historic buildings be preserved.

*There are no existing landmarked buildings on the Site. However, the Site, which is considered an historic resource for CEQA purposes and is listed in the California Register of Historic Resources, will be re-developed to include reuse of the existing Center Building and construction of 13 new buildings to accommodate 744 dwelling units, retail, child-care and parking along with significant landscaping and open space. The Project will comply with Mitigation Measure M-CR-1a, Documentation of Historical*

*Resource, which requires the documenting and presenting of the site's history and character. In addition, the Project will comply with Mitigation Measure M-CR-1b, Interpretation of the Historical Resource, which requires the sponsor to develop an interpretive program focused on the history of the Site.*

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

*The Site does not currently contain public parks or open spaces, and the Project would create major new privately-owned, publicly-accessible open spaces. The Project would not affect any of the City's existing parks or open space or their access to sunlight and vistas. The shadow diagrams prepared as part of the Project's CEQA review demonstrate that the Project would not cast shadows on any property under the jurisdiction of, or designated for acquisition by, the Recreation and Park Commission. The location, orientation and massing of structures on the Site has been designed to maximize solar access to the Project's open spaces, including the major new privately-owned, publicly-accessible open space. The current open space at the corner of Euclid Avenue and Mayfair Street will remain as part of the Project.*

AND BE IT FURTHER RESOLVED, that the Commission recommends approval of the proposed Ordinance with the following modifications:

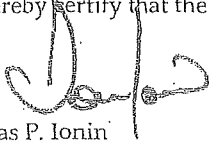
- 1) Amend the SUD to establish applicable Childcare requirements under Planning Code 414A to conform to the terms in the Development Agreement.
- 2) Update the open space plan map in the SUD to conform to the open space square footages to updated plans, dated August 20, 2019 (Exhibit B).
- 3) Amend the SUD to update text changes to Section 2, Subsection (C)(1) of the Ordinance, regarding the development controls applicable to the SUD.

AND BE IT FURTHER RESOLVED, that the Commission authorizes the Planning Director to take such actions and make such changes as deemed necessary and appropriate to implement this Commission's recommendation of approval and to incorporate recommendations from other City agencies and/or the Board, provided that such changes do not materially modify the proposed legislation approved by the Commission.

Resolution No. 20514  
September 5, 2019

Case No. 2015-014028MAP/PCA  
3333 California Street Mixed-Use Project

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on September 5, 2019.



Jonas P. Ionin  
Commission Secretary

AYES: Fung, Hillis, Johnson, Koppel, Melgar, Moore, Richards

NOES: None

ABSENT: None

ADOPTED: September 5, 2019

**This page intentionally left blank.**



# SAN FRANCISCO PLANNING DEPARTMENT

## Planning Commission Resolution No. 20515

HEARING DATE: SEPTEMBER 5, 2019

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Record No.:* 2015-014028DVA  
*Project Address:* 3333 California Street  
*Existing Zoning:* RM-1 (Residential – Mixed, Low Density)  
40-X Height and Bulk District  
*Proposed Zoning:* RM-1 (Residential – Mixed, Low Density)  
3333 California Street Special Use District (SUD)  
40-X, 45-X, 67-X, 80-X, 92-X Height and Bulk Districts  
*Block/Lot:* 1032 / 003  
*Project Sponsor:* Laurel Heights Partners, LLC  
c/o: PSKS  
150 Post Street, Suite 320  
San Francisco, CA 94108  
*Property Owner:* Laurel Heights Partners, LLC  
c/o: PSKS  
150 Post Street, Suite 320  
San Francisco, CA 94108  
*Staff Contact:* Nicholas Foster, AICP, LEED GA – (415) 575-9167  
[nicholas.foster@sfgov.org](mailto:nicholas.foster@sfgov.org)

RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE A DEVELOPMENT AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND LAUREL HEIGHTS PARTNERS, LLC, FOR CERTAIN REAL PROPERTY LOCATED AT CALIFORNIA STREET AND PRESIDIO AVENUE, COMPRISED OF ASSESSOR'S BLOCK 1032 LOT 003, CONSISTING OF APPROXIMATELY 10.25 ACRES, AND ADOPTING VARIOUS FINDINGS, INCLUDING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, Chapter 56 of the San Francisco Administrative Code sets forth the procedure by which a request for a development agreement will be processed and approved in the City and County of San Francisco.

WHEREAS, California Government Code Section 65864 et seq. authorizes any city, county, or city and county to enter into an agreement for the development of real property within the jurisdiction of the city, county, or city and county.

WHEREAS, Laurel Heights Partners, LLC ("Project Sponsor") has filed applications with the Planning Department (hereinafter "Department") for a Conditional Use Authorization, Development Agreement, Legislative Amendments, and Environmental Review to allow the Project Sponsor to



construct approximately 1,427,832 gross square feet of new and rehabilitated space at 3333 California Street, Block 1032 Lot 003 (hereinafter "Project Site").

WHEREAS, the Development Agreement would enable the 3333 California Street Project ("Project"). The Project is a new mixed-use development that will include residential, non-residential, open space, child care, and related uses. The Project would redevelop the subject property with a mix of residential, retail, child care, open space, and parking uses. The existing 14,000 gross-square-foot (gsf) annex building, surface parking lots and ramp structures would be demolished, and the existing 455,000 gsf office building ("Center Office Building"), would be partially demolished and adaptively reused for residential uses (as two separate buildings, "Center Building A" and "Center Building B") with up to three stories added to each. The Project would also construct thirteen new buildings, ranging from 4-story duplex townhouses to 6-story apartment buildings, as residential-only buildings ("Masonic"; "Euclid"; "Mayfair"; and the seven "Laurel Duplex" buildings), and mixed-use buildings ("Plaza A"; "Plaza B"; and "Walnut") containing non-residential uses on the ground and second floors. Overall, the Project includes a total of approximately 1,428,000 gsf of new and rehabilitated floor area, comprising: approximately 978,000 gsf of residential floor area (include 744 dwelling units); approximately 35,000 gsf of retail floor area; an approximately 15,000 gsf childcare facility (accommodating approximately 175 children); approximately 400,000 gsf devoted to off-street parking with 857 parking spaces (including approximately 10 car share spaces); and 839 bicycle spaces.

A total of 25% of the Project's dwelling units will be deed-restricted, on-site affordable units designated for low-income senior households. These affordable units will be located in the proposed Walnut Building on California Street and consist of 185 studio and 1-bedroom units for seniors plus 1 on-site manager's unit.

The Project would provide 52 percent of the overall lot area (approximately 233,000 square feet) as grade-level open area, some of which would be public open space and some of which would be private open space exclusively for residents. The Project would include a total of approximately 125,000 square feet (or roughly 2.88 acres) of publicly-accessible landscaped open space with multi-purpose plazas, lawns, and pathways. New public pedestrian walkways would cross the property in a north-south direction between California Street and the intersection of Masonic and Euclid avenues approximately along the line of Walnut Street and in an east-west direction between Laurel Street and Presidio Avenue along the line of Mayfair Drive. The Project would also include streetscape improvements to enhance the safety of, and strengthen the network of, existing sidewalks and street crossings that abut the Site. These physical improvements to the Site are in service of meeting the goals and objectives of the Better Streets Plan. Specifically, the Project would include the following streetscape and pedestrian improvements: a new at-grade street crossing; sidewalk expansion; enhanced paving; installation of new street trees and street lighting on various public rights-of-way. Some of these improvements require a major encroachment permit from the Department of Public Works and are subject to Board of Supervisors approval.

WHEREAS, the Board will be taking a number of actions in furtherance of the Project, including the adoption of the 3333 California Street Special Use District ("3333 California Street SUD"), which specifies development controls that apply to the SUD, allowing additional (non-residential) permitted uses along California Street, specifies parking for childcare use, affordable housing requirements, and open space requirements; specifies director determination for consistency review and discretionary review controls; extinguishes City Planning Commission Resolution 4109; and amends Zoning Maps SU03 and HT03, reclassifying the height and bulk designation of the site from 40-X to 40-X, 45-X, 67-X, 80-X, and 92-X.

WHEREAS, in furtherance of the Project and the City's role in subsequent approval actions relating to the Project, the City and Laurel Heights Partners, LLC negotiated a development agreement for development of the Project Site, a copy of which is attached as Exhibit K (the "Development Agreement").

WHEREAS, the City has determined that as a result of the development of the Project Site in accordance with the Development Agreement, clear benefits to the public will accrue that could not be obtained through application of existing City ordinances, regulations, and policies, as more particularly described in the Development Agreement.

WHEREAS, the Development Agreement will eliminate uncertainty in the City's land use planning for the Project and secure orderly development of the Project Site.

WHEREAS, the Development Agreement shall be executed by the Director of Planning, subject to prior approval by the Board of Supervisors.

WHEREAS, on September 5, 2019, the Planning Commission ("Commission") reviewed and considered the Final EIR for the 3333 California Street Project ("FEIR") and found the FEIR to be adequate, accurate, and objective, thus reflecting the independent analysis and judgement of the Department and the Commission, and that the summary of comments and responses contained no significant revisions to the Draft EIR, and, by Motion No. 20512, certified the FEIR as accurate, complete and in compliance with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.) ("CEQA"), the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

WHEREAS, on September 5, 2019, the Commission by Motion No. 20513 approved CEQA Findings, including adoption of a statement of overriding considerations, under Case No. 2015-014028ENV, for approval of the Project, which findings are incorporated by reference as though fully set forth herein.

WHEREAS, the CEQA Findings included adoption of the Mitigation Monitoring and Reporting Program (MMRP) contained in Motion No. 20513, which requirements are made conditions of this approval.

WHEREAS, on September 5, 2019, by Motion No. 20513, the Commission adopted findings in connection with its consideration of, among other things, the adoption of amendments to zoning text

and map, as well as adoption of the 3333 California Street SUD, under CEQA, the State CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code and made certain findings in connection therewith, regarding the Project's consistency with the General Plan, Planning Code Section 101.1, and all other approval actions associated with the Project which findings are hereby incorporated herein by this reference as if fully set forth.

NOW THEREFORE BE IT RESOLVED, that the Commission has reviewed and considered the FEIR and record as a whole, and finds that the FEIR is adequate for its use as the decision-making body for the action taken herein and incorporates the CEQA Findings contained in Motion No. 20513, including the statement of overriding considerations and the MMRP, by this reference thereto as though set forth in this Resolution;

AND BE IT FURTHER RESOLVED, that the Commission recommends approval of the Development Agreement, in substantially the form attached hereto as Exhibit K, subject to any additions and modifications that may be made by the Board of Supervisors.

AND BE IT FURTHER RESOLVED, that the Commission finds that the application, public notice, Planning Commission hearing, and Planning Director reporting requirements regarding the Development Agreement negotiations contained in Administrative Code Chapter 56 have been substantially satisfied in light of the meetings held for the last two years, the public hearings by the Planning Department staff at the Planning Commission, the provision of required public notices, and the information contained in the Director's Report.

AND BE IT FURTHER RESOLVED, that the Commission finds that the Development Agreement is consistent with the General Plan and the eight priority policies in Planning Code section 101.1 for the reasons set forth in Resolution No. 20514, and incorporated herein by reference.

AND BE IT FURTHER RESOLVED, that the Commission authorizes the Planning Director to take such actions and make such changes as deemed necessary and appropriate to implement this Commission's recommendation of approval and to incorporate recommendations or changes from other City agencies and/or the Board of Supervisors, provided that such changes do not materially increase any obligations of the City or materially decrease any benefits to the City contained in the Development Agreement attached as Exhibit K.

Resolution No. 20515  
September 5, 2019

RECORD NO. 2015-014028DVA  
3333 California Street Development Agreement

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on September 5, 2019.

  
Jonas P. Iorin  
Commission Secretary

AYES: Fung, Hillis, Johnson, Koppel, Melgar, Moore, Richards

NOES: None

ABSENT: None

ADOPTED: September 5, 2019

EXHIBIT K:  
DEVELOPMENT  
AGREEMENT  
(DA), DA  
APPLICATION,  
DIRECTOR'S  
REPORT ON DA



RECORDING REQUESTED BY  
CLERK OF THE BOARD OF SUPERVISORS  
OF THE CITY AND COUNTY OF SAN FRANCISCO

AND WHEN RECORDED MAIL TO:

Angela Calvillo  
Clerk of the Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

(Exempt from Recording Fees Pursuant to  
Government Code Section 27383)

**DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**THE CITY AND COUNTY OF SAN FRANCISCO**

**AND LAUREL HEIGHTS PARTNERS, LLC**

**FOR PROPERTY LOCATED AT 3333 CALIFORNIA STREET**

Block 1032 Lot 003





## TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	4
2. EFFECTIVE DATE; TERM.....	13
2.1 Effective Date .....	13
2.2 Term .....	13
3. GENERAL RIGHTS AND OBLIGATIONS .....	13
3.1 Development of the Project.....	13
3.2 Workforce .....	14
4. PUBLIC BENEFITS; DEVELOPER OBLIGATIONS AND CONDITIONS TO DEVELOPER'S PERFORMANCE.....	14
4.1 Community Benefits Exceed Those Required by Existing Ordinances and Regulations .....	14
4.2 Conditions to Performance of Community Benefits.....	15
4.3 No Additional CEQA Review Required; Reliance on FEIR for Future Discretionary Approvals .....	15
4.4 Nondiscrimination.....	16
4.5 City Cost Recovery .....	17
4.6 Prevailing Wages .....	18
4.7 Indemnification of City .....	18
5. VESTING AND CITY OBLIGATIONS.....	19
5.1 Vested Rights .....	19
5.2 Existing Standards .....	20
5.3 Criteria for Later Approvals.....	20
5.4 Strict Building Code Compliance .....	21
5.5 Denial of a Later Approval .....	22
5.6 New City Laws .....	22
5.7 Fees and Exactions.....	24
5.8 Changes in Federal or State Laws.....	25
5.9 No Action to Impede Approvals .....	27
5.10 Estoppel Certificates .....	27
5.11 Existing, Continuing Uses and Interim Uses .....	28
5.12 Taxes .....	28
6. NO DEVELOPMENT OBLIGATION.....	28
7. MUTUAL OBLIGATIONS.....	29
7.1 Notice of Completion, Revocation or Termination .....	29
7.2 General Cooperation; Agreement to Cooperate.....	29
7.3 Third-Party Challenge.....	30
7.4 Good Faith and Fair Dealing.....	30
7.5 Other Necessary Acts.....	30

8.	PERIODIC REVIEW OF DEVELOPER'S COMPLIANCE .....	31
8.1	Annual Review.....	31
8.2	Review Procedure .....	31
9.	ENFORCEMENT OF AGREEMENT; DEFAULT; REMEDIES .....	32
9.1	Enforcement.....	32
9.2	Meet and Confer Process .....	32
9.3	Default.....	33
9.4	Remedies.....	33
9.5	Time Limits; Waiver; Remedies Cumulative .....	35
9.6	Attorneys' Fees.....	35
10.	FINANCING; RIGHTS OF MORTGAGEES.....	36
10.1	Developer's Right to Mortgage .....	36
10.2	Mortgagee Not Obligated to Construct.....	36
10.3	Copy of Notice of Default and Notice of Failure to Cure to Mortgagee .....	37
10.4	Mortgagee's Option to Cure Defaults .....	37
10.5	Mortgagee's Obligations with Respect to the Property .....	38
10.6	No Impairment of Mortgage .....	38
10.7	Cured Defaults .....	38
11.	AMENDMENT; TERMINATION; EXTENSION OF TERM.....	39
11.1	Amendment or Termination.....	39
11.2	Early Termination Rights.....	39
11.3	Termination and Vesting.....	39
11.4	Amendment Exemptions.....	40
11.5	Extension Due to Legal Action or Referendum; Excusable Delay.....	40
12.	TRANSFER OR ASSIGNMENT; RELEASE; CONSTRUCTIVE NOTICE.....	42
12.1	Permitted Transfer of this Agreement.....	42
12.2	Notice of Transfer .....	42
12.3	Release of Liability .....	43
12.4	Responsibility for Performance .....	43
12.5	Constructive Notice .....	43
12.6	Rights of Developer .....	44
13.	DEVELOPER REPRESENTATIONS AND WARRANTIES .....	44
13.1	Interest of Developer; Due Organization and Standing.....	44
13.2	No Inability to Perform; Valid Execution.....	44
13.3	Conflict of Interest .....	45
13.4	Notification of Limitations on Contributions .....	45
13.5	Other Documents .....	46
13.6	No Bankruptcy .....	46
14.	MISCELLANEOUS PROVISIONS.....	46
14.1	Entire Agreement.....	46
14.2	Incorporation of Exhibits .....	46

14.3	Binding Covenants; Run With the Land.....	46
14.4	Applicable Law and Venue.....	47
14.5	Construction of Agreement.....	47
14.6	Project Is a Private Undertaking; No Joint Venture or Partnership .....	47
14.7	Recordation .....	48
14.8	Obligations Not Dischargeable in Bankruptcy .....	48
14.9	Survival.....	48
14.10	Signature in Counterparts .....	48
14.11	Notices .....	48
14.12	Limitations on Actions.....	49
14.13	Severability .....	49
14.14	MacBride Principles.....	49
14.15	Tropical Hardwood and Virgin Redwood.....	49
14.16	Sunshine.....	50
14.17	Non-Liability of City Officials and Others.....	50
14.18	Non-Liability of Developer Officers and Others .....	50
14.19	No Third Party Beneficiaries .....	50

## EXHIBITS AND SCHEDULES

### Exhibits

- A Project Site Legal Description
- B Project Description
- B-1 Site Plan
- C Project Open Space
- C-1 Open Space Plan
- C-2 Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements
- C-3 Public Access Declaration
- D Affordable Housing Program
- D-1 Depiction of Walnut Land
- D-2 Baseball Arbitration Appraisal Process
- D-3 Form of Grant Deed
- D-4 Accepted Conditions of Title
- D-5 Form of Deed of Trust
- E List of Approvals
- F MMRP
- G Notice of Completion and Termination
- H Form of Assignment and Assumption Agreement
- I Workforce Agreement
- J Transportation Exhibit
- K Schedule Template for Later Approvals
- L Child Care Program
- M SUD Ordinance and Conditional Use/Planned Unit Development Exceptions

### Schedules

- 1 Community Benefits Linkages and Impact Fees Schedule
- 2 AWSS Community Benefit Fee

DEVELOPMENT AGREEMENT  
BY AND BETWEEN  
THE CITY AND COUNTY OF SAN FRANCISCO  
AND LAUREL HEIGHTS PARTNERS, LLC

THIS DEVELOPMENT AGREEMENT dated for reference purposes only as of this \_\_\_\_ day of \_\_\_\_\_, 2019, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "**City**"), acting by and through its Planning Department, and LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("**Developer**"), pursuant to the authority of Section 65864 *et seq.* of the California Government Code and Chapter 56 of the Administrative Code. The City and Developer are also sometimes referred to individually as a "**Party**" and together as the "**Parties**". Capitalized terms not defined when introduced shall have the meanings given in Article 1.

RECITALS

This Agreement is made with reference to the following facts:

A. Developer is the owner of an irregularly-shaped parcel comprised of approximately 10.25 acres (approximately 446,468 square feet), generally bounded by California Street, Laurel Street, Euclid Avenue, Masonic Avenue, and Presidio Avenue, and further described on Exhibit A (the "**Project Site**"). The Project Site is improved with (i) a four-story, approximately 455,000 gross square foot office building with a three-level, partially below-grade garage that has 212 parking spaces and approximately 12,500 gross square feet of storage space, (ii) a one-story, approximately 14,000 gross square foot annex building with building facilities and plant operations, office space for physical plant engineers, and unused laboratory space, (iii) 2 circular garage ramp structures, (iv) 3 surface parking lots that collectively have 331 parking spaces, and (v) approximately 165,200 square feet of landscaping or landscaped open space.

B. The Developer proposes a mixed use development that will include on-site affordable units and that will include residential, retail, open space, parking, child care and related uses (the "**Project**"). Specifically, the Project includes (i) up to approximately 744 residential units consisting of a mix of market rate and on-site BMR Units, including 185 on-site senior affordable housing units (plus one (1) manager's unit), (ii) approximately 34,496 square feet for retail/restaurant/commercial use, (iii) 10 below-grade parking garages with approximately 857

parking spaces, (iv) an approximately 14,665 square foot space for child care use, and (v) approximately 236,000 square feet of landscaped or open space, which includes approximately 125,226 square feet of privately owned, public open space, more than 71,000 square feet of which is in excess of the open space requirements under the Code, all as more particularly described on Exhibit B.

C. The Project is anticipated to generate an annual average of approximately 675 construction jobs during construction and, upon completion, approximately 200 net new permanent on-site jobs, an approximate \$10 million annual increase in property taxes, and approximately \$15 million in development impact fees (including transportation, housing linkages, and school fees).

D. In order to strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Section 65864 *et seq.* (the "**Development Agreement Statute**"), which authorizes the City to enter into a development agreement with any person having a legal or equitable interest in real property regarding the development of such property. Pursuant to Government Code Section 65865, the City adopted Chapter 56 of the Administrative Code ("**Chapter 56**") establishing procedures and requirements for entering into a development agreement pursuant to the Development Agreement Statute. The Parties are entering into this Agreement in accordance with the Development Agreement Statute and Chapter 56.

E. In addition to the significant housing, jobs, and economic benefits to the City from the Project, the City has determined that as a result of the development of the Project in accordance with this Agreement and the Special Use District and the Planned Unit Development approvals attached at Exhibit M, additional clear benefits to the public will accrue that could not be obtained through application of existing City ordinances, regulations, and policies. Major additional public benefits to the City from the Project include: (i) an increase in affordable housing that exceeds amounts otherwise required and will equal approximately twenty-five percent (25%) of the total number of housing units for the Project, serving senior households with incomes below 80% of MOHCD AMI with an overall average of not more than 59% of MOCHD AMI; (ii) construction and maintenance of the Publicly Accessible Private Improvements (as defined in Section 1) for a total of approximately 125,226 square feet of public useable open area; (iii) transportation demand management measures that exceed the level otherwise required; (iv) the Child Care Program (as

defined in Section 1); (v) workforce obligations; and (vi) the Streetscape Improvements (as defined in Section 1).

F. It is the intent of the Parties that all acts referred to in this Agreement shall be accomplished in a way as to fully comply with the California Environmental Quality Act (California Public Resources Code Section 21000 *et seq.*; "**CEQA**"), the CEQA Guidelines (Title 14, California Code of Regulations, Section 15000 *et seq.*; "**CEQA Guidelines**"), the Development Agreement Statute, Chapter 56, the Planning Code, the Enacting Ordinances and all other applicable Laws in effect as of the Effective Date. This Agreement does not limit the City's obligation to comply with applicable environmental Laws, including CEQA, before taking any discretionary action regarding the Project, or the Developer's obligation to comply with all applicable Laws in connection with the development of the Project.

G. The Final Environmental Impact Report ("**FEIR**") prepared for the Project and certified by the Planning Commission on \_\_\_\_\_, 2019, together with the CEQA findings (the "**CEQA Findings**") and the Mitigation Measures adopted concurrently therewith and set forth in the MMRP, comply with CEQA, the CEQA Guidelines, and Chapter 31 of the Administrative Code. The FEIR thoroughly analyzes the Project and the Mitigation Measures were designed to mitigate significant impacts to the extent they are susceptible to feasible mitigation. On \_\_\_\_\_, 20\_\_, the Board of Supervisors, in Motion No. [\_\_\_\_], affirmed the decisions of the Planning Commission to certify the FEIR. The information in the FEIR and the CEQA Findings were considered by the City in connection with approval of this Agreement.

H. On \_\_\_\_\_, 20\_\_, the Planning Commission held a public hearing on this Agreement and the Project, duly noticed and conducted under the Development Agreement Statute and Chapter 56. Following the public hearing, the Planning Commission adopted the CEQA findings and determined among other things that the FEIR thoroughly analyzes the Project and the Mitigation Measures are designed to mitigate significant impacts to the extent they are susceptible to a feasible mitigation, and further determined that the Project and this Agreement will, as a whole, and taken in their entirety, continue to be consistent with the objectives, policies, general land uses and programs specified in the General Plan, as amended, and the policies set forth in Section 101.1 of the Planning Code (together the "**General Plan Consistency Findings**"). The information in the FEIR and the CEQA Findings has been considered by the City in connection with this Agreement.

I. On \_\_\_\_\_, the Board of Supervisors, having received the Planning Commission's recommendations, held a public hearing on this Agreement pursuant to the Development Agreement Statute and Chapter 56. Following the public hearing, the Board made the CEQA Findings required by CEQA, incorporating by reference the General Plan Consistency Findings.

J. On \_\_\_\_\_, the Board adopted Ordinance No. [\_\_\_\_], amending the Planning Code, the Zoning Map, and the Height Map, Ordinance No. [\_\_\_\_], approving this Agreement (File No. [\_\_\_\_]), and authorizing the Planning Director to execute this Agreement on behalf of the City, and Ordinance No. \_\_\_\_\_, approving a street encroachment permit and associated encroachment permit and maintenance agreement for the Project (collectively, the "Enacting Ordinances"). The Enacting Ordinances took effect on \_\_\_\_\_.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### AGREEMENT

#### **1. DEFINITIONS**

In addition to the definitions set forth in the above preamble paragraph, Recitals and elsewhere in this Agreement, the following definitions shall apply to this Agreement:

1.1 "Administrative Code" means the San Francisco Administrative Code.

1.2 "Agreement" means this Development Agreement, the Exhibits and Schedules that have been expressly incorporated herein, and any amendments thereto.

1.3 "AMI" means the unadjusted median income levels derived from the U.S. Department of Housing and Urban Development on an annual basis for the San Francisco area, adjusted solely for household size, but not high housing cost area.

1.4 "Annual Review Date" has the meaning set forth in Section 8.1.

1.5 "Applicable Laws" has the meaning set forth in Section 5.2 (where not capitalized, "applicable Law" has its plain meaning and refers to Laws as otherwise defined herein).

1.6 "Approvals" means the City approvals, entitlements, and permits listed on Exhibit E, including any Later Approvals at the time and to the extent they are included pursuant to Section 5.1.



1.7 "Assignment and Assumption Agreement" has the meaning set forth in Section 12.2.

1.8 "Associated Community Benefit" is defined in Section 4.1.

1.9 "AWSS Community Benefit Fee" is defined in Schedule 2.

1.10 "BMR Units" has the meaning set forth in the Housing Program.

1.11 "Board of Supervisors" or "Board" means the Board of Supervisors of the City and County of San Francisco.

1.12 "Building" or "Buildings" means each of the existing, modified and new buildings on the Project Site, as described in the Project description attached as Exhibit B.

1.13 "California Plaza" is described in Section 1.a of Exhibit C.

1.14 "CEQA" has the meaning set forth in Recital F.

1.15 "CEQA Findings" has the meaning set forth in Recital G.

1.16 "CEQA Guidelines" has the meaning set forth in Recital F.

1.17 "Chapter 56" has the meaning set forth in Recital D.

1.18 "Child Care Program" means the child care facility program attached as Exhibit L.

1.19 "City" means the City as defined in the opening paragraph of this Agreement. Unless the context or text specifically provides otherwise, references to the City means the City acting by and through the Planning Director or, as necessary, the Planning Commission or the Board of Supervisors.

1.20 "City Agency" or "City Agencies" means the City departments, agencies, boards, commissions, and bureaus that execute or consent to this Agreement, or are controlled by persons or commissions that have executed or consented to this Agreement, that have subdivision or other permit, entitlement or approval authority or jurisdiction over development of the Project or any improvement located on or off the Project Site, including, without limitation, the City Administrator, Planning Department, MOHCD, OEWD, SFMTA, PW, DBI, together with any successor City agency, department, board, or commission. Nothing in this Agreement shall affect the jurisdiction under the City's Charter of a City department that has not approved or consented to this Agreement in connection with the issuance of a Later Approval. The City actions and proceedings subject to this Agreement shall be through the Planning Department, as well as affected City Agencies (and when required by applicable Law, the Board of Supervisors).

1.21 "City Attorney's Office" means the Office of the City Attorney of the City and County of San Francisco.

1.22 "City Costs" means the actual and reasonable costs incurred by a City Agency in preparing, adopting or amending this Agreement, in performing its obligations or defending its actions under this Agreement or otherwise contemplated by this Agreement, as determined on a time and materials basis, including reasonable attorneys' fees and costs but excluding work, hearings, costs or other activities contemplated or covered by Processing Fees; provided, however, City Costs shall not include any costs incurred by a City Agency in connection with a City Default or which are payable by the City under Section 9.6 when Developer is the prevailing party.

1.23 "City Parties" has the meaning set forth in Section 4.7.

1.24 "City Report" has the meaning set forth in Section 8.2.2.

1.25 "City-Wide" means all real property within the territorial limits of the City and County of San Francisco, not including any property owned or controlled by the United States or by the State of California and therefore not subject to City regulation.

1.26 "CMA" is defined in Section 12.1.

1.27 "Commence Construction", "Commenced Construction" or "Commencement of Construction" means groundbreaking in connection with the commencement of physical construction of the applicable Building foundation, but specifically excluding the demolition or partial demolition of existing structures.

1.28 "Community Benefits" has the meaning set forth in Section 4.1.

1.29 "Community Benefits Linkages and Impact Fees Schedule" means the schedule attached to this Agreement as Schedule 1.

1.30 "Community Benefits Program" has the meaning set forth in Section 4.1.1.

1.31 "Costa Hawkins Act" has the meaning set forth in Exhibit D.

1.32 "Cypress Square" is described in Section 1.b of Exhibit C.

1.33 "Cypress Stairs" are described in Section 1.b of Exhibit C.

1.34 "Default" has the meaning set forth in Section 9.3.

1.35 "DBI" means the Department of Building Inspection of the City and County of San Francisco.

1.36 **"Developer"** has the meaning set forth in the opening paragraph of this Agreement; and shall also include (i) any Transferee as to the applicable Transferred Property, and (ii) any Mortgagee or assignee thereof that acquires title to any Foreclosed Property but only as to such Foreclosed Property.

1.37 **"Development Agreement Statute"** has the meaning set forth in Recital D, as in effect as of the Effective Date.

1.38 **"Development Parcel"** means a parcel within the Project Site on which a Building or other improvements will be constructed, as set forth in a Subdivision Map.

1.39 **"Effective Date"** has the meaning set forth in Section 2.1.

1.40 **"Enacting Ordinances"** has the meaning set forth in Recital J.

1.41 **"Euclid Green"** is described in Section 1.h of Exhibit C.

1.42 **"Excusable Delay"** has the meaning set forth in Section 11.5.2.

1.43 **"Existing Mortgage"** means the deed of trust recorded in the Official Records of San Francisco County on March 30, 2018 as Instrument Nos. 2018-K595916-00 and 2018-K595918-00, including all modification thereto.

1.44 **"Existing Standards"** has the meaning set forth in Section 5.2.

1.45 **"Existing Uses"** means all existing lawful uses of the existing Buildings and improvements (and including, without limitation, pre-existing, non-conforming uses under the Planning Code) on the Project Site as of the Effective Date, as the same may be modified by the Approvals and any Later Approvals.

1.46 **"Federal or State Law Exception"** has the meaning set forth in Section 5.8.1.

1.47 **"FEIR"** has the meaning set forth in Recital G.

1.48 **"Finally Granted"** means (i) any and all applicable appeal periods for the filing of any administrative or judicial appeal challenging the issuance or effectiveness of any of the Approvals, this Agreement or the FEIR shall have expired and no such appeal shall have been filed, or if such an administrative or judicial appeal is filed, the Approvals, this Agreement or the FEIR, as applicable, shall have been upheld by a final decision in each such appeal without adverse effect on the applicable Approval, this Agreement or the FEIR and the entry of a final judgment, order or ruling upholding the applicable Approval, this Agreement or the FEIR and (ii) if a referendum petition relating to this Agreement is timely and duly circulated and filed, certified as

valid and the City holds an election, the date the election results on the ballot measure are certified by the Board of Supervisors in the manner provided by the Elections Code reflecting the final defeat or rejection of the referendum.

1.49 **"First Construction Document"** shall be as defined in San Francisco Building Code Section 107A.13.1(a)(8).

1.50 **"Foreclosed Property"** is defined in Section 10.5.

1.51 **"General Plan Consistency Findings"** has the meaning set forth in Recital H.

1.52 **"Gross Floor Area"** has the meaning set forth in the Planning Code as of the applicable date of determination of such area.

1.53 **"Housing Program"** means the Affordable Housing Program attached as Exhibit D.

1.54 **"Impact Fees and Exactions"** means any fees, contributions, special taxes, exactions, impositions, and dedications charged by the City, whether as of the date of this Agreement or at any time thereafter during the Term, in connection with the development of Projects, including but not limited to transportation and transit fees, child care requirements or in-lieu fees, dedications, housing (including affordable housing) requirements or fees, dedication or reservation requirements, and obligations for on-or off-site improvements. Impact Fees and Exactions shall not include the Mitigation Measures, Processing Fees, taxes or special assessments or school district fees, SFPUC Capacity Charges, and any fees, taxes, assessments, and impositions imposed by any Non-City Agency, all of which shall be due and payable by Developer as and when due in accordance with applicable Laws.

1.55 **"Later Approval"** means any other land use approvals, entitlements, or permits from the City or any City Agency, other than the Approvals, that are consistent with the Approvals and necessary or advisable for the implementation of the Project, including without limitation, demolition permits, grading permits, site permits, building permits, lot line adjustments, sewer and water connection permits, major and minor encroachment permits, street and sidewalk modifications, street improvement permits, permits to alter, certificates of occupancy, transit stop relocation permits, Subdivision Maps, improvement plans, lot mergers, and lot line adjustments. A Later Approval shall also include any amendment to the foregoing land use approvals,

entitlements, or permits, or any amendment to the Approvals that are sought by Developer and approved by the City in accordance with the standards set forth in this Agreement.

1.56 "Law(s)" means the Constitution and laws of the United States, the Constitution and laws of the State of California, the laws of the City and County of San Francisco, and any codes, statutes, rules, regulations, or executive mandates thereunder, and any State or Federal court decision (including any order, injunction or writ) thereunder. The term "Laws" shall refer to any or all Laws as the context may require.

1.57 "Law Adverse to City" is defined in Section 5.8.4.

1.58 "Law Adverse to Developer" is defined in Section 5.8.4.

1.59 "Life of the Project" shall mean, for each Building that is constructed on the Project Site under this Agreement, the life of that Building.

1.60 "Litigation Extension" has the meaning set forth in Section 11.5.1.

1.61 "Losses" has the meaning set forth in Section 4.7.

1.62 "Material Change" means any modification that (a) would materially alter the rights, benefits or obligations of the City or Developer under this Agreement, (b) is not consistent with the Project SUD or a planned unit development authorization made under the Project SUD, (c) extends the Term, (d) changes the uses of the Project Site from those described in this Agreement, (e) decreases the Community Benefits, (f) increases the maximum height, density, bulk or size of the Project (except to the extent permitted under the Project SUD or a planned unit development authorization for the Project), (g) increases parking ratios, or (h) reduces the Impact Fees and Exactions.

1.63 "Mayfair Walk" is described in Section 1.c of Exhibit C.

1.64 "Mitigation Measures" means the mitigation measures (as defined by CEQA) applicable to the Project as set forth in the MMRP or that are necessary to mitigate adverse environmental impacts identified through the CEQA process as part of a Later Approval.

1.65 "MMRP" means that certain mitigation monitoring and reporting program attached as Exhibit F.

1.66 "MOHCD" means the Mayor's Office of Housing and Community Development.

1.67 "MOHCD AMI" is defined in Exhibit D (Affordable Housing Program).

1.68 **"Mortgage"** means a mortgage, deed of trust or other lien on all or part of the Project Site to secure an obligation made by the applicable property owner, including the Existing Mortgage.

1.69 **"Mortgagee"** means (i) any mortgagee or beneficiary under a Mortgage, and (ii) a person or entity that obtains title to all or part of the Project Site as a result of foreclosure proceedings or conveyance or other action in lieu thereof, or other remedial action.

1.70 **"Municipal Code"** means the San Francisco Municipal Code. All references to any part of the Municipal Code in this Agreement shall mean that part of the Municipal Code in effect on the Effective Date, as the Municipal Code may be modified by changes and updates that are adopted from time to time in accordance with Section 5.4 or by permitted New City Laws as set forth in Section 5.6.

1.71 **"New City Laws"** has the meaning set forth in Section 5.6.

1.72 **"Non-City Agency"** means Federal, State, and local governmental agencies that are independent of the City and not parties to this Agreement.

1.73 **"Non-City Approval"** means any permits, agreements, or entitlements from Non-City Agencies as may be necessary for the development of the Project.

1.74 **"OEWD"** means the San Francisco Office of Economic and Workforce Development.

1.75 **"Official Records"** means the official real estate records of the City and County of San Francisco, as maintained by the City's Assessor-Recorder's Office.

1.76 **"Party"** and **"Parties"** has the meaning set forth in the opening paragraph of this Agreement and shall also include any party that becomes a party to this Agreement, such as a Transferee (each during its period of ownership of all or part of the Project Site).

1.77 **"Pine Street Steps"** are described in Section 1.e of Exhibit C.

1.78 **"Planning Code"** means the San Francisco Planning Code.

1.79 **"Planning Commission"** means the Planning Commission of the City and County of San Francisco.

1.80 **"Planning Department"** means the Planning Department of the City and County of San Francisco.

1.81 **"Planning Director"** means the Director of Planning of the City and County of San Francisco.

1.82 "Presidio Overlook" is described in Section 1.d of Exhibit C.

1.83 "Processing Fees" means the standard fee imposed by the City upon the submission of an application for a permit or approval, which is not an Impact Fee or Exaction, in accordance with the City practice on a City-Wide basis.

1.84 "Project" means the project as described in Recital B, Exhibit B, and the Approvals, including, without limitation, the Project variant and Project alternatives described in the Project SUD, together with Developer's rights and obligations under this Agreement.

1.85 "Project Site" has the meaning set forth in Recital A, and as more particularly described in Exhibit A.

1.86 "Project SUD" means Planning Code Section 249.[ ] as adopted by the Board in Ordinance No. [ ].

1.87 "Public Health and Safety Exception" has the meaning set forth in Section 5.8.1.

1.88 "Publicly Accessible Private Improvements" means the privately-owned and publicly-accessible California Plaza, Cypress Square, Cypress Stairs, Mayfair Walk, Presidio Overlook, Pine Street Steps, Walnut Walk North, Walnut Walk South, Walnut Drive and Walnut Court, and Euclid Green, all as further described and depicted in Exhibit C, Exhibit C-1, and Schedule 1 and which exceeds the Required Open Space for the Project.

1.89 "PW" means San Francisco Public Works.

1.90 "Required Open Space" has the meaning given such term in Section 102 of the Planning Code.

1.91 "SFMTA" means the San Francisco Municipal Transportation Agency.

1.92 "SFPUC" means the San Francisco Public Utilities Commission.

1.93 "SFPUC Capacity Charges" means all water and sewer capacity and connection fees and charges payable to the SFPUC, as and when due in accordance with the applicable City requirements.

1.94 "Streetscape Improvements" means the following improvements, all as further described and depicted in Exhibit C, Exhibit C-1, and Schedule 1: (i) reconfiguring portions of the curb lines at Presidio Avenue and Masonic Avenue; (ii) reconfiguring the triangular-shaped pedestrian island and the right-most travel lane for southbound traffic on Presidio Avenue merging onto Masonic and incorporating it into the Pine Street Steps, (iii) reconfiguring the triangular-shaped

pedestrian island and the right-most travel lane for southbound traffic on Masonic Avenue merging onto Euclid Avenue and incorporating it into Walnut Walk South (iv) constructing corner bulb-outs on the west side of the Masonic Avenue/Presidio Avenue/Pine Street intersection, the northeast corner of Laurel Street/Mayfair Drive, the southwest corner of the California Street/Laurel Street intersection, the southeast and southwest corners of the California Street/Walnut Street intersection, and the northeast corner of the Laurel Street/Euclid Avenue intersection; (v) installing a continental crosswalk crossing Presidio Avenue to Pine Street and an eastside crosswalk at the three-way intersection at Laurel Street crossing Mayfair Drive; and (vi) widening sidewalks on portions of Presidio Avenue, Masonic Avenue, Euclid Avenue, and Laurel Street.

1.95 **"Subdivision Code"** means the San Francisco Subdivision Code.

1.96 **"Subdivision Map"** means any map that Developer submits for the Project Site with respect to the Project under the Subdivision Map Act and the Subdivision Code, which may include, but not be limited to, tentative or vesting tentative subdivision maps, final or vesting final subdivision maps and any tentative or final parcel map, or transfer map, including phased final maps to the extent authorized under an approved tentative subdivision map, but excluding the Tentative Map.

1.97 **"Subdivision Map Act"** means the California Subdivision Map Act, California Government Code Section 66410 *et seq.*

1.98 **"Tentative Map"** means the tentative map for the Project Site approved by PW on 7/10/2019, 2019.

1.99 **"Term"** has the meaning set forth in Section 2.2.

1.100 **"Third-Party Challenge"** means any administrative, legal or equitable action or proceeding instituted by any party other than the City or Developer challenging the validity or performance of any provision of this Agreement, the Project, the Approvals or Later Approvals, the adoption or certification of the FEIR or other actions taken pursuant to CEQA, or other approvals under Laws relating to the Project, any action taken by the City or Developer in furtherance of this Agreement, or any combination thereof relating to the Project or any portion thereof.

1.101 **"Transfer," "Transferee" and "Transferred Property"** have the meanings set forth in Section 12.1, and in all events excludes (1) a transfer of ownership or



membership interests in Developer or any Transferee, (2) grants of easement or of occupancy rights for existing or completed Buildings or other improvements (including, without limitation, space leases in Buildings), and (3) the placement of a Mortgage on the Project Site.

1.102 "Transportation Demand Management" benefits are described in Exhibit J.

1.103 "Vested Elements" has the meaning set forth in Section 5.1.

1.104 "Walnut Walk North" is described in Section 1.f of Exhibit C.

1.105 "Walnut Walk South" is described in Section 1.f of Exhibit C.

1.106 "Workforce Agreement" means the Workforce Agreement attached as Exhibit I.

## **2. EFFECTIVE DATE; TERM**

2.1 Effective Date. This Agreement shall take effect upon the later of (i) the full execution and delivery of this Agreement by the Parties and (ii) the date the Enacting Ordinances are effective and operative ("**Effective Date**").

2.2 Term. The term of this Agreement shall commence upon the Effective Date and shall continue in full force and effect for fifteen (15) years thereafter unless extended or earlier terminated as provided herein ("**Term**"); provided, however, that (i) the Term shall be extended for each day of a Litigation Extension and (ii) Developer shall have the right to terminate this Agreement with respect to a Development Parcel upon completion of the Building within that Development Parcel and the Associated Community Benefits for that Building, as set forth in Section 7.1. The term of any conditional use permit or planned unit development shall be for the longer of the Term (as it relates to the applicable parcel) or the term otherwise allowed under the conditional use or planned unit development approval, as applicable. The term of the Tentative Map and any Subdivision Map shall be for the longer of the Term (as it relates to the applicable parcel) or the term otherwise allowed under the Subdivision Map Act.

## **3. GENERAL RIGHTS AND OBLIGATIONS**

3.1 Development of the Project. Developer shall have the vested right to develop the Project in accordance with and subject to the provisions of this Agreement, and the City shall consider and process all Later Approvals for development of the Project in accordance with and subject to the provisions of this Agreement. The Parties acknowledge that Developer (i) has obtained all Approvals from the City required to Commence Construction of the Project, other

than any required Later Approvals, and (ii) may proceed in accordance with this Agreement with the construction and, upon completion, use and occupancy of the Project as a matter of right, subject to the attainment of any required Later Approvals and any Non-City Approvals.

3.2 Workforce. Developer shall require project sponsors, contractors, consultants, subcontractors and subconsultants, as applicable, to undertake workforce development activities in accordance with the Workforce Agreement attached as Exhibit I.

#### 4. PUBLIC BENEFITS; DEVELOPER OBLIGATIONS AND CONDITIONS TO DEVELOPER'S PERFORMANCE

4.1 Community Benefits Exceed Those Required by Existing Ordinances and Regulations. The Parties acknowledge and agree that the development of the Project in accordance with this Agreement provides a number of public benefits to the City beyond those achievable through existing Laws, including, but not limited to, those set forth in this Article 4 (the "**Community Benefits**"). The City acknowledges and agrees that a number of the Community Benefits would not be otherwise achievable without the express agreement of Developer under this Agreement. Developer acknowledges and agrees that, as a result of the benefits to Developer under this Agreement, Developer has received good and valuable consideration for its provision of the Community Benefits, and the City would not be willing to enter into this Agreement without the Community Benefits. Payment or delivery of each of the Community Benefits is tied to a specific Building or the number of constructed residential units as described in the Community Benefits Linkages and Impact Fees Schedule attached as Schedule 1 to this Agreement or as described elsewhere in this Agreement (each, an "**Associated Community Benefit**"). Upon Developer's Commencement of Construction of a Building, the Associated Community Benefits tied to that Building shall survive the expiration or termination of this Agreement to the date of completion of the Associated Community Benefit. Time is of the essence with respect to the completion of the Associated Community Benefits.

4.1.1 Community Benefits. Developer shall provide the following Community Benefits (collectively, the "**Community Benefits Program**") at the times specified in the Community Benefits Linkages and Impact Fees Schedule:

(a) the Publicly Accessible Private Improvements, as further described in Exhibit C, Exhibit C-1, Exhibit C-2 and Schedule 1;

(b) the Streetscape Improvements, as further described in, Exhibit C, Exhibit C-1 and Schedule 1;

(c) the Housing Program benefits, as further described in Exhibit D and Schedule 1;

(d) the AWSS Community Benefit Fee as further described in Schedule 2;

(e) the Workforce Agreement benefits, as further described in Exhibit I;

(f) the Transportation Demand Management benefits, as further described in Exhibit J; and

(g) the Child Care Program benefits, as further described in Exhibit L.

4.2 Conditions to Performance of Community Benefits. Developer's obligation to perform each Associated Community Benefit tied to a specific Building is expressly conditioned upon each and all of the following conditions precedent:

(a) All Approvals for the applicable Building to which the Associated Community Benefit is tied shall have been Finally Granted;

(b) Developer shall have obtained all Later Approvals necessary to Commence Construction of the applicable Building to which the Associated Community Benefit is tied, and the same shall have been Finally Granted, except to the extent that such Later Approvals have not been obtained or Finally Granted due to the failure of Developer to timely initiate and then diligently and in good faith pursue such Later Approvals. Whenever this Agreement requires completion of an Associated Community Benefit at or before the completion of or receipt of first certificate of occupancy for a Building, the City may withhold a certificate of occupancy for that Building until the required Associated Community Benefit is completed except as otherwise expressly set forth in Exhibit C, Exhibit D, Exhibit L, Schedule 1 or elsewhere in this Agreement or any Approvals; and

(c) Developer shall have Commenced Construction of the Building to which the Associated Community Benefit applies.

4.3 No Additional CEQA Review Required; Reliance on FEIR for Future Discretionary Approvals. The Parties acknowledge that the FEIR prepared for the Project

complies with CEQA. The Parties further acknowledge that (a) the FEIR contains a thorough analysis of the Project and possible alternatives, (b) the Mitigation Measures have been adopted to eliminate or reduce to an acceptable level certain adverse environmental impacts of the Project, and (c) the Board of Supervisors adopted CEQA Findings, including a statement of overriding considerations in connection with the Approvals, pursuant to CEQA Guidelines Section 15093, for those significant impacts that could not be mitigated to a less than significant level. Accordingly, the City does not intend to conduct any further environmental review or mitigation under CEQA for any aspect of the Project vested under this Agreement. The City shall rely on the FEIR, to the greatest extent possible in accordance with applicable Laws, in all future discretionary actions related to the Project; provided, however, that nothing shall prevent or limit the discretion of the City to conduct additional environmental review in connection with any Later Approvals to the extent that such additional environmental review is required by applicable Laws, including CEQA.

4.3.1 Compliance with CEQA Mitigation Measures. Developer shall comply with all Mitigation Measures imposed as applicable to the Project except for any Mitigation Measures that are expressly identified as the responsibility of a different party or entity. Without limiting the foregoing, Developer shall be responsible for the completion of all Mitigation Measures identified as the responsibility of the "owner" or the "project sponsor". The Parties expressly acknowledge that the FEIR and the associated MMRP are intended to be used in connection with each of the Later Approvals to the extent appropriate and permitted under applicable Law. Nothing in this Agreement shall limit the ability of the City to impose conditions on any new, discretionary permit resulting from Material Changes as such conditions are determined by the City to be necessary to mitigate adverse environmental impacts identified through the CEQA process and associated with the Material Changes or otherwise to address significant environmental impacts as defined by CEQA created by an approval or permit; provided, however, any such conditions must be in accordance with applicable Law.

4.4 Nondiscrimination. In the performance of this Agreement, Developer agrees not to discriminate against any employee, City employee working with Developer's contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the

fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes:

4.5 City Cost Recovery.

4.5.1 Developer shall timely pay to the City all Impact Fees and Exactions applicable to the Project or the Project Site as set forth in Section 5.7.

4.5.2 Developer shall timely pay to the City all Processing Fees applicable to the processing or review of applications for the Approvals and Later Approvals.

4.5.3 Developer shall pay to the City all City Costs incurred in connection with the drafting and negotiation of this Agreement, defending the Approvals and Later Approvals, and in processing and issuing any Later Approvals or administering this Agreement (except for the costs that are covered by Processing Fees), within sixty (60) days following receipt of a written invoice complying with Section 4.5.4 from the City.

4.5.4 OEWD shall provide Developer on a quarterly basis (or such alternative period as agreed to by the Parties) a reasonably detailed statement showing costs incurred by OEWD, the City Agencies and the City Attorney's Office, including the hourly rates for each City staff member at that time, the total number of hours spent by each City staff member during the invoice period, any additional costs incurred by the City Agencies and a brief non-confidential description of the work completed (provided, for the City Attorney's Office, the billing statement will be reviewed and approved by OEWD but the cover invoice forwarded to Developer will not include a description of the work). OEWD will use reasonable efforts to provide an accounting of time and costs from the City Attorney's Office and each City Agency in each invoice; provided, however, if OEWD is unable to provide an accounting from one or more of such parties, then OEWD may send an invoice to Developer that does not include the charges of such party or parties without losing any right to include such charges in a future or supplemental invoice but subject to the eighteen (18) month deadline set forth below in this Section 4.5.4. Developer's obligation to pay the City Costs shall survive the termination of this Agreement. Developer shall have no obligation to reimburse the City for any City Cost that is not invoiced to Developer within eighteen (18) months from the date the City Cost was incurred. The City will maintain records, in

reasonable detail, with respect to any City Costs and upon written request of Developer, and to the extent not confidential, shall make such records available for inspection by Developer.

4.5.5 If Developer in good faith disputes any portion of an invoice, then within sixty (60) days following receipt of the invoice Developer shall provide notice of the amount disputed and the reason for the dispute, and the Parties shall use good faith efforts to reconcile the dispute as soon as practicable. Developer shall have no right to withhold the disputed amount. If any dispute is not resolved within ninety (90) days following Developer's notice to the City of the dispute, Developer may pursue all remedies at law or in equity to recover the disputed amount.

4.6 Prevailing Wages. Developer agrees that all persons performing labor in the construction of the Streetscape Improvements and the Publicly Accessible Private Improvements shall be paid not less than the highest prevailing rate of wages for the labor so performed consistent with the requirements of Section 6.22(e) of the Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California, and Developer shall include this requirement in any construction contract entered into by Developer for any such improvements. Upon request, Developer and its contractors will provide to City any workforce payroll records as needed to confirm compliance with this Section. Without limiting the foregoing, Developer shall comply with all applicable state law requirements relating to the payment of prevailing wages, and to the extent there is any difference between the requirements of such state law requirements and Section 6.22(e) of the Administrative Code, the stricter requirements shall apply to the construction of the Streetscape Improvements and the Publicly Accessible Private Improvements.

4.7 Indemnification of City. Developer shall indemnify, reimburse, and hold harmless the City and its officers, agents and employees (the "City Parties") from and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims ("Losses") arising or resulting directly or indirectly from (i) any third party claim arising from a Default by Developer under this Agreement, (ii) Developer's failure to comply with any Approval, Later Approval or Non-City Approval, (iii) the failure of any improvements constructed pursuant to the Approvals or Later Approvals to comply with any Federal or State Laws, the Existing Standards or any permitted New City Laws, (iv) any accident, bodily injury, death, personal injury, or loss of or damage to property occurring on the Project Site (or the public right of way adjacent

to the Project Site) in connection with the construction by Developer or its agents or contractors of any improvements pursuant to the Approvals, Later Approvals or this Agreement, (v) a Third-Party Challenge instituted against the City or any of the City Parties, (vi) any dispute between Developer, its contractors or subcontractors relating to the construction of any part of the Project, and (vii) any dispute between Developer and any Transferee or any subsequent owner of any of the Project Site relating to any assignment of this Agreement or the obligations that run with the land, or any dispute between Developer and any Transferee or other person relating to which party is responsible for performing certain obligations under this Agreement, each regardless of the negligence of and regardless of whether liability without fault is imposed or sought to be imposed on the City or any of the City Parties, except to the extent that any of the foregoing indemnification obligations is void or otherwise unenforceable under applicable Law, and except to the extent such Loss is the result of the negligence or willful misconduct of the City Parties. The foregoing indemnity shall include, without limitation, reasonable attorneys' fees and costs and the City's reasonable cost of investigating any claims against the City or the City Parties. All indemnifications set forth in this Agreement shall survive the expiration or termination of this Agreement, to the extent such indemnification obligation arose from an event occurring before the expiration or termination of this Agreement. To the extent the indemnifications relate to Developer's obligations that survive the expiration or termination of this Agreement, the indemnifications shall survive for the term of the applicable obligation plus four (4) years.

## 5. VESTING AND CITY OBLIGATIONS

5.1 Vested Rights. By the Approvals, the City has made a policy decision that the Project, as described in and as may be modified in accordance with the Approvals, is in the best interests of the City and promotes the public health, safety and welfare. Developer shall have the vested right to develop the Project as set forth in this Agreement and the Project SUD, including without limitation with the following vested elements: the locations and numbers of Buildings proposed, the land uses, height and bulk limits, including the maximum density, intensity and gross square footages, the permitted uses, the provisions for open space, vehicular access, and parking (collectively, the "**Vested Elements**"; provided the Existing Uses on the Project Site shall also be included as Vested Elements). The Vested Elements are subject to and shall be governed by Applicable Laws. The expiration of any building permit or Approval shall not limit the Vested Elements, and Developer shall have the right to seek and obtain subsequent building permits or

approvals, including Later Approvals, at any time during the Term, any of which shall be governed by Applicable Laws. Each Later Approval, once granted, shall be deemed an Approval for purposes of this Section 5.1.

5.2 Existing Standards. The City shall process, consider, and review all Later Approvals in accordance with (i) the Approvals, (ii) the San Francisco General Plan, the Municipal Code (including the Subdivision Code), and all other applicable City policies, rules and regulations, as each of the foregoing is in effect on the Effective Date ("**Existing Standards**"), as the same may be amended or updated in accordance with Section 5.4 or with permitted New City Laws as set forth in Section 5.6, (iii) California and Federal law, as applicable, and (iv) this Agreement (collectively, "**Applicable Laws**"). The Enacting Ordinances contain express waivers and amendments to Chapter 56 consistent with this Development Agreement.

5.2.1 No Implied Waiver of Codes. Nothing in this Agreement constitutes an implied waiver or exemption of the Subdivision Code or the Public Works Code. For any waiver or exemption, Developer shall comply with the City's existing processes to seek any necessary waivers or exemptions. The City's failure to enforce any part of the Subdivision Code or Public Works Code shall not be deemed a waiver of its right to do so thereafter, but it shall not override the Approvals standards set forth in Sections 5.2, 5.3, and 5.4.

5.2.2 General Plan Consistency Findings. The Parties acknowledge the Project is consistent with the City's General Plan and the General Plan Consistency Findings are intended to support all Later Approvals that are consistent with the Approvals. To the maximum extent practicable, the Planning Department shall rely exclusively on the General Plan Consistency Findings when processing and reviewing all Later Approvals, including proposed Subdivision Maps and any other actions related to the Project requiring General Plan determinations; provided Developer acknowledges that the General Plan Consistency Findings do not limit the City's discretion in connection with any Later Approval that (a) requires new or revised General Plan consistency findings because of Material Changes or amendments to any of the Approvals or (b) is analyzed in the context of a future General Plan amendment that is a non-conflicting New City Law.

5.3 Criteria for Later Approvals. Developer shall be responsible for obtaining all required Later Approvals before the start of any construction and timely providing project schedules to OEWD as described in Exhibit K. The City, in granting the Approvals and vesting



the Project through this Agreement, is limiting its future discretion with respect to Later Approvals to the extent that they are consistent with the Approvals and this Agreement. The City shall not disapprove applications for Later Approvals based upon an item or element that is consistent with the Approvals, and shall consider all such applications in accordance with its customary practices (subject to the requirements of this Agreement). Subject to the requirements of this Agreement, the City shall not impose any new condition for a Later Approval that conflicts with the Approvals except when such condition is necessary to bring the Later Approval into compliance with Applicable Laws. For any part of a Later Approval request that has not been previously reviewed or considered by the applicable City Agency (such as additional details or plans), the City Agency shall exercise its discretion consistent with the Municipal Code and the Approvals and otherwise in accordance with the City's customary practice (but subject to the requirements of this Agreement). Nothing in this Agreement shall preclude the City from applying New City Laws for any development not within the definition of the "Project" under this Agreement.

5.4 Strict Building Code Compliance.

5.4.1 City-Wide Building Codes. Notwithstanding anything in this Agreement to the contrary, except as otherwise provided in Section 5.4.2, when considering any application for a Later Approval, the City or the applicable City Agency shall apply the then-applicable provisions, requirements, rules, or regulations (including any applicable exceptions) that are contained in the San Francisco Building Codes, including the Public Works Code (which includes the Stormwater Management Ordinance), Subdivision Code, Mechanical Code, Electrical Code, Housing Code, Plumbing Code, Fire Code, or other uniform construction codes applicable on a City-Wide basis.

5.4.2 Sidewalks, Streets and Infrastructure. By entering into this Agreement, the City's Board of Supervisors and the City Agencies have reviewed and approved (i) the Streetscape Improvements and the Publicly Accessible Private Improvements, including sidewalk, pathway, street widths, and general right of way configurations with respect to location and relationship of major elements, curbs, bicycle facilities, parking, loading areas, and landscaping, including the general location and number of new Street Trees (as defined in San Francisco Public Works Code Section 802) and the removal of certain existing Street Trees and Significant Trees (as defined in San Francisco Public Works Code Section 810A), as set forth in the Approvals described in Exhibit E (including the plans incorporated in such Approvals) and the

Project SUD, as consistent with the City's central policy objective to ensure street safety for all users while maintaining adequate clearances, including for fire apparatus vehicles. No City Agency with jurisdiction may object to a Later Approval for any of the Buildings, Streetscape Improvements, or Publicly Accessible Private Improvements due to the proposed width of a sidewalk, pathway, or street, unless such objection is based upon the applicable City Agency's reserved authority to review engineering design for compliance with Applicable Laws or other authority under State law. In the case of such objection, then within five (5) business days of the objection being raised (whether raised formally or informally), representatives from Developer, PW, the Planning Department and the objecting City Agency shall meet and confer in good faith to attempt to find a mutually satisfactory resolution to the objection. If the matter is not resolved within fourteen (14) days following the objection, then the Planning Director shall notify the Clerk of the Board of Supervisors and the members of the Board of Supervisors' Land Use and Transportation Committee. The City Agencies and Developer agree to act in good faith to resolve the matter quickly and in a manner that does not conflict with the City policy, Approvals, this Agreement, or applicable Law. For purposes of this Section, "engineering design" shall mean professional engineering work as set forth in the Professional Engineers Act, California Business and Professions Code Sections 6700 *et seq.*

5.5 Denial of a Later Approval. If the City denies any application for a Later Approval that implements a Building, such denial must be consistent with Applicable Laws, and the City must specify in writing the reasons for such denial and shall suggest modifications required for approval of the application. Any such specified modifications shall be consistent with Applicable Laws and City staff shall approve the application if it is subsequently resubmitted for City review and corrects or mitigates, to the City's reasonable satisfaction, the stated reasons for the earlier denial in a manner that is consistent and compliant with Applicable Laws and does not include new or additional information or materials that give the City a reason to object to the application under the standards set forth in this Agreement.

5.6 New City Laws. All future changes to Existing Standards and any other Laws, plans or policies adopted by the City or adopted by voter initiative after the Effective Date ("New City Laws") shall apply to the Project and the Project Site except to the extent they conflict with this Agreement or the terms and conditions of the Approvals. In the event of such a conflict, the terms of this Agreement and the Approvals shall prevail, subject to the terms of Section 5.8.

5.6.1 New City Laws shall be deemed to conflict with this Agreement and the Approvals if they:

(a) limit or reduce the density or intensity of the Project, or any part thereof, or otherwise require any reduction in the square footage or number of proposed Buildings or change the location of proposed Buildings or change or reduce other improvements from that permitted under the Approvals;

(b) limit or reduce the height or bulk of the Project, or any part thereof, or otherwise require any reduction in the height or bulk of individual Buildings or other improvements that are part of the Project under the Approvals;

(c) limit, reduce or change the location of vehicular access, parking or loading for the Project from that permitted under the Approvals;

(d) limit any land uses for the Project from that permitted under the Approvals or the Existing Uses;

(e) change or limit the Approvals or Existing Uses;

(f) materially delay, limit or control the rate, timing, phasing, or sequencing of the Project, including the demolition of existing buildings at the Project Site, except as expressly set forth in this Agreement;

(g) require the issuance of permits or approvals for the Project by the City other than those required under the Existing Standards, except for (i) permits or approvals that are required on a City-Wide basis, relate to the construction of improvements, and do not prevent construction of the applicable aspects of the Project that would be subject to such permits or approvals as and when intended by this Agreement or (ii) permits that replace (but do not expand the scope or purpose of) existing permits;

(h) limit or control the availability of public utilities, services or facilities, or any privileges or rights to public utilities, services, or facilities for the Project;

(i) materially and adversely limit the processing or procuring of applications and approvals of Later Approvals that are consistent with Approvals;

(j) increase the percentage of required affordable or BMR Units, change the AMI percentage levels for the affordable housing pricing or income eligibility, change the requirements regarding unit size or unit type, control or limit homeowner association or common area dues or amenity charges, or place restrictions on the right to alienate, transfer or

otherwise dispose of property, or increase the amount or change the configuration of required open space for the Project;

(k) designate any existing tree on the Project Site as a Landmark Tree (as defined in San Francisco Public Works Code Section 802) if such designation would interfere with the construction of the Project; or

(l) impose new or modified Impact Fees and Exactions on the Project that are expressly prohibited in Section 5.7.2.

5.6.2 Developer shall have the right, from time to time and at any time, to file Subdivision Map applications (including phased final map applications and development-specific condominium map or plan applications) with respect to some or all of the Project Site and subdivide (including reconfiguring or merging parcels, subject to Developer's obligations under the Housing Program and the Child Care Program) the Project Site as may be necessary or desirable in order to develop a particular part of the Project as shown generally in Exhibit B-1. The specific boundaries of Development Parcels shall be set by Developer and approved by the City during the subdivision process. Nothing in this Agreement shall authorize Developer to subdivide or use any of the Project Site for purposes of sale, lease or financing in any manner that conflicts with the Subdivision Map Act or with the Subdivision Code. Nothing in this Agreement shall prevent the City from enacting or adopting changes in the methods and procedures for processing subdivision and parcel maps so long as such changes do not conflict with the provisions of this Agreement or with the Approvals. Prior to recording any final Subdivision Map with respect to the Project, Developer shall cause any then-existing Mortgagee to provide its authorized signature on such final Subdivision Map (or any other written approval permitted under Applicable Law), which shall include consent and acknowledgement of the BMR Units requirements with specified AMI levels for the life of the Project, in accordance with this Agreement.

5.7 Fees and Exactions.

5.7.1 Generally. The Project shall only be subject to the Processing Fees and Impact Fees and Exactions as set forth in this Section 5.7, and the City shall not impose any new Processing Fees or Impact Fees and Exactions on the development of the Project or impose new conditions or requirements for the right to develop the Project (including required contributions of land, public amenities or services) except as set forth in this Agreement. The Parties acknowledge that the provisions contained in this Section 5.7 are intended to implement

the intent of the Parties that Developer have the right to develop the Project pursuant to specified and known criteria and rules, and that the City receive the benefits which will be conferred as a result of such development without abridging the right of the City to act in accordance with its powers, duties and obligations, except as specifically provided in this Agreement.

5.7.2 Impact Fees and Exactions. During the Term, as extended by any Litigation Extensions, no Impact Fees and Exactions shall apply to the Project or components thereof except for (i) those Impact Fees and Exactions specifically set forth on Schedule 1, Schedule 2, Exhibit D and Exhibit L, (ii) the SFPUC Capacity Charges, (iii) New City Laws that do not conflict with this Agreement as set forth in Section 5.6, and (iv) as expressly set forth below in this Section. The Impact Fees and Exactions and SFPUC Capacity Charges shall be calculated and determined at the time payable in accordance with the City requirements on that date, and the parties acknowledge and agree that the Impact Fees and Exactions shall be subject to the Planning Department's final confirmation once the applicable final land uses and Gross Floor Area are determined. Accordingly, Developer shall be subject to any increase or decrease in the fee amount payable and any changes in methodology of calculation (e.g., use of a different index to calculate annual increases) but will not be subject to any new types of Impact Fees and Exactions or modification to existing Impact Fees and Exactions after the Effective Date except as described in Section 5.6 and this Section. Developer agrees that any new or reduced impact fee or exaction enacted after the Effective Date that (i) is of City-Wide applicability (e.g., applies to all retail development in the City), (ii) does not pertain to affordable housing, open space or community improvements (for which this Agreement reflects the required Developer contributions), and (iii) would otherwise apply to the Project, shall apply to the Project or the applicable portion thereof.

5.7.3 Processing Fees. Developer shall pay all Processing Fees in effect, on a City-Wide basis, at the time that Developer applies for a Later Approval for which such Processing Fee is payable in connection with the applicable part of the Project.

5.8 Changes in Federal or State Laws.

5.8.1 City's Exceptions. Notwithstanding any provision in this Agreement to the contrary, each City Agency having jurisdiction over the Project shall exercise its discretion under this Agreement in a manner that is consistent with the public health and safety and shall at all times retain its respective authority to take any action that is necessary to protect

the physical health and safety of the public (the "Public Health and Safety Exception") or reasonably calculated and narrowly drawn to comply with applicable changes in Federal or State Law affecting the physical environment (the "Federal or State Law Exception"), including the authority to condition or deny a Later Approval or to adopt a new Law applicable to the Project so long as such condition or denial or new regulation (i)(a) is limited solely to addressing a specific and identifiable issue in each case required to protect the physical health and safety of the public, or (b) is required to comply with a Federal or State Law and in each case not for independent discretionary policy reasons that are inconsistent with the Approvals or this Agreement and (ii) is applicable on a City-Wide basis to the same or similarly situated uses and applied in an equitable and non-discriminatory manner. Developer retains the right to dispute any City reliance on the Public Health and Safety Exception or the Federal or State Law Exception. If the Parties are not able to reach agreement on such dispute following a reasonable meet and confer period, then Developer or City may seek judicial relief with respect to the matter.

5.8.2 Changes in Federal or State Laws. If Federal or State Laws issued, enacted, promulgated, adopted, passed, approved, made, implemented, amended, or interpreted after the Effective Date have gone into effect and (i) preclude or prevent compliance with one or more provisions of the Approvals or this Agreement, or (ii) materially and adversely affect Developer's or the City's rights, benefits or obligations under this Agreement, then such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such Federal or State Law. In such event, this Agreement shall be modified only to the extent necessary or required to comply with such Law, subject to the provisions of Section 5.8.4, as applicable.

5.8.3 Changes to Development Agreement Statute. This Agreement has been entered into in reliance upon the provisions of the Development Agreement Statute. No amendment of or addition to the Development Agreement Statute that would affect the interpretation or enforceability of this Agreement or increase the obligations or diminish the development rights of Developer hereunder, or increase the obligations or diminish the benefits to the City hereunder shall be applicable to this Agreement unless such amendment or addition is specifically required by Law or is mandated by a court of competent jurisdiction. If such amendment or change is permissive rather than mandatory, this Agreement shall not be affected.

5.8.4 Effect on Agreement. If any of the modifications, amendments or additions described in this Section 5.8 would materially and adversely affect the construction,

development, use, operation, or occupancy of the Project as currently contemplated by the Approvals, or any material portion thereof, such that the Project, or the applicable portion thereof, becomes economically infeasible (a "**Law Adverse to Developer**"), then Developer shall notify the City and propose amendments or solutions that would maintain the benefit of the bargain (that is this Agreement) for both Parties. If any of the modifications, amendments or additions described in Section 5.8 would materially and adversely affect or limit the Community Benefits (a "**Law Adverse to the City**"), then the City shall notify Developer and propose amendments or solutions that would maintain the benefit of the bargain (that is this Agreement) for both Parties. Upon receipt of a notice under this Section 5.8.4, the Parties agree to meet and confer in good faith for a period of not less than ninety (90) days in an attempt to resolve the issue. If the Parties cannot resolve the issue in ninety (90) days or such longer period as may be agreed to by the Parties, then the Parties shall mutually select a mediator at JAMS in San Francisco for nonbinding mediation for a period of not less than thirty (30) days. If the Parties remain unable to resolve the issue following such mediation, then either party shall have the right to seek available remedies at law or in equity to maintain the benefit of the bargain or alternatively to seek termination of this Agreement if the benefit of the bargain cannot be maintained in light of the Law Adverse to Developer or Law Adverse to the City.

5.9 No Action to Impede Approvals. Except and only as required under Section 5.8, the City shall take no action under this Agreement nor impose any condition on the Project that would conflict with this Agreement or the Approvals. An action taken or condition imposed shall be deemed to be in conflict with this Agreement or the Approvals if such actions or conditions result in the occurrence of one or more of the circumstances identified in Section 5.6.1.

5.10 Estoppel Certificates. Developer may, at any time, and from time to time, deliver notice to the Planning Director requesting that the Planning Director certify to Developer, a potential Transferee, or a potential lender to Developer, in writing that to the best of the Planning Director's knowledge: (i) this Agreement is in full force and effect and a binding obligation of the Parties; (ii) this Agreement has not been amended or modified, and if so amended or modified, identifying the amendments or modifications and stating their date and providing a copy or referring to the recording information; (iii) Developer is not in Default in the performance of its obligations under this Agreement, or if in Default, to describe therein the nature and amount of any such Defaults; and (iv) the findings of the City with respect to the most recent annual review

performed pursuant to Section 8. The Planning Director, acting on behalf of the City, shall execute and return such certificate within twenty (20) days following receipt of the request.

5.11 Existing, Continuing Uses and Interim Uses. The Parties acknowledge that the Existing Uses are lawfully authorized uses and may continue as such uses may be modified by the Project, provided that any modification thereof not a component of or contemplated by the Project is subject to Planning Code Section 178 and the applicable provisions of Section 5. Developer may install interim or temporary uses on the Project Site, which uses must be consistent with those uses allowed under the Project Site's zoning, the Approvals, the Project SUD, or any planned unit development authorization granted under the Project SUD, as applicable.

5.12 Taxes. Nothing in this Agreement limits the City's ability to impose new or increased taxes or special assessments, or any equivalent or substitute tax or assessment, provided (i) the City shall not institute, on its own initiative, proceedings for any new or increased special tax or special assessment for a land-secured financing district (including the special taxes under the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 *et seq.*) but not including business improvement districts or community benefit districts formed by a vote of the affected property owners) that includes the Project Site unless the new district is City-Wide or Developer gives its prior written consent to or requests such proceedings, and (ii) no such tax or assessment shall be targeted or directed at the Project, including, without limitation, any tax or assessment targeted solely at all or any part of the Project Site. Nothing in the foregoing prevents the City from imposing any tax or assessment against the Project Site, or any portion thereof, that is enacted in accordance with Law and applies to all similarly-situated property on a City-Wide basis.

## **6. NO DEVELOPMENT OBLIGATION**

There is no requirement under this Agreement that Developer initiate or complete development of the Project, or any portion thereof. There is also no requirement that development be initiated or completed within any period of time or in any particular order, subject to the requirement to complete Associated Community Benefits for each Building (or for any market rate residential unit in excess of three hundred eighty-six (386), as applicable) commenced by Developer as set forth in Section 4.1. The development of the Project is subject to numerous factors that are not within the control of Developer or the City, such as availability of financing, interest rates, access to capital, and similar factors. In *Pardee Construction Co. v. City of*



*Camarillo*, 37 Cal.3d 465 (1984), the California Supreme Court ruled that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development and controlling the parties' agreement. It is the intent of the Parties to avoid such a result by acknowledging and providing for the timing of development of the Project in the manner set forth herein. Accordingly, the Parties agree that except as expressly set forth in this Agreement and any express construction dates set forth in a Later Approval, (i) Developer shall have the right to develop the Project in such order and at such rate and at such times as Developer deems appropriate within the exercise of its subjective business judgment, (ii) such a right is consistent with the intent, purpose and understanding of the Parties to this Agreement, and (iii) without such a right, Developer's development of the Project would be subject to the uncertainties sought to be avoided by the Development Agreement Statute, Chapter 56 and this Agreement.

## 7. MUTUAL OBLIGATIONS

7.1 Notice of Completion, Revocation or Termination. Within thirty (30) days after any early revocation or termination of this Agreement (as to all or any part of the Project Site), the Parties agree to execute a written statement acknowledging such revocation or termination, signed by the appropriate agents of the City and Developer, and record such instrument in the Official Records. In addition, within thirty (30) days after Developer's request, when a Building and all of the Associated Community Benefits tied to that Building have been completed, the City and Developer shall execute and record a notice of completion in the form attached as Exhibit G for the applicable Building property.

7.2 General Cooperation; Agreement to Cooperate. The Parties agree to cooperate with one another to expeditiously implement the Project in accordance with the Approvals, any Later Approvals and this Agreement, and to undertake and complete all actions or proceedings reasonably necessary or appropriate to ensure that the objectives of this Agreement, the Approvals and any Later Approvals are implemented. Except for ordinary administrative costs of the City, nothing in this Agreement obligates the City to spend any sums of money or incur any costs other than City Costs or costs that Developer reimburses through the payment of Processing Fees. The Parties agree that the Planning Department will act as the City's lead agency to facilitate coordinated City review of applications for the Project.

7.3 Third-Party Challenge. Developer shall assist and cooperate with the City at Developer's own expense in connection with any Third-Party Challenge. The City Attorney's Office may use its own legal staff or outside counsel in connection with defense of the Third-Party Challenge, at the City Attorney's sole discretion. Developer shall reimburse the City for its actual costs in defense of the action or proceeding, including but not limited to the time and expenses of the City Attorney's Office (at the non-discounted rates then charged by the City Attorney's Office) and any consultants; provided, however, Developer shall have the right to monthly invoices for all such costs.

7.3.1 To the extent that any such action or proceeding challenges or a judgment is entered limiting Developer's right to proceed with the Project or any material portion thereof under this Agreement (whether the Project commenced or not), including the City's actions taken pursuant to CEQA, Developer may elect to terminate this Agreement. Upon any such termination (or, upon the entry of a judgment terminating this Agreement, if earlier), the City and Developer shall jointly seek to have the Third-Party Challenge dismissed and Developer shall have no obligation to reimburse City defense costs that are incurred after the dismissal (other than, in the case of a partial termination by Developer, any defense costs with respect to the remaining portions of the Project). Notwithstanding the foregoing, if Developer conveys or transfers some but not all of the Project, or a party takes title to Foreclosed Property constituting only a portion of the Project, and, therefore, there is more than one party that assumes obligations of "Developer" under this Agreement, then only the Party holding the interest in such portion of the Project shall have the right to terminate this Agreement as to such portion of the Project (and only as to such portion), and no termination of this Agreement by such Party as to such Party's portion of the Project shall effect a termination of this Agreement as to any other portion of the Project.

7.3.2 The filing of any Third Party Challenge shall not delay or stop the development, processing or construction of the Project or the issuance of Later Approvals unless the third party obtains a court order preventing the activity.

7.4 Good Faith and Fair Dealing. The Parties shall cooperate with each other and act in good faith in complying with the provisions of this Agreement and implementing the Approvals and any Later Approvals.

7.5 Other Necessary Acts. Each Party shall use good faith efforts to take such further actions as may be reasonably necessary to carry out this Agreement, the Approvals and any

Later Approvals, in accordance with the terms of this Agreement (and subject to all applicable Laws) in order to provide and secure to each Party the full and complete enjoyment of its rights and privileges hereunder.

## **8. PERIODIC REVIEW OF DEVELOPER'S COMPLIANCE**

8.1 Annual Review. Pursuant to Section 65865.1 of the Development Agreement Statute and Section 56.17 of the Administrative Code (as of the Effective Date), at the beginning of the second week of each January following final adoption of this Agreement and for so long as the Agreement is in effect (the "Annual Review Date"), the Planning Director shall commence a review to ascertain whether Developer has, in good faith, complied with the Agreement. The failure to commence such review in January in any calendar year shall not waive the Planning Director's right to do so later in the calendar year. The Planning Director may elect to forego an annual review if no significant construction work occurred on the Project Site during that year, or if such review is otherwise not deemed necessary.

8.2 Review Procedure. In conducting the required initial and annual reviews of Developer's compliance with this Agreement, the Planning Director shall follow the process set forth in this Section 8.2.

8.2.1 Required Information from Developer. Within sixty (60) days following request by the Planning Director, Developer shall provide a letter to the Planning Director explaining, with appropriate backup documentation, Developer's compliance with this Agreement for the preceding calendar year, including, but not limited to, compliance with the requirements regarding Community Benefits. The burden of proof, by substantial evidence, of compliance is upon Developer. The Planning Director shall post a copy of Developer's submittals on the Planning Department's website.

8.2.2 City Report. Within sixty (60) days after Developer submits such letter, the Planning Director shall review the information submitted by Developer and all other available evidence regarding Developer's compliance with this Agreement, and shall consult with applicable City Agencies as appropriate. All such available evidence, including final staff reports, shall, upon receipt by the City, be made available as soon as possible to Developer. The Planning Director shall notify Developer in writing whether Developer has complied with the terms of this Agreement (the "City Report"), and post the City Report on the Planning Department's website. If the Planning Director finds Developer not in compliance with this Agreement, then the City may

pursue available rights and remedies in accordance with this Agreement and Chapter 56. The City's failure to initiate or to timely complete the annual review shall not be a Default and shall not be deemed to be a waiver of the right to do so at a later date. All costs incurred by the City under this Section shall be included in the City Costs.

8.2.3 Effect on Transferees. If a Developer has effected a Transfer so that its interest in the Project Site is divided among multiple Developers at the time of an annual review, then that annual review shall be conducted separately with respect to each Developer, each Developer shall submit the materials required by this Article 8 with respect to the portion of the Project Site owned by such Developer, and the City review process will proceed as one for the whole Project. Notwithstanding the foregoing, the Planning Commission and Board of Supervisors shall make its determinations and take its action separately with respect to each Developer pursuant to Chapter 56. If there are multiple Developers and the Board of Supervisors terminates, modifies or takes such other actions as may be specified in Chapter 56 and this Agreement in connection with a determination that a Developer has not complied with the terms and conditions of this Agreement, such action by the Planning Director, Planning Commission, or Board of Supervisors shall be effective only as to the Party to whom the determination is made and the portions of the Project Site in which such Party has an interest. In other words, even when the review process is bundled for multiple Developers, any action determination of noncompliance or default will be made only against the defaulting Party and not against any of the other Developers.

8.2.4 Default. The rights and powers of the City under this Section 8.2 are in addition to, and shall not limit, the rights of the City to terminate or take other action under this Agreement on account of a Default by Developer.

## **9. ENFORCEMENT OF AGREEMENT; DEFAULT; REMEDIES**

9.1 Enforcement. As of the date of this Agreement, the only Parties to this Agreement are the City and Developer. Except as expressly set forth in this Agreement (for successors, Transferees and Mortgagees), this Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person or entity whatsoever.

9.2 Meet and Confer Process. Before sending a notice of default in accordance with Section 9.3, the Party which may assert that the other Party has failed to perform or fulfill its obligations under this Agreement shall first attempt to meet and confer with the other Party to discuss the alleged failure and shall permit such Party a reasonable period, but not less than ten

(10) days, to respond to or cure such alleged failure; provided, however, the meet and confer process shall not be required (i) for any failure to pay amounts due and owing under this Agreement, or (ii) if a delay in sending a notice pursuant to Section 9.3 would impair, prejudice or otherwise adversely affect a Party or its rights under this Agreement. The Party asserting such failure shall request that such meeting and conference occur within three (3) business days following the request and if, despite the good faith efforts of the requesting Party, such meeting has not occurred within seven (7) business days of such request, then such Party shall be deemed to have satisfied the requirements of this Section and may proceed in accordance with the issuance of a notice of default under Section 9.3.

9.3 Default. The following shall constitute a "Default" under this Agreement: (i) the failure to make any payment within sixty (60) days following notice that such payment was not made when due and demand for compliance; and (ii) the failure to perform or fulfill any other material term, provision, obligation, or covenant of this Agreement and the continuation of such failure for a period of sixty (60) days following notice and demand for compliance. Notwithstanding the foregoing, if a failure can be cured but the cure cannot reasonably be completed within sixty (60) days, then it shall not be considered a Default if a cure is commenced within said 60-day period and diligently prosecuted to completion thereafter. Any notice of default given by a Party shall specify the nature of the alleged failure and, where appropriate, the manner in which said failure satisfactorily may be cured (if at all). Notwithstanding any other provision in this Agreement to the contrary, if Developer conveys or transfers some but not all of the Project or a party takes title to Foreclosed Property constituting only a portion of the Project, and, therefore there is more than one Party that assumes obligations of "Developer" under this Agreement, there shall be no cross-default between the separate Parties that assumed Developer obligations. Accordingly, a default by one "Developer" shall not be a Default by any other "Developer" that owns or controls a different portion of the Project Site.

#### 9.4 Remedies.

9.4.1 Specific Performance. Subject to, and as limited by, the provisions of Sections 9.4.3, 9.4.4, and 9.5, in the event of a Default, the remedies available to a Party shall include specific performance of this Agreement in addition to any other remedy available at law or in equity.

9.4.2 Termination. Subject to the limitation set forth in Section 9.4.4, in

the event of a Default, the non-defaulting Party may elect to terminate this Agreement by sending a notice of termination to the other Party, which notice of termination shall state the Default. Any such termination shall be effective upon the date set forth in the notice of termination, which shall in no event be earlier than sixty (60) days following delivery of the notice. Consistent with Sections 9.3 and 12.3, there are no cross-defaults under this Agreement, and therefore if there is more than one "Developer" (as it relates to different parts of the Project Site), then any termination of this Agreement for Default will be limited to the Developer that sent or received the termination notice.

9.4.3 Limited Damages. The Parties have determined that except as set forth in this Section 9.4.3, (i) monetary damages are generally inappropriate, (ii) it would be extremely difficult and impractical to fix or determine the actual damages suffered by a Party as a result of a Default hereunder, and (iii) equitable remedies and remedies at law, not including damages but including specific performance and termination, are particularly appropriate remedies for enforcement of this Agreement. Consequently, Developer agrees that the City shall not be liable to Developer for damages under this Agreement, and the City agrees that Developer shall not be liable to the City for damages under this Agreement, and each covenants not to sue the other for or claim any damages under this Agreement and expressly waives its right to recover damages under this Agreement, except as follows: (1) either Party shall have the right to recover actual damages only (and not consequential, punitive or special damages, each of which is hereby expressly waived) for a Party's failure to pay sums to the other Party as and when due under this Agreement, (2) the City shall have the right to recover actual damages for Developer's failure to make any payment due under any indemnity in this Agreement, (3) to the extent a court of competent jurisdiction determines that specific performance is not an available remedy with respect to an unperformed Associated Community Benefit, the City shall have the right to monetary damages equal to the costs that the City incurs or will incur to complete the Associated Community Benefit as determined by the court, (4) either Party shall have the right to recover reasonable attorneys' fees and costs as set forth in Section 9.6, and (5) the City shall have the right to administrative penalties or liquidated damages if and only to the extent expressly stated in an Exhibit to this Agreement or in the applicable portion of the San Francisco Municipal Code incorporated into this Agreement. For purposes of the foregoing, "**actual damages**" means the actual amount of the sum due and owing under this Agreement, with interest as provided by Law,

together with such judgment collection activities as may be ordered by the judgment, and no additional sums.

9.4.4 City Processing/Certificates of Occupancy. The City shall not be required to process any requests for approval or take other actions under this Agreement during any period in which payments due the City from Developer are past due; provided, however, if Developer has conveyed or transferred some but not all of the Project or a party takes title to Foreclosed Property constituting only a portion of the Project, and, therefore, there is more than one party that assumes obligations of "Developer" under this Agreement, then the City shall continue to process requests and take other actions as to the other portions of the Project so long as the applicable Developer as to those portions is current on payments due the City. The City shall have the right to withhold a final certificate of occupancy for a Building until all of the Associated Community Benefits tied to that Building have been completed. For a Building to be deemed completed, Developer shall have completed all of the streetscape and open space improvements described in Exhibit C and Exhibit J, or a Later Approval, for that Building; provided, if the City issues a final certificate of occupancy before such items are completed, then Developer shall promptly complete such items following issuance.

9.5 Time Limits; Waiver; Remedies Cumulative. Failure by a Party to insist upon the strict or timely performance of any of the provisions of this Agreement by the other Party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of any condition or failure of performance, including a Default, shall be effective or binding upon such Party unless made in writing by such Party, and no such waiver shall be implied from any omission by a Party to take any action with respect to such failure. No express written waiver shall affect any other condition, action or inaction, or cover any other period of time, other than any condition, action or inaction and/or period of time specified in such express waiver. One or more written waivers under any provision of this Agreement shall not be deemed to be a waiver of any subsequent condition, action or inaction, and the performance of the same or any other term or provision contained in this Agreement. Nothing in this Agreement shall limit or waive any other right or remedy available to a Party to seek injunctive relief or other expedited judicial and/or administrative relief to prevent irreparable harm.

9.6 Attorneys' Fees. Should legal action be brought by either Party against the

other for a Default under this Agreement or to enforce any provision herein, the prevailing Party in such action shall be entitled to recover its reasonable attorneys' fees and costs. For purposes of this Agreement, "reasonable attorneys' fees and costs" means the reasonable fees and expenses of counsel to the Party, which may include printing, duplicating and other expenses, air freight charges, hiring of experts and consultants, and fees billed for law clerks, paralegals, librarians, and others not admitted to the bar but performing services under the supervision of an attorney. The term "reasonable attorneys' fees and costs" shall also include, without limitation, all such reasonable fees and expenses incurred with respect to appeals, mediation, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. For the purposes of this Agreement, the reasonable fees of attorneys of City Attorney's Office shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the Law for which the City Attorney's Office's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

#### 10. FINANCING; RIGHTS OF MORTGAGEES

10.1 Developer's Right to Mortgage. Nothing in this Agreement limits the right of Developer to mortgage or otherwise encumber all or any portion of the Project Site for the benefit of any Mortgagee as security for one or more loans. Developer represents that, as of the Effective Date, there are no Mortgages on the Project Site other than the Existing Mortgage. Prior to commencing construction under the First Construction Document for the Project, Developer shall cause the Existing Mortgage, if then still in effect, and any other then-existing Mortgage(s), to be subordinated to this Agreement.

10.2 Mortgagee Not Obligated to Construct. Notwithstanding any of the provisions of this Agreement (except as set forth in this Section and Section 10.5), a Mortgagee, including any Mortgagee who obtains title to the Project Site or any part thereof as a result of foreclosure proceedings, conveyance or other action in lieu thereof, or other remedial action shall in no way be obligated by the provisions of this Agreement to construct or complete the Project or any part thereof or to guarantee such construction or completion. The foregoing provisions shall not be applicable to any party who, after a foreclosure, conveyance or other action in lieu thereof, or other remedial action obtains title to some or all of the Project Site from or through the



Mortgagee, or any other purchaser at a foreclosure sale other than the Mortgagee itself, on which certain Associated Community Benefits must be completed as set forth in Section 4.1. Nothing in this Section or any other Section or provision of this Agreement shall be deemed or construed to permit or authorize any Mortgagee or any other person or entity to devote the Project Site or any part thereof to any uses other than uses consistent with this Agreement and the Approvals, and nothing in this Section shall be deemed to give any Mortgagee or any other person or entity the right to construct any improvements under this Agreement (other than as set forth above for required Community Benefits or as needed to conserve or protect improvements or construction already made) unless or until such person or entity assumes Developer's obligations under this Agreement.

10.3 Copy of Notice of Default and Notice of Failure to Cure to Mortgagee.

Whenever the City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations under this Agreement, the City shall at the same time forward a copy of such notice or demand to each Mortgagee having a Mortgage on the real property which is the subject of the breach or default who has previously made a written request to the City therefor, at the last address of such Mortgagee specified by such Mortgagee in such notice. In addition, if such breach or default remains uncured for the period permitted with respect thereto under this Agreement, the City shall deliver a notice of such failure to cure such breach or default to each such Mortgagee at such applicable address. A delay or failure by the City to provide such notice required by this Section shall extend for the number of days until notice is given, the time allowed to the Mortgagee for cure. In accordance with Section 2924b of the California Civil Code, the City requests that a copy of any notice of default and a copy of any notice of sale under any Mortgage be mailed to the City at the address for notices under this Agreement. Any Mortgagee relying on the protections set forth in this Article 10 shall send to the City a copy of any notice of default and notice of sale.

10.4 Mortgagee's Option to Cure Defaults. After receiving any notice of failure to cure referred to in Section 10.3, each Mortgagee shall have the right, at its option, to commence within the same period as the Developer to remedy or cause to be remedied any Default, plus an additional period of: (a) sixty (60) days to cure a monetary Default; and (b) one hundred twenty (120) days to cure a non-monetary event of default which is susceptible of cure by the Mortgagee without obtaining title to the applicable property. If an event of default is not cured within the

applicable cure period, the City nonetheless shall refrain from exercising any of its remedies with respect to the event of default if, within the Mortgagee's applicable cure period: (i) the Mortgagee notifies the City that it intends to proceed with due diligence to foreclose the Mortgage or otherwise obtain title to the subject property; and (ii) the Mortgagee commences foreclosure proceedings within sixty (60) days after giving such notice, and thereafter diligently pursues such foreclosure to completion; and (iii) after obtaining title, the Mortgagee diligently proceeds to cure those events of default: (A) which are required to be cured by the Mortgagee and are susceptible of cure by the Mortgagee, and (B) of which the Mortgagee has been given notice by the City. Any such Mortgagee or Transferee of a Mortgagee who shall properly complete the improvements relating to the Project Site or applicable part thereof shall be entitled, upon written request made to the Agency, to a Certificate of Completion.

10.5 Mortgagee's Obligations with Respect to the Property. Notwithstanding anything to the contrary in this Agreement, no Mortgagee shall have any obligations or other liabilities under this Agreement unless and until it acquires title by any method to all or some portion of the Project Site (referred to hereafter as "**Foreclosed Property**"). A Mortgagee that, by foreclosure under a Mortgage, acquires title to any Foreclosed Property shall take title subject to all of the terms and conditions of this Agreement, to the extent applicable to the Foreclosed Property, including any claims for payment or performance of obligations which are due as a condition to enjoying the benefits of this Agreement and shall have all of the rights and obligations of Developer under this Agreement as to the applicable Foreclosed Property, including completion of the Associated Community Benefits under Section 4.1. Upon the occurrence and continuation of an uncured default by a Mortgagee or Transferee in the performance of any of the obligations to be performed by such Mortgagee or Transferee pursuant to this Agreement, the City shall be afforded all its remedies for such uncured default as provided in this Agreement.

10.6 No Impairment of Mortgage. No default by Developer under this Agreement shall invalidate or defeat the lien of any Mortgagee. No foreclosure of any Mortgage or other lien shall defeat, diminish, render invalid or unenforceable or otherwise impair Developer's rights or obligations under this Agreement or constitute a default under this Agreement.

10.7 Cured Defaults. Upon the curing of any event of default by any Mortgagee within the time provided in this Article 10 the City's right to pursue any remedies with respect to

the cured event of default shall terminate.

## 11. AMENDMENT; TERMINATION; EXTENSION OF TERM

11.1 Amendment or Termination. This Agreement may only be amended with the mutual written consent of the City and Developer; provided, however, that following a Transfer, the City and Developer or any Transferee may amend this Agreement as it affects Developer or the Transferee and the portion of the Project Site owned by Developer or the Transferee without affecting other portions of the Project Site or other Transferees. Other than upon the expiration of the Term and except as provided in Sections 2.2, 7.3, 9.4.2, and 11.2, this Agreement may only be terminated with the mutual written consent of the Parties. Any amendment to this Agreement that does not constitute a Material Change may be agreed to by the Planning Director (and, to the extent it affects any rights or obligations of a City department, with the approval of that City department). Any amendment that is a Material Change will require the approval of the Planning Director, the Planning Commission and the Board of Supervisors (and, to the extent it affects any rights or obligations of a City department, after consultation with that City Department). The determination of whether a proposed change constitutes a Material Change shall be made, on City's behalf, by the Planning Director following consultation with the City Attorney and any affected City Agency.

11.2 Early Termination Rights. Developer shall, upon thirty (30) days prior notice to the City, have the right, in its sole and absolute discretion, to terminate this Agreement in its entirety at any time if Developer does not Commence Construction on any part of the Project Site by the date which is five (5) years following the Effective Date as such five (5) year date may be extended by any Litigation Extension. Thereafter, the City shall, upon sixty (60) days prior notice to Developer, have the right, in its sole and absolute discretion, to terminate this Agreement if the Developer has not Commenced Construction; provided Developer can prevent any such termination by the City by providing to the City notice, within the above sixty (60) day period, of Developer's intent to start construction and the Developer thereafter Commences Construction within one hundred twenty (120) days following delivery of Developer's notice to the City, or, if unable to actually Commence Construction within said time period, demonstrates reasonable, good faith and continuing efforts to Commence Construction, such as by pursuing all necessary Later Approvals, and thereafter promptly Commences Construction upon receipt of the Later Approvals.

11.3 Termination and Vesting. Any termination under this Agreement shall

concurrently effect a termination of the Approvals with respect to the terminated portion of the Project Site, except as to any Approval pertaining to a Building that has Commenced Construction in reliance thereon. In the event of any termination of this Agreement by Developer resulting from a Default by the City and except to the extent prevented by such City Default, Developer's obligation to complete the Associated Community Benefits shall continue as to the Building that has Commenced Construction and all relevant and applicable provisions of this Agreement shall be deemed to be in effect as such provisions are reasonably necessary in the construction, interpretation or enforcement to this Agreement as to any such surviving obligations. The City's and Developer's rights and obligations under this Section 11.3 shall survive the termination of this Agreement.

11.4 Amendment Exemptions. No issuance of a Later Approval, or amendment of an Approval or Later Approval, shall by itself require an amendment to this Agreement. And no change to the Project that is permitted under the Project SUD or a planned unit development authorization issued under the Project SUD shall by itself require an amendment to this Agreement. Upon issuance or approval, any such matter shall be deemed to be incorporated automatically into the Project and vested under this Agreement (subject to any conditions set forth in the amendment or Later Approval). Notwithstanding the foregoing, if there is any direct conflict between the terms of this Agreement and a Later Approval, or between this Agreement and any amendment to an Approval or Later Approval, then the Parties shall concurrently amend this Agreement (subject to all necessary approvals in accordance with this Agreement) in order to ensure the terms of this Agreement are consistent with the proposed Later Approval or the proposed amendment to an Approval or Later Approval. The Planning Department and the Planning Commission, as applicable, shall have the right to approve changes to the Project as described in the Exhibits in keeping with its customary practices and the Project SUD, and any such changes shall not be deemed to conflict with or require an amendment to this Agreement or the Approvals so long as they do not constitute a Material Change. If the Parties fail to amend this Agreement as set forth above when required, however, then the terms of this Agreement shall prevail over any Later Approval or any amendment to an Approval or Later Approval that conflicts with this Agreement.

11.5 Extension Due to Legal Action or Referendum; Excusable Delay.

11.5.1 Litigation and Referendum Extension. If any litigation is filed challenging this Agreement or any of the Approvals described on Exhibit E (the "Initial

Approvals") and it directly or indirectly delays this Agreement or such Initial Approval, or if this Agreement or any of the Initial Approvals is suspended pending the outcome of an electoral vote on a referendum, then the Term of this Agreement and the effectiveness of the Initial Approvals (starting from the date of the initial grant of the Initial Approval) shall be extended for the number of days equal to the period starting from the commencement of the litigation or the suspension to the end of such litigation or suspension (a "Litigation Extension"). The Parties shall document the start and end of a Litigation Extension in writing within thirty (30) days from the applicable dates.

11.5.2 "Excusable Delay" means the occurrence of an event beyond a Party's reasonable control which causes such Party's performance of an obligation to be delayed, interrupted or prevented, including, but not limited to: changes in Federal or State Laws; strikes or the substantial interruption of work because of labor disputes; inability to obtain materials; freight embargoes; civil commotion, war or acts of terrorism; inclement weather, fire, floods, earthquakes, or other acts of God; epidemics or quarantine restrictions; litigation; unforeseen site conditions (including archaeological resources or the presence of hazardous materials); or the failure of any governmental agency, public utility or communication service provider to issue a permit, authorization, consent or approval required to permit construction within the standard or customary time period for such issuing authority following Developer's submittal of a complete application for such permit, authorization, consent or approval, together with any required materials. Excusable Delay shall not include delays resulting from failure to obtain financing or have adequate funds, changes in market conditions, or the rejection of permit, authorization or approval requests based upon Developer's failure to satisfy the substantive requirements for the permit, authorization or approval request. In the event of Excusable Delay, the Parties agree that (i) the time periods for performance of the delayed Party's obligations impacted by the Excusable Delay shall be strictly limited to the period of such delay, interruption or prevention and the delayed Party shall, to the extent commercially reasonable, act diligently and in good faith to remove the cause of the Excusable Delay or otherwise complete the delayed obligation, and (ii) following the Excusable Delay, a Party shall have all rights and remedies available under this Agreement, if the obligation is not completed within the time period as extended by the Excusable Delay. If an event which may lead to an Excusable Delay occurs, the delayed Party shall notify the other Party in writing of such occurrence as soon as possible after becoming aware that such event may result in

an Excusable Delay, and the manner in which such occurrence is likely to substantially interfere with the ability of the delayed Party to perform under this Agreement.

## **12. TRANSFER OR ASSIGNMENT; RELEASE; CONSTRUCTIVE NOTICE**

12.1 Permitted Transfer of this Agreement. At any time, Developer shall have the right to convey, assign or transfer all of its right, title and interest in and to all or part of the Project Site (a "**Transfer**") to a party (including any Mortgagee) without the City's consent, provided that it also transfers to such party (the "**Transferee**") all of its interest, rights or obligations under this Agreement with respect to such portion of the Project Site together with any portion required to complete the Associated Community Benefits for such portion (the "**Transferred Property**"). Developer shall not, by Transfer, separate a portion of the Project Site from the Associated Community Benefits tied to that portion of the Project Site without the prior written consent of the Planning Director. Notwithstanding anything to the contrary in this Agreement, if Developer Transfers one or more parcels such that there are separate Developers within the Project Site, then the obligation to perform and complete the Associated Community Benefits for a Building shall be the sole responsibility of the applicable Developer (*i.e.*, the person or entity that is the Developer for the Development Parcel on which the Building is located); provided, however, that any ongoing obligations (such as open space operation and maintenance) may be transferred to a residential, commercial or other management association ("**CMA**") on commercially reasonable terms so long as the CMA has the financial capacity and ability to perform the obligations so transferred.

12.2 Notice of Transfer. Developer shall provide not less than ten (10) days' notice to the City before any proposed Transfer of its interests, rights and obligations under this Agreement, together with a copy of the assignment and assumption agreement for that parcel (the "**Assignment and Assumption Agreement**"). The Assignment and Assumption Agreement shall be in recordable form, in substantially the form attached as Exhibit H (including the indemnifications, the agreement and covenant not to challenge the enforceability of this Agreement, and not to sue the City for disputes between Developer and any Transferee) and any material changes to the attached form will be subject to the review and approval of the Director of Planning, not to be unreasonably withheld or delayed. The Director of Planning shall use good faith efforts to complete such review and grant or withhold approval within thirty (30) days after the Director of Planning's receipt of such material changes. Notwithstanding the foregoing, any

Transfer of Community Benefit obligations to a CMA as set forth in Section 12.1 shall not require the transfer of land or any other real property interests to the CMA.

12.3 Release of Liability. Upon recordation of any Assignment and Assumption Agreement (following the City's approval of any material changes thereto if required pursuant to Section 12.2 above), the assignor shall be released from any prospective liability or obligation under this Agreement related to the Transferred Property, as specified in the Assignment and Assumption Agreement, and the assignee/Transferee shall be deemed to be "**Developer**" under this Agreement with all rights and obligations related thereto with respect to the Transferred Property. Notwithstanding anything to the contrary contained in this Agreement, if a Transferee Defaults under this Agreement, such default shall not constitute a Default by Developer or any other Transferee with respect to any other portion of the Project Site and shall not entitle the City to terminate or modify this Agreement with respect to such other portion of the Project Site, except as otherwise provided herein. Additionally, the annual review provided by Section 8 shall be conducted separately as to Developer and each Transferee and only as to those obligations that Developer or such Transferee has under this Agreement.

12.4 Responsibility for Performance. The City is entitled to enforce each and every such obligation assumed by each Transferee directly against the Transferee as if the Transferee were an original signatory to this Agreement with respect to such obligation. Accordingly, in any action by the City against a Transferee to enforce an obligation assumed by the Transferee, the Transferee shall not assert as a defense against the City's enforcement of performance of such obligation that such obligation (i) is attributable to Developer's breach of any duty or obligation to the Transferee arising out of the Transfer or the Assignment and Assumption Agreement or any other agreement or transaction between Developer and the Transferee, or (ii) relates to the period before the Transfer. The foregoing notwithstanding, the Parties acknowledge and agree that a failure to complete a Mitigation Measure may, if not completed, delay or prevent a different party's ability to start or complete a specific Building or improvement under this Agreement if and to the extent the completion of the Mitigation Measure is a condition to the other party's right to proceed, as specifically described in the Mitigation Measure, and Developer and all Transferees assume this risk.

12.5 Constructive Notice. Every person or entity who now or hereafter owns or acquires any right, title or interest in or to any portion of the Project Site is, and shall be,

constructively deemed to have consented to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project Site. Every person or entity who now or hereafter owns or acquires any right, title or interest in or to any portion of the Project Site and undertakes any development activities at the Project Site, is, and shall be, constructively deemed to have consented and agreed to, and is obligated by all of the terms and conditions of this Agreement (as such terms and conditions apply to the Project Site or applicable portion thereof), whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project Site.

12.6 Rights of Developer. The provisions in this Section 12 shall not be deemed to prohibit or otherwise restrict Developer from (i) granting easements or licenses to facilitate development of the Project Site, (ii) encumbering the Project Site or any portion of the improvements thereon by any Mortgage, (iii) granting an occupancy leasehold interest in portions of the Project Site, (iv) entering into a joint venture agreement or similar partnership agreement to fulfill its obligations under this Agreement, or (v) transferring all or a portion of the Project Site pursuant to a foreclosure, conveyance in lieu of foreclosure, or other remedial action in connection with a Mortgage, and none of the foregoing shall constitute a Transfer for which the City's consent is required.

### **13. DEVELOPER REPRESENTATIONS AND WARRANTIES**

13.1 Interest of Developer; Due Organization and Standing. Developer represents that it is the sole owner of the Project Site, with the right and authority to enter into this Agreement. Developer is a limited liability company, duly organized and validly existing and in good standing under the Laws of the State of Delaware. Developer has all requisite power to own its property and authority to conduct its business as presently conducted. Developer represents and warrants that there is no Mortgage, existing lien or encumbrance recorded against the Project Site that, upon foreclosure or the exercise of remedies, would permit the beneficiary of the Mortgage, lien or encumbrance to eliminate or wipe out the obligations set forth in this Agreement that run with applicable land.

13.2 No Inability to Perform; Valid Execution. Developer represents and warrants that it is not a party to any other agreement that would conflict with Developer's obligations under this Agreement and it has no knowledge of any inability to perform its



obligations under this Agreement. The execution and delivery of this Agreement and the agreements contemplated hereby by Developer have been duly and validly authorized by all necessary action. This Agreement will be a legal, valid and binding obligation of Developer, enforceable against Developer in accordance with its terms.

13.3 Conflict of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the California Government Code, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the Term.

13.4 Notification of Limitations on Contributions. Through its execution of this Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

Developer acknowledges that (i) the prohibition on contributions applies to Developer, each member of Developer's board of directors, Developer's chief executive officer, chief financial officer and chief operating officer, any person with an ownership interest of more than ten percent (10%) in Developer, any subcontractor listed in the contract, and any committee that is sponsored or controlled by Developer, and (ii) within thirty (30) days of the submission of

a proposal for the contract, the City department seeking to enter into the contract must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Developer certifies it has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract to the City, and has provided the names of the persons required to be informed to the City department seeking to enter into that contract within thirty (30) days of submitting its contract proposal to the City department receiving that submittal, and acknowledges the City department receiving that submittal was required to notify the Ethics Commission of those persons.

13.5 Other Documents. To the current, actual knowledge of Dan Safier, after reasonable inquiry, no document furnished by Developer to the City with its application for this Agreement nor this Agreement contains any untrue statement of material fact or omits a material fact necessary to make the statements contained therein, or herein, not misleading under the circumstances under which any such statement shall have been made.

13.6 No Bankruptcy. Developer represents and warrants to the City that Developer has neither filed nor is the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or Laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Developer's knowledge, no such filing is threatened.

#### 14. MISCELLANEOUS PROVISIONS

14.1 Entire Agreement. This Agreement, including the preamble paragraph, Recitals and Exhibits, and the agreements between the Parties specifically referenced in this Agreement, constitutes the entire agreement between the Parties with respect to the subject matter contained herein.

14.2 Incorporation of Exhibits. Except for the Approvals which are listed solely for the convenience of the Parties, each Exhibit to this Agreement is incorporated herein and made a part hereof as if set forth in full. Each reference to an Exhibit in this Agreement shall mean that Exhibit as it may be updated or amended from time to time in accordance with the terms of this Agreement.

14.3 Binding Covenants; Run With the Land. Pursuant to Section 65868 of the Development Agreement Statute, from and after recordation of this Agreement, all of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and, subject to the provisions of this Agreement,

including without limitation Section 12, their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, and all persons or entities acquiring the Project Site, any lot, parcel or any portion thereof, or any interest therein, whether by sale, operation of law, or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. Subject to the provisions of this Agreement, including without limitation Section 12, all provisions of this Agreement shall be enforceable during the Term as equitable servitudes and constitute covenants and benefits running with the land pursuant to applicable Law, including but not limited to California Civil Code Section 1468.

14.4 Applicable Law and Venue. This Agreement has been executed and delivered in and shall be interpreted, construed, and enforced in accordance with the Laws of the State of California. All rights and obligations of the Parties under this Agreement are to be performed in the City and County of San Francisco, and the City and County of San Francisco shall be the venue for any legal action or proceeding that may be brought, or arise out of, in connection with or by reason of this Agreement.

14.5 Construction of Agreement. The Parties have mutually negotiated the terms and conditions of this Agreement and its terms and provisions have been reviewed and revised by legal counsel for both the City and Developer. Accordingly, no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement. Language in this Agreement shall be construed as a whole and in accordance with its true meaning. The captions of the paragraphs and subparagraphs of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction. Each reference in this Agreement to this Agreement or any of the Approvals shall be deemed to refer to this Agreement or the Approvals as amended from time to time pursuant to the provisions of this Agreement, whether or not the particular reference refers to such possible amendment. In the event of a conflict between the provisions of this Agreement and Chapter 56, the provisions of this Agreement will govern and control.

14.6 Project Is a Private Undertaking; No Joint Venture or Partnership. The development proposed to be undertaken by Developer on the Project Site is a private development. The City has no interest in, responsibility for, or duty to third persons concerning any of said improvements. Developer shall exercise full dominion and control over the Project Site, subject

only to the limitations and obligations of Developer contained in this Agreement. Nothing contained in this Agreement, or in any document executed in connection with this Agreement, shall be construed as creating a joint venture or partnership between the City and Developer. Neither Party is acting as the agent of the other Party in any respect hereunder. Developer is not a state or governmental actor with respect to any activity conducted by Developer hereunder.

14.7 Recordation. Pursuant to the Development Agreement Statute and Chapter 56, the Clerk of the Board of Supervisors shall have a copy of this Agreement recorded in the Official Records within ten (10) days after the Effective Date of this Agreement or any amendment thereto, with costs to be borne by Developer.

14.8 Obligations Not Dischargeable in Bankruptcy. Developer's obligations under this Agreement are not dischargeable in bankruptcy.

14.9 Survival. Following expiration of the Term, this Agreement shall be deemed terminated and of no further force and effect except for any provision which, by its express terms, survive the expiration or termination of this Agreement.

14.10 Signature in Counterparts. This Agreement may be executed in duplicate counterpart originals, each of which is deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

14.11 Notices. Any notice or communication required or authorized by this Agreement shall be in writing and may be delivered personally or by registered mail, return receipt requested. Notice, whether given by personal delivery or registered mail, shall be deemed to have been given and received upon the actual receipt by any of the addressees designated below as the person to whom notices are to be sent. Either Party to this Agreement may at any time, upon notice to the other Party, designate any other person or address in substitution of the person and address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

To City:

John Rahaim  
Director of Planning  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, California 94102

with a copy to:

Dennis J. Herrera, Esq.  
City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Attn: Real Estate/Finance, 3333 California Project

To Developer: c/o The Prado Group, Inc.  
150 Post Street, Suite 320  
San Francisco, CA 94108  
Attn: Dan Safier

14.12 Limitations on Actions. Pursuant to Section 56.19 of the Administrative Code, any decision of the Board of Supervisors made pursuant to Chapter 56 shall be final. Any court action or proceeding to attack, review, set aside, void, or annul any final decision or determination by the Board of Supervisors shall be commenced within ninety (90) days after such decision or determination is final and effective. Any court action or proceeding to attack, review, set aside, void or annul any final decision by (i) the Planning Director made pursuant to Administrative Code Section 56.15(d)(3) or (ii) the Planning Commission pursuant to Administrative Code Section 56.17(e) shall be commenced within ninety (90) days after said decision is final.

14.13 Severability. Except as is otherwise specifically provided for in this Agreement with respect to any Laws which conflict with this Agreement, if any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect unless enforcement of the remaining portions of this Agreement would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

14.14 MacBride Principles. The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 *et seq.* The City also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Developer acknowledges that it has read and understands the above statement of the City concerning doing business in Northern Ireland.

14.15 Tropical Hardwood and Virgin Redwood. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood

product, virgin redwood, or virgin redwood wood product, except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code.

14.16 Sunshine. Developer understands and agrees that under the City's Sunshine Ordinance (Administrative Code, Chapter 67) and the California Public Records Act (California Government Code Section 250 *et seq.*), this Agreement and any and all records, information, and materials submitted to the City hereunder are public records subject to public disclosure. To the extent that Developer in good faith believes that any financial materials reasonably requested by the City constitutes a trade secret or confidential proprietary information protected from disclosure under the Sunshine Ordinance and other Laws, Developer shall mark any such materials as such. When a City official or employee receives a request for information that has been so marked or designated, the City may request further evidence or explanation from Developer. If the City determines that the information does not constitute a trade secret or proprietary information protected from disclosure, the City shall notify Developer of that conclusion and that the information will be released by a specified date in order to provide Developer an opportunity to obtain a court order prohibiting disclosure.

14.17 Non-Liability of City Officials and Others. Notwithstanding anything to the contrary in this Agreement, no individual board member, director, commissioner, officer, employee, official or agent of City or other City Parties shall be personally liable to Developer, its successors and assigns, in the event of any Default by City, or for any amount which may become due to Developer, its successors and assigns, under this Agreement.

14.18 Non-Liability of Developer Officers and Others. Notwithstanding anything to the contrary in this Agreement, no individual board member, director, officer, employee, official, partner, employee, or agent of Developer or any affiliate of Developer shall be personally liable to City, its successors and assigns, in the event of any Default by Developer, or for any amount which may become due to City, its successors and assigns, under this Agreement.

14.19 No Third Party Beneficiaries. There are no third party beneficiaries to this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

CITY:

Approved as to form:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

DENNIS J. HERRERA, City Attorney

By:

\_\_\_\_\_  
John Rahaim  
Director of Planning

By:

\_\_\_\_\_  
Carol Wong, Deputy City Attorney

RECOMMENDED:

By:

\_\_\_\_\_  
[Name]  
Director, MOHCD

By:

\_\_\_\_\_  
Mohammed Nuru  
Director of Public Works

Approved on \_\_\_\_\_, 20\_\_\_\_  
Board of Supervisors Ordinance No. \_\_\_\_\_

DEVELOPER:

LAUREL HEIGHTS PARTNERS LLC,  
a Delaware limited liability company

By: 3333 California LP,  
a Delaware limited partnership,  
its Manager

By: PSKS LH LLC,  
a Delaware limited liability company,  
its General Partner

By: Prado LH LLC,

a California limited liability company,  
its Manager

By: \_\_\_\_\_  
Name: Dan Safier  
Title: Manager



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Francisco )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Francisco )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

## Exhibit A

### Project Site Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

BEGINNING at a point on the Southerly line of California Street, said point being the Easterly extremity of the curve with a 15 foot radius joining the Easterly line of Laurel Street with the Southerly line of California Street, as shown on "Map of Laurel Heights, filed July 28, 1947, in Map Book "P", at Pages 55 and 56 Official Records of the City and County of San Francisco; running thence North 80°54' East 707.375 feet along the Southerly line of California Street to the Southwesterly boundary of the property of the Standard Oil Company of California; thence South 52°36' 29.74 seconds East along said boundary 232.860 feet; thence Southwesterly along the arc of a curve to the right whose tangent deflects 54°14' 30.74 seconds to the right from the preceding course, radius 425 feet, central angle 34°15'59", a distance of 254.176 feet; thence South 35°54' West tangent to the preceding curve 380.066 feet; thence Southwesterly along the arc of a curve to the right, tangent to the preceding course, radius 65 feet, central angle 37°18' a distance of 42.316 feet to tangency with the Northwesterly line of Euclid Avenue; thence South 73°12' West along said line of Euclid Avenue 312.934 feet; thence leaving said line of Euclid Avenue, and running Southwesterly, Westerly, and Northwesterly along the arc of a curve to the right, tangent to the preceding course, radius 20 feet, central angle 100°48' 01.51", a distance of 35.186 feet; thence Northwesterly along the arc of a reverse curve to the left, parallel to and concentric with and radially distant 6 feet Northeasterly from the Northeasterly line of Laurel Street, as shown on said map of Laurel Heights, radius 4033 feet, central angle 5°31' 20.27", a distance of 388.710 feet; thence Northwesterly along the arc of a compound curve to the left, radius 120 feet, central angle 71°12' 55.45", a distance of 149.153 feet; thence Northwesterly along the arc of a reverse curve to the right, radius 60 feet, central angle 73°38' 14.21", a distance of 77.113 feet to tangency with the Easterly line of Laurel Street; thence North 9°06' West along said line of Laurel Street 127.290 feet to the beginning of the above mentioned curve joining the Easterly line of Laurel Street with Southerly line of California Street; thence Northwesterly, Northerly, and Northeasterly along the arc of a curve to the right, radius 15 feet 90°00', a distance of 23.562 feet to tangency with the Southerly line of California Street and the point of beginning.

APN: Lot 003, Block 1032

## Exhibit B

### Project Description

The Project Site is an approximately 446,490-square-foot, or 10.25-acre, parcel bounded by California Street to the north, Presidio Avenue to the east, Masonic Avenue to southeast, Euclid Avenue to the south, and Laurel Street/Mayfair Drive to the west, at the southern edge of San Francisco's Presidio Heights neighborhood in the northwest portion of San Francisco. The project sponsor, Laurel Heights Partners, LLC, owns the site and temporarily leases it to the Regents of the University of California, which uses the Project Site for its University of California San Francisco (UCSF) Laurel Heights Campus. The Project Site does not include the San Francisco Fireman's Credit Union (now called the SF Fire Credit Union) at the southwest corner of California Street and Presidio Avenue, which is on a separate parcel.

The Project Site is currently used as office and related research, child care, and parking. It is developed with a four-story, approximately 455,000-gross-square-foot office building including a three-level, 212-space, an approximately 93,000-gross-square-foot partially below-grade parking garage at the center of the site; a one-story, approximately 14,000-gross-square-foot annex building at the corner of California and Laurel streets; three surface parking lots with a total of 331 spaces connected by internal roadways; two circular garage ramp structures leading to below-grade parking levels; and landscaping or landscaped open space for the UCSF Laurel Heights Campus occupants.

The proposed project includes approximately 1,427,832 gross square feet of new and rehabilitated space, comprising approximately 977,437 gross square feet of residential floor area with approximately 744 dwelling units; approximately 34,496 gross square feet of retail floor area; and an approximately 14,665 gross-square-foot child care center use. The proposed project would provide approximately 857 off-street parking spaces (including approximately 10 car share spaces), approximately 762 Class One bicycle spaces, and 77 Class Two bicycle spaces. These proposed uses would be located in 13 new buildings (known as Plaza A, Plaza B, Walnut, Mayfair, Laurel Townhomes, Euclid and Masonic) and in the adaptively reused office building (known as Center A and Center B), which would be divided into two separate buildings and converted to residential use.

25% of the proposed project's units will be deed-restricted, on-site affordable units designated for low-income senior households. These affordable units will be located in the proposed Walnut Building on California Street and consist of 185 studios and 1-bedrooms for seniors plus one (1) on-site manager's unit. The Walnut Building would also include an approximately 175-seat child care facility, including a contiguous outdoor activity area. The project includes approximately 34,496 square feet of neighborhood-serving retail located in the buildings fronting onto California Street (Plaza A, Plaza B and the Walnut Building). This retail

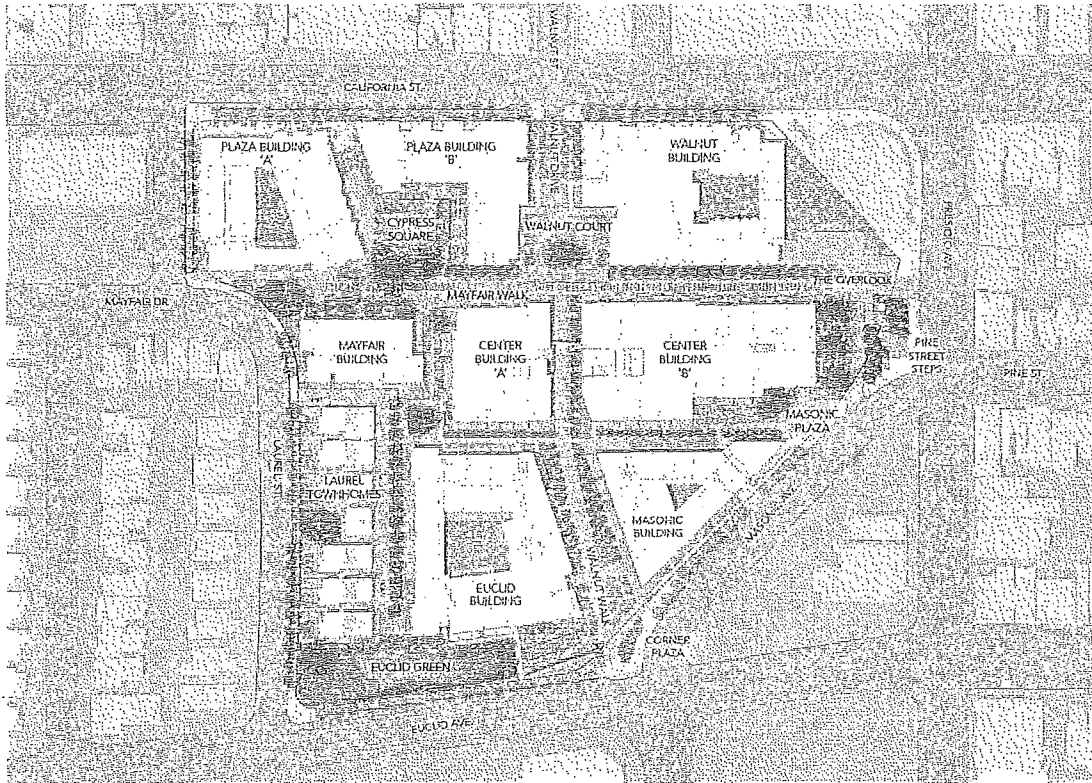
corridor is aligned with the existing Laurel Village shopping center on California Street and will be designed to enhance the retail offerings for the neighborhood.

The proposed project would contain approximately 52 percent of the overall lot area (approximately 236,000 square feet – excluding green roofs) as open area, with portions to be developed with a combination of public open space, common open space (some of which would be open to the public) and private open space for residents. The proposed project would include **2.87 acres of publicly accessible landscaped open space** with multi-purpose plazas, lawns, pathways and streetscape improvements as further described in Exhibit C, which will provide the public with new open space amenities and improve pedestrian connectivity and safety through the neighborhood.

The Project's circulation and open space plan includes multiple new public entrances into and through the Site in order to integrate the Site with the surrounding neighborhood and street network. The proposed north-south pedestrian connection (Walnut Walk) and the proposed east-west pedestrian connection (Mayfair Walk) would be open to the public and would provide the primary points of access to other publicly accessible common open spaces, plazas, squares, and vista points within the Project Site. The proposed Walnut Walk would align with Walnut Street to the north and the intersection of Euclid and Masonic to the south, incorporating the site into the surrounding street grid.

Exhibit B-1

Project Site Plan



## Exhibit C

### **Project Open Space**

The Project would provide the following open space, substantially in accordance with Attachment C-1, Attachment C-2, Attachment C-3, and Schedule 1 to the Agreement:

1. Publicly Accessible Private Improvements. The Project would include the construction, operation, and maintenance of the Publicly Accessible Private Improvements, which is comprised of approximately 2.87 acres of open space (1.63 acres of which exceed the Planning Code open space requirements that would otherwise apply for the Project) developed as follows:
  - a. California Plaza: An approximately 4,290 square foot plaza adjacent to California Street and the Plaza A and B retail uses. California Plaza will be improved with a combination of quality hardscape, planters and seating elements adjacent to the City sidewalk and designed to comply with the City's Better Streets policies.
  - b. Cypress Square and Stairs: Cypress Stairs (approximately 1,255 sq. ft.) are one of several pedestrian access points into the Project and would connect pedestrians from California Street to Cypress Square and the network of internal public open spaces throughout the Project Site. There will also be ADA access from California Street to Cypress Square adjacent to the Cypress Stairs. Cypress Square would be an approximately 12,052 square foot south-facing plaza that would retain the existing mature and healthy Cypress trees identified in the landscape plan. It would include hardscaped walkways and a central, paved open plaza area with wood decking, seating and landscaping.
  - c. Mayfair Walk: Mayfair Walk (approximately 30,685 sq. ft.) is the Project's main east-west pedestrian connector that will stitch the site back into the adjacent neighborhood's urban fabric with publicly-accessible landscaped pathways. The Walk includes a connection to Mayfair Drive/Laurel Street to the west with seating, stairs and landscaping, including the retention of existing mature and healthy oak trees and the addition of new trees as identified in the landscape plan. The Walk would include a hardscape pathway with landscaped borders and access to ground floor residential units. The Walk would connect with the ADA-accessible Pine Street Stairs to Presidio Avenue to the east.
  - d. Presidio Overlook: At the east side of the Project Site atop Pine Street Stairs, the Presidio Overlook will provide scenic views of downtown San Francisco for the public and ADA and stair access to Presidio Avenue. The Overlook will consist of approximately 10,450 square feet of open space and would include a large terrace with trees, planters and seating. The Overlook would act as an interconnection and scenic area between the east portion of the Mayfair Walk and the Pine Street Stairs.

- e. Pine Street Steps: The Pine Street Steps would be approximately 7,015 square feet and are inspired by California's indigenous biodiversity and include a grove of mature existing and new Redwood trees. They have been designed to provide the public with an ADA-accessible connection from the east side of the Project Site to the west.
- f. Walnut Walk North and Walnut Walk South: Walnut Walk would consist of a total of approximately 23,730 square feet of open space and will be the Project's main north-south public pedestrian access. Walnut Walk would run through the center of the Project Site from California Street (via Walnut Court) to the Masonic and Euclid Avenue intersection, helping to stitch the site back into the neighborhood's urban fabric. Walnut Walk would be a pedestrian pathway with a network of landscaped open spaces and seating.
- g. Walnut Drive and Walnut Court: Walnut Drive and Walnut Court would consist of approximately 17,825 square feet of open space and would include tree-lined hardscape pedestrian walkways on either side of Walnut Drive leading into Walnut Court, which would include a tree-lined vehicular turnaround plaza with a tree feature at the center. The drive and court areas would provide direct access to California Street, Mayfair Walk and Walnut Walk.
- h. Euclid Green: The new green lawn at the corner of Euclid and Laurel would provide the public with views of downtown San Francisco to the east, and views of the Golden Gate Bridge to the northwest. Euclid Green will consist of approximately 18,004 square feet of open space at the southwest corner of the Project at Laurel Street and Euclid Avenue. The existing green lawn will be renovated and maintained as a large, naturally sloping lawn with plantings and a direct access to the sidewalks on Euclid Avenue and Laurel Street.

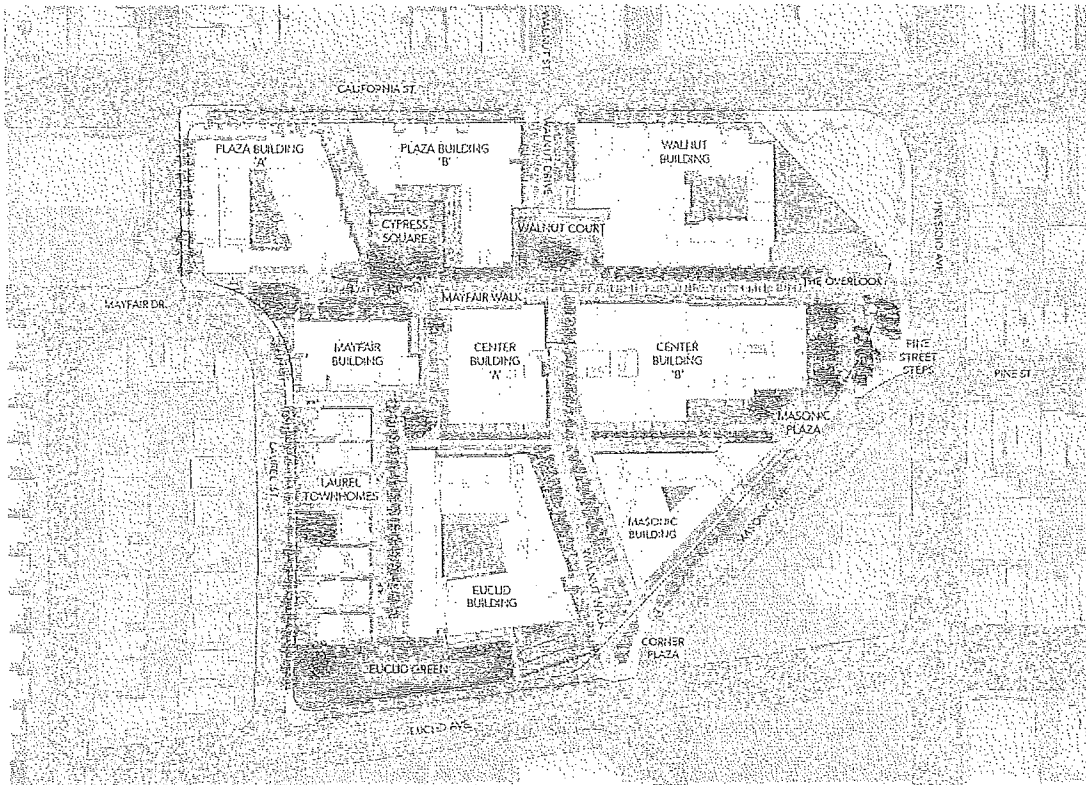
The Publicly Accessible Private Improvements will be privately owned but accessible to the public on the terms described in Attachment C-2 and Attachment C-3. The Publicly Accessible Private Improvements would be provided substantially as depicted in Attachment C-1, constructed in accordance with the terms of Attachment C-2 and Schedule 1, and operated and maintained on the terms of Attachment C-2 and Attachment C-3.

- 2. Streetscape Improvements. The Project would include the streetscape improvements depicted in Attachment C-1 to enhance the safety of, and strengthen the network of, existing sidewalks and street crossings that abut the Project Site including Presidio Avenue, Masonic Avenue, Euclid Avenue, Laurel Street, Mayfair Street and California Street.
- 3. Provision of Required Open Space. The amount and phasing of private and/or common usable open space for the residential uses on the Project shall be governed by the Approvals.



Exhibit C-1

Open Space Plan



## Exhibit C-2

### **Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements**

These Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements (these "Regulations") shall govern the use, maintenance, and operation of each completed Publicly Accessible Private Improvement (each, a "Publicly Accessible Private Improvement") and collectively, the "Publicly Accessible Private Improvements") as defined in Section 1 of this Agreement. The Publicly Accessible Private Improvements are the open spaces proposed for the Project that are privately owned, but will remain accessible to the public, as described in this Exhibit, and include California Plaza, Cypress Stairs, Cypress Square, Euclid Green, Mayfair Walk those portions of the Pine Street Steps that are privately owned, Presidio Overlook, Walnut Drive and Walnut Court, Walnut Walk North, and Walnut Walk South.

1. Permitted Uses. Upon completion of a Publicly Accessible Private Improvement in accordance with this Agreement, Developer shall make that Publicly Accessible Private Improvement available for the use, enjoyment and benefit of the public for open space and recreational purposes in accordance with these Regulations, including, without limitation, (i) quiet contemplation and rest without the use of audible electronic devices (although headphones are permitted), (ii) pedestrian access through the Project Site from one Project Site boundary to the others (bicycles, scooters, skateboards and the like to be walked, not ridden on site for safety reasons), and (iii) short term use of designated seating areas (excluding planter walls and/or landscaped areas). These Regulations do not require Developer to make its Publicly Accessible Private Improvement available to the public for more than open space and recreational purposes.
2. Prohibited Use. The following shall be prohibited in any Publicly Accessible Private Improvement, (i) smoking of any form, including cigarettes, cigars, pipes, e-cigarettes and smokeless cigarettes (including tobacco or other controlled substances), (ii) consumption or possession of open alcoholic beverages (unless permitted by special permit), (iii) camping or sleeping, (iv) climbing or affixing items to trees, other landscaping, furniture or infrastructure, (v) disorderly conduct, as defined in Article 4 of the City's Park Code, as amended from time to time, (vi) building fires or cooking (unless permitted by special permit), (vii) peddling or vending merchandise (unless permitted by special permit), (viii) temporary structures or installations (unless permitted by special permit), (ix) littering or dumping of waste, (x) removal of plants, soil, furniture, or other facilities of the open space, (xi) graffiti or the damage or destruction of property, and (xii) amplified sound. Developer may limit off-leash animals to designated areas but shall permit leashed animals, including leashed service animals, in the Publicly Accessible Private Improvements. Organized sporting events are not permitted in the Publicly Accessible Private Improvements due to their slope and limited size. However, active recreation (e.g., kicking a soccer ball or

throwing a football) among groups of up to four (4) people shall be permitted on Euclid Green provided it does not endanger other users of Euclid Green. Developer may use a completed Publicly Accessible Private Improvement for temporary construction staging related to adjacent development on the Project Site (during which time the subject Publicly Accessible Private Improvement shall not be used by the public) to the extent that such construction is contemplated under, and performed in accordance with, this Agreement, the Approvals, and any Later Approvals.

3. No Discrimination. Developer shall not discriminate against or segregate any person, or group of persons, on account of the basis of fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or acquired immune deficiency syndrome, HIV status, weight, height, medical condition, or association with members of any of the foregoing classes, in the use, occupancy, tenure, or enjoyment of a Publicly Accessible Private Improvement.
4. Maintenance Standard. Each Publicly Accessible Private Improvement shall be operated, managed, and maintained in a clean and safe condition in accordance with the anticipated and foreseeable use thereof.
5. Temporary Closure. Developer shall have the right, without obtaining the prior consent of the City or any other person or entity, to temporarily close a Publicly Accessible Private Improvement to the public from time to time for one of the following two reasons. In each instance, such temporary closure shall continue for as long as Developer reasonably deems necessary to address either of the circumstances below:
  - a. Emergency; Public Safety. In the event of an emergency or danger to the public health or safety created from whatever cause (including, but not limited to, flood, storm, fire, earthquake, explosion, accident, criminal activity, riot, civil disturbances, civil unrest, unlawful assembly, or loitering). Developer may temporarily close a Publicly Accessible Private Improvement (or affected portions thereof) in any manner deemed necessary or desirable to promote public safety, security, and the protection of persons and property.
  - b. Maintenance and Repairs. Developer may temporarily close a Publicly Accessible Private Improvement (or affected portions thereof) in order to make any repairs or perform any maintenance as Developer, in its reasonable discretion, deems necessary or desirable to repair, maintain, or operate that Publicly Accessible Private Improvement; provided such closure may not impede emergency vehicle access.

6. Operation of the Publicly Accessible Private Improvements. Operation of each Publicly Accessible Private Improvement shall be subject to the additional requirements of this Paragraph:

- a. Hours of Operation. Each Publicly Accessible Private Improvement shall be open and accessible to the public seven (7) days per week during the daylight hours (or 30 minutes prior to sunset) (the "Operating Hours"), unless reduced hours are (i) approved in writing by the City, (ii) otherwise expressly provided for in this Agreement (including, without limitation, Paragraphs 4 and 5(b) of these Regulations), or (iii) reasonably imposed by Developer, with the City's reasonable consent, to address security concerns. None of the Publicly Accessible Private Improvements shall be closed to the public during Operating Hours for special events. No person shall enter, remain, stay, or loiter in a Publicly Accessible Private Improvement when it is closed to the public, except persons authorized in conjunction with a temporary closure, authorized service and maintenance personnel, or an authorized resident, guest or employee of the project.

Signs. Developer shall post signs at the major public entrances to each of its Publicly Accessible Private Improvement, indicating that it is a privately-owned public open space ("POPOS") in accordance with all laws and signage requirements. The signs, at a minimum, shall indicate the public right to use the space in accordance with these Regulations, setting forth the applicable regulations imposed by these Regulations, hours of operation, and a telephone number to call regarding security, management or other inquiries.

7. Permissive Use. Developer may post at each entrance to each of its Publicly Accessible Private Improvement, or at intervals of not more than 200 feet along the boundary, signs reading substantially as follows: "Right to pass by permission, and subject to control of owner: Section 1008, Civil Code." Notwithstanding the posting of any such sign, no use by the public nor any person of any portion of the Publicly Accessible Private Improvement for any purpose or period of time shall be construed, interpreted, or deemed to create any rights or interests to or in the Publicly Accessible Private Improvement other than the rights and interests expressly granted in this Agreement. The right of the public or any person to make any use whatsoever of a Publicly Accessible Private Improvement or any portion thereof is not meant to be an implied dedication for the benefit of, or to create any rights or interests in, any third parties.
8. Arrest or Removal of Persons. Developer shall have the right (but not the obligation) to use all lawful means to effect the removal of any person or persons who creates a public nuisance or causes safety concerns for the occupants or neighbors of the Project, or who otherwise violates the applicable rules and regulations, or who commits any crime including, without limitation, infractions or misdemeanors, in or around a Publicly

Accessible Private Improvements. To the extent permitted by law, Developer may prohibit members of the public who have repeatedly broken the Regulations in any material respect from entering the Publicly Accessible Private Improvements, and if such person enters a Publicly Accessible Private Improvement, may ask such person to leave the Publicly Accessible Private Improvement. Developer shall have the right to exercise its power and authority as owner consistent with other publicly accessible but privately-owned areas in the City, such as other privately owned public open space.

9. Project Security During Period of Non-Access. Developer shall have the right to block entrances to install and operate security devices and to maintain security personnel in and around the Publicly Accessible Private Improvements to prevent the entry of persons or vehicles during the time periods when public access to a Publicly Accessible Private Improvement or any portion thereof is restricted or not permitted. Subject to the access requirements for City's emergency vehicles, as described in the Subdivision Map, and Developer's obligations under Applicable Law, Developer shall have a right to install permanent architectural features that serve as security devices such as gates, fences and bollards, and close such devices during non-operating hours or during periods of closure as identified in these Regulations. Design of such devices shall be subject to approval by the San Francisco Planning Department which shall not be unreasonably withheld and subject to any permits required under Applicable Law. Such design review by the San Francisco Planning Department shall not be construed as a change in entitlement and shall not be subject to a planning application or require a separate entitlement. It shall not be unreasonable for the Planning Department to withhold its consent if any such devices would impede emergency access that may be required under Applicable Law or in the Approvals. Nothing shall restrict Developer's right to install security cameras and monitoring devices anywhere on the Project.
10. Removal of Obstructions. Developer shall have the right to remove and dispose of, in any lawful manner it deems appropriate, any object or thing left or deposited on a Publicly Accessible Private Improvement deemed to be an obstruction, interference, or restriction of use of that Publicly Accessible Private Improvement for the purposes set forth in this Agreement, including, but not limited to, personal belongings or equipment in a Publicly Accessible Private Improvement during hours when public access is not allowed pursuant to these Regulations.
11. Temporary Structures. Subject to Developer's right to use a Publicly Accessible Private Improvement for temporary construction staging related to adjacent development as set forth in Paragraph 1 of these Regulations, no trailer, tent, shack, or other outbuilding, or structure of a temporary character, shall be used on any portion of the Publicly Accessible Private Improvements at any time during Operating Hours, either temporarily or permanently.

Exhibit C-3

**Public Access Declaration**  
[Under review and discussion]

WHEN RECORDED MAIL TO:

Real Estate Division  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102  
Attn: Director of Property [to be confirmed]

The undersigned hereby declares this instrument to be exempt from Recording Fees (Govt. Code § 27383) and from Documentary Transfer Tax (CA Rev. & Tax. Code § 11922 and SF Bus. and Tax Reg. Code § 1105)

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

3333 California Street  
APN 1032-003

DECLARATION OF PUBLIC ACCESS COVENANTS AND RESTRICTIONS

This Declaration of Public Access Covenants and Restrictions ("**Declaration**") is made as of \_\_\_\_\_, 2019, by LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("**Declarant**"), in favor of the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**").

RECITALS

A. Declarant owns an irregularly-shaped parcel in the City and County of San Francisco comprised of approximately 10.25 acres (approximately 446,468 square feet), generally bounded by California Street, Laurel Street, Euclid Avenue, Masonic Avenue, and Presidio Avenue, and further described in the attached Exhibit A (the "**Project Site**").

B. Declarant intends to redevelop the Project Site as a large mixed-use development that will include residential, retail, commercial, child care, open space, parking, and related uses (the "**Project**"), under a Development Agreement between Declarant and City dated \_\_\_\_\_, 2019 (the "**Development Agreement**"), approved by the City's Board of Supervisors by Ordinance No. \_\_\_\_\_ on November \_\_, 2019, a Special Use District approved by the City's Board of Supervisors by Ordinance No. \_\_\_\_\_ on November \_\_, 2019, amendments to the City's Planning Code, Zoning Map, and Height Map adopted by the Board of Supervisors under Ordinance No. \_\_\_\_\_ on November \_\_, 2019, and a street

encroachment permit and associated encroachment permit and maintenance agreement approved by the Board of Supervisors by Ordinance No. \_\_\_\_\_ on November \_\_, 2019.

C. Declarant's proposed Project buildings (each a "**Building**") are described in the attached Exhibit B-1 and depicted in the attached Exhibit B-2. As part of the Project and pursuant to the Development Agreement, if Declarant constructs any Building during the term of the Development Agreement ("**DA Term**"), Declarant will develop certain publicly-accessible open spaces on the Project Site and operate and maintain such open space in accordance on the terms and conditions of this Declaration.

#### AGREEMENT

Now, therefore, in consideration of the City's approval and execution of the Development Agreement, Declarant declares as follows on behalf of itself and all future owners of the Project Site:

1. Construction.

(a) Timing. If Declarant constructs any Building during the DA Term, Declarant shall build the applicable Publicly Accessible Private Improvements (as defined in the attached Exhibit C) specified in the attached Exhibit C in compliance with the requirements of the Development Agreement.

(b) Conceptual Plans; Changes. If Declarant is obligated to construct a Publicly Accessible Private Improvement pursuant to Section 1(a) above, then Declarant shall construct that Publicly Accessible Private Improvement substantially as described in the conceptual plans dated \_\_\_\_\_, and stamped as Exhibit \_\_\_\_ in the City's Planning Department docket for Case No. \_\_\_\_\_, as such plans may be modified pursuant to conditions of approval for the Project adopted by the City's Planning Commission on September \_\_, 2019 (the "**Conceptual Plans**"). The improvements described in the Conceptual Plans, as may be modified pursuant to this subsection (b), are referred to herein as the "**Open Space Improvements**". Declarant shall have the right to modify and/or update the Conceptual Plans from time to time as it may determine in its sole business judgment, subject to the provisions of the following paragraph and provided further that any such modifications shall be subject to review and approval by the City acting in its regulatory capacity with respect to permit issuance, if applicable.

If, prior to completion of the Open Space Improvements for a Publicly Accessible Private Improvement, Declarant wishes to apply for any permits for improvements to a Publicly Accessible Private Improvement that materially differ from the Conceptual Plans or would materially and adversely impact the public's ability to access or use that Publicly Accessible Private Improvement for the Permitted Uses (as defined in Section 4) (a "**Construction Modification**"), Declarant shall provide a copy of such plans to the City's Director of Planning (or successor City officer, if applicable) (the "**Planning Director**"). Any proposed Construction Modification shall be subject to the approval of the Planning Director, which may be withheld in his or her reasonable discretion. Declarant agrees it shall be reasonable for the Planning Director

to withhold such approval if she or he determines the proposed Construction Modification does not meet the regulatory requirements or standards for the affected area.

2. Maintenance and Modifications. Following the completion of the Open Space Improvements for a Publicly Accessible Private Improvement, Declarant shall maintain that Publicly Accessible Private Improvement in a clean and litter-free condition, and shall maintain the Open Space Improvements in that Publicly Accessible Private Improvement in good condition for the life of the last remaining Building at the Project Site. Notwithstanding the foregoing, after the substantial completion of the Open Space Improvements for a Publicly Accessible Private Improvement, Declarant shall have the right to modify, renovate, replace and/or update the Open Space Improvements or other improvements installed in a Publicly Accessible Private Improvement (each, "Change") subject to the provisions of this Declaration. Before submitting any permit application for a Change that would or could materially and adversely impact the public's ability to access or use any Publicly Accessible Private Improvement for the Permitted Use (each, "Material Change"), Declarant shall provide a copy of the plans to be submitted with such permit application to the Planning Director. All Material Changes are subject to the approval of the Planning Director, which approval may be withheld in his or her reasonable discretion. If the Planning Director fails to respond to an initial written request for approval to a proposed Material Change within sixty (60) days of receiving the initial request, Declarant shall send a second notice of the request, with a statement that failure to respond within twenty (20) days to the second notice will result in a deemed approval of the proposed Material Change. The Director's failure to respond to the second notice within twenty (20) days of receiving the second notice shall be deemed a City approval of the Material Change described in the notices.

In addition to the foregoing paragraph, Declarant shall give the Planning Director at least thirty (30) days advance notice of any proposed Change that is not a Material Change if the hard cost of such proposed modification is anticipated to exceed the Threshold Amount (defined as follows), but the Planning Director shall have no consent rights with respect to such modification. The "Threshold Amount" means an amount equal to One Hundred Thousand Dollars (\$100,000), which shall be increased by three percent (3%) on each anniversary of the recordation of this Declaration in the Official Records of San Francisco County.

3. City Regulatory Approvals. Prior to commencing the construction or maintenance of any Open Space Improvements, Changes, or Material Changes, Declarant shall obtain all City approvals Declarant is required to obtain from City for such activities in its regulatory capacity.

4. Use; Operation. On substantial completion of the Open Space Improvements for a Publicly Accessible Private Improvement, Declarant shall maintain and make that Publicly Accessible Private Improvement available for the use, enjoyment and benefit of the public for open space and recreational purposes (the "Permitted Public Use") in accordance with the regulations attached as Exhibit D ("Regulations"). If Declarant closes any Publicly Accessible Private Improvement pursuant to Section 5 of the Regulations, Declarant shall keep a record of such closure for at least two (2) years and shall provide a copy of such record to the City's Planning Director on request.

5. Notice and Cure Rights. Except as provided in this Section, City shall provide written notice to the Declarant of any actual or alleged violation of the covenants or restrictions set forth



in this Declaration before taking any enforcement action. Such notices shall be given to Declarant at the address last furnished to the City. Declarant shall have (i) a period of five (5) business days after receipt of such notice to cure any violation in making a Publicly Accessible Private Improvement available for the Permitted Public Use as required in this Declaration ("**Public Access Violations**") and (ii) a period of thirty (30) days after receipt of such notice to cure any other violation, provided that if the violation is not capable of cure within such 30-day period, Declarant shall have such additional time as shall be reasonably required to complete a cure as long as Declarant promptly undertakes action to commence the cure within the 30-day period and thereafter diligently prosecutes the same to completion. The time in which Declarant may cure is herein called the "**Declarant Cure Period**," and except for any Public Access Violations, City shall not exercise any legal or equitable remedies during the Declarant Cure Period (or the Lender Cure Period, as defined in Section 6 below) as long as Declarant (or any applicable Lender, as defined in Section 6 below) is diligently pursuing such cure. Notwithstanding anything to the contrary herein, in no event shall the Declarant Cure Period exceed six (6) months.

Any notices required or permitted to be given under this Declaration shall be in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, or (c) by U.S. Express Mail or commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be addressed as follows, or such other address as either party may from time to time specify in writing to the other party:

Declarant:	c/o The Prado Group, Inc. 150 Post Street, Suite 320 San Francisco, CA 94108 Attn: Dan Safier
City:	Planning Director [to be confirmed] City and County of San Francisco 1650 Mission Street, Suite 400 San Francisco, CA 94103
with a copy to:	Real Estate Division City and County of San Francisco 25 Van Ness Avenue, Suite 400 San Francisco, CA 94102 Attn: Director of Property
and to:	Office of the City Attorney City Hall, Room 234 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102 Attn: Real Estate/Finance Team

6. Lender Notice and Cure Rights. As long as any deed of trust encumbering any portion of the Project Site made in good faith and for value (each, an "**Encumbrance**") shall remain unsatisfied of record, the City shall give to the beneficiary of such Encumbrance (each, a "**Lender**") a copy of each notice the City gives to Declarant from time to time of the occurrence

of a violation under this Declaration if that Lender has given to the City a written request for such notices. Copies of such notices shall be given to any requesting Lender at the address that requesting Lender last furnished to the City. Nothing in this Section shall be construed to mean that City must provide a Lender with a copy of any Self-Help Notices (as defined in Section 7 below).

Each Lender shall have the right, but not the obligation, to do any act or thing required of Declarant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof; provided, however, that no such action shall constitute an assumption by such Lender of the obligations of Declarant under this Declaration. In the case of any notice of violation given by the City to Declarant, the Lender shall have the same concurrent cure periods as are given Declarant under this Declaration for remedying a default or causing it to be remedied and, except in the event of a Public Access Violation, if prior to the expiration of the applicable cure period specified in Section 5 above, a Lender gives City written notice that it intends to undertake the curing of such default or to cause the same to be cured, and then proceeds with all due diligence to do so, Lender shall have, in each case, an additional period of thirty (30) days (or, except for a default relating to the payment of money, such longer period as reasonably necessary) as long as Lender commences cure within such thirty (30) day period and diligently proceeds to completion) after the later to occur of (i) the expiration of such cure period, or (ii) the date that the City has served such notice of default upon Lender, and the City shall accept such performance by or at the instance of the Lender as if the same had been made by Declarant. The time in which Lender may cure is herein called the "**Lender Cure Period**". Notwithstanding anything to the contrary herein, in no event shall the additional Lender Cure Period exceed six (6) months beyond the applicable Declarant Cure Period.

7. Enforcement. Declarant acknowledges that its failure to construct the Open Space Improvements for any Publicly Accessible Private Improvement in a timely manner or to properly maintain or operate them as required in this Declaration will cause irreparable harm to the City and that the City will not have an adequate remedy at law for such breach. Accordingly, City shall be entitled to specific performance or injunctive or other equitable relief by reason of such breach. City may, in its sole discretion, rely on this Declaration to enforce any of the covenants or restrictions hereunder. City, but not the general public, shall have all rights and remedies available at law or in equity in order to enforce the covenants and restrictions set forth in this Declaration. All rights and remedies available to City under this Declaration or at law or in equity shall be cumulative and not alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other available right or remedy. If there is any breach of the covenants or restrictions hereunder, City shall be entitled to recover all attorneys' fees and costs in connection with City's enforcement activities and actions.

If Declarant fails to maintain a Publicly Accessible Private Improvement in the manner required in this Declaration, and Declarant fails to timely cure such failure pursuant to Section 5 above and no Lender cures such failure pursuant to Section 6 above, City shall further have the right, at its sole option, to remedy such failure at Declarant's expense by providing Declarant with ten (10) days' prior written notice of City's intention to cure such failure (a "**Self-Help Notice**"). Such action by City shall not be construed as a waiver of such default or any rights or remedies of

City, and nothing herein shall imply any duty of City to do any act that Declarant is obligated to perform. Declarant shall reimburse City for all of its costs and expenses, including without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such failure, within thirty (30) days' of receiving City's invoice for such costs and expenses, together with documentation reasonably evidencing such costs and expenses. If Declarant fails to timely reimburse City for such costs and expenses, City shall have the right to record a notice of such unpaid costs and expenses against record title to the legal parcel on which the Publicly Accessible Private Improvement is located and the legal parcel of each Building to which such Publicly Accessible Private Improvement is associated, as described in the attached Exhibit C. At City's request, Declarant shall provide security in a form and amount satisfactory to City to ensure Declarant's prompt reimbursement of any amounts owed by Declarant to City pursuant to this Section.

8. Priority of Lien. No violation or breach of any provision of this Declaration shall impair, defeat or invalidate the lien of any Encumbrance, but all provisions hereof shall thereafter be binding upon and effective against any owner whose title is derived through foreclosure of any Encumbrance or acceptance of any deed in lieu of foreclosure.

9. No Waiver. No waiver by City of any violation under this Declaration shall be effective or binding unless and to the extent expressly made in writing by City, and no such waiver may be implied from any failure by City to take action with respect to such violation. No express written waiver of any violation shall constitute a waiver of any subsequent violation in the performance of the same or any other provision of this Declaration.

10. Compliance With Laws. Declarant shall comply with all laws, statutes, ordinances, rules, and regulations of federal, state and local authorities (including, without limitation, City laws of general applicability) having jurisdiction over the Project Site, now in force or hereafter adopted with respect to its use, in the performance of its obligations under this Declaration; provided, however, such compliance obligation as to City laws shall be subject to the terms and conditions of Section 5.6 of the Development Agreement during the DA Term.

11. Litigation Expenses. If City brings an action or proceeding (including any cross-complaint, counterclaim, or third-party claim) against Declarant or the then-owner(s) of the Project Site by reason of a default, or otherwise arising out of this Declaration, the prevailing party in such action or proceeding shall be entitled to its costs and expenses of suit, including, but not limited to, reasonable attorneys' fees, which shall be payable whether or not such action is prosecuted to judgment. "Prevailing Party" shall include, without limitation, a party who dismisses an action for recovery hereunder in exchange for payment of the sums allegedly due, performance of covenants allegedly breached, or consideration substantially equal to the relief sought in the action. Attorneys' fees under this Section shall include attorneys' fees on any appeal, and, in addition, a party entitled to attorneys' fees shall be entitled to all other reasonable costs and expenses incurred in connection with such action. For purposes of this Declaration, reasonable fees of attorneys of City's Office of City Attorney shall be based on the fees regularly charged by private attorneys with an equivalent number of hours of professional experience in the subject matter area of the law for which City's services were rendered who practice in the City and County of San Francisco,

in law firms with approximately the same number of attorneys as employed by the Office of City Attorney.

12. Binding on Successors; No Merger. This Declaration and the covenants and restrictions set forth herein constitute restrictions and covenants running with the land and shall bind and burden Declarant, in its capacity as owner of the Project Site, and each successor owner and occupier of the Project Site. Declarant may transfer its obligations under this Declaration to a residential, commercial or other management association for the Project Site, but shall remain ultimately responsible for Declarant's rights and obligations under this Declaration; provided, however, that the rights and obligations to a specific Publicly Accessible Private Improvement shall be limited to the owner of the legal parcel on which such Publicly Accessible Private Improvement is located and the owner of the legal parcel of each Building to which such Publicly Accessible Private Improvement is associated, as set forth in Exhibit C.

13. Severability. Should any provision or portion hereof be declared invalid or in conflict with any law, the validity of all remaining provisions shall remain unaffected and in full force and effect.

14. Time. Time is of the essence of this Declaration and each and every part hereof.

15. Term; Amendment. This Declaration shall be effective on the date it is recorded in the Official Records of San Francisco County, shall continue as to each Publicly Accessible Private Improvement and its Open Space Improvements for the life of each Building to which they are specifically associated as set forth in Exhibit C; provided, however, that if this Declaration terminates as to only a portion of Walnut Walk North or Walnut Walk South or a portion of Mayfair Walk, the then owner of the legal parcel to the Building to which such portion had been associated shall provide a reasonable connection across such legal parcel to provide for continued public pedestrian access between the remaining portions of Walnut Walk North and Walnut Walk South or the remaining portions of Mayfair Walk, as applicable. [To be discussed if this should include the Pine Street Steps, Walnut Court and Walnut Drive] Notwithstanding anything to the contrary in the foregoing sentence, if Declarant does not build any Building at the Project Site during the DA Term, this Declaration shall automatically terminate on the expiration of the DA Term. This Declaration may be amended or otherwise modified only in a writing signed and acknowledged by Declarant (or its successors in interest to any fee interest of the Project Site) and City.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Declarant and City have executed this Declaration as of the date first written above.

DECLARANT: LAUREL HEIGHTS PARTNERS LLC,  
a Delaware limited liability company

By: 3333 California LP,  
a Delaware limited partnership,  
its Manager

By: PSKS LH LLC,  
a Delaware limited liability company,  
its General Partner

By: Prado LH LLC,  
a California limited liability company,  
its Manager

By: \_\_\_\_\_  
Name: Dan Safier  
Title: Manager

CITY: CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_

APPROVED AS TO FORM:

DENNIS J. HERRERA,  
City Attorney

By: \_\_\_\_\_  
Carol Wong  
Deputy City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California                    )  
  ) ss  
County of San Francisco            )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California                    )  
  ) ss  
County of San Francisco            )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## EXHIBIT A

### Legal Description of Project Site

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

BEGINNING at a point on the Southerly line of California Street, said point being the Easterly extremity of the curve with a 15 foot radius joining the Easterly line of Laurel Street with the Southerly line of California Street, as shown on "Map of Laurel Heights, filed July 28, 1947, in Map Book "P", at Pages 55 and 56, Official Records of the City and County of San Francisco; running thence North 80°54' East 707.375 feet along the Southerly line of California Street to the Southwesterly boundary of the property of the Standard Oil Company of California; thence South 52°36' 29.74 seconds East along said boundary 232.860 feet; thence Southwesterly along the arc of a curve to the right whose tangent deflects 54°14' 30.74 seconds to the right from the preceding course, radius 425 feet, central angle 34°15'59", a distance of 254.176 feet; thence South 35°54' West tangent to the preceding curve 380.066 feet; thence Southwesterly along the arc of a curve to the right, tangent to the preceding course, radius 65 feet, central angle 37°18' a distance of 42.316 feet to tangency with the Northwesterly line of Euclid Avenue; thence South 73°12' West along said line of Euclid Avenue 312.934 feet; thence leaving said line of Euclid Avenue, and running Southwesterly, Westerly, and Northwesterly along the arc of a curve to the right, tangent to the preceding course, radius 20 feet, central angle 100°48' 01.51", a distance of 35.186 feet; thence Northwesterly along the arc of a reverse curve to the left, parallel to and concentric with and radially distant 6 feet Northeastly from the Northeastly line of Laurel Street, as shown on said map of Laurel Heights, radius 4033 feet, central angle 5°31' 20.27", a distance of 388.710 feet; thence Northwesterly along the arc of a compound curve to the left, radius 120 feet, central angle 71°12' 55.45", a distance of 149.153 feet; thence Northwesterly along the arc of a reverse curve to the right, radius 60 feet, central angle 73°38' 14.21", a distance of 77.113 feet to tangency with the Easterly line of Laurel Street; thence North 9°06' West along said line of Laurel Street 127.290 feet to the beginning of the above mentioned curve joining the Easterly line of Laurel Street with Southerly line of California Street; thence Northwesterly, Northerly, and Northeastly along the arc of a curve to the right, radius 15 feet 90°00', a distance of 23.562 feet to tangency with the Southerly line of California Street and the point of beginning.

APN: Lot 003, Block 1032



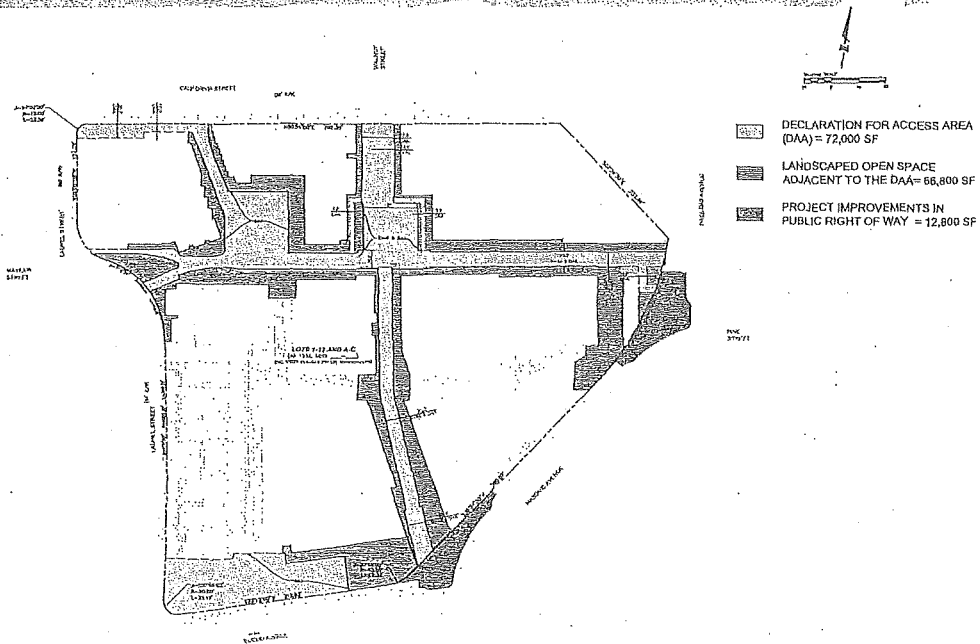
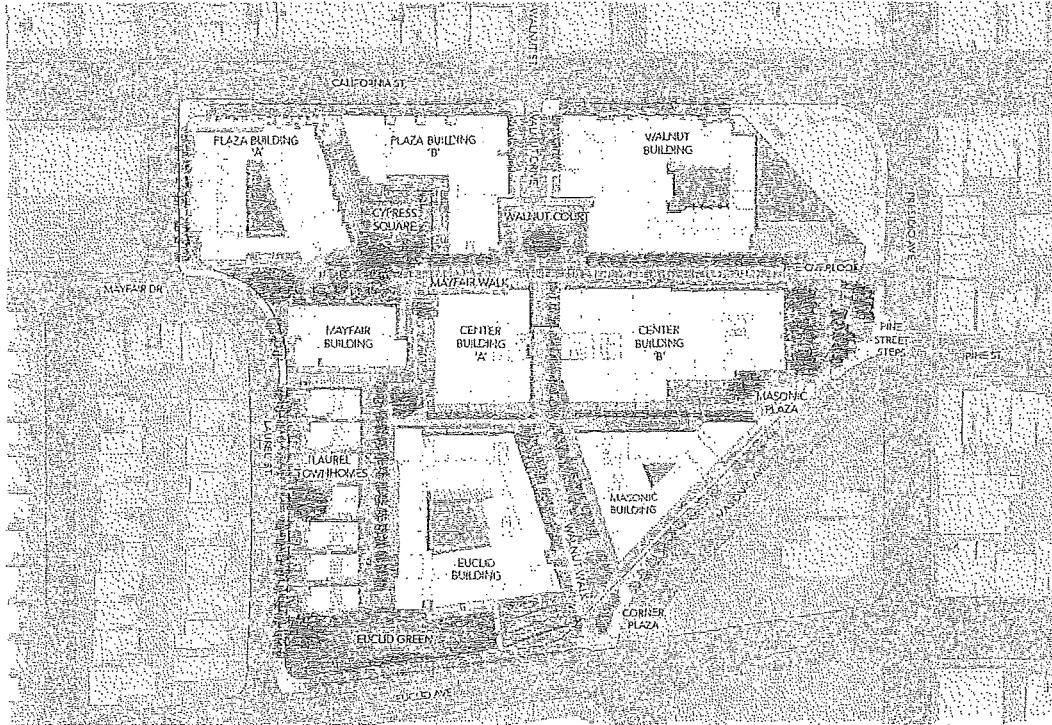
EXHIBIT B-1

Description of Buildings

[to be attached]

## EXHIBIT B-2

### Depiction of Buildings and Publicly Accessible Private Improvements



## EXHIBIT C

### Completion Schedule

Declarant's obligation to construct a Publicly Accessible Private Improvement (as defined below) shall be as follows:

1. Description of Publicly Accessible Private Improvements. Each of the following shall be a "Publicly Accessible Private Improvement" and shall collectively be the "Publicly Accessible Private Improvements":

a. California Plaza: An approximately 4,290 square foot plaza adjacent to California Street, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a combination of quality hardscape, planters and seating elements that are adjacent to the abutting public sidewalk and designed to comply with the City's Better Streets policies.

b. Cypress Square: An approximately 12,052 square foot south-facing plaza that will connect to Cypress Stairs and Mayfair Walk, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of the existing mature and healthy Cypress trees identified in the landscape plan attached as Exhibit B-2 (the "Landscape Plan"), hardscaped walkways, and a central, paved open plaza area with wood decking, seating and landscaping.

c. Cypress Stairs: An approximately 1,255 square foot pedestrian walkway that will connect pedestrians from California Street to Cypress Square, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of stairs with landscaped planters along the edges.

d. Euclid Green: An approximately 18,004 square foot open space with direct access to the sidewalks on Euclid Avenue and Laurel Street, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a large, naturally sloping lawn with plantings.

e. Mayfair Walk: An approximately 30,605 square foot east-west pedestrian connector that will connect to Mayfair Drive/Laurel Street to the west and the ADA-accessible Pine Street Stairs to Presidio Avenue to the east, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscape pathway with landscaped borders and access to ground floor residential units, seating, stairs, landscaping, and the retained mature and healthy oak trees and new trees identified in the Landscape Plan.

f. Presidio Overlook: An approximately 10,450 square foot open space atop Pine Street Stairs that will be an interconnection and scenic area between the east portion of the Mayfair Walk and the Pine Street Stairs, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a terrace with trees, planters, and seating.

g. Pine Street Steps: An approximately 7,015 square foot pedestrian walkway that will connect the Presidio Overlook to Pine Street and Masonic Avenue, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of stairs with landscaped planters along the edges.

h. Walnut Drive and Walnut Court: Approximately 17,825 square feet of open space that will provide direct access to California Street, Mayfair Walk and Walnut Walk, located in the general area depicted in the attached Exhibit B-2. The Walnut Drive improvements will consist of a hardscaped roadway with tree-lined hardscape pedestrian walkways on either side of the paved area, and the Walnut Court improvements will consist of a tree-lined hardscaped vehicular turnaround plaza with a tree feature at the center.

i. Walnut Walk North: Approximately 6,880 square feet of open space that will run through the center of the Project Site from Walnut Court to the southern boundary of the future legal parcels created for Plaza Building A and Plaza Building B, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscaped pedestrian pathway with a network of landscaped open spaces and seating. Once Walnut Walk North and Walnut Walk South are completed, they will collectively create the main north-south public pedestrian connection through the Project Site between Masonic and Euclid Avenue to Walnut Court.

j. Walnut Walk South: Approximately 16,850 square feet of open space that will run through the center of the Project Site from the southern boundary of the future legal parcels created for Plaza Building A and Plaza Building B and the intersection at Masonic Avenue and Euclid Avenue, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscaped pedestrian pathway with a network of landscaped open spaces and seating. Once Walnut Walk North and Walnut Walk South are completed, they will collectively create the main north-south public pedestrian connection through the Project Site between Masonic and Euclid Avenue to Walnut Court.

k. Alternative Pedestrian Access Paths: Any path constructed under Section 4 below.

2. Installation Schedule. An "Occupancy Certificate" means a certificate of occupancy, including any temporary certificate of occupancy. Subject to Section 3 below, Declarant shall complete the construction of the Publicly Accessible Private Improvements as follows:

a. California Plaza. Declarant shall complete construction of California Plaza before the issuance of an Occupancy Certificate (as defined below) for any non-retail portion of the Plaza A Building, which is described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2. Once completed, California Plaza shall be associated with the Plaza A Building.

b. Cypress Square. Declarant shall complete construction of Cypress Square before the issuance of an Occupancy Certificate for any non-retail portion of the Plaza B Building, which is described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2. Once completed, Cypress Square shall be associated with the Plaza B Building.

c. Cypress Stairs. Declarant shall complete construction of the Cypress Stairs before the issuance of an Occupancy Certificate for any non-retail portion of the later of the Plaza A Building or the Plaza B Building. Once completed, Cypress Stairs shall be associated with the Plaza A Building and the Plaza B Building.

d. Euclid Green. Declarant shall complete construction of Euclid Green before the issuance of an Occupancy Certificate for the Project's final Building; provided, however, that if the Declarant receives an Occupancy Certificate for any Building without completing all proposed Buildings during the DA Term, then Euclid Green shall be completed by the end of the DA Term. Once completed, Euclid Green shall be associated with the Euclid Building or, if the Euclid Building has not been constructed, it shall be associated with the legal parcel of the constructed Building that is closest to Euclid Green on the expiration of the DA Term. For purposes of the foregoing sentence, if the closest constructed Building to Euclid Green is one of the Laurel Townhomes, as described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2, then Euclid Green shall be associated with the parcels for each of the constructed Laurel Townhomes.

e. Mayfair Walk. Declarant shall complete construction of Mayfair Walk in the following segments:

i. The segment adjacent to the Mayfair Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) and the Plaza A Building must be completed before the issuance of an Occupancy Certificate for any non-retail portion of the later of Mayfair Building or the Plaza A Building. Once completed, such segment shall be associated with the Mayfair Building and the Plaza A Building.

ii. The segment adjacent to the Mayfair Building and the Plaza A Building must be completed before the issuance of an Occupancy Certificate for any non-retail portion of the later of Mayfair Building or Plaza A Building. Once completed, such segment shall be associated with the Mayfair Building and the Plaza A Building.

iii. The segment adjacent to the Plaza B Building and the Center A Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) must be completed before the issuance of an the Occupancy Certificate for any non-retail portion of the later of the Plaza B Building or the Center A Building, and the completion of the Center B Building, as applicable. Once completed, such segment shall be associated with the Plaza B Building and the Center A Building.

f. Pine Street Steps. Declarant shall complete construction of the Pine Street Steps before the issuance of an Occupancy Certificate for any non-retail portion of the Center Building B. Once completed, the Pine Street Steps shall be associated with Center Building B.

g. Presidio Overlook. Declarant shall complete construction of the Presidio Overlook before the issuance of an Occupancy Certificate for any non-retail portion of the Center Building B. Once completed, Presidio Overlook shall be associated with Center Building B.

h. Walnut Drive and Walnut Court. Declarant shall complete construction of Walnut Drive and Walnut Court before the later to occur of the issuance of an Occupancy Certificate for any non-retail portion of the Plaza B Building or the Walnut Affordable Housing Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2). Once completed, Walnut Drive and Walnut Court shall be associated with the Plaza B Building and the Walnut Affordable Housing Building.

i. Walnut Walk North. Declarant shall complete construction of Walnut Walk North before the later to occur of the issuance of an Occupancy Certificate for any non-retail portion of the Center A Building or the Center B Building. Once completed, Walnut Walk North shall be associated with the Center A Building and the Center B Building

j. Walnut Walk South. Declarant shall complete construction of Walnut Walk South before the later to occur of the issuance of an Occupancy Certificate for any non-retail portion of the Euclid Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) or the Masonic Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2). Once completed, Walnut Walk South shall be associated with the Euclid Building and the Masonic Building.

3. Delayed Completion. Notwithstanding anything to the contrary in Section 2 above, if Declarant wishes to receive the first Occupancy Certificate for the non-retail portion of any of the buildings described in Section 2 above before completing its associated Publicly Accessible Private Improvement, Declarant may complete that associated Publicly Accessible Private Improvement at a later time by providing to the City, prior to issuance of the first Occupancy Certificate for any non-retail portion of that building, a surety performance bond or other security in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Publicly Accessible Private Improvement as required in this Declaration, and shall diligently and continuously pursue that Publicly Accessible Private Improvement to completion following which such bond will be released.

4. Alternative Pedestrian Access. If Declarant receives an Occupancy Certificate for any Building without completing all proposed Buildings during the DA Term that would otherwise require the completion of Walnut Walk North, Walnut Walk South, and Mayfair Walk as described above, then Declarant, in conjunction with the Planning Department, shall design an alternative plan for pedestrian access that seeks to achieve similar pedestrian access and widths as Walnut Walk North, Walnut Walk South, and Mayfair Walk, but takes into account then then-current on-site conditions, including locations of improvements and the Project Site's topography, and the Declarant shall construct such alternative plan improvements prior to the end of the DA Term. On their substantial completion, such alternative plan improvements shall be Open Space Improvements and the portion of the Project Site improved with such alternative plan improvements shall be a Publicly Accessible Private Improvement.

## EXHIBIT D

### Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements

These Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements (these "Regulations") shall govern the use, maintenance, and operation of each completed Publicly Accessible Private Improvement as defined in the attached Exhibit C.

1. Permitted Uses. Upon completion of a Publicly Accessible Private Improvement in accordance with this Declaration, Declarant shall make that Publicly Accessible Private Improvement available for the use, enjoyment and benefit of the public for open space and recreational purposes in accordance with these Regulations, including, without limitation, (i) quiet contemplation and rest without the use of audible electronic devices (although headphones are permitted), (ii) pedestrian access through the Project Site from one Project Site boundary to the others (bicycles, scooters, skateboards and the like to be walked, not ridden on site for safety reasons), and (iii) short term use of designated seating areas (excluding planter walls and/or landscaped areas). These Regulations do not require Declarant to make its Publicly Accessible Private Improvement available to the public for more than open space and recreational purposes.
2. Prohibited Use. The following shall be prohibited in any Publicly Accessible Private Improvement, (i) smoking of any form, including cigarettes, cigars, pipes, e-cigarettes and smokeless cigarettes (including tobacco or other controlled substances), (ii) consumption or possession of open alcoholic beverages (unless permitted by special permit), (iii) camping or sleeping, (iv) climbing or affixing items to trees, other landscaping, furniture or infrastructure, (v) disorderly conduct, as defined in Article 4 of the City's Park Code, as amended from time to time, (vi) building fires or cooking (unless permitted by special permit), (vii) peddling or vending merchandise (unless permitted by special permit), (viii) temporary structures or installations (unless permitted by special permit), (ix) littering or dumping of waste, (x) removal of plants, soil, furniture, or other facilities of the open space, (xi) graffiti or the damage or destruction of property, and (xii) amplified sound. Declarant may limit off-leash animals to designated areas but shall permit leashed animals, including leashed service animals, in the Publicly Accessible Private Improvements. Organized sporting events are not permitted in the Publicly Accessible Private Improvements due to their slope and limited size. However, active recreation (e.g., kicking a soccer ball or throwing a football) among groups of up to four (4) people shall be permitted on Euclid Green provided it does not endanger other users of Euclid Green. Declarant may use a completed Publicly Accessible Private Improvement for temporary construction staging related to adjacent development on the Project Site (during which time the subject Publicly Accessible Private Improvement shall not be used by the public) to the extent that such construction is contemplated under, and performed in accordance with, the Development Agreement, the Approvals (as defined in the Development Agreement), and any Later Approvals (as defined in the Development Agreement).
3. No Discrimination. Declarant shall not discriminate against or segregate any person, or group of persons, on account of the basis of fact or perception of a person's race, color,

creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or acquired immune deficiency syndrome, HIV status, weight, height, medical condition, or association with members of any of the foregoing classes, in the use, occupancy, tenure, or enjoyment of a Publicly Accessible Private Improvement.

4. Maintenance Standard. Each Publicly Accessible Private Improvement shall be operated, managed, and maintained in a clean and safe condition in accordance with the anticipated and foreseeable use thereof.
5. Temporary Closure. Declarant shall have the right, without obtaining the prior consent of the City or any other person or entity, to temporarily close a Publicly Accessible Private Improvement to the public from time to time for one of the following two reasons. In each instance, such temporary closure shall continue for as long as Declarant reasonably deems necessary to address either of the circumstances below:
  - a. Emergency; Public Safety. In the event of an emergency or danger to the public health or safety created from whatever cause (including, but not limited to, flood, storm, fire, earthquake, explosion, accident, criminal activity, riot, civil disturbances, civil unrest, unlawful assembly, or loitering). Declarant may temporarily close a Publicly Accessible Private Improvement (or affected portions thereof) in any manner deemed necessary or desirable to promote public safety, security, and the protection of persons and property.
  - b. Maintenance and Repairs. Declarant may temporarily close a Publicly Accessible Private Improvement (or affected portions thereof) in order to make any repairs or perform any maintenance as Declarant, in its reasonable discretion, deems necessary or desirable to repair, maintain, or operate that Publicly Accessible Private Improvement; provided such closure may not impede emergency vehicle access.
6. Operation of the Publicly Accessible Private Improvement. Each Publicly Accessible Private Improvement shall be open and accessible to the public seven (7) days per week during the daylight hours (or 30 minutes prior to sunset) (the "Operating Hours"), unless reduced hours are (i) approved in writing by the City, (ii) otherwise expressly provided for in this Declaration (including, without limitation, Paragraphs 4 and 5(b) of these Regulations), or (iii) reasonably imposed by Declarant, with the City's reasonable consent, to address security concerns. None of the Publicly Accessible Private Improvements shall be closed to the public during Operating Hours for special events. No person shall enter, remain, stay, or loiter in a Publicly Accessible Private Improvement when it is closed to the public, except persons authorized in conjunction with a temporary closure, authorized service and maintenance personnel, or an authorized resident, guest or employee of the project.
7. Signs. Declarant shall post signs at the major public entrances to each Publicly Accessible Private Improvement, indicating that it is a privately-owned public open space in accordance with all laws and signage requirements. The signs, at a minimum, shall indicate the public right to use the space in accordance with these Regulations, setting



forth the applicable regulations imposed by these Regulations, hours of operation, and a telephone number to call regarding security, management or other inquiries. [To be discussed additional details needed to ensure visibility/ legibility of signs]

8. Permissive Use. Declarant may post at each entrance to each Publicly Accessible Private Improvement, or at intervals of not more than 200 feet along the boundary, signs reading substantially as follows: "Right to pass by permission, and subject to control of owner: Section 1008, Civil Code." Notwithstanding the posting of any such sign, no use by the public nor any person of any portion of the Publicly Accessible Private Improvement for any purpose or period of time shall be construed, interpreted, or deemed to create any rights or interests to or in the Publicly Accessible Private Improvement other than the rights and interests expressly granted in this Declaration. The right of the public or any person to make any use whatsoever of a Publicly Accessible Private Improvement or any portion thereof is not meant to be an implied dedication for the benefit of, or to create any rights or interests in, any third parties.
9. Arrest or Removal of Persons. Declarant shall have the right (but not the obligation) to use all lawful means to effect the removal of any person or persons who creates a public nuisance or causes safety concerns for the occupants or neighbors of the Project, or who otherwise violates the applicable rules and regulations, or who commits any crime including, without limitation, infractions or misdemeanors, in or around a Publicly Accessible Private Improvements. To the extent permitted by law, Declarant may prohibit members of the public who have repeatedly broken the Regulations in any material respect from entering the Publicly Accessible Private Improvements, and if such person enters a Publicly Accessible Private Improvement, may ask such person to leave the Publicly Accessible Private Improvement. Declarant shall have the right to exercise its power and authority as owner consistent with other publicly accessible but privately-owned areas in the City, such as other privately owned public open space.
10. Project Security During Period of Non-Access. Declarant shall have the right to block entrances to install and operate security devices and to maintain security personnel in and around the Publicly Accessible Private Improvements to prevent the entry of persons or vehicles during the time periods when public access to a Publicly Accessible Private Improvement or any portion thereof is restricted or not permitted. Subject to the access requirements for City's emergency vehicles, as described in the Subdivision Map, and Declarant's obligations under Applicable Law, Declarant shall have a right to install permanent architectural features that serve as security devices such as gates, fences and bollards, and close such devices during non-operating hours or during periods of closure as identified in these Regulations. Design of such devices shall be subject to approval by the San Francisco Planning Department which shall not be unreasonably withheld and subject to any permits required under Applicable Law. Such design review by the San Francisco Planning Department shall not be construed as a change in entitlement and shall not be subject to a planning application or require a separate entitlement. It shall not be unreasonable for the Planning Department to withhold its consent if any such devices would impede emergency access that may be required under Applicable Law or in the Approvals. Nothing shall restrict Declarant's right to install security cameras and monitoring devices anywhere on the Project.

11. Removal of Obstructions. Declarant shall have the right to remove and dispose of, in any lawful manner it deems appropriate, any object or thing left or deposited on a Publicly Accessible Private Improvement deemed to be an obstruction, interference, or restriction of use of that Publicly Accessible Private Improvement for the purposes set forth in this Declaration, including, but not limited to, personal belongings or equipment in a Publicly Accessible Private Improvement during hours when public access is not allowed pursuant to these Regulations.
12. Temporary Structures. Subject to Declarant's right to use a Publicly Accessible Private Improvement for temporary construction staging related to adjacent development as set forth in Paragraph 1 of these Regulations, no trailer, tent, shack, or other outbuilding, or structure of a temporary character, shall be used on any portion of the Publicly Accessible Private Improvements at any time during Operating Hours, either temporarily or permanently.

## Exhibit D

### Affordable Housing Program

This Exhibit D describes the affordable housing program for the Project (the “Housing Plan”). All initially-capitalized, undefined terms used in this Exhibit D shall have the meanings given to them in the Development Agreement to which it is attached.

Recognizing the City’s pressing need for housing – market rate and affordable – the Developer has agreed to (1) increase the total number of residential units for the Project from the 558 residential units initially proposed to 744 residential units; (2) construct 185 studio and one-bedroom affordable residential units for Senior Households at the Project Site (the “BMR Units”) in order to make 25% of the Project residential units affordable, rather than the Section 415 (as defined below) requirement of providing 18% on-site affordable residential units or paying the City in-lieu affordable housing fees, together with 1 Manager Unit (as defined below); and (3) fund all predevelopment costs and gap financing required to complete the BMR Units.

The BMR Units will be deed-restricted to be affordable to qualified senior households with an average income not more than 59% of MOHCD AMI (as defined below) and will be constructed before the Developer can receive a CofO (as defined below) on more than three hundred eighty-six (386) Market Rate Units (as defined below).

#### 1. Definitions.

“**Adjustment Date**” means each anniversary of the Effective Date.

“**Affordable Housing Developer**” means Mercy Housing California, a non-profit California corporation, or any other non-profit affordable housing developer with experience developing and operating affordable housing in San Francisco.

“**Affordable Rent**” means a monthly rental charge for a BMR Unit (including the Utility Allowance applicable to the Household Size of such BMR Unit but excluding parking charges if a Parking Space is allocated to such BMR Unit) that does not exceed thirty percent (30%) of the maximum MOHCD AMI permitted for such BMR Unit, based on Household Size.

“**Approved Legal Description**” means a legal description of the Walnut Land that substantially conforms to the depiction attached as Attachment D-1 and is approved by the City’s Director of Property and the MOHCD Director.

“**CofO**” means a first certificate of occupancy issued by City’s Department of Building Inspection, including any temporary certificate of occupancy.

“**CPI Increase**” means, for the first Adjustment Date, the difference between the published CPI Index in effect at the time of the first Adjustment Date and the published CPI Index in effect at the time of the Effective Date. For each following Adjustment Date, the “CPI Increase” means the difference between the published CPI Index in effect at the time of an

applicable Adjustment Date and the published CPI Index in effect at the time of the immediately-preceding Adjustment Date.

**"CPI Index"** means the Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics or, if the Consumer Price Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Consumer Price Index had not been discontinued or revised.

**"Development Agreement"** shall mean the body of the Development Agreement to which this Housing Plan is attached.

**"Development Fee Deferral Surcharge Rate"** means an amount determined by DBI under Building Code Section 107A.13.3.2.

**"First Construction Document"** shall be as defined in San Francisco Building Code Section 107A.13.1(a)(8).

**"Fair Market Value"** shall have the meaning given such term in Attachment D-2.

**"Household"** means one or more related or unrelated individuals who live together or intend to live together in a Senior Unit as their primary dwelling.

**"Household Size"** means the number of persons in a Household as calculated under the MOHCD Manual.

**"Housing Entity"** means a limited partnership with the Affordable Housing Developer (or a subsidiary entity owned or controlled by Affordable Housing Developer) as the general partner.

**"HUD"** means the United States Department of Housing and Urban Development, or any successor agency.

**"LIHTC"** means the federal low income housing tax credit 4% program.

**"Manager Unit"** means the 2-bedroom unit for the Walnut Affordable Housing Building manager.

**"Market Rate Unit"** means any Project Site residential unit that is not a BMR Unit.

**"MOHCD AMI"** means median income as published annually by MOHCD, which is derived from the income limits determined by HUD for the San Francisco area, adjusted solely for household size but not high housing cost area. If HUD ceases to publish such data for 18 or more months, MOHCD and the Housing Entity will make good faith efforts to agree on other publicly available and credible substitute data for MOHCD AMI.

“**MOHCD Director**” means the Director of the Mayor’s Office of Housing and Community Development.

“**MOHCD Manual**” means the City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual, as published by MOHCD and as updated from time to time.

“**Outside Date**” means the 12<sup>th</sup> anniversary of the Effective Date.

“**Ownership Gap Fee**” means an amount equal to (i) the Gross Floor Area (as defined in Planning Code Section 401) for an applicable ownership Market Rate Unit multiplied by (ii) an amount equal to, at the time of calculation, (A) *[insert an amount equal to MOHCD’s published under Planning Code Section 415.5(b)(2) as of the effective date of the BOS legislation approving the Development Agreement, currently \$199.50 per square foot of Gross Floor Area of residential use]*, which shall be adjusted each anniversary of the Effective Date by the CPI Increase multiplied by (B) the lower of (1) *[insert an amount equal to Planning Code Section 415.5 percentage for ownership units as of the effective date of the BOS legislation approving the Development Agreement]* and (2) the percentage of off-site affordable ownership units that would otherwise be used for the Project if calculated under Planning Code Section 415.5(b).

“**Parking Space**” means a parking space assigned to a Senior Unit.

“**Property Covenants**” is defined in Section 2.A.

“**Rental Gap Fee**” means an amount equal to (i) the Gross Floor Area (as defined in Planning Code Section 401) for an applicable rental Market Rate Unit multiplied by (ii) an amount equal to, at the time of calculation, (A) *[insert an amount equal to MOHCD’s published under Planning Code Section 415.5(b)(2) as of the effective date of the BOS legislation approving the Development Agreement, currently \$199.50 per square foot of Gross Floor Area of residential use]*, which shall be adjusted each anniversary of the Effective Date by the CPI Increase, multiplied by (B) the lower of (1) *[insert an amount equal to Planning Code Section 415.5 percentage for rental units as of the effective date of the BOS legislation approving the Development Agreement]* and (2) the percentage of off-site affordable rental units that would otherwise be used for the Project if calculated under Planning Code Section 415.5(b).

“**Section 415**” means the City’s Inclusionary Affordable Housing Program (Planning Code Sections 415 and 415.1 through 415.11), as amended from time to time.

“**Senior Households**” means a household that is 62 years old or older, or as otherwise defined by the requirements of any funding source used to construct or operate the Walnut Affordable Housing Building.

“**Substantially Completed**” means, with respect to any Senior Unit, the issuance of a CofO for that Senior Unit.

“**Tax Credit Closing**” means the date by which the Housing Entity has received (i) an LIHTC allocation for the Walnut Affordable Housing Building and (ii) all financing needed to commence and complete the construction of the Walnut Affordable Housing Building.

“Title Policy” is defined in Section 4.F.

“Utility Allowance” means a dollar amount determined in a manner acceptable to the California Tax Credit Allocation Committee, which may include an amount published periodically by the San Francisco Housing Authority or successor based on standards established by HUD, for the cost of basic utilities for households, adjusted for Household Size. If both the San Francisco Housing Authority and HUD cease publishing a Utility Allowance, then Developer may use another publicly available and credible dollar amount approved by MOHCD.

“Walnut Affordable Housing Building” is defined in Section 2.A.

“Walnut Child Care Parcel” is defined in Section 2.A.

“Walnut Housing Parcel” is defined in Section 2.A.

“Walnut Retail Parcel” is defined in Section 2.A.

“Walnut Land” is defined in Section 2.A.

2. Walnut Affordable Housing Building

A. Description. The 185 BMR Units and the Manager Unit will all be located in a single residential building (the “Walnut Affordable Housing Building”) that will be located within a condominium parcel (the “Walnut Housing Parcel”) on the portion of the Project Site depicted as the “Walnut Land” on Attachment D-1 (the “Walnut Land”). The Walnut Affordable Housing Building will be comprised only of the BMR Units, the Manager Unit (which shall only be occupied by the Walnut Affordable Housing Building manager or, to the extent permitted under law, other property management staff), and the common and parking area for the BMR Units and Manager Unit. A condominium parcel for retail uses (the “Walnut Retail Parcel”) and a condominium parcel for child care uses (the “Walnut Child Care Parcel”) will also be located on the Walnut Land. The Walnut Housing Parcel, the Walnut Retail Parcel, and the Walnut Child Care Parcel will be created through a final map prepared under the Tentative Map as required in the Subdivision Map.

Before obtaining a First Construction Document for any portion of the Project or transferring the Walnut Land or the Walnut Housing Parcel to the Housing Entity, the Developer shall obtain legal descriptions for the Walnut Housing Parcel and the Walnut Child Care Parcel that are reasonably acceptable to City, cause the Walnut Land to be made a separate legal parcel, and record a declaration of restrictions (in a form approved by City and using such approved legal descriptions) that limits the use of the Walnut Housing Parcel to the construction and operation of the Walnut Affordable Housing Building and the Walnut Child Care Parcel to the construction and operation of a child care facility. In connection with the development of the Project, Developer shall have the right to enter into commercially reasonable licenses, easements, covenants, conditions and restrictions, reciprocal easement agreements, and similar agreements that affect the Walnut Housing Parcel to the extent necessary for the use or operation of any portion of the Walnut Housing Parcel (each, a “Property Covenant”); provided, however, that (i) Developer shall deliver the final version of each proposed Property Covenant to the MOHCD Director at least thirty (30) days before it is fully executed or recorded in the

Official Records of San Francisco County and (ii) all maintenance, repair, replacement and installation costs to be paid under a Property Covenant for the common area benefitting the Walnut Retail Parcel, the Walnut Housing Parcel, and the Walnut Child Care Parcel shall be proportionately allocated to the owners of the Walnut Retail Parcel, the Walnut Housing Parcel, and the Walnut Child Care Parcel based on the relative size of their respective parcel or any other commercially reasonable allocation that is approved in advance by the MOHCD Director, which approval shall not be unreasonably withheld.

B. Housing Entity. Before commencing the construction of the Project's first Market Rate Unit, the Housing Entity will be formed and the Developer will contribute the Walnut Housing Parcel (subject to the requirements of the Development Agreement) to the Housing Entity. As a non-profit affordable housing developer and operator, the Affordable Housing Developer will operate the Walnut Affordable Housing Building to only serve Senior Households with incomes below 80% of MOHCD AMI, with an overall average of not more than 59% of MOHCD AMI.

C. Financing. The Housing Entity will structure equity and debt financing for construction, and the Developer will fund all predevelopment costs and gap financing required to complete the construction, of the Walnut Affordable Housing Building. The Housing Entity will seek LIHTC and City-issued tax-exempt bond financing for construction. The Developer or the Housing Entity may apply to the following state funding programs for constructing the Walnut Affordable Housing Building without the City's prior written consent: the Multifamily Housing Program (MHP) and the Infill Infrastructure Grant Program (IIG). At the time of such application, the Developer or the Housing Entity shall provide the MOHCD Director with written notification of such application and a commitment that the award of such funding would lower the average MOHCD AMI for the Walnut Affordable Housing Building. Neither the Developer nor the Housing Entity can seek other federal or other state resources for constructing the Walnut Affordable Housing Building without the prior written consent of the MOHCD Director, which consent may be withheld if the award of such funding would not result in a lower average MOHCD AMI for the Walnut Affordable Housing Building or applying for the proposed funding would compete with the application of a MOHCD-supported project. A failure to obtain LIHTC, MHP, IIG, or non-competitive federal or state resources for constructing the Walnut Affordable Housing Building shall not decrease the Developer's affordable housing or other obligations under the Development Agreement. City has no obligation to provide any funding for the Walnut Affordable Housing Building. Developer may collaborate with other entities to obtain additional funding sources to the extent that those sources contribute to the feasibility, production speed, or increase the affordability of the Walnut Affordable Housing Building.

D. Project Phasing. The Developer may not obtain CofO for more than three hundred eighty-six (386) Market Rate Units until DBI issues a CofO for the Walnut Affordable Housing Building. In addition, the Developer must obtain a CofO for the Walnut Affordable Housing Building before the expiration of the Term.

E. Equivalency. The Walnut Affordable Housing Building shall be substantially equivalent to the Project's other multi-unit residential buildings in exterior appearance and overall quality of construction. All BMR Units must be wired for telephone, cable, and internet

access and have substantially equivalent interior features and amenities (e.g. balconies, outdoor patios, number of bathrooms) as the studio and 1-bedroom rental Market Rate Units. Equivalency shall be guided by the MOHCD Manual as applicable to this Housing Plan, except that the terms set forth in the Development Agreement (including this Housing Plan) shall prevail (including the parties' agreement that all BMR Units will be studio or 1-bedroom residential units located in the Walnut Affordable Housing Building).

F. Rental; Affordability. The initial rental and re-rental of the BMR Units shall comply with the lottery preferences and other provisions utilized by MOHCD under the MOHCD's Housing Preferences and Lottery Procedures Manual, as published by MOHCD and as each may be updated from time to time, to the extent permitted by law, and the reporting and monitoring requirements of the MOHCD Manual, to the extent permitted by law. The BMR Units must be provided at Affordable Rents and in accordance with the rent requirements in the MOHCD Manual and MOHCD's Hold Harmless Policy for MOHCD's Income Limits and Maximum Rents, effective as of May 3, 2019, as may be updated from time to time. The Developer or the Housing Entity shall record affordability and leasing restrictions that are senior to any financing documents and remain in effect for the life of the Walnut Affordable Housing Building against each of the BMR Units, in a form and priority approved by MOHCD, before their occupancy. The Housing Entity shall carry appropriate insurance to allow for the reconstruction of the Walnut Affordable Housing Building if there is any damage or casualty.

G. Outreach. Given the Project's Site's location, the Parties desire that, to the greatest extent permitted by MOHCD's then-applicable policies and procedures, pre-marketing and marketing programs for BMR Units target residents of Supervisorial District 2 and/or residents residing within three-quarter (0.75) miles of the Project Site. In addition, the Parties desire that residents of District 2 and residents residing within three-quarter (0.75) miles of the Project Site be given the maximum neighborhood preference for leasing of BMR Units permitted under MOHCD's then-applicable policies and procedures.

H. Planning Code Section 415. Except for Planning Code Section 415.6(a)-(f), (h) and (i), the Parties shall implement affordable housing requirements for the Walnut Affordable Housing Building that incorporate the provisions of Planning Code Section 415 and the MOHCD Manual. The following changes shall be deemed to conflict with the Development Agreement and therefore shall not apply to the Project: (i) any increase in the required number or percentage of affordable housing units beyond what is required by the Development Agreement; and (ii) any change in the minimum or maximum AMI percentage levels for the affordable housing pricing or income eligibility. The Parties acknowledge and agree that MOHCD will monitor and enforce the requirements applicable to BMR Units under this Housing Plan in accordance with Planning Code Section 415.9, except that all references to Section 415 will be deemed to refer to the requirements under this Housing Plan. To the extent there are implementation issues that have not been addressed in this Housing Plan, then the provisions of Section 415 and the MOHCD Manual shall govern and control such issues.

3. Fees. Before obtaining a First Construction Document for any portion of the Project, the parties shall select a mutually-agreeable third-party escrow (the "**Escrow Account**") to hold and disburse the Rental Gap Fees and Ownership Gap Fees under the requirements of this Housing Plan. Subject to the last sentence of this Section, for each Market Rate Unit the Developer



commences to construct before the Tax Credit Closing, the Developer shall, at its sole election, either deposit an amount equal to the Rental Gap Fee or Ownership Gap Fee, as applicable, for that unit in the Escrow Account before obtaining a First Construction Document for that unit, or deposit an amount equal to the Rental Gap Fee or Ownership Gap Fee, as applicable, for that unit and the Development Fee Deferral Surcharge for such Rental Gap Fee or Ownership Gap Fee (as calculated by DBI at the time of the Developer deposits such Rental Gap Fee or Ownership Gap Fee) in the Escrow Account between obtaining the First Construction Document and the CofO for that unit.

At any time within thirty (30) days after Developer's written request (accompanied by reasonable supporting materials), City shall authorize the release of funds from the Escrow Account to reimburse Developer for reasonable and customary Walnut Affordable Housing Building pre-development costs incurred prior to the Tax Credit Closing, such as, but not limited to, design drawings, schematic drawings, and commercially reasonable costs for financing that expedites the construction of the Walnut Affordable Housing Building. If the Tax Credit Closing occurs, all remaining funds in the Escrow Account needed to finance the construction of the Walnut Affordable Housing Building shall be disbursed to pay construction and development costs that are approved by the Walnut Affordable Housing Building construction lender at the time such costs are due and payable. If the Developer provides reasonable documentation to City that there are excess Escrow Account funds that are not required to finance the construction of the Walnut Affordable Housing Building, such excess Escrow Account funds shall be disbursed to the Developer.

If the Tax Credit Closing does not occur by the Outside Date, subject to extension for any applicable Excusable Delay, then City shall have the right to receive the Escrow Account funds by delivering written notice to the Escrow Account holder any time after the Outside Date for deposit in City's Citywide Affordable Housing Fund established in San Francisco Administrative Code Section 10.100-49. Within three (3) business days of receiving such written notice, the Escrow Account holder shall deliver the funds to the address specified by the MOHCD Director.

4. Transfer of Walnut Land to City.

A. Transfer Notice. If the Tax Credit Closing does not occur by the Outside Date, subject to extension for any applicable Excusable Delay, and construction of any Building occurs during the Term, then City shall have the right to acquire, and Developer agrees to transfer to the City, fee ownership of the Walnut Land pursuant to the form of grant deed (the "Grant Deed") attached as Attachment D-3, with the Approved Legal Description attached to it as Exhibit A. City shall have the right to exercise its right to acquire the Walnut Land by giving Developer, between the Outside Date and the last day of the Term, written notice of the City's request to acquire the Walnut Land pursuant to this Section (the "Transfer Notice"). If City receives the Walnut Land pursuant to this Section, and Developer later obtains all financing needed to commence and complete construction of retail improvements on the Walnut Retail Parcel (or child care improvements on the Walnut Child Care Parcel) prior to City's receipt of a First Construction Document for the Walnut Affordable Housing Building, City shall transfer fee ownership of the Walnut Retail Parcel or the Walnut Child Care Parcel, as applicable, to Developer within ten (10) business days of Developer's receipt of a First Construction Document for such improvements.

B. Developer's Representations. Developer represents that it has the full right to make the commitments set forth in this Section without the consent or approval of any third party (or, if required, Developer has obtained all necessary consents and approvals).

C. Subordination; Condition of Title. The rights of any Mortgagee secured by a Mortgage that encumbers all or part of the Walnut Land shall be subordinate to the City's rights under this Housing Plan. The City accepts the condition of the Walnut Land's title subject only to the matters described on the attached Attachment D-4, any additional matter that is approved in writing by the MOHCD Director in his or her sole and absolute discretion, and any Property Covenant that complies with the requirements of Section 2.A above. Developer further agrees to deliver the Walnut Land to the City generally in the condition that it is in on the Effective Date, provided it shall be free of all tenants and occupants. The Developer agrees that all contracts entered into by the Developer relating to the Walnut Land shall be terminated by Developer, at no cost to City, on or before the transfer unless the City agrees to assume the same.

D. Cooperation. The Developer agrees to cooperate with City and to take all such actions as may be needed to promptly transfer the Walnut Land to City as set forth in this Section. To secure the Developer's obligations under this Section, before obtaining a First Construction Document for any portion of the Project or transferring the Walnut Land or the Walnut Housing Parcel to the Housing Entity, the Developer shall deliver a duly executed and acknowledged deed of trust to the City in substantially the form attached as Attachment D-5, with the Approved Legal Description attached to it as Exhibit A. City shall have the right to record the deed of trust in the Official Records of San Francisco County. There will be no conditions or City obligations relative to the Developer's transfer of the Walnut Land to City, and the form of any other transfer documents other than the Grant Deed needed to transfer fee ownership of the Walnut Land to City in the manner contemplated in this Section (collectively, the "Transfer Documents") will be subject to the reasonable approval of the Director of Property and the MOHCD Director, following consultation with the City Attorney's Office. By approving the Development Agreement, the City's Board of Supervisors authorizes the City's Director of Property and the MOHCD Director to enter into the Transfer Documents, if any, without additional action by City's Board of Supervisors as long as the Transfer Documents are consistent with the terms outlined in this Section.

E. Costs and Fees. The Developer shall pay (1) all actual costs incurred by the City relating to the negotiation of Transfer Documents, if any, and all transfer taxes, recording fees, and escrow fees, and (2) the premium for the CLTA Title Policy. The Developer shall further indemnify the City for all costs and losses, including reasonable attorney's fees and costs, resulting from (i) any claim with respect to the Walnut Land relating to the period before the transfer of the Walnut Land to City, (ii) any contest to the Developer's right to transfer the Walnut Land as contemplated by this Section, and (iii) any failure by the Developer to satisfy the requirements of this Section. This indemnification shall survive the transfer of the Walnut Land to City.

F. Closing. The Developer shall have a period of 60 days after Developer's receipt of the Transfer Notice (the "Closing Period") to (i) provide to City a CLTA policy of title

insurance, insuring City's fee interest in the Walnut Land in an amount equal to the fair market value of the Walnut Land, as reasonably determined by City, with only the exceptions permitted under Section 4.C above (the "Title Policy"), and (ii) to execute and deliver the Grant Deed and the Transfer Documents, if any, to City. Within 7 days after the City's receipt of the Title Policy, the duly executed and acknowledged Grant Deed, and, if any, the Transfer Documents, duly executed and acknowledged as applicable, City shall execute and return one (1) fully executed original of any Transfer Document to the Developer.

G. City's Remedies. If the Developer fails to transfer the Walnut Land to City in accordance with this Section, then City shall have the right to specific performance to compel the transfer of the Walnut Land to City in accordance with this Section or to exercise its rights under the Deed of Trust to foreclose and take title to the Walnut Land. Following any specific performance to transfer the Walnut Land to City or any foreclosure of the Walnut Land by City under the Deed of Trust, Developer's obligations under this Section shall be satisfied; provided if the Developer is not able to transfer the Walnut Land to City in the condition required by this Section (a "Condition Preventing Transfer"), then City, as its sole remedy for a Condition Preventing Transfer, shall instead accept an in lieu payment in the amount of Fair Market Value. City's exercise of its remedy for a Condition Preventing Transfer shall be by delivering written notice of such exercise to Developer, with a statement explaining the basis for the determination that the Walnut Land cannot be transferred in accordance with this Section. If City delivers such notice, the Developer shall pay City an in lieu payment in the amount of Fair Market Value made within 60 days following the determination of the Fair Market Value. Any failure by Developer to make such in lieu payment when due shall accrue interest at 10% per annum from the date it is due until paid.

H. Fulfillment of Developer's Obligations. On City's receipt of (i) fee ownership of the Walnut Land through an action for specific performance or foreclosure under the Deed of Trust or a payment of an in lieu payment due to a Condition Preventing Transfer, and (ii) the funds deposited in the Escrow Account as required in Section 3 above, City shall have no further rights or remedies under the Development Agreement resulting from Developer's failure to timely commence or complete construction of the Walnut Affordable Housing Building. If the Developer obtains a First Construction Document for any Market Rate Unit after the Outside Date, nothing in the foregoing sentence shall limit the Developer's obligation to pay the fee calculated under Section 415.5 for such Market Rate Unit.

5. Costa-Hawkins Rental Housing Act

A. Non-Applicability of Costa-Hawkins Act. Chapter 4.3 of the California Government Code directs public agencies to grant concessions and incentives to private developers for the production of housing for lower income households. The Costa-Hawkins Rental Housing Act, California Civil Code Sections 1954.50 et seq. (the "Costa-Hawkins Act"), provides for no limitations on the establishment of the initial and all subsequent rental rates for a dwelling unit with a certificate of occupancy issued after February 1, 1995, with exceptions, including an exception for dwelling units constructed pursuant to a contract with a public agency in consideration for a direct financial contribution or any other form of assistance specified in Chapter 4.3 of the California Government Code (Section 1954.52(b)). The Parties agree that the Costa-Hawkins Act does not and in no way shall limit or otherwise affect the restriction of rental

charges for the BMR Units. The Development Agreement falls within the express exception to the Costa-Hawkins Act, Section 1954.52(b) because the Development Agreement is a contract with a public entity in consideration for contributions and other forms of assistance specified in Chapter 4.3 (commencing with Section 65919 of Division 1 of Title 7 of the California Government Code). The City and Developer would not be willing to enter into the Development Agreement without the understanding and agreement that Costa-Hawkins Act provisions set forth in California Civil Code Section 1954.52(a) do not apply to the BMR Units as a result of the exemption set forth in California Civil Code Section 1954.52(b) for the reasons specified above.

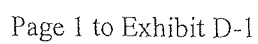
B. General Waiver. Developer, on behalf of itself and all of its successors and assigns of all or any portion of the Project Site, agrees not to challenge and expressly waives, now and forever, any and all rights to challenge the requirements of the Development Agreement related to the establishment of the BMR Units under the Costa-Hawkins Act (as the Costa-Hawkins Act may be amended or supplanted from time to time). If and to the extent such general covenants and waivers are not enforceable under Law, the Parties acknowledge and that they are important elements of the consideration for the Development Agreement and the Parties should not have the benefits of the Development Agreement without the burdens of the Development Agreement. Accordingly, if Developer challenges the application of this covenant and waiver, then such breach will be an Event of Default and City shall have the right to terminate the Development Agreement in its entirety.

C. Notification. Developer shall notify any potential buyer of all or part of the Project Site of the provisions of this Housing Plan. By acquiring any interest in the Project Site, a buyer agrees to these provisions, and agrees to the specific waiver, releases and indemnifications set forth herein. If Developer fails to notify a buyer of these provisions and a buyer alleges that it is not subject to the requirements of this Housing Plan because it was not made aware of these provisions before it acquired an interest in the Project Site, the Developer shall indemnify and defend the City against any and all claims or losses resulting from such allegation.

6. Nondiscrimination Based on Section 8, Household Size, or Source of Income

For all housing units within the Project Site, Developer shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act (42 U.S.C. §1437 et. seq.), or any successor program or similar federal, state or local governmental assistance program. Developer shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. Developer shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. Developer shall not discriminate against tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI), and Developer shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (i.e., ability to pay shall be demonstrated if such a tenant can show that the same percentage or more of the tenant's income has been consistently paid on time for rent in the past as will be required to be paid for the rent applicable to the unit to be occupied, provided that such tenant's expenses have not increased materially).

### Depiction of Walnut Land



## Exhibit D-2

### Appraisal Process

#### 1. Arbitration for Fair Market Value.

1.1 Appointment. Each Party shall appoint one (1) Appraiser (as defined below) within thirty (30) days after City delivers written notice to Developer that the arbitration provisions of this Exhibit have been invoked (the "Initial Selection Period"). Upon selecting its Appraiser, a Party shall promptly notify the other Party in writing of the name of that Appraiser. Each Appraiser selected by a Party under this Section shall be an "Initial Appraiser".

An "Appraiser" shall mean a competent and licensed appraiser who is qualified by training and experience in the City and County of San Francisco and a member in good standing of the Appraisal Institute and designated as a MAI, or, if the Appraisal Institute no longer exists, shall hold the senior professional designation awarded by the most prominent organization of appraisal professionals then awarding such professional designations. An Appraiser may have a prior working relationship with either or both of the Parties, provided that such working relationship shall be disclosed to both Parties. Without limiting the foregoing, an Appraiser shall have at least ten (10) years' experience valuing multi-family residential real estate that is in the City and County of San Francisco and substantially similar product-type to the Walnut Affordable Housing Building (i.e., affordable senior housing and condominium airspace interests or similar property interests such as ground leases) required for the Walnut Affordable Housing Building. If a Party fails to appoint its Appraiser within the Initial Selection Period, the Initial Appraiser appointed by the other Party shall individually determine the Fair Market Value in accordance with the provisions hereof.

1.2 Instruction and Completion. The term "Fair Market Value" shall mean the then current fair market value of the Walnut Land, as determined pursuant to this Exhibit. Each Initial Appraiser will make an independent determination of the Fair Market Value. The following instructions shall govern the preparation and delivery of each appraisal report giving the respective Initial Appraiser's opinion of the Fair Market Value. The Parties may supplement or modify these instructions upon mutual agreement. Each final opinion of value will be stated in a self-contained<sup>1</sup> appraisal report based on a comprehensive study and analysis and setting forth, in detail, all data, analysis, and conclusions necessary and typical of a complete, self-contained appraisal report in compliance with the current version of the Uniform Standards of Professional Appraisal Practice ("USPAP"). The appraisal report will include the Initial Appraiser's final opinion of the Fair Market Value stated as a specific dollar figure. The Walnut Land shall be appraised based on the actual residential project that it is entitled for at the time of Appraisal consistent with the zoning and all conditions on the Walnut Land and assuming that the following apply to the Walnut Land: (i) the Approvals (as such term is defined in the Development Agreement), including, without

---

<sup>1</sup> As of 2014, USPAP replaced the terminology of "Restricted Use, Summary and Self Contained", and replaced the report content types with two types, "Appraisal Report" and "Restricted Appraisal Report." The reference to "Self Contained" in V, Appraisal Standards, refers to the meaning it had prior to 2014. Also, the reference to "Complete" appraisal has the meaning that it did prior this term being removed officially from USPAP, i.e. essentially that no relevant and applicable valuation approaches or methodologies may be excluded (and the rationale for any approach excluded be provided).

limitation, the applicable conditions of approval and any notices of special restrictions, (ii) the Development Agreement (subject to the eventual expiration thereof), (iii) permitted exceptions to title, (iv) the final subdivision map, (v) covenants, conditions and restrictions, reciprocal easement agreements and similar agreements regarding operation and use of condominium airspace parcels on the Walnut Land, regardless of whether such agreements are then in effect, it being agreed that the Walnut Land will be subject to such agreements in a commercially reasonable form, (v) applicable zoning, (vi) applicable development impact fees, (vii) its then-current "as-is", "where-is" condition, provided the only exceptions to title will be those described in Section 4.C of Exhibit D to the Development Agreement and (viii) such other documents and restrictions that the Parties mutually agree to present to the Initial Appraisers (or the Initial Appraiser if there is only one) during the appraisal process. The Fair Market Value will be determined as if the Walnut Land were served by streets and utilities but otherwise vacant and unimproved by any structures, buildings, improvements, fixtures, additions, alterations, and betterments of whatsoever nature or description. For clarity, it is understood that the Walnut Land valuation shall take into consideration the actual costs and expenses necessary for the improvements to specifically serve the Walnut Land. Each Initial Appraiser will use sales comparisons to estimate value, presented in individual write-up sheets. Each Initial Appraiser shall adhere to USPAP direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. If there is more than one Initial Appraiser, the Initial Appraisers may share and have access to objective information in preparing their appraisals, but they will independently analyze the information in their determination of the Fair Market Value, and neither of the Initial Appraisers shall have access to the appraisal of the other (except for the sharing of objective information contained in such appraisals) until both of the appraisals are submitted in accordance with the provisions of this Section. Neither Party shall communicate with the Initial Appraiser selected by the other Party regarding the instructions contained in this Section before the Initial Appraisers complete their appraisals. If an Initial Appraiser has questions regarding the instructions in this Section, such Initial Appraiser shall use his or her own professional judgment and shall make clear all assumptions upon which his or her professional conclusions are based, including any supplemental instructions or interpretative guidance received from the Party appointing such Initial Appraiser. There shall not be any arbitration or adjudication of the instructions to the Initial Appraisers contained in this Section. Each Initial Appraiser shall complete, sign and submit its written appraisal setting forth the Fair Market Value to the Parties within sixty (60) days after the appointment of the last of the Initial Appraisers (or if only one Initial Appraiser is selected, within sixty (60) days after the expiration of the Initial Selection Period).

If only one Initial Appraiser is selected during the Initial Selection Period, then the Fair Market Value shall be the figure in such Initial Appraiser's appraisal. If two Initial Appraisers are selected during the Initial Selection Period, and the higher appraised Fair Market Value is not more than one hundred ten percent (110%) of the lower appraised Fair Market Value, then the Fair Market Value shall be the average of such two (2) Fair Market Value figures.

1.3 Potential Third Appraiser. If two Initial Appraisers are selected during the Initial Selection Period, and the higher appraised Fair Market Value is more than one hundred ten percent (110%) of the lower appraised Fair Market Value, then the Initial Appraisers shall agree upon and appoint an independent third Appraiser meeting the requirements for an Appraiser specified in Section 1.2 within thirty (30) days after the appraisals of both of the Initial Appraisers have been

submitted to the Parties in accordance with the following procedure. The Initial Appraisers shall inform the Parties of their appointment of the proposed third Appraiser at or before the end of such thirty (30)-day appointment period. Each Party shall have the opportunity to question the proposed third Appraiser, in writing only, as to his or her qualifications, experience, past working relationships with the Parties, and any other matters relevant to the appraisal. Either Party may, by written notice (given within three (3) business days after receiving notice of the selection of the third proposed Appraiser) to the other Party and the Initial Appraisers, raise a good faith objection to the selection of the third proposed Appraiser based on his or her failure to meet the requirements for an Appraiser specified in Section 1.2. In such event, if the Initial Appraisers determine that the objection was made in good faith, the Initial Appraisers shall promptly select another third proposed Appraiser, subject again to the same process for the raising of objections. If neither Party raises a good faith objection to the appointment of the third proposed Appraiser within three (3) business days after receiving notice of his or her appointment, each such Party shall be deemed to have waived any issues or questions relating to the qualifications or independence of the third Appraiser or any other matter relating to the selection of the third Appraiser under this Exhibit. If for any reason the Initial Appraisers do not appoint a third proposed Appraiser within such thirty (30)-day appointment period (or within a ten (10) business days thereafter), then either Party may apply to the Writs and Receivers Department of the Superior Court of the State of California in and for the County of San Francisco for appointment of a third Appraiser meeting the requirements for an Appraiser specified in Section 1.2. If the Court denies or otherwise refuses to act upon such application within sixty (60) days from the date on which the Party first applies to the Court for appointment of the third Appraiser, either Party may apply to the American Arbitration Association, or any similar provider of professional commercial arbitration services, for appointment in accordance with the rules and procedures of such organization of an independent third Appraiser meeting the foregoing qualifications. An Appraiser appointed pursuant to this Section shall be the "Third Appraiser".

1.4 Baseball Appraisal. The Third Appraiser, if any, shall consider the appraisals submitted by the Initial Appraisers, as well as any other relevant written evidence the Third Appraiser may request of either or both of the Initial Appraisers. If either of the Initial Appraisers submits any such evidence to the Third Appraiser, it shall do so only at the request of the Third Appraiser and shall deliver a complete and accurate copy to the other Party and the Initial Appraiser such Party selected, at the same time it submits the same to the Third Appraiser. Neither Party, nor the Initial Appraisers they appoint, shall conduct any ex parte communications with the Third Appraiser regarding the subject matter of the appraisal. Within thirty (30) days after his or her appointment, the Third Appraiser shall select the Fair Market Value determined by one or the other of the Initial Appraisers that is the closer, in the opinion of the Third Appraiser, to the actual Fair Market Value. The determination of the Third Appraiser shall be limited solely to the issue of deciding which of the determinations of the two Initial Appraisers is closest to the actual Fair Market Value. The Third Appraiser shall have no right to propose a middle ground or to modify either of the two appraisals or any provision of this Exhibit.

1.5 Conclusive Determination. Except as provided in California Code of Civil Procedure Section 1286.2 (as the same may be amended from time to time), the determination of the Fair Market Value by the accepted appraisal shall be conclusive, final and binding on the Parties. No Appraiser selected or appointed pursuant to this Exhibit shall have any power to



modify any of the provisions of this Exhibit and must base his or her decision on the definitions, standards, assumptions, instructions and other provisions contained in this Exhibit. Subject to the provisions of this Section, the Parties will cooperate to provide all appropriate information to each Appraiser selected or appointed under this Exhibit. The Appraisers selected or appointed under the provisions of this Exhibit will each produce their determination in writing, supported by the reasons for the determination.

1.6 Fees and Costs; Waiver. Each Party shall bear the fees, costs and expenses of the Initial Appraiser it selects. The fees, costs and expenses of the Third Appraiser, including the fees, costs and expenses in his or her appointment pursuant to this Exhibit, shall be shared equally by the City and Developer.

Exhibit D-3

**Form of Grant Deed**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Director of Property  
Real Estate Division  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102

The undersigned hereby declares this instrument to be  
exempt from Recording Fees (CA Govt. Code § 27383)  
and Documentary Transfer Tax (CA Rev. & Tax Code  
§ 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's use only)

**GRANT DEED**

(Lot No. \_\_\_\_ Block No. \_\_\_\_)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("Grantor"), hereby grants to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "Property"), together with any and all rights, privileges and easements incidental or appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Property, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Property, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the land and all of Grantor's right, title and interest in and to any and all roads and alleys adjoining or servicing the Property, and subject to the exceptions set forth on Exhibit B attached hereto and made a part hereof.

Executed as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

LAUREL HEIGHTS PARTNERS, LLC  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

)

County of San Francisco )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California       )  
  )  
County of San Francisco    )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the foregoing Grant Deed to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Ordinance No. \_\_\_\_\_, approved September \_\_, 2019, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_

Director of Property

EXHIBIT A

Legal Description of Property

EXHIBIT B

List of Exceptions

1. The lien of real property taxes not yet due or payable at the time City acquires fee title to the Walnut Land
2. The lien of any taxes for Mello Roos Community Facilities District No. 90-1 not yet due or payable at the time City acquires fee title to the Walnut Land
3. Water rights, claims or title to water, whether or not disclosed by the public records
4. The declaration of public access covenants and restrictions attached as Exhibit C-3 to the Development Agreement
5. The notice of special restrictions for a child care facility to be recorded under Exhibit L to the Development Agreement

Exhibit D-4

Accepted Conditions of Title

1. The lien of real property taxes not yet due or payable at the time City acquires fee title to the Walnut Land
2. The lien of any taxes for Mello Roos Community Facilities District No. 90-1 not yet due or payable at the time City acquires fee title to the Walnut Land
3. Water rights, claims or title to water, whether or not disclosed by the public records
4. The declaration of public access covenants and restrictions attached as Exhibit C-3 to the Development Agreement
5. The notice of special restrictions for a child care facility to be recorded under Exhibit L to the Development Agreement



Exhibit D-5

Deed of Trust

RECORDING REQUESTED BY CLERK OF THE  
BOARD OF SUPERVISORS OF THE CITY AND  
COUNTY OF SAN FRANCISCO AND WHEN  
RECORDED MAIL TO:

Office of the City Attorney  
City Hall Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Attn: Land Use Team

Exempt from Recording Fees (CA Govt. Code §27383) and  
Documentary Transfer Tax (CA Rev. & Tax Code §11922  
and S.F. Bus. & Tax Reg. Code §1105)

---

APN: Block \_\_\_\_\_ Lot \_\_\_\_\_  
Street Address:

DEED OF TRUST

This DEED OF TRUST (this "Deed of Trust") is made as of \_\_\_\_\_, 2019, among LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("Trustor"), whose address is \_\_\_\_\_, [\_\_\_\_\_] ("Trustee"), whose address is \_\_\_\_\_, and THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Beneficiary"), whose address is \_\_\_\_\_, Trustor irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, all of Trustor's right, title and interest in and to that certain property located in the City and County of San Francisco, California, more particularly described in Exhibit A attached hereto and incorporated by reference herein (the "Land"), including, without limitation, all improvements located on the Land ("Improvements"), subject, however, to the termination, reconveyance and subordination provisions of Section E.6 below. The Land and the Improvements shall be collectively referred to in this Deed of Trust as the "Property". Capitalized terms that are used but not defined herein shall have the meanings given such terms in that certain Development Agreement by and between the City and County of San Francisco and Laurel Heights Partners, LLC, dated \_\_\_\_\_, 2019, and recorded in the Official Records of San Francisco County as Document No. \_\_\_\_\_ on \_\_\_\_\_, 20\_\_ (the "DA").

For the purpose of securing only (1) Trustor's obligation to transfer the Property in accordance with Section 4 of Exhibit D to the DA (the "Transfer Section") as and when required under the Transfer Section, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured (items (1) and (2) above are referred to herein as the "Secured Obligations"). Other than such transfer obligation under the Transfer Section, no other provision of the DA is secured by this Deed of Trust.

A. To protect and maintain the security of this Deed of Trust, Trustor agrees:

1. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any suit brought by Beneficiary to foreclose this Deed of Trust.

2. To pay all costs, fees and expenses of this Deed of Trust.

3. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, with interest from date of expenditure at the maximum rate allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed that:

1. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

2. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust, and without affecting the personal liability, if any, of any person for payment of the indebtedness secured hereby, Trustee has the right to reconvey any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

3. Upon written request of Beneficiary stating that all actions required under the Transfer Section have been performed, all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

C. The occurrence of any of the following events shall constitute an event of default (a "Default") under this Deed of Trust:

1. Trustor (i) transfers its interest in the Property, or any part of thereof, or any interest in the Property, in any manner other than (a) a transfer to the Housing Entity (as defined in the DA), (b) the grant of a deed of trust or mortgage to any Mortgagee (as defined in the DA) that is subordinate to this Deed of Trust and encumbers all or part of Trustor's interest in the Property, (c) leases entered into in the ordinary course, or (d) Property Covenants (as defined in Section 2.A of Exhibit D of the DA) in accordance with Section 2.A of Exhibit D of the DA or (ii) is divested of its title or any interest in the Property in any manner or way, whether

voluntarily or involuntarily, in each case without the Beneficiary's prior written consent (which consent shall not be unreasonably withheld).

2. Trustor's failure to perform any covenant or obligation of Trustor contained herein, as and when performance is due, and the continuance of such failure for a period of thirty (30) days following written notice thereof from Beneficiary to Trustor; provided, however, that if such failure is not reasonably susceptible of cure within such thirty (30) day period, then, so long as Trustor commences to cure such failure within such thirty (30) day period and continually and diligently pursues such cure and completes such cure within a reasonable period, such failure shall not be a Default.

3. Trustor's becomes insolvent, makes an assignment for the benefit of creditors, or commences or becomes subject to any proceeding under the federal Bankruptcy Code or any other insolvency, receivership, reorganization, arrangement of debt, liquidation or debtor's relief law wherein the Trustor is the debtor.

5. Trustor's fails to transfer the Property in accordance with the Transfer Section, as and when required under the Transfer Section.

D. If any Default occurs, and as long any such Default exists, Beneficiary shall have the right to declare all indebtedness secured hereby to be immediately due and payable, and all such indebtedness shall thereupon become immediately due and payable, without any presentment, demand, protest or notice of any kind, all of which are expressly waived by Trustor, and Beneficiary shall have the following remedies:

1. Beneficiary shall have the right, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of the security, to enter upon and take possession of the Property, or any part thereof, in its own name or in the name of Trustee, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rentability of the Property or increase the income therefrom or protect the security hereof, and, with or without taking possession of the Property, to sue for or otherwise collect the rents and profits of the Property, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine.

2. Beneficiary shall have the right to commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof.

3. Beneficiary shall have the right to deliver to Trustee a written declaration of default and demand for sale pursuant to the power of sale in this Deed of Trust. If Beneficiary elects to foreclose this Deed of Trust by exercise of the power of sale in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee such written notice of default and election to sell and such receipts or evidence of expenditures made and secured hereby as Trustee may require. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by

Trustee in said notice of sale, as a whole, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall have the right to postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter shall have the right to postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

4. After deducting all costs, fees and expenses of Trustee and of the trust created under this Deed of Trust ("Trust"), including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

5. Every right, power and remedy granted to Trustee or Beneficiary in this Deed of Trust shall be cumulative and not exclusive, and in addition to all rights, powers and remedies granted at law or in equity or by statute, and each such right, power and remedy may be exercised from time to time and as often and in such order as may be deemed expedient by Trustee or Beneficiary, and the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy.

6. Trustor hereby requests that a copy of any notice of default and of any notice of sale under this Deed of Trust be mailed to Trustor at the address of Trustor set forth in this Deed of Trust as required by applicable law.

E. It is further mutually agreed that:

1. Beneficiary, or any successor in its rights under the Transfer Section or ownership of any indebtedness secured hereby, has the right to, from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

2. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine or the neuter, and the singular number includes the plural.

3. The Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any

party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

4. A copy of any notice of default and any notice of sale hereunder shall be mailed to Trustor at his address hereinbefore set forth.

5. Trustor shall have no personal liability under this Deed of Trust, and Beneficiary's only recourse against Trustor for the satisfaction of the Secured Obligations shall be Beneficiary's exercise of its rights and remedies with respect to the Property.

6. Immediately prior to the earlier to occur of (i) the Tax Credit Closing (as defined in Exhibit D to the DA) or (ii) the payment of the amounts under subsection G of the Transfer Section following City's election to take such payment, this Deed of Trust automatically shall become null and void without the need for further action by Trustor, Trustee or Beneficiary, and Beneficiary shall cause to be recorded, in the Official Records of the City and County of San Francisco, with respect to the Property a standard form of re-conveyance of deed of trust with respect to this Deed of Trust.

7. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

*[Remainder of Page Intentionally Blank. Signature on Following Page.]*

IN WITNESS WHEREOF, the undersigned has caused this Deed of Trust to be executed and delivered under seal as of the day and year first above written.

LAUREL HEIGHTS PARTNERS, LLC, a  
Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Francisco )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

Exhibit A

Legal Description of Land

Page 8 to Exhibit D-5



## **Exhibit E**

### **List of Approvals**

#### **Final approval actions by the City and County of San Francisco Board of Supervisors**

1. Ordinance [ ] (File No. [ ]): (1) Approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners LLC; (2) waiving or modifying certain provisions of the Administrative Code and Planning Code, and approving specific development impact fees; and (3) adopting findings under the California Environmental Quality Act and findings of consistency with the General Plan and Planning Code priority policies.
2. Ordinance [ ] (File No. [ ]): Amending the Planning Code, the Zoning Map, and the Height Map to add the 3333 California Project Special Use District and adopting findings under the California Environmental Quality Act and findings of consistency with the General Plan and Planning Code priority policies.
3. Ordinance [ ] (File No. [ ]): Approving Major Encroachment Permit to Laurel Heights Partners LLC for improvements on \_\_\_\_\_.

#### **Final and Related Approval Actions of City and County of San Francisco Planning Commission (referenced by Motion Number "M No." or Resolution Number "R No.")**

1. M No. [ ]: Certifying the Final Environmental Impact Report for the 3333 California Mixed-Use District Project.
2. M No. [ ]: Adopting Findings and Statement of Overriding Considerations under the California Environmental Quality Act.
3. M No. [ ]: Approving a Conditional Use Authorization/Planned Unit Development for the 3333 California Project.
4. R No. [ ]: Recommending to the Board of Supervisors approval of amendments to the Planning Code to establish the 3333 California Project Special Use District and approval of amendments to Sectional Maps SU03 to refer to the 3333 California Project Special Use District and HT03 of the Zoning Map.
5. R No. [ ]: Recommending to the Board of Supervisors approval of a Development Agreement between the City and Laurel Heights Partners LLC.

#### **Final and Related Approval Actions of City and County of San Francisco Municipal Transportation Agency Board of Directors**

1. Resolution Number [ ] consenting to a Development Agreement between the City and Laurel Heights Partners LLC, including the Transportation Exhibit.

#### **Final and Related Approval Actions of City and County of San Francisco Public Utilities Commission**

1. Resolution Number [ ] consenting to the AWSS Schedule in the Development Agreement between the City and Laurel Heights Partners LLC.

#### **Final and Related Approval Actions by San Francisco Public Works**

1. Approval of Tentative Map

Exhibit F

MMRP

[see attached]

Exhibit G

Notice of Completion and Termination

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

[address] \_\_\_\_\_

Attn: \_\_\_\_\_

(Space above this line reserved for Recorder's use only)

THIS NOTICE OF COMPLETION OF BUILDING AND COMMUNITY BENEFITS (this "Notice") dated for reference purposes only as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, is made by and between the CITY AND COUNTY OF SAN FRANCISCO, a political subdivision and municipal corporation of the State of California (the "City"), acting by and through its Planning Department, and \_\_\_\_\_, a \_\_\_\_\_ ("Developer") [*substitute party, if needed*].

1. The City and Developer entered into that certain Development Agreement dated as of \_\_\_\_\_, 20\_\_ and recorded in the Official Records of the City and County of San Francisco on \_\_\_\_\_, as Document Number \_\_\_\_\_ (Book No. \_\_\_\_, Reel No. \_\_\_\_\_) (the "Development Agreement"). Capitalized terms used in this Notice that are not defined shall have meaning given to such terms in the Development Agreement.

2. Under Section 7.1 of the Development Agreement, when one or more Buildings have been completed and all of the Associated Community Benefits tied to those specific Buildings have also been completed, the City agreed, upon Developer's request, to execute and record a notice of completion as it relates to the applicable Building.

3. The City confirms that the Building known as \_\_\_\_\_, located on the property described in the attached Exhibit A (the "Affected Property"), together with all of the Associated Community Benefits tied to that Building, have been completed in accordance with the Development Agreement. All parties with an interest in the Affected Property have the right to rely on this Notice.

CITY:

Approved as to form:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

[DENNIS J. HERRERA], City Attorney

By: \_\_\_\_\_  
Director of Planning

By: \_\_\_\_\_  
Deputy City Attorney

Exhibit A

*[attach legal description of Affected Property]*

Exhibit H

Form of Assignment and Assumption Agreement

RECORDING REQUESTED BY  
CLERK OF THE BOARD OF SUPERVISORS  
OF THE CITY AND COUNTY OF SAN FRANCISCO  
(Exempt from Recording Fees  
Pursuant to Government Code  
Section 27383)

AND WHEN RECORDED MAIL TO:

[Angela Calvillo]  
Clerk of the Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

ASSIGNMENT AND ASSUMPTION AGREEMENT

RELATIVE TO DEVELOPMENT AGREEMENT FOR [\_\_\_\_\_]

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (hereinafter, the "Assignment") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_, a \_\_\_\_\_ ("Assignor") and \_\_\_\_\_, a \_\_\_\_\_ ("Assignee").

RECITALS

A. \_\_\_\_\_, a \_\_\_\_\_ and the City and County of San Francisco, a political subdivision and municipal corporation of the State of California (the "City"), entered into that certain Development Agreement (the "Development Agreement") dated as of \_\_\_\_\_, 20\_\_ for reference purposes, with respect to certain real property owned by Assignor, as such property is more particularly described in the Development Agreement (the "Project Site"). The Development Agreement was recorded in the Official Records of the City and County of San Francisco on \_\_\_\_\_ as Document No. \_\_\_\_\_.

*[add recital to document any previous transfer of the Transferred Property, with recording information]*

B. The Development Agreement provides that Developer (Assignor) has the right to: (i) Transfer all or a portion of the Project Site, (ii) assign all of its rights, title, interest and obligations under the Development Agreement to a Transferee with respect to the portions of the Project Site transferred to the Transferee, and (iii) upon the recordation of an approved Assignment and Assumption Agreement, to be released from any prospective liability or obligation under the

Development Agreement related to the Transferred Property as set forth in Section \_\_\_\_ of the Development Agreement.

C. Assignor intends to convey certain real property as more particularly identified and described on Exhibit A attached hereto (hereafter the "**Transferred Property**") to Assignee. The Transferred Property is subject to the Development Agreement.

D. Assignor desires to assign and Assignee desires to assume Assignor's right, title, interest, burdens and obligations under the Development Agreement with respect to and as related to the Transferred Property, as more particularly described below.

#### ASSIGNMENT AND ASSUMPTION

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Defined Terms. Initially capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Development Agreement.

2. Assignment of Development Agreement. Assignor hereby assigns to Assignee, effective as of Assignor's conveyance of the Transferred Property to Assignee, all of the rights, title, interest, burdens and obligations of Assignor under the Development Agreement with respect to the Transferred Property, including any Community Benefits that are tied to Buildings on the Transferred Property. Assignor retains all the rights, title, interest, burdens and obligations under the Development Agreement with respect to all other portions of the Project Site owned by Assignor.

3. Assumption of Development Agreement. Assignee hereby assumes, effective as of Assignor's conveyance of the Transferred Property to Assignee, all of the rights, title, interest, burdens and obligations of Assignor under the Development Agreement with respect to the Transferred Property, including its associated Community Benefits, and agrees to observe and fully perform all the duties and obligations of Assignor under the Development Agreement with respect to the Transferred Property, and to be subject to all the terms and conditions thereof with respect to the Transferred Property. The parties intend that, upon the execution of this Assignment and conveyance of the Transferred Property to Assignee, Assignee shall become the "Developer" under the Development Agreement with respect to the Transferred Property.

4. Reaffirmation of Indemnifications. Assignee hereby consents to and expressly reaffirms any and all indemnifications of the City set forth in the Development Agreement, including without limitation Section \_\_\_\_ of the Development Agreement.

5. Housing Obligations. Assignee has read and understands the obligations set forth in Exhibit \_\_\_\_ of the Development Agreement as they relate to the Transferred Property. Without limiting the foregoing, Assignee agrees (1) to the terms and provisions of such Exhibit \_\_\_\_, including the indemnities, waivers and releases set forth therein, and (2) that the Development Agreement falls within the express exception to the Costa-Hawkins Act, Section 1954.52(b) because it is a contract with a public entity in consideration for contributions and other forms of assistance specified in Chapter 4.3 (commencing with Section 65919 of Division 1 of Title 7 of

the California Government Code). Assignee understands that the City would not have been willing to enter into the Development Agreement without the provisions of such Exhibit D.

6. Assignee's Covenants. Assignee hereby covenants and agrees that: (a) Assignee shall not challenge the enforceability of any provision or requirement of the Development Agreement; (b) Assignee shall not sue the City in connection with any and all disputes between Assignor and Assignee arising from this Assignment or the Development Agreement, including any failure to complete all or any part of the Project by any party; and (c) Assignee shall indemnify the City and its officers, agents and employees from, and if requested, shall defend them against any and all Losses resulting directly or indirectly from any dispute between Assignor and Assignee arising from this Assignment or the Development Agreement.

7. Binding on Successors. All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

8. Notices. The notice address for Assignee under Section \_\_\_\_\_ of the Development Agreement shall be:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

With copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

8. Counterparts. This Assignment may be executed in as many counterparts as may be deemed necessary and convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

9. Governing Law. This Assignment and the legal relations of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to its principles of conflicts of law.

IN WITNESS HEREOF, the parties hereto have executed this Assignment as of the day and year first above written.

**ASSIGNOR:**

[insert signature block]

**ASSIGNEE:**

[insert signature block]



## Exhibit I

### **Workforce Agreement** [Under review and discussion]

Developer shall make contributions and require Project Sponsors, Contractors, Consultants, Subcontractors and Subconsultants, as applicable, to undertake activities to support workforce development in the construction of the Project, as set forth in this Exhibit I.<sup>1</sup>

#### A. First Source Hiring Program.

1. Each Project Sponsor shall, with respect to any building that is included as a Workforce Building<sup>2</sup>, (i) include in each Contract for construction work a provision requiring each Contractor to enter into a FSHA Construction Agreement in the form attached hereto as Attachment A before beginning any construction work, and (ii) provide a signed copy thereof to the First Source Hiring Administration ("FSHA") and CityBuild within 10 business days of execution. The FSHA Construction Agreement shall be required for the initial construction of each Workforce Building, and (ii) any improvements or alterations that require a Permit, as defined in San Francisco Administrative Code Chapter 83 ("**Chapter 83**"), during the 10 year period following issuance of the first temporary certificate of occupancy for the Workforce Building, except as noted below (the "**Workforce Period**").

2. Each Project Sponsor shall, with respect to each Workforce Building, comply with the requirements of San Francisco Administrative Code Chapter 83 ("**Chapter 83**") and upon entering into leases or other occupancy contracts for commercial space at the Premises that are subject to Chapter 83 with a tenant occupying more than 25,000 square feet in floor area ("**Commercial Tenant**"), will include in each such contract a requirement that the Commercial Tenant enter into a FSHA Operations Agreement in the form attached hereto as Attachment B, and

---

<sup>1</sup> Any capitalized term used in this Exhibit I, including its attachments, that is not defined herein shall have the meaning given to such term in the Development Agreement.

<sup>2</sup> Any capitalized term used in this Section A that is not defined in Section A or the Development Agreement will have the definition given to such term in Attachment A, including the following terms: Contract, Contractor, Entry Level Positions, Premises, Project Sponsor, Qualified Economically Disadvantaged Individuals for Entry Level Positions, and Workforce Building.

(ii) provide a signed copy thereof to the FSHA within 10 business days of execution. The FSHA Operations Agreement shall be required for the initial Commercial Tenant and for any later Commercial Tenant that occupies all or part of a Workforce Building that is subject to Chapter 83 during the Workforce Period.

3. CityBuild shall represent the FSHA and will provide referrals of Qualified Economically Disadvantaged Individuals for Entry Level Positions on the construction work for each Workforce Building as required under Chapter 83. The FSHA will provide referrals of Qualified Economically Disadvantaged Individuals for the permanent Entry Level Positions located within the Premises where required under Chapter 83.

4. The owners or residents of the individual residential units and any residential Homeowner's Association within the Project shall have no obligations under this Section A and no obligation to enter into a FSHA Construction Agreement or FSHA Operations Agreement.

5. FSHA shall notify any Contractor, Subcontractor and Commercial Tenant, as applicable, in writing, with a copy to Project Sponsor, of any alleged breach on the part of that entity of its obligations under Chapter 83 or its FSHA Construction Agreement or the FSHA Operations Agreement, as applicable, before seeking an assessment of liquidated damages pursuant to Section 83.12 of the Administrative Code. FSHA's sole remedies against a Contractor, Subcontractor or Commercial Tenant shall be as set forth in Chapter 83, including the enforcement process. Upon FSHA's request, a Project Sponsor shall reasonably cooperate with FSHA in any such enforcement action against any Contractor, Subcontractor or Commercial Tenant, provided in no event shall a Project Sponsor be liable for any breach by a Contractor, Subcontractor or Commercial Tenant.

6. If a Project Sponsor fulfills its obligations as set forth in this Section A, it shall not be held responsible for the failure of a Contractor, Subcontractor, Commercial Tenant or any other person or party to comply with the requirements of Chapter 83 or this Section A. If a Project Sponsor fails to fulfill its obligations under this Section A, the applicable provisions of Chapter 83 shall apply, though the City and the Project Sponsor shall have the right to invoke the process set forth in Section 9.2 of the Development Agreement.

7. This Section A is an approved "First Source Hiring Agreement" as referenced in Section 83.11 of the Administrative Code.

B. Local Business Enterprise (LBE) Utilization Program.

Each Project Sponsor of a Workforce Building, as defined in Attachment C, and its respective Contractors and Consultants, shall comply with the Local Business Enterprise Utilization Program set forth in Attachment C hereto.

C. FSH and LBE Obligations.

The obligations set forth in this Workforce Agreement shall constitute the entirety of the First Source Hiring and LBE obligations with respect to the Project, and no additional First Source Hiring or LBE obligations, or any similar obligations, shall be imposed, directly or indirectly, on the Project.



City and County of San Francisco  
Edwin M. Lee, Mayor

First Source Hiring Program  
Office of Economic & Workforce Development  
Workforce Division

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into as of \_\_\_\_\_, by and between the City and County of San Francisco (the "City") through its First Source Hiring Administration ("FSHA") and \_\_\_\_\_ ("Project Sponsor").

WHEREAS, Project Sponsor, as developer, proposes to construct \_\_\_\_\_ new dwelling units, with up to \_\_\_\_\_ square feet of commercial space and \_\_\_\_\_ accessory, off-street parking spaces ("Project") at \_\_\_\_\_, Lots \_\_\_\_\_ in Assessor's Block \_\_\_\_\_, San Francisco California ("Site"); and

WHEREAS, the Administrative Code of the City provides at Chapter 83 for a "First Source Hiring Program" which has as its purpose the creation of employment opportunities for qualified Economically Disadvantaged Individuals (as defined in Exhibit A); and

WHEREAS, the Project requires a building permit for a commercial activity of greater than 25,000 square feet and/or is a residential project greater than ten (10) units and therefore falls within the scope of the Chapter 83 of the Administrative Code; and

WHEREAS, Project Sponsor wishes to make a good faith effort to comply with the City's First Source Hiring Program.

Therefore, the parties to this Memorandum of Understanding agree as follows:

- A. Project Sponsor, upon entering into a contract for the construction of the Project with Prime Contractor after the date of this MOU, will include in that contract a provision in the form attached hereto as Exhibit A and Exhibit A-1. It is the Project Sponsor's responsibility to provide a signed copy of Exhibit A to First Source Hiring program and CityBuild within 10 business days of execution.
- B. Project Sponsor, as the developer of the Project, will comply with the requirements of Chapter 83 and upon entering into leases for the commercial space at the Project that are subject to Chapter 83, will include in that contract a provision in the form attached hereto as Exhibit B and Exhibit B-1. Project Sponsor will inform the FSHA when leases or occupancy contracts have been negotiated and provide a signed copy of Exhibit B and Exhibit B-1.
- C. Any lessee(s) or operator(s) of commercial space within the Project shall have the same obligations under this MOU as the Project Sponsor.
- D. CityBuild shall represent the First Source Hiring Administration and will provide referrals of Qualified economically disadvantaged individuals for employment on the construction phase of the Project as required under Chapter 83. The First Source Hiring Program will

provide referrals of Qualified economically disadvantaged individuals for the permanent jobs located within the commercial space of the Project.

- E. The owners or residents of the residential units within the Project shall have no obligations under this MOU, or the attached First Source Hiring Agreement.
- F. FSHA shall advise Project Sponsor, in writing, of any alleged breach on the part of the Project's contractor and/or tenant(s) with regard to participation in the First Source Hiring Program at the Project prior to seeking an assessment of liquidated damages pursuant to Section 83.12 of the Administrative Code.
- G. As stated in Section 83.10(d) of the Administrative Code, if Project Sponsor fulfills its obligations as set forth in Chapter 83, it shall not be held responsible for the failure of a contractor or commercial tenant to comply with the requirements of Chapter 83.
- H. This MOU is an approved "First Source Hiring Agreement" as referenced in Section 83.11 of the Administrative Code. The parties agree that this MOU shall be recorded and that it may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute one and the same instrument.
- J. Except as set forth in Section E, above: (1) this MOU shall be binding on and inure to the benefit of all successors and assigns of Project Sponsor having an interest in the Project and (2) Project Sponsor shall require that its obligations under this MOU shall be assumed in writing by its successors and assigns. Upon Project Sponsor's sale, assignment or transfer of title to the Project, it shall be relieved of all further obligations or liabilities under this MOU.

Signature: \_\_\_\_\_

Date:

Name of Authorized Signer:

Email:

Company:

Phone:

Address:

Project Sponsor:

Contact:

Phone:

Address:

Email:

Date:

First Source Hiring Administration

OEWD, 1 South Van Ness 5<sup>th</sup> Fl. San Francisco, CA 94103

Attn: Ken Nim, Compliance Manager, [ken.nim@sfgov.org](mailto:ken.nim@sfgov.org)

**Exhibit A:**  
**First Source Hiring Agreement**

This First Source Hiring Agreement (this "Agreement"), is made as of \_\_\_\_\_, by and between \_\_\_\_\_, the First Source Hiring Administration, (the "FSHA"), and the undersigned contractor \_\_\_\_\_ ("Contractor"):

**RECITALS**

WHEREAS, Contractor has executed or will execute an agreement (the "Contract") to construct or oversee a portion of the project to construct \_\_\_\_\_ new dwelling units, with up to \_\_\_\_\_ square feet of commercial space and \_\_\_\_\_ accessory, off-street parking spaces ("Project") at \_\_\_\_\_, Lots \_\_\_\_\_ in Assessor's Block \_\_\_\_\_, San Francisco California ("Site"), and a copy of this Agreement is attached as an exhibit to, and incorporated in, the Contract; and

WHEREAS, as a material part of the consideration given by Contractor under the Contract, Contractor has agreed to execute this Agreement and participate in the San Francisco Workforce Development System established by the City and County of San Francisco, pursuant to Chapter 83 of the San Francisco Administrative Code;

WHEREAS, as a material part of the consideration given by Contractor under the Contract, Contractor has agreed to execute this Agreement and participate in the San Francisco Workforce Development System established by the City and County of San Francisco, pursuant to Chapter 83 of the San Francisco Administrative Code;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

**1. DEFINITIONS**

For purposes of this Agreement, initially capitalized terms shall be defined as follows:

- a. "Core" or "Existing" workforce. Contractor's "core" or "existing" workforce shall consist of any worker who appears on the Contractor's active payroll for at least 60 days of the 100 working days prior to the award of this Contract.
- b. "Economically Disadvantaged Individual". An individual who is either (a) eligible for services under the Workforce Investment Act of 1998 (29 U.S.C.A. 2801, *et seq.*), as may be amended from time to time, or (b) designated as "economically disadvantaged" by the OEWD/First Source Hiring Administration as an individual who is at risk of relying upon, or returning to, public assistance.
- c. "Hiring opportunity". When a Contractor adds workers to its existing workforce

Page 6 to Exhibit I

for the purpose of performing the Work under this Contract, a "hiring opportunity" is created. For example, if the carpentry subcontractor has an existing crew of five carpenters and needs seven carpenters to perform the work, then there are two hiring opportunities for carpentry on the Project.

- d. "Job Notification". Written notice of job request from Contractor to CITYBUILD for any hiring opportunities. Contract shall provide Job Notifications to CITYBUILD with a minimum of 3 business days' notice.
- e. "New hire". A "new hire" is any worker who is not a member of Contractor's core or existing workforce.
- f. "Referral". A referral is an individual member of the CITYBUILD Referral Program who has received training appropriate to entering the construction industry workforce.
- g. "Workforce participation goal". The workforce participation goal is expressed as a percentage of the Contractor's and its Subcontractors' new hires for the Project.
- h. Entry Level Position: A non-managerial position that requires no education above a high school diploma or certified equivalency, and less than two (2) years training or specific preparation, and shall include temporary and permanent jobs, and construction jobs related to the development of a commercial activity.
- i. First Opportunity: Consideration by Contractor of System Referrals for filling Entry Level Positions prior to recruitment and hiring of non-System Referral job applicants.
- j. Job Classification: Categorization of employment opportunity or position by craft, occupational title, skills, and experience required, if any.
- k. Job Notification: Written notice, in accordance with Section 2(b) below, from Contractor to FSHA for any available Entry Level Position during the term of the Contract.
- l. Publicize: Advertise or post available employment information, including participation in job fairs or other forums.
- m. Qualified: An Economically Disadvantaged Individual who meets the minimum bona fide occupational qualifications provided by Contractor to the System in the job availability notices required this Agreement.
- n. System: The San Francisco Workforce Development System established by the City and County of San Francisco, and managed by the Office of Economic and Workforce Development (OEWD), for maintaining (1) a pool of Qualified individuals, and (2) the mechanism by which such individuals are certified and referred to prospective employers covered by the First Source Hiring requirements under Chapter 83 of the San Francisco Administrative Code. Under this agreement, CityBuild will act as the representative of the San Francisco

Workforce Development System.

- o. System Referrals: Referrals by CityBuild of Qualified applicants for Entry Level Positions with Contractor.
- p. Subcontractor: A person or entity who has a direct contract with Contractor to perform a portion of the work under the Contract.

## 2. PARTICIPATION OF CONTRACTOR IN THE SYSTEM

- a. The Contractor agrees to work in Good Faith with the Office of Economic and Workforce Development (OEWD)'s CityBuild Program to achieve the goal of 50% of new hires for employment opportunities in the construction trades and Entry-level Position related to providing support to the construction industry.

The Contractor shall provide CityBuild the following information about the Contractor's employment needs under the Contract:

- i. On Exhibit A-1, the CityBuild Workforce Projection Form 1, Contractor will provide a detailed numerical estimate of journey and apprentice level positions to be employed on the project for each trade.
- ii. Contractor is required to ensure that a CityBuild Workforce Projection Form 1 is also completed by each its subcontractors.
- iii. Contractor will collaborate with CityBuild staff in negotiating a First Source Hiring Plan to identify, by trade, the number of Core workers at project start and the number of workers at project peak; and the number of positions that will be required to fulfill the First Source hiring expectation.
- iv. Contractor and Subcontractors will provide documented verification that its "core" employees for this contract meet the definition listed in Section 1.a.

b.

- i. Contractor must (A) give good faith consideration to all CityBuild Referrals, (B) review the resumes of all such referrals, (C) conduct interviews for posted Entry Level Positions in accordance with the non-



discrimination provisions of this contract, and (D) affirmative obligation to notify CityBuild of any new entry-level positions throughout the life of the project.

ii. Contractor must provide constructive feedback to CityBuild on all System Referrals in accordance with the following:

(A) If Contractor meets the criteria in Section 5(a) below that establishes "good faith efforts" of Contractor, Contractor must only respond orally to follow-up questions asked by the CityBuild account executive regarding each System Referral; and

(B) After Contractor has filled at least 5 Entry Level Positions under this Agreement, if Contractor is unable to meet the criteria in Section 5(b) below that establishes "good faith efforts" of Contractor, Contractor will be required to provide written comments on all CityBuild Referrals.

c. Contractor must provide timely notification to CityBuild as soon as the job is filled, and identify by whom.

### 3. CONTRACTOR RETAINS DISCRETION REGARDING HIRING DECISIONS

Contractor agrees to offer the System the First Opportunity to provide qualified applicants for employment consideration in Entry Level Positions, subject to any enforceable collective bargaining agreements. Contractor shall consider all applications of Qualified System Referrals for employment. Provided Contractor utilizes nondiscriminatory screening criteria, Contractor shall have the sole discretion to interview and hire any System Referrals.

### 4. COMPLIANCE WITH COLLECTIVE BARGAINING AGREEMENTS

Notwithstanding any other provision hereunder, if Contractor is subject to any collective bargaining agreement(s) requiring compliance with a pre-established applicant referral process, Contractor's only obligations with regards to any available Entry Level Positions subject to such collective bargaining agreement(s) during the term of the Contract shall be the following:

a. Contractor shall notify the appropriate union(s) of the Contractor's obligations under this Agreement and request assistance from the union(s) in referring Qualified applicants for the available Entry Level Position(s), to the extent such referral can conform to the requirements of the collective bargaining

agreement(s).

- b. Contractor shall use "name call" privileges, in accordance with the terms of the applicable collective bargaining agreement(s), to seek Qualified applicants from the System for the available Entry Level Position(s).
- c. Contractor shall sponsor Qualified apprenticeship applicants, referred through the System; for applicable union membership.

5. CONTRACTOR'S GOOD FAITH EFFORT TO COMPLY WITH ITS OBLIGATIONS HEREUNDER

Contractor will make good faith efforts to comply with its obligations to participate in the System under this Agreement. Determinations of Contractor's good faith efforts shall be in accordance with the following:

- a. Contractor shall be deemed to have used good faith efforts if Contractor accurately completes and submits prior to the start of demolition and/or construction Exhibit A-1: CityBuild Workforce Projection Form 1; and
- b. Contractor's failure to meet the criteria set forth from Section 5(c) to 5(m) does not impute "bad faith." Failure to meet the criteria set forth in Section 5(c) to 5(m) shall trigger a review of the referral process and the Contractor's efforts to comply with this Agreement. Such review shall be conducted by FSHA in accordance with Section 11.(c) below.
- c. Meet with the Project's owner, developer, general contractor, or CityBuild representative to review and discuss your plan to meet your hiring obligations under San Francisco's First Source Hiring Ordinance (Municipal Code- Chapter 83) or the City and County of San Francisco Administrative Code Chapter 6.
- d. Contact a CityBuild representative to review your hiring projections and goals for this project. Developer/prime must take active steps to advise all of its subcontractors of the First Source hiring obligations on the project, including, but not limited to providing CityBuild access and presentation time at each pre-bid, each pre-construction, and if necessary, any progress meeting held throughout the life of the project
- e. Submit to CityBuild a "Projection of Entry Level Positions" form or other formal written notification specifying your expected hiring needs during the project's duration.
- f. Notify your respective union(s) regarding your First Source hiring obligations and request their assistance in referring qualified San Francisco residents for any

available position(s). This step applies to the extent that such referral would not violate your union's collective bargaining agreement(s).

- g. Be sure to reserve your "name call" privileges for qualified applicants referred through the CityBuild system. This should be done within the terms of applicable collective bargaining agreement(s).
- h. Provide CityBuild with up-to-date list of all trade unions affiliated with any work on this project in a timely matter in order to facilitate CityBuild's notification to these unions of the project's workforce requirements.
- i. Submit a "Job Request" form to CityBuild for each apprentice level position that becomes available. Please allow a minimum of 3 Business Days for CityBuild to provide appropriate candidate(s). You should simultaneously contact your union about the position as well, and let them know that you have contacted CityBuild as part of your First Source hiring obligations.
- j. Developer has an ongoing, affirmative obligation and must advise each of its subs of their ongoing obligation to notify CityBuild of any/all apprentice level openings that arise throughout the duration of the project, including openings that arise from layoffs of original crew. Developer/contractor shall not exercise discretion in informing CityBuild of any given position; rather, CityBuild is to be universally notified, and a discussion between the developer/contractor and CityBuild can determine whether a CityBuild graduate would be an appropriate placement for any given apprentice level position.
- k. Hire qualified candidate(s) referred through the CityBuild system. In the event of the firing/layoff of any CityBuild graduate, developer/contractor must notify CityBuild staff within two days of the decision and provide justification for the layoff; ideally, developer/contractor will request a meeting with the project's employment liaison as soon as any issue arises with a CityBuild placement in order to remedy the situation before termination becomes necessary.
- l. Provide a monthly report and/or any relevant workforce records or data from contractors to identify workers employed on the project, source of hire, and any other pertinent information as pertain to compliance with this Agreement.
- m. Maintain accurate records of your efforts to meet the steps and requirements listed above. Such records must include the maintenance of an on-site First Source Hiring Compliance binder, as well as records of any new hire made by the contractor/developer through a San Francisco CBO whom the contractor believes meets the First Source Hiring criteria. Any further efforts or actions agreed upon by CityBuild staff and the developer/contractor on a project-by-project basis.

6. COMPLIANCE WITH THIS AGREEMENT OF SUBCONTRACTORS

In the event that Contractor subcontracts a portion of the work under the Contract, Contractor shall determine how many, if any, of the Entry Level Positions are to be employed by its Subcontractor(s) using Form 1: the CityBuild Workforce Projection Form, provided, however, that Contractor shall retain the primary responsibility for meeting the requirements imposed under this Agreement. Contractor shall ensure that this Agreement is incorporated into and made applicable to such Subcontract.

7. EXCEPTION FOR ESSENTIAL FUNCTIONS

Nothing in this Agreement precludes Contractor from using temporary or reassigned existing employees to perform essential functions of its operation; provided, however, the obligations of this Agreement to make good faith efforts to fill such vacancies permanently with System Referrals remains in effect. For these purposes, "essential functions" means those functions absolutely necessary to remain open for business.

8. CONTRACTOR'S COMPLIANCE WITH EXISTING EMPLOYMENT AGREEMENTS

Nothing in this Agreement shall be interpreted to prohibit the continuation of existing workforce training agreements or to interfere with consent decrees, collective bargaining agreements, or existing employment contracts. In the event of a conflict between this Agreement and an existing agreement, the terms of the existing agreement shall supersede this Agreement.

9. HIRING GOALS EXCEEDING OBLIGATIONS OF THIS AGREEMENT

Nothing in this Agreement shall be interpreted to prohibit the adoption of hiring and retention goals, first source hiring and interviewing requirements, notice and job availability requirements, monitoring, record keeping, and enforcement requirements and procedures which exceed the requirements of this Agreement.

10. OBLIGATIONS OF CITYBUILD

Under this Agreement, CityBuild shall:

- a. Upon signing the CityBuild Workforce Hiring Plan, immediately initiate recruitment and pre-screening activities.
- b. Recruit Qualified individuals to create a pool of applicants for jobs who match Contractor's Job Notification and to the extent appropriate train applicants for jobs that will become available through the First Source Program;

- c. Screen and refer applicants according to qualifications and specific selection criteria submitted by Contractor;
- d. Provide funding for City-sponsored pre-employment, employment training, and support services programs;
- e. Follow up with Contractor on outcomes of System Referrals and initiate corrective action as necessary to maintain an effective employment/training delivery system;
- f. Provide Contractor with reporting forms for monitoring the requirements of this Agreement; and
- g. Monitor the performance of the Agreement by examination of records of Contractor as submitted in accordance with the requirements of this Agreement.

#### 11. CONTRACTOR'S REPORTING AND RECORD KEEPING OBLIGATIONS

Contractor shall:

- a. Maintain accurate records demonstrating Contractor's compliance with the First Source Hiring requirements of Chapter 83 of the San Francisco Administrative Code including, but not limited to, the following:
  - (1) Applicants
  - (2) Job offers
  - (3) Hires
  - (4) Rejections of applicants
- b. Submit completed reporting forms based on Contractor's records to CityBuild monthly, utilizing the Form 4: CityBuild First Source Summary Report, unless more frequent submittals are reasonably required by FSHA. In this regard, Contractor agrees that if a significant number of positions are to be filled during a given period or other circumstances warrant, CityBuild may require daily, weekly, or monthly reports containing all or some of the above information.
- c. If based on complaint, failure to report, or other cause, the FSHA has reason to question Contractor's good faith effort, Contractor shall demonstrate to the reasonable satisfaction of the City that it has exercised good faith to satisfy its obligations under this Agreement.

#### 12. DURATION OF THIS AGREEMENT

This Agreement shall be in full force and effect throughout the term of the Contract. Upon expiration of the Contract, or its earlier termination, this Agreement shall terminate and it shall be of no further force and effect on the parties hereto.

### 13. NOTICE

All notices to be given under this Agreement shall be in writing and sent by: certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail, a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or hand delivery, in which case notice shall be deemed delivered on the date received, all as follows:

If to FSHA:

First Source Hiring Administration  
OEWD, 1 South Van Ness 5<sup>th</sup> Fl.  
San Francisco, CA 94103

Attn: Ken Nim, Compliance Manager,  
[ken.nim@sfgov.org](mailto:ken.nim@sfgov.org)

Attn: Ken Nim

If to CityBuild:

CityBuild Compliance Manager  
OEWD, 1 South Van Ness 5<sup>th</sup>  
Fl. San Francisco, CA 94103

Attn: Ken Nim, Compliance Manager,  
[ken.nim@sfgov.org](mailto:ken.nim@sfgov.org)

If to Developer:

Attn:

If to Contractor:

Attn:

- a. Any party may change its address for notice purposes by giving the other parties notice of its new address as provided herein. A "business day" is any day other than a Saturday, Sunday or a day in which banks in San Francisco, California are authorized to close.

- b. Notwithstanding the forgoing, any Job Notification or any other reports required of Contractor under this Agreement (collectively, "Contractor Reports") shall be delivered to the address of FSHA pursuant to this Section via first class mail, postage paid, and such Contractor Reports shall be deemed delivered two (2) business days after deposit in the mail in accordance with this Subsection.

#### 14. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties to this Agreement and shall not be modified in any manner except by an instrument in writing executed by the parties or their respective successors in interest.

#### 15. SEVERABILITY

If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected.

#### 16. COUNTERPARTS

This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

#### 17. SUCCESSORS

This Agreement shall inure to the benefit of and shall be binding upon the parties to this Agreement and their respective heirs, successors and assigns. If there is more than one person comprising Seller, their obligations shall be joint and several.

#### 18. HEADINGS

Section titles and captions contained in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any of its provisions

#### 19. GOVERNING LAW

This Agreement shall be governed and construed by the laws of the State of California.

IN WITNESS WHEREOF, the following have executed this Agreement as of the date set forth above.

**CONTRACTOR:**

Date:

\_\_\_\_\_

Signature:

\_\_\_\_\_

Name of Authorized Signer:

\_\_\_\_\_

Company:

\_\_\_\_\_

Address:

\_\_\_\_\_

Phone:

\_\_\_\_\_

Email:

\_\_\_\_\_



**Exhibit B: First Source Hiring Agreement  
For Business, Commercial, Operation and Lease Occupancy of  
the Building**

This First Source Hiring Agreement (this "Agreement"), is made as of \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_ and \_\_\_\_\_ between \_\_\_\_\_ (the "Lessee"), and the First Source Hiring Administration, (the "FSHA"), collectively the "Parties":

**RECITALS**

WHEREAS, Lessee has plans to occupy the building at [Address] "Premises" which required a First Source Hiring Agreement between the project sponsor and FSHA due to the issuance of building permit for 25,000 square feet or more of floor space or constructed ten or more residential units; and,

WHEREAS, the project sponsor was required to provide notice in leases, subleases and other occupancy contracts for use of the Premises ("Contract"); and

WHEREAS, as a material part of the consideration given by Lessee under \_\_\_\_\_ contract, Lessee has agreed to execute this Agreement and participate in the Workforce System managed by the Office of Economic and Workforce Development (OEWD) as established by the City and County of San Francisco pursuant to Chapter 83 of the San Francisco Administrative Code;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Parties covenant and agree as follows:

**1. DEFINITIONS**

For purposes of this Agreement, initially capitalized terms shall be defined as follows:

- a. Entry Level Position: Any non-managerial position that requires no education above a high school diploma or certified equivalency, and less than two (2) years training or specific preparation, and shall include temporary, permanent, trainee and intern positions.
- b. Workforce System: The First Source Hiring Administrator established by the City and County of San Francisco and managed by the Office of Economic and Workforce Development (OEWD).
- c. Referral: A member of the Workforce System who has been identified by OEWD

as  
having the appropriate training, background and skill sets for a Lessee specified Entry Level Position.

Lessee: Tenant, business operator and any other occupant of the building requiring a First Source Hiring Agreement as defined in SF Administrative Code Chapter 83.

Lessee shall include every person tenant, subtenant, or any other entity occupying the building for the intent of doing business in the City and County of San Francisco and possessing a Business Registration Certificate with the Office of Treasurer.

## 2. OEWD WORKFORCE SYSTEM PARTICIPATION

- a. Lessee shall notify OEWD's Business Team of every available Entry Level Position and provide OEWD 10 business days to recruit and refer qualified candidates prior to advertising such position to the general public. Lessee shall provide feedback including but not limited to job seekers interviewed, including name, position title, starting salary and employment start date of those individuals hired by the Lessee no later than 10 business days after date of interview or hire. Lessee will also provide feedback on reasons as to why referrals were not hired. Lessee shall have the sole discretion to interview any Referral by OEWD and will inform OEWD's Business Team why specific persons referred were not interviewed. Hiring decisions shall be entirely at the discretion of Lessee.
- b. This Agreement shall be in full force and effect throughout the Lessee's occupancy of the building.

## 3. GOOD FAITH EFFORT TO COMPLY WITH ITS OBLIGATIONS HEREUNDER

Lessee will make good faith efforts to comply with its obligations under this Agreement. Determination of good faith efforts shall be based on all of the following:

- a. Lessee will execute this Agreement and attachment *Exhibit B-1* upon entering into leases for the commercial space of the building. Lessee will also accurately complete and submit *Exhibit B-1* annually to reflect employment conditions.
- b. Lessee agrees to register with OEWD's Referral Tracking System, upon execution of this Agreement.
- c. Lessee shall notify OEWD's Business Services Team of all available Entry Level Positions 10 business days prior to posting with the general public. The Lessee must identify a single point of contact responsible for communicating Entry-Level Positions and take active steps to ensure continuous communication with OEWD's Business Services Team
- d. Lessee accurately completes and submits Exhibit B-1, the "First Source Employer's Projection of Entry-Level Positions" form to OEWD's Business Services Team upon execution of this Agreement.
- e. Lessee fills at least 50% of open Entry Level Positions with First Source referrals. Specific hiring decisions shall be the sole discretion of the Lessee.
- f. Nothing in this Agreement shall be interpreted to prohibit the continuation of existing

Page 18 to Exhibit I

workforce training agreements or to interfere with consent decrees, collective bargaining agreements, or existing employment contracts. In the event of a conflict between this Agreement and an existing agreement, the terms of the existing agreement shall supersede this Agreement.

Lessee's failure to meet the criteria set forth in Section 3 (a.b.c.d.e.) does not impute "bad faith" and shall trigger a review of the referral process and compliance with this Agreement. Failure and noncompliance with this Agreement will result in penalties as defined in SF Administrative Code Chapter 83, Lessee agrees to review SF Administrative Code Chapter 83, and execution of the Agreement denotes that Lessee agrees to its terms and conditions.

#### 4. NOTICE

All notices to be given under this Agreement shall be in writing and sent via mail or email as follows:

ATTN: Business Services, Office of Economic and Workforce Development  
1 South Van Ness Avenue, 5<sup>th</sup> Floor, San Francisco, CA 94103

Email: [Business.Services@sfgov.org](mailto:Business.Services@sfgov.org)

This Agreement contains the entire agreement between the parties and shall not be modified in any manner except by an instrument in writing executed by the parties or their respective successors. If any term or provision of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected. If Agreement is executed in one or more counterparts, each shall be deemed an original and all, taken together, shall constitute one and the same instrument. Agreement shall inure to the benefit of and shall be binding upon the parties to this Agreement and their respective heirs, successors and assigns. If there is more than one person comprising Seller, their obligations shall be joint and several.

Section titles and captions contained in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any of its provisions. This Agreement shall be governed and construed by laws of the State of California.

IN WITNESS WHEREOF, the following have executed this Agreement as of the date set forth above.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_  
Name of Authorized Signer: \_\_\_\_\_  
Company: \_\_\_\_\_

Address:

Phone:

Email:

---



CITY AND COUNTY OF SAN FRANCISCO  
OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT

Business Name:  
Contract ID: (If applicable)  
Phone:

Main Contact:  
Supplier ID: (If applicable)  
Email:

Name of authorized representative      Signature of authorized representative      Date

*\* By signing this form, the company agrees to participate in the San Francisco Workforce Development System established by the City and County of San Francisco, and comply with the provisions of the First Source Hiring Program pursuant to Chapter 83 of the San Francisco Administrative Code*

**Instructions:**

- This form must be submitted via email to the Office of Economic and Workforce Development, Workforce Development Division at [business.services@sfgov.org](mailto:business.services@sfgov.org) with the subject line First Source Non-Construction Hiring Projection Form
- If an entry level position becomes available at any time during the term of the lease and/or contract, the company must notify the First Source Hiring Administrator at [business.services@sfgov.org](mailto:business.services@sfgov.org)

**Section 1: Select your Industry**

- |  |  |   |  |
|--|--|---|--|
| <input type="checkbox"/> Admin/Support/Waste     | <input type="checkbox"/> Food Services       | <input type="checkbox"/> Mgmt/Enterprises   | <input type="checkbox"/> Transport/Warehouse |
| <input type="checkbox"/> Agri/Forestry/Fish/Hunt | <input type="checkbox"/> Government          | <input type="checkbox"/> Manufacturing      | <input type="checkbox"/> Utilities           |
| <input type="checkbox"/> Construction            | <input type="checkbox"/> Health Care         | <input type="checkbox"/> Real Estate/Rental | <input type="checkbox"/> Wholesale Trade     |
| <input type="checkbox"/> Educational Services    | <input type="checkbox"/> Info/Tech/Prof      | <input type="checkbox"/> Retail Trade       | <input type="checkbox"/> Other _____         |
| <input type="checkbox"/> Finance/Insurance       | <input type="checkbox"/> Leisure/Hospitality | <input type="checkbox"/> Social Services    | _____  |

**Section 2: Indicate Industry NAICS code if known:** \_\_\_\_\_

**Section 3: Provide information on all Entry Level Positions**

Entry level Position Title	Job Description	Number of New Hires	Projected Hiring Date

**FOR INTERNAL USE ONLY:**

**Section 3: Select the type of First Source Project:**

- |                          |                              |                          |   |
|--------------------------|------------------------------|--------------------------|---|
| <input type="checkbox"/> | Contractor                   | <input type="checkbox"/> | Biotech Payroll Tax Exclusion Applicant |
| <input type="checkbox"/> | Subcontractor                | <input type="checkbox"/> | Scene in San Francisco Rebate Applicant |
| <input type="checkbox"/> | City of San Francisco Tenant | <input type="checkbox"/> | San Francisco Airport                   |
| <input type="checkbox"/> | Subtenant                    | <input type="checkbox"/> | Other _____                             |
| <input type="checkbox"/> | Developer                    |                          |   |

Office of Economic and Workforce  
Development  
1 South Van Ness Avenue, 5<sup>th</sup> Floor,  
San Francisco, CA 94103 Tel: 415-701-  
4848, Email:  
[Business.services@sfgov.org](mailto:Business.services@sfgov.org) Website:  
[www.workforcedevelopmentsf.org](http://www.workforcedevelopmentsf.org)

## **Attachment C:**

### **Local Business Enterprise Utilization Plan**

1. Purpose and Scope. This Attachment C ("LBE Utilization Plan") governs the Local Business Enterprise obligations of the Project pursuant to San Francisco Administrative Code Section 14B.20 and satisfies the obligations of each Project Sponsor and its Contractors and Consultants for a LBE Utilization Plan as set forth therein. Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement or Section 14B.20 as applicable. The purpose of the LBE program is to engage contracting teams that reflect the diversity of the City and include participation of both businesses and residents from the City's most disadvantaged communities. In the event of any conflict between Administrative Code Chapter 14B and this Attachment, this Attachment shall govern.

2. Roles of Parties. In connection with the design and construction phases of each Workforce Building (as defined below), the Project will provide community benefits designed to foster employment opportunities for disadvantaged individuals by offering contracting and consulting opportunities to local business enterprises ("LBEs") in accordance with this Attachment. Each Project Sponsor shall participate in this local business enterprise program, and the City's Contract Monitoring Division ("CMD") will serve the roles as set forth below; provided, however, that, as set forth in Section 5 below, the requirements of this Attachment C may be satisfied on a project-wide basis.

3. Definitions. For purposes of this Attachment, the definitions shall be as follows:

a. "CMD" shall mean the Contract Monitoring Division of the City Administrator's Office.

b. "Commercially Useful Function" shall mean that the business is directly responsible for providing the materials, equipment, supplies or services to the Project Sponsor, Construction Contractor or professional services firm retained to work on a Workforce Building, as the case may be (each, a "Contracting Party"), as required by the solicitation or request for quotes, bids or proposals. Businesses that engage in the business of providing brokerage, referral or temporary employment services shall not be deemed to perform a "commercially useful function" unless the brokerage, referral or temporary employment services are those required and sought by the Project Sponsor or a Contractor or professional services firm. When the Project Sponsor or a Contractor or professional services firm requires and seeks products from an LBE supplier or distributor, including, without limitation, products that are not regularly stocked or are a specially manufactured item(s), no more than 60% of the entire cost of the product shall be credited towards LBE participation goals.

c. "Consultant" shall mean a person or company that has entered into a professional services contract for monetary consideration with a Project Sponsor to provide advice or services to the Project Sponsor directly related to the architectural or landscape design, physical planning, and/or civil, structural or environmental engineering of a Workforce Building.

d. "Contract(s)" shall mean an agreement, whether a direct contract or subcontract, for Consultant or Contractor services for all or a portion of a Workforce Building, subject to the exclusions set forth in Section 5 below.

e. "Contractor" shall mean a person or entity that enters into a direct Contract with a Project Sponsor to build or construct all or a portion of a Workforce Building.

f. "Good Faith Efforts" shall mean procedural steps taken by the Project Sponsor, Contractor or Consultant with respect to the attainment of the LBE participation goals, as set forth in Section 7 below.

g. "Local Business Enterprise" or "LBE" means a business that is certified as a Micro or Small LBE under Chapter 14B.3.

h. "LBE Liaison" shall mean the Project Sponsor's primary point of contact with CMD regarding the obligations of this LBE Utilization Plan. Each prime Contractor(s) shall likewise have a LBE Liaison.

i. "Project Sponsor" shall mean the project sponsor of a Workforce Building.

j. "Subconsultant" shall mean a person or entity that has a direct Contract with a Consultant to perform a portion of the work under a Contract for a Workforce Building.

k. "Subcontractor" shall mean a person or entity that has a direct Contract with a Contractor to perform a portion of the work under a Contract for a Workforce Building.

l. "Workforce Building" shall mean the following: (i) residential buildings, including associated residential units, common space, amenities, retail, parking and back of house construction; and (ii) all construction related to standalone affordable housing buildings. Workforce Buildings shall expressly exclude residential owner-contracted improvements in for-sale residential units.

4. Diversity. Developer will be seeking to, whenever practicable, engage contracting teams that reflect the diversity of the City and participation of both businesses and residents from the City's most disadvantaged communities. Developer's compliance with the good faith efforts in Section 7 shall be deemed to satisfy this objective.

5. LBE Participation Goal. Project Sponsor agrees to participate in this LBE Utilization Program and CMD agrees to work with Project Sponsor in this effort, as set forth in this Attachment C. As long as this Attachment C remains in full force and effect, each Project Sponsor shall make good faith efforts as defined below to achieve an overall LBE participation goal of 12% of the total cost of all Contracts for a Workforce Building awarded to LBE Contractors, Subcontractors, Consultants or Subconsultants that are Small and Micro-LBEs, as set forth in Administrative Code Section 14B.8(A). Project Sponsor may satisfy the overall LBE participation goal on a project-wide basis. Follow-on Tenant Improvements and services are not included in the numerical goal but Developer and/or lessee must follow LBE Participation Program's good faith efforts as set forth in the last paragraph of Section 6 below.



Notwithstanding the foregoing, CMD's Director may, in his or her discretion, provide for a downward adjustment of the LBE participation goal, depending on LBE participation data presented by the Project Sponsor and its team in quarterly and annual reports and meetings. In addition, where, based on reasonable evidence presented to the Director by a party attempting to achieve the LBE Participation goals, there are not sufficient qualified Small and Micro-LBEs available, then, at such party's request, the Director may authorize the applicable party to satisfy the LBE participation goal through the use of Small, Micro or SBA-LBEs (as each such term is defined is employed in Chapter 14B of the Administrative Code), or may set separate subcontractor participation requirements for Small and Micro-LBEs, and for SBA-LBEs.6. Project Sponsor Obligations. Each Project Sponsor shall comply with the requirements of this Attachment C as follows: Upon entering into a Contract with a Contractor or Consultant, each Project Sponsor will include in each such Contract a provision requiring the Contractor or Consultant to comply with the terms of this Attachment C, and setting forth the applicable percentage goal for such Contract and provide a signed copy of the Contract to CMD within 10 business days of execution. Such Contract shall specify the notice information for the Contractor or Consultant to receive notice pursuant to Section 17.

Each Project Sponsor shall identify an LBE Liaison. The LBE Liaison shall be an LBE Consultant and have experience in and responsibility for making recommendations on maximizing engagement of LBEs, including those from disadvantaged communities. The LBE Liaison shall be available to meet with CMD staff on a regular basis or as necessary regarding the implementation of this Attachment C. If a Project Sponsor fulfills its obligations as set forth in this Section 6 and otherwise cooperates in good faith at CMD's request with respect to any meet and confer process or enforcement action against a non-compliant Contractor, Consultant, Subcontractor or Subconsultant, then it shall not be held responsible for the failure of a Contractor, Consultant, Subcontractor or Subconsultant or any other person or party to comply with the requirements of this Attachment C.

Developer will use good faith efforts to hire LBEs for ongoing service contracts (e.g. maintenance, janitorial, landscaping, security etc.) within Workforce Buildings and advertise such contracting opportunities with CMD except to the extent impractical or infeasible but such contracts shall not be subject to the LBE participation goals or requirements of this Agreement. If a master association is responsible for the operation and maintenance of publicly owned improvements within the Project Site, CMD shall refer LBEs to such association for consideration with regard to contracting opportunities for such improvements. Such association will consider, in good faith such LBE referrals, but hiring decisions shall be entirely at the discretion of such association.

7. Good Faith Efforts. City acknowledges and agrees that each Project Sponsor, Contractor, Subcontractor, Consultant and Subconsultant shall have the sole discretion to qualify, hire or not hire LBEs. If a Contractor or Consultant does not meet the LBE hiring goal set forth above, it will nonetheless be deemed to satisfy the good faith effort obligation of this Section 7 and thereby satisfy the requirements and obligations of this Attachment C if the Contractor, Consultants and their Subcontractors and Subconsultants, as applicable, perform the good faith efforts set forth in this Section 7 as follows:

- a. Advance Notice. Notify CMD in writing of all upcoming solicitations of proposals for work under a Contract at least 15 business days before issuing such solicitations to

allow opportunity for CMD to identify and outreach to any LBEs that it reasonably deems may be qualified for the Contract scope of work.

b. Contract Size. Where practicable and feasible, the Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant will divide the work in order to encourage maximum LBE participation or, encourage joint venturing. If the Contracting Party reasonably determines that it would be efficient for Subcontractors to perform specific items, then the Contracting Party will identify those specific items of each Contract that may be performed by Subcontractors.

c. Advertise. The Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant will (i) advertise for 30 days for professional services and contracting opportunities in media focused on small businesses including the Bid and Contract Opportunities website through the City's SF Supplier Portal and other local and trade publications, and (ii) allow subcontractors to attend outreach events, pre-bid meetings, and invite LBEs to submit bids to Project Sponsor or its prime Contractor or Consultant, as applicable. As practicable, the contractor shall convene pre-bid or pre-solicitation meetings no less than 15 days prior to the opening of bids and proposals to all for LBEs to ask questions about the selection process and technical specifications/requirements. A Project Sponsor may request CMD's permission to award a contract without advertising if the work consists of specialty services or otherwise does not provide opportunities for LBE participation.

d. CMD Invitation. If a pre-bid meeting or other similar meeting is held with proposed Contractors, Subcontractors, Consultants or Subconsultants, invite CMD to the meeting to allow CMD to explain proper LBE utilization.

e. Public Solicitation. The Project Sponsor or its Prime Contractor(s) and/or Consultants, as applicable, will work with CMD to follow up on initial solicitations of interest by contacting LBEs to determine with certainty whether they are interested in performing specific items in a project, [have sufficient experience performing similar types of work, and are available during the desired time frame for performance of the work].

f. Outreach and Other Assistance. The Project Sponsor or its Prime Contractor(s) and/or Consultants, as applicable, will a) provide LBEs with plans, specifications and requirements for all or part of the project; and b) notify LBE trade associations that disseminate bid and contract information and provide technical assistance to LBEs. The designated LBE Liaison(s) will work with CMD to conduct outreach to LBEs for all consulting/contracting opportunities in the applicable trades and services in order to encourage them to participate on the project.

g. Contacts. Make contacts with LBEs, associations or development centers, or any agencies, which disseminate bid and contract information to LBEs and document any other efforts undertaken to encourage participation by LBEs.

h. Good Faith/Nondiscrimination. Make good faith efforts to enter into Contracts with LBEs and give good faith consideration to bids and proposals submitted by LBEs.

Use nondiscriminatory selection criteria (for the purpose of clarity, exercise of subjective aesthetic taste in selection decisions for architect and other design professionals shall not be deemed discriminatory and the exercise of its commercially reasonable judgment in all hiring decisions shall not be deemed discriminatory), [ including, without limitation, assessment of qualifications for the scope of work, ability to obtain bonds and insurance with types and amounts of coverage typical in the general marketplace, availability during the desired time frame for performance of the work], and whether the LBE's proposed pricing and other terms are commercially reasonable and competitive in the general marketplace.

i. Incorporation into contract provisions. Project Sponsor shall include in prime Contracts provisions that require prospective Contractors and Consultants that will be utilizing Subcontractors or Subconsultants to follow the above good faith efforts to subcontract to LBEs, including overall LBE participation goal and any LBE percentage that may be required under such Contract.

j. Monitoring. Allow CMD Contract Compliance unit to monitor Consultant/Contractor selection processes and, when necessary give suggestions as to how best to maximize LBEs ability to complete and win procurement opportunities.

k. Insurance and Bonding. Recognizing that lines of credit, insurance and bonding are problems common to local businesses, staff will be available to explain the applicable insurance and bonding requirements, answer questions about them, and, if possible, suggest governmental or third party avenues of assistance. Contractor, Subcontractor, Consultant and Subconsultant will work with the Project Sponsor and CMD in good faith to design and implement any commercially reasonable insurance programs that may become available to provide to LBE subcontractors access to the required coverage through either the owner, Owner-Controlled Insurance Policy (OCIP), general contractor, Contractor-Controlled Insurance Policy (CCIP), or other insurance programs.

l. Maintain Records and Cooperation. Maintain records of LBEs that are awarded Contracts, not discriminate against any LBEs, and, if requested, meet and confer with CMD as reasonably required in addition to the meet and confer sessions described in Section 10 below to identify a strategy to meet the LBE goal;

m. Quarterly Reports. During construction, the LBE Liaison(s) shall prepare a quarterly report of LBE participation goal attainment and submit to CMD as required by Section 10 herein; and

n. Meet and Confer. Attend the meet and confer process described in Section 10.

8. Good Faith Outreach. Good faith efforts shall be deemed satisfied solely by compliance with Section 7. [Notwithstanding anything to the contrary in this LBE Utilization Plan, if despite satisfying the good faith efforts requirements by complying with Section 7, the LBE participation goal is not met as to any Workforce Building, then any deficiency shall not be carried over to any remaining Workforce Building, and the LBE participation goal shall remain 12% for each remaining Workforce Building.] Contractors and Consultants, and Subcontractors and

Subconsultants as applicable shall also work with CMD to identify from CMD's database of LBEs those LBEs who are most likely to be qualified for each identified opportunity under Section 7.b, and following CMD's notice under Section 9.a, shall undertake reasonable efforts at CMD's request to support CMD's outreach to identified LBEs as mutually agreed upon by CMD and each Contractor or Consultant and its Subcontractors and Subconsultants, as applicable.

9. CMD Obligations. The following are obligations of CMD to implement this LBE Utilization Plan:

- a. During the thirty (30) day advertising period for upcoming Contracts required by Section 7.b, CMD will work with the Project Sponsor and its prime Contractor and/or Consultant as applicable to send such notification to qualified LBEs to alert them to upcoming Contracts.
- b. Provide detailed technical assistance to Contractors, Subcontractors, Consultants and Subconsultants on good faith outreach to LBEs.
- c. Review quarterly reports of LBE participation goals; when necessary give suggestions as to how best to maximize LBEs ability to compete and win procurement opportunities.
- d. Perform other tasks as reasonably required to assist the Project Sponsor and its Contractors, Subcontractors, Consultants and Subconsultants in meeting LBE participation goals and/or satisfying good faith efforts requirements.
- e. Insurance and Bonding. Recognizing that lines of credit, insurance and bonding are problems common to local businesses, CMD staff will be available to explain the applicable insurance and bonding requirements; answer questions about them, and, if possible, suggest governmental or third party avenues of assistance.

10. Meet and Confer Process. Commencing with the first Contract that is executed for a Workforce Building, and every six (6) months thereafter, or more frequently if requested by either CMD, Project Sponsor or a Contractor or Consultant each Contractor and Consultant and the CMD shall engage in an informal meet and confer to assess compliance of such Contractor and Consultants and its Subcontractors and Subconsultants as applicable with this Attachment C. When deficiencies are noted, meet and confer with CMD to ascertain and execute plans to increase LBE participation and remediate deficiencies.

11. Prohibition on Discrimination. Project Sponsors shall not discriminate in its selection of Contractors and Consultants, and such Contractors and Consultants shall not discriminate in their selection of Subcontractors and Subconsultants against any person on the basis of race, gender, or any other basis prohibited by law. As part of its efforts to avoid unlawful discrimination in the selection of Subconsultants and Subcontractors, Contractors and Consultants will undertake the Good Faith Efforts and participate in the meet and confer processes as set forth in Sections 7 and 10 above.

12. Collective Bargaining Agreements. Nothing in this Attachment C shall be interpreted to prohibit the continuation of existing workforce training agreements or to interfere with consent

decrees, collective bargaining agreements, project labor agreement, project stabilization agreement, existing employment contract or other labor agreement or labor contract ("Collective Bargaining Agreements"). In the event of a conflict between this Attachment C and a Collective Bargaining Agreement, the terms of the Collective Bargaining Agreement shall supersede this Attachment C.

13. Reporting and Monitoring. Each Contractor, Consultant, and its Subcontractors and Subconsultants as applicable shall maintain accurate records demonstrating compliance with the LBE participation goals, including keeping track of the date that each response, proposal or bid that was received from LBEs, including the amount bid by and the amount to be paid (if different) to the non-LBE contractor that was selected, documentation of any efforts regarding good faith efforts as set forth in Section 7. Developer and/or their Contractors and Consultants shall use the City's online project reporting system (currently LCP Tracker/B2G) or other CMD approved reporting method. Project Sponsors shall create a reporting method for tracking LBE participation. Data tracked shall include the following (at a minimum):

- a. Name/Type of Contract(s) let (e.g. Civil Engineering contract, Environmental Consulting, etc.)
- b. Name of prime Contractors (including identifying which are LBEs and non-LBEs)
- c. Name of Subcontractors (including identifying which are LBEs and non-LBEs)
- d. Scope of work performed by LBEs (e.g. under an Architect, an LBE could be procured to provide renderings)
- e. Dollar amounts associated with both LBE and non-LBE Contractors at both prime and Subcontractor levels.
- f. Total LBE participation is defined as a percentage of total Contract dollars.
- g. Performance in engaging LBEs, including LBEs from disadvantaged neighborhoods.

14. Written Notice of Deficiencies. If based on complaint, failure to report, or other cause, the CMD has reason to question the good faith efforts of a Project Sponsor, Contractor, Subcontractor, Consultant or Subconsultant, then CMD shall provide written notice to the Project Sponsor, each affected prime Contractor or Consultant and, if applicable, also to its Subcontractor or Subconsultant. The prime Contractor or Consultant and, if applicable, the Subcontractor or Subconsultant, shall have a reasonable period, based on the facts and circumstances of each case, to demonstrate to the reasonable satisfaction of the CMD that it has exercised good faith to satisfy its obligations under this Attachment C. When deficiencies are noted CMD staff will work with the appropriate LBE Liaison(s) to remedy such deficiencies.

15. Remedies. Notwithstanding anything to the contrary in the Development Agreement, the following process and remedies shall apply with respect to any alleged violation of this Attachment C:

Mediation and conciliation shall be the administrative procedure of first resort for any and all compliance disputes arising under this Attachment C. The Director of CMD shall have power to oversee and to conduct the mediation and conciliation.

Non-binding arbitration shall be the administrative procedure of second resort utilized by CMD for resolving the issue of whether a Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant discriminated in the award of one or more LBE Contracts to the extent that such issue is not resolved through the mediation and conciliation procedure described above. Obtaining a final judgment through arbitration on LBE contract related disputes shall be a condition precedent to the ability of the City or the Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant to file a request for judicial relief.

If a Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant is found to be in willful breach of the obligations set forth in this Attachment C, assess against the noncompliant Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant liquidated damages not to exceed [\$10,000] or 5% of the Contract, whichever is less, for each such willful breach. In determining the amount of any liquidated damages to be assessed within the limits described above, the arbitrator or court of competent jurisdiction shall consider the financial capacity of the Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

For all other violations of this Attachment C, the sole remedy for violation shall be specific performance, without the limits with respect thereto in Section 9.4.3-9.4.5 of the Development Agreement.

16. Duration of this Agreement. This Attachment C shall terminate as to each Workforce Building and all construction related to each standalone affordable housing building, upon the issuance of the last Certificate of Occupancy for such Workforce Building or such standalone affordable housing building (i.e., upon completion of the Workforce Building or standalone affordable housing building). Upon such termination, this Attachment C shall be of no further force and effect.

17. Notice. All notices to be given under this Attachment C shall be in writing and sent by: certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail, a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or hand delivery, in which case notice shall be deemed delivered on the date received, all as follows:

If to CMD:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

If to Project Sponsor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

If to Contractor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

If to Consultant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Any party may change its address for notice purposes by giving the other parties notice of its new address as provided herein. A "business day" is any day other than a Saturday, Sunday or a day in which banks in San Francisco, California are authorized to close.

## Exhibit J

### **Transportation**

This Transportation Exhibit outlines the Project's transportation commitments in two areas: (i) the Transportation Demand Management Plan and (ii) the reconfiguration of two slip lanes.

#### **1. Transportation Demand Management Plan**

The Developer shall implement a site-specific Transportation Demand Management Plan included as Attachment 1 to this exhibit. While the Project would be subject to Planning Code Section 169.3(e)(1) and required to implement 50% of applicable target points, the Developer commits through this Agreement, to be subject to Planning Code Section 169.3(e)(2) and to implement 75% of applicable target points. Otherwise, the Project remains subject to all of the provisions of Planning Code Section 169 et seq.

#### **2. Reconfiguration of Slip Lanes**

A key element of the Project's Public Improvements includes the reconfiguration of existing traffic slip lanes at the intersections of Presidio Avenue and Pine Street/Masonic Avenue and at Masonic Avenue and Euclid Avenue. These Public Improvements consist of bulb outs and other sidewalk improvements where two separate slip lanes are currently located. With the Public Improvements, the slip lane areas will remain publicly accessible, but will no longer be accessible to motorized vehicles. The parties, including the SFMTA Board of Directors through its consent to the Development Agreement, agree to the slip lane and sidewalk reconfiguration concept level plans that are included as Attachment 2 to this Exhibit. The Developer will work with DPW and SFMTA to obtain all necessary review, approvals and construction permits.



**Attachment 1**  
Transportation Demand Management Plan

[see attached]

# TDM PLAN WORKSHEET

Target: 75%

Category	Measure	Points	Land Use Category			
			A Retail	B Office	C Residential	D Other
ACTIVE-1	Improve Walking Conditions: Option A; or	1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	<input type="checkbox"/> 1
	Improve Walking Conditions: Option B	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ACTIVE-2	Bicycle Parking: Option A; or	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Bicycle Parking: Option B; or	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Bicycle Parking: Option C; or	3	<input checked="" type="checkbox"/> 3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 3	<input checked="" type="checkbox"/>
	Bicycle Parking: Option D	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ACTIVE-3	Showers and Lockers	1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ACTIVE-4	Bike Share Membership: Location A; or	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Bike Share Membership: Location B	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ACTIVE-5A	Bicycle Repair Station	1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 1	<input type="checkbox"/>
ACTIVE-5B	Bicycle Maintenance Services	1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 1	<input type="checkbox"/>
ACTIVE-6	Fleet of Bicycles	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 1	<input type="checkbox"/>
ACTIVE-7	Bicycle Valet Parking	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CSHARE-1	Car-share Parking and Membership: Option A; or	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Car-share Parking and Membership: Option B; or	2	<input checked="" type="checkbox"/> 2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 2	<input type="checkbox"/>
	Car-share Parking and Membership: Option C; or	3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Car-share Parking and Membership: Option D; or	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Car-share Parking and Membership: Option E	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DELIVER-1	Delivery Supportive Amenities	1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 1	<input type="checkbox"/>
DELIVER-2	Provide Delivery Services	1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FAMILY-1	Family TDM Amenities: Option A; and/or	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 1	<input type="checkbox"/>
	Family TDM Amenities: Option B	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 1	<input type="checkbox"/>
FAMILY-2	On-site Childcare	2	<input checked="" type="checkbox"/> 2	<input checked="" type="checkbox"/> 2	<input checked="" type="checkbox"/> 2	<input type="checkbox"/>
FAMILY-3	Family TDM Package	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOV-1	Contributions or Incentives for Sustainable Transportation: Option A; or	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Contributions or Incentives for Sustainable Transportation: Option B; or	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Contributions or Incentives for Sustainable Transportation: Option C; or	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Contributions or Incentives for Sustainable Transportation: Option D	8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOV-2	Shuttle Bus Service: Option A; or	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Shuttle Bus Service: Option B	14	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

☒ = applicable to land use category.

☒ = applicable to land use category, see fact sheets for further details regarding project size and/or location.

☒ = applicable to land use category only if project includes some parking.

☐ = not applicable to land use category.

☐ = project sponsor can select these measures for land use category D, but will not receive points.

NOTE: Please tally the points on the next page.

NOTE: A project sponsor can only receive up to 14 points between HOV2 and HOV3.

Category	Measure	Points	Land Use Category			
			A Retail	B Office	C Residential	D Other
HOV-3	Vanpool Program: Option A; or	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Vanpool Program: Option B; or	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Vanpool Program: Option C; or	3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Vanpool Program: Option D; or	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Vanpool Program: Option E; or	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Vanpool Program: Option F; or	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Vanpool Program: Option G	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MM-1	Multimodal Wayfinding Signage	1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/>
MM-2	Real Time Transportation Information Displays	1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/>
MM-3	Tailored Transportation Marketing Services: Option A; or	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tailored Transportation Marketing Services: Option B; or	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 2	<input type="checkbox"/>
	Tailored Transportation Marketing Services: Option C; or	3	<input checked="" type="checkbox"/> 3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tailored Transportation Marketing Services: Option D	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
RF-1	Healthy Food Retail in Underserved Area	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
HO-2	On-site Affordable Housing: Option A; or	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	On-site Affordable Housing: Option B; or	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 2	<input checked="" type="checkbox"/>
	On-site Affordable Housing: Option C; or	3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	On-site Affordable Housing: Option D	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PXP-1	Unbundle Parking: Location A; or	1	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/>
	Unbundle Parking: Location B; or	2	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/>
	Unbundle Parking: Location C; or	3	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/>
	Unbundle Parking: Location D; or	4	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> 4	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> 4	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> 4	<input type="checkbox"/>
	Unbundle Parking: Location E	5	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/>
PXP-2	Parking Pricing	2	<input checked="" type="checkbox"/> 2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PP-1	Parking Cash Out: Non-residential Tenants	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PP-2	Parking Supply: Option A; or	1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Parking Supply: Option B; or	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Parking Supply: Option C; or	3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Parking Supply: Option D; or	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Parking Supply: Option E; or	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Parking Supply: Option F; or	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Parking Supply: Option G; or	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Parking Supply: Option H; or	8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Parking Supply: Option I; or	9	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Parking Supply: Option J; or	10	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Parking Supply: Option K	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

☒ = applicable to land use category.

☒ = applicable to land use category, see fact sheets for further details regarding project size and/or location.

☒ = applicable to land use category only if project includes some parking.

☒ = not applicable to land use category.

☐ = project sponsor can select these measures for land use category D, but will not receive points.

7

Note: Childcare TD34 points listed under office.

#### Land Use Category Totals

	A Retail	B Office	C Residential	D Other
Point Subtotal from Page 1: <u>13</u>		<u>5</u>	<u>14</u>	
Point Subtotal from Page 2: <u>11</u>		<u>6</u>	<u>10</u>	
Totals: <u>24</u>		<u>11</u>	<u>24</u>	

Project Characteristics

DRAFT Tool - 1/19/2017

Cell is automatically filled out based on response elsewhere.

7/20/2016 Cell

Site Information	
Case No.	2015-01420-BENV
Street Address of Project	3333 California Street (REVISED PROJECT)
Cross Streets	California Street / Franklin Avenue, Buell Avenue
Zip Code	94118
Assessor's Block/Lot	10927009
Lot Area (SQ FT)	1447363
Use District	RM-1, Residential Medium Density
Height/Bulk District	40 X
Community Plan (if any)	None
Transportation Analysis Zone Number	
Adk hyperlink	7709

Project Characteristics and Use Category A (Retail/Restaurant)	
Specify Use(s)	Retail & Restaurant
Gross Floor Area (square footage)	14,496
Occupied Floor Area (square footage)	14,496
Accessory Parking Spaces	74
TARGET	32

75% Target = 24 points

Project Characteristics and Use Category B (Childcare)	
Specify Use(s)	Childcare (14,665)
Gross Floor Area (square footage)	14,665
Occupied Floor Area (square footage)	14,665
Accessory Parking Spaces	29
TARGET	34

75% Target = 31 points

Project Characteristics and Use Category C (Residential Type)	
Dwelling Units and Bedrooms in Group Housing	744
% of Two-Bedrooms	63%
% On-site Affordable Housing (Median > \$5 & BMS)	0%
% On-site Affordable Housing (Median < \$5 %)	0%
Accessory Parking Spaces	744
TARGET	32

75% Target = 24 points

Project Characteristics and Use Category D (Other)	
Specify Use(s)	Other
Gross Floor Area (square footage)	0
Occupied Floor Area (square footage)	0
Accessory Parking Spaces	0
TARGET	0

1. Less than 25,000 square feet (25,000 square feet for a change of use) is not subject to IBM Program.
2. Less than 20 dwelling units or beds is not subject to IBM Program.
3. 100% Affordable Housing projects are not subject to IBM Program.
4. Projects with Development Applications filed on or before September 3, 2016 shall be subject to 10% of the target. Development Projects with a Development Application filed on or after September 3, 2016, and before January 1, 2018, shall be subject to 75% of the target. Development Projects with a Development Application filed on or after January 1, 2018 shall be subject to 100% of the target.







[illegible]

**LEGEND:**

- 1. NEW DEGREE PLANS OUT FOR THE FOLLOWING YEAR AND STATE, SET, PAGES
- 2. IF NEEDED TO BE MODIFIED WITH NEW COURSE OR CLASS
- 3. NEW ST. CLERK STUDENT
- 4. PROPOSED LEARNING TIME
- 5. AREA OF STUDENT REGISTRATION (BY CLASS ID OR CLASS)
- 6. APPROVED PLANS ONLY TO BE SUBMITTED
- 7. PROPOSED DATE P/DA

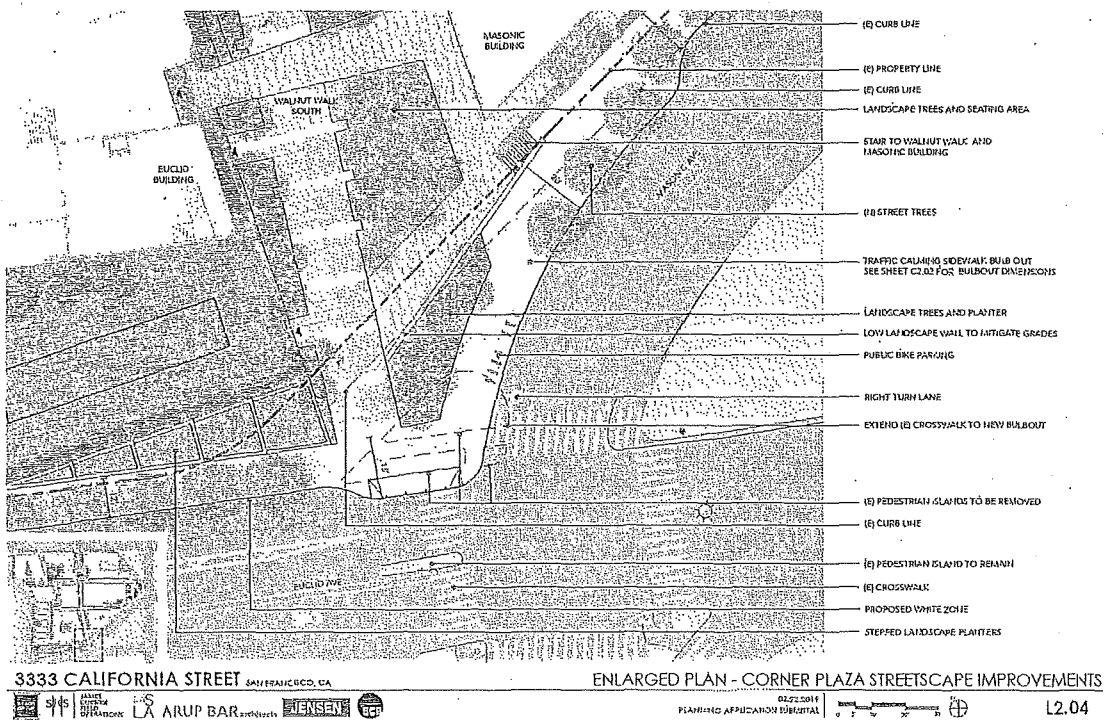
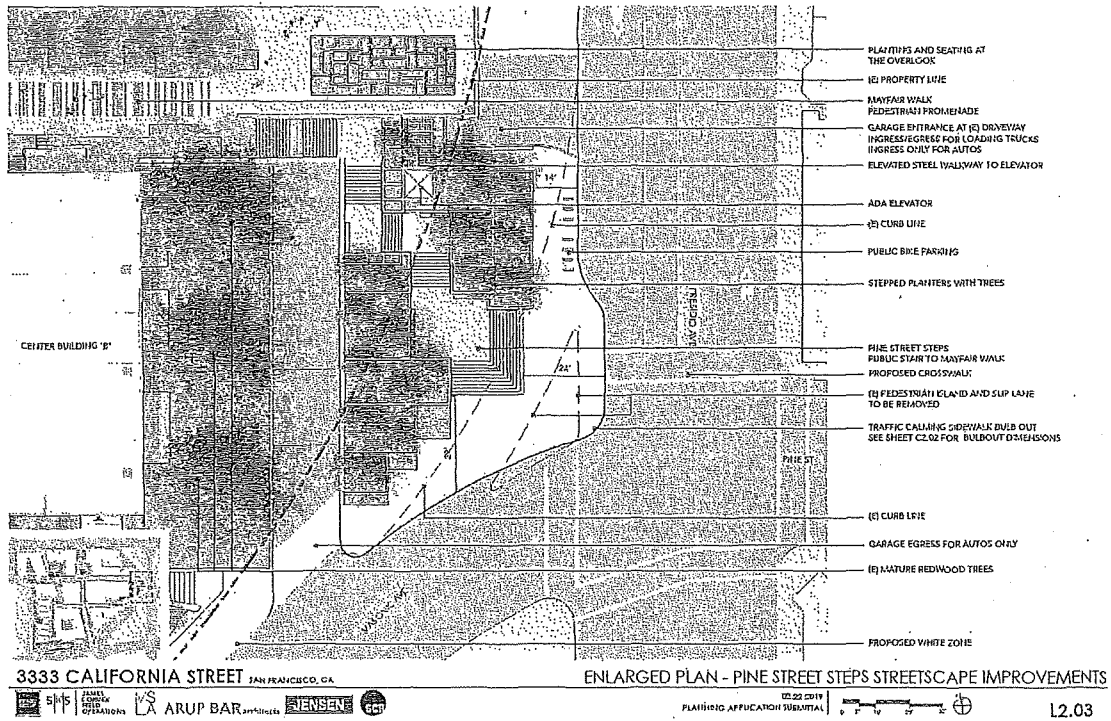
**NOTE**  
IMPROVED DUE MODIFICATIONS  
SHOWN FOR THE INTERSECTIONS OF  
PINE AT HAWKING AND WISCONSIN  
A FLIGHT WAY VEHICLE ACCIDENT  
INVESTIGATION TO (IN  
WISCONSIN) BIDS AS TAKEN  
STREET LIGHT AND/OR SIGN  
PENDING MODIFICATIONS TO  
RECORD IN SITE PLAN.

## PROPOSED SITE PLAN AND HORIZONTAL CONTROL PLAN

02.22.2019  
PLANNING APPLICATION SUBMITTAL

C2.02



## Exhibit K

### **Schedule Template for Later Approvals**

Developer will submit a project milestone schedule at the time of filing any application for the following Later Approvals: Major Encroachment Permit (if applicable), Street Improvement Permit, Final Map(s), or other pre-construction phase Later Approvals. The initial project schedule will be conceptual in nature and will be based upon the best estimate of the Developer.

Project schedules are intended to provide basic information to assist the City with its review and staff capacity planning related to the Later Approvals described above. Due to the many outside factors that affect a real estate development project's schedule and the varying workload of City staff, the Parties understand that this schedule is intended only as guidance to the City.

This schedule should include the following major milestones and be in the format described below. Public Works Infrastructure Taskforce and OEWD will review this schedule and then share this schedule with City departments for feedback. With department feedback in hand, Public Works Infrastructure Taskforce and OEWD may request a meeting with Developer for schedule confirmation.

#### Milestones to be included, as applicable to project:

##### City approvals:

- **Subdivision/mapping actions**
- **Transaction documents** (any easements, street vacations, etc.)
- **Infrastructure engineering/permit applications**
  - Example: Street Improvement Plan (SIP), storm water plan, and other major systems, like AWSS or backwater system
- **Any necessary commission approvals**
- **Start of construction** (demolition/site prep, horizontal and/or vertical)
- **Substantial completion**
- **City acceptance of infrastructure**
- **TCO**
- **Any other relevant major milestones**

##### Non-City approvals:

- **Any associated non-San Francisco approvals** (i.e. Navy, Caltrans, Caltrain, State lands, etc.)

#### Schedule format:

- The schedule should be in Gantt chart format
  - Time should be in in fiscal years via months or quarters at the top
  - Milestones should be in rows on the left

- Start dates (day/month/year) and durations in days should be indicated for each milestone
- Project should be broken out into major Phases and sub Phases, if applicable
- The planning horizon should include: SIP, Transactional Documents, Tent./Final Map, Vertical Design, SoC, TCO
- The preferred schedule software is Microsoft Project

Schedule submission:

Developer will submit each schedule to the following address:

Office of Economic and Workforce Development  
Public Works Infrastructure Taskforce  
City Hall, Room 496  
Attn: Housing Hub/3333 California Project  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102



## Exhibit L

### Child Care Program

1. Developer to provide approximately 14,000 gross square feet of rentable area for a child care facility built on the Walnut Child Care Parcel with an adjacent open space for child care use (as required by local/State law). Developer will deliver the child care facility in warm shell condition (for example, with the space demised to meet occupancy separation requirements (minus finishes on wall, floor and ceiling), stubs for standard utilities, path to a location for mechanical equipment, storefront and rear access as required, and other items required to obtain a temporary certificate of occupancy to allow tenant to proceed with their improvements). The child care provider would specify the tenant improvements necessary for the space, which Developer would not be responsible for providing under this Agreement.
2. A State-licensed child care provider shall operate in the space under the following terms, provided that all Later Approvals and applicable operating and licensing and other requirements as may be necessary are first obtained.
  - a. Provider shall comply with all State guidelines and applicable local guidelines for operating a child care facility.
  - b. Provider shall operate a facility licensed to serve approximately 175 children with the final number to be determined based on state and any local licensing requirements.
  - c. In accordance with Planning Code Section 414.13, Developer shall include (and require compliance with) a provision in its lease with the child care provider requiring the provider to reserve at least ten percent (10%) of the maximum capacity of the child care facility (as determined by the license for the facility issued by the California Department of Social Services) to be affordable to children of households of low income. Operators are encouraged to work with the San Francisco Office of Early Care and Education to learn about Early Learning Scholarships for low- and moderate-income families as well as other operator resources.
  - d. Programs shall serve a broad range of age groups, including infants and toddlers.
  - e. Slots shall be made available to the general public on the same terms and conditions as those for Project residents, employees and users.
3. The operating term for the child care facility shall equal the life of the Walnut Building. Subject to the provisions of this Exhibit L, the Developer shall use commercially reasonable efforts to lease the space to a child care operator at all times for the life of the Walnut Building. The operating term may be fulfilled by more than one child care operator

over the life of the Walnut Building. The Developer shall comply with the terms below during initial leasing and periods of operator turnover and/or vacancy periods.

- a. (i) On the earlier to occur of (A) applying for a First Construction Document (as defined in San Francisco Building Code Section 107A.13.1(a)(8)) for the Walnut Building and (B) 15 business days before initially offering the facility for rent and (ii) within 15 business days following the expiration or termination of a child care operator's lease for the facility, the owner of the facility shall notify governmental and nonprofit entities that can assist in publicizing the availability of the facility (the "Child Care Marketers") of the opportunity to lease it, including, at a minimum, the following entities: the San Francisco Office of Early Care and Education (or any successor agency), the Family Child Care Association of San Francisco, the Children's Council, and Wu Yee Children's Services.
- b. If the child care space remains vacant for more than three years after DBI has issued of a first certificate of occupancy (including any temporary certificate of occupancy) for the Walnut Building despite Developer's commercially reasonable efforts to lease it at prevailing child care facility market terms (comparable to other similarly-sized and geographically proximate licensed child care facilities) to an initial child care operator, and Developer wishes to be released from its obligation to lease the facility to a child care operator, then Developer shall have the right to pay City an amount equal to \$2,101,489.55 [*in lieu child care facility fee that would otherwise be due at the Effective Date if the fee was not waived*], proportionately adjusted to reflect any increase between the published CPI Index in effect as of the Effective Date and the published CPI Index in effect at the time such payment is made (as adjusted, the "Base Fee"); plus an amount equal to 10% of the Base Fee, for deposit in the Child Care Capital Fund established under Planning Code Section 414.14. On paying such amount to City under this subsection, the Developer may use the facility for any use permitted under the Project SUD.
- c. If after having leased the facility to at least one child care operator, the child care space remains vacant for more than three years after the termination or earlier expiration of the most recent child care operator's lease despite Developer's commercially reasonable efforts to lease the facility at prevailing child care facility market terms (comparable to other similarly-sized and geographically proximate licensed child care facilities) to a child care operator, and Developer wishes to be released from its obligation to lease the facility to a child care operator, then Developer shall have the right to pay City an amount equal to the Base Fee prorated over a fifteen (15) year period, with a credit for any time the facility was operated by a child care provider in compliance with this Agreement. On paying such amount to City under this subsection, the Developer may use the facility for any use permitted under the Project SUD.

4. Developer or subsequent owner of the Walnut Building cannot charge rent (including security, common building charges and utilities, etc.) to the child care operator that exceeds prevailing market rent comparable to other similarly-sized and geographically proximate licensed child care facilities.
5. Developer or subsequent owner of the Walnut Building shall execute a Notice of Special Restrictions to dedicate the space for child care use ("NSR"). The NSR shall incorporate the requirements of this Exhibit L, be in a form approved by Developer and City (which approval shall not be unreasonably withheld or conditioned), and recorded against the Walnut Child Care Parcel at the earlier to occur of the time that the final map that includes the Walnut Child Care Parcel is recorded or the First Construction Document is issued for the Building to be constructed on the Walnut Child Care Parcel.
6. In consideration of this community benefit, the Project shall not be subject to the residential child care fee (Planning Code Sec. 414A) and that fee shall be waived.
7. Phasing/performance requirements for the child care facility will be detailed in Schedule 1 (Community Benefits Linkages and Impact Fees). If DBI has not issued a certificate of occupancy (including any temporary certificate of occupancy) for the child care facility prior to the expiration of the Term but Developer has received First Construction Document for any Building, then Developer shall pay to City an amount equal to the Base Fee plus 20% of the Base Fee at the end of the Term.

**Exhibit M**

**SUD Ordinance and Conditional Use/Planned Unit Development Exceptions**

[to be attached]

## Schedule 1

### Community Benefits Linkages and Impact Fees Schedule

Pursuant to Section 4.1 of the Agreement, the Developer's Community Benefits obligations are tied to specific Buildings or number of Market Rate Units (as defined in Exhibit D) that will be developed over the course of the Project and during the Term of the Agreement. The linkages between the specific Community Benefits and the associated Buildings or Market Rate Units are detailed below, as well as within any referenced exhibits. The development impact fees that apply to the Project are detailed below.

#### COMMUNITY BENEFITS

1. **Publicly Accessible Private Improvements.** The Developer shall complete the Publicly Accessible Private Improvements described in Exhibit C and generally depicted in Attachment C-1 prior to obtaining a first certificate of occupancy (including any temporary certificate of occupancy) for any non-retail portion, if any, of specific Buildings as described below (or, in the case of Publicly Accessible Private Improvements to be delivered only after completion of more than one Building, then prior to obtaining the first certificate of occupancy for the later Building); provided, however, that if Developer wishes to receive a first certificate of occupancy (or the equivalent thereof) for a Building (or later Building, as applicable) before completing its associated Publicly Accessible Private Improvement, then, notwithstanding anything to the contrary in this Schedule, Developer may complete this obligation after that certificate of occupancy for the associated Building (or later Building, as applicable) by providing to the City, prior to issuance of the first certificate of occupancy for that Building (or later Building, as applicable), a surety performance bond or other security in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Publicly Accessible Private Improvement, and shall diligently and continuously pursue that Publicly Accessible Private Improvement to completion following which such bond will be released.
  - a. California Plaza – with the completion of Plaza A Building
  - b. Cypress Square – with the completion of Plaza B Building
  - c. Cypress Stairs – with the later completion of either Plaza A Building or Plaza B Building
  - d. Mayfair Walk – the Mayfair Walk extends the entire width of the Project Site and shall be completed in segments tied to the completion of the adjacent Buildings as depicted in Attachment C-1 (the later of Mayfair Building or Plaza A Building, the later of Plaza B Building or Center A Building, and the completion of Center B Building)
  - e. Presidio Overlook – with the completion of Center Building B

- f. Pine Street Steps – with the completion of Center Building B
  - g. Walnut Walk North – with the later completion of Center A Building or Center B Building
  - h. Walnut Walk South – with the later completion of the Euclid Building or Masonic Building
  - i. Walnut Drive and Walnut Court – with the later completion of Plaza B Building or Walnut Affordable Housing Building (as defined in Exhibit D)
  - j. Euclid Green – with the completion of the Project's final Building; provided, however, that if the Developer receives a first certificate of occupancy (including any temporary certificate of occupancy) for any Building(s) without completing all proposed Buildings during the Term, then Euclid Green shall be completed by the end of the Term.
  - k. Pedestrian Access – if Developer receives a first certificate of occupancy (including any temporary certificate of occupancy) for any Building(s) without completing all proposed Buildings during the Term that would otherwise require the completion of Walnut Walk North, Walnut Walk South, and Mayfair Walk as described above, then Developer, in conjunction with the Planning Department, shall design an alternative plan for pedestrian access that seeks to achieve similar pedestrian access and widths as Walnut Walk North, Walnut Walk South, and Mayfair Walk, but takes into account then then-current on-site conditions, including locations of improvements and the Project Site's topography, and the Developer shall construct such alternative plan improvements prior to the end of the Term.
2. **Streetscape Improvements.** The Developer shall complete each of the Streetscape Improvements described in Exhibit C and generally depicted in Attachment C-1 (and as will be more specifically set forth in the building permit application for the Streetscape Improvements associated with the applicable Building) before obtaining any first certificate of occupancy (including any temporary certificate of occupancy) for the applicable Building (or later of adjacent Buildings, if applicable) for such Streetscape Improvement as depicted in Attachment C-1; provided, however, that if Developer wishes to receive a first certificate of occupancy for a Building before completing its associated Streetscape Improvement, then, notwithstanding anything to the contrary in this Schedule, Developer may complete its associated Streetscape Improvement after that certificate of occupancy by providing a surety performance bond or other security to City, prior to issuance of the first certificate of occupancy for that Building, in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Streetscape Improvement, and the Developer shall diligently and continuously pursue that Streetscape Improvement to completion following which the bond shall be released. Such requirement shall be in addition to any security or bonding requirements required under

the street improvement permit issued by City's Department of Public Works for the performance of such Streetscape Improvement.

3. **Maintenance and Operation.** The Developer shall cause the appropriate party (e.g., a master association) to enter into agreements for the ongoing operation, maintenance and repair of the Publicly Accessible Private Improvements to the standards described in Attachment C-2 and Attachment C-3.
4. **Housing Plan.** The Project's BMR Units shall be complete as set forth in Exhibit D, the Affordable Housing Program.
5. **AWSS Community Benefit Fee.** The Project's AWSS Community Benefit Fee shall be paid as set forth in Schedule 2.
6. **Workforce Agreement.** The workforce requirements will apply to the Project as set forth in Exhibit I, the Workforce Program.
7. **Transportation Demand Management.** The Transportation Demand Management Plan shall be implemented as set forth in Exhibit J, the Transportation Exhibit, and the Approvals described in Exhibit E.
8. **Child Care Program.** The Developer shall have constructed the child care facility to warm shell condition, as described in Exhibit L, on the Walnut Child Care Parcel (as defined in Exhibit D) by the earlier of receiving a first certificate of occupancy (including any temporary certificate of occupancy) for the Walnut Affordable Housing Building (as defined in Exhibit D) and obtaining a first certificate of occupancy (including any temporary certificate of occupancy) for more than three hundred eighty-six (386) Market Rate Units (as defined in Exhibit D). In addition, if the Developer receives a first certificate of occupancy (or a temporary certificate of occupancy) for any Building, the Developer must obtain a first certificate of occupancy (or a temporary certificate of occupancy) for the child care facility before the expiration of the Term. The child care facility shall be operated on the terms described in Exhibit L.

#### DEVELOPMENT IMPACT FEES

The following development impact fees apply to the Project: Transportation Sustainability Fee (Planning Code Section 411A) and Jobs Housing Linkage Fee (Section 413). The Residential Child Care Impact Fee (Planning Code Section 414A) and the Affordable Housing Fee (Planning

Code Section 415) have been waived in consideration of the on-site provision of a child care facility and affordable housing as described in Exhibit L and Exhibit D, respectively.



## Schedule 2

### **AWSS Community Benefit Fee**

#### **1. Background and Need**

The Auxiliary Water Supply System ("AWSS") is a water distribution system used by the San Francisco Fire Department ("SFFD") for fire suppression. The AWSS delivers water under high pressure for firefighting and is independent from the San Francisco's domestic water system. The design elements of the AWSS, such as restrained pipeline joints and earthquake resistant ductile iron pipe make it more resistant to earthquake damage. The San Francisco Public Utilities Commission ("SFPUC") operates and maintains the AWSS citywide.

Life safety is the paramount concern of the SFFD, followed by the protection of property. When new developments are proposed in San Francisco with high density structures, adequate and readily available water supplies for firefighting are imperative. The Project is a proposed new development within San Francisco which will have both high occupancy and a significant amount of wood frame construction. The closest AWSS main runs east to west on Sacramento Street with AWSS/High Pressure ("HP") hydrants at each corner from Presidio Avenue to Arguello Boulevard. The closest HP hydrant to the entrance of the proposed Project is currently located at the northwest corner of Walnut and Sacramento Streets, approximately 400 feet away from the Project's closest property line. SFFD fire engines carry a maximum of 1,000 feet of fire hose.

One new HP fire hydrant shall be installed on California Street at the southern intersection of Walnut and California Streets with a connection back to the AWSS main on Sacramento Street in order for SFFD to have backup emergency water supply for firefighting and rescue operations at the Project. This HP hydrant would allow one fire engine to obtain AWSS water supply and immediately initiate firefighting and rescue operations to any area within the development upon arrival. During a greater alarm fire when fire operations demand more water than a domestic water hydrant can supply, the AWSS HP hydrant will support the need for additional water volume and pressure. Following a major event, when additional fire engines are not available, a fire crew can use the HP hydrants and still have ample water pressure and volume for firefighting operations.

#### **2. AWSS Requirement for 3333 California Project**

The SFFD and SFPUC have analyzed the Project and determined that AWSS is not required or appropriate for installation within the Project's property line. This is due to (1) confirmation that a standard 1,000 fire hose is able to serve the entire site from one new HP hydrant at the southern intersection of Walnut and California Streets; and (2) the fact that the Project will be

privately-owned and no public right of ways will be created within which AWSS could be installed, owned, and maintained by SFPUC.

The SFPUC and SFFD have determined that in order to provide the Project with a backup emergency water supply, the following new AWSS infrastructure (the "AWSS Scope") will be required: a new HP hydrant on the public sidewalk at Walnut and California Streets, and a connection to be installed on Walnut Street from the new HP hydrant to the existing AWSS main running east to west on Sacramento Street. This new infrastructure will be designed and installed by the SFPUC, with contributory fair-share funding paid by the Developer.

The Developer and SFPUC will coordinate on the installation and timing of installation of this AWSS Scope in relation to the ultimate development phasing and improvements. The intent is to have the AWSS Scope coordinated with Project's street improvements on California Street or adjacent streets to minimize or eliminate the need to demolish newly constructed improvements related to the Project.

3. AWSS Community Benefit Fee

The AWSS Community Benefit Fee will offset the cost of bringing AWSS to the Project boundary. The SFPUC has developed an initial capital cost estimate of the AWSS Scope (including contingencies) totaling approximately \$1,055,000 in 2018 dollars. In consideration of the AWSS Scope that the Project requires to be adequately served and protected by SFFD, the Developer shall pay an AWSS Community Benefit Fee of \$1,055,000.

4. Fee Payment Terms

The Developer shall pay the AWSS Community Benefit Fee as a proportion of Gross Square Feet ("GSF") developed in the Project. Based on the Project's total of 1,434,098 GSF, the Developer shall pay the AWSS Community Benefit Fee at a rate of \$.735 per GSF. Payment shall be made to SFPUC on a Building by Building basis and shall be determined by the total GSF of each Building. Payment shall be due prior to and as a condition to the Developer obtaining a temporary Certificate of Occupancy or Certificate of Final Completion for each Building.

**This page intentionally left blank.**



August 9, 2019

San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, California 94103-2479  
Attn: John Rahaim, Director

Re: Laurel Heights Partners LLC Application for Development Agreement, Administrative Code § 56.4

**3333 California Street, Block/Lot: 1032-003, CASE NUMBER #: 2015-014028CUA**

Dear Director Rahaim:

Pursuant to San Francisco Administrative Code Section 56.4, Laurel Heights Partners LLC ("LHP") submits this letter application for a Development Agreement ("DA") with respect to the mixed-use project at 3333 California Street (the "Project").

LHP has had extensive discussions with City departments and the community about the DA's proposed public benefits. Those discussions led to the following proposed community benefits, which meet or exceed those required by existing ordinances and regulations governing the approval of the Project.

In exchange for the following substantial public benefits, the DA will provide LHP with two primary benefits, a 15-year vesting period and the ability to phase the project:

- Increased Number of Units; Increased Affordable Housing – 25%.

Recognizing the City's pressing need for housing – affordable and market rate: (1) increase the total number of residential units for the Project from the 558 residential units initially proposed to 744 residential units; (2) in the Walnut Building, construct 185 studio and one-bedroom affordable residential units for seniors (plus one manager's unit), constituting 25% of the Project's units (an 86% increase in the required number of affordable units); (3) LHP has agreed to partner with a non-profit housing partner to develop, own and operate the affordable housing project; and (4) LHP has agreed to secure and provide the required funding for predevelopment costs and gap financing to complete the senior affordable housing units. The senior affordable housing units will be deed-restricted to be affordable to qualified senior households with an average income not more than 59% of MOHCD AMI.

- Open Space.

The Project will provide approximately 236,000 square feet of landscaped or open space, which includes approximately 127,126 square feet of privately owned, public open space, more than 73,000 square feet of which will be in excess of the open space requirements under Section 135 the Planning Code. As part of the open space, the Project will provide a new network of publicly accessible ground-level pathways through the Project's site,

thereby weaving the site into the neighborhood's fabric. All of the open space will be built, operated, and maintained at no cost to the City.

- Streetscape Improvements.

The Project will strengthen pedestrian safety by constructing extended corner bulb-outs at three locations, Presidio Ave/Masonic Ave/Pine Street, Euclid Ave/Masonic Ave and Mayfair Drive/Laurel Street. These extended bulb-outs will include new street trees, bike parking, stairs and landings, and landscaped planters, all of which will be built, operated and maintained at no cost to the City.

- On-site Childcare.

The Project will include an approximately 14,665 square foot on-site Childcare that will have the capacity to enroll approximately 175 children, and will be available to the general public.

- AWSS.

The Project will contribute over \$1 million dollars to expand the reach of the Auxiliary Water Supply System or "AWSS" (a high-pressure water system that provides additional water pressure and volume to the SF Fire Department for firefighting) to California Street.

- Transportation Demand Management Plan (75%).

The Project is required to comply with 50% of the TDM Plan target points but has agreed to increase that goal to 75% of the TDM Plan target points. The Project includes additional TDM measures, including an increased number of bicycle parking spaces, bicycle maintenance services and a fleet of bicycles available to the residents. The Project has also included additional supportive amenities for deliveries, temporary storage for laundry, groceries and packages.

- Workforce.

The Project will comply with various workforce requirements, including first source hiring and Local Business Enterprise requirements.

Respectfully submitted,

**Laurel Heights Partners LLC, a Delaware limited liability company**  
150 Post Street, Suite 320  
San Francisco, CA 94108

By: *The Prado Group, Inc., a California corporation*

By: 

Name: *Don Bragg*

Title: *Senior Vice President & Director of Development*

cc: Nick Foster, San Francisco Planning Department  
Leigh Lutenski, Mayor's Office of Economic & Workforce Development

**This page intentionally left blank.**



## SAN FRANCISCO PLANNING DEPARTMENT

---

DATE: August 12, 2019  
TO: Members of the San Francisco Board of Supervisors  
Members of the San Francisco Planning Commission  
FROM: John Rahaim, Planning Director  
DATE: 3333 California Street Development Agreement  
Summary of the draft agreement and negotiations

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

Chapter 56 of the San Francisco Administrative Code sets forth the procedure by which any request for a Development Agreement (DA) will be processed and approved by the City and County of San Francisco. Administrative Code Section 56.10(a) states that the Planning Director shall prepare a report on DA negotiations between the applicant and the City, and that report must be disclosed to the Planning Commission and the Board of Supervisors no later than 20 days prior to the first hearing on the DA. The report must also be made available for public review.

The report must include, for each negotiation session between the applicant and the City: (1) attendance list; (2) summary of the topics discussed; and (3) a notation as to any terms and conditions of the DA agreed upon between the applicant and the City.

Below is the Planning Director's report on the negotiation sessions for the DA between Laurel Heights Partners LLC (Developer) and the city, written in accordance with San Francisco Administrative Code Section 56.10(a).

If you have any questions or concerns, please contact Planning Department staff, Nicholas Foster at (415) 575-9167 or [nicholas.foster@sfgov.org](mailto:nicholas.foster@sfgov.org).



## SAN FRANCISCO PLANNING DEPARTMENT

---

DATE: August 12, 2019

TO: Members of the San Francisco Board of Supervisors  
Members of the San Francisco Planning Commission

FROM: John Rahaim, Planning Director

DATE: 3333 California Street Development Agreement  
Summary of the draft agreement and negotiations

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

### Director's Report Regarding 3333 California Development Agreement Negotiations

#### 1. Introduction.

Chapter 56 of the San Francisco Administrative Code sets forth the procedure by which any request for a Development Agreement (DA) will be processed and approved by the City and County of San Francisco. This report is being written in accordance with San Francisco Administrative Code Section 56.10(a).

Laurel Heights Partners LLC is the owner of a site bounded by California Street to the north, Presidio Avenue to the east, Masonic Avenue to southeast, Euclid Avenue to the south, and Laurel Street/Mayfair Drive to the west, on Assessor's Block 1032 and Lot 003 (District 2). The project proposes to adaptively reuse the existing office building, which would be divided into two separate buildings and converted to residential use. Overall, the project includes approximately 1,427,832 gross square feet of new and rehabilitated space, comprising approximately 977,437 gross square feet of residential floor area with approximately 744 dwelling units. 25% of the proposed project's units will be deed-restricted, on-site affordable units designated for low-income senior households. These affordable units will be located in the proposed Walnut Building on California Street and consist of 185 studios and 1-bedrooms for seniors plus one (1) on-site manager's unit. The project includes approximately 34,496 gross square feet of retail floor area and an approximately 14,665 gross-square-foot child care center use that will become an approximately 175-seat child care facility. The proposed project would provide approximately 857 off-street parking spaces (including approximately 10 car share spaces), approximately 762 Class One bicycle spaces, and 77 Class Two bicycle spaces. These proposed uses would be located in 13 new buildings (known as Plaza A, Plaza B, Walnut, Mayfair, Laurel Townhomes, Euclid and Masonic) and in the adaptively reused office building (known as Center A and Center B). The project would include 2.92 acres of publicly accessible landscaped open space with multi-purpose plazas, lawns, pathways and streetscape improvements, which will provide the public with new open space amenities and improve pedestrian connectivity and safety through the neighborhood.

Laurel Heights Partners LLC filed an application with the City's Department of Planning for approval of a Development Agreement for the Project Site under Administrative Code Chapter 56. Laurel Heights Partners LLC also filed applications with the Planning Department for (1) Zoning Map Amendment under Planning Code Section 302; (2) Planning Code Text Amendment to create the 3333 California Street Special Use District, Planning Code Section 249.86; (3) Conditional Use Authorization, including Planned Unit



Development under Planning Code Sections 303 and 304; (4) Transportation Demand Management Application, pursuant to Planning Code Section 169; and a (5) General Plan Referral for improvements within public rights-of-way, pursuant to San Francisco Charter Section 4.105 and Sections 2A.52 and 2A.53 of the San Francisco Administrative Code.

## 2. Development Agreement Negotiations.

The City's Planning Department and Mayor's Office of Economic and Workforce Development ("OEWD") have negotiated a Development Agreement for the Project. The parties began negotiations in 2017. Copies of the drafts of the Development Agreement that were exchanged between the parties can be found in the file of the City Department of Planning at 1650 Mission Street. These exchanged drafts reflect the items under negotiation throughout the process. Without limiting the foregoing, we note that the negotiations between the parties included the following meetings:

- 1) August 18, 2017. Meeting to discuss general outline of the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Kanishka Karunaratne (Board of Supervisors), Dan Safier (Laurel Heights Partners, LLC), Dan Kingsley (Laurel), Don Bragg (Laurel), Cindy Park (Laurel), Pam Duffy (Coblentz Patch Duffy & Bass, LLC), and Gregg Miller (Coblentz). No agreements reached.
- 2) March 9, 2018. Meeting to discuss general terms of the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Dan Safier (Laurel), Dan Kingsley (Laurel), Don Bragg (Laurel), Cindy Park (Laurel), Will Hu (Laurel), and Jeremy Bachrach (Laurel). No agreements reached.
- 3) April 26, 2018. Meeting to discuss general terms of the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), Jing Ng (Laurel), Lisa Congdon (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 4) June 8, 2018. Meeting to discuss general terms of the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Dan Kingsley (Laurel), Don Bragg (Laurel), Jing Ng (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 5) July 27, 2018. Meeting to discuss general terms of the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Dan Kingsley (Laurel), Don Bragg (Laurel), Jing Ng (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). No agreements reached.

- 6) August 7, 2018. Meeting to discuss outline and exhibits of the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Carol Wong (CAO), Audrey Pearson (CAO), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 7) August 10, 2018. Meeting to discuss general terms of the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Dan Kingsley (Laurel), Don Bragg (Laurel), Jing Ng (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 8) September 14, 2018. Meeting to discuss general terms of the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Dan Kingsley (Laurel), Don Bragg (Laurel), Jing Ng (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 9) November 16, 2018. Meeting to discuss general terms of the Development Agreement, including the Affordable Housing Plan. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Dan Kingsley (Laurel), Don Bragg (Laurel), Jing Ng (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 10) December 4, 2018. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), Jing Ng (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 11) December 10, 2018. Meeting to discuss terms of the Transportation Demand Management Plan for the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Carli Paine (SFMTA), Don Bragg (Laurel), Jing Ng (Laurel), Lisa Congdon (Laurel), and Cindy Park (Laurel). No agreements reached.
- 12) December 18, 2018. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), Jing Ng (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 13) January 9, 2019. Meeting to discuss terms of the AWSS Community Benefit Fee for the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Carol Wong (CAO), Olivia Scanlon (SFFD), Anthony Rivera (SFFD), Brandy Batelaan (SFPUC), Thomas Birmingham (SFPUC), Don Bragg (Laurel), Jing Ng (Laurel), Lisa Congdon (Laurel), Eric Girod (BKF Consultants), Don Fields (ARS Code Consultants), and Gregg Miller (Coblentz). No agreements reached.
- 14) January 11, 2019. Meeting to discuss general terms of the Development Agreement, including Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Dan Kingsley (Laurel), Don

- Bragg (Laurel), Jing Ng (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 15) January 15, 2019. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), Jing Ng (Laurel), and Gregg Miller (Coblentz). No agreements reached.
  - 16) February 12, 2019. Meeting to discuss Development Agreement exhibits, including the Open Space Plan. Attendees included, Leigh Lutenski (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), Jing Ng (Laurel), and Gregg Miller (Coblentz). No agreements reached.
  - 17) February 26, 2019. Meeting to discuss terms of the Workforce Agreement for the Development Agreement. Attendees included, Leigh Lutenski (OEWD), Carol Wong (CAO), Ian Fernando (CMD), Don Bragg (Laurel), Jing Ng (Laurel), and Gregg Miller (Coblentz). No agreements reached.
  - 18) February 26, 2019. Meeting to discuss Development Agreement exhibits, including the Open Space Plan. Attendees included, Leigh Lutenski (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), Jing Ng (Laurel), and Gregg Miller (Coblentz). No agreements reached.
  - 19) March 8, 2019. Meeting to discuss general terms of the Development Agreement, including the Affordable Housing Plan. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Don Bragg (Laurel), Jing Ng (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). No agreements reached.
  - 20) March 26, 2019. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), Jing Ng (Laurel), and Gregg Miller (Coblentz). No agreements reached.
  - 21) April 9, 2019. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), Jing Ng (Laurel), and Gregg Miller (Coblentz). No agreements reached.
  - 22) April 19, 2019. Meeting to discuss general terms of the Development Agreement, including the Affordable Housing Plan. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Don Bragg (Laurel), Jing Ng (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). No agreements reached.
  - 23) April 23, 2019. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.

- 24) May 7, 2019. Meeting to discuss Development Agreement exhibits, including the Affordable Housing Plan. Attendees included, Leigh Lutenski (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 25) May 21, 2019. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 26) June 4, 2019. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 27) June 11, 2019. Meeting to discuss Development Agreement exhibits, including the Workforce Agreement. Attendees included, Leigh Lutenski (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 28) June 14, 2019. Meeting to discuss general terms of the Development Agreement, including the Affordable Housing Plan. Attendees included, Leigh Lutenski (OEWD), Ken Rich (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Dan Safier (Laurel), Don Bragg (Laurel), Cindy Park (Laurel), and Gregg Miller (Coblentz). Tentative agreement reached.
- 29) June 25, 2019. Meeting to discuss Development Agreement exhibits and schedule of public benefits. Attendees included, Leigh Lutenski (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 30) July 9, 2019. Meeting to discuss Development Agreement exhibits and schedule of public benefits. Attendees included, Leigh Lutenski (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 31) July 16, 2019. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). No agreements reached.
- 32) July 23, 2019. Meeting to discuss Development Agreement exhibits. Attendees included, Leigh Lutenski (OEWD), Iowayna Pena (OEWD), Carol Wong (City Attorney's Office), Don Bragg (Laurel), and Gregg Miller (Coblentz). Tentative agreement reached.

### 3. Conclusion.

We believe that both parties negotiated in good faith and the end result is a project that, if constructed, will benefit the City.

This summary is prepared for information purposes only, and is not intended to change, supplant, or be used in the interpretation of, any provision of the Development Agreement. For any specific question or

interpretation, or for any additional detail, reference should be made to the Development Agreement itself. I and my staff, as well as the Mayor's Office of Economic and Workforce Development and the City Attorney's Office, are available to answer any questions that you may have regarding the Development Agreement or the negotiation process.

**This page intentionally left blank.**



## SAN FRANCISCO PLANNING DEPARTMENT

### Executive Summary EIR Certification/CEQA Findings Planning Code Text and Map Amendments Development Agreement Conditional Use Authorization/Planned Unit Development

HEARING DATE: SEPTEMBER 5, 2019

*Record No.:* 2015-014028ENV/CUA/PCA/MAP/DVA  
*Project Address:* 3333 California Street (aka 3333 California Street Mixed-Use Project)  
*Zoning:* RM-1 (Residential – Mixed, Low Density)  
40-X Height and Bulk District  
*Block/Lot:* 1032 / 003  
*Project Sponsor:* Laurel Heights Partners LLC  
c/o: PSKS  
150 Post Street, Suite 320  
San Francisco, CA 94108  
*Property Owner:* Laurel Heights Partners LLC  
c/o: PSKS  
150 Post Street, Suite 320  
San Francisco, CA 94108  
*Staff Contact:* Nicholas Foster, AICP, LEED GA – (415) 575-9167  
[nicholas.foster@sfgov.org](mailto:nicholas.foster@sfgov.org)  
*Recommendation:* Approval with Conditions

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

#### SUMMARY

On September 5, 2019, the Planning Commission ("Commission") will consider a series of approval actions related to the proposed 3333 California Street Project ("Project"). The Commission has previously reviewed the Project as part of the Draft Environmental Impact Report ("DEIR") hearing on December 13, 2018. The Historic Preservation Commission ("HPC") reviewed the Project at hearings on May 11, 2018 and December 5, 2018. Should the Commission approve the Project on September 5, the Board of Supervisors would then conduct hearings which could result in the City's final approval or disapproval of the Project.

#### REQUIRED COMMISSION ACTION

The following is a summary of actions that the Commission will consider at the hearing, which are required to implement the Project:

1. Certify the Final Environmental Impact Report ("FEIR") pursuant to the California Environmental Quality Act ("CEQA");
2. Adopt findings under CEQA, including findings rejecting alternatives as infeasible and adopting a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program

[www.sfplanning.org](http://www.sfplanning.org)

("MMRP");

3. Recommend that the Board of Supervisors approve an ordinance that would primarily: (1) amend the Planning Code Text to establish the 3333 California Special Use District; (2) amend the associated Zoning and Height Maps; (3) extinguish Resolution 4109; and
4. Recommend that the Board of Supervisors approve a Development Agreement ("DA"); and
5. Approve a request for Conditional Use Authorization, pursuant to Planning Code Sections 253, 303, and 304 and Board of Supervisors Resolution No. 183-19 to allow structures to exceed 40 feet in a RM Zoning District, a change of use for an existing child care facility (to be replaced at a different location on the project site), and a Planned Unit Development ("PUD") with modifications from the requirements of the Planning Code.

## PROJECT DESCRIPTION

The Project would redevelop the subject property with a mix of residential, retail, child care, open space, and parking uses. The existing 14,000 gross-square-foot (gsf) annex building, surface parking lots and ramp structures would be demolished, and the existing 455,000 gsf office building ("Center Office Building"), would be partially demolished and adaptively reused for residential uses (as two separate buildings, "Center Building A" and "Center Building B") with up to three stories added to each. The Project would also construct thirteen new buildings, ranging from 4-story duplex townhouses to 6-story apartment buildings, as residential-only buildings ("Masonic"; "Euclid"; "Mayfair"; and the seven "Laurel Duplex" buildings), and mixed-use buildings ("Plaza A"; "Plaza B"; and "Walnut") containing non-residential uses on the ground and second floors. Overall, the Project includes a total of approximately 1,428,000 gsf of new and rehabilitated floor area, comprising: approximately 978,000 gsf of residential floor area (include 744 dwelling units); approximately 35,000 gsf of retail floor area; an approximately 15,000 gsf childcare facility (accommodating approximately 175 children); approximately 400,000 gsf devoted to off-street parking with 857 parking spaces (including approximately 10 car share spaces); and 839 bicycle spaces.

A total of 25% of the Project's dwelling units will be deed-restricted, on-site affordable units designated for low-income senior households. These affordable units will be located in the proposed Walnut Building on California Street and consist of 185 studio and 1-bedroom units for seniors plus 1 on-site manager's unit.

The Project would provide 52 percent of the overall lot area (approximately 233,000 square feet) as grade-level open area, some of which would be public open space and some of which would be private open space exclusively for residents. The Project would include a total of approximately 125,000 square feet (or roughly 2.88 acres) of publicly-accessible landscaped open space with multi-purpose plazas, lawns, pathways. New public pedestrian walkways would cross the property in a north-south direction between California Street and the intersection of Masonic and Euclid avenues approximately along the line of Walnut Street (Walnut Walk) and in an east-west direction between Laurel Street and Presidio Avenue along the line of Mayfair Drive (Mayfair Walk). The Project would also include streetscape improvements to enhance the safety of, and strengthen the network of, existing sidewalks and street crossings that abut the Project Site. These physical improvements to the Site are in service of meeting the goals and objectives of the Better Streets Plan. Specifically, the Project would include the following streetscape and pedestrian improvements: a new at-grade street crossing; sidewalk expansion; enhanced paving; installation of new street trees and street lighting on various public rights-of-way. Some of these improvements require a



major encroachment permit from the Department of Public Works and are subject to Board of Supervisors approval.

The proposed scope of work before the Commission was analyzed in the 3333 California Street Mixed-Use EIR as the "Project Variant" (or just "Variant"). The primary difference between the base project and the Variant is that the Variant includes 185 senior affordable dwelling units plus 1 on-site manager's unit instead of office use within the Walnut Building. Under the Variant, the Walnut Building would contain four additional floors (22 feet taller) to accommodate the residential uses. On August 19, 2019, the Project Sponsor submitted a letter to the Department requesting Conditional Use Authorization of the Variant.

### ISSUES AND OTHER CONSIDERATIONS

- **Public Comment & Outreach.** To date, the Department has received one letter in opposition to the proposed Project prior to the official 20-day neighborhood notification period. The Project Sponsor held over 150 community meetings since 2015.
- **Planning Code Text and Zoning Map Amendments (Board File No. 190844).** On July 30, 2019, Supervisor Catherine Stefani introduced an ordinance that would amend the Planning Code to establish the 3333 California Street Special Use District ("SUD") and make other related Code amendments. The purpose of the SUD is to facilitate the Project, and to give effect to the associated Development Agreement. The Ordinance would allow certain non-residential uses along California Street; specify off-street parking for childcare uses, establish affordable housing and open space requirements, establish procedures for permit approvals, and resolve a 1950's-era development restriction on the property (City Planning Commission Resolution 4109). The Ordinance would also amend the Zoning Map to change the Height and Bulk Designation of the site from 40-X to 40-X, 45-X, 67-X, 80-X, and 92-X.
- **Development Agreement ("DA") (Board File No. 190845).** The DA between the City and the Project Sponsor will set forth vesting rights for the Project and establish a set of public benefits. The Project's public benefits include:
  - **Affordable Housing.** The Project would restrict 25% of all residential units built within the site as affordable to low-income senior households. These units will be located in the 6-story Walnut Building near California Street and consist of 185 studio and 1-bedroom units for seniors. The Walnut Building will also include one on-site manager's unit.
  - **Open Space.** The Project would include a total of 125,226 square feet (or 2.88 acres) of privately-owned, publicly-accessible landscaped open space with multi-purpose plazas, lawns, pathways and streetscape improvements. The provision of open space exceeds what is required by the Code. The project includes ADA-accessible pedestrian pathways bisecting the Project Site from north to south and from east to west to provide safe connections to the surrounding street grid. Further, the Project Sponsor would be responsible for maintaining the privately-owned, publicly-accessible open spaces and the street improvements proposed around the perimeter of the site that will improve pedestrian safety and visibility.
  - **Child Care Facility.** The Project would include a 14,665 gross square foot child care facility within the ground floor of the Walnut Building designated to accommodate approximately 175 children, including a contiguous outdoor activity area. The child care facility would

serve a range of ages from infants through pre-school and would reserve 10% of its licensed seats for children of low-income families.

- **Workforce Development Program.** The Project would implement a workforce commitment program to encourage local business participation, including an LBE participation goal established by the City's Contract Monitoring Division as well as participation in the City's First Source Hiring Requirements.
- **Transportation Demand Management (TDM) Plan.** The Project includes a TDM Plan that implements 75% of applicable target points, exceeding the 50% requirement otherwise required pursuant to Planning Code Section 169.3(e)(2).
- **Auxiliary Water Supply System (AWSS) Community Benefit Fee.** The Project Sponsor would pay a \$1,055,000 AWSS Community Benefit Fee to support the expansion of the Fire Department's AWSS system.
- **Conditional Use Authorization.** Pursuant to Planning Code Sections 253, and 303, the Project is required to obtain Conditional Use Authorization to allow structures to exceed 40 feet in a RM Zoning District; for a change of use for an existing child care facility (to be replaced at a different location on the project site) pursuant to Board Ordinance No. 190230; and to allow a PUD with the requested modifications from the requirements of the Planning Code.
- **Planned Unit Development:** The project requests modifications from Planning Code requirements for:
  - **Rear Yard (Section 134).** The Project does not provide a code-complying rear yard. However, the Project provides for a greater amount of open space accessible to residents of the development, in lieu of the required rear yard.
  - **Permitted Obstructions (Section 136).** The Project includes bay windows that exceed the dimensional limits allowed per Code. However, in an attempt to improve the overall visual interest of the buildings, the Project provides a varied bay window design within each of the buildings.
  - **Dwelling Unit Exposure (Section 140).** The Project includes Dwelling Units that do not face onto an open area as defined by the Code. However, the Project has been designed such that the majority of the units (97%) meet the requirements for dwelling unit exposure.
  - **Standards for Off-Street Parking, Freight Loading, and Service Vehicle Facilities (Section 155).** The Project would include the required off-street parking and freight loading spaces, but not necessarily on the same lot as the use served after the proposed subdivisions of the Site. However, the Project provides sufficient off-street parking and freight loading for the uses served within enclosed garages with the minimum number of access points as necessary as to reduce the total number of curb cuts on the Site.
  - **Dwelling Unit Density (Sections 207, 209.3).** The Project includes 744 Dwelling Units, exceeding the base number of units permitted within the RM-1 Zoning District (559) but not exceeding the number of units permitted in the next more intense Zoning District (745). The Project would provide much-needed housing, with a range of unit types, including the provision of senior affordable housing units, as well as family-sized units of 3 or more bedrooms.

- o Measurement of Height (Planning Code Section 260). The Project proposes both new structures and alterations to an existing nonconforming building that would otherwise exceed the heights established by the underlying Height and Bulk District. However, the Project's goals of maximizing residential density at the Site warrant relief from the measurement of height, especially when considering that the Site's unique topography—which includes an approximately 67-foot difference in elevation across the Site—does not easily lend itself to a uniform method by which to measure height.

## ENVIRONMENTAL REVIEW

On November 8, 2018, the Department published the 3333 California Street Mixed Use Project Draft Environmental Impact Report ("DEIR") for public review (Case No. 2015-0014028ENV). The DEIR was available for public comment until January 8, 2019. On December 13, 2018, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the DEIR. The Historic Preservation Commission held a duly advertised hearing on said DEIR on December 5, 2018 at which the Historic Preservation Commission formulated its comments on the DEIR. On August 22, 2019, the Department published a Comments and Responses to Comments ("RTC") document, responding to comments made regarding the DEIR prepared for the Project. On September 5, 2019 the Commission will consider certification of the Final Environmental Impact Report ("FEIR") for the Project, and will determine if it is adequate, accurate and complete. In addition, on September 5, 2019, the Commission must adopt the CEQA Findings for the FEIR, prior to the approval of the Project (See Case No. 2015-014028ENV/PCA/MAP/DVA/CUA).

## BASIS FOR RECOMMENDATION

- The Project would maximize residential density on the Site, providing a significant number of new market-rate and senior affordable housing units, including family size units of 3 bedrooms or more, thus contributing to the City's housing goals—a top priority for the City and County of San Francisco.
- The Project would revitalize an underutilized parcel that is predominately occupied by surface parking lots, driveways, and a large, existing noncomplying structure containing a non-conforming office use.
- The Project would include ground-floor retail uses along California Street that would enliven the streetscape, and serve both on-site future residents as well as residents within the neighborhood.
- The Project would include include a considerable amount of privately-owned, publicly-accessible landscaped open space with multi-purpose plazas, lawns, pathways and streetscape improvements.
- The Project would include numerous streetscape and pedestrian improvements to enhance the safety of, and strengthen the network of, existing sidewalks and street crossings that abut the Site, and would integrate the site into the surrounding street grid by including new publicly accessible pedestrian pathways (Mayfair Walk and Walnut Walk).
- The Project would pay additional public benefit fees as set forth in the Development Agreement.

**ATTACHMENTS:**

Draft Motion – Conditional Use Authorization, Exhibit A: Conditions of Approval  
Draft Motion – CEQA Findings  
Draft Resolution – Planning Code Text and Map Amendments, Draft SUD Ordinance  
Draft Resolution – Adoption of Development Agreement, Draft DA Ordinance  
Exhibit B – Plans and Renderings  
Exhibit C – Environmental Determination (includes MMRP)  
Exhibit D – Land Use Data  
Exhibit E – Maps and Context Photos  
Exhibit F - Public Correspondence  
Exhibit G - Project Sponsor Brief  
Exhibit H – Inclusionary Affordable Housing Affidavit  
Exhibit I – Anti-Discriminatory Housing Affidavit  
Exhibit J – First Source Hiring Affidavit  
Exhibit K – Development Agreement, Development Agreement Application, and Director's Report on Development Agreement Negotiations.

File No. 190845  
Received via email  
11/07/2019

RECORDING REQUESTED BY  
CLERK OF THE BOARD OF SUPERVISORS  
OF THE CITY AND COUNTY OF SAN FRANCISCO

AND WHEN RECORDED MAIL TO:

Angela Calvillo  
Clerk of the Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

(Exempt from Recording Fees Pursuant to  
Government Code Section 27383)

**DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**THE CITY AND COUNTY OF SAN FRANCISCO**

**AND LAUREL HEIGHTS PARTNERS, LLC**

**FOR PROPERTY LOCATED AT 3333 CALIFORNIA STREET**

Block 1032 Lot 003

## TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	4
2. EFFECTIVE DATE; TERM.....	13
2.1 Effective Date .....	13
2.2 Term .....	13
3. GENERAL RIGHTS AND OBLIGATIONS .....	14
3.1 Development of the Project .....	14
3.2 Workforce .....	14
4. PUBLIC BENEFITS; DEVELOPER OBLIGATIONS AND CONDITIONS TO DEVELOPER'S PERFORMANCE.....	14
4.1 Community Benefits Exceed Those Required by Existing Ordinances and Regulations .....	14
4.2 Conditions to Performance of Community Benefits.....	15
4.3 No Additional CEQA Review Required; Reliance on FEIR for Future Discretionary Approvals .....	16
4.4 Nondiscrimination.....	17
4.5 City Cost Recovery .....	17
4.6 Prevailing Wages .....	18
4.7 Indemnification of City.....	19
5. VESTING AND CITY OBLIGATIONS.....	20
5.1 Vested Rights .....	20
5.2 Existing Standards .....	20
5.3 Criteria for Later Approvals.....	21
5.4 Strict Building Code Compliance .....	22
5.5 Denial of a Later Approval .....	23
5.6 New City Laws .....	23
5.7 Fees and Exactions.....	25
5.8 Changes in Federal or State Laws.....	26
5.9 No Action to Impede Approvals .....	28
5.10 Estoppel Certificates .....	28
5.11 Existing, Continuing Uses and Interim Uses .....	28
5.12 Taxes .....	28
6. NO DEVELOPMENT OBLIGATION.....	29
7. MUTUAL OBLIGATIONS.....	30
7.1 Notice of Completion, Revocation or Termination .....	30
7.2 General Cooperation; Agreement to Cooperate.....	30
7.3 Third-Party Challenge.....	30
7.4 Good Faith and Fair Dealing.....	31
7.5 Other Necessary Acts.....	31

8.	PERIODIC REVIEW OF DEVELOPER'S COMPLIANCE .....	31
8.1	Annual Review.....	31
8.2	Review Procedure .....	32
9.	ENFORCEMENT OF AGREEMENT; DEFAULT; REMEDIES .....	33
9.1	Enforcement.....	33
9.2	Meet and Confer Process .....	33
9.3	Default.....	33
9.4	Remedies.....	34
9.5	Time Limits; Waiver; Remedies Cumulative .....	36
9.6	Attorneys' Fees.....	36
10.	FINANCING; RIGHTS OF MORTGAGEES.....	37
10.1	Developer's Right to Mortgage .....	37
10.2	Mortgagee Not Obligated to Construct.....	37
10.3	Copy of Notice of Default and Notice of Failure to Cure to Mortgagee .....	37
10.4	Mortgagee's Option to Cure Defaults .....	38
10.5	Mortgagee's Obligations with Respect to the Property.....	39
10.6	No Impairment of Mortgage .....	39
10.7	Cured Defaults .....	39
11.	AMENDMENT; TERMINATION; EXTENSION OF TERM.....	39
11.1	Amendment or Termination.....	39
11.2	Early Termination Rights.....	40
11.3	Termination and Vesting.....	40
11.4	Amendment Exemptions.....	40
11.5	Extension Due to Legal Action or Referendum; Excusable Delay.....	41
12.	TRANSFER OR ASSIGNMENT; RELEASE; CONSTRUCTIVE NOTICE.....	42
12.1	Permitted Transfer of this Agreement.....	42
12.2	Notice of Transfer .....	43
12.3	Release of Liability .....	43
12.4	Responsibility for Performance .....	44
12.5	Constructive Notice .....	44
12.6	Rights of Developer .....	44
13.	DEVELOPER REPRESENTATIONS AND WARRANTIES .....	45
13.1	Interest of Developer; Due Organization and Standing .....	45
13.2	No Inability to Perform; Valid Execution.....	45
13.3	Conflict of Interest .....	45
13.4	Notification of Limitations on Contributions .....	45
13.5	Other Documents .....	46
13.6	No Bankruptcy .....	47
14.	MISCELLANEOUS PROVISIONS.....	47
14.1	Entire Agreement.....	47
14.2	Incorporation of Exhibits .....	47

14.3	Binding Covenants; Run With the Land .....	47
14.4	Applicable Law and Venue.....	47
14.5	Construction of Agreement.....	48
14.6	Project Is a Private Undertaking; No Joint Venture or Partnership .....	48
14.7	Recordation .....	48
14.8	Obligations Not Dischargeable in Bankruptcy .....	48
14.9	Survival.....	49
14.10	Signature in Counterparts .....	49
14.11	Notices .....	49
14.12	Limitations on Actions.....	49
14.13	Severability .....	50
14.14	MacBride Principles.....	50
14.15	Tropical Hardwood and Virgin Redwood.....	50
14.16	Sunshine.....	51
14.17	Non-Liability of City Officials and Others .....	51
14.18	Non-Liability of Developer Officers and Others .....	51
14.19	No Third Party Beneficiaries .....	51



## **EXHIBITS AND SCHEDULES**

### **Exhibits**

- A Project Site Legal Description
- B Project Description
- B-1 Site Plan
- C Project Open Space
- C-1 Open Space Plan
- C-2 Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements
- C-3 Public Access Declaration
- D Affordable Housing Program
- D-1 Depiction of Walnut Land
- D-2 Baseball Arbitration Appraisal Process
- D-3 Form of Grant Deed
- D-4 Accepted Conditions of Title
- D-5 Form of Deed of Trust
- E List of Approvals
- F MMRP
- G Notice of Completion and Termination
- H Form of Assignment and Assumption Agreement
- I Workforce Agreement
- J Transportation Exhibit
- K Schedule Template for Later Approvals
- L Child Care Program
- M SUD Ordinance and Conditional Use/Planned Unit Development Exceptions
- N Notice of Special Restrictions – AB900 Determination Compliance

### **Schedules**

- 1 Community Benefits Linkages and Impact Fees Schedule
- 2 AWSS Community Benefit Fee

**DEVELOPMENT AGREEMENT**  
**BY AND BETWEEN**  
**THE CITY AND COUNTY OF SAN FRANCISCO**  
**AND LAUREL HEIGHTS PARTNERS, LLC**

THIS DEVELOPMENT AGREEMENT dated for reference purposes only as of this \_\_\_\_ day of \_\_\_\_\_, 2019, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through its Planning Department, and LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("Developer"), pursuant to the authority of Section 65864 *et seq.* of the California Government Code and Chapter 56 of the Administrative Code. The City and Developer are also sometimes referred to individually as a "Party" and together as the "Parties". Capitalized terms not defined when introduced shall have the meanings given in Article 1.

**RECITALS**

This Agreement is made with reference to the following facts:

A. Developer is the owner of an irregularly-shaped parcel comprised of approximately 10.25 acres (approximately 446,468 square feet), generally bounded by California Street, Laurel Street, Euclid Avenue, Masonic Avenue, and Presidio Avenue, and further described on Exhibit A (the "Project Site"). The Project Site is improved with (i) a four-story, approximately 455,000 gross square foot office building with a three-level, partially below-grade garage that has 212 parking spaces and approximately 12,500 gross square feet of storage space, (ii) a one-story, approximately 14,000 gross square foot annex building with building facilities and plant operations, office space for physical plant engineers, and unused laboratory space, (iii) 2 circular garage ramp structures, (iv) 3 surface parking lots that collectively have 331 parking spaces, and (v) approximately 165,200 square feet of landscaping or landscaped open space.

B. The Developer proposes a mixed use development that will include on-site affordable units and that will include residential, retail, open space, parking, child care and related uses (the "Project"). Specifically, the Project includes (i) up to approximately 744 residential units consisting of a mix of market rate and on-site BMR Units, including 185 on-site senior affordable housing units (plus one (1) manager's unit), (ii) approximately 34,496 square feet for retail/restaurant/commercial use, (iii) ten (10) below-grade parking garages with approximately

~~857 parking spaces (including approximately ten~~ ten (10) ~~car share spaces), and no more than 754 parking spaces.~~ (iv) an approximately 14,665 square foot space for child care use, and (v) approximately 236,000 square feet of landscaped or open space, which includes approximately 125,226 square feet of privately owned, public open space, more than 71,000 square feet of which is in excess of the open space requirements under the Code, all as more particularly described on Exhibit B.

C. The Project is anticipated to generate an annual average of approximately 675 construction jobs during construction and, upon completion, approximately 200 net new permanent on-site jobs, an approximate \$10 million annual increase in property taxes, and approximately \$15 million in development impact fees (including transportation, housing linkages, and school fees).

D. In order to strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Section 65864 *et seq.* (the "**Development Agreement Statute**"), which authorizes the City to enter into a development agreement with any person having a legal or equitable interest in real property regarding the development of such property. Pursuant to Government Code Section 65865, the City adopted Chapter 56 of the Administrative Code ("**Chapter 56**") establishing procedures and requirements for entering into a development agreement pursuant to the Development Agreement Statute. The Parties are entering into this Agreement in accordance with the Development Agreement Statute and Chapter 56.

E. In addition to the significant housing, jobs, and economic benefits to the City from the Project, the City has determined that as a result of the development of the Project in accordance with this Agreement and the Special Use District and the Planned Unit Development approvals attached at Exhibit M, additional clear benefits to the public will accrue that could not be obtained through application of existing City ordinances, regulations, and policies. Major additional public benefits to the City from the Project include: (i) an increase in affordable housing that exceeds amounts otherwise required and will equal approximately twenty-five percent (25%) of the total number of housing units for the Project, serving senior households with incomes below 80% of MOHCD AMI with an overall average of not more than 59% of MOCHD AMI; (ii) construction and maintenance of the Publicly Accessible Private Improvements (as defined in Section 1) for a total of approximately 125,226 square feet of public useable open area; (iii) transportation demand

management measures that exceed the level otherwise required; (iv) the Child Care Program (as defined in Section 1); (v) workforce obligations; and (vi) the Streetscape Improvements (as defined in Section 1).

F. It is the intent of the Parties that all acts referred to in this Agreement shall be accomplished in a way as to fully comply with the California Environmental Quality Act (California Public Resources Code Section 21000 *et seq.*; "**CEQA**"), the CEQA Guidelines (Title 14, California Code of Regulations, Section 15000 *et seq.*; "**CEQA Guidelines**"), the Development Agreement Statute, Chapter 56, the Planning Code, the Enacting Ordinances and all other applicable Laws in effect as of the Effective Date. This Agreement does not limit the City's obligation to comply with applicable environmental Laws, including CEQA, before taking any discretionary action regarding the Project, or the Developer's obligation to comply with all applicable Laws in connection with the development of the Project.

G. Developer submitted its application and initial supporting materials for certification into the Environmental Leadership Development Project Program on August 23, 2018 (the "**AB900 Application**"), and, on January 30, 2019, the State of California Air Resources Board ("**CARB**") issued its Executive Order G-18-101 (the "**CARB Executive Order**") in which it determined, based on the CARB Staff Evaluation of AB 900 Application for 3333 California Street Mixed Use Project ("**CARB Staff Evaluation**"), dated January 30, 2019, and the AB900 Application that, pursuant California Public Resources Code section 21183(c), the Project would not result in any net additional GHG emissions (the "**CARB Executive Order**").

H. On June 7, 2019, the Governor's Office, with the concurrence of the Joint Legislative Budget Committee on July 8, 2019 (the "**JLBC Letter**"), determined that the Project is an eligible project under the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, Public Resources Code sections 21178 *et seq.* (the "**Determination**").

I. The Final Environmental Impact Report ("**FEIR**") prepared for the Project and certified by the Planning Commission on \_\_\_\_\_, 2019, together with the CEQA findings (the "**CEQA Findings**") and the Mitigation Measures adopted concurrently therewith and set forth in the MMRP, comply with CEQA, the CEQA Guidelines, and Chapter 31 of the Administrative Code. The FEIR thoroughly analyzes the Project and the Mitigation Measures were designed to mitigate significant impacts to the extent they are susceptible to feasible mitigation. On \_\_\_\_\_, 20\_\_, the Board of Supervisors, in Motion No. [\_\_\_\_], affirmed the decisions

of the Planning Commission to certify the FEIR. The information in the FEIR and the CEQA Findings were considered by the City in connection with approval of this Agreement.

J. On \_\_\_\_\_, 20\_\_, the Planning Commission held a public hearing on this Agreement and the Project, duly noticed and conducted under the Development Agreement Statute and Chapter 56. Following the public hearing, the Planning Commission adopted the CEQA findings and determined among other things that the FEIR thoroughly analyzes the Project and the Mitigation Measures are designed to mitigate significant impacts to the extent they are susceptible to a feasible mitigation, and further determined that the Project and this Agreement will, as a whole, and taken in their entirety, continue to be consistent with the objectives, policies, general land uses and programs specified in the General Plan, as amended, and the policies set forth in Section 101.1 of the Planning Code (together the "**General Plan Consistency Findings**"). The information in the FEIR and the CEQA Findings has been considered by the City in connection with this Agreement.

K. On \_\_\_\_\_, the Board of Supervisors, having received the Planning Commission's recommendations, held a public hearing on this Agreement pursuant to the Development Agreement Statute and Chapter 56. Following the public hearing, the Board made the CEQA Findings required by CEQA, incorporating by reference the General Plan Consistency Findings.

L. On \_\_\_\_\_, the Board adopted Ordinance No. [\_\_\_\_], amending the Planning Code, the Zoning Map, and the Height Map, Ordinance No. [\_\_\_\_], approving this Agreement (File No. [\_\_\_\_]), and authorizing the Planning Director to execute this Agreement on behalf of the City, and Ordinance No. \_\_\_\_\_, approving a street encroachment permit and associated encroachment permit and maintenance agreement for the Project (collectively, the "**Enacting Ordinances**"). The Enacting Ordinances took effect on \_\_\_\_\_.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### **AGREEMENT**

#### **1. DEFINITIONS**

In addition to the definitions set forth in the above preamble paragraph, Recitals and elsewhere in this Agreement, the following definitions shall apply to this Agreement:

- 1.1 "Administrative Code" means the San Francisco Administrative Code.
- 1.2 "Agreement" means this Development Agreement, the Exhibits and Schedules that have been expressly incorporated herein, and any amendments thereto.
- 1.3 "AMI" means the unadjusted median income levels derived from the U.S. Department of Housing and Urban Development on an annual basis for the San Francisco area, adjusted solely for household size, but not high housing cost area.
- 1.4 "Annual Review Date" has the meaning set forth in Section 8.1.
- 1.5 "Applicable Laws" has the meaning set forth in Section 5.2 (where not capitalized, "applicable Law" has its plain meaning and refers to Laws as otherwise defined herein).
- 1.6 "Approvals" means the City approvals, entitlements, and permits listed on Exhibit E, including any Later Approvals at the time and to the extent they are included pursuant to Section 5.1.
- 1.7 "Assignment and Assumption Agreement" has the meaning set forth in Section 12.2.
- 1.8 "Associated Community Benefit" is defined in Section 4.1.
- 1.9 "AWSS Community Benefit Fee" is defined in Schedule 2.
- 1.10 "BMR Units" has the meaning set forth in the Housing Program.
- 1.11 "Board of Supervisors" or "Board" means the Board of Supervisors of the City and County of San Francisco.
- 1.12 "Building" or "Buildings" means each of the existing, modified and new buildings on the Project Site, as described in the Project description attached as Exhibit B.
- 1.13 "California Plaza" is described in Section 1.a of Exhibit C.
- 1.14 "CEQA" has the meaning set forth in Recital F.
- 1.15 "CEQA Findings" has the meaning set forth in Recital I.
- 1.16 "CEQA Guidelines" has the meaning set forth in Recital F.
- 1.17 "Chapter 56" has the meaning set forth in Recital D.
- 1.18 "Child Care Program" means the child care facility program attached as Exhibit L.
- 1.19 "City" means the City as defined in the opening paragraph of this Agreement. Unless the context or text specifically provides otherwise, references to the City

means the City acting by and through the Planning Director or, as necessary, the Planning Commission or the Board of Supervisors.

1.20 "City Agency" or "City Agencies" means the City departments, agencies, boards, commissions, and bureaus that execute or consent to this Agreement, or are controlled by persons or commissions that have executed or consented to this Agreement, that have subdivision or other permit, entitlement or approval authority or jurisdiction over development of the Project or any improvement located on or off the Project Site, including, without limitation, the City Administrator, Planning Department, MOHCD, OEWD, SFMTA, PW, DBI, together with any successor City agency, department, board, or commission. Nothing in this Agreement shall affect the jurisdiction under the City's Charter of a City department that has not approved or consented to this Agreement in connection with the issuance of a Later Approval. The City actions and proceedings subject to this Agreement shall be through the Planning Department, as well as affected City Agencies (and when required by applicable Law, the Board of Supervisors).

1.21 "City Attorney's Office" means the Office of the City Attorney of the City and County of San Francisco.

1.22 "City Costs" means the actual and reasonable costs incurred by a City Agency in preparing, adopting or amending this Agreement, in performing its obligations or defending its actions under this Agreement or otherwise contemplated by this Agreement, as determined on a time and materials basis, including reasonable attorneys' fees and costs but excluding work, hearings, costs or other activities contemplated or covered by Processing Fees; provided, however, City Costs shall not include any costs incurred by a City Agency in connection with a City Default or which are payable by the City under Section 9.6 when Developer is the prevailing party.

1.23 "City Parties" has the meaning set forth in Section 4.7.

1.24 "City Report" has the meaning set forth in Section 8.2.2.

1.25 "City-Wide" means all real property within the territorial limits of the City and County of San Francisco, not including any property owned or controlled by the United States or by the State of California and therefore not subject to City regulation.

1.26 "CMA" is defined in Section 12.1.

1.27 "Commence Construction", "Commenced Construction" or "Commencement of Construction" means groundbreaking in connection with the

commencement of physical construction of the applicable Building foundation, but specifically excluding the demolition or partial demolition of existing structures.

1.28 **"Community Benefits"** has the meaning set forth in Section 4.1.

1.29 **"Community Benefits Linkages and Impact Fees Schedule"** means the schedule attached to this Agreement as Schedule 1.

1.30 **"Community Benefits Program"** has the meaning set forth in Section 4.1.1.

1.31 **"Costa Hawkins Act"** has the meaning set forth in Exhibit D.

1.32 **"Cypress Square"** is described in Section 1.b of Exhibit C.

1.33 **"Cypress Stairs"** are described in Section 1.b of Exhibit C.

1.34 **"Default"** has the meaning set forth in Section 9.3.

1.35 **"DBI"** means the Department of Building Inspection of the City and County of San Francisco.

1.36 **"Developer"** has the meaning set forth in the opening paragraph of this Agreement, and shall also include (i) any Transferee as to the applicable Transferred Property, and (ii) any Mortgagee or assignee thereof that acquires title to any Foreclosed Property but only as to such Foreclosed Property.

1.37 **"Development Agreement Statute"** has the meaning set forth in Recital D, as in effect as of the Effective Date.

1.38 **"Development Parcel"** means a parcel within the Project Site on which a Building or other improvements will be constructed, as set forth in a Subdivision Map.

1.39 **"Effective Date"** has the meaning set forth in Section 2.1.

1.40 **"Enacting Ordinances"** has the meaning set forth in Recital L.

1.41 **"Euclid Green"** is described in Section 1.h of Exhibit C.

1.42 **"Excusable Delay"** has the meaning set forth in Section 11.5.2.

1.43 **"Existing Mortgage"** means the deed of trust recorded in the Official Records of San Francisco County on March 30, 2018 as Instrument Nos. 2018-K595916-00 and 2018-K595918-00, including all modification thereto.

1.44 **"Existing Standards"** has the meaning set forth in Section 5.2.

1.45 **"Existing Uses"** means all existing lawful uses of the existing Buildings and improvements (and including, without limitation, pre-existing, non-conforming uses under the



Planning Code) on the Project Site as of the Effective Date, as the same may be modified by the Approvals and any Later Approvals.

1.46 **"Federal or State Law Exception"** has the meaning set forth in Section 5.8.1.

1.47 **"FEIR"** has the meaning set forth in Recital I.

1.48 **"Finally Granted"** means (i) any and all applicable appeal periods for the filing of any administrative or judicial appeal challenging the issuance or effectiveness of any of the Approvals, this Agreement or the FEIR shall have expired and no such appeal shall have been filed, or if such an administrative or judicial appeal is filed, the Approvals, this Agreement or the FEIR, as applicable, shall have been upheld by a final decision in each such appeal without adverse effect on the applicable Approval, this Agreement or the FEIR and the entry of a final judgment, order or ruling upholding the applicable Approval, this Agreement or the FEIR and (ii) if a referendum petition relating to this Agreement is timely and duly circulated and filed, certified as valid and the City holds an election, the date the election results on the ballot measure are certified by the Board of Supervisors in the manner provided by the Elections Code reflecting the final defeat or rejection of the referendum.

1.49 **"First Construction Document"** shall be as defined in San Francisco Building Code Section 107A.13.1(a)(8).

1.50 **"Foreclosed Property"** is defined in Section 10.5.

1.51 **"General Plan Consistency Findings"** has the meaning set forth in Recital I.

1.52 **"Gross Floor Area"** has the meaning set forth in the Planning Code as of the applicable date of determination of such area.

1.53 **"Housing Program"** means the Affordable Housing Program attached as Exhibit D.

1.54 **"Impact Fees and Exactions"** means any fees, contributions, special taxes, exactions, impositions, and dedications charged by the City, whether as of the date of this Agreement or at any time thereafter during the Term, in connection with the development of Projects, including but not limited to transportation and transit fees, child care requirements or in-lieu fees, dedications, housing (including affordable housing) requirements or fees, dedication or

reservation requirements, and obligations for on-or off-site improvements. Impact Fees and Exactions shall not include the Mitigation Measures, Processing Fees, taxes or special assessments or school district fees, SFPUC Capacity Charges, and any fees, taxes, assessments, and impositions imposed by any Non-City Agency, all of which shall be due and payable by Developer as and when due in accordance with applicable Laws.

1.55 **"Later Approval"** means any other land use approvals, entitlements, or permits from the City or any City Agency, other than the Approvals, that are consistent with the Approvals and necessary or advisable for the implementation of the Project, including without limitation, demolition permits, grading permits, site permits, building permits, lot line adjustments, sewer and water connection permits, major and minor encroachment permits, street and sidewalk modifications, street improvement permits, permits to alter, certificates of occupancy, transit stop relocation permits, Subdivision Maps, improvement plans, lot mergers, and lot line adjustments. A Later Approval shall also include any amendment to the foregoing land use approvals, entitlements, or permits, or any amendment to the Approvals that are sought by Developer and approved by the City in accordance with the standards set forth in this Agreement.

1.56 **"Law(s)"** means the Constitution and laws of the United States, the Constitution and laws of the State of California, the laws of the City and County of San Francisco, and any codes, statutes, rules, regulations, or executive mandates thereunder, and any State or Federal court decision (including any order, injunction or writ) thereunder. The term **"Laws"** shall refer to any or all Laws as the context may require.

1.57 **"Law Adverse to City"** is defined in Section 5.8.4.

1.58 **"Law Adverse to Developer"** is defined in Section 5.8.4.

1.59 **"Life of the Project"** shall mean, for each Building that is constructed on the Project Site under this Agreement, the life of that Building.

1.60 **"Litigation Extension"** has the meaning set forth in Section 11.5.1.

1.61 **"Losses"** has the meaning set forth in Section 4.7.

1.62 **"Material Change"** means any modification that (a) would materially alter the rights, benefits or obligations of the City or Developer under this Agreement, (b) is not consistent with the Project SUD or a planned unit development authorization made under the Project SUD, (c) extends the Term, (d) changes the uses of the Project Site from those described in this Agreement, (e) decreases the Community Benefits, (f) increases the maximum height,

density, bulk or size of the Project (except to the extent permitted under the Project SUD or a planned unit development authorization for the Project), (g) increases parking ratios, or (h) reduces the Impact Fees and Exactions.

1.63 **"Mayfair Walk"** is described in Section 1.c of Exhibit C.

1.64 **"Mitigation Measures"** means the mitigation measures (as defined by CEQA) applicable to the Project as set forth in the MMRP or that are necessary to mitigate adverse environmental impacts identified through the CEQA process as part of a Later Approval.

1.65 **"MMRP"** means that certain mitigation monitoring and reporting program attached as Exhibit F.

1.66 **"MOHCD"** means the Mayor's Office of Housing and Community Development.

1.67 **"MOHCD AMI"** is defined in Exhibit D (Affordable Housing Program).

1.68 **"Mortgage"** means a mortgage, deed of trust or other lien on all or part of the Project Site to secure an obligation made by the applicable property owner, including the Existing Mortgage.

1.69 **"Mortgagee"** means (i) any mortgagee or beneficiary under a Mortgage, and (ii) a person or entity that obtains title to all or part of the Project Site as a result of foreclosure proceedings or conveyance or other action in lieu thereof, or other remedial action.

1.70 **"Municipal Code"** means the San Francisco Municipal Code. All references to any part of the Municipal Code in this Agreement shall mean that part of the Municipal Code in effect on the Effective Date, as the Municipal Code may be modified by changes and updates that are adopted from time to time in accordance with Section 5.4 or by permitted New City Laws as set forth in Section 5.6.

1.71 **"New City Laws"** has the meaning set forth in Section 5.6.

1.72 **"Non-City Agency"** means Federal, State, and local governmental agencies that are independent of the City and not parties to this Agreement.

1.73 **"Non-City Approval"** means any permits, agreements, or entitlements from Non-City Agencies as may be necessary for the development of the Project.

1.74 **"OEWD"** means the San Francisco Office of Economic and Workforce Development.

1.75 "Official Records" means the official real estate records of the City and County of San Francisco, as maintained by the City's Assessor-Recorder's Office.

1.76 "Party" and "Parties" has the meaning set forth in the opening paragraph of this Agreement and shall also include any party that becomes a party to this Agreement, such as a Transferee (each during its period of ownership of all or part of the Project Site).

1.77 "Pine Street Steps" are described in Section 1.e of Exhibit C.

1.78 "Planning Code" means the San Francisco Planning Code.

1.79 "Planning Commission" means the Planning Commission of the City and County of San Francisco.

1.80 "Planning Department" means the Planning Department of the City and County of San Francisco.

1.81 "Planning Director" means the Director of Planning of the City and County of San Francisco.

1.82 "Presidio Overlook" is described in Section 1.d of Exhibit C.

1.83 "Processing Fees" means the standard fee imposed by the City upon the submission of an application for a permit or approval, which is not an Impact Fee or Exaction, in accordance with the City practice on a City-Wide basis.

1.84 "Project" means the project as described in Recital B, Exhibit B, and the Approvals, including, without limitation, the Project variant and Project alternatives described in the Project SUD, together with Developer's rights and obligations under this Agreement.

1.85 "Project Site" has the meaning set forth in Recital A, and as more particularly described in Exhibit A.

1.86 "Project SUD" means Planning Code Section 249.[ ] as adopted by the Board in Ordinance No. [ ].

1.87 "Public Health and Safety Exception" has the meaning set forth in Section 5.8.1.

1.88 "Publicly Accessible Private Improvements" means the privately-owned and publicly-accessible California Plaza, Cypress Square, Cypress Stairs, Mayfair Walk, Presidio Overlook, Pine Street Steps, Walnut Walk North, Walnut Walk South, Walnut Drive and Walnut Court, and Euclid Green, all as further described and depicted in Exhibit C, Exhibit C-1, and Schedule 1 and which exceeds the Required Open Space for the Project.

1.89 **"PW"** means San Francisco Public Works.

1.90 **"Required Open Space"** has the meaning given such term in Section 102 of the Planning Code.

1.91 **"SFMTA"** means the San Francisco Municipal Transportation Agency.

1.92 **"SFPUC"** means the San Francisco Public Utilities Commission.

1.93 **"SFPUC Capacity Charges"** means all water and sewer capacity and connection fees and charges payable to the SFPUC, as and when due in accordance with the applicable City requirements.

1.94 **"Streetscape Improvements"** means the following improvements, all as further described and depicted in Exhibit C, Exhibit C-1, and Schedule 1: (i) reconfiguring portions of the curb lines at Presidio Avenue and Masonic Avenue; (ii) reconfiguring the triangular-shaped pedestrian island and the right-most travel lane for southbound traffic on Presidio Avenue merging onto Masonic and incorporating it into the Pine Street Steps, (iii) reconfiguring the triangular-shaped pedestrian island and the right-most travel lane for southbound traffic on Masonic Avenue merging onto Euclid Avenue and incorporating it into Walnut Walk South (iv) constructing corner bulb-outs on the west side of the Masonic Avenue/Presidio Avenue/Pine Street intersection, the northeast corner of Laurel Street/Mayfair Drive, the southwest corner of the California Street/Laurel Street intersection, the southeast and southwest corners of the California Street/Walnut Street intersection, and the northeast corner of the Laurel Street/Euclid Avenue intersection; (v) installing a continental crosswalk crossing Presidio Avenue to Pine Street and an eastside crosswalk at the three-way intersection at Laurel Street crossing Mayfair Drive; and (vi) widening sidewalks on portions of Presidio Avenue, Masonic Avenue, Euclid Avenue, and Laurel Street.

1.95 **"Subdivision Code"** means the San Francisco Subdivision Code.

1.96 **"Subdivision Map"** means any map that Developer submits for the Project Site with respect to the Project under the Subdivision Map Act and the Subdivision Code, which may include, but not be limited to, tentative or vesting tentative subdivision maps, final or vesting final subdivision maps and any tentative or final parcel map, or transfer map, including phased final maps to the extent authorized under an approved tentative subdivision map, but excluding the Tentative Map.

1.97 "**Subdivision Map Act**" means the California Subdivision Map Act, California Government Code Section 66410 *et seq.*

1.98 "**Tentative Map**" means the tentative map for the Project Site approved by PW on [REDACTED], 2019.

1.99 "**Term**" has the meaning set forth in Section 2.2.

1.100 "**Third-Party Challenge**" means any administrative, legal or equitable action or proceeding instituted by any party other than the City or Developer challenging the validity or performance of any provision of this Agreement, the Project, the Approvals or Later Approvals, the adoption or certification of the FEIR or other actions taken pursuant to CEQA, or other approvals under Laws relating to the Project, any action taken by the City or Developer in furtherance of this Agreement, or any combination thereof relating to the Project or any portion thereof.

1.101 "**Transfer**," "**Transferee**" and "**Transferred Property**" have the meanings set forth in Section 12.1, and in all events excludes (1) a transfer of ownership or membership interests in Developer or any Transferee, (2) grants of easement or of occupancy rights for existing or completed Buildings or other improvements (including, without limitation, space leases in Buildings), and (3) the placement of a Mortgage on the Project Site.

1.102 "**Transportation Demand Management**" benefits are described in Exhibit J.

1.103 "**Vested Elements**" has the meaning set forth in Section 5.1.

1.104 "**Walnut Walk North**" is described in Section 1.f of Exhibit C.

1.105 "**Walnut Walk South**" is described in Section 1.f of Exhibit C.

1.106 "**Workforce Agreement**" means the Workforce Agreement attached as Exhibit I.

## 2. **EFFECTIVE DATE; TERM**

2.1 Effective Date. This Agreement shall take effect upon the later of (i) the full execution and delivery of this Agreement by the Parties and (ii) the date the Enacting Ordinances are effective and operative ("**Effective Date**").

2.2 Term. The term of this Agreement shall commence upon the Effective Date and shall continue in full force and effect for fifteen (15) years thereafter unless extended or earlier terminated as provided herein ("**Term**"); provided, however, that (i) the Term shall be

extended for each day of a Litigation Extension and (ii) Developer shall have the right to terminate this Agreement with respect to a Development Parcel upon completion of the Building within that Development Parcel and the Associated Community Benefits for that Building, as set forth in Section 7.1. The term of any conditional use permit or planned unit development shall be for the longer of the Term (as it relates to the applicable parcel) or the term otherwise allowed under the conditional use or planned unit development approval, as applicable. The term of the Tentative Map and any Subdivision Map shall be for the longer of the Term (as it relates to the applicable parcel) or the term otherwise allowed under the Subdivision Map Act.

### **3. GENERAL RIGHTS AND OBLIGATIONS**

3.1 Development of the Project. Developer shall have the vested right to develop the Project in accordance with and subject to the provisions of this Agreement, and the City shall consider and process all Later Approvals for development of the Project in accordance with and subject to the provisions of this Agreement. The Parties acknowledge that Developer (i) has obtained all Approvals from the City required to Commence Construction of the Project, other than any required Later Approvals, and (ii) may proceed in accordance with this Agreement with the construction and, upon completion, use and occupancy of the Project as a matter of right, subject to the attainment of any required Later Approvals and any Non-City Approvals.

3.2 Workforce. Developer shall require project sponsors, contractors, consultants, subcontractors and subconsultants, as applicable, to undertake workforce development activities in accordance with the Workforce Agreement attached as Exhibit I.

### **4. PUBLIC BENEFITS; DEVELOPER OBLIGATIONS AND CONDITIONS TO DEVELOPER'S PERFORMANCE**

4.1 Community Benefits Exceed Those Required by Existing Ordinances and Regulations. The Parties acknowledge and agree that the development of the Project in accordance with this Agreement provides a number of public benefits to the City beyond those achievable through existing Laws, including, but not limited to, those set forth in this Article 4 (the "Community Benefits"). The City acknowledges and agrees that a number of the Community Benefits would not be otherwise achievable without the express agreement of Developer under this Agreement. Developer acknowledges and agrees that, as a result of the benefits to Developer under this Agreement, Developer has received good and valuable consideration for its provision of the Community Benefits, and the City would not be willing to enter into this Agreement without

the Community Benefits. Payment or delivery of each of the Community Benefits is tied to a specific Building or the number of constructed residential units as described in the Community Benefits Linkages and Impact Fees Schedule attached as Schedule 1 to this Agreement or as described elsewhere in this Agreement (each, an "**Associated Community Benefit**"). Upon Developer's Commencement of Construction of a Building, the Associated Community Benefits tied to that Building shall survive the expiration or termination of this Agreement to the date of completion of the Associated Community Benefit. Time is of the essence with respect to the completion of the Associated Community Benefits.

4.1.1 Community Benefits. Developer shall provide the following Community Benefits (collectively, the "**Community Benefits Program**") at the times specified in the Community Benefits Linkages and Impact Fees Schedule:

(a) the Publicly Accessible Private Improvements, as further described in Exhibit C, Exhibit C-1, Exhibit C-2 and Schedule 1;

(b) the Streetscape Improvements, as further described in, Exhibit C, Exhibit C-1 and Schedule 1;

(c) the Housing Program benefits, as further described in Exhibit D and Schedule 1;

(d) the AWSS Community Benefit Fee as further described in Schedule 2;

(e) the Workforce Agreement benefits, as further described in Exhibit I;

(f) the Transportation Demand Management benefits, as further described in Exhibit J; and

(g) the Child Care Program benefits, as further described in Exhibit L.

4.2 Conditions to Performance of Community Benefits. Developer's obligation to perform each Associated Community Benefit tied to a specific Building is expressly conditioned upon each and all of the following conditions precedent:

(a) All Approvals for the applicable Building to which the Associated Community Benefit is tied shall have been Finally Granted;

(b) Developer shall have obtained all Later Approvals necessary



to Commence Construction of the applicable Building to which the Associated Community Benefit is tied, and the same shall have been Finally Granted, except to the extent that such Later Approvals have not been obtained or Finally Granted due to the failure of Developer to timely initiate and then diligently and in good faith pursue such Later Approvals. Whenever this Agreement requires completion of an Associated Community Benefit at or before the completion of or receipt of ~~first~~ certificate of occupancy for a Building, the City may withhold ~~at~~ the certificate of occupancy for that Building until the required Associated Community Benefit is completed except as otherwise expressly set forth in Exhibit C, Exhibit D, Exhibit L, Schedule 1 or elsewhere in this Agreement or any Approvals; and

(c) Developer shall have Commenced Construction of the Building to which the Associated Community Benefit applies.

4.3 No Additional CEQA Review Required; Reliance on FEIR for Future Discretionary Approvals. The Parties acknowledge that the FEIR prepared for the Project complies with CEQA. The Parties further acknowledge that (a) the FEIR contains a thorough analysis of the Project and possible alternatives, (b) the Mitigation Measures have been adopted to eliminate or reduce to an acceptable level certain adverse environmental impacts of the Project, and (c) the Board of Supervisors adopted CEQA Findings, including a statement of overriding considerations in connection with the Approvals, pursuant to CEQA Guidelines Section 15093, for those significant impacts that could not be mitigated to a less than significant level. Accordingly, the City does not intend to conduct any further environmental review or mitigation under CEQA for any aspect of the Project vested under this Agreement. The City shall rely on the FEIR, to the greatest extent possible in accordance with applicable Laws, in all future discretionary actions related to the Project; provided, however, that nothing shall prevent or limit the discretion of the City to conduct additional environmental review in connection with any Later Approvals to the extent that such additional environmental review is required by applicable Laws, including CEQA.

4.3.1 Compliance with CEQA Mitigation Measures; AB900 Compliance. Developer shall comply with all Mitigation Measures imposed as applicable to the Project except for any Mitigation Measures that are expressly identified as the responsibility of a different party or entity. Without limiting the foregoing, Developer shall be responsible for the completion of all Mitigation Measures identified as the responsibility of the "owner" or the "project sponsor". The

Parties expressly acknowledge that the FEIR and the associated MMRP are intended to be used in connection with each of the Later Approvals to the extent appropriate and permitted under applicable Law. Nothing in this Agreement shall limit the ability of the City to impose conditions on any new, discretionary permit resulting from Material Changes as such conditions are determined by the City to be necessary to mitigate adverse environmental impacts identified through the CEQA process and associated with the Material Changes or otherwise to address significant environmental impacts as defined by CEQA created by an approval or permit; provided, however, any such conditions must be in accordance with applicable Law. In addition to complying with all Mitigation Measures, Developer shall cause the Notice of Special Restrictions attached hereto as Exhibit N to be recorded in the Official Records at the same, or substantially the same, time as Developer records any other notices of special restrictions with respect to the Project and in any event prior to the issuance of a permit (including site or building permit) for grading related to the construction of any phase of the Project, and Developer shall comply with the requirements of such Notice of Special Restrictions as more specifically set forth therein.

4.4 Nondiscrimination. In the performance of this Agreement, Developer agrees not to discriminate against any employee, City employee working with Developer's contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

4.5 City Cost Recovery.

4.5.1 Developer shall timely pay to the City all Impact Fees and Exactions applicable to the Project or the Project Site as set forth in Section 5.7.

4.5.2 Developer shall timely pay to the City all Processing Fees applicable to the processing or review of applications for the Approvals and Later Approvals.

4.5.3 Developer shall pay to the City all City Costs incurred in connection with the drafting and negotiation of this Agreement, defending the Approvals and Later Approvals,

and in processing and issuing any Later Approvals or administering this Agreement (except for the costs that are covered by Processing Fees), within sixty (60) days following receipt of a written invoice complying with Section 4.5.4 from the City.

4.5.4 OEWD shall provide Developer on a quarterly basis (or such alternative period as agreed to by the Parties) a reasonably detailed statement showing costs incurred by OEWD, the City Agencies and the City Attorney's Office, including the hourly rates for each City staff member at that time, the total number of hours spent by each City staff member during the invoice period, any additional costs incurred by the City Agencies and a brief non-confidential description of the work completed (provided, for the City Attorney's Office, the billing statement will be reviewed and approved by OEWD but the cover invoice forwarded to Developer will not include a description of the work). OEWD will use reasonable efforts to provide an accounting of time and costs from the City Attorney's Office and each City Agency in each invoice; provided, however, if OEWD is unable to provide an accounting from one or more of such parties, then OEWD may send an invoice to Developer that does not include the charges of such party or parties without losing any right to include such charges in a future or supplemental invoice but subject to the eighteen (18) month deadline set forth below in this Section 4.5.4. Developer's obligation to pay the City Costs shall survive the termination of this Agreement. Developer shall have no obligation to reimburse the City for any City Cost that is not invoiced to Developer within eighteen (18) months from the date the City Cost was incurred. The City will maintain records, in reasonable detail, with respect to any City Costs and upon written request of Developer, and to the extent not confidential, shall make such records available for inspection by Developer.

4.5.5 If Developer in good faith disputes any portion of an invoice, then within sixty (60) days following receipt of the invoice Developer shall provide notice of the amount disputed and the reason for the dispute, and the Parties shall use good faith efforts to reconcile the dispute as soon as practicable. Developer shall have no right to withhold the disputed amount. If any dispute is not resolved within ninety (90) days following Developer's notice to the City of the dispute, Developer may pursue all remedies at law or in equity to recover the disputed amount.

4.6 Prevailing Wages. Developer agrees that all persons performing labor in the construction of the Streetscape Improvements and the Publicly Accessible Private Improvements shall be paid not less than the highest prevailing rate of wages for the labor so performed consistent

with the requirements of Section 6.22(e) of the Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California, and Developer shall include this requirement in any construction contract entered into by Developer for any such improvements. Upon request, Developer and its contractors will provide to City any workforce payroll records as needed to confirm compliance with this Section. Without limiting the foregoing, Developer shall comply with all applicable state law requirements relating to the payment of prevailing wages, and to the extent there is any difference between the requirements of such state law requirements and Section 6.22(e) of the Administrative Code, the stricter requirements shall apply to the construction of the Streetscape Improvements and the Publicly Accessible Private Improvements.

4.7 Indemnification of City. Developer shall indemnify, reimburse, and hold harmless the City and its officers, agents and employees (the "**City Parties**") from and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims ("**Losses**") arising or resulting directly or indirectly from (i) any third party claim arising from a Default by Developer under this Agreement, (ii) Developer's failure to comply with any Approval, Later Approval or Non-City Approval, (iii) the failure of any improvements constructed pursuant to the Approvals or Later Approvals to comply with any Federal or State Laws, the Existing Standards or any permitted New City Laws, (iv) any accident, bodily injury, death, personal injury, or loss of or damage to property occurring on the Project Site (or the public right of way adjacent to the Project Site) in connection with the construction by Developer or its agents or contractors of any improvements pursuant to the Approvals, Later Approvals or this Agreement, (v) a Third-Party Challenge instituted against the City or any of the City Parties, (vi) any dispute between Developer, its contractors or subcontractors relating to the construction of any part of the Project, and (vii) any dispute between Developer and any Transferee or any subsequent owner of any of the Project Site relating to any assignment of this Agreement or the obligations that run with the land, or any dispute between Developer and any Transferee or other person relating to which party is responsible for performing certain obligations under this Agreement, each regardless of the negligence of and regardless of whether liability without fault is imposed or sought to be imposed on the City or any of the City Parties, except to the extent that any of the foregoing indemnification obligations is void or otherwise unenforceable under applicable Law, and except to the extent such Loss is the result of the negligence or willful misconduct of the City Parties. The foregoing

indemnity shall include, without limitation, reasonable attorneys' fees and costs and the City's reasonable cost of investigating any claims against the City or the City Parties. All indemnifications set forth in this Agreement shall survive the expiration or termination of this Agreement, to the extent such indemnification obligation arose from an event occurring before the expiration or termination of this Agreement. To the extent the indemnifications relate to Developer's obligations that survive the expiration or termination of this Agreement, the indemnifications shall survive for the term of the applicable obligation plus four (4) years.

## 5. VESTING AND CITY OBLIGATIONS

5.1 Vested Rights. By the Approvals, the City has made a policy decision that the Project, as described in and as may be modified in accordance with the Approvals, is in the best interests of the City and promotes the public health, safety and welfare. Developer shall have the vested right to develop the Project as set forth in this Agreement and the Project SUD, including without limitation with the following vested elements: the locations and numbers of Buildings proposed, the land uses, height and bulk limits, including the maximum density, intensity and gross square footages, the permitted uses, the provisions for open space, vehicular access, and parking (collectively, the "**Vested Elements**"; provided the Existing Uses on the Project Site shall also be included as Vested Elements). The Vested Elements are subject to and shall be governed by Applicable Laws. The expiration of any building permit or Approval shall not limit the Vested Elements, and Developer shall have the right to seek and obtain subsequent building permits or approvals, including Later Approvals, at any time during the Term, any of which shall be governed by Applicable Laws. Each Later Approval, once granted, shall be deemed an Approval for purposes of this Section 5.1.

5.2 Existing Standards. The City shall process, consider, and review all Later Approvals in accordance with (i) the Approvals, (ii) the San Francisco General Plan, the Municipal Code (including the Subdivision Code), and all other applicable City policies, rules and regulations, as each of the foregoing is in effect on the Effective Date ("**Existing Standards**"), as the same may be amended or updated in accordance with Section 5.4 or with permitted New City Laws as set forth in Section 5.6, (iii) California and Federal law, as applicable, and (iv) this Agreement (collectively, "**Applicable Laws**"). The Enacting Ordinances contain express waivers and amendments to Chapter 56 consistent with this Development Agreement.

5.2.1 No Implied Waiver of Codes. Nothing in this Agreement constitutes an implied waiver or exemption of the Subdivision Code or the Public Works Code. For any waiver or exemption, Developer shall comply with the City's existing processes to seek any necessary waivers or exemptions. The City's failure to enforce any part of the Subdivision Code or Public Works Code shall not be deemed a waiver of its right to do so thereafter, but it shall not override the Approvals standards set forth in Sections 5.2, 5.3, and 5.4.

5.2.2 General Plan Consistency Findings. The Parties acknowledge the Project is consistent with the City's General Plan and the General Plan Consistency Findings are intended to support all Later Approvals that are consistent with the Approvals. To the maximum extent practicable, the Planning Department shall rely exclusively on the General Plan Consistency Findings when processing and reviewing all Later Approvals, including proposed Subdivision Maps and any other actions related to the Project requiring General Plan determinations; provided Developer acknowledges that the General Plan Consistency Findings do not limit the City's discretion in connection with any Later Approval that (a) requires new or revised General Plan consistency findings because of Material Changes or amendments to any of the Approvals or (b) is analyzed in the context of a future General Plan amendment that is a non-conflicting New City Law.

5.3 Criteria for Later Approvals. Developer shall be responsible for obtaining all required Later Approvals before the start of any construction and timely providing project schedules to OEWD as described in Exhibit K. The City, in granting the Approvals and vesting the Project through this Agreement, is limiting its future discretion with respect to Later Approvals to the extent that they are consistent with the Approvals and this Agreement. The City shall not disapprove applications for Later Approvals based upon an item or element that is consistent with the Approvals, and shall consider all such applications in accordance with its customary practices (subject to the requirements of this Agreement). Subject to the requirements of this Agreement, the City shall not impose any new condition for a Later Approval that conflicts with the Approvals except when such condition is necessary to bring the Later Approval into compliance with Applicable Laws. For any part of a Later Approval request that has not been previously reviewed or considered by the applicable City Agency (such as additional details or plans), the City Agency shall exercise its discretion consistent with the Municipal Code and the Approvals and otherwise in accordance with the City's customary practice (but subject to the requirements of this

Agreement). Nothing in this Agreement shall preclude the City from applying New City Laws for any development not within the definition of the "Project" under this Agreement.

5.4 Strict Building Code Compliance.

5.4.1 City-Wide Building Codes. Notwithstanding anything in this Agreement to the contrary, except as otherwise provided in Section 5.4.2, when considering any application for a Later Approval, the City or the applicable City Agency shall apply the then-applicable provisions, requirements, rules, or regulations (including any applicable exceptions) that are contained in the San Francisco Building Codes, including the Public Works Code (which includes the Stormwater Management Ordinance), Subdivision Code, Mechanical Code, Electrical Code, Housing Code, Plumbing Code, Fire Code, or other uniform construction codes applicable on a City-Wide basis.

5.4.2 Sidewalks, Streets and Infrastructure. By entering into this Agreement, the City's Board of Supervisors and the City Agencies have reviewed and approved (i) the Streetscape Improvements and the Publicly Accessible Private Improvements, including sidewalk, pathway, street widths, and general right of way configurations with respect to location and relationship of major elements, curbs, bicycle facilities, parking, loading areas, and landscaping, including the general location and number of new Street Trees (as defined in San Francisco Public Works Code Section 802) and the removal of certain existing Street Trees and Significant Trees (as defined in San Francisco Public Works Code Section 810A), as set forth in the Approvals described in Exhibit E (including the plans incorporated in such Approvals) and the Project SUD, as consistent with the City's central policy objective to ensure street safety for all users while maintaining adequate clearances, including for fire apparatus vehicles. No City Agency with jurisdiction may object to a Later Approval for any of the Buildings, Streetscape Improvements, or Publicly Accessible Private Improvements due to the proposed width of a sidewalk, pathway, or street, unless such objection is based upon the applicable City Agency's reserved authority to review engineering design for compliance with Applicable Laws or other authority under State law. In the case of such objection, then within five (5) business days of the objection being raised (whether raised formally or informally), representatives from Developer, PW, the Planning Department and the objecting City Agency shall meet and confer in good faith to attempt to find a mutually satisfactory resolution to the objection. If the matter is not resolved within fourteen (14) days following the objection, then the Planning Director shall notify the Clerk

of the Board of Supervisors and the members of the Board of Supervisors' Land Use and Transportation Committee. The City Agencies and Developer agree to act in good faith to resolve the matter quickly and in a manner that does not conflict with the City policy, Approvals, this Agreement, or applicable Law. For purposes of this Section, "engineering design" shall mean professional engineering work as set forth in the Professional Engineers Act, California Business and Professions Code Sections 6700 *et seq.*

5.5 Denial of a Later Approval. If the City denies any application for a Later Approval that implements a Building, such denial must be consistent with Applicable Laws, and the City must specify in writing the reasons for such denial and shall suggest modifications required for approval of the application. Any such specified modifications shall be consistent with Applicable Laws and City staff shall approve the application if it is subsequently resubmitted for City review and corrects or mitigates, to the City's reasonable satisfaction, the stated reasons for the earlier denial in a manner that is consistent and compliant with Applicable Laws and does not include new or additional information or materials that give the City a reason to object to the application under the standards set forth in this Agreement.

5.6 New City Laws. All future changes to Existing Standards and any other Laws, plans or policies adopted by the City or adopted by voter initiative after the Effective Date ("New City Laws") shall apply to the Project and the Project Site except to the extent they conflict with this Agreement or the terms and conditions of the Approvals. In the event of such a conflict, the terms of this Agreement and the Approvals shall prevail, subject to the terms of Section 5.8.

5.6.1 New City Laws shall be deemed to conflict with this Agreement and the Approvals if they:

(a) limit or reduce the density or intensity of the Project, or any part thereof, or otherwise require any reduction in the square footage or number of proposed Buildings or change the location of proposed Buildings or change or reduce other improvements from that permitted under the Approvals;

(b) limit or reduce the height or bulk of the Project, or any part thereof, or otherwise require any reduction in the height or bulk of individual Buildings or other improvements that are part of the Project under the Approvals;

(c) limit, reduce or change the location of vehicular access, parking or loading for the Project from that permitted under the Approvals;



(d) limit any land uses for the Project from that permitted under the Approvals or the Existing Uses;

(e) change or limit the Approvals or Existing Uses;

(f) materially delay, limit or control the rate, timing, phasing, or sequencing of the Project, including the demolition of existing buildings at the Project Site, except as expressly set forth in this Agreement;

(g) require the issuance of permits or approvals for the Project by the City other than those required under the Existing Standards, except for (i) permits or approvals that are required on a City-Wide basis, relate to the construction of improvements, and do not prevent construction of the applicable aspects of the Project that would be subject to such permits or approvals as and when intended by this Agreement or (ii) permits that replace (but do not expand the scope or purpose of) existing permits;

(h) limit or control the availability of public utilities, services or facilities, or any privileges or rights to public utilities, services, or facilities for the Project;

(i) materially and adversely limit the processing or procuring of applications and approvals of Later Approvals that are consistent with Approvals;

(j) increase the percentage of required affordable or BMR Units, change the AMI percentage levels for the affordable housing pricing or income eligibility, change the requirements regarding unit size or unit type, control or limit homeowner association or common area dues or amenity charges, or place restrictions on the right to alienate, transfer or otherwise dispose of property, or increase the amount or change the configuration of required open space for the Project;

(k) designate any existing tree on the Project Site as a Landmark Tree (as defined in San Francisco Public Works Code Section 802) if such designation would interfere with the construction of the Project; or

(l) impose new or modified Impact Fees and Exactions on the Project that are expressly prohibited in Section 5.7.2.

5.6.2 Developer shall have the right, from time to time and at any time, to file Subdivision Map applications (including phased final map applications and development-specific condominium map or plan applications) with respect to some or all of the Project Site and subdivide (including reconfiguring or merging parcels, subject to Developer's obligations under

the Housing Program and the Child Care Program) the Project Site as may be necessary or desirable in order to develop a particular part of the Project as shown generally in Exhibit B-1. The specific boundaries of Development Parcels shall be set by Developer and approved by the City during the subdivision process. Nothing in this Agreement shall authorize Developer to subdivide or use any of the Project Site for purposes of sale, lease or financing in any manner that conflicts with the Subdivision Map Act or with the Subdivision Code. Nothing in this Agreement shall prevent the City from enacting or adopting changes in the methods and procedures for processing subdivision and parcel maps so long as such changes do not conflict with the provisions of this Agreement or with the Approvals. Prior to recording any final Subdivision Map with respect to the Project, Developer shall cause any then-existing Mortgagee to provide its authorized signature on such final Subdivision Map (or any other written approval permitted under Applicable Law), which shall include consent and acknowledgement of the BMR Units requirements with specified AMI levels for the life of the Project, in accordance with this Agreement.

#### 5.7 Fees and Exactions.

5.7.1 Generally. The Project shall only be subject to the Processing Fees and Impact Fees and Exactions as set forth in this Section 5.7, and the City shall not impose any new Processing Fees or Impact Fees and Exactions on the development of the Project or impose new conditions or requirements for the right to develop the Project (including required contributions of land, public amenities or services) except as set forth in this Agreement. The Parties acknowledge that the provisions contained in this Section 5.7 are intended to implement the intent of the Parties that Developer have the right to develop the Project pursuant to specified and known criteria and rules, and that the City receive the benefits which will be conferred as a result of such development without abridging the right of the City to act in accordance with its powers, duties and obligations, except as specifically provided in this Agreement.

5.7.2 Impact Fees and Exactions. During the Term, as extended by any Litigation Extensions, no Impact Fees and Exactions shall apply to the Project or components thereof except for (i) those Impact Fees and Exactions specifically set forth on Schedule 1, Schedule 2, Exhibit D and Exhibit L, (ii) the SFPUC Capacity Charges, (iii) New City Laws that do not conflict with this Agreement as set forth in Section 5.6, and (iv) as expressly set forth below in this Section. The Impact Fees and Exactions and SFPUC Capacity Charges shall be calculated and determined at the time payable in accordance with the City requirements on that date, and the

parties acknowledge and agree that the Impact Fees and Exactions shall be subject to the Planning Department's final confirmation once the applicable final land uses and Gross Floor Area are determined. Accordingly, Developer shall be subject to any increase or decrease in the fee amount payable and any changes in methodology of calculation (e.g., use of a different index to calculate annual increases) but will not be subject to any new types of Impact Fees and Exactions or modification to existing Impact Fees and Exactions after the Effective Date except as described in Section 5.6 and this Section. Developer agrees that any new or reduced impact fee or exaction enacted after the Effective Date that (i) is of City-Wide applicability (e.g., applies to all retail development in the City), (ii) does not pertain to affordable housing, open space or community improvements (for which this Agreement reflects the required Developer contributions), and (iii) would otherwise apply to the Project, shall apply to the Project or the applicable portion thereof.

5.7.3 Processing Fees. Developer shall pay all Processing Fees in effect, on a City-Wide basis, at the time that Developer applies for a Later Approval for which such Processing Fee is payable in connection with the applicable part of the Project.

5.8 Changes in Federal or State Laws.

5.8.1 City's Exceptions. Notwithstanding any provision in this Agreement to the contrary, each City Agency having jurisdiction over the Project shall exercise its discretion under this Agreement in a manner that is consistent with the public health and safety and shall at all times retain its respective authority to take any action that is necessary to protect the physical health and safety of the public (the "**Public Health and Safety Exception**") or reasonably calculated and narrowly drawn to comply with applicable changes in Federal or State Law affecting the physical environment (the "**Federal or State Law Exception**"), including the authority to condition or deny a Later Approval or to adopt a new Law applicable to the Project so long as such condition or denial or new regulation (i)(a) is limited solely to addressing a specific and identifiable issue in each case required to protect the physical health and safety of the public, or (b) is required to comply with a Federal or State Law and in each case not for independent discretionary policy reasons that are inconsistent with the Approvals or this Agreement and (ii) is applicable on a City-Wide basis to the same or similarly situated uses and applied in an equitable and non-discriminatory manner. Developer retains the right to dispute any City reliance on the Public Health and Safety Exception or the Federal or State Law Exception. If the Parties are not

able to reach agreement on such dispute following a reasonable meet and confer period, then Developer or City may seek judicial relief with respect to the matter.

5.8.2 Changes in Federal or State Laws. If Federal or State Laws issued, enacted, promulgated, adopted, passed, approved, made, implemented, amended, or interpreted after the Effective Date have gone into effect and (i) preclude or prevent compliance with one or more provisions of the Approvals or this Agreement, or (ii) materially and adversely affect Developer's or the City's rights, benefits or obligations under this Agreement, then such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such Federal or State Law. In such event, this Agreement shall be modified only to the extent necessary or required to comply with such Law, subject to the provisions of Section 5.8.4, as applicable.

5.8.3 Changes to Development Agreement Statute. This Agreement has been entered into in reliance upon the provisions of the Development Agreement Statute. No amendment of or addition to the Development Agreement Statute that would affect the interpretation or enforceability of this Agreement or increase the obligations or diminish the development rights of Developer hereunder, or increase the obligations or diminish the benefits to the City hereunder shall be applicable to this Agreement unless such amendment or addition is specifically required by Law or is mandated by a court of competent jurisdiction. If such amendment or change is permissive rather than mandatory, this Agreement shall not be affected.

5.8.4 Effect on Agreement. If any of the modifications, amendments or additions described in this Section 5.8 would materially and adversely affect the construction, development, use, operation, or occupancy of the Project as currently contemplated by the Approvals, or any material portion thereof, such that the Project, or the applicable portion thereof, becomes economically infeasible (a "**Law Adverse to Developer**"), then Developer shall notify the City and propose amendments or solutions that would maintain the benefit of the bargain (that is this Agreement) for both Parties. If any of the modifications, amendments or additions described in Section 5.8 would materially and adversely affect or limit the Community Benefits (a "**Law Adverse to the City**"), then the City shall notify Developer and propose amendments or solutions that would maintain the benefit of the bargain (that is this Agreement) for both Parties. Upon receipt of a notice under this Section 5.8.4, the Parties agree to meet and confer in good faith for a period of not less than ninety (90) days in an attempt to resolve the issue. If the Parties cannot resolve the issue in ninety (90) days or such longer period as may be agreed to by the Parties, then

the Parties shall mutually select a mediator at JAMS in San Francisco for nonbinding mediation for a period of not less than thirty (30) days. If the Parties remain unable to resolve the issue following such mediation, then either party shall have the right to seek available remedies at law or in equity to maintain the benefit of the bargain or alternatively to seek termination of this Agreement if the benefit of the bargain cannot be maintained in light of the Law Adverse to Developer or Law Adverse to the City.

5.9 No Action to Impede Approvals. Except and only as required under Section 5.8, the City shall take no action under this Agreement nor impose any condition on the Project that would conflict with this Agreement or the Approvals. An action taken or condition imposed shall be deemed to be in conflict with this Agreement or the Approvals if such actions or conditions result in the occurrence of one or more of the circumstances identified in Section 5.6.1.

5.10 Estoppel Certificates. Developer may, at any time, and from time to time, deliver notice to the Planning Director requesting that the Planning Director certify to Developer, a potential Transferee, or a potential lender to Developer, in writing that to the best of the Planning Director's knowledge: (i) this Agreement is in full force and effect and a binding obligation of the Parties; (ii) this Agreement has not been amended or modified, and if so amended or modified, identifying the amendments or modifications and stating their date and providing a copy or referring to the recording information; (iii) Developer is not in Default in the performance of its obligations under this Agreement, or if in Default, to describe therein the nature and amount of any such Defaults; and (iv) the findings of the City with respect to the most recent annual review performed pursuant to Section 8. The Planning Director, acting on behalf of the City, shall execute and return such certificate within twenty (20) days following receipt of the request.

5.11 Existing, Continuing Uses and Interim Uses. The Parties acknowledge that the Existing Uses are lawfully authorized uses and may continue as such uses may be modified by the Project, provided that any modification thereof not a component of or contemplated by the Project is subject to Planning Code Section 178 and the applicable provisions of Section 5. Developer may install interim or temporary uses on the Project Site, which uses must be consistent with those uses allowed under the Project Site's zoning, the Approvals, the Project SUD, or any planned unit development authorization granted under the Project SUD, as applicable.

5.12 Taxes. Nothing in this Agreement limits the City's ability to impose new or increased taxes or special assessments, or any equivalent or substitute tax or assessment, provided

(i) the City shall not institute, on its own initiative, proceedings for any new or increased special tax or special assessment for a land-secured financing district (including the special taxes under the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 *et seq.*) but not including business improvement districts or community benefit districts formed by a vote of the affected property owners) that includes the Project Site unless the new district is City-Wide or Developer gives its prior written consent to or requests such proceedings, and (ii) no such tax or assessment shall be targeted or directed at the Project, including, without limitation, any tax or assessment targeted solely at all or any part of the Project Site. Nothing in the foregoing prevents the City from imposing any tax or assessment against the Project Site, or any portion thereof, that is enacted in accordance with Law and applies to all similarly-situated property on a City-Wide basis.

#### **6. NO DEVELOPMENT OBLIGATION**

There is no requirement under this Agreement that Developer initiate or complete development of the Project, or any portion thereof. There is also no requirement that development be initiated or completed within any period of time or in any particular order, subject to the requirement to complete Associated Community Benefits for each Building (or for any market rate residential unit in excess of three hundred eighty-six (386), as applicable) commenced by Developer as set forth in Section 4.1. The development of the Project is subject to numerous factors that are not within the control of Developer or the City, such as availability of financing, interest rates, access to capital, and similar factors. In *Pardee Construction Co. v. City of Camarillo*, 37 Cal.3d 465 (1984), the California Supreme Court ruled that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development and controlling the parties' agreement. It is the intent of the Parties to avoid such a result by acknowledging and providing for the timing of development of the Project in the manner set forth herein. Accordingly, the Parties agree that except as expressly set forth in this Agreement and any express construction dates set forth in a Later Approval, (i) Developer shall have the right to develop the Project in such order and at such rate and at such times as Developer deems appropriate within the exercise of its subjective business judgment, (ii) such a right is consistent with the intent, purpose and understanding of the Parties to this Agreement, and (iii) without such a right, Developer's development of the Project would be subject to the

uncertainties sought to be avoided by the Development Agreement Statute, Chapter 56 and this Agreement.

## **7. MUTUAL OBLIGATIONS**

7.1 Notice of Completion, Revocation or Termination. Within thirty (30) days after any early revocation or termination of this Agreement (as to all or any part of the Project Site), the Parties agree to execute a written statement acknowledging such revocation or termination, signed by the appropriate agents of the City and Developer, and record such instrument in the Official Records. In addition, within thirty (30) days after Developer's request, when a Building and all of the Associated Community Benefits tied to that Building have been completed, the City and Developer shall execute and record a notice of completion in the form attached as Exhibit G for the applicable Building property.

7.2 General Cooperation; Agreement to Cooperate. The Parties agree to cooperate with one another to expeditiously implement the Project in accordance with the Approvals, any Later Approvals and this Agreement, and to undertake and complete all actions or proceedings reasonably necessary or appropriate to ensure that the objectives of this Agreement, the Approvals and any Later Approvals are implemented. Except for ordinary administrative costs of the City, nothing in this Agreement obligates the City to spend any sums of money or incur any costs other than City Costs or costs that Developer reimburses through the payment of Processing Fees. The Parties agree that the Planning Department will act as the City's lead agency to facilitate coordinated City review of applications for the Project.

7.3 Third-Party Challenge. Developer shall assist and cooperate with the City at Developer's own expense in connection with any Third-Party Challenge. The City Attorney's Office may use its own legal staff or outside counsel in connection with defense of the Third-Party Challenge, at the City Attorney's sole discretion. Developer shall reimburse the City for its actual costs in defense of the action or proceeding, including but not limited to the time and expenses of the City Attorney's Office (at the non-discounted rates then charged by the City Attorney's Office) and any consultants; provided, however, Developer shall have the right to monthly invoices for all such costs.

7.3.1 To the extent that any such action or proceeding challenges or a judgment is entered limiting Developer's right to proceed with the Project or any material portion thereof under this Agreement (whether the Project commenced or not), including the City's actions

taken pursuant to CEQA, Developer may elect to terminate this Agreement. Upon any such termination (or, upon the entry of a judgment terminating this Agreement, if earlier), the City and Developer shall jointly seek to have the Third-Party Challenge dismissed and Developer shall have no obligation to reimburse City defense costs that are incurred after the dismissal (other than, in the case of a partial termination by Developer, any defense costs with respect to the remaining portions of the Project). Notwithstanding the foregoing, if Developer conveys or transfers some but not all of the Project, or a party takes title to Foreclosed Property constituting only a portion of the Project, and, therefore, there is more than one party that assumes obligations of "Developer" under this Agreement, then only the Party holding the interest in such portion of the Project shall have the right to terminate this Agreement as to such portion of the Project (and only as to such portion), and no termination of this Agreement by such Party as to such Party's portion of the Project shall effect a termination of this Agreement as to any other portion of the Project.

7.3.2 The filing of any Third Party Challenge shall not delay or stop the development, processing or construction of the Project or the issuance of Later Approvals unless the third party obtains a court order preventing the activity.

7.4 Good Faith and Fair Dealing. The Parties shall cooperate with each other and act in good faith in complying with the provisions of this Agreement and implementing the Approvals and any Later Approvals.

7.5 Other Necessary Acts. Each Party shall use good faith efforts to take such further actions as may be reasonably necessary to carry out this Agreement, the Approvals and any Later Approvals, in accordance with the terms of this Agreement (and subject to all applicable Laws) in order to provide and secure to each Party the full and complete enjoyment of its rights and privileges hereunder.

## **8. PERIODIC REVIEW OF DEVELOPER'S COMPLIANCE**

8.1 Annual Review. Pursuant to Section 65865.1 of the Development Agreement Statute and Section 56.17 of the Administrative Code (as of the Effective Date), at the beginning of the second week of each January following final adoption of this Agreement and for so long as the Agreement is in effect (the "**Annual Review Date**"), the Planning Director shall commence a review to ascertain whether Developer has, in good faith, complied with the Agreement. The failure to commence such review in January in any calendar year shall not waive the Planning Director's right to do so later in the calendar year. The Planning Director may elect



to forego an annual review if no significant construction work occurred on the Project Site during that year, or if such review is otherwise not deemed necessary.

8.2 Review Procedure. In conducting the required initial and annual reviews of Developer's compliance with this Agreement, the Planning Director shall follow the process set forth in this Section 8.2.

8.2.1 Required Information from Developer. Within sixty (60) days following request by the Planning Director, Developer shall provide a letter to the Planning Director explaining, with appropriate backup documentation, Developer's compliance with this Agreement for the preceding calendar year, including, but not limited to, compliance with the requirements regarding Community Benefits. The burden of proof, by substantial evidence, of compliance is upon Developer. The Planning Director shall post a copy of Developer's submittals on the Planning Department's website.

8.2.2 City Report. Within sixty (60) days after Developer submits such letter, the Planning Director shall review the information submitted by Developer and all other available evidence regarding Developer's compliance with this Agreement, and shall consult with applicable City Agencies as appropriate. All such available evidence, including final staff reports, shall, upon receipt by the City, be made available as soon as possible to Developer. The Planning Director shall notify Developer in writing whether Developer has complied with the terms of this Agreement (the "**City Report**"), and post the City Report on the Planning Department's website. If the Planning Director finds Developer not in compliance with this Agreement, then the City may pursue available rights and remedies in accordance with this Agreement and Chapter 56. The City's failure to initiate or to timely complete the annual review shall not be a Default and shall not be deemed to be a waiver of the right to do so at a later date. All costs incurred by the City under this Section shall be included in the City Costs.

8.2.3 Effect on Transferees. If a Developer has effected a Transfer so that its interest in the Project Site is divided among multiple Developers at the time of an annual review, then that annual review shall be conducted separately with respect to each Developer, each Developer shall submit the materials required by this Article 8 with respect to the portion of the Project Site owned by such Developer, and the City review process will proceed as one for the whole Project. Notwithstanding the foregoing, the Planning Commission and Board of Supervisors shall make its determinations and take its action separately with respect to each Developer pursuant

to Chapter 56. If there are multiple Developers and the Board of Supervisors terminates, modifies or takes such other actions as may be specified in Chapter 56 and this Agreement in connection with a determination that a Developer has not complied with the terms and conditions of this Agreement, such action by the Planning Director, Planning Commission, or Board of Supervisors shall be effective only as to the Party to whom the determination is made and the portions of the Project Site in which such Party has an interest. In other words, even when the review process is bundled for multiple Developers, any action determination of noncompliance or default will be made only against the defaulting Party and not against any of the other Developers.

8.2.4 Default. The rights and powers of the City under this Section 8.2 are in addition to, and shall not limit, the rights of the City to terminate or take other action under this Agreement on account of a Default by Developer.

## **9. ENFORCEMENT OF AGREEMENT; DEFAULT; REMEDIES**

9.1 Enforcement. As of the date of this Agreement, the only Parties to this Agreement are the City and Developer. Except as expressly set forth in this Agreement (for successors, Transferees and Mortgagees), this Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person or entity whatsoever.

9.2 Meet and Confer Process. Before sending a notice of default in accordance with Section 9.3, the Party which may assert that the other Party has failed to perform or fulfill its obligations under this Agreement shall first attempt to meet and confer with the other Party to discuss the alleged failure and shall permit such Party a reasonable period, but not less than ten (10) days, to respond to or cure such alleged failure; provided, however, the meet and confer process shall not be required (i) for any failure to pay amounts due and owing under this Agreement, or (ii) if a delay in sending a notice pursuant to Section 9.3 would impair, prejudice or otherwise adversely affect a Party or its rights under this Agreement. The Party asserting such failure shall request that such meeting and conference occur within three (3) business days following the request and if, despite the good faith efforts of the requesting Party, such meeting has not occurred within seven (7) business days of such request, then such Party shall be deemed to have satisfied the requirements of this Section and may proceed in accordance with the issuance of a notice of default under Section 9.3.

9.3 Default. The following shall constitute a "Default" under this Agreement: (i) the failure to make any payment within sixty (60) days following notice that such payment was

not made when due and demand for compliance; and (ii) the failure to perform or fulfill any other material term, provision, obligation, or covenant of this Agreement and the continuation of such failure for a period of sixty (60) days following notice and demand for compliance. Notwithstanding the foregoing, if a failure can be cured but the cure cannot reasonably be completed within sixty (60) days, then it shall not be considered a Default if a cure is commenced within said 60-day period and diligently prosecuted to completion thereafter. Any notice of default given by a Party shall specify the nature of the alleged failure and, where appropriate, the manner in which said failure satisfactorily may be cured (if at all). Notwithstanding any other provision in this Agreement to the contrary, if Developer conveys or transfers some but not all of the Project or a party takes title to Foreclosed Property constituting only a portion of the Project, and, therefore there is more than one Party that assumes obligations of "Developer" under this Agreement, there shall be no cross-default between the separate Parties that assumed Developer obligations. Accordingly, a default by one "Developer" shall not be a Default by any other "Developer" that owns or controls a different portion of the Project Site.

#### 9.4 Remedies.

9.4.1 Specific Performance. Subject to, and as limited by, the provisions of Sections 9.4.3, 9.4.4, and 9.5, in the event of a Default, the remedies available to a Party shall include specific performance of this Agreement in addition to any other remedy available at law or in equity.

9.4.2 Termination. Subject to the limitation set forth in Section 9.4.4, in the event of a Default, the non-defaulting Party may elect to terminate this Agreement by sending a notice of termination to the other Party, which notice of termination shall state the Default. Any such termination shall be effective upon the date set forth in the notice of termination, which shall in no event be earlier than sixty (60) days following delivery of the notice. Consistent with Sections 9.3 and 12.3, there are no cross-defaults under this Agreement, and therefore if there is more than one "Developer" (as it relates to different parts of the Project Site), then any termination of this Agreement for Default will be limited to the Developer that sent or received the termination notice.

9.4.3 Limited Damages. The Parties have determined that except as set forth in this Section 9.4.3, (i) monetary damages are generally inappropriate, (ii) it would be extremely difficult and impractical to fix or determine the actual damages suffered by a Party as a

result of a Default hereunder, and (iii) equitable remedies and remedies at law, not including damages but including specific performance and termination, are particularly appropriate remedies for enforcement of this Agreement. Consequently, Developer agrees that the City shall not be liable to Developer for damages under this Agreement, and the City agrees that Developer shall not be liable to the City for damages under this Agreement, and each covenants not to sue the other for or claim any damages under this Agreement and expressly waives its right to recover damages under this Agreement, except as follows: (1) either Party shall have the right to recover actual damages only (and not consequential, punitive or special damages, each of which is hereby expressly waived) for a Party's failure to pay sums to the other Party as and when due under this Agreement, (2) the City shall have the right to recover actual damages for Developer's failure to make any payment due under any indemnity in this Agreement, (3) to the extent a court of competent jurisdiction determines that specific performance is not an available remedy with respect to an unperformed Associated Community Benefit, the City shall have the right to monetary damages equal to the costs that the City incurs or will incur to complete the Associated Community Benefit as determined by the court, (4) either Party shall have the right to recover reasonable attorneys' fees and costs as set forth in Section 9.6, and (5) the City shall have the right to administrative penalties or liquidated damages if and only to the extent expressly stated in an Exhibit to this Agreement or in the applicable portion of the San Francisco Municipal Code incorporated into this Agreement. For purposes of the foregoing, "**actual damages**" means the actual amount of the sum due and owing under this Agreement, with interest as provided by Law, together with such judgment collection activities as may be ordered by the judgment, and no additional sums.

9.4.4 City Processing/Certificates of Occupancy. The City shall not be required to process any requests for approval or take other actions under this Agreement during any period in which payments due the City from Developer are past due; provided, however, if Developer has conveyed or transferred some but not all of the Project or a party takes title to Foreclosed Property constituting only a portion of the Project, and, therefore, there is more than one party that assumes obligations of "Developer" under this Agreement, then the City shall continue to process requests and take other actions as to the other portions of the Project so long as the applicable Developer as to those portions is current on payments due the City. The City shall have the right to withhold a final certificate of occupancy for a Building until all of the

Associated Community Benefits tied to that Building have been completed. For a Building to be deemed completed, Developer shall have completed all of the streetscape and open space improvements described in Exhibit C and Exhibit J, or a Later Approval, for that Building; provided, if the City issues a ~~final~~ certificate of occupancy before such items are completed, then Developer shall promptly complete such items following issuance.

9.5 Time Limits; Waiver; Remedies Cumulative. Failure by a Party to insist upon the strict or timely performance of any of the provisions of this Agreement by the other Party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of any condition or failure of performance, including a Default, shall be effective or binding upon such Party unless made in writing by such Party, and no such waiver shall be implied from any omission by a Party to take any action with respect to such failure. No express written waiver shall affect any other condition, action or inaction, or cover any other period of time, other than any condition, action or inaction and/or period of time specified in such express waiver. One or more written waivers under any provision of this Agreement shall not be deemed to be a waiver of any subsequent condition, action or inaction, and the performance of the same or any other term or provision contained in this Agreement. Nothing in this Agreement shall limit or waive any other right or remedy available to a Party to seek injunctive relief or other expedited judicial and/or administrative relief to prevent irreparable harm.

9.6 Attorneys' Fees. Should legal action be brought by either Party against the other for a Default under this Agreement or to enforce any provision herein, the prevailing Party in such action shall be entitled to recover its reasonable attorneys' fees and costs. For purposes of this Agreement, "**reasonable attorneys' fees and costs**" means the reasonable fees and expenses of counsel to the Party, which may include printing, duplicating and other expenses, air freight charges, hiring of experts and consultants, and fees billed for law clerks, paralegals, librarians, and others not admitted to the bar but performing services under the supervision of an attorney. The term "**reasonable attorneys' fees and costs**" shall also include, without limitation, all such reasonable fees and expenses incurred with respect to appeals, mediation, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. For the purposes of this Agreement, the reasonable fees of attorneys of City Attorney's Office shall be based on the fees regularly charged by private

attorneys with the equivalent number of years of experience in the subject matter area of the Law for which the City Attorney's Office's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

## **10. FINANCING; RIGHTS OF MORTGAGEES**

10.1 Developer's Right to Mortgage. Nothing in this Agreement limits the right of Developer to mortgage or otherwise encumber all or any portion of the Project Site for the benefit of any Mortgagee as security for one or more loans. Developer represents that, as of the Effective Date, there are no Mortgages on the Project Site other than the Existing Mortgage. Prior to commencing construction under the First Construction Document for the Project, Developer shall cause the Existing Mortgage, if then still in effect, and any other then-existing Mortgage(s), to be subordinated to this Agreement.

10.2 Mortgagee Not Obligated to Construct. Notwithstanding any of the provisions of this Agreement (except as set forth in this Section and Section 10.5), a Mortgagee, including any Mortgagee who obtains title to the Project Site or any part thereof as a result of foreclosure proceedings, conveyance or other action in lieu thereof, or other remedial action shall in no way be obligated by the provisions of this Agreement to construct or complete the Project or any part thereof or to guarantee such construction or completion. The foregoing provisions shall not be applicable to any party who, after a foreclosure, conveyance or other action in lieu thereof, or other remedial action obtains title to some or all of the Project Site from or through the Mortgagee, or any other purchaser at a foreclosure sale other than the Mortgagee itself, on which certain Associated Community Benefits must be completed as set forth in Section 4.1. Nothing in this Section or any other Section or provision of this Agreement shall be deemed or construed to permit or authorize any Mortgagee or any other person or entity to devote the Project Site or any part thereof to any uses other than uses consistent with this Agreement and the Approvals, and nothing in this Section shall be deemed to give any Mortgagee or any other person or entity the right to construct any improvements under this Agreement (other than as set forth above for required Community Benefits or as needed to conserve or protect improvements or construction already made) unless or until such person or entity assumes Developer's obligations under this Agreement.

10.3 Copy of Notice of Default and Notice of Failure to Cure to Mortgagee.

Whenever the City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations under this Agreement, the City shall at the same time forward a copy of such notice or demand to each Mortgagee having a Mortgage on the real property which is the subject of the breach or default who has previously made a written request to the City therefor, at the last address of such Mortgagee specified by such Mortgagee in such notice. In addition, if such breach or default remains uncured for the period permitted with respect thereto under this Agreement, the City shall deliver a notice of such failure to cure such breach or default to each such Mortgagee at such applicable address. A delay or failure by the City to provide such notice required by this Section shall extend for the number of days until notice is given, the time allowed to the Mortgagee for cure. In accordance with Section 2924b of the California Civil Code, the City requests that a copy of any notice of default and a copy of any notice of sale under any Mortgage be mailed to the City at the address for notices under this Agreement. Any Mortgagee relying on the protections set forth in this Article 10 shall send to the City a copy of any notice of default and notice of sale.

10.4 Mortgagee's Option to Cure Defaults. After receiving any notice of failure to cure referred to in Section 10.3, each Mortgagee shall have the right, at its option, to commence within the same period as the Developer to remedy or cause to be remedied any Default, plus an additional period of: (a) sixty (60) days to cure a monetary Default; and (b) one hundred twenty (120) days to cure a non-monetary event of default which is susceptible of cure by the Mortgagee without obtaining title to the applicable property. If an event of default is not cured within the applicable cure period, the City nonetheless shall refrain from exercising any of its remedies with respect to the event of default if, within the Mortgagee's applicable cure period: (i) the Mortgagee notifies the City that it intends to proceed with due diligence to foreclose the Mortgage or otherwise obtain title to the subject property; and (ii) the Mortgagee commences foreclosure proceedings within sixty (60) days after giving such notice, and thereafter diligently pursues such foreclosure to completion; and (iii) after obtaining title, the Mortgagee diligently proceeds to cure those events of default: (A) which are required to be cured by the Mortgagee and are susceptible of cure by the Mortgagee, and (B) of which the Mortgagee has been given notice by the City. Any such Mortgagee or Transferee of a Mortgagee who shall properly complete the improvements relating to the Project Site or applicable part thereof shall be entitled, upon written request made to the Agency, to a Certificate of Completion.

10.5 Mortgagee's Obligations with Respect to the Property. Notwithstanding anything to the contrary in this Agreement, no Mortgagee shall have any obligations or other liabilities under this Agreement unless and until it acquires title by any method to all or some portion of the Project Site (referred to hereafter as "**Foreclosed Property**"). A Mortgagee that, by foreclosure under a Mortgage, acquires title to any Foreclosed Property shall take title subject to all of the terms and conditions of this Agreement, to the extent applicable to the Foreclosed Property, including any claims for payment or performance of obligations which are due as a condition to enjoying the benefits of this Agreement and shall have all of the rights and obligations of Developer under this Agreement as to the applicable Foreclosed Property, including completion of the Associated Community Benefits under Section 4.1. Upon the occurrence and continuation of an uncured default by a Mortgagee or Transferee in the performance of any of the obligations to be performed by such Mortgagee or Transferee pursuant to this Agreement, the City shall be afforded all its remedies for such uncured default as provided in this Agreement.

10.6 No Impairment of Mortgage. No default by Developer under this Agreement shall invalidate or defeat the lien of any Mortgagee. No foreclosure of any Mortgage or other lien shall defeat, diminish, render invalid or unenforceable or otherwise impair Developer's rights or obligations under this Agreement or constitute a default under this Agreement.

10.7 Cured Defaults. Upon the curing of any event of default by any Mortgagee within the time provided in this Article 10 the City's right to pursue any remedies with respect to the cured event of default shall terminate.

## **11. AMENDMENT; TERMINATION; EXTENSION OF TERM**

11.1 Amendment or Termination. This Agreement may only be amended with the mutual written consent of the City and Developer; provided, however, that following a Transfer, the City and Developer or any Transferee may amend this Agreement as it affects Developer or the Transferee and the portion of the Project Site owned by Developer or the Transferee without affecting other portions of the Project Site or other Transferees. Other than upon the expiration of the Term and except as provided in Sections 2.2, 7.3, 9.4.2, and 11.2, this Agreement may only be terminated with the mutual written consent of the Parties. Any amendment to this Agreement that does not constitute a Material Change may be agreed to by the Planning Director (and, to the extent it affects any rights or obligations of a City department, with



the approval of that City department). Any amendment that is a Material Change will require the approval of the Planning Director, the Planning Commission and the Board of Supervisors (and, to the extent it affects any rights or obligations of a City department, after consultation with that City Department). The determination of whether a proposed change constitutes a Material Change shall be made, on City's behalf, by the Planning Director following consultation with the City Attorney and any affected City Agency.

11.2 Early Termination Rights. Developer shall, upon thirty (30) days prior notice to the City, have the right, in its sole and absolute discretion, to terminate this Agreement in its entirety at any time if Developer does not Commence Construction on any part of the Project Site by the date which is five (5) years following the Effective Date as such five (5) year date may be extended by any Litigation Extension. Thereafter, the City shall, upon sixty (60) days prior notice to Developer, have the right, in its sole and absolute discretion, to terminate this Agreement if the Developer has not Commenced Construction; provided Developer can prevent any such termination by the City by providing to the City notice, within the above sixty (60) day period, of Developer's intent to start construction and the Developer thereafter Commences Construction within one hundred twenty (120) days following delivery of Developer's notice to the City, or, if unable to actually Commence Construction within said time period, demonstrates reasonable, good faith and continuing efforts to Commence Construction, such as by pursuing all necessary Later Approvals, and thereafter promptly Commences Construction upon receipt of the Later Approvals.

11.3 Termination and Vesting. Any termination under this Agreement shall concurrently effect a termination of the Approvals with respect to the terminated portion of the Project Site, except as to any Approval pertaining to a Building that has Commenced Construction in reliance thereon. In the event of any termination of this Agreement by Developer resulting from a Default by the City and except to the extent prevented by such City Default, Developer's obligation to complete the Associated Community Benefits shall continue as to the Building that has Commenced Construction and all relevant and applicable provisions of this Agreement shall be deemed to be in effect as such provisions are reasonably necessary in the construction, interpretation or enforcement to this Agreement as to any such surviving obligations. The City's and Developer's rights and obligations under this Section 11.3 shall survive the termination of this Agreement.

11.4 Amendment Exemptions. No issuance of a Later Approval, or amendment

of an Approval or Later Approval, shall by itself require an amendment to this Agreement. And no change to the Project that is permitted under the Project SUD or a planned unit development authorization issued under the Project SUD shall by itself require an amendment to this Agreement. Upon issuance or approval, any such matter shall be deemed to be incorporated automatically into the Project and vested under this Agreement (subject to any conditions set forth in the amendment or Later Approval). Notwithstanding the foregoing, if there is any direct conflict between the terms of this Agreement and a Later Approval, or between this Agreement and any amendment to an Approval or Later Approval, then the Parties shall concurrently amend this Agreement (subject to all necessary approvals in accordance with this Agreement) in order to ensure the terms of this Agreement are consistent with the proposed Later Approval or the proposed amendment to an Approval or Later Approval. The Planning Department and the Planning Commission, as applicable, shall have the right to approve changes to the Project as described in the Exhibits in keeping with its customary practices and the Project SUD, and any such changes shall not be deemed to conflict with or require an amendment to this Agreement or the Approvals so long as they do not constitute a Material Change. If the Parties fail to amend this Agreement as set forth above when required, however, then the terms of this Agreement shall prevail over any Later Approval or any amendment to an Approval or Later Approval that conflicts with this Agreement.

11.5 Extension Due to Legal Action or Referendum; Excusable Delay.

11.5.1 Litigation and Referendum Extension. If any litigation is filed challenging this Agreement or any of the Approvals described on Exhibit E (the "**Initial Approvals**") and it directly or indirectly delays this Agreement or such Initial Approval, or if this Agreement or any of the Initial Approvals is suspended pending the outcome of an electoral vote on a referendum, then the Term of this Agreement and the effectiveness of the Initial Approvals (starting from the date of the initial grant of the Initial Approval) shall be extended for the number of days equal to the period starting from the commencement of the litigation or the suspension to the end of such litigation or suspension (a "**Litigation Extension**"). The Parties shall document the start and end of a Litigation Extension in writing within thirty (30) days from the applicable dates.

11.5.2 "**Excusable Delay**" means the occurrence of an event beyond a Party's reasonable control which causes such Party's performance of an obligation to be delayed, interrupted or prevented, including, but not limited to: changes in Federal or State Laws; strikes or

the substantial interruption of work because of labor disputes; inability to obtain materials; freight embargoes; civil commotion, war or acts of terrorism; inclement weather, fire, floods, earthquakes, or other acts of God; epidemics or quarantine restrictions; litigation; unforeseen site conditions (including archaeological resources or the presence of hazardous materials); or the failure of any governmental agency, public utility or communication service provider to issue a permit, authorization, consent or approval required to permit construction within the standard or customary time period for such issuing authority following Developer's submittal of a complete application for such permit, authorization, consent or approval, together with any required materials. Excusable Delay shall not include delays resulting from failure to obtain financing or have adequate funds, changes in market conditions, or the rejection of permit, authorization or approval requests based upon Developer's failure to satisfy the substantive requirements for the permit, authorization or approval request. In the event of Excusable Delay, the Parties agree that (i) the time periods for performance of the delayed Party's obligations impacted by the Excusable Delay shall be strictly limited to the period of such delay, interruption or prevention and the delayed Party shall, to the extent commercially reasonable, act diligently and in good faith to remove the cause of the Excusable Delay or otherwise complete the delayed obligation, and (ii) following the Excusable Delay, a Party shall have all rights and remedies available under this Agreement, if the obligation is not completed within the time period as extended by the Excusable Delay. If an event which may lead to an Excusable Delay occurs, the delayed Party shall notify the other Party in writing of such occurrence as soon as possible after becoming aware that such event may result in an Excusable Delay, and the manner in which such occurrence is likely to substantially interfere with the ability of the delayed Party to perform under this Agreement.

## **12. TRANSFER OR ASSIGNMENT; RELEASE; CONSTRUCTIVE NOTICE**

12.1 Permitted Transfer of this Agreement. At any time, Developer shall have the right to convey, assign or transfer all of its right, title and interest in and to all or part of the Project Site (a "**Transfer**") to a party (including any Mortgagee) without the City's consent, provided that it also transfers to such party (the "**Transferee**") all of its interest, rights or obligations under this Agreement with respect to such portion of the Project Site together with any portion required to complete the Associated Community Benefits for such portion (the "**Transferred Property**"). Developer shall not, by Transfer, separate a portion of the Project Site from the Associated Community Benefits tied to that portion of the Project Site without the prior

written consent of the Planning Director. Notwithstanding anything to the contrary in this Agreement, if Developer Transfers one or more parcels such that there are separate Developers within the Project Site, then the obligation to perform and complete the Associated Community Benefits for a Building shall be the sole responsibility of the applicable Developer (*i.e.*, the person or entity that is the Developer for the Development Parcel on which the Building is located); provided, however, that any ongoing obligations (such as open space operation and maintenance) may be transferred to a residential, commercial or other management association ("CMA") on commercially reasonable terms so long as the CMA has the financial capacity and ability to perform the obligations so transferred.

12.2 Notice of Transfer. Developer shall provide not less than ten (10) days' notice to the City before any proposed Transfer of its interests, rights and obligations under this Agreement, together with a copy of the assignment and assumption agreement for that parcel (the "**Assignment and Assumption Agreement**"). The Assignment and Assumption Agreement shall be in recordable form, in substantially the form attached as Exhibit H (including the indemnifications, the agreement and covenant not to challenge the enforceability of this Agreement, and not to sue the City for disputes between Developer and any Transferee) and any material changes to the attached form will be subject to the review and approval of the Director of Planning, not to be unreasonably withheld or delayed. The Director of Planning shall use good faith efforts to complete such review and grant or withhold approval within thirty (30) days after the Director of Planning's receipt of such material changes. Notwithstanding the foregoing, any Transfer of Community Benefit obligations to a CMA as set forth in Section 12.1 shall not require the transfer of land or any other real property interests to the CMA.

12.3 Release of Liability. Upon recordation of any Assignment and Assumption Agreement (following the City's approval of any material changes thereto if required pursuant to Section 12.2 above), the assignor shall be released from any prospective liability or obligation under this Agreement related to the Transferred Property, as specified in the Assignment and Assumption Agreement, and the assignee/Transferee shall be deemed to be "**Developer**" under this Agreement with all rights and obligations related thereto with respect to the Transferred Property. Notwithstanding anything to the contrary contained in this Agreement, if a Transferee Defaults under this Agreement, such default shall not constitute a Default by Developer or any other Transferee with respect to any other portion of the Project Site and shall not entitle the City

to terminate or modify this Agreement with respect to such other portion of the Project Site, except as otherwise provided herein. Additionally, the annual review provided by Section 8 shall be conducted separately as to Developer and each Transferee and only as to those obligations that Developer or such Transferee has under this Agreement.

12.4 Responsibility for Performance. The City is entitled to enforce each and every such obligation assumed by each Transferee directly against the Transferee as if the Transferee were an original signatory to this Agreement with respect to such obligation. Accordingly, in any action by the City against a Transferee to enforce an obligation assumed by the Transferee, the Transferee shall not assert as a defense against the City's enforcement of performance of such obligation that such obligation (i) is attributable to Developer's breach of any duty or obligation to the Transferee arising out of the Transfer or the Assignment and Assumption Agreement or any other agreement or transaction between Developer and the Transferee, or (ii) relates to the period before the Transfer. The foregoing notwithstanding, the Parties acknowledge and agree that a failure to complete a Mitigation Measure may, if not completed, delay or prevent a different party's ability to start or complete a specific Building or improvement under this Agreement if and to the extent the completion of the Mitigation Measure is a condition to the other party's right to proceed, as specifically described in the Mitigation Measure, and Developer and all Transferees assume this risk.

12.5 Constructive Notice. Every person or entity who now or hereafter owns or acquires any right, title or interest in or to any portion of the Project Site is, and shall be, constructively deemed to have consented to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project Site. Every person or entity who now or hereafter owns or acquires any right, title or interest in or to any portion of the Project Site and undertakes any development activities at the Project Site, is, and shall be, constructively deemed to have consented and agreed to, and is obligated by all of the terms and conditions of this Agreement (as such terms and conditions apply to the Project Site or applicable portion thereof), whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project Site.

12.6 Rights of Developer. The provisions in this Section 12 shall not be deemed to prohibit or otherwise restrict Developer from (i) granting easements or licenses to facilitate

development of the Project Site, (ii) encumbering the Project Site or any portion of the improvements thereon by any Mortgage, (iii) granting an occupancy leasehold interest in portions of the Project Site, (iv) entering into a joint venture agreement or similar partnership agreement to fulfill its obligations under this Agreement, or (v) transferring all or a portion of the Project Site pursuant to a foreclosure, conveyance in lieu of foreclosure, or other remedial action in connection with a Mortgage, and none of the foregoing shall constitute a Transfer for which the City's consent is required.

### **13. DEVELOPER REPRESENTATIONS AND WARRANTIES**

13.1 Interest of Developer; Due Organization and Standing. Developer represents that it is the sole owner of the Project Site, with the right and authority to enter into this Agreement. Developer is a limited liability company, duly organized and validly existing and in good standing under the Laws of the State of Delaware. Developer has all requisite power to own its property and authority to conduct its business as presently conducted. Developer represents and warrants that there is no Mortgage, existing lien or encumbrance recorded against the Project Site that, upon foreclosure or the exercise of remedies, would permit the beneficiary of the Mortgage, lien or encumbrance to eliminate or wipe out the obligations set forth in this Agreement that run with applicable land.

13.2 No Inability to Perform; Valid Execution. Developer represents and warrants that it is not a party to any other agreement that would conflict with Developer's obligations under this Agreement and it has no knowledge of any inability to perform its obligations under this Agreement. The execution and delivery of this Agreement and the agreements contemplated hereby by Developer have been duly and validly authorized by all necessary action. This Agreement will be a legal, valid and binding obligation of Developer, enforceable against Developer in accordance with its terms.

13.3 Conflict of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the California Government Code, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the Term.

13.4 Notification of Limitations on Contributions. Through its execution of this

Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

Developer acknowledges that (i) the prohibition on contributions applies to Developer, each member of Developer's board of directors, Developer's chief executive officer, chief financial officer and chief operating officer, any person with an ownership interest of more than ten percent (10%) in Developer, any subcontractor listed in the contract, and any committee that is sponsored or controlled by Developer, and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department seeking to enter into the contract must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Developer certifies it has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract to the City, and has provided the names of the persons required to be informed to the City department seeking to enter into that contract within thirty (30) days of submitting its contract proposal to the City department receiving that submittal, and acknowledges the City department receiving that submittal was required to notify the Ethics Commission of those persons.

13.5 Other Documents. To the current, actual knowledge of Dan Safier, after reasonable inquiry, no document furnished by Developer to the City with its application for this Agreement nor this Agreement contains any untrue statement of material fact or omits a material

fact necessary to make the statements contained therein, or herein, not misleading under the circumstances under which any such statement shall have been made.

13.6 No Bankruptcy. Developer represents and warrants to the City that Developer has neither filed nor is the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or Laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Developer's knowledge, no such filing is threatened.

#### 14. MISCELLANEOUS PROVISIONS

14.1 Entire Agreement. This Agreement, including the preamble paragraph, Recitals and Exhibits, and the agreements between the Parties specifically referenced in this Agreement, constitutes the entire agreement between the Parties with respect to the subject matter contained herein.

14.2 Incorporation of Exhibits. Except for the Approvals which are listed solely for the convenience of the Parties, each Exhibit to this Agreement is incorporated herein and made a part hereof as if set forth in full. Each reference to an Exhibit in this Agreement shall mean that Exhibit as it may be updated or amended from time to time in accordance with the terms of this Agreement.

14.3 Binding Covenants; Run With the Land. Pursuant to Section 65868 of the Development Agreement Statute, from and after recordation of this Agreement, all of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and, subject to the provisions of this Agreement, including without limitation Section 12, their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, and all persons or entities acquiring the Project Site, any lot, parcel or any portion thereof, or any interest therein, whether by sale, operation of law, or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. Subject to the provisions of this Agreement, including without limitation Section 12, all provisions of this Agreement shall be enforceable during the Term as equitable servitudes and constitute covenants and benefits running with the land pursuant to applicable Law, including but not limited to California Civil Code Section 1468.

14.4 Applicable Law and Venue. This Agreement has been executed and delivered in and shall be interpreted, construed, and enforced in accordance with the Laws of the



State of California. All rights and obligations of the Parties under this Agreement are to be performed in the City and County of San Francisco, and the City and County of San Francisco shall be the venue for any legal action or proceeding that may be brought, or arise out of, in connection with or by reason of this Agreement.

14.5 Construction of Agreement. The Parties have mutually negotiated the terms and conditions of this Agreement and its terms and provisions have been reviewed and revised by legal counsel for both the City and Developer. Accordingly, no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement. Language in this Agreement shall be construed as a whole and in accordance with its true meaning. The captions of the paragraphs and subparagraphs of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction. Each reference in this Agreement to this Agreement or any of the Approvals shall be deemed to refer to this Agreement or the Approvals as amended from time to time pursuant to the provisions of this Agreement, whether or not the particular reference refers to such possible amendment. In the event of a conflict between the provisions of this Agreement and Chapter 56, the provisions of this Agreement will govern and control.

14.6 Project Is a Private Undertaking; No Joint Venture or Partnership. The development proposed to be undertaken by Developer on the Project Site is a private development. The City has no interest in, responsibility for, or duty to third persons concerning any of said improvements. Developer shall exercise full dominion and control over the Project Site, subject only to the limitations and obligations of Developer contained in this Agreement. Nothing contained in this Agreement, or in any document executed in connection with this Agreement, shall be construed as creating a joint venture or partnership between the City and Developer. Neither Party is acting as the agent of the other Party in any respect hereunder. Developer is not a state or governmental actor with respect to any activity conducted by Developer hereunder.

14.7 Recordation. Pursuant to the Development Agreement Statute and Chapter 56, the Clerk of the Board of Supervisors shall have a copy of this Agreement recorded in the Official Records within ten (10) days after the Effective Date of this Agreement or any amendment thereto, with costs to be borne by Developer.

14.8 Obligations Not Dischargeable in Bankruptcy. Developer's obligations under this Agreement are not dischargeable in bankruptcy.

14.9 Survival. Following expiration of the Term, this Agreement shall be deemed terminated and of no further force and effect except for any provision which, by its express terms, survive the expiration or termination of this Agreement.

14.10 Signature in Counterparts. This Agreement may be executed in duplicate counterpart originals, each of which is deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

14.11 Notices. Any notice or communication required or authorized by this Agreement shall be in writing and may be delivered personally or by registered mail, return receipt requested. Notice, whether given by personal delivery or registered mail, shall be deemed to have been given and received upon the actual receipt by any of the addressees designated below as the person to whom notices are to be sent. Either Party to this Agreement may at any time, upon notice to the other Party, designate any other person or address in substitution of the person and address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

To City:

John Rahaim  
Director of Planning  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, California 94102

with a copy to:

Dennis J. Herrera, Esq.  
City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Attn: Real Estate/Finance, 3333 California Project

To Developer:

c/o The Prado Group, Inc.  
150 Post Street, Suite 320  
San Francisco, CA 94108  
Attn: Dan Safier

14.12 Limitations on Actions. Pursuant to Section 56.19 of the Administrative Code, any decision of the Board of Supervisors made pursuant to Chapter 56 shall be final. Any court action or proceeding to attack, review, set aside, void, or annul any final decision or determination by the Board of Supervisors shall be commenced within ninety (90) days after such

decision or determination is final and effective. Any court action or proceeding to attack, review, set aside, void or annul any final decision by (i) the Planning Director made pursuant to Administrative Code Section 56.15(d)(3) or (ii) the Planning Commission pursuant to Administrative Code Section 56.17(e) shall be commenced within ninety (90) days after said decision is final.

14.13 Severability. Except as is otherwise specifically provided for in this Agreement with respect to any Laws which conflict with this Agreement, if any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect unless enforcement of the remaining portions of this Agreement would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

14.14 MacBride Principles. The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 *et seq.* The City also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Developer acknowledges that it has read and understands the above statement of the City concerning doing business in Northern Ireland.

14.15 Tropical Hardwood and Virgin Redwood. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product, except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code.

14.16 Sunshine. Developer understands and agrees that under the City's Sunshine Ordinance (Administrative Code, Chapter 67) and the California Public Records Act (California Government Code Section 250 *et seq.*), this Agreement and any and all records, information, and materials submitted to the City hereunder are public records subject to public disclosure. To the extent that Developer in good faith believes that any financial materials reasonably requested by the City constitutes a trade secret or confidential proprietary information protected from disclosure under the Sunshine Ordinance and other Laws, Developer shall mark any such materials as such. When a City official or employee receives a request for information that has been so marked or designated, the City may request further evidence or explanation from Developer. If the City determines that the information does not constitute a trade secret or proprietary information protected from disclosure, the City shall notify Developer of that conclusion and that the information will be released by a specified date in order to provide Developer an opportunity to obtain a court order prohibiting disclosure.

14.17 Non-Liability of City Officials and Others. Notwithstanding anything to the contrary in this Agreement, no individual board member, director, commissioner, officer, employee, official or agent of City or other City Parties shall be personally liable to Developer, its successors and assigns, in the event of any Default by City, or for any amount which may become due to Developer, its successors and assigns, under this Agreement.

14.18 Non-Liability of Developer Officers and Others. Notwithstanding anything to the contrary in this Agreement, no individual board member, director, officer, employee, official, partner, employee, or agent of Developer or any affiliate of Developer shall be personally liable to City, its successors and assigns, in the event of any Default by Developer, or for any amount which may become due to City, its successors and assigns, under this Agreement.

14.19 No Third Party Beneficiaries. There are no third party beneficiaries to this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

CITY:

Approved as to form:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
John Rahaim  
Director of Planning

By: \_\_\_\_\_  
Carol Wong, Deputy City Attorney

RECOMMENDED:

By: \_\_\_\_\_  
[Name]  
Director, MOHCD

By: \_\_\_\_\_  
Mohammed Nuru  
Director of Public Works

Approved on \_\_\_\_\_, 20\_\_\_\_  
Board of Supervisors Ordinance No. \_\_\_\_

[DEVELOPER'S SIGNATURE ON FOLLOWING PAGE]

DEVELOPER:

LAUREL HEIGHTS PARTNERS LLC,  
a Delaware limited liability company

By: 3333 California LP,  
a Delaware limited partnership,  
its Manager

By: PSKS LH LLC,  
a Delaware limited liability company,  
its General Partner

By: Prado LH LLC,  
a California limited liability company,  
its Manager

By: \_\_\_\_\_  
Name: Dan Safier  
Title: Manager

State of California )  
County of San Francisco )

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Signature \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Francisco )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_



## Exhibit A

### Project Site Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

BEGINNING at a point on the Southerly line of California Street, said point being the Easterly extremity of the curve with a 15 foot radius joining the Easterly line of Laurel Street with the Southerly line of California Street, as shown on "Map of Laurel Heights, filed July 28, 1947, in Map Book "P", at Pages 55 and 56 Official Records of the City and County of San Francisco; running thence North 80°54' East 707.375 feet along the Southerly line of California Street to the Southwesterly boundary of the property of the Standard Oil Company of California; thence South 52°36' 29.74 seconds East along said boundary 232.860 feet; thence Southwesterly along the arc of a curve to the right whose tangent deflects 54°14' 30.74 seconds to the right from the preceding course, radius 425 feet, central angle 34°15'59", a distance of 254.176 feet; thence South 35°54' West tangent to the preceding curve 380.066 feet; thence Southwesterly along the arc of a curve to the right, tangent to the preceding course, radius 65 feet, central angle 37°18' a distance of 42.316 feet to tangency with the Northwesterly line of Euclid Avenue; thence South 73°12' West along said line of Euclid Avenue 312.934 feet; thence leaving said line of Euclid Avenue, and running Southwesterly, Westerly, and Northwesterly along the arc of a curve to the right, tangent to the preceding course, radius 20 feet, central angle 100°48' 01.51", a distance of 35.186 feet; thence Northwesterly along the arc of a reverse curve to the left, parallel to and concentric with and radially distant 6 feet Northeastly from the Northeastly line of Laurel Street, as shown on said map of Laurel Heights, radius 4033 feet, central angle 5°31' 20.27", a distance of 388.710 feet; thence Northwesterly along the arc of a compound curve to the left, radius 120 feet, central angle 71°12' 55.45", a distance of 149.153 feet; thence Northwesterly along the arc of a reverse curve to the right, radius 60 feet, central angle 73°38' 14.21", a distance of 77.113 feet to tangency with the Easterly line of Laurel Street; thence North 9°06' West along said line of Laurel Street 127.290 feet to the beginning of the above mentioned curve joining the Easterly line of Laurel Street with Southerly line of California Street; thence Northwesterly, Northerly, and Northeastly along the arc of a curve to the right, radius 15 feet 90°00', a distance of 23.562 feet to tangency with the Southerly line of California Street and the point of beginning.

APN: Lot 003, Block 1032

## Exhibit B

### **Project Description**

The Project Site is an approximately 446,490-square-foot, or 10.25-acre, parcel bounded by California Street to the north, Presidio Avenue to the east, Masonic Avenue to southeast, Euclid Avenue to the south, and Laurel Street/Mayfair Drive to the west, at the southern edge of San Francisco's Presidio Heights neighborhood in the northwest portion of San Francisco. The project sponsor, Laurel Heights Partners, LLC, owns the site and temporarily leases it to the Regents of the University of California, which uses the Project Site for its University of California San Francisco (UCSF) Laurel Heights Campus. The Project Site does not include the San Francisco Fireman's Credit Union (now called the SF Fire Credit Union) at the southwest corner of California Street and Presidio Avenue, which is on a separate parcel.

The Project Site is currently used as office and related research, child care, and parking. It is developed with a four-story, approximately 455,000-gross-square-foot office building including a three-level, 212-space, an approximately 93,000-gross-square-foot partially below-grade parking garage at the center of the site; a one-story, approximately 14,000-gross-square-foot annex building at the corner of California and Laurel streets; three surface parking lots with a total of 331 spaces connected by internal roadways; two circular garage ramp structures leading to below-grade parking levels; and landscaping or landscaped open space for the UCSF Laurel Heights Campus occupants.

The proposed project includes approximately 1,427,832 gross square feet of new and rehabilitated space, comprising approximately 977,437 gross square feet of residential floor area with approximately 744 dwelling units; approximately 34,496 gross square feet of retail floor area; and an approximately 14,665 gross-square-foot child care center use. The proposed project would provide approximately ~~857 off-street parking spaces (including approximately 10 car share spaces)~~, and no more than 754 parking spaces, approximately 762 Class One bicycle spaces, and 77 Class Two bicycle spaces. These proposed uses would be located in 13 new buildings (known as Plaza A, Plaza B, Walnut, Mayfair, Laurel Townhomes, Euclid and Masonic) and in the adaptively reused office building (known as Center A and Center B), which would be divided into two separate buildings and converted to residential use.

**25% of the proposed project's units will be deed-restricted, on-site affordable units designated for low-income senior households.** These affordable units will be located in the proposed Walnut Building on California Street and consist of 185 studios and 1-bedrooms for seniors plus one (1) on-site manager's unit. The Walnut Building would also include an approximately 175-seat **child care facility**, including a contiguous outdoor activity area. The project includes approximately **34,496 square feet of neighborhood-serving retail** located in the buildings fronting onto California Street (Plaza A, Plaza B and the Walnut Building). This retail

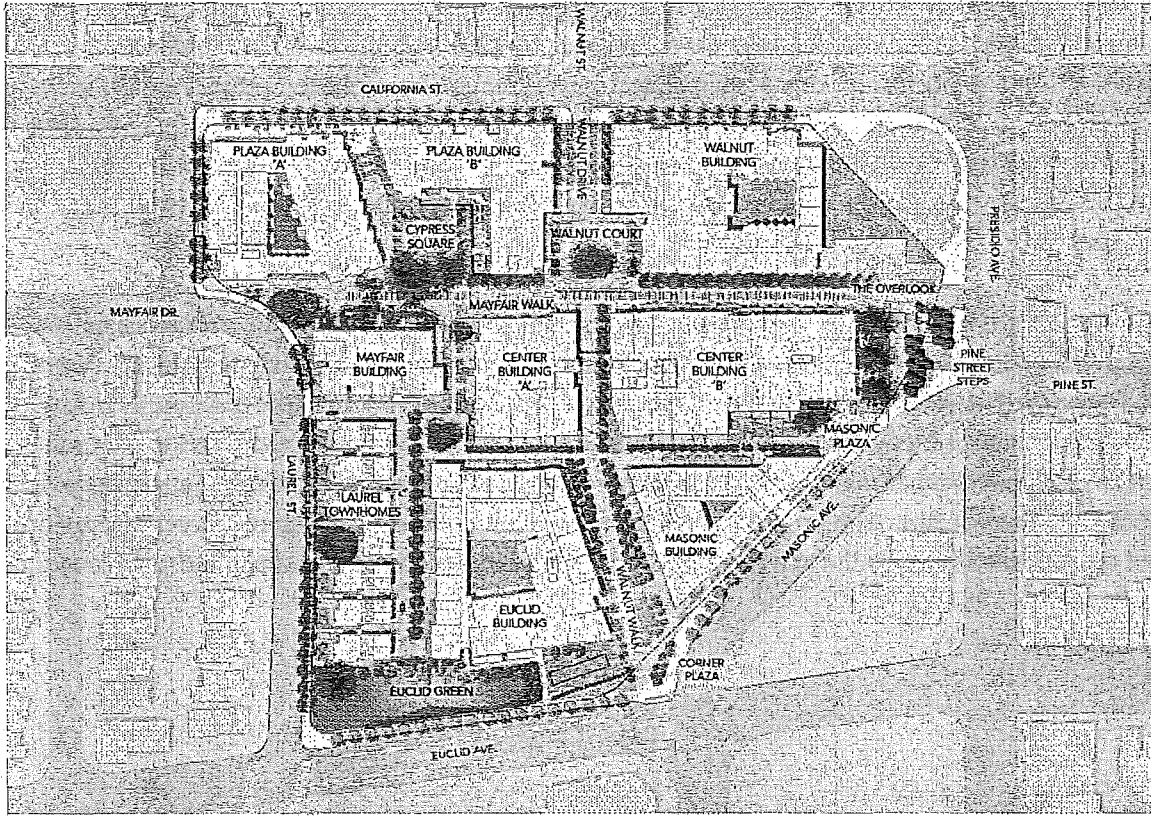
corridor is aligned with the existing Laurel Village shopping center on California Street and will be designed to enhance the retail offerings for the neighborhood.

The proposed project would contain approximately 52 percent of the overall lot area (approximately 236,000 square feet – excluding green roofs) as open area, with portions to be developed with a combination of public open space, common open space (some of which would be open to the public) and private open space for residents. The proposed project would include **2.87 acres of publicly accessible landscaped open space** with multi-purpose plazas, lawns, pathways and streetscape improvements as further described in Exhibit C, which will provide the public with new open space amenities and improve pedestrian connectivity and safety through the neighborhood.

The Project's circulation and open space plan includes multiple new public entrances into and through the Site in order to integrate the Site with the surrounding neighborhood and street network. The proposed north-south pedestrian connection (Walnut Walk) and the proposed east-west pedestrian connection (Mayfair Walk) would be open to the public and would provide the primary points of access to other publicly accessible common open spaces, plazas, squares, and vista points within the Project Site. The proposed Walnut Walk would align with Walnut Street to the north and the intersection of Euclid and Masonic to the south, incorporating the site into the surrounding street grid.

Exhibit B-1

Project Site Plan



## Exhibit C

### **Project Open Space**

The Project would provide the following open space, substantially in accordance with Attachment C-1, Attachment C-2, Attachment C-3, and Schedule 1 to the Agreement:

1. Publicly Accessible Private Improvements. The Project would include the construction, operation, and maintenance of the Publicly Accessible Private Improvements, which is comprised of approximately 2.87 acres of open space (1.63 acres of which exceed the Planning Code open space requirements that would otherwise apply for the Project) developed as follows:
  - a. California Plaza: An approximately 4,290 square foot plaza adjacent to California Street and the Plaza A and B retail uses. California Plaza will be improved with a combination of quality hardscape, planters and seating elements adjacent to the City sidewalk and designed to comply with the City's Better Streets policies.
  - b. Cypress Square and Stairs: Cypress Stairs (approximately 1,255 sq. ft.) are one of several pedestrian access points into the Project and would connect pedestrians from California Street to Cypress Square and the network of internal public open spaces throughout the Project Site. There will also be ADA access from California Street to Cypress Square adjacent to the Cypress Stairs. Cypress Square would be an approximately 12,052 square foot south-facing plaza that would retain the existing mature and healthy Cypress trees identified in the landscape plan. It would include hardscaped walkways and a central, paved open plaza area with wood decking, seating and landscaping.
  - c. Mayfair Walk: Mayfair Walk (approximately 30,685 sq. ft.) is the Project's main east-west pedestrian connector that will stitch the site back into the adjacent neighborhood's urban fabric with publicly-accessible landscaped pathways. The Walk includes a connection to Mayfair Drive/Laurel Street to the west with seating, stairs and landscaping, including the retention of existing mature and healthy oak trees and the addition of new trees as identified in the landscape plan. The Walk would include a hardscape pathway with landscaped borders and access to ground floor residential units. The Walk would connect with the ADA-accessible Pine Street Stairs to Presidio Avenue to the east.
  - d. Presidio Overlook: At the east side of the Project Site atop Pine Street Stairs, the Presidio Overlook will provide scenic views of downtown San Francisco for the public and ADA and stair access to Presidio Avenue. The Overlook will consist of approximately 10,450 square feet of open space and would include a large terrace with trees, planters and seating. The Overlook would act as an interconnection and scenic area between the east portion of the Mayfair Walk and the Pine Street Stairs.

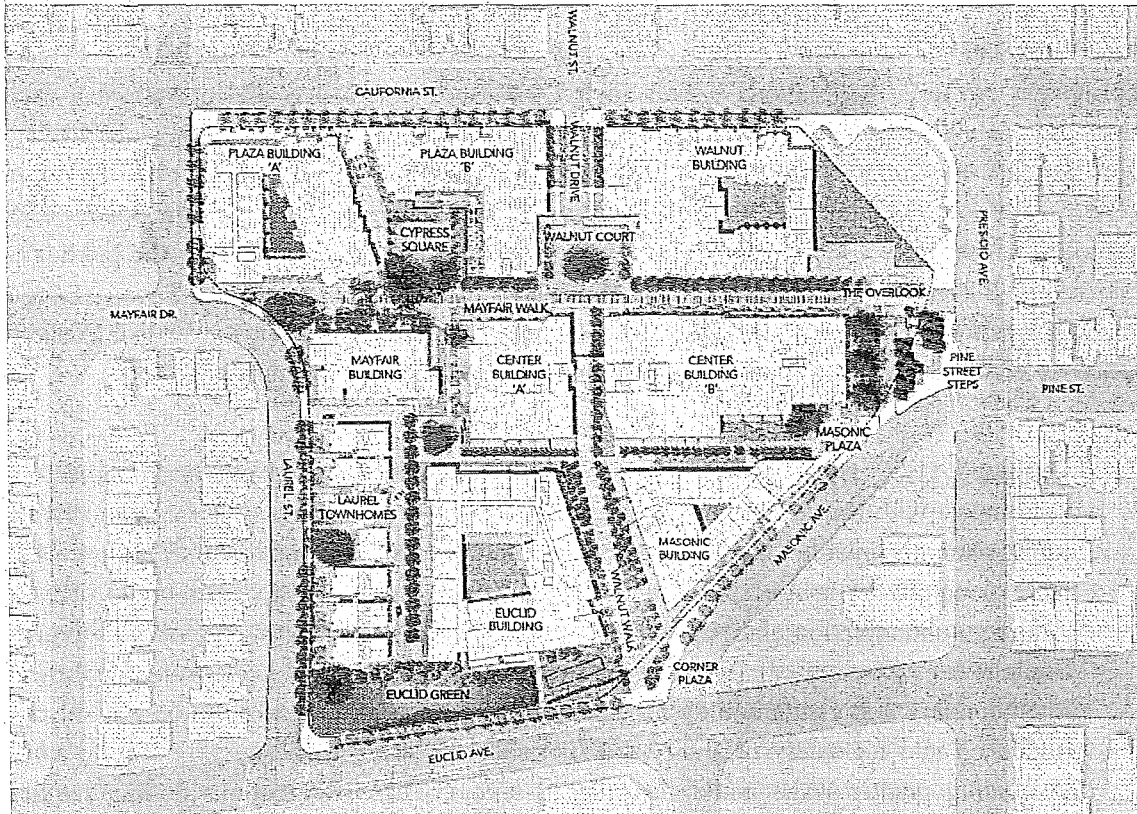
- e. Pine Street Steps: The Pine Street Steps would be approximately 7,015 square feet and are inspired by California's indigenous biodiversity and include a grove of mature existing and new Redwood trees. They have been designed to provide the public with an ADA-accessible connection from the east side of the Project Site to the west.
- f. Walnut Walk North and Walnut Walk South: Walnut Walk would consist of a total of approximately 23,730 square feet of open space and will be the Project's main north-south public pedestrian access. Walnut Walk would run through the center of the Project Site from California Street (via Walnut Court) to the Masonic and Euclid Avenue intersection, helping to stitch the site back into the neighborhood's urban fabric. Walnut Walk would be a pedestrian pathway with a network of landscaped open spaces and seating.
- g. Walnut Drive and Walnut Court: Walnut Drive and Walnut Court would consist of approximately 17,825 square feet of open space and would include tree-lined hardscape pedestrian walkways on either side of Walnut Drive leading into Walnut Court, which would include a tree-lined vehicular turnaround plaza with a tree feature at the center. The drive and court areas would provide direct access to California Street, Mayfair Walk and Walnut Walk.
- h. Euclid Green: The new green lawn at the corner of Euclid and Laurel would provide the public with views of downtown San Francisco to the east, and views of the Golden Gate Bridge to the northwest. Euclid Green will consist of approximately 18,004 square feet of open space at the southwest corner of the Project at Laurel Street and Euclid Avenue. The existing green lawn will be renovated and maintained as a large, naturally sloping lawn with plantings and a direct access to the sidewalks on Euclid Avenue and Laurel Street.

The Publicly Accessible Private Improvements will be privately owned but accessible to the public on the terms described in Attachment C-2 and Attachment C-3. The Publicly Accessible Private Improvements would be provided substantially as depicted in Attachment C-1, constructed in accordance with the terms of Attachment C-2 and Schedule 1, and operated and maintained on the terms of Attachment C-2 and Attachment C-3.

- 2. Streetscape Improvements. The Project would include the streetscape improvements depicted in Attachment C-1 to enhance the safety of, and strengthen the network of, existing sidewalks and street crossings that abut the Project Site including Presidio Avenue, Masonic Avenue, Euclid Avenue, Laurel Street, Mayfair Street and California Street.
- 3. Provision of Required Open Space. The amount and phasing of private and/or common usable open space for the residential uses on the Project shall be governed by the Approvals.

Exhibit C-1

Open Space Plan



## Exhibit C-2

### **Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements**

These Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements (these “Regulations”) shall govern the use, maintenance, and operation of each completed Publicly Accessible Private Improvement (each, a “Publicly Accessible Private Improvement” and collectively, the “Publicly Accessible Private Improvements”) as defined in Section 1 of this Agreement. The Publicly Accessible Private Improvements are the open spaces proposed for the Project that are privately owned, but will remain accessible to the public, as described in this Exhibit, and include California Plaza, Cypress Stairs, Cypress Square, Euclid Green, Mayfair Walk those portions of the Pine Street Steps that are privately owned, Presidio Overlook, Walnut Drive and Walnut Court, Walnut Walk North, and Walnut Walk South.

1. Permitted Uses. Upon completion of a Publicly Accessible Private Improvement in accordance with this Agreement, Developer shall make that Publicly Accessible Private Improvement available for the use, enjoyment and benefit of the public for open space and recreational purposes in accordance with these Regulations, including, without limitation, (i) quiet contemplation and rest without the use of audible electronic devices (although headphones are permitted), (ii) pedestrian access through the Project Site from one Project Site boundary to the others (bicycles, scooters, skateboards and the like to be walked, not ridden on site for safety reasons), and (iii) short term use of designated seating areas (excluding planter walls and/or landscaped areas). These Regulations do not require Developer to make its Publicly Accessible Private Improvement available to the public for more than open space and recreational purposes.
2. Prohibited Use. The following shall be prohibited in any Publicly Accessible Private Improvement, (i) smoking of any form, including cigarettes, cigars, pipes, e-cigarettes and smokeless cigarettes (including tobacco or other controlled substances), (ii) consumption or possession of open alcoholic beverages (unless permitted by special permit), (iii) camping or sleeping, (iv) climbing or affixing items to trees, other landscaping, furniture or infrastructure, (v) disorderly conduct, as defined in Article 4 of the City’s Park Code, as amended from time to time, (vi) building fires or cooking (unless permitted by special permit), (vii) peddling or vending merchandise (unless permitted by special permit), (viii) temporary structures or installations (unless permitted by special permit), (ix) littering or dumping of waste, (x) removal of plants, soil, furniture, or other facilities of the open space, (xi) graffiti or the damage or destruction of property, and (xii) amplified sound. Developer may limit off-leash animals to designated areas but shall permit leashed animals, including leashed service animals, in the Publicly Accessible Private Improvements. Organized sporting events are not permitted in the Publicly Accessible Private Improvements due to their slope and limited size. However, active recreation (e.g., kicking a soccer ball or



throwing a football) among groups of up to four (4) people shall be permitted on Euclid Green provided it does not endanger other users of Euclid Green. Developer may use a completed Publicly Accessible Private Improvement for temporary construction staging related to adjacent development on the Project Site (during which time the subject Publicly Accessible Private Improvement shall not be used by the public) to the extent that such construction is contemplated under, and performed in accordance with, this Agreement, the Approvals, and any Later Approvals.

3. No Discrimination. Developer shall not discriminate against or segregate any person, or group of persons, on account of the basis of fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or acquired immune deficiency syndrome, HIV status, weight, height, medical condition, or association with members of any of the foregoing classes, in the use, occupancy, tenure, or enjoyment of a Publicly Accessible Private Improvement.
4. Maintenance Standard. Each Publicly Accessible Private Improvement shall be operated, managed, and maintained in a clean and safe condition in accordance with the anticipated and foreseeable use thereof.
5. Temporary Closure. Developer shall have the right, without obtaining the prior consent of the City or any other person or entity, to temporarily close a Publicly Accessible Private Improvement to the public from time to time for one of the following two reasons. In each instance, such temporary closure shall continue for as long as Developer reasonably deems necessary to address either of the circumstances below:
  - a. Emergency; Public Safety. In the event of an emergency or danger to the public health or safety created from whatever cause (including, but not limited to, flood, storm, fire, earthquake, explosion, accident, criminal activity, riot, civil disturbances, civil unrest, unlawful assembly, or loitering). Developer may temporarily close a Publicly Accessible Private Improvement (or affected portions thereof) in any manner deemed necessary or desirable to promote public safety, security, and the protection of persons and property.
  - b. Maintenance and Repairs. Developer may temporarily close a Publicly Accessible Private Improvement (or affected portions thereof) in order to make any repairs or perform any maintenance as Developer, in its reasonable discretion, deems necessary or desirable to repair, maintain, or operate that Publicly Accessible Private Improvement; provided such closure may not impede emergency vehicle access.

6. Operation of the Publicly Accessible Private Improvements. Operation of each Publicly Accessible Private Improvement shall be subject to the additional requirements of this Paragraph.
  - a. Hours of Operation. Each Publicly Accessible Private Improvement shall be open and accessible to the public seven (7) days per week during the daylight hours (or 30 minutes prior to sunset) (the "Operating Hours"), unless reduced hours are (i) approved in writing by the City, (ii) otherwise expressly provided for in this Agreement (including, without limitation, Paragraphs 4 and 5(b) of these Regulations), or (iii) reasonably imposed by Developer, with the City's reasonable consent, to address security concerns. None of the Publicly Accessible Private Improvements shall be closed to the public during Operating Hours for special events. No person shall enter, remain, stay, or loiter in a Publicly Accessible Private Improvement when it is closed to the public, except persons authorized in conjunction with a temporary closure, authorized service and maintenance personnel, or an authorized resident, guest or employee of the project.
  - b. Signs. Developer shall post signs at the major public entrances to each of its Publicly Accessible Private Improvement, indicating that it is a privately-owned public open space ("POPOS") in accordance with all laws and signage requirements. The signs, at a minimum, shall indicate the public right to use the space in accordance with these Regulations, setting forth the applicable regulations imposed by these Regulations, hours of operation, and a telephone number to call regarding security, management or other inquiries.
7. Permissive Use. Developer may post at each entrance to each of its Publicly Accessible Private Improvement, or at intervals of not more than 200 feet along the boundary, signs reading substantially as follows: "Right to pass by permission, and subject to control of owner: Section 1008, Civil Code." Notwithstanding the posting of any such sign, no use by the public nor any person of any portion of the Publicly Accessible Private Improvement for any purpose or period of time shall be construed, interpreted, or deemed to create any rights or interests to or in the Publicly Accessible Private Improvement other than the rights and interests expressly granted in this Agreement. The right of the public or any person to make any use whatsoever of a Publicly Accessible Private Improvement or any portion thereof is not meant to be an implied dedication for the benefit of, or to create any rights or interests in, any third parties.
8. Arrest or Removal of Persons. Developer shall have the right (but not the obligation) to use all lawful means to effect the removal of any person or persons who creates a public nuisance or causes safety concerns for the occupants or neighbors of the Project, or who otherwise violates the applicable rules and regulations, or who commits any crime including, without limitation, infractions or misdemeanors, in or around a Publicly

Accessible Private Improvements. To the extent permitted by law, Developer may prohibit members of the public who have repeatedly broken the Regulations in any material respect from entering the Publicly Accessible Private Improvements, and if such person enters a Publicly Accessible Private Improvement, may ask such person to leave the Publicly Accessible Private Improvement. Developer shall have the right to exercise its power and authority as owner consistent with other publicly accessible but privately-owned areas in the City, such as other privately owned public open space.

9. Project Security During Period of Non-Access. Developer shall have the right to block entrances to install and operate security devices and to maintain security personnel in and around the Publicly Accessible Private Improvements to prevent the entry of persons or vehicles during the time periods when public access to a Publicly Accessible Private Improvement or any portion thereof is restricted or not permitted. Subject to the access requirements for City's emergency vehicles, as described in the Subdivision Map, and Developer's obligations under Applicable Law, Developer shall have a right to install permanent architectural features that serve as security devices such as gates, fences and bollards, and close such devices during non-operating hours or during periods of closure as identified in these Regulations. Design of such devices shall be subject to approval by the San Francisco Planning Department which shall not be unreasonably withheld and subject to any permits required under Applicable Law. Such design review by the San Francisco Planning Department shall not be construed as a change in entitlement and shall not be subject to a planning application or require a separate entitlement. It shall not be unreasonable for the Planning Department to withhold its consent if any such devices would impede emergency access that may be required under Applicable Law or in the Approvals. Nothing shall restrict Developer's right to install security cameras and monitoring devices anywhere on the Project.
10. Removal of Obstructions. Developer shall have the right to remove and dispose of, in any lawful manner it deems appropriate, any object or thing left or deposited on a Publicly Accessible Private Improvement deemed to be an obstruction, interference, or restriction of use of that Publicly Accessible Private Improvement for the purposes set forth in this Agreement, including, but not limited to, personal belongings or equipment in a Publicly Accessible Private Improvement during hours when public access is not allowed pursuant to these Regulations.
11. Temporary Structures. Subject to Developer's right to use a Publicly Accessible Private Improvement for temporary construction staging related to adjacent development as set forth in Paragraph 1 of these Regulations, no trailer, tent, shack, or other outbuilding, or structure of a temporary character, shall be used on any portion of the Publicly Accessible Private Improvements at any time during Operating Hours, either temporarily or permanently.

**Exhibit C-3**

**Public Access Declaration**

WHEN RECORDED MAIL TO:

Director of Planning  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, California 94102

The undersigned hereby declares this instrument to be exempt from Recording Fees (Govt. Code § 27383) and from Documentary Transfer Tax (CA Rev. & Tax. Code § 11922 and SF Bus. and Tax Reg. Code § 1105)

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

3333 California Street  
APN 1032-003

**DECLARATION OF PUBLIC ACCESS COVENANTS AND RESTRICTIONS**

This Declaration of Public Access Covenants and Restrictions ("**Declaration**") is made as of \_\_\_\_\_, 2019, by LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("**Declarant**"), in favor of the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**").

**RECITALS**

A. Declarant owns an irregularly-shaped parcel in the City and County of San Francisco comprised of approximately 10.25 acres (approximately 446,468 square feet), generally bounded by California Street, Laurel Street, Euclid Avenue, Masonic Avenue, and Presidio Avenue, and further described in the attached Exhibit A (the "**Project Site**").

B. Declarant intends to redevelop the Project Site as a large mixed-use development that will include residential, retail, commercial, child care, open space, parking, and related uses (the "**Project**"), under a Development Agreement between Declarant and City dated \_\_\_\_\_, 2019 (the "**Development Agreement**"), approved by the City's Board of Supervisors by Ordinance No. \_\_\_\_\_ on November \_\_, 2019, a Special Use District approved by the City's Board of Supervisors by Ordinance No. \_\_\_\_\_ on November \_\_, 2019, amendments to the City's Planning Code, Zoning Map, and Height Map adopted by the Board of Supervisors under Ordinance No. \_\_\_\_\_ on November \_\_, 2019, and a street encroachment permit and associated encroachment permit and maintenance agreement approved by the Board of Supervisors by Ordinance No. \_\_\_\_\_ on November \_\_, 2019.

C. Declarant's proposed Project buildings (each a "**Building**") are described in the attached Exhibit B-1 and depicted in the attached Exhibit B-2. Such descriptions and depictions are approximate. As part of the Project and pursuant to the Development Agreement, if Declarant constructs any Building during the term of the Development Agreement ("**DA Term**"), Declarant will develop certain publicly-accessible open spaces on the Project Site and operate and maintain such open space in accordance on the terms and conditions of this Declaration.

## AGREEMENT

Now, therefore, in consideration of the City's approval and execution of the Development Agreement, Declarant declares as follows on behalf of itself and all future owners of the Project Site:

### 1. Construction.

(a) Timing. If Declarant constructs any Building during the DA Term, Declarant shall build the applicable Publicly Accessible Private Improvements (as defined in the attached Exhibit C) specified in the attached Exhibit C in compliance with the requirements of the Development Agreement.

(b) Conceptual Plans; Changes. If Declarant is obligated to construct Publicly Accessible Private Improvement pursuant to Section 1(a) above, then Declarant shall construct the Publicly Accessible Private Improvement substantially as described in the conceptual plans dated \_\_\_\_\_, and stamped as Exhibit \_\_\_\_ in the City's Planning Department docket for Case No. \_\_\_\_\_, as such plans may be modified pursuant to conditions of approval for the Project adopted by the City's Planning Commission on September \_\_\_\_, 2019 (the "**Conceptual Plans**"). The improvements described in the Conceptual Plans, as may be modified pursuant to this subsection (b), and as constructed pursuant thereto shall constitute the Publicly Accessible Private Improvements. Declarant shall have the right to modify and/or update the Conceptual Plans from time to time as it may determine in its sole business judgment, subject to the provisions of the following paragraph and provided further that any such modifications shall be subject to review and approval by the City acting in its regulatory capacity with respect to permit issuance, if applicable.

If, prior to completion of the Publicly Accessible Private Improvement, Declarant wishes to apply for any permits for improvements to a Publicly Accessible Private Improvement that materially differ from the Conceptual Plans or would materially and adversely impact the public's ability to access or use that Publicly Accessible Private Improvement for the Permitted Uses (as defined in Section 4) (a "**Construction Modification**"), Declarant shall provide a copy of such plans to the City's Director of Planning (or successor City officer, if applicable) (the "**Planning Director**"). Any proposed Construction Modification shall be subject to the approval of the Planning Director, which may be withheld in his or her reasonable discretion. Declarant agrees it shall be reasonable for the Planning Director to withhold such approval if she or he determines the proposed Construction Modification does not meet the regulatory requirements or standards for the affected area.

Following completion of any Publicly Accessible Private Improvement, Declarant shall have the right to prepare a legal description of the Publicly Accessible Private Improvement and an amendment to this Declaration in which the precise location or boundaries of the particular Publicly Accessible Private Improvement are described in the legal description or shown on a site plan or map, and, subject to the City's review and approval of such amendment, record such amendment in the Official Records of the City and County of San Francisco ("**Official Records**")

2. Maintenance and Modifications. Following the completion of the Publicly Accessible Private Improvement, Declarant shall maintain that Publicly Accessible Private Improvement in a clean, litter-free and good condition for the life of the last remaining Building at the Project Site. Notwithstanding the foregoing, after the substantial completion of the Publicly Accessible Private Improvement, Declarant shall have the right to modify, renovate, replace and/or update the Publicly Accessible Private Improvement, including any improvements located within the boundaries of any Publicly Accessible Private Improvement (each, "**Change**"), subject to the provisions of this Declaration. Before submitting any permit application for a Change that would or could materially and adversely impact the public's ability to access or use any Publicly Accessible Private Improvement for the Permitted Use (each, "**Material Change**"), Declarant shall provide a copy of the plans to be submitted with such permit application to the Planning Director. All Material Changes are subject to the approval of the Planning Director, which approval may be withheld in his or her reasonable discretion. If the Planning Director fails to respond to an initial written request for approval to a proposed Material Change within sixty (60) days of receiving the initial request, Declarant shall send a second notice of the request, with a statement that failure to respond within twenty (20) days to the second notice will result in a deemed approval of the proposed Material Change. The Director's failure to respond to the second notice within twenty (20) days of receiving the second notice shall be deemed a City approval of the Material Change described in the notices.

In addition to the foregoing paragraph, Declarant shall give the Planning Director at least thirty (30) days advance notice of any proposed Change that is not a Material Change if the hard cost of such proposed modification is anticipated to exceed the Threshold Amount (defined as follows), but the Planning Director shall have no consent rights with respect to such modification. The "**Threshold Amount**" means an amount equal to One Hundred Thousand Dollars (\$100,000), which shall be increased by three percent (3%) on each anniversary of the recordation of this Declaration in the Official Records of San Francisco County.

3. City Regulatory Approvals. Prior to commencing the construction or maintenance of any Publicly Accessible Private Improvements, Changes, or Material Changes, Declarant shall obtain all City approvals Declarant is required to obtain from City for such activities in its regulatory capacity.

4. Use; Operation. On substantial completion of a Publicly Accessible Private Improvement, Declarant shall maintain and make that Publicly Accessible Private Improvement available for the use, enjoyment and benefit of the public for open space and recreational purposes (the "**Permitted Public Use**") in accordance with the regulations attached as Exhibit D ("**Regulations**"). If Declarant closes any Publicly Accessible Private Improvement pursuant to Section 5 of the Regulations, Declarant shall use commercially reasonable efforts to make note of and keep a record

of such closure for at least two (2) years and shall provide a copy of such record to the City's Planning Director on request.

5. Notice and Cure Rights. Except as provided in this Section, City shall provide written notice to the Declarant of any actual or alleged violation of the covenants or restrictions set forth in this Declaration before taking any enforcement action. Such notices shall be given to Declarant at the address last furnished to the City; provided, however, that following completion of a Publicly Accessible Private Improvement, such notices shall be given to any Association (as defined in Section 12 below), the owner of the legal parcel on which such Publicly Accessible Private Improvement is located (the "**Improvement Owner**"), and the owner of the legal parcel of each Building to which such completed Publicly Accessible Private Improvement is associated, as set forth in Exhibit C (the "**Associated Owner**"). Declarant shall have (i) a period of five (5) business days after receipt of such notice to cure any violation in making a Publicly Accessible Private Improvement available for the Permitted Public Use as required in this Declaration ("**Public Access Violations**") and (ii) a period of thirty (30) days after receipt of such notice to cure any other violation, provided that if the violation is not capable of cure within such 30-day period, Declarant shall have such additional time as shall be reasonably required to complete a cure as long as Declarant promptly undertakes action to commence the cure within the 30-day period and thereafter diligently prosecutes the same to completion. The time in which Declarant may cure is herein called the "**Declarant Cure Period**," and except for any Public Access Violations, City shall not exercise any legal or equitable remedies during the Declarant Cure Period (or the Lender Cure Period, as defined in Section 6 below) as long as Declarant (or any applicable Lender, as defined in Section 6 below) is diligently pursuing such cure. Notwithstanding anything to the contrary herein, in no event shall the Declarant Cure Period exceed six (6) months. The City's rights and remedies in this Section 5 shall be subject to the provisions of Section 12 below regarding responsibility for the Publicly Accessible Private Improvements following completion thereof and transfer to an association.

Any notices required or permitted to be given under this Declaration shall be in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, or (c) by U.S. Express Mail or commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be addressed as follows, or such other address as either party may from time to time specify in writing to the other party:

Declarant: c/o The Prado Group, Inc.  
150 Post Street, Suite 320  
San Francisco, CA 94108  
Attn: Dan Safier

City: Planning Director  
City and County of San Francisco  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

with a copy to: Real Estate Division  
City and County of San Francisco

25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102  
Attn: Director of Property

and to:

Office of the City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Attn: Real Estate/Finance Team

6. Lender Notice and Cure Rights. As long as any deed of trust encumbering any portion of the Project Site made in good faith and for value (each, an "**Encumbrance**") shall remain unsatisfied of record, the City shall give to the beneficiary of such Encumbrance (each, a "**Lender**") a copy of each notice the City gives to Declarant from time to time of the occurrence of a violation under this Declaration if that Lender has given to the City a written request for such notices. Copies of such notices shall be given to any requesting Lender at the address that requesting Lender last furnished to the City. Nothing in this Section shall be construed to mean that City must provide a Lender with a copy of any Self-Help Notices (as defined in Section 7 below).

Each Lender shall have the right, but not the obligation, to do any act or thing required of Declarant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof; provided, however, that no such action shall constitute an assumption by such Lender of the obligations of Declarant under this Declaration. In the case of any notice of violation given by the City to Declarant, the Lender shall have the same concurrent cure periods as are given Declarant under this Declaration for remedying a default or causing it to be remedied and, except in the event of a Public Access Violation, if prior to the expiration of the applicable cure period specified in Section 5 above, a Lender gives City written notice that it intends to undertake the curing of such default or to cause the same to be cured, and then proceeds with all due diligence to do so, Lender shall have, in each case, an additional period of thirty (30) days (or, except for a default relating to the payment of money, such longer period as reasonably necessary) as long as Lender commences cure within such thirty (30) day period and diligently proceeds to completion) after the later to occur of (i) the expiration of such cure period, or (ii) the date that the City has served such notice of default upon Lender, and the City shall accept such performance by or at the instance of the Lender as if the same had been made by Declarant. The time in which Lender may cure is herein called the "**Lender Cure Period**". Notwithstanding anything to the contrary herein, in no event shall the additional Lender Cure Period exceed six (6) months beyond the applicable Declarant Cure Period.

7. Enforcement. Declarant acknowledges that its failure to construct any required Publicly Accessible Private Improvement in a timely manner or to properly maintain or operate them as required in this Declaration will cause irreparable harm to the City and that the City will not have an adequate remedy at law for such breach. Accordingly, City shall be entitled to specific performance or injunctive or other equitable relief by reason of such breach. City may, in its sole discretion, rely on this Declaration to enforce any of the covenants or restrictions hereunder. City, but not the general public, shall have all rights and remedies available at law or in equity in order



to enforce the covenants and restrictions set forth in this Declaration. All rights and remedies available to City under this Declaration or at law or in equity shall be cumulative and not alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other available right or remedy. If there is any breach of the covenants or restrictions hereunder, City shall be entitled to recover all attorneys' fees and costs in connection with City's enforcement activities and actions.

If Declarant fails to maintain a Publicly Accessible Private Improvement in the manner required in this Declaration, and Declarant fails to timely cure such failure pursuant to Section 5 above and no Lender cures such failure pursuant to Section 6 above, City shall further have the right, at its sole option, to remedy such failure at Declarant's expense by providing ten (10) days' prior written notice of City's intention to cure such failure (a "**Self-Help Notice**") to the Association (if any), the applicable Improvement Owner, and the applicable Associated Owner. Such action by City shall not be construed as a waiver of such default or any rights or remedies of City, and nothing herein shall imply any duty of City to do any act that Declarant is obligated to perform. Association shall reimburse City for all of its costs and expenses, including without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such failure (collectively, "**City's Costs**"), within thirty (30) days' of receiving City's invoice for City's Costs, together with documentation reasonably evidencing City's Costs; provided, however, if there is no Association or an existing Association or Improvement Owner fails to timely reimburse City for City's Costs, then the applicable Associated Owner shall reimburse City for City's Costs within thirty (30) days' of receiving City's invoice for City's Costs, together with documentation reasonably evidencing City's Costs. If neither the Association (if any), the applicable Improvement Owner, nor the applicable Associated Owner timely reimburses City for City's Costs, City shall have the right to record a notice of such unpaid costs and expenses against record title to the legal parcel on which the Publicly Accessible Private Improvement is located and the legal parcel of each Building to which such Publicly Accessible Private Improvement is associated, as described in the attached Exhibit C. At City's request, Declarant shall provide security in a form and amount satisfactory to City to ensure Declarant's prompt reimbursement of any amounts owed by Declarant to City pursuant to this Section.

8. Priority of Lien. No violation or breach of any provision of this Declaration shall impair, defeat or invalidate the lien of any Encumbrance, but all provisions hereof shall thereafter be binding upon and effective against any owner whose title is derived through foreclosure of any Encumbrance or acceptance of any deed in lieu of foreclosure.

9. No Waiver. No waiver by City of any violation under this Declaration shall be effective or binding unless and to the extent expressly made in writing by City, and no such waiver may be implied from any failure by City to take action with respect to such violation. No express written waiver of any violation shall constitute a waiver of any subsequent violation in the performance of the same or any other provision of this Declaration.

10. Compliance With Laws. Declarant shall comply with all laws, statutes, ordinances, rules, and regulations of federal, state and local authorities (including, without limitation, City laws of general applicability) having jurisdiction over the Project Site, now in force or hereafter adopted with respect to its use, in the performance of its obligations under this Declaration; provided,

however, such compliance obligation as to City laws shall be subject to the terms and conditions of Section 5.6 of the Development Agreement during the DA Term.

11. Litigation Expenses. If City brings an action or proceeding (including any cross-complaint, counterclaim, or third-party claim) against Declarant or the then-owner(s) of the Project Site by reason of a default, or otherwise arising out of this Declaration, the prevailing party in such action or proceeding shall be entitled to its costs and expenses of suit, including, but not limited to, reasonable attorneys' fees, which shall be payable whether or not such action is prosecuted to judgment. "Prevailing Party" shall include, without limitation, a party who dismisses an action for recovery hereunder in exchange for payment of the sums allegedly due, performance of covenants allegedly breached, or consideration substantially equal to the relief sought in the action. Attorneys' fees under this Section shall include attorneys' fees on any appeal, and, in addition, a party entitled to attorneys' fees shall be entitled to all other reasonable costs and expenses incurred in connection with such action. For purposes of this Declaration, reasonable fees of attorneys of City's Office of City Attorney shall be based on the fees regularly charged by private attorneys with an equivalent number of hours of professional experience in the subject matter area of the law for which City's services were rendered who practice in the City and County of San Francisco, in law firms with approximately the same number of attorneys as employed by the Office of City Attorney.

12. Binding on Successors; No Merger; Post-Construction Responsibility. This Declaration and the covenants and restrictions set forth herein constitute restrictions and covenants running with the land and shall bind and burden Declarant, in its capacity as owner of the Project Site, and each successor owner and occupier of the Project Site. Declarant may require a residential, commercial or other management association for the Project Site (an "Association") to perform its obligations under this Declaration for a completed Publicly Accessible Private Improvement, but Declarant's rights and obligations under this Declaration in maintaining and operating a completed Publicly Accessible Private Improvement shall remain with the applicable Improvement Owner and the applicable Associated Owner.

13. Severability. Should any provision or portion hereof be declared invalid or in conflict with any law, the validity of all remaining provisions shall remain unaffected and in full force and effect.

14. Time. Time is of the essence of this Declaration and each and every part hereof.

15. Term; Amendment. This Declaration shall be effective on the date it is recorded in the Official Records of San Francisco County, shall continue as to each Publicly Accessible Private Improvement for the life of each Building to which it is specifically associated as set forth in Exhibit C; provided, however, that if this Declaration terminates as to only a portion of Walnut Walk North or Walnut Walk South or a portion of Mayfair Walk, the then owner of the legal parcel to the Building to which such portion had been associated shall provide a reasonable connection across such legal parcel to provide for continued public pedestrian access between the remaining portions of Walnut Walk North and Walnut Walk South or the remaining portions of Mayfair Walk, as applicable, all as more specifically set forth in Section 4 (Alternative Pedestrian Access) of Exhibit C (Completion Schedule) to this Declaration. Notwithstanding anything to the contrary in the foregoing sentence, if Declarant does not build any Building at the Project Site during the

DA Term, this Declaration shall automatically terminate on the expiration of the DA Term. This Declaration may be amended or otherwise modified only in a writing signed and acknowledged by Declarant (or its successors in interest to any fee interest of the Project Site) and City.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

17. Recordation. Declarant shall record this Declaration in the Official Records prior to the issuance of the First Construction Document (as defined in San Francisco Building Code Section 107A.13.1(a)(8) for the Project.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Declarant and City have executed this Declaration as of the date first written above.

**DECLARANT:**

LAUREL HEIGHTS PARTNERS LLC,  
a Delaware limited liability company

By: 3333 California LP,  
a Delaware limited partnership,  
its Manager

By: PSKS LH LLC,  
a Delaware limited liability company,  
its General Partner

By: Prado LH LLC,  
a California limited liability company,  
its Manager

By: \_\_\_\_\_  
Name: Dan Safier  
Title: Manager

**CITY:**

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
[Name], Director of Planning

**APPROVED AS TO FORM:**

DENNIS J. HERRERA,  
City Attorney

By: \_\_\_\_\_  
Carol Wong  
Deputy City Attorney

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of California                     )  
  ) ss  
County of San Francisco            )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of California                    )  
  ) ss  
County of San Francisco            )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## EXHIBIT A

### Legal Description of Project Site

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

BEGINNING at a point on the Southerly line of California Street, said point being the Easterly extremity of the curve with a 15 foot radius joining the Easterly line of Laurel Street with the Southerly line of California Street, as shown on "Map of Laurel Heights, filed July 28, 1947, in Map Book "P", at Pages 55 and 56 Official Records of the City and County of San Francisco; running thence North 80°54' East 707.375 feet along the Southerly line of California Street to the Southwesterly boundary of the property of the Standard Oil Company of California; thence South 52°36' 29.74 seconds East along said boundary 232.860 feet; thence Southwesterly along the arc of a curve to the right whose tangent deflects 54°14' 30.74 seconds to the right from the preceding course, radius 425 feet, central angle 34°15'59", a distance of 254.176 feet; thence South 35°54' West tangent to the preceding curve 380.066 feet; thence Southwesterly along the arc of a curve to the right, tangent to the preceding course, radius 65 feet, central angle 37°18' a distance of 42.316 feet to tangency with the Northwesterly line of Euclid Avenue; thence South 73°12' West along said line of Euclid Avenue 312.934 feet; thence leaving said line of Euclid Avenue, and running Southwesterly, Westerly, and Northwesterly along the arc of a curve to the right, tangent to the preceding course, radius 20 feet, central angle 100°48' 01.51", a distance of 35.186 feet; thence Northwesterly along the arc of a reverse curve to the left, parallel to and concentric with and radially distant 6 feet Northeasterly from the Northeasterly line of Laurel Street, as shown on said map of Laurel Heights, radius 4033 feet, central angle 5°31' 20.27", a distance of 388.710 feet; thence Northwesterly along the arc of a compound curve to the left, radius 120 feet, central angle 71°12' 55.45", a distance of 149.153 feet; thence Northwesterly along the arc of a reverse curve to the right, radius 60 feet, central angle 73°38' 14.21", a distance of 77.113 feet to tangency with the Easterly line of Laurel Street; thence North 9°06' West along said line of Laurel Street 127.290 feet to the beginning of the above mentioned curve joining the Easterly line of Laurel Street with Southerly line of California Street; thence Northwesterly, Northerly, and Northeasterly along the arc of a curve to the right, radius 15 feet 90°00', a distance of 23.562 feet to tangency with the Southerly line of California Street and the point of beginning.

APN: Lot 003, Block 1032

EXHIBIT B-1

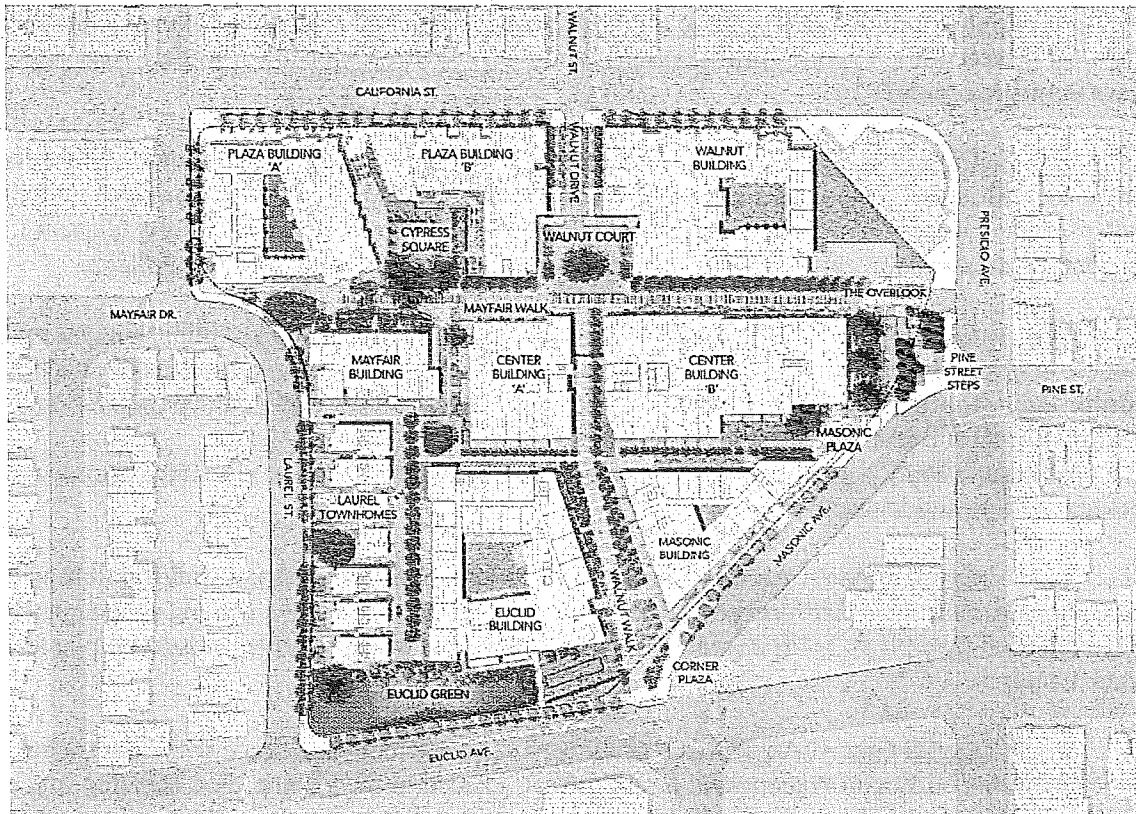
Description of Buildings

[see attached]



## EXHIBIT B-2

### Depiction of Buildings and Publicly Accessible Private Improvements



## EXHIBIT C

### Completion Schedule

Declarant's obligation to construct a Publicly Accessible Private Improvement (as defined below) shall be as follows:

1. Description of Publicly Accessible Private Improvements. Each of the following shall be a "Publicly Accessible Private Improvement" and shall collectively be the "Publicly Accessible Private Improvements":

a. California Plaza: An approximately 4,290 square foot plaza adjacent to California Street, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a combination of quality hardscape, planters and seating elements that are adjacent to the abutting public sidewalk and designed to comply with the City's Better Streets policies.

b. Cypress Square: An approximately 12,052 square foot south-facing plaza that will connect to Cypress Stairs and Mayfair Walk, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of the existing mature and healthy Cypress trees identified in the Project landscape plan submitted to \_\_\_\_\_ on \_\_\_\_\_ (the "Landscape Plan"), hardscaped walkways, and a central, paved open plaza area with wood decking, seating and landscaping.

c. Cypress Stairs: An approximately 1,255 square foot pedestrian walkway that will connect pedestrians from California Street to Cypress Square, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of stairs with landscaped planters along the edges.

d. Euclid Green: An approximately 18,004 square foot open space with direct access to the sidewalks on Euclid Avenue and Laurel Street, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a large, naturally sloping lawn with plantings.

e. Mayfair Walk: An approximately 30,605 square foot east-west pedestrian connector that will connect to Mayfair Drive/Laurel Street to the west and the ADA-accessible Pine Street Stairs to Presidio Avenue to the east, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscape pathway with landscaped borders and access to ground floor residential units, seating, stairs, landscaping, and the retained mature and healthy oak trees and new trees identified in the Landscape Plan.

f. Presidio Overlook: An approximately 10,450 square foot open space atop Pine Street Stairs that will be an interconnection and scenic area between the east portion of the Mayfair Walk and the Pine Street Stairs, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a terrace with trees, planters, and seating.

g. Pine Street Steps: An approximately 7,015 square foot pedestrian walkway that will connect the Presidio Overlook to Pine Street and Masonic Avenue, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of stairs with landscaped planters along the edges.

h. Walnut Drive and Walnut Court: Approximately 17,825 square feet of open space that will provide direct access to California Street, Mayfair Walk and Walnut Walk, located in the general area depicted in the attached Exhibit B-2. The Walnut Drive improvements will consist of a hardscaped roadway with tree-lined hardscape pedestrian walkways on either side of the paved area, and the Walnut Court improvements will consist of a tree-lined hardscaped vehicular turnaround plaza with a tree feature at the center.

i. Walnut Walk North: Approximately 6,880 square feet of open space that will run through the center of the Project Site from Walnut Court to the southern boundary of the future legal parcels created for Plaza Building A and Plaza Building B, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscaped pedestrian pathway with a network of landscaped open spaces and seating. Once Walnut Walk North and Walnut Walk South are completed, they will collectively create the main north-south public pedestrian connection through the Project Site between Masonic and Euclid Avenue to Walnut Court.

j. Walnut Walk South: Approximately 16,850 square feet of open space that will run through the center of the Project Site from the southern boundary of the future legal parcels created for Plaza Building A and Plaza Building B and the intersection at Masonic Avenue and Euclid Avenue, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscaped pedestrian pathway with a network of landscaped open spaces and seating. Once Walnut Walk North and Walnut Walk South are completed, they will collectively create the main north-south public pedestrian connection through the Project Site between Masonic and Euclid Avenue to Walnut Court.

k. Alternative Pedestrian Access Paths: Any path constructed under Section 4 below.

2. Installation Schedule. An "**Occupancy Certificate**" means a certificate of occupancy, including any temporary certificate of occupancy. Subject to Section 3 below, Declarant shall complete the construction of the Publicly Accessible Private Improvements as follows:

a. California Plaza. Declarant shall complete construction of California Plaza before the issuance of an Occupancy Certificate (as defined below) for any non-retail portion of the Plaza A Building, which is described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2. Once completed, California Plaza shall be associated with the Plaza A Building.

b. Cypress Square. Declarant shall complete construction of Cypress Square before the issuance of an Occupancy Certificate for any non-retail portion of the Plaza B Building, which is described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2. Once completed, Cypress Square shall be associated with the Plaza B Building.

c. Cypress Stairs. Declarant shall complete construction of the Cypress Stairs before the issuance of an Occupancy Certificate for any non-retail portion of the later of the Plaza A Building or the Plaza B Building. Once completed, Cypress Stairs shall be associated with the Plaza A Building and the Plaza B Building.

d. Euclid Green. Declarant shall complete construction of Euclid Green before the issuance of an Occupancy Certificate for the Project's final Building; provided, however, that if the Declarant receives an Occupancy Certificate for any Building without completing all proposed Buildings during the DA Term, then Euclid Green shall be completed by the end of the DA Term. Once completed, Euclid Green shall be associated with the Euclid Building or, if the Euclid Building has not been constructed, it shall be associated with the legal parcel of the constructed multi-unit Building (excluding the Mayfair Building and the Townhomes) that is closest to Euclid Green on the expiration of the DA Term.

e. Mayfair Walk. Declarant shall complete construction of Mayfair Walk in the following segments:

i. The segment adjacent to the Mayfair Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) and the Plaza A Building must be completed before the issuance of an Occupancy Certificate for any non-retail portion of the later of Mayfair Building or the Plaza A Building. Once completed, such segment shall be associated with the Mayfair Building and the Plaza A Building.

ii. The segment adjacent to the Mayfair Building and the Plaza A Building must be completed before the issuance of an Occupancy Certificate for any non-retail portion of the later of Mayfair Building or Plaza A Building. Once completed, such segment shall be associated with the Mayfair Building and the Plaza A Building.

iii. The segment adjacent to the Plaza B Building and the Center A Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) must be completed before the issuance of an the Occupancy Certificate for any non-retail portion of the later of the Plaza B Building or the Center A Building, and the completion of the Center B Building, as applicable. Once completed, such segment shall be associated with the Plaza B Building and the Center A Building.

f. Pine Street Steps. Declarant shall complete construction of the Pine Street Steps before the issuance of an Occupancy Certificate for any non-retail portion of the Center Building B. Once completed, the Pine Street Steps shall be associated with Center Building B.

g. Presidio Overlook. Declarant shall complete construction of the Presidio Overlook before the issuance of an Occupancy Certificate for any non-retail portion of the Center Building B. Once completed, Presidio Overlook shall be associated with Center Building B.

h. Walnut Drive and Walnut Court. Declarant shall complete construction of Walnut Drive and Walnut Court before the later to occur of the issuance of an Occupancy Certificate for any non-retail portion of the Plaza B Building or the Walnut Affordable Housing Building

(described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2). Once completed, Walnut Drive and Walnut Court shall be associated with the Plaza B Building and the Walnut Affordable Housing Building.

i. Walnut Walk North. Declarant shall complete construction of Walnut Walk North before the later to occur of the issuance of an Occupancy Certificate for any non-retail portion of the Center A Building or the Center B Building. Once completed, Walnut Walk North shall be associated with the Center A Building and the Center B Building

j. Walnut Walk South. Declarant shall complete construction of Walnut Walk South before the later to occur of the issuance of an Occupancy Certificate for any non-retail portion of the Euclid Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) or the Masonic Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2). Once completed, Walnut Walk South shall be associated with the Euclid Building and the Masonic Building.

3. Delayed Completion. Notwithstanding anything to the contrary in Section 2 above, if Declarant wishes to receive the first Occupancy Certificate for the non-retail portion of any of the buildings described in Section 2 above before completing its associated Publicly Accessible Private Improvement, Declarant may complete that associated Publicly Accessible Private Improvement at a later time by providing to the City, prior to issuance of the first Occupancy Certificate for any non-retail portion of that building, a surety performance bond or other security in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Publicly Accessible Private Improvement as required in this Declaration, and shall diligently and continuously pursue that Publicly Accessible Private Improvement to completion following which such bond will be released.

4. Alternative Pedestrian Access. If Declarant receives an Occupancy Certificate for any Building without completing all proposed Buildings during the DA Term that would otherwise require the completion of Walnut Walk North, Walnut Walk South, and Mayfair Walk as described above, then Declarant, in conjunction with the Planning Department, shall design an alternative plan for pedestrian access that seeks to achieve similar pedestrian access and widths as Walnut Walk North, Walnut Walk South, and Mayfair Walk, but takes into account then then-current on-site conditions, including locations of improvements and the Project Site's topography, and the Declarant shall construct such alternative plan improvements prior to the end of the DA Term. On their substantial completion, such alternative plan improvements shall be a Publicly Accessible Private Improvement and the portion of the Project Site improved with such alternative plan improvements shall be a Publicly Accessible Private Improvement.

## EXHIBIT D

### Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements

These Regulations Regarding Access and Maintenance of Publicly Accessible Private Improvements (these “Regulations”) shall govern the use, maintenance, and operation of each completed Publicly Accessible Private Improvement as defined in the attached Exhibit C.

1. Permitted Uses. Upon completion of a Publicly Accessible Private Improvement in accordance with this Declaration, Declarant shall make that Publicly Accessible Private Improvement available for the use, enjoyment and benefit of the public for open space and recreational purposes in accordance with these Regulations, including, without limitation, (i) quiet contemplation and rest without the use of audible electronic devices (although headphones are permitted), (ii) pedestrian access through the Project Site from one Project Site boundary to the others (bicycles, scooters, skateboards and the like to be walked, not ridden on site for safety reasons), and (iii) short term use of designated seating areas (excluding planter walls and/or landscaped areas). These Regulations do not require Declarant to make its Publicly Accessible Private Improvement available to the public for more than open space and recreational purposes.
2. Prohibited Use. The following shall be prohibited in any Publicly Accessible Private Improvement, (i) smoking of any form, including cigarettes, cigars, pipes, e-cigarettes and smokeless cigarettes (including tobacco or other controlled substances), (ii) consumption or possession of open alcoholic beverages (unless permitted by special permit), (iii) camping or sleeping, (iv) climbing or affixing items to trees, other landscaping, furniture or infrastructure, (v) disorderly conduct, as defined in Article 4 of the City’s Park Code, as amended from time to time, (vi) building fires or cooking (unless permitted by special permit), (vii) peddling or vending merchandise (unless permitted by special permit), (viii) temporary structures or installations (unless permitted by special permit), (ix) littering or dumping of waste, (x) removal of plants, soil, furniture, or other facilities of the open space, (xi) graffiti or the damage or destruction of property, and (xii) amplified sound. Declarant may limit off-leash animals to designated areas but shall permit leashed animals, including leashed service animals, in the Publicly Accessible Private Improvements. Organized sporting events are not permitted in the Publicly Accessible Private Improvements due to their slope and limited size. However, active recreation (e.g., kicking a soccer ball or throwing a football) among groups of up to four (4) people shall be permitted on Euclid Green provided it does not endanger other users of Euclid Green. Declarant may use a completed Publicly Accessible Private Improvement for temporary construction staging related to adjacent development on the Project Site (during which time the subject Publicly Accessible Private Improvement shall not be used by the public) to the extent that such construction is contemplated under, and performed in accordance with, the Development Agreement, the Approvals (as defined in the Development Agreement), and any Later Approvals (as defined in the Development Agreement).
3. No Discrimination. Declarant shall not discriminate against or segregate any person, or group of persons, on account of the basis of fact or perception of a person’s race, color,

creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or acquired immune deficiency syndrome, HIV status, weight, height, medical condition, or association with members of any of the foregoing classes, in the use, occupancy, tenure, or enjoyment of a Publicly Accessible Private Improvement.

4. Maintenance Standard. Each Publicly Accessible Private Improvement shall be operated, managed, and maintained in a clean and safe condition in accordance with the anticipated and foreseeable use thereof.
5. Temporary Closure. Declarant shall have the right, without obtaining the prior consent of the City or any other person or entity, to temporarily close a Publicly Accessible Private Improvement to the public from time to time for one of the following two reasons. In each instance, such temporary closure shall continue for as long as Declarant reasonably deems necessary to address either of the circumstances below:
  - a. Emergency; Public Safety. In the event of an emergency or danger to the public health or safety created from whatever cause (including, but not limited to, flood, storm, fire, earthquake, explosion, accident, criminal activity, riot, civil disturbances, civil unrest, unlawful assembly, or loitering). Declarant may temporarily close a Publicly Accessible Private Improvement (or affected portions thereof) in any manner deemed necessary or desirable to promote public safety, security, and the protection of persons and property.
  - b. Maintenance and Repairs. Declarant may temporarily close a Publicly Accessible Private Improvement (or affected portions thereof) in order to make any repairs or perform any maintenance as Declarant, in its reasonable discretion, deems necessary or desirable to repair, maintain, or operate that Publicly Accessible Private Improvement; provided such closure may not impede emergency vehicle access.
6. Operation of the Publicly Accessible Private Improvement. Each Publicly Accessible Private Improvement shall be open and accessible to the public seven (7) days per week during the daylight hours (or 30 minutes prior to sunset) (the "Operating Hours"), unless reduced hours are (i) approved in writing by the City, (ii) otherwise expressly provided for in this Declaration (including, without limitation, Paragraphs 4 and 5(b) of these Regulations), or (iii) reasonably imposed by Declarant, with the City's reasonable consent, to address security concerns. None of the Publicly Accessible Private Improvements shall be closed to the public during Operating Hours for special events. No person shall enter, remain, stay, or loiter in a Publicly Accessible Private Improvement when it is closed to the public, except persons authorized in conjunction with a temporary closure, authorized service and maintenance personnel, or an authorized resident, guest or employee of the project.
7. Signs. Declarant shall post signs at the major public entrances to each Publicly Accessible Private Improvement, indicating that it is a privately-owned public open space in accordance with all laws and signage requirements. The signs, at a minimum, shall indicate the public right to use the space in accordance with these Regulations, setting

forth the applicable regulations imposed by these Regulations, hours of operation, and a telephone number to call regarding security, management or other inquiries.

8. Permissive Use. Declarant may post at each entrance to each Publicly Accessible Private Improvement, or at intervals of not more than 200 feet along the boundary, signs reading substantially as follows: "Right to pass by permission, and subject to control of owner: Section 1008, Civil Code." Notwithstanding the posting of any such sign, no use by the public nor any person of any portion of the Publicly Accessible Private Improvement for any purpose or period of time shall be construed, interpreted, or deemed to create any rights or interests to or in the Publicly Accessible Private Improvement other than the rights and interests expressly granted in this Declaration. The right of the public or any person to make any use whatsoever of a Publicly Accessible Private Improvement or any portion thereof is not meant to be an implied dedication for the benefit of, or to create any rights or interests in, any third parties.
9. Arrest or Removal of Persons. Declarant shall have the right (but not the obligation) to use all lawful means to effect the removal of any person or persons who creates a public nuisance or causes safety concerns for the occupants or neighbors of the Project, or who otherwise violates the applicable rules and regulations, or who commits any crime including, without limitation, infractions or misdemeanors, in or around a Publicly Accessible Private Improvements. To the extent permitted by law, Declarant may prohibit members of the public who have repeatedly broken the Regulations in any material respect from entering the Publicly Accessible Private Improvements, and if such person enters a Publicly Accessible Private Improvement, may ask such person to leave the Publicly Accessible Private Improvement. Declarant shall have the right to exercise its power and authority as owner consistent with other publicly accessible but privately-owned areas in the City, such as other privately owned public open space.
10. Project Security During Period of Non-Access. Declarant shall have the right to block entrances to install and operate security devices and to maintain security personnel in and around the Publicly Accessible Private Improvements to prevent the entry of persons or vehicles during the time periods when public access to a Publicly Accessible Private Improvement or any portion thereof is restricted or not permitted. Subject to the access requirements for City's emergency vehicles, as described in the Subdivision Map, and Declarant's obligations under Applicable Law, Declarant shall have a right to install permanent architectural features that serve as security devices such as gates, fences and bollards, and close such devices during non-operating hours or during periods of closure as identified in these Regulations. Design of such devices shall be subject to approval by the San Francisco Planning Department which shall not be unreasonably withheld and subject to any permits required under Applicable Law. Such design review by the San Francisco Planning Department shall not be construed as a change in entitlement and shall not be subject to a planning application or require a separate entitlement. It shall not be unreasonable for the Planning Department to withhold its consent if any such devices would impede emergency access that may be required under Applicable Law or in the Approvals. Nothing shall restrict Declarant's right to install security cameras and monitoring devices anywhere on the Project.



11. Removal of Obstructions. Declarant shall have the right to remove and dispose of, in any lawful manner it deems appropriate, any object or thing left or deposited on a Publicly Accessible Private Improvement deemed to be an obstruction, interference, or restriction of use of that Publicly Accessible Private Improvement for the purposes set forth in this Declaration, including, but not limited to, personal belongings or equipment in a Publicly Accessible Private Improvement during hours when public access is not allowed pursuant to these Regulations.
12. Temporary Structures. Subject to Declarant's right to use a Publicly Accessible Private Improvement for temporary construction staging related to adjacent development as set forth in Paragraph 1 of these Regulations, no trailer, tent, shack, or other outbuilding, or structure of a temporary character, shall be used on any portion of the Publicly Accessible Private Improvements at any time during Operating Hours, either temporarily or permanently.

## **Exhibit D**

### **Affordable Housing Program**

This Exhibit D describes the affordable housing program for the Project (the “**Housing Plan**”). All initially-capitalized, undefined terms used in this Exhibit D shall have the meanings given to them in the Development Agreement to which it is attached.

Recognizing the City’s pressing need for housing – market rate and affordable - the Developer has agreed to (1) increase the total number of residential units for the Project from the 558 residential units initially proposed to 744 residential units; (2) construct 185 studio and one-bedroom affordable residential units for Senior Households at the Project Site (the “**BMR Units**”) in order to make 25% of the Project residential units affordable, rather than the Section 415 (as defined below) requirement of providing 18% on-site affordable residential units or paying the City in-lieu affordable housing fees, together with 1 Manager Unit (as defined below); and (3) fund all predevelopment costs and gap financing required to complete the BMR Units.

The BMR Units will be deed-restricted to be affordable to qualified senior households with an average income not more than 59% of MOHCD AMI (as defined below) and will be constructed before the Developer can receive a CoFO (as defined below) on more than three hundred eighty-six (386) Market Rate Units (as defined below).

#### **1. Definitions.**

“**Adjustment Date**” means each anniversary of the Effective Date.

“**Affordable Housing Developer**” means Mercy Housing California, a non-profit California corporation, or any other non-profit affordable housing developer with experience developing and operating affordable housing in San Francisco.

“**Affordable Rent**” means a monthly rental charge for a BMR Unit (including the Utility Allowance applicable to the Household Size of such BMR Unit but excluding parking charges if a Parking Space is allocated to such BMR Unit) that does not exceed thirty percent (30%) of the maximum MOHCD AMI permitted for such BMR Unit, based on Household Size.

“**Approved Legal Description**” means a legal description of the Walnut Land that substantially conforms to the depiction attached as Attachment D-1 and is approved by the City’s Director of Property and the MOHCD Director.

“**CoFO**” means a first certificate of occupancy issued by City’s Department of Building Inspection, including any temporary certificate of occupancy.

“**CPI Increase**” means, for the first Adjustment Date, the difference between the published CPI Index in effect at the time of the first Adjustment Date and the published CPI Index in effect at the time of the Effective Date. For each following Adjustment Date, the “CPI Increase” means the difference between the published CPI Index in effect at the time of an

applicable Adjustment Date and the published CPI Index in effect at the time of the immediately-preceding Adjustment Date.

**“CPI Index”** means the Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics or, if the Consumer Price Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Consumer Price Index had not been discontinued or revised.

**“Development Agreement”** shall mean the body of the Development Agreement to which this Housing Plan is attached.

**“Development Fee Deferral Surcharge Rate”** means an amount determined by DBI under Building Code Section 107A.13.3.2.

**“First Construction Document”** shall be as defined in San Francisco Building Code Section 107A.13.1(a)(8).

**“Fair Market Value”** shall have the meaning given such term in Attachment D-2.

**“Household”** means one or more related or unrelated individuals who live together or intend to live together in a Senior Unit as their primary dwelling.

**“Household Size”** means the number of persons in a Household as calculated under the MOHCD Manual.

**“Housing Entity”** means a limited partnership with the Affordable Housing Developer (or a subsidiary entity owned or controlled by Affordable Housing Developer) as the general partner.

**“HUD”** means the United States Department of Housing and Urban Development, or any successor agency.

**“LIHTC”** means the federal low income housing tax credit 4% program.

**“Manager Unit”** means the 2-bedroom unit for the Walnut Affordable Housing Building manager.

**“Market Rate Unit”** means any Project Site residential unit that is not a BMR Unit.

**“MOHCD AMI”** means median income as published annually by MOHCD, which is derived from the income limits determined by HUD for the San Francisco area, adjusted solely for household size but not high housing cost area. If HUD ceases to publish such data for 18 or more months, MOHCD and the Housing Entity will make good faith efforts to agree on other publicly available and credible substitute data for MOHCD AMI.

“**MOHCD Director**” means the Director of the Mayor’s Office of Housing and Community Development.

“**MOHCD Manual**” means the City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual, as published by MOHCD and as updated from time to time.

“**Outside Date**” means the 12<sup>th</sup> anniversary of the Effective Date.

“**Ownership Gap Fee**” means an amount equal to (i) the Gross Floor Area (as defined in Planning Code Section 401) for an applicable ownership Market Rate Unit multiplied by (ii) an amount equal to, at the time of calculation, (A) *[insert an amount equal to MOHCD’s published under Planning Code Section 415.5(b)(2) as of the effective date of the BOS legislation approving the Development Agreement, currently \$199.50 per square foot of Gross Floor Area of residential use]*, which shall be adjusted each anniversary of the Effective Date by the CPI Increase multiplied by (B) the lower of (1) *[insert an amount equal to Planning Code Section 415.5 percentage for ownership units as of the effective date of the BOS legislation approving the Development Agreement]* and (2) the percentage of off-site affordable ownership units that would otherwise be used for the Project if calculated under Planning Code Section 415.5(b).

“**Parking Space**” means a parking space assigned to a Senior Unit.

“**Property Covenants**” is defined in Section 2.A.

“**Rental Gap Fee**” means an amount equal to (i) the Gross Floor Area (as defined in Planning Code Section 401) for an applicable rental Market Rate Unit multiplied by (ii) an amount equal to, at the time of calculation, (A) *[insert an amount equal to MOHCD’s published under Planning Code Section 415.5(b)(2) as of the effective date of the BOS legislation approving the Development Agreement, currently \$199.50 per square foot of Gross Floor Area of residential use]*, which shall be adjusted each anniversary of the Effective Date by the CPI Increase, multiplied by (B) the lower of (1) *[insert an amount equal to Planning Code Section 415.5 percentage for rental units as of the effective date of the BOS legislation approving the Development Agreement]* and (2) the percentage of off-site affordable rental units that would otherwise be used for the Project if calculated under Planning Code Section 415.5(b).

“**Section 415**” means the City’s Inclusionary Affordable Housing Program (Planning Code Sections 415 and 415.1 through 415.11), as amended from time to time.

“**Senior Households**” means a household that is 62 years old or older, or as otherwise defined by the requirements of any funding source used to construct or operate the Walnut Affordable Housing Building.

“**Substantially Completed**” means, with respect to any Senior Unit, the issuance of a CofO for that Senior Unit.

“**Tax Credit Closing**” means the date by which the Housing Entity has received (i) an LIHTC allocation for the Walnut Affordable Housing Building and (ii) all financing needed to commence and complete the construction of the Walnut Affordable Housing Building.

“**Title Policy**” is defined in Section 4.F.

“**Utility Allowance**” means a dollar amount determined in a manner acceptable to the California Tax Credit Allocation Committee, which may include an amount published periodically by the San Francisco Housing Authority or successor based on standards established by HUD, for the cost of basic utilities for households, adjusted for Household Size. If both the San Francisco Housing Authority and HUD cease publishing a Utility Allowance, then Developer may use another publicly available and credible dollar amount approved by MOHCD.

“**Walnut Affordable Housing Building**” is defined in Section 2.A.

“**Walnut Child Care Parcel**” is defined in Section 2.A.

“**Walnut Housing Parcel**” is defined in Section 2.A.

“**Walnut Retail Parcel**” is defined in Section 2.A.

“**Walnut Land**” is defined in Section 2.A.

2. Walnut Affordable Housing Building

A. Description. The 185 BMR Units and the Manager Unit will all be located in a single residential building (the “**Walnut Affordable Housing Building**”) that will be located within a condominium parcel (the “**Walnut Housing Parcel**”) on the portion of the Project Site depicted as the “**Walnut Land**” on Attachment D-1 (the “**Walnut Land**”). The Walnut Affordable Housing Building will be comprised only of the BMR Units, the Manager Unit (which shall only be occupied by the Walnut Affordable Housing Building manager or, to the extent permitted under law, other property management staff), and the common and parking area for the BMR Units and Manager Unit. A condominium parcel for retail uses (the “**Walnut Retail Parcel**”) and a condominium parcel for child care uses (the “**Walnut Child Care Parcel**”) will also be located on the Walnut Land. The Walnut Housing Parcel, the Walnut Retail Parcel, and the Walnut Child Care Parcel will be created through a final map prepared under the Tentative Map as required in the Subdivision Map.

Before obtaining a First Construction Document for any portion of the Project or transferring the Walnut Land or the Walnut Housing Parcel to the Housing Entity, the Developer shall obtain legal descriptions for the Walnut Housing Parcel and the Walnut Child Care Parcel that are reasonably acceptable to City, cause the Walnut Land to be made a separate legal parcel, and record a declaration of restrictions (in a form approved by City and using such approved legal descriptions) that limits the use of the Walnut Housing Parcel to the construction and operation of the Walnut Affordable Housing Building and the Walnut Child Care Parcel to the construction and operation of a child care facility; and limits the Walnut Housing Parcel to no more than 0.5 parking spaces per unit. In connection with the development of the Project, Developer shall have the right to enter into commercially reasonable licenses, easements, covenants, conditions and restrictions, reciprocal easement agreements, and similar agreements that affect the Walnut Housing Parcel to the extent necessary for the use or operation of any portion of the Walnut Housing Parcel (each, a “**Property Covenant**”); provided, however, that (i) Developer shall deliver the final version of each proposed Property Covenant to the MOHCD

Director at least thirty (30) days before it is fully executed or recorded in the Official Records of San Francisco County and (ii) all maintenance, repair, replacement and installation costs to be paid under a Property Covenant for the common area benefitting the Walnut Retail Parcel, the Walnut Housing Parcel, and the Walnut Child Care Parcel shall be proportionately allocated to the owners of the Walnut Retail Parcel, the Walnut Housing Parcel, and the Walnut Child Care Parcel based on the relative size of their respective parcel or any other commercially reasonable allocation that is approved in advance by the MOHCD Director, which approval shall not be unreasonably withheld.

B. Housing Entity. Before commencing the construction of the Project's first Market Rate Unit, the Housing Entity will be formed and the Developer will contribute the Walnut Housing Parcel (subject to the requirements of the Development Agreement) to the Housing Entity. As a non-profit affordable housing developer and operator, the Affordable Housing Developer will operate the Walnut Affordable Housing Building to only serve Senior Households with incomes below 80% of MOHCD AMI, with an overall average of not more than 59% of MOHCD AMI.

C. Financing. The Housing Entity will structure equity and debt financing for construction, and the Developer will fund all predevelopment costs and gap financing required to complete the construction, of the Walnut Affordable Housing Building. The Housing Entity will seek LIHTC and City-issued tax-exempt bond financing for construction. The Developer or the Housing Entity may apply to the following state funding programs for constructing the Walnut Affordable Housing Building without the City's prior written consent: the Multifamily Housing Program (MHP) and the Infill Infrastructure Grant Program (IIG). At the time of such application, the Developer or the Housing Entity shall provide the MOHCD Director with written notification of such application and a commitment that the award of such funding would lower the average MOHCD AMI for the Walnut Affordable Housing Building. Neither the Developer nor the Housing Entity can seek other federal or other state resources for constructing the Walnut Affordable Housing Building without the prior written consent of the MOHCD Director, which consent may be withheld if the award of such funding would not result in a lower average MOHCD AMI for the Walnut Affordable Housing Building or applying for the proposed funding would compete with the application of a MOHCD-supported project. A failure to obtain LIHTC, MHP, IIG, or non-competitive federal or state resources for constructing the Walnut Affordable Housing Building shall not decrease the Developer's affordable housing or other obligations under the Development Agreement. City has no obligation to provide any funding for the Walnut Affordable Housing Building. Developer may collaborate with other entities to obtain additional funding sources to the extent that those sources contribute to the feasibility, production speed, or increase the affordability of the Walnut Affordable Housing Building.

D. Project Phasing. The Developer may not obtain CofO for more than three hundred eighty-six (386) Market Rate Units until DBI issues a CofO for the Walnut Affordable Housing Building. In addition, the Developer must obtain a CofO for the Walnut Affordable Housing Building before the expiration of the Term.

E. Equivalency. The Walnut Affordable Housing Building shall be substantially equivalent to the Project's other multi-unit residential buildings in exterior appearance and

overall quality of construction. All BMR Units must be wired for telephone, cable, and internet access and have substantially equivalent interior features and amenities (e.g. balconies, outdoor patios, number of bathrooms) as the studio and 1-bedroom rental Market Rate Units. Equivalency shall be guided by the MOHCD Manual as applicable to this Housing Plan, except that the terms set forth in the Development Agreement (including this Housing Plan) shall prevail (including the parties' agreement that all BMR Units will be studio or 1-bedroom residential units located in the Walnut Affordable Housing Building).

F. Rental; Affordability. The initial rental and re-rental of the BMR Units shall comply with the lottery preferences and other provisions utilized by MOHCD under the MOHCD's Housing Preferences and Lottery Procedures Manual, as published by MOHCD and as each may be updated from time to time, to the extent permitted by law, and the reporting and monitoring requirements of the MOHCD Manual, to the extent permitted by law. The BMR Units must be provided at Affordable Rents and in accordance with the rent requirements in the MOHCD Manual and MOHCD's Hold Harmless Policy for MOHCD's Income Limits and Maximum Rents, effective as of May 3, 2019, as may be updated from time to time. The Developer or the Housing Entity shall record affordability and leasing restrictions that are senior to any financing documents and remain in effect for the life of the Walnut Affordable Housing Building against each of the BMR Units, in a form and priority approved by MOHCD, before their occupancy. The Housing Entity shall carry appropriate insurance to allow for the reconstruction of the Walnut Affordable Housing Building if there is any damage or casualty.

G. Outreach. Given the Project's Site's location, the Parties desire that, to the greatest extent permitted by MOHCD's then-applicable policies and procedures, pre-marketing and marketing programs for BMR Units target residents of Supervisorial District 2 and/or residents residing within three-quarter (0.75) miles of the Project Site. In addition, the Parties desire that residents of District 2 and residents residing within three-quarter (0.75) miles of the Project Site be given the maximum neighborhood preference for leasing of BMR Units permitted under MOHCD's then-applicable policies and procedures.

H. Planning Code Section 415. Except for Planning Code Section 415.6(a)-(f), (h) and (i), the Parties shall implement affordable housing requirements for the Walnut Affordable Housing Building that incorporate the provisions of Planning Code Section 415 and the MOHCD Manual. The following changes shall be deemed to conflict with the Development Agreement and therefore shall not apply to the Project: (i) any increase in the required number or percentage of affordable housing units beyond what is required by the Development Agreement; and (ii) any change in the minimum or maximum AMI percentage levels for the affordable housing pricing or income eligibility. The Parties acknowledge and agree that MOHCD will monitor and enforce the requirements applicable to BMR Units under this Housing Plan in accordance with Planning Code Section 415.9, except that all references to Section 415 will be deemed to refer to the requirements under this Housing Plan. To the extent there are implementation issues that have not been addressed in this Housing Plan, then the provisions of Section 415 and the MOHCD Manual shall govern and control such issues.

3. Fees. Before obtaining a First Construction Document for any portion of the Project, the parties shall select a mutually-agreeable third-party escrow (the "**Escrow Account**") to hold and disburse the Rental Gap Fees and Ownership Gap Fees under the requirements of this Housing

Plan. Subject to the last sentence of this Section, for each Market Rate Unit the Developer commences to construct before the Tax Credit Closing, the Developer shall, at its sole election, either deposit an amount equal to the Rental Gap Fee or Ownership Gap Fee, as applicable, for that unit in the Escrow Account before obtaining a First Construction Document for that unit, or deposit an amount equal to the Rental Gap Fee or Ownership Gap Fee, as applicable, for that unit and the Development Fee Deferral Surcharge for such Rental Gap Fee or Ownership Gap Fee (as calculated by DBI at the time of the Developer deposits such Rental Gap Fee or Ownership Gap Fee) in the Escrow Account between obtaining the First Construction Document and the CofO for that unit.

At any time within thirty (30) days after Developer's written request (accompanied by reasonable supporting materials), City shall authorize the release of funds from the Escrow Account to reimburse Developer for reasonable and customary Walnut Affordable Housing Building pre-development costs incurred prior to the Tax Credit Closing, such as, but not limited to, design drawings, schematic drawings, and commercially reasonable costs for financing that expedites the construction of the Walnut Affordable Housing Building. If the Tax Credit Closing occurs, all remaining funds in the Escrow Account needed to finance the construction of the Walnut Affordable Housing Building shall be disbursed to pay construction and development costs that are approved by the Walnut Affordable Housing Building construction lender at the time such costs are due and payable. If the Developer provides reasonable documentation to City that there are excess Escrow Account funds that are not required to finance the construction of the Walnut Affordable Housing Building, such excess Escrow Account funds shall be disbursed to the Developer.

If the Tax Credit Closing does not occur by the Outside Date, subject to extension for any applicable Excusable Delay, then City shall have the right to receive the Escrow Account funds by delivering written notice to the Escrow Account holder any time after the Outside Date for deposit in City's Citywide Affordable Housing Fund established in San Francisco Administrative Code Section 10.100-49. Within three (3) business days of receiving such written notice, the Escrow Account holder shall deliver the funds to the address specified by the MOHCD Director.

4. Transfer of Walnut Land to City.

A. Transfer Notice. If the Tax Credit Closing does not occur by the Outside Date, subject to extension for any applicable Excusable Delay, and construction of any Building occurs during the Term, then City shall have the right to acquire, and Developer agrees to transfer to the City, fee ownership of the Walnut Land pursuant to the form of grant deed (the "**Grant Deed**") attached as Attachment D-3, with the Approved Legal Description attached to it as Exhibit A. City shall have the right to exercise its right to acquire the Walnut Land by giving Developer, between the Outside Date and the last day of the Term, written notice of the City's request to acquire the Walnut Land pursuant to this Section (the "**Transfer Notice**"). If City receives the Walnut Land pursuant to this Section, and Developer later obtains all financing needed to commence and complete construction of retail improvements on the Walnut Retail Parcel (or child care improvements on the Walnut Child Care Parcel) prior to City's receipt of a First Construction Document for the Walnut Affordable Housing Building, City shall transfer fee ownership of the Walnut Retail Parcel or the Walnut Child Care Parcel, as applicable, to



Developer within ten (10) business days of Developer's receipt of a First Construction Document for such improvements.

B. Developer's Representations. Developer represents that it has the full right to make the commitments set forth in this Section without the consent or approval of any third party (or, if required, Developer has obtained all necessary consents and approvals).

C. Subordination; Condition of Title. The rights of any Mortgagee secured by a Mortgage that encumbers all or part of the Walnut Land shall be subordinate to the City's rights under this Housing Plan. The City accepts the condition of the Walnut Land's title subject only to the matters described on the attached Attachment D-4, any additional matter that is approved in writing by the MOHCD Director in his or her sole and absolute discretion, and any Property Covenant that complies with the requirements of Section 2.A above. Developer further agrees to deliver the Walnut Land to the City generally in the condition that it is in on the Effective Date, provided it shall be free of all tenants and occupants. The Developer agrees that all contracts entered into by the Developer relating to the Walnut Land shall be terminated by Developer, at no cost to City, on or before the transfer unless the City agrees to assume the same.

D. Cooperation. The Developer agrees to cooperate with City and to take all such actions as may be needed to promptly transfer the Walnut Land to City as set forth in this Section. To secure the Developer's obligations under this Section, before obtaining a First Construction Document for any portion of the Project or transferring the Walnut Land or the Walnut Housing Parcel to the Housing Entity, the Developer shall deliver a duly executed and acknowledged deed of trust to the City in substantially the form attached as Attachment D-5, with the Approved Legal Description attached to it as Exhibit A. City shall have the right to record the deed of trust in the Official Records of San Francisco County. There will be no conditions or City obligations relative to the Developer's transfer of the Walnut Land to City, and the form of any other transfer documents other than the Grant Deed needed to transfer fee ownership of the Walnut Land to City in the manner contemplated in this Section (collectively, the "**Transfer Documents**") will be subject to the reasonable approval of the Director of Property and the MOHCD Director, following consultation with the City Attorney's Office. By approving the Development Agreement, the City's Board of Supervisors authorizes the City's Director of Property and the MOHCD Director to enter into the Transfer Documents, if any, without additional action by City's Board of Supervisors as long as the Transfer Documents are consistent with the terms outlined in this Section.

E. Costs and Fees. The Developer shall pay (1) all actual costs incurred by the City relating to the negotiation of Transfer Documents, if any, and all transfer taxes, recording fees, and escrow fees, and (2) the premium for the CLTA Title Policy. The Developer shall further indemnify the City for all costs and losses, including reasonable attorney's fees and costs, resulting from (i) any claim with respect to the Walnut Land relating to the period before the transfer of the Walnut Land to City, (ii) any contest to the Developer's right to transfer the Walnut Land as contemplated by this Section, and (iii) any failure by the Developer to satisfy the requirements of this Section. This indemnification shall survive the transfer of the Walnut Land to City.

F. Closing. The Developer shall have a period of 60 days after Developer's receipt of the Transfer Notice (the "**Closing Period**") to (i) provide to City a CLTA policy of title insurance, insuring City's fee interest in the Walnut Land in an amount equal to the fair market value of the Walnut Land, as reasonably determined by City, with only the exceptions permitted under Section 4.C above (the "**Title Policy**"), and (ii) to execute and deliver the Grant Deed and the Transfer Documents, if any, to City. Within 7 days after the City's receipt of the Title Policy, the duly executed and acknowledged Grant Deed, and, if any, the Transfer Documents, duly executed and acknowledged as applicable, City shall execute and return one (1) fully executed original of any Transfer Document to the Developer.

G. City's Remedies. If the Developer fails to transfer the Walnut Land to City in accordance with this Section, then City shall have the right to specific performance to compel the transfer of the Walnut Land to City in accordance with this Section or to exercise its rights under the Deed of Trust to foreclose and take title to the Walnut Land. Following any specific performance to transfer the Walnut Land to City or any foreclosure of the Walnut Land by City under the Deed of Trust, Developer's obligations under this Section shall be satisfied; provided if the Developer is not able to transfer the Walnut Land to City in the condition required by this Section (a "**Condition Preventing Transfer**"), then City, as its sole remedy for a Condition Preventing Transfer, shall instead accept an in lieu payment in the amount of Fair Market Value. City's exercise of its remedy for a Condition Preventing Transfer shall be by delivering written notice of such exercise to Developer, with a statement explaining the basis for the determination that the Walnut Land cannot be transferred in accordance with this Section. If City delivers such notice, the Developer shall pay City an in lieu payment in the amount of Fair Market Value made within 60 days following the determination of the Fair Market Value. Any failure by Developer to make such in lieu payment when due shall accrue interest at 10% per annum from the date it is due until paid.

H. Fulfillment of Developer's Obligations. On City's receipt of (i) fee ownership of the Walnut Land through an action for specific performance or foreclosure under the Deed of Trust or a payment of an in lieu payment due to a Condition Preventing Transfer, and (ii) the funds deposited in the Escrow Account as required in Section 3 above, City shall have no further rights or remedies under the Development Agreement resulting from Developer's failure to timely commence or complete construction of the Walnut Affordable Housing Building. If the Developer obtains a First Construction Document for any Market Rate Unit after the Outside Date, nothing in the foregoing sentence shall limit the Developer's obligation to pay the fee calculated under Section 415.5 for such Market Rate Unit.

5. Costa-Hawkins Rental Housing Act

A. Non-Applicability of Costa-Hawkins Act. Chapter 4.3 of the California Government Code directs public agencies to grant concessions and incentives to private developers for the production of housing for lower income households. The Costa-Hawkins Rental Housing Act, California Civil Code Sections 1954.50 et seq. (the "**Costa-Hawkins Act**"), provides for no limitations on the establishment of the initial and all subsequent rental rates for a dwelling unit with a certificate of occupancy issued after February 1, 1995, with exceptions, including an exception for dwelling units constructed pursuant to a contract with a public agency in consideration for a direct financial contribution or any other form of assistance specified in

Chapter 4.3 of the California Government Code (Section 1954.52(b)). The Parties agree that the Costa-Hawkins Act does not and in no way shall limit or otherwise affect the restriction of rental charges for the BMR Units. The Development Agreement falls within the express exception to the Costa-Hawkins Act, Section 1954.52(b) because the Development Agreement is a contract with a public entity in consideration for contributions and other forms of assistance specified in Chapter 4.3 (commencing with Section 65919 of Division 1 of Title 7 of the California Government Code). The City and Developer would not be willing to enter into the Development Agreement without the understanding and agreement that Costa-Hawkins Act provisions set forth in California Civil Code Section 1954.52(a) do not apply to the BMR Units as a result of the exemption set forth in California Civil Code Section 1954.52(b) for the reasons specified above.

B. General Waiver. Developer, on behalf of itself and all of its successors and assigns of all or any portion of the Project Site, agrees not to challenge and expressly waives, now and forever, any and all rights to challenge the requirements of the Development Agreement related to the establishment of the BMR Units under the Costa-Hawkins Act (as the Costa-Hawkins Act may be amended or supplanted from time to time). If and to the extent such general covenants and waivers are not enforceable under Law, the Parties acknowledge and that they are important elements of the consideration for the Development Agreement and the Parties should not have the benefits of the Development Agreement without the burdens of the Development Agreement. Accordingly, if Developer challenges the application of this covenant and waiver, then such breach will be an Event of Default and City shall have the right to terminate the Development Agreement in its entirety.

C. Notification. Developer shall notify any potential buyer of all or part of the Project Site of the provisions of this Housing Plan. By acquiring any interest in the Project Site, a buyer agrees to these provisions, and agrees to the specific waiver, releases and indemnifications set forth herein. If Developer fails to notify a buyer of these provisions and a buyer alleges that it is not subject to the requirements of this Housing Plan because it was not made aware of these provisions before it acquired an interest in the Project Site, the Developer shall indemnify and defend the City against any and all claims or losses resulting from such allegation.

6. Nondiscrimination Based on Section 8, Household Size, or Source of Income

For all housing units within the Project Site, Developer shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act (42 U.S.C. §1437 et. seq.), or any successor program or similar federal, state or local governmental assistance program. Developer shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. Developer shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. Developer shall not discriminate against tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI), and Developer shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (i.e., ability to pay shall be demonstrated if such a tenant can show that the same percentage or more of the tenant's income has been consistently

paid on time for rent in the past as will be required to be paid for the rent applicable to the unit to be occupied, provided that such tenant's expenses have not increased materially).

**Exhibit D-1**

**Depiction of Walnut Land**

## Exhibit D-2

### **Appraisal Process**

#### **1. Arbitration for Fair Market Value.**

1.1 Appointment. Each Party shall appoint one (1) Appraiser (as defined below) within thirty (30) days after City delivers written notice to Developer that the arbitration provisions of this Exhibit have been invoked (the "Initial Selection Period"). Upon selecting its Appraiser, a Party shall promptly notify the other Party in writing of the name of that Appraiser. Each Appraiser selected by a Party under this Section shall be an "Initial Appraiser".

An "Appraiser" shall mean a competent and licensed appraiser who is qualified by training and experience in the City and County of San Francisco and a member in good standing of the Appraisal Institute and designated as a MAI, or, if the Appraisal Institute no longer exists, shall hold the senior professional designation awarded by the most prominent organization of appraisal professionals then awarding such professional designations. An Appraiser may have a prior working relationship with either or both of the Parties, provided that such working relationship shall be disclosed to both Parties. Without limiting the foregoing, an Appraiser shall have at least ten (10) years' experience valuing multi-family residential real estate that is in the City and County of San Francisco and substantially similar product-type to the Walnut Affordable Housing Building (i.e., affordable senior housing and condominium airspace interests or similar property interests such as ground leases) required for the Walnut Affordable Housing Building. If a Party fails to appoint its Appraiser within the Initial Selection Period, the Initial Appraiser appointed by the other Party shall individually determine the Fair Market Value in accordance with the provisions hereof.

1.2 Instruction and Completion. The term "Fair Market Value" shall mean the then current fair market value of the Walnut Land, as determined pursuant to this Exhibit. Each Initial Appraiser will make an independent determination of the Fair Market Value. The following instructions shall govern the preparation and delivery of each appraisal report giving the respective Initial Appraiser's opinion of the Fair Market Value. The Parties may supplement or modify these instructions upon mutual agreement. Each final opinion of value will be stated in a self-contained<sup>1</sup> appraisal report based on a comprehensive study and analysis and setting forth, in detail, all data, analysis, and conclusions necessary and typical of a complete, self-contained appraisal report in compliance with the current version of the Uniform Standards of Professional Appraisal Practice ("USPAP"). The appraisal report will include the Initial Appraiser's final opinion of the Fair Market Value stated as a specific dollar figure. The Walnut Land shall be appraised based on the actual residential project that it is entitled for at the time of Appraisal consistent with the zoning and all conditions on the Walnut Land and assuming that the following apply to the Walnut Land: (i) the Approvals (as such term is defined in the Development Agreement), including, without

---

<sup>1</sup> As of 2014, USPAP replaced the terminology of "Restricted Use, Summary and Self Contained", and replaced the report content types with two types, "Appraisal Report" and "Restricted Appraisal Report." The reference to "Self Contained" in V, Appraisal Standards, refers to the meaning it had prior to 2014. Also, the reference to "Complete" appraisal has the meaning that it did prior this term being removed officially from USPAP, i.e. essentially that no relevant and applicable valuation approaches or methodologies may be excluded (and the rationale for any approach excluded be provided).

limitation, the applicable conditions of approval and any notices of special restrictions, (ii) the Development Agreement (subject to the eventual expiration thereof), (iii) permitted exceptions to title, (iv) the final subdivision map, (v) covenants, conditions and restrictions, reciprocal easement agreements and similar agreements regarding operation and use of condominium airspace parcels on the Walnut Land, regardless of whether such agreements are then in effect, it being agreed that the Walnut Land will be subject to such agreements in a commercially reasonable form, (v) applicable zoning, (vi) applicable development impact fees, (vii) its then-current "as-is", "where-is" condition, provided the only exceptions to title will be those described in Section 4.C of Exhibit D to the Development Agreement and (viii) such other documents and restrictions that the Parties mutually agree to present to the Initial Appraisers (or the Initial Appraiser if there is only one) during the appraisal process. The Fair Market Value will be determined as if the Walnut Land were served by streets and utilities but otherwise vacant and unimproved by any structures, buildings, improvements, fixtures, additions, alterations, and betterments of whatsoever nature or description. For clarity, it is understood that the Walnut Land valuation shall take into consideration the actual costs and expenses necessary for the improvements to specifically serve the Walnut Land. Each Initial Appraiser will use sales comparisons to estimate value, presented in individual write-up sheets. Each Initial Appraiser shall adhere to USPAP direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. If there is more than one Initial Appraiser, the Initial Appraisers may share and have access to objective information in preparing their appraisals, but they will independently analyze the information in their determination of the Fair Market Value, and neither of the Initial Appraisers shall have access to the appraisal of the other (except for the sharing of objective information contained in such appraisals) until both of the appraisals are submitted in accordance with the provisions of this Section. Neither Party shall communicate with the Initial Appraiser selected by the other Party regarding the instructions contained in this Section before the Initial Appraisers complete their appraisals. If an Initial Appraiser has questions regarding the instructions in this Section, such Initial Appraiser shall use his or her own professional judgment and shall make clear all assumptions upon which his or her professional conclusions are based, including any supplemental instructions or interpretative guidance received from the Party appointing such Initial Appraiser. There shall not be any arbitration or adjudication of the instructions to the Initial Appraisers contained in this Section. Each Initial Appraiser shall complete, sign and submit its written appraisal setting forth the Fair Market Value to the Parties within sixty (60) days after the appointment of the last of the Initial Appraisers (or if only one Initial Appraiser is selected, within sixty (60) days after the expiration of the Initial Selection Period).

If only one Initial Appraiser is selected during the Initial Selection Period, then the Fair Market Value shall be the figure in such Initial Appraiser's appraisal. If two Initial Appraisers are selected during the Initial Selection Period, and the higher appraised Fair Market Value is not more than one hundred ten percent (110%) of the lower appraised Fair Market Value, then the Fair Market Value shall be the average of such two (2) Fair Market Value figures.

1.3 Potential Third Appraiser. If two Initial Appraisers are selected during the Initial Selection Period, and the higher appraised Fair Market Value is more than one hundred ten percent (110%) of the lower appraised Fair Market Value, then the Initial Appraisers shall agree upon and appoint an independent third Appraiser meeting the requirements for an Appraiser specified in Section 1.2 within thirty (30) days after the appraisals of both of the Initial Appraisers have been

submitted to the Parties in accordance with the following procedure. The Initial Appraisers shall inform the Parties of their appointment of the proposed third Appraiser at or before the end of such thirty (30)-day appointment period. Each Party shall have the opportunity to question the proposed third Appraiser, in writing only, as to his or her qualifications, experience, past working relationships with the Parties, and any other matters relevant to the appraisal. Either Party may, by written notice (given within three (3) business days after receiving notice of the selection of the third proposed Appraiser) to the other Party and the Initial Appraisers, raise a good faith objection to the selection of the third proposed Appraiser based on his or her failure to meet the requirements for an Appraiser specified in Section 1.2. In such event, if the Initial Appraisers determine that the objection was made in good faith, the Initial Appraisers shall promptly select another third proposed Appraiser, subject again to the same process for the raising of objections. If neither Party raises a good faith objection to the appointment of the third proposed Appraiser within three (3) business days after receiving notice of his or her appointment, each such Party shall be deemed to have waived any issues or questions relating to the qualifications or independence of the third Appraiser or any other matter relating to the selection of the third Appraiser under this Exhibit. If for any reason the Initial Appraisers do not appoint a third proposed Appraiser within such thirty (30)-day appointment period (or within a ten (10) business days thereafter), then either Party may apply to the Writs and Receivers Department of the Superior Court of the State of California in and for the County of San Francisco for appointment of a third Appraiser meeting the requirements for an Appraiser specified in Section 1.2. If the Court denies or otherwise refuses to act upon such application within sixty (60) days from the date on which the Party first applies to the Court for appointment of the third Appraiser, either Party may apply to the American Arbitration Association, or any similar provider of professional commercial arbitration services, for appointment in accordance with the rules and procedures of such organization of an independent third Appraiser meeting the foregoing qualifications. An Appraiser appointed pursuant to this Section shall be the "Third Appraiser".

1.4 Baseball Appraisal. The Third Appraiser, if any, shall consider the appraisals submitted by the Initial Appraisers, as well as any other relevant written evidence the Third Appraiser may request of either or both of the Initial Appraisers. If either of the Initial Appraisers submits any such evidence to the Third Appraiser, it shall do so only at the request of the Third Appraiser and shall deliver a complete and accurate copy to the other Party and the Initial Appraiser such Party selected, at the same time it submits the same to the Third Appraiser. Neither Party, nor the Initial Appraisers they appoint, shall conduct any ex parte communications with the Third Appraiser regarding the subject matter of the appraisal. Within thirty (30) days after his or her appointment, the Third Appraiser shall select the Fair Market Value determined by one or the other of the Initial Appraisers that is the closer, in the opinion of the Third Appraiser, to the actual Fair Market Value. The determination of the Third Appraiser shall be limited solely to the issue of deciding which of the determinations of the two Initial Appraisers is closest to the actual Fair Market Value. The Third Appraiser shall have no right to propose a middle ground or to modify either of the two appraisals or any provision of this Exhibit.

1.5 Conclusive Determination. Except as provided in California Code of Civil Procedure Section 1286.2 (as the same may be amended from time to time), the determination of the Fair Market Value by the accepted appraisal shall be conclusive, final and binding on the Parties. No Appraiser selected or appointed pursuant to this Exhibit shall have any power to



modify any of the provisions of this Exhibit and must base his or her decision on the definitions, standards, assumptions, instructions and other provisions contained in this Exhibit. Subject to the provisions of this Section, the Parties will cooperate to provide all appropriate information to each Appraiser selected or appointed under this Exhibit. The Appraisers selected or appointed under the provisions of this Exhibit will each produce their determination in writing, supported by the reasons for the determination.

1.6 Fees and Costs; Waiver. Each Party shall bear the fees, costs and expenses of the Initial Appraiser it selects. The fees, costs and expenses of the Third Appraiser, including the fees, costs and expenses in his or her appointment pursuant to this Exhibit, shall be shared equally by the City and Developer.

**Exhibit D-3**

**Form of Grant Deed**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Director of Property  
Real Estate Division  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102

The undersigned hereby declares this instrument to be  
exempt from Recording Fees (CA Govt. Code § 27383)  
and Documentary Transfer Tax (CA Rev. & Tax Code  
§ 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's use only)

**GRANT DEED**

(Lot No. \_\_\_\_ Block No. \_\_\_\_)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("Grantor"), hereby grants to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "Property"), together with any and all rights, privileges and easements incidental or appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Property, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Property, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the land and all of Grantor's right, title and interest in and to any and all roads and alleys adjoining or servicing the Property, and subject to the exceptions set forth on Exhibit B attached hereto and made a part hereof.

Executed as of this \_\_\_\_ day of \_\_\_\_, 20\_\_.

LAUREL HEIGHTS PARTNERS, LLC  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of California                     )  
  )  
County of San Francisco            )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of California                    )  
  )  
County of San Francisco         )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the foregoing Grant Deed to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Ordinance No. \_\_\_\_\_, approved September \_\_, 2019, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_

Director of Property

EXHIBIT A

Legal Description of Property

|

EXHIBIT B

List of Exceptions

1. The lien of real property taxes not yet due or payable at the time City acquires fee title to the Walnut Land
2. The lien of any taxes for Mello Roos Community Facilities District No. 90-1 not yet due or payable at the time City acquires fee title to the Walnut Land
3. Water rights, claims or title to water, whether or not disclosed by the public records
4. The declaration of public access covenants and restrictions attached as Exhibit C-3 to the Development Agreement
5. The notice of special restrictions for a child care facility to be recorded under Exhibit L to the Development Agreement

**Exhibit D-4**

**Accepted Conditions of Title**

1. The lien of real property taxes not yet due or payable at the time City acquires fee title to the Walnut Land
2. The lien of any taxes for Mello Roos Community Facilities District No. 90-1 not yet due or payable at the time City acquires fee title to the Walnut Land
3. Water rights, claims or title to water, whether or not disclosed by the public records
4. The declaration of public access covenants and restrictions attached as Exhibit C-3 to the Development Agreement
5. The notice of special restrictions for a child care facility to be recorded under Exhibit L to the Development Agreement



**Exhibit D-5**  
**Deed of Trust**

RECORDING REQUESTED BY CLERK OF THE  
BOARD OF SUPERVISORS OF THE CITY AND  
COUNTY OF SAN FRANCISCO AND WHEN  
RECORDED MAIL TO:

Office of the City Attorney  
City Hall Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Attn: Land Use Team

Exempt from Recording Fees (CA Govt. Code §27383) and  
Documentary Transfer Tax (CA Rev. & Tax Code §11922  
and S.F. Bus. & Tax Reg. Code §1105)

---

APN: Block \_\_\_\_ Lot \_\_\_\_  
Street Address:

**DEED OF TRUST**

This DEED OF TRUST (this "Deed of Trust") is made as of \_\_\_\_\_, 2019, among LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("Trustor"), whose address is \_\_\_\_\_, [\_\_\_\_\_,] ("Trustee"), whose address is \_\_\_\_\_, and THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Beneficiary"), whose address is \_\_\_\_\_. Trustor irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, all of Trustor's right, title and interest in and to that certain property located in the City and County of San Francisco, California, more particularly described in Exhibit A attached hereto and incorporated by reference herein (the "Land"), including, without limitation, all improvements located on the Land ("Improvements"), subject, however, to the termination, reconveyance and subordination provisions of Section E.6 below. The Land and the Improvements shall be collectively referred to in this Deed of Trust as the "Property". Capitalized terms that are used but not defined herein shall have the meanings given such terms in that certain Development Agreement by and between the City and County of San Francisco and Laurel Heights Partners, LLC, dated \_\_\_\_\_, 2019, and recorded in the Official Records of San Francisco County as Document No. \_\_\_\_\_ on \_\_\_\_\_, 20\_\_ (the "DA").

For the purpose of securing only (1) Trustor's obligation to transfer the Property in accordance with Section 4 of Exhibit D to the DA (the "Transfer Section") as and when required under the Transfer Section, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured (items (1) and (2) above are referred to herein as the "Secured Obligations"). Other than such transfer obligation under the Transfer Section, no other provision of the DA is secured by this Deed of Trust.

A. To protect and maintain the security of this Deed of Trust, Trustor agrees:

1. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any suit brought by Beneficiary to foreclose this Deed of Trust.

2. To pay all costs, fees and expenses of this Deed of Trust.

3. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, with interest from date of expenditure at the maximum rate allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed that:

1. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

2. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust, and without affecting the personal liability, if any, of any person for payment of the indebtedness secured hereby, Trustee has the right to reconvey any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

3. Upon written request of Beneficiary stating that all actions required under the Transfer Section have been performed, all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

C. The occurrence of any of the following events shall constitute an event of default (a "Default") under this Deed of Trust:

1. Trustor (i) transfers its interest in the Property, or any part thereof, or any interest in the Property, in any manner other than (a) a transfer to the Housing Entity (as defined in the DA), (b) the grant of a deed of trust or mortgage to any Mortgagee (as defined in the DA) that is subordinate to this Deed of Trust and encumbers all or part of Trustor's interest in the Property, (c) leases entered into in the ordinary course, or (d) Property Covenants (as defined in Section 2.A of Exhibit D of the DA) in accordance with Section 2.A of Exhibit D of the DA or (ii) is divested of its title or any interest in the Property in any manner or way, whether

voluntarily or involuntarily, in each case without the Beneficiary's prior written consent (which consent shall not be unreasonably withheld).

2. Trustor's failure to perform any covenant or obligation of Trustor contained herein, as and when performance is due, and the continuance of such failure for a period of thirty (30) days following written notice thereof from Beneficiary to Trustor; provided, however, that if such failure is not reasonably susceptible of cure within such thirty (30) day period, then, so long as Trustor commences to cure such failure within such thirty (30) day period and continually and diligently pursues such cure and completes such cure within a reasonable period, such failure shall not be a Default.

3. Trustor's becomes insolvent, makes an assignment for the benefit of creditors, or commences or becomes subject to any proceeding under the federal Bankruptcy Code or any other insolvency, receivership, reorganization, arrangement of debt, liquidation or debtor's relief law wherein the Trustor is the debtor.

5. Trustor's fails to transfer the Property in accordance with the Transfer Section, as and when required under the Transfer Section.

D. If any Default occurs, and as long any such Default exists, Beneficiary shall have the right to declare all indebtedness secured hereby to be immediately due and payable, and all such indebtedness shall thereupon become immediately due and payable, without any presentment, demand, protest or notice of any kind, all of which are expressly waived by Trustor, and Beneficiary shall have the following remedies:

1. Beneficiary shall have the right, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of the security, to enter upon and take possession of the Property, or any part thereof, in its own name or in the name of Trustee, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rentability of the Property or increase the income therefrom or protect the security hereof, and, with or without taking possession of the Property, to sue for or otherwise collect the rents and profits of the Property, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine.

2. Beneficiary shall have the right to commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof.

3. Beneficiary shall have the right to deliver to Trustee a written declaration of default and demand for sale pursuant to the power of sale in this Deed of Trust. If Beneficiary elects to foreclose this Deed of Trust by exercise of the power of sale in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee such written notice of default and election to sell and such receipts or evidence of expenditures made and secured hereby as Trustee may require. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by

Trustee in said notice of sale, as a whole, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall have the right to postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter shall have the right to postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

4. After deducting all costs, fees and expenses of Trustee and of the trust created under this Deed of Trust ("Trust"), including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

5. Every right, power and remedy granted to Trustee or Beneficiary in this Deed of Trust shall be cumulative and not exclusive, and in addition to all rights, powers and remedies granted at law or in equity or by statute, and each such right, power and remedy may be exercised from time to time and as often and in such order as may be deemed expedient by Trustee or Beneficiary, and the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy.

6. Trustor hereby requests that a copy of any notice of default and of any notice of sale under this Deed of Trust be mailed to Trustor at the address of Trustor set forth in this Deed of Trust as required by applicable law.

E. It is further mutually agreed that:

1. Beneficiary, or any successor in its rights under the Transfer Section or ownership of any indebtedness secured hereby, has the right to, from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

2. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine or the neuter, and the singular number includes the plural.

3. The Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any

party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

4. A copy of any notice of default and any notice of sale hereunder shall be mailed to Trustor at his address hereinbefore set forth.

5. Trustor shall have no personal liability under this Deed of Trust, and Beneficiary's only recourse against Trustor for the satisfaction of the Secured Obligations shall be Beneficiary's exercise of its rights and remedies with respect to the Property.

6. Immediately prior to the earlier to occur of (i) the Tax Credit Closing (as defined in Exhibit D to the DA) or (ii) the payment of the amounts under subsection G of the Transfer Section following City's election to take such payment, this Deed of Trust automatically shall become null and void without the need for further action by Trustor, Trustee or Beneficiary, and Beneficiary shall cause to be recorded, in the Official Records of the City and County of San Francisco, with respect to the Property a standard form of re-conveyance of deed of trust with respect to this Deed of Trust.

7. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

*[Remainder of Page Intentionally Blank. Signature on Following Page.]*

IN WITNESS WHEREOF, the undersigned has caused this Deed of Trust to be executed and delivered under seal as of the day and year first above written.

LAUREL HEIGHTS PARTNERS, LLC, a  
Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Francisco )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

Exhibit A

Legal Description of Land



## **Exhibit E**

### **List of Approvals**

#### **Final approval actions by the City and County of San Francisco Board of Supervisors**

1. Ordinance [ ] (File No. [ ]): (1) Approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners LLC; (2) waiving or modifying certain provisions of the Administrative Code and Planning Code, and approving specific development impact fees; and (3) adopting findings under the California Environmental Quality Act and findings of consistency with the General Plan and Planning Code priority policies.
2. Ordinance [ ] (File No. [ ]): Amending the Planning Code, the Zoning Map, and the Height Map to add the 3333 California Project Special Use District and adopting findings under the California Environmental Quality Act and findings of consistency with the General Plan and Planning Code priority policies.
3. Ordinance [ ] (File No. [ ]): Approving Major Encroachment Permit to Laurel Heights Partners LLC for improvements on \_\_\_\_\_.

#### **Final and Related Approval Actions of City and County of San Francisco Planning Commission (referenced by Motion Number "M No." or Resolution Number "R No.")**

1. M No. [ ]: Certifying the Final Environmental Impact Report for the 3333 California Mixed-Use District Project.
2. M No. [ ]: Adopting Findings and Statement of Overriding Considerations under the California Environmental Quality Act.
3. M No. [ ]: Approving a Conditional Use Authorization/Planned Unit Development for the 3333 California Project.
4. R No. [ ]: Recommending to the Board of Supervisors approval of amendments to the Planning Code to establish the 3333 California Project Special Use District and approval of amendments to Sectional Maps SU03 to refer to the 3333 California Project Special Use District and HT03 of the Zoning Map.
5. R No. [ ]: Recommending to the Board of Supervisors approval of a Development Agreement between the City and Laurel Heights Partners LLC.

#### **Final and Related Approval Actions of City and County of San Francisco Municipal Transportation Agency Board of Directors**

1. Resolution Number [ ] consenting to a Development Agreement between the City and Laurel Heights Partners LLC, including the Transportation Exhibit.

#### **Final and Related Approval Actions of City and County of San Francisco Public Utilities Commission**

1. Resolution Number [ ] consenting to the AWSS Schedule in the Development Agreement between the City and Laurel Heights Partners LLC.

#### **Final and Related Approval Actions by San Francisco Public Works**

1. Approval of Tentative Map

**Exhibit F**

**MMRP**

[see attached]

**Exhibit G**

**Notice of Completion and Termination**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

[address] \_\_\_\_\_

Attn: \_\_\_\_\_

(Space above this line reserved for Recorder's use only)

THIS NOTICE OF COMPLETION OF BUILDING AND COMMUNITY BENEFITS (this "Notice") dated for reference purposes only as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, is made by and between the CITY AND COUNTY OF SAN FRANCISCO, a political subdivision and municipal corporation of the State of California (the "City"), acting by and through its Planning Department, and \_\_\_\_\_, a \_\_\_\_\_] ("Developer") [*substitute party, if needed*].

1. The City and Developer entered into that certain Development Agreement dated as of \_\_\_\_\_, 20\_\_ and recorded in the Official Records of the City and County of San Francisco on \_\_\_\_\_, as Document Number \_\_\_\_\_ (Book No. \_\_\_, Reel No. \_\_\_\_\_) (the "Development Agreement"). Capitalized terms used in this Notice that are not defined shall have meaning given to such terms in the Development Agreement.

2. Under Section 7.1 of the Development Agreement, when one or more Buildings have been completed and all of the Associated Community Benefits tied to those specific Buildings have also been completed, the City agreed, upon Developer's request, to execute and record a notice of completion as it relates to the applicable Building.

3. The City confirms that the Building known as \_\_\_\_\_, located on the property described in the attached Exhibit A (the "Affected Property"), together with all of the Associated Community Benefits tied to that Building, have been completed in accordance with the Development Agreement. All parties with an interest in the Affected Property have the right to rely on this Notice.

CITY:

Approved as to form:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

[DENNIS J. HERRERA], City Attorney

By: \_\_\_\_\_  
Director of Planning

By: \_\_\_\_\_  
Deputy City Attorney

Exhibit A

*[attach legal description of Affected Property]*

**Exhibit H**

**Form of Assignment and Assumption Agreement**

RECORDING REQUESTED BY  
CLERK OF THE BOARD OF SUPERVISORS  
OF THE CITY AND COUNTY OF SAN FRANCISCO  
(Exempt from Recording Fees  
Pursuant to Government Code  
Section 27383)

AND WHEN RECORDED MAIL TO:

[Angela Calvillo]  
Clerk of the Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

**RELATIVE TO DEVELOPMENT AGREEMENT FOR [\_\_\_\_\_]**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (hereinafter, the "**Assignment**") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, a \_\_\_\_\_ ("**Assignor**") and \_\_\_\_\_, a \_\_\_\_\_ ("**Assignee**").

**RECITALS**

A. \_\_\_\_\_, a \_\_\_\_\_ and the City and County of San Francisco, a political subdivision and municipal corporation of the State of California (the "**City**"), entered into that certain Development Agreement (the "**Development Agreement**") dated as of \_\_\_\_\_, 20\_\_\_\_ for reference purposes, with respect to certain real property owned by Assignor, as such property is more particularly described in the Development Agreement (the "**Project Site**"). The Development Agreement was recorded in the Official Records of the City and County of San Francisco on \_\_\_\_\_ as Document No. \_\_\_\_\_.

*[add recital to document any previous transfer of the Transferred Property, with recording information]*

B. The Development Agreement provides that Developer (Assignor) has the right to: (i) Transfer all or a portion of the Project Site, (ii) assign all of its rights, title, interest and obligations under the Development Agreement to a Transferee with respect to the portions of the Project Site transferred to the Transferee, and (iii) upon the recordation of an approved Assignment and Assumption Agreement, to be released from any prospective liability or obligation under the

Development Agreement related to the Transferred Property as set forth in Section \_\_\_\_ of the Development Agreement.

C. Assignor intends to convey certain real property as more particularly identified and described on Exhibit A attached hereto (hereafter the "**Transferred Property**") to Assignee. The Transferred Property is subject to the Development Agreement.

D. Assignor desires to assign and Assignee desires to assume Assignor's right, title, interest, burdens and obligations under the Development Agreement with respect to and as related to the Transferred Property, as more particularly described below.

### ASSIGNMENT AND ASSUMPTION

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Defined Terms. Initially capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Development Agreement.

2. Assignment of Development Agreement. Assignor hereby assigns to Assignee, effective as of Assignor's conveyance of the Transferred Property to Assignee, all of the rights, title, interest, burdens and obligations of Assignor under the Development Agreement with respect to the Transferred Property, including any Community Benefits that are tied to Buildings on the Transferred Property. Assignor retains all the rights, title, interest, burdens and obligations under the Development Agreement with respect to all other portions of the Project Site owned by Assignor.

3. Assumption of Development Agreement. Assignee hereby assumes, effective as of Assignor's conveyance of the Transferred Property to Assignee, all of the rights, title, interest, burdens and obligations of Assignor under the Development Agreement with respect to the Transferred Property, including its associated Community Benefits, and agrees to observe and fully perform all the duties and obligations of Assignor under the Development Agreement with respect to the Transferred Property, and to be subject to all the terms and conditions thereof with respect to the Transferred Property. The parties intend that, upon the execution of this Assignment and conveyance of the Transferred Property to Assignee, Assignee shall become the "Developer" under the Development Agreement with respect to the Transferred Property.

4. Reaffirmation of Indemnifications. Assignee hereby consents to and expressly reaffirms any and all indemnifications of the City set forth in the Development Agreement, including without limitation Section \_\_\_\_ of the Development Agreement.

5. Housing Obligations. Assignee has read and understands the obligations set forth in Exhibit \_\_ of the Development Agreement as they relate to the Transferred Property. Without limiting the foregoing, Assignee agrees (1) to the terms and provisions of such Exhibit \_\_, including the indemnities, waivers and releases set forth therein, and (2) that the Development Agreement falls within the express exception to the Costa-Hawkins Act, Section 1954.52(b) because it is a contract with a public entity in consideration for contributions and other forms of assistance specified in Chapter 4.3 (commencing with Section 65919 of Division 1 of Title 7 of

the California Government Code). Assignee understands that the City would not have been willing to enter into the Development Agreement without the provisions of such Exhibit D.

6. Assignee's Covenants. Assignee hereby covenants and agrees that: (a) Assignee shall not challenge the enforceability of any provision or requirement of the Development Agreement; (b) Assignee shall not sue the City in connection with any and all disputes between Assignor and Assignee arising from this Assignment or the Development Agreement, including any failure to complete all or any part of the Project by any party; and (c) Assignee shall indemnify the City and its officers, agents and employees from, and if requested, shall defend them against any and all Losses resulting directly or indirectly from any dispute between Assignor and Assignee arising from this Assignment or the Development Agreement.

7. Binding on Successors. All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

8. Notices. The notice address for Assignee under Section \_\_\_\_ of the Development Agreement shall be:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

With copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

8. Counterparts. This Assignment may be executed in as many counterparts as may be deemed necessary and convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

9. Governing Law. This Assignment and the legal relations of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to its principles of conflicts of law.

IN WITNESS HEREOF, the parties hereto have executed this Assignment as of the day and year first above written.

**ASSIGNOR:**

[insert signature block]

**ASSIGNEE:**

[insert signature block]



## Exhibit I

### Workforce Agreement

Developer shall make contributions and require Project Sponsors, Contractors, Consultants, Subcontractors and Subconsultants, as applicable, to undertake activities to support workforce development in the construction of the Project, as set forth in this Exhibit I.<sup>1</sup>

#### A. First Source Hiring Program.

1. Each Project Sponsor shall, with respect to any building that is included as a Workforce Building<sup>2</sup>, (i) include in each Contract for construction work a provision requiring each Contractor to enter into a FSHA Construction Agreement in the form attached hereto as Attachment A before beginning any construction work, and (ii) provide a signed copy thereof to the First Source Hiring Administration ("FSHA") and CityBuild within 10 business days of execution. The FSHA Construction Agreement shall be required for the initial construction of each Workforce Building, and (ii) any improvements or alterations that require a Permit, as defined in San Francisco Administrative Code Chapter 83 ("**Chapter 83**"), during the 10 year period following issuance of the first certificate of occupancy for the Workforce Building, including any temporary certificate of occupancy for the Workforce Building, except as noted below (the "**Workforce Period**").

2. Each Project Sponsor shall, with respect to each Workforce Building, comply with the requirements of San Francisco Administrative Code Chapter 83 ("**Chapter 83**") and upon entering into leases or other occupancy contracts for commercial space at the Premises that are subject to Chapter 83 with a tenant occupying more than 25,000 square feet in floor area ("**Commercial Tenant**"), will include in each such contract a requirement that the Commercial Tenant enter into a FSHA Operations Agreement in the form attached hereto as Attachment B, and

---

<sup>1</sup> Any capitalized term used in this Exhibit I, including its attachments, that is not defined herein shall have the meaning given to such term in the Development Agreement.

<sup>2</sup> Any capitalized term used in this Section A that is not defined in Section A or the Development Agreement will have the definition given to such term in Attachment A, including the following terms: Contract, Contractor, Entry Level Positions, Premises, Project Sponsor, Qualified Economically Disadvantaged Individuals for Entry Level Positions, and Workforce Building.

(ii) provide a signed copy thereof to the FSHA within 10 business days of execution. The FSHA Operations Agreement shall be required for the initial Commercial Tenant and for any later Commercial Tenant that occupies all or part of a Workforce Building that is subject to Chapter 83 during the Workforce Period.

3. CityBuild shall represent the FSHA and will provide referrals of Qualified Economically Disadvantaged Individuals for Entry Level Positions on the construction work for each Workforce Building as required under Chapter 83. The FSHA will provide referrals of Qualified Economically Disadvantaged Individuals for the permanent Entry Level Positions located within the Premises where required under Chapter 83.

4. The owners or residents of the individual residential units and any residential Homeowner's Association within the Project shall have no obligations under this Section A and no obligation to enter into a FSHA Construction Agreement or FSHA Operations Agreement.

5. FSHA shall notify any Contractor, Subcontractor and Commercial Tenant, as applicable, in writing, with a copy to Project Sponsor, of any alleged breach on the part of that entity of its obligations under Chapter 83 or its FSHA Construction Agreement or the FSHA Operations Agreement, as applicable, before seeking an assessment of liquidated damages pursuant to Section 83.12 of the Administrative Code. FSHA's sole remedies against a Contractor, Subcontractor or Commercial Tenant shall be as set forth in Chapter 83, including the enforcement process. Upon FSHA's request, a Project Sponsor shall reasonably cooperate with FSHA in any such enforcement action against any Contractor, Subcontractor or Commercial Tenant, provided in no event shall a Project Sponsor be liable for any breach by a Contractor, Subcontractor or Commercial Tenant.

6. If a Project Sponsor fulfills its obligations as set forth in this Section A, it shall not be held responsible for the failure of a Contractor, Subcontractor, Commercial Tenant or any other person or party to comply with the requirements of Chapter 83 or this Section A. If a Project Sponsor fails to fulfill its obligations under this Section A, the applicable provisions of Chapter 83 shall apply, though the City and the Project Sponsor shall have the right to invoke the process set forth in Section 9.2 of the Development Agreement.

7. This Section A is an approved "First Source Hiring Agreement" as referenced in Section 83.11 of the Administrative Code.

B. Local Business Enterprise (LBE) Utilization Program.

Each Project Sponsor of a Workforce Building, as defined in Attachment C, and its respective Contractors and Consultants, shall comply with the Local Business Enterprise Utilization Program set forth in Attachment C hereto.

C. FSH and LBE Obligations.

The obligations set forth in this Workforce Agreement shall constitute the entirety of the First Source Hiring and LBE obligations with respect to the Project, and no additional First Source Hiring or LBE obligations, or any similar obligations, shall be imposed, directly or indirectly, on the Project.

**Attachment A**

## Attachment B

## Attachment C

### Local Business Enterprise Utilization Plan

1. Purpose and Scope. This Attachment C ("LBE Utilization Plan") governs the Local Business Enterprise obligations of the Project pursuant to San Francisco Administrative Code Section 14B.20 and satisfies the obligations of each Project Sponsor and its Contractors and Consultants for a LBE Utilization Plan as set forth therein. Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement or Section 14B.20 as applicable. The purpose of the City's LBE program is to cause private developers to seek, whenever practicable, to engage contracting teams that reflect the diversity of the City and include participation of both businesses and residents from the City's most disadvantaged communities. In the event of any conflict between Administrative Code Chapter 14B and this Attachment, this Attachment shall govern.
2. Roles of Parties. In connection with the design and construction phases of each Workforce Building (as defined below), the Project will provide community benefits designed to foster employment opportunities for disadvantaged individuals by offering contracting and consulting opportunities to local business enterprises ("LBEs") in accordance with this Attachment. Each Project Sponsor shall participate in this local business enterprise program, and the City's Contract Monitoring Division ("CMD") will serve the roles as set forth below; provided, however, that, as set forth in Section 5 below, the requirements of this Attachment C may be satisfied on a project-wide basis.
3. Definitions. For purposes of this Attachment, the definitions shall be as follows:
  - a. "CMD" shall mean the Contract Monitoring Division of the City Administrator's Office.
  - b. "Commercially Useful Function" shall mean that the business is directly responsible for providing the materials, equipment, supplies or services to the Project Sponsor, Construction Contractor or professional services firm retained to work on a Workforce Building, as the case may be (each, a "Contracting Party"), as required by the solicitation or request for quotes, bids or proposals. Businesses that engage in the business of providing brokerage, referral or temporary employment services shall not be deemed to perform a "commercially useful function" unless the brokerage, referral or temporary employment services are those required and sought by the Project Sponsor or a Contractor or professional services firm. When the Project Sponsor or a Contractor or professional services firm requires and seeks products from an LBE supplier or distributor, including, without limitation, products that are not regularly stocked or are a specially manufactured item(s), no more than 60% of the entire cost of the product shall be credited towards LBE participation goals.
  - c. "Consultant" shall mean a person or company that has entered into a professional services contract for monetary consideration with a Project Sponsor to provide advice or services to the Project Sponsor directly related to the architectural or landscape design,

physical planning, and/or civil, structural or environmental engineering of a Workforce Building.

d. "Contract(s)" shall mean an agreement, whether a direct contract or subcontract, for Consultant or Contractor services for all or a portion of a Workforce Building, subject to the exclusions set forth in Section 5 below.

e. "Contractor" shall mean a person or entity that enters into a direct Contract with a Project Sponsor to build or construct all or a portion of a Workforce Building.

f. "Good Faith Efforts" shall mean procedural steps taken by the Project Sponsor, Contractor or Consultant with respect to the attainment of the LBE participation goals, as set forth in Section 7 below.

g. "Local Business Enterprise" or "LBE" means a business that is certified as a Micro or Small LBE under Chapter 14B.3.

h. "LBE Liaison" shall mean the Project Sponsor's primary point of contact with CMD regarding the obligations of this LBE Utilization Plan. Each prime Contractor(s) shall likewise have a LBE Liaison.

i. "Project Sponsor" shall mean the project sponsor of a Workforce Building.

j. "Subconsultant" shall mean a person or entity that has a direct Contract with a Consultant to perform a portion of the work under a Contract for a Workforce Building.

k. "Subcontractor" shall mean a person or entity that has a direct Contract with a Contractor to perform a portion of the work under a Contract for a Workforce Building.

l. "Workforce Building" shall mean the following: (i) the residential portions of all residential buildings, including associated residential units, residential common space and amenity space, residential parking, and back of house construction; and (iii) all construction related to the residential portions of any standalone affordable housing buildings. Workforce Buildings shall expressly exclude residential owner-contracted improvements in for-sale residential units and any non-residential tenant improvements. Developer will use good faith efforts to hire LBEs for ongoing service contracts (e.g. maintenance, janitorial, landscaping, security etc.) within Workforce Buildings and advertise such contracting opportunities with CMD except to the extent impractical or infeasible. If a master association is responsible for the operation and maintenance of publicly owned improvements within the Project Site, CMD shall refer LBEs to such association for consideration with regard to contracting opportunities for such improvements. Such association will consider, in good faith such LBE referrals, but hiring decisions shall be entirely at the discretion of such association.

4. Diversity. Developer will be seeking to, whenever practicable, engage contracting teams that reflect the diversity of the City and participation of both businesses and residents from the City's most disadvantaged communities. Developer's compliance with the good faith efforts in Section 7 shall be deemed to satisfy this objective.

5. LBE Participation Goal. Project Sponsor agrees to participate in this LBE Utilization Program and CMD agrees to work with Project Sponsor in this effort, as set forth in this Attachment C. As long as this Attachment C remains in full force and effect, each Project Sponsor shall make good faith efforts as defined below to achieve an overall LBE participation goal of twelve percent (12%) of the total cost of all Contracts for a Workforce Building awarded to LBE Contractors, Subcontractors, Consultants or Subconsultants that are Small and Micro-LBEs, as set forth in Administrative Code Section 14B.8(A). Project Sponsor may satisfy the overall LBE participation goal on a project-wide basis.

Notwithstanding the foregoing, CMD's Director may, in his or her discretion, provide for a downward adjustment of the LBE participation goal, depending on LBE participation data presented by the Project Sponsor and its team in quarterly and annual reports and meetings. In addition, where, based on reasonable evidence presented to the Director by a party attempting to achieve the LBE Participation goals, there are not sufficient qualified Small and Micro-LBEs available and the applicable party has not already advertised for professional services and contracting opportunities with respect to the applicable work or solicited bids for such work, the Director may authorize the applicable party to satisfy the LBE participation goal through the use of Small, Micro or SBA-LBEs (as each such term is defined is employed in Chapter 14B of the Administrative Code), or may set separate subcontractor participation requirements for Small and Micro-LBEs, and for SBA-LBEs.

6. Project Sponsor Obligations. Each Project Sponsor shall comply with the requirements of this Attachment C as follows: Upon entering into a Contract with a Contractor or Consultant, each Project Sponsor will include in each such Contract a provision requiring the Contractor or Consultant to comply with the terms of this Attachment C, and setting forth the applicable percentage goal for such Contract and provide a signed copy thereof to CMD within 10 business days of execution. Such Contract shall specify the notice information for the Contractor or Consultant to receive notice pursuant to Section 17.

Each Project Sponsor shall identify an LBE Liaison. The LBE Liaison shall be an LBE Consultant and have experience in and responsibility for making recommendations on maximizing engagement of LBEs from disadvantaged communities. [*Note to CMD:* please provide contact information for possible LBE Consultants.] The LBE Liaison shall be available to meet with CMD staff on a regular basis or as necessary regarding the implementation of this Attachment C. If a Project Sponsor fulfills its obligations as set forth in this Section 6 and otherwise cooperates in good faith at CMD's request with respect to any meet and confer process or enforcement action against a non-compliant Contractor, Consultant, Subcontractor or Subconsultant, then it shall not be held responsible for the failure of a Contractor, Consultant, Subcontractor or Subconsultant or any other person or party to comply with the requirements of this Attachment C.

7. Good Faith Efforts. City acknowledges and agrees that each Project Sponsor, Contractor, Subcontractor, Consultant and Subconsultant shall have the sole discretion to qualify, hire or not hire LBEs. If a Contractor or Consultant does not meet the LBE hiring goal set forth above, it will nonetheless be deemed to satisfy the good faith effort obligation of this Section 7 and thereby satisfy the requirements and obligations of this Attachment C if the Contractor,



Consultants and their Subcontractors and Subconsultants, as applicable, perform the good faith efforts set forth in this Section 7 as follows:

- a. Advance Notice. Notify CMD in writing of all upcoming solicitations of proposals for work under a Contract at least 15 business days before issuing such solicitations to allow opportunity for CMD to identify and outreach to any LBEs that it reasonably deems may be qualified for the Contract scope of work.
- b. Contract Size. Where practicable, the Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant will divide the work in order to encourage maximum LBE participation or, encourage joint venturing, as long as such division will not lead to inefficiencies in the performance of the work as reasonably determined by the Contracting Party. If the Contracting Party reasonably determines that it would be efficient for Subcontractors to perform specific items, then the Contracting Party will identify those specific items of each Contract that may be performed by Subcontractors.
- c. Advertise. The Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant will (i) advertise for 30 days for professional services and contracting opportunities in media focused on small businesses including the Bid and Contract Opportunities website through the City's SF Supplier Portal and other local and trade publications, and (ii) allow subcontractors to attend outreach events, pre-bid meetings, and invite LBEs to submit bids to Project Sponsor or its prime Contractor or Consultant, as applicable. As practicable, the contractor shall convene pre-bid or pre-solicitation meetings no less than 15 days prior to the opening of bids and proposals to all for LBEs to ask questions about the selection process and technical specifications/requirements. A Project Sponsor may request CMD's permission to award a contract without advertising if the work consists of specialty services or otherwise does not provide opportunities for LBE participation.
- d. CMD Invitation. If a pre-bid meeting or other similar meeting is held with proposed Contractors, Subcontractors, Consultants or Subconsultants, invite CMD to the meeting to allow CMD to explain proper LBE utilization.
- e. Public Solicitation. The Project Sponsor or its Prime Contractor(s) and/or Consultants, as applicable, will work with CMD to follow up on initial solicitations of interest by contacting LBEs to determine with certainty whether they are interested in performing specific items in a project, have sufficient experience with performing similar types of work, and are available during the desired time frame for performance of the work.
- f. Outreach and Other Assistance. The Project Sponsor or its Prime Contractor(s) and/or Consultants, as applicable, will a) provide LBEs with plans, specifications and requirements for all or part of the project; and b) notify LBE trade associations that disseminate bid and contract information and provide technical assistance to LBEs. The designated LBE Liaison(s) will work with CMD to conduct outreach to LBEs for all consulting/contracting opportunities in the applicable trades and services in order to encourage them to participate on the project.

- g. Contacts. Make contacts with LBEs, associations or development centers, or any agencies, which disseminate bid and contract information to LBEs and document any other efforts undertaken to encourage participation by LBEs.
- h. Good Faith/Nondiscrimination. Make good faith efforts to enter into Contracts with LBEs and give good faith consideration to bids and proposals submitted by LBEs. Use nondiscriminatory selection criteria (for the purpose of clarity, exercise of subjective aesthetic taste in selection decisions for architect and other design professionals shall not be deemed discriminatory and the exercise of its commercially reasonable judgment in all hiring decisions shall not be deemed discriminatory), including assessment of qualifications for the scope of work, ability to obtain bonds and insurance with types and amounts of coverage typical in the general marketplace, and availability during the desired time frame for performance of the work, and whether the LBE's proposed pricing and other terms are commercially reasonable and competitive in the general marketplace.
- i. Incorporation into contract provisions. Project Sponsor shall include in prime Contracts provisions that require prospective Contractors and Consultants that will be utilizing Subcontractors or Subconsultants to follow the above good faith efforts to subcontract to LBEs, including overall LBE participation goal and any LBE percentage that may be required under such Contract.
- j. Monitoring. Allow CMD Contract Compliance unit to monitor Consultant/Contractor selection processes and, when necessary give suggestions as to how best to maximize LBEs ability to complete and win procurement opportunities.
- k. Insurance and Bonding. Recognizing that lines of credit, insurance and bonding are problems common to local businesses, staff will be available to explain the applicable insurance and bonding requirements, answer questions about them, and, if possible, suggest governmental or third party avenues of assistance. Contractor, Subcontractor, Consultant and Subconsultant will work with the Project Sponsor and CMD in good faith to consider any commercially reasonable insurance programs that are available at the time to provide to LBE subcontractors access to the required coverage through either the owner, Owner-Controlled Insurance Policy (OCIP), general contractor, Contractor-Controlled Insurance Policy (CCIP), or other insurance programs.
- l. Maintain Records and Cooperation. Maintain records of LBEs that are awarded Contracts, not discriminate against any LBEs, and, if requested, meet and confer with CMD as reasonably required in addition to the meet and confer sessions described in Section 10 below to identify a strategy to meet the LBE goal;
- m. Quarterly Reports. During construction, the LBE Liaison(s) shall prepare a quarterly report of LBE participation goal attainment and submit to CMD ~~as required by for its review under~~ Section 409.c herein; and
- n. Meet and Confer. Attend the meet and confer process described in Section 10.
8. Good Faith Outreach. Good faith efforts shall be deemed satisfied solely by compliance with Section 7. Notwithstanding anything to the contrary in this LBE Utilization Plan, if despite

satisfying the good faith efforts requirements by complying with Section 7, the twelve percent (12%) LBE participation goal is not met as to any Workforce Building, then (i) CMD's Director has the discretion to provide a downward adjustment for the LBE participation goal as set forth in Section 5 above, and (ii) regardless of whether such downward adjustment is provided, the amount by which the 12% goal is unmet shall not be carried over to any remaining Workforce Building(s). Contractors and Consultants, and Subcontractors and Subconsultants as applicable shall also work with CMD to identify from CMD's database of LBEs those LBEs who are most likely to be qualified for each identified opportunity under Section 7.b, and following CMD's notice under Section 9.a, shall undertake reasonable efforts at CMD's request to support CMD's outreach to identified LBEs as mutually agreed upon by CMD and each Contractor or Consultant and its Subcontractors and Subconsultants, as applicable.

9. CMD Obligations. The following are obligations of CMD to implement this LBE Utilization Plan:

- a. During the thirty (30) day advertising period for upcoming Contracts required by Section 7.b, CMD will work with the Project Sponsor and its prime Contractor and/or Consultant as applicable to send such notification to qualified LBEs to alert them to upcoming Contracts.
- b. Provide detailed technical assistance to Contractors, Subcontractors, Consultants and Subconsultants on good faith outreach to LBEs.
- c. Review quarterly reports of LBE participation goals; when necessary give suggestions as to how best to maximize LBEs ability to compete and win procurement opportunities.
- d. Perform other tasks as reasonably required to assist the Project Sponsor and its Contractors, Subcontractors, Consultants and Subconsultants in meeting LBE participation goals and/or satisfying good faith efforts requirements.
- e. Insurance and Bonding. Recognizing that lines of credit, insurance and bonding are problems common to local businesses, CMD staff will be available to explain the applicable insurance and bonding requirements, answer questions about them, and, if possible, suggest governmental or third party avenues of assistance.

10. Meet and Confer Process. Commencing with the first Contract that is executed for a Workforce Building, and every six (6) months thereafter, or more frequently if requested by either CMD, Project Sponsor or a Contractor or Consultant each Contractor and Consultant and the CMD shall engage in an informal meet and confer to assess compliance of such Contractor and Consultants and its Subcontractors and Subconsultants as applicable with this Attachment C. When deficiencies are noted, meet and confer with CMD to ascertain and execute plans to increase LBE participation and remediate deficiencies.

11. Prohibition on Discrimination. Project Sponsors shall not discriminate in its selection of Contractors and Consultants, and such Contractors and Consultants shall not discriminate in their selection of Subcontractors and Subconsultants against any person on the basis of race, gender, or any other basis prohibited by law. As part of its efforts to avoid unlawful discrimination in

the selection of Subconsultants and Subcontractors, Contractors and Consultants will undertake the Good Faith Efforts and participate in the meet and confer processes as set forth in Sections 7 and 10 above.

12. Collective Bargaining Agreements. Nothing in this Attachment C shall be interpreted to prohibit the continuation of existing workforce training agreements or to interfere with consent decrees, collective bargaining agreements, project labor agreement, project stabilization agreement, existing employment contract or other labor agreement or labor contract ("Collective Bargaining Agreements"). In the event of a conflict between this Attachment C and a Collective Bargaining Agreement, the terms of the Collective Bargaining Agreement shall supersede this Attachment C.

13. Reporting and Monitoring. Each Contractor, Consultant, and its Subcontractors and Subconsultants as applicable shall maintain accurate records demonstrating compliance with the LBE participation goals, including keeping track of the date that each response, proposal or bid that was received from LBEs, including the amount bid by and the amount to be paid (if different) to the non-LBE contractor that was selected, documentation of any efforts regarding good faith efforts as set forth in Section 7. Developer and/or their Contractors and Consultants shall use the City's online project reporting system (currently LCP Tracker/B2G) or other CMD approved reporting method. Project Sponsors shall create a reporting method for tracking LBE participation. Data tracked shall include the following (at a minimum):

- a. Name/Type of Contract(s) let (e.g. Civil Engineering contract, Environmental Consulting, etc.)
- b. Name of prime Contractors (including identifying which are LBEs and non-LBEs)
- c. Name of Subcontractors (including identifying which are LBEs and non-LBEs)
- d. Scope of work performed by LBEs (e.g. under an Architect, an LBE could be procured to provide renderings)
- e. Dollar amounts associated with both LBE and non-LBE Contractors at both prime and Subcontractor levels.
- f. Total LBE participation is defined as a percentage of total Contract dollars.

14. Written Notice of Deficiencies. If based on complaint, failure to report, or other cause, the CMD has reason to question the good faith efforts of a Project Sponsor, Contractor, Subcontractor, Consultant or Subconsultant, then CMD shall provide written notice to the Project Sponsor, each affected prime Contractor or Consultant and, if applicable, also to its Subcontractor or Subconsultant. The prime Contractor or Consultant and, if applicable, the Subcontractor or Subconsultant, shall have a reasonable period, based on the facts and circumstances of each case, to demonstrate to the reasonable satisfaction of the CMD that it has exercised good faith to satisfy its obligations under this Attachment C. When deficiencies are noted CMD staff will work with the appropriate LBE Liaison(s) to remedy such deficiencies.

15. Remedies. Notwithstanding anything to the contrary in the Development Agreement, the following process and remedies shall apply with respect to any alleged violation of this Attachment C:

Mediation and conciliation shall be the administrative procedure of first resort for any and all compliance disputes arising under this Attachment C. The Director of CMD shall have power to oversee and to conduct the mediation and conciliation.

Non-binding arbitration shall be the administrative procedure of second resort utilized by CMD for resolving the issue of whether a Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant discriminated in the award of one or more LBE Contracts to the extent that such issue is not resolved through the mediation and conciliation procedure described above. Obtaining a final judgment through arbitration on LBE contract related disputes shall be a condition precedent to the ability of the City or the Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant to file a request for judicial relief.

If a Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant is found to be in willful breach of the obligations set forth in this Attachment C, assess against the noncompliant Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant liquidated damages not to exceed \$25,000 or 5% of the Contract, whichever is less, for each such willful breach. In determining the amount of any liquidated damages to be assessed within the limits described above, the arbitrator or court of competent jurisdiction shall consider the financial capacity of the Project Sponsor, Contractor, Consultant, Subcontractor or Subconsultant. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

For all other violations of this Attachment C, the sole remedy for violation shall be specific performance, without the limits with respect thereto in Section 9.4.3-9.4.5 of the Development Agreement.

16. Duration of this Agreement. This Attachment C shall terminate (i) as to each Workforce Building, upon the issuance of the last Certificate of Occupancy for such Workforce Building (i.e., upon completion of the Workforce Building); and (ii) as to the good faith obligations under Section ~~3(A)~~7 above with respect to services under service contracts, ten (10) years after issuance of the last ~~Temporary~~ Certificate of Occupancy for the applicable Building. Upon such termination, this Attachment C shall be of no further force and effect.

17. Notice. All notices to be given under this Attachment C shall be in writing and sent by: certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail, a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or hand delivery, in which case notice shall be deemed delivered on the date received, all as follows:

If to CMD:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

If to Project Sponsor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

If to Contractor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

If to Consultant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Any party may change its address for notice purposes by giving the other parties notice of its new address as provided herein. A "business day" is any day other than a Saturday, Sunday or a day in which banks in San Francisco, California are authorized to close.

## **Exhibit J**

### **Transportation**

This Transportation Exhibit outlines the Project's transportation commitments in two areas: (i) the Transportation Demand Management Plan and (ii) the reconfiguration of two slip lanes.

#### **1. Transportation Demand Management Plan**

The Developer shall implement a site-specific Transportation Demand Management Plan included as Attachment 1 to this exhibit. While the Project would be subject to Planning Code Section 169.3(e)(1) and required to implement 50% of applicable target points, the Developer commits through this Agreement, to be subject to Planning Code Section 169.3(e)(2) and to implement 75% of applicable target points. Otherwise, the Project remains subject to all of the provisions of Planning Code Section 169 et seq.

#### **2. Reconfiguration of Slip Lanes**

A key element of the Project's Public Improvements includes the reconfiguration of existing traffic slip lanes at the intersections of Presidio Avenue and Pine Street/Masonic Avenue and at Masonic Avenue and Euclid Avenue. These Public Improvements consist of bulb outs and other sidewalk improvements where two separate slip lanes are currently located. With the Public Improvements, the slip lane areas will remain publicly accessible, but will no longer be accessible to motorized vehicles. The parties, including the SFMTA Board of Directors through its consent to the Development Agreement, agree to the slip lane and sidewalk reconfiguration concept level plans that are included as Attachment 2 to this Exhibit. The Developer will work with DPW and SFMTA to obtain all necessary review, approvals and construction permits.

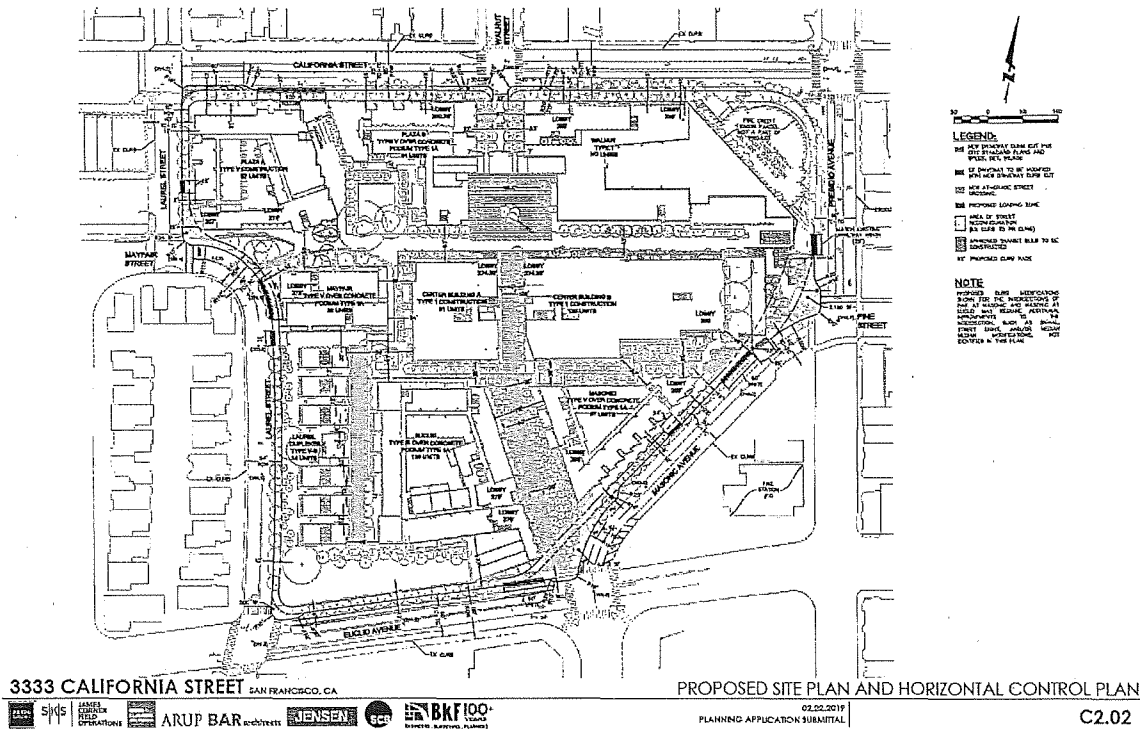
**Attachment 1**  
**Transportation Demand Management Plan**

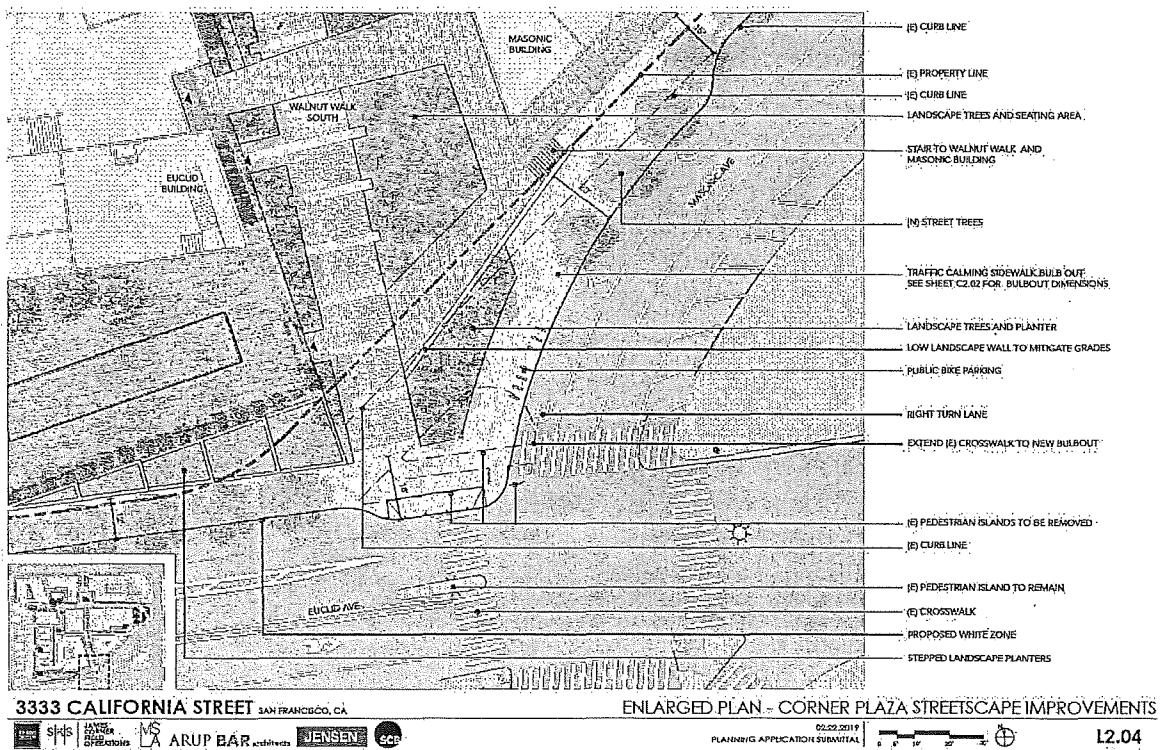
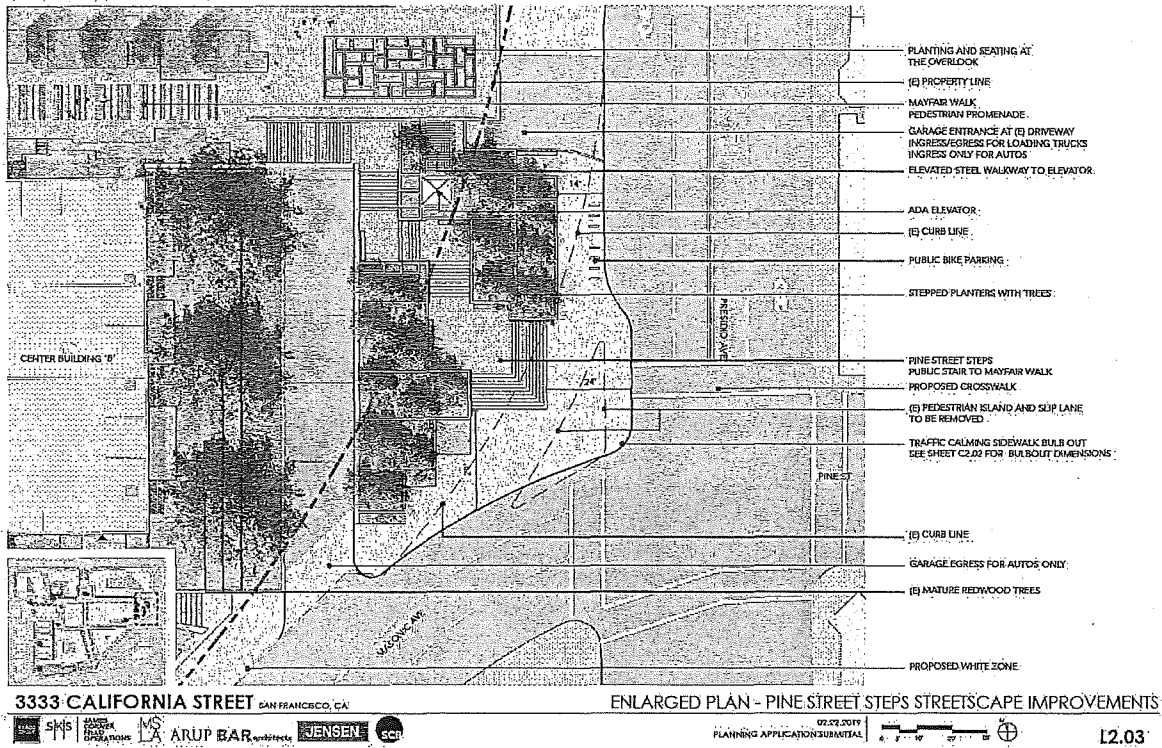
[see attached]



## Attachment 2

### Proposed Site Plans and Horizontal Control Plan





## Exhibit K

### **Schedule Template for Later Approvals**

Developer will submit a project milestone schedule at the time of filing any application for the following Later Approvals: Major Encroachment Permit (if applicable), Street Improvement Permit, Final Map(s), or other pre-construction phase Later Approvals. The initial project schedule will be conceptual in nature and will be based upon the best estimate of the Developer.

Project schedules are intended to provide basic information to assist the City with its review and staff capacity planning related to the Later Approvals described above. Due to the many outside factors that affect a real estate development project's schedule and the varying workload of City staff, the Parties understand that this schedule is intended only as guidance to the City.

This schedule should include the following major milestones and be in the format described below. Public Works Infrastructure Taskforce and OEWD will review this schedule and then share this schedule with City departments for feedback. With department feedback in hand, Public Works Infrastructure Taskforce and OEWD may request a meeting with Developer for schedule confirmation.

#### Milestones to be included, as applicable to project:

##### City approvals:

- **Subdivision/mapping actions**
- **Transaction documents** (any easements, street vacations, etc.)
- **Infrastructure engineering/permit applications**
  - Example: Street Improvement Plan (SIP), storm water plan, and other major systems, like AWSS or backwater system
- **Any necessary commission approvals**
- **Start of construction** (demolition/site prep, horizontal and/or vertical)
- **Substantial completion**
- **City acceptance of infrastructure**
- **TCO**
- **Any other relevant major milestones**

##### Non-City approvals:

- **Any associated non-San Francisco approvals** (i.e. Navy, Caltrans, Caltrain, State lands, etc.)

#### Schedule format:

- The schedule should be in Gantt chart format
  - Time should be in in fiscal years via months or quarters at the top
  - Milestones should be in rows on the left

- Start dates (day/month/year) and durations in days should be indicated for each milestone
- Project should be broken out into major Phases and sub Phases, if applicable
- The planning horizon should include: SIP, Transactional Documents, Tent./Final Map, Vertical Design, SoC, TCO
- The preferred schedule software is Microsoft Project

Schedule submission:

Developer will submit each schedule to the following address:

Office of Economic and Workforce Development  
Public Works Infrastructure Taskforce  
City Hall, Room 496  
Attn: Housing Hub/3333 California Project  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

## Exhibit L

### **Child Care Program**

1. Developer to provide approximately 14,000 gross square feet of rentable area for a child care facility built on the Walnut Child Care Parcel with an adjacent open space for child care use (as required by local/State law). Developer will deliver the child care facility in warm shell condition (for example, with the space demised to meet occupancy separation requirements (minus finishes on wall, floor and ceiling), stubs for standard utilities, path to a location for mechanical equipment, storefront and rear access as required, and other items required to obtain a temporary certificate of occupancy to allow tenant to proceed with their improvements). The child care provider would specify the tenant improvements necessary for the space, which Developer would not be responsible for providing under this Agreement.
2. A State-licensed child care provider shall operate in the space under the following terms, provided that all Later Approvals and applicable operating and licensing and other requirements as may be necessary are first obtained.
  - a. Provider shall comply with all State guidelines and applicable local guidelines for operating a child care facility.
  - b. Provider shall operate a facility licensed to serve approximately 175 children with the final number to be determined based on state and any local licensing requirements.
  - c. In accordance with Planning Code Section 414.13, Developer shall include (and require compliance with) a provision in its lease with the child care provider requiring the provider to reserve at least ten percent (10%) of the maximum capacity of the child care facility (as determined by the license for the facility issued by the California Department of Social Services) to be affordable to children of households of low income. Operators are encouraged to work with the San Francisco Office of Early Care and Education to learn about Early Learning Scholarships for low- and moderate-income families as well as other operator resources.
  - d. Programs shall serve a broad range of age groups, including infants and toddlers.
  - e. Slots shall be made available to the general public on the same terms and conditions as those for Project residents, employees and users.
3. The operating term for the child care facility shall equal the life of the Walnut Building. Subject to the provisions of this Exhibit L, the Developer shall use commercially reasonable efforts to lease the space to a child care operator at all times for the life of the Walnut Building. The operating term may be fulfilled by more than one child care operator

over the life of the Walnut Building. The Developer shall comply with the terms below during initial leasing and periods of operator turnover and/or vacancy periods.

- a. (i) On the earlier to occur of (A) applying for a First Construction Document (as defined in San Francisco Building Code Section 107A.13.1(a)(8)) for the Walnut Building and (B) 15 business days before initially offering the facility for rent and (ii) within 15 business days following the expiration or termination of a child care operator's lease for the facility, the owner of the facility shall notify governmental and nonprofit entities that can assist in publicizing the availability of the facility (the "Child Care Marketers") of the opportunity to lease it, including, at a minimum, the following entities: the San Francisco Office of Early Care and Education (or any successor agency), the Family Child Care Association of San Francisco, the Children's Council, and Wu Yee Children's Services.
- b. If the child care space remains vacant for more than three years after DBI has issued of a first certificate of occupancy (including any temporary certificate of occupancy) for the Walnut Building despite Developer's commercially reasonable efforts to lease it at prevailing child care facility market terms (comparable to other similarly-sized and geographically proximate licensed child care facilities) to an initial child care operator, and Developer wishes to be released from its obligation to lease the facility to a child care operator, then Developer shall have the right to pay City an amount equal to \$2,101,489.55 [*in lieu child care facility fee that would otherwise be due at the Effective Date if the fee was not waived*], proportionately adjusted to reflect any increase between the published CPI Index in effect as of the Effective Date and the published CPI Index in effect at the time such payment is made (as adjusted, the "Base Fee"), plus an amount equal to 10% of the Base Fee, for deposit in the Child Care Capital Fund established under Planning Code Section 414.14. On paying such amount to City under this subsection, the Developer may use the facility for any use permitted under the Project SUD.
- c. If after having leased the facility to at least one child care operator, the child care space remains vacant for more than three years after the termination or earlier expiration of the most recent child care operator's lease despite Developer's commercially reasonable efforts to lease the facility at prevailing child care facility market terms (comparable to other similarly-sized and geographically proximate licensed child care facilities) to a child care operator, and Developer wishes to be released from its obligation to lease the facility to a child care operator, then Developer shall have the right to pay City an amount equal to the Base Fee prorated over a fifteen (15) year period, with a credit for any time the facility was operated by a child care provider in compliance with this Agreement. On paying such amount to City under this subsection, the Developer may use the facility for any use permitted under the Project SUD.

4. Developer or subsequent owner of the Walnut Building cannot charge rent (including security, common building charges and utilities, etc.) to the child care operator that exceeds prevailing market rent comparable to other similarly-sized and geographically proximate licensed child care facilities.
5. Developer or subsequent owner of the Walnut Building shall execute a Notice of Special Restrictions to dedicate the space for child care use ("NSR"). The NSR shall incorporate the requirements of this Exhibit L, be in a form approved by Developer and City (which approval shall not be unreasonably withheld or conditioned), and recorded against the Walnut Child Care Parcel at the earlier to occur of the time that the final map that includes the Walnut Child Care Parcel is recorded or the First Construction Document is issued for the Building to be constructed on the Walnut Child Care Parcel.
6. In consideration of this community benefit, the Project shall not be subject to the residential child care fee (Planning Code Sec. 414A) and that fee shall be waived.
7. Phasing/performance requirements for the child care facility will be detailed in Schedule 1 (Community Benefits Linkages and Impact Fees). If DBI has not issued a certificate of occupancy (including any temporary certificate of occupancy) for the child care facility prior to the expiration of the Term but Developer has received First Construction Document for any Building, then Developer shall pay to City an amount equal to the Base Fee plus 20% of the Base Fee at the end of the Term.

**Exhibit M**

**SUD Ordinance and Conditional Use/Planned Unit Development Exceptions**



**Exhibit N**

**Notice of Special Restrictions – AB900 Determination Compliance**

FREE RECORDING PURSUANT TO  
GOVERNMENT CODE SECTION 27383

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

Planning Department  
City and County of San Francisco  
1650 Mission Street, Suite 400  
San Francisco, CA 94103-2479  
Attention: Director

Property Address: 3333 California Street,  
San Francisco, CA 94118

---

(Space Above This Line for Recorder's Use)

**NOTICE OF SPECIAL RESTRICTIONS UNDER PLANNING CODE**

The undersigned, LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company, the owner of that certain real property situated in the City and County of San Francisco, State of California more particularly described as follows: (see 'Exhibit A' for full legal description of the property)

**BEING ASSESSOR'S BLOCK AND LOT: 1032-003  
AND COMMONLY KNOWN AS 3333 CALIFORNIA STREET**

hereby give notice that there are special restrictions on the use of said property under Part II, Chapter II of the San Francisco Municipal Code (Planning Code).

Said restrictions consist of the restrictions, conditions and requirements described herein below to be recorded in the Official Records of the Recorder of the City and County of San Francisco for the Property as required in the Development Agreement, by and between the City and County of San Francisco and Laurel Heights Partners, LLC, for Property located at 3333 California Street (the "Agreement"), approved by the Board of Supervisors of the City and County of San Francisco by Ordinance No. \_\_\_\_\_, on November \_\_, 2019, in connection with the proposed redevelopment of the irregularly-shaped parcel in the City and County of San Francisco comprised of approximately 10.25 acres (approximately 446,468 square feet), generally bounded by California Street, Laurel Street, Euclid Avenue, Masonic Avenue, and Presidio Avenue, and further described in the attached Exhibit A, as a large mixed-use development that

will include residential, retail, commercial, child care, open space, parking, and related uses (the "Project").

Developer submitted its application and initial supporting materials for certification into the Environmental Leadership Development Project Program on August 23, 2018 (the "AB900 Application"), and, on January 30, 2019, the State of California Air Resources Board ("CARB") issued its Executive Order G-18-101 (the "CARB Executive Order") in which it determined, based on the CARB Staff Evaluation of AB 900 Application for 3333 California Street Mixed Use Project ("CARB Staff Evaluation"), dated January 30, 2019, and the AB900 Application that, pursuant California Public Resources Code section 21183(c), the Project would not result in any net additional GHG emissions (the "CARB Executive Order").

On June 7, 2019, the Governor's Office, with the concurrence of the Joint Legislative Budget Committee on July 8, 2019 (the "JLBC Letter"), determined that the Project is an eligible project under the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, Public Resources Code sections 21178 et seq. (the "Determination").

Copies of the CARB Staff Evaluation, the Carb Executive Order, the JLBC Letter, and the Determination are attached to this Notice at Exhibit B.

In connection with the Determination, Project Sponsor committed to comply with certain greenhouse gas ("GHG") emissions reductions measures and procurement of offsets as more specifically set forth herein below.

**The restrictions, conditions and requirements of which notice is hereby given are:**

Compliance with GHG Emissions Reduction Measures and Procurement of Offsets.

a. GHG Emissions – Construction

Prior to issuance of the first permit (including site or building permit) for grading related to the construction of any phase of the Project, Developer shall purchase carbon offsets issued by an accredited carbon registry in an amount sufficient to offset the net increase in construction-related GHG emissions attributable to that phase, as set forth in the CARB Staff Evaluation. Developer shall provide the Planning Department with copies of such contracts promptly following the execution of such contracts and prior to receipt of the first site permit for the applicable construction phase. Developer's obligations under this Section 1.a shall remain in effect as to each phase until the date on which Developer has purchased the carbon offsets that are required under this Section 1.a. with respect to the applicable phase.

b. GHG Emissions – Operations

Developer shall explore feasible GHG emissions reduction measures according to the following prioritization: (1) Project design feature/on-site reduction measures; (2) off-site local reductions; (3) off-site regional reductions; and (4) purchase of voluntary carbon offsets issued by an accredited carbon registry in an amount sufficient to offset the net increase in operation-related GHG emissions, as set forth in the CARB Staff Evaluation.

Prior to issuance of the final certificate of occupancy for each first building constructed during the applicable phase of construction, Developer shall (i) identify all project design features/on-site reduction measures, off-site local reductions, or off-site regional reductions to be implemented in order to reduce or offset GHG emissions associated with the applicable phase and identify the amount of GHG emission reductions they would achieve, (ii) execute contracts to offset any remaining net new GHG emissions generated during Project operation for the applicable phase based on the thirty (30) year period for operations set forth in the CARB Staff Evaluation, and (iii) submit documentation to the Department that corroborates any equivalent operational GHG emission reductions achieved through Project design features, such as solar photovoltaic output, that was not available at the time the AB 900 Application was submitted. Developer's obligations under this Section 1.b shall remain in effect as to each building constructed as part of the Project until the date on which Developer has offset any remaining net new GHG emissions with respect to the applicable building in the manner required in this Section 1.b.

Examples of feasible GHG emissions reduction measures include the Project's compliance with San Francisco Planning Code Section 169 --Transportation Demand Management Program (added by Ordinance 34-17, approved February 2017), Leadership in Energy and Environmental Design (LEED) Gold certification or better for the Project, including energy efficiency, water conservation, and other green building practices that would contribute to achieving the LEED Gold certification.

## 2. Recordation.

Prior to the earlier to occur of the issuance of the first permit (including site or building permit) for grading related to the construction of any phase of the Project and the time Developer records any other notice of special restrictions with respect to the Project, Developer shall record this Notice in the Official Records of the Recorder of the City and County of San Francisco for the Property.

## 3. Printing of conditions of approval on plans.

The restrictions, conditions and requirements of Section 1 above shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project.

## 4. Enforcement.

Violation of any of the restrictions, conditions or requirements contained in this Notice shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

5. Assignment.

As used in this Notice, the term Developer means the Developer originally named herein or a Transferee following a Transfer (as such terms are defined in the Development Agreement).

The use of said property contrary to these special restrictions, conditions or requirements shall constitute a violation of the Planning Code, and no release, modification or elimination of these restrictions, conditions or requirements shall be valid unless notice thereof is recorded in the Land Records by the Zoning Administrator of the City and County of San Francisco.

**DEVELOPER:**

LAUREL HEIGHTS PARTNERS, LLC,  
a Delaware limited liability company

By: 3333 California LP,  
a Delaware limited partnership,  
its Manager

By: PSKS LH LLC,  
a Delaware limited liability company,  
its General Partner

By: Prado LH LLC,  
a California limited liability company,  
its Manager

By: \_\_\_\_\_  
Name: Dan Safier  
Title: Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Francisco )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

The land referred to herein is situated in the City and County of San Francisco, State of California, described as follows:

## **EXHIBIT B**

[Attach copies of CARB Staff Evaluation, the Carb Executive Order, the JLBC Letter, and the Determination]

## Schedule 1

### **Community Benefits Linkages and Impact Fees Schedule**

Pursuant to Section 4.1 of the Agreement, the Developer's Community Benefits obligations are tied to specific Buildings or number of Market Rate Units (as defined in Exhibit D) that will be developed over the course of the Project and during the Term of the Agreement. The linkages between the specific Community Benefits and the associated Buildings or Market Rate Units are detailed below, as well as within any referenced exhibits. The development impact fees that apply to the Project are detailed below.

#### **COMMUNITY BENEFITS**

1. **Publicly Accessible Private Improvements.** The Developer shall complete the Publicly Accessible Private Improvements described in Exhibit C and generally depicted in Attachment C-1 prior to obtaining a first certificate of occupancy (including any temporary certificate of occupancy) for any non-retail portion, if any, of specific Buildings as described below (or, in the case of Publicly Accessible Private Improvements to be delivered only after completion of more than one Building, then prior to obtaining the first certificate of occupancy for the later Building); provided, however, that if Developer wishes to receive a first certificate of occupancy (or the equivalent thereof) for a Building (or later Building, as applicable) before completing its associated Publicly Accessible Private Improvement, then, notwithstanding anything to the contrary in this Schedule, Developer may complete this obligation after that certificate of occupancy for the associated Building (or later Building, as applicable) by providing to the City, prior to issuance of the first certificate of occupancy for that Building (or later Building, as applicable), a surety performance bond or other security in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Publicly Accessible Private Improvement, and shall diligently and continuously pursue that Publicly Accessible Private Improvement to completion following which such bond will be released.
  - a. California Plaza – with the completion of Plaza A Building
  - b. Cypress Square – with the completion of Plaza B Building
  - c. Cypress Stairs – with the later completion of either Plaza A Building or Plaza B Building
  - d. Mayfair Walk – the Mayfair Walk extends the entire width of the Project Site and shall be completed in segments tied to the completion of the adjacent Buildings as depicted in Attachment C-1 (the later of Mayfair Building or Plaza A Building, the later of Plaza B Building or Center A Building, and the completion of Center B Building)
  - e. Presidio Overlook – with the completion of Center Building B



- f. Pine Street Steps – with the completion of Center Building B
  - g. Walnut Walk North – with the later completion of Center A Building or Center B Building
  - h. Walnut Walk South – with the later completion of the Euclid Building or Masonic Building
  - i. Walnut Drive and Walnut Court – with the later completion of Plaza B Building or Walnut Affordable Housing Building (as defined in Exhibit D)
  - j. Euclid Green – with the completion of the Project's final Building; provided, however, that if the Developer receives a first certificate of occupancy (including any temporary certificate of occupancy) for any Building(s) without completing all proposed Buildings during the Term, then Euclid Green shall be completed by the end of the Term.
  - k. Pedestrian Access – if Developer receives a first certificate of occupancy (including any temporary certificate of occupancy) for any Building(s) without completing all proposed Buildings during the Term that would otherwise require the completion of Walnut Walk North, Walnut Walk South, and Mayfair Walk as described above, then Developer, in conjunction with the Planning Department, shall design an alternative plan for pedestrian access that seeks to achieve similar pedestrian access and widths as Walnut Walk North, Walnut Walk South, and Mayfair Walk, but takes into account then then-current on-site conditions, including locations of improvements and the Project Site's topography, and the Developer shall construct such alternative plan improvements prior to the end of the Term.
2. **Streetscape Improvements.** The Developer shall complete each of the Streetscape Improvements described in Exhibit C and generally depicted in Attachment C-1 (and as will be more specifically set forth in the building permit application for the Streetscape Improvements associated with the applicable Building) before obtaining any first certificate of occupancy (including any temporary certificate of occupancy) for the applicable Building (or later of adjacent Buildings, if applicable) for such Streetscape Improvement as depicted in Attachment C-1; provided, however, that if Developer wishes to receive a first certificate of occupancy for a Building before completing its associated Streetscape Improvement, then, notwithstanding anything to the contrary in this Schedule, Developer may complete its associated Streetscape Improvement after that certificate of occupancy by providing a surety performance bond or other security to City, prior to issuance of the first certificate of occupancy for that Building, in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Streetscape Improvement, and the Developer shall diligently and continuously pursue that Streetscape Improvement to completion following which the bond shall be released. Such requirement shall be in addition to any security or bonding requirements required under

the street improvement permit issued by City's Department of Public Works for the performance of such Streetscape Improvement.

3. **Maintenance and Operation.** The Developer shall cause the appropriate party (e.g., a master association) to enter into agreements for the ongoing operation, maintenance and repair of the Publicly Accessible Private Improvements to the standards described in Attachment C-2 and Attachment C-3.
4. **Housing Plan.** The Project's BMR Units shall be complete as set forth in Exhibit D, the Affordable Housing Program.
5. **AWSS Community Benefit Fee.** The Project's AWSS Community Benefit Fee shall be paid as set forth in Schedule 2.
6. **Workforce Agreement.** The workforce requirements will apply to the Project as set forth in Exhibit I, the Workforce Program.
7. **Transportation Demand Management.** The Transportation Demand Management Plan shall be implemented as set forth in Exhibit J, the Transportation Exhibit, and the Approvals described in Exhibit E.
8. **Child Care Program.** The Developer shall have constructed the child care facility to warm shell condition, as described in Exhibit L, on the Walnut Child Care Parcel (as defined in Exhibit D) by the earlier of receiving a first certificate of occupancy (including any temporary certificate of occupancy) for the Walnut Affordable Housing Building (as defined in Exhibit D) and obtaining a first certificate of occupancy (including any temporary certificate of occupancy) for more than three hundred eighty-six (386) Market Rate Units (as defined in Exhibit D). In addition, if the Developer receives a first certificate of occupancy (or a temporary certificate of occupancy) for any Building, the Developer must obtain a first certificate of occupancy (or a temporary certificate of occupancy) for the child care facility before the expiration of the Term. The child care facility shall be operated on the terms described in Exhibit L.

#### DEVELOPMENT IMPACT FEES

The following development impact fees apply to the Project: Transportation Sustainability Fee (Planning Code Section 411A) and Jobs Housing Linkage Fee (Section 413). The Residential Child Care Impact Fee (Planning Code Section 414A) and the Affordable Housing Fee (Planning

Code Section 415) have been waived in consideration of the on-site provision of a child care facility and affordable housing as described in Exhibit L and Exhibit D, respectively.

## Schedule 2

### **AWSS Community Benefit Fee**

#### **1. Background and Need**

The Auxiliary Water Supply System ("AWSS") is a water distribution system used by the San Francisco Fire Department ("SFFD") for fire suppression. The AWSS delivers water under high pressure for firefighting and is independent from the San Francisco's domestic water system. The design elements of the AWSS, such as restrained pipeline joints and earthquake resistant ductile iron pipe make it more resistant to earthquake damage. The San Francisco Public Utilities Commission ("SFPUC") operates and maintains the AWSS citywide.

Life safety is the paramount concern of the SFFD, followed by the protection of property. When new developments are proposed in San Francisco with high density structures, adequate and readily available water supplies for firefighting are imperative. The Project is a proposed new development within San Francisco which will have both high occupancy and a significant amount of wood frame construction. The closest AWSS main runs east to west on Sacramento Street with AWSS/High Pressure ("HP") hydrants at each corner from Presidio Avenue to Arguello Boulevard. The closest HP hydrant to the entrance of the proposed Project is currently located at the northwest corner of Walnut and Sacramento Streets, approximately 400 feet away from the Project's closest property line. SFFD fire engines carry a maximum of 1,000 feet of fire hose.

One new HP fire hydrant shall be installed on California Street at the southern intersection of Walnut and California Streets with a connection back to the AWSS main on Sacramento Street in order for SFFD to have backup emergency water supply for firefighting and rescue operations at the Project. This HP hydrant would allow one fire engine to obtain AWSS water supply and immediately initiate firefighting and rescue operations to any area within the development upon arrival. During a greater alarm fire when fire operations demand more water than a domestic water hydrant can supply, the AWSS HP hydrant will support the need for additional water volume and pressure. Following a major event, when additional fire engines are not available, a fire crew can use the HP hydrants and still have ample water pressure and volume for firefighting operations.

#### **2. AWSS Requirement for 3333 California Project**

The SFFD and SFPUC have analyzed the Project and determined that AWSS is not required or appropriate for installation within the Project's property line. This is due to (1) confirmation that a standard 1,000 fire hose is able to serve the entire site from one new HP hydrant at the southern intersection of Walnut and California Streets; and (2) the fact that the Project will be

privately-owned and no public right of ways will be created within which AWSS could be installed, owned, and maintained by SFPUC.

The SFPUC and SFFD have determined that in order to provide the Project with a backup emergency water supply, the following new AWSS infrastructure (the "AWSS Scope") will be required: a new HP hydrant on the public sidewalk at Walnut and California Streets, and a connection to be installed on Walnut Street from the new HP hydrant to the existing AWSS main running east to west on Sacramento Street. This new infrastructure will be designed and installed by the SFPUC, with contributory fair-share funding paid by the Developer.

The Developer and SFPUC will coordinate on the installation and timing of installation of this AWSS Scope in relation to the ultimate development phasing and improvements. The intent is to have the AWSS Scope coordinated with Project's street improvements on California Street or adjacent streets to minimize or eliminate the need to demolish newly constructed improvements related to the Project.

3. AWSS Community Benefit Fee

The AWSS Community Benefit Fee will offset the cost of bringing AWSS to the Project boundary. The SFPUC has developed an initial capital cost estimate of the AWSS Scope (including contingencies) totaling approximately \$1,055,000 in 2018 dollars. In consideration of the AWSS Scope that the Project requires to be adequately served and protected by SFFD, the Developer shall pay an AWSS Community Benefit Fee of \$1,055,000.

4. Fee Payment Terms

The Developer shall pay the AWSS Community Benefit Fee as a proportion of Gross Square Feet ("GSF") developed in the Project. Based on the Project's total of 1,434,098 GSF, the Developer shall pay the AWSS Community Benefit Fee at a rate of \$.735 per GSF. Payment shall be made to SFPUC on a Building by Building basis and shall be determined by the total GSF of each Building. Payment shall be due prior to and as a condition to the Developer obtaining a temporary Certificate of Occupancy or Certificate of Final Completion for each Building.



190845  
190844  
190947

## 3333 CALIFORNIA STREET MIXED-USE PROJECT

### SUPPLEMENTAL CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS: FINDINGS OF FACT, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND STATEMENT OF OVERRIDING CONSIDERATIONS

#### SAN FRANCISCO BOARD OF SUPERVISORS

November 12, 2019

In determining to approve the 3333 California Street Mixed-Use Project ("Project"), the San Francisco Planning Commission adopted the findings of fact and decisions regarding mitigation measures and alternatives and the statement of overriding considerations under CEQA on September 5, 2019, for the project described in those findings in Section I.A. Project Description. Such findings are found in Planning Commission Motion No. 20513, and Board of Supervisors File 190844.

The Board of Supervisors supplements those findings to discuss, and reject as infeasible, alternatives proposed after the public comment period on the Draft EIR had closed, to discuss and reject as infeasible individual design modifications as mitigation measures also proposed after the public comment period had closed, and to find that such design modifications would not substantially or clearly lessen the Project's significant impacts.

These supplemental findings are based upon substantial evidence in the entire record that was before the San Francisco Planning Commission (the "Commission") and is now before the Board of Supervisors including the expert opinions of preservation planners at the Planning Department. The San Francisco Planning Department is a Certified Local Government under the California Office of Historic Preservation, and qualified to provide expert opinions on matters involving historic preservation. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("Draft EIR" or "DEIR"), the Responses to Comments document ("RTC") in the Final EIR, or to the letters submitted by the San Francisco Planning Department on September 4, 2019 to the Planning Commission and on November 4, 2019 to the Board of Supervisors, are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

Laurel Heights Improvement Association of San Francisco Inc. (LHIA) submitted additional alternatives and/or suggested individual design modifications as mitigation measures in letters to the Planning Commission and to this Board of Supervisors dated August 28, 2019, September 5, 2019, October 7, 2019 and November 7, 2019. These supplemental findings describe the reasons for rejecting those late-submitted alternatives and so-called mitigation measures as infeasible, and for finding that the design modifications would not substantially or clearly lessen the Project's significant impacts.

#### "Community Preservation Lookalike Variant"

The Board of Supervisors specifically rejects as infeasible the Community Preservation Lookalike Variant (Lookalike Variant), as described in LHIA's August 28, 2019 Supplemental EIR Comment and in the October 7 CEQA Appeal letter, based upon substantial evidence in the record, including evidence of economic, legal, social, technological, and other considerations described in these supplemental findings, in addition to those reasons described in Section VII of the CEQA Findings adopted in Planning Commission Motion 20513, which are hereby incorporated by reference.

LHIA claims that the Lookalike Variant would provide the same number of new residential units as the Project (744 units) and approximately 20,000 more gross square footage than the project. According to LHIA, the Lookalike Variant would be constructed in less than four years. LHIA also claims that the Lookalike Variant utilizes approximately 90 percent of the project sponsor's proposed buildings, designs, and locations. As described by LHIA, the Lookalike Variant would: 1) convert the interior of the main building to residential use and retain the existing 1,500-gross-square-foot (gsf) café, 11,500-gsf childcare center, and 5,000-gsf office space; and 2) construct three new residential buildings (Plaza A, Plaza B, and Walnut buildings) along California Street, the new Mayfair building near the intersection of Mayfair Drive and Laurel Street, five new townhomes along Laurel Street, and the new Euclid building along Euclid Avenue. The proposed Masonic Building included in the Project would not be constructed in the Lookalike Variant. The Walnut Building would be 7-stories-tall and its footprint would be expanded to include a triangular area next to the SF Fire Credit Union. The Euclid Building would be 35,000 gsf smaller than what is proposed under the project, and it would be configured differently in that it would include a 30-foot setback from Euclid Green compared to the project. Under the Lookalike Variant, the childcare facility would be located in Center Building B instead of in the Walnut Building, as proposed in the project, with an outdoor play area directly south of the existing structure. The Lookalike Variant would not include retail uses.

LHIA states that the Lookalike Variant would include approximately two levels of parking in a single new underground parking garage. LHIA letter does not specify the number of parking spaces that would be provided in the Lookalike Variant. The Lookalike Variant would include a new first-floor-level, 15-foot-tall (at level one), 20-foot-wide Walnut passage, which would run through the first floor of the main building, opening up into a 35-foot-wide, 75-foot-long landscaped center court mid-building (approximately at 35 feet into the building) and leading onto the Walnut Walk alongside Eckbo Terrace and onto Masonic Avenue.

The Board of Supervisors finds that the Lookalike Variant is considerably similar to Alternative E: Partial Preservation – Residential Alternative analyzed in the EIR, as is shown in attachment A to the Planning Department's September 4, 2019 letter to the Planning Commission, which is part of the whole record before this Board. Specifically, both the Lookalike Variant and Alternative E would: 1) modify the existing main building by removing the south wing and the northern extension of the east wing and convert it to residential use; 2) construct three buildings along California Street; 3) reduce the size of Euclid building by removing the south side of the building (reduction of approximately 35,000 gross square feet compared to the Project) to retain the landscape features located at the southeast portion of the site; and 4) construct the five Laurel Duplexes, similar to the Project and Alternative E, which would construct seven duplexes on Laurel Street. Two fewer duplexes would enable a larger Euclid Green under the Lookalike Variant. As stated, the Masonic Building would not be constructed under either Alternative E or the Lookalike Variant.

The Board further finds that the Lookalike Variant would not reduce the historic resource impact to a less-than-significant level; like Alternative E, the Lookalike Variant would be a partial preservation alternative. Similar to Alternative E, the Lookalike Variant would not fully conform to the Secretary of the Interior's Standards, and it would materially impair the physical characteristics of the historic resource that justify the resource's inclusion in the California Register of Historical Resources. Similar to Alternative E, the Lookalike Variant would alter the existing office building and result in loss of the historic landscaped open space on the project site. In addition, similar to Alternative E, the Lookalike Variant would alter the most prominent views of the project site from the east on Pine Street and from the south on Masonic Avenue. The minor modifications proposed in the Lookalike Variant, such as the removal of two Laurel Duplexes closest to Euclid Green or the additional size added to the Walnut



building, would not make it considerably different from Alternative E, and would not clearly lessen the significant impacts to the historic resource as compared to Alternative E.

As discussed on EIR pp. 6.148-6.151, the EIR concludes that Alternative E would reduce the magnitude of the historic resources impact compared to the Project, but not to a less-than-significant level. This is because Alternative E would, on balance, materially alter the physical characteristics of the project site that convey its historic significance. For the reasons above, the Lookalike Variant would reduce but not eliminate the significant and unavoidable historic resource impact.

Further, the Board rejects the Lookalike Variant as infeasible because, although it would reduce the significant and unavoidable historic architectural resources impact identified for the project, it would not eliminate it, and it would fail to meet several of the project objectives to the same extent as the Project. First, due to the size and location of the uses presented in the Lookalike Variant, the alternative would not satisfy the primary objectives of the Project to create a "high quality, walkable, mixed-use community within the project site that connects with and complements the existing neighborhood commercial uses." The Lookalike Variant would contain only a very small amount of non-residential uses, and those uses would be "hidden" within the main building and not be visible from the nearby streets. Therefore, the Lookalike Variant would not be considered truly "mixed use." Unlike the Lookalike Variant, Alternative E would meet this objective by providing a mix of uses (except for the office use) similar to that of the Project, and would provide retail uses along California Street, where they would be accessible to the general public and visually connected to the retail uses on California Street on either side of the project site. In addition, the Lookalike Variant would only partially meet the objective of opening and connecting the site to the surrounding community by extending the neighborhood urban pattern because it would not provide a north-south connection similar to Walnut Walk as proposed under the Project, which is a fully open connection, and would only provide an east-west connection (the Mayfair Walk). With only a 15-foot-tall and 20-foot-wide opening at level one (15 feet high), the main building would still create a visual barrier in the north-south direction. Extension of the neighborhood urban pattern and street grid into the site is a key urban design principle consistent with the Planning Department's early input on the Project. Finally, unlike the Project, the Lookalike Variant would not help turn Masonic Avenue into a neighborhood street, as opposed to an arterial street, because the Lookalike Variant would not construct the Masonic building which would contribute to the creation of neighborhood-friendly space by providing stoops for residential units along its building frontage that meets with the sidewalk on Masonic Avenue; accordingly it fails to meet the objective of providing activated neighborhood-friendly spaces along adjacent streets to the same extent as the Project.

For these reasons, the Board of Supervisors finds that the Lookalike Variant is not considerably different from alternatives already contained in the FEIR and is not a feasible alternative. Further, the Board finds that Community Variant 2 would not eliminate the significant and unavoidable historic resource impact, and would not meet the project objectives or the City's general plan policies regarding urban design to the same extent as the Project. It was not required to be included in the Final EIR, and is hereby rejected as infeasible for the reasons set forth above, and for the same reasons set forth in the CEQA findings related to Alternative E.

#### "Community Full Preservation Alternative Variant 2"

In addition, the Board of Supervisors specifically rejects as infeasible the Community Full Preservation Alternative Variant 2 (Community Variant 2), as described in LHIA's August 28, 2019 Supplemental EIR Comment and again in the October 7 CEQA Appeal letter, based upon substantial evidence in the record, including evidence of economic, legal, social, technological, and other considerations described in these

supplemental findings, in addition to those reasons described in Section VII of the CEQA Findings adopted in Planning Commission Motion 20513, which are hereby incorporated by reference.

LHIA claims that the Community Variant 2 would provide the same number of new residential units as the project (744 units) and would be constructed in less than four years. According to LHIA, the Community Variant 2 would: 1) convert the interior of the main building to residential use and retain the existing 1,500-gsf café, 11,500-gsf childcare center, and 5,000-gsf office space; and 2) construct three new residential buildings (California Front, California Back, and Walnut buildings) along California Street, the new Mayfair building near the intersection of Mayfair Drive and Laurel Street, five new townhomes along Laurel Street, and the new Euclid building along Euclid Avenue. The proposed Masonic Building included in the Project would not be constructed in the Community Variant 2. The Community Variant 2 would not include retail uses.

According to LHIA, the Community Variant 2 would include an approximately two-level, underground parking garage along California Street and a total of approximately 558 on-site parking spaces. The Community Variant 2 would include a new first-floor-level, 15-foot-tall (at level one), 20-foot-wide Walnut passage, which would run through the first floor of the main building, opening up into a 35-foot-wide, 75-foot-long landscaped center court mid-building (approximately at 35 feet into the building) and leading onto the Walnut Walk alongside Eckbo Terrace and onto Masonic Avenue.

The Board finds that the Community Variant 2 is considerably similar to Alternative D: Partial Preservation – Office Alternative that is analyzed in the EIR to address the Project's significant historic resource impacts, as can be seen in Exhibit B to the Planning Department's September 4, 2019 letter to the Planning Commission, which is in the record before this Board. That Exhibit B compares the site plans for Alternative D and Community Variant 2. Specifically, like Alternative D, the Community Variant 2 would: 1) modify the existing building by demolishing the northerly extension of the east wing and adding a one-story addition; and 2) allow for the construction of buildings along California Street including a larger Walnut building (larger than under the Project or Alternative D), a Mayfair building, and five Laurel Duplexes along Laurel Street. Community Variant 2 would not include construction of a Masonic building. Unlike Alternative D which would retain office use in the existing office building, the Community Variant 2 would convert the remaining building to residential use. However, the massing and footprint of the structures on site under the Community Variant 2 would be physically similar to those under Alternative D.

As discussed on EIR pp. 6.113-6.115, the EIR concludes that Alternative D would reduce the magnitude of the historic resource impact compared to the Project, but not to a less-than-significant level. While Alternative D would retain most of the office building's character-defining features, it would demolish elements of the historic landscape on the northern and western areas of the site as well as portions of the brick perimeter wall and integrated planters along California and Laurel Streets. Prominent views of the site from east on Pine Street and from the south on Masonic and Presidio avenues would be preserved, but the view through the project site from Laurel Street would be altered with new development. Therefore, Alternative D would, on balance, materially alter the physical characteristics of the project site that convey its historic and architectural significance and is considered a partial preservation alternative.

The Board finds that the Community Variant 2 also would not reduce the historic resource impact to a less-than-significant level, similar to Alternative D for several reasons. Like Alternative D, the Community Variant 2 would minimally alter the existing office building, but the construction of the additional buildings would result in loss of elements of the historic landscape on the project site that convey its historic and architectural significance and that justify its inclusion in the California Register,

and would not fully conform to the Secretary of the Interior's Standards. In addition, similar to Alternative D, the Community Variant 2 would alter one prominent view of the project site from the west on Laurel Street, while maintaining two other views, from the east on Pine Street and from the south on Masonic Avenue. Given the physical similarities between Alternative D and the Community Variant 2, the impacts to historic architectural resources from the Community Variant 2 would be the same and as stated in the EIR on p. 6.115. The historic resource impact, although reduced, would remain significant and unavoidable in the Community Variant 2.

Further, the Board rejects the Community Variant 2 as infeasible because, although it would reduce the significant and unavoidable historic architectural resources impact identified for the project, it would not eliminate it, and it would fail to meet several of the project objectives to the same extent as the Project. First, due to the size and location of the uses presented in the Community Variant 2, the alternative would not satisfy the primary objectives of the Project to create a "high quality, walkable, mixed-use community within the project site that connects with and complements the existing neighborhood commercial uses." Alternative D would partially meet this objective by redeveloping the project site to a lesser degree than the Project. Similarly, Community Variant 2 would contain only a very small amount of non-residential uses, and those uses would be "hidden" within the main building and would not be visible from the nearby streets. In addition, the Community Variant 2 would only partially meet the objective of opening and connecting the site to the surrounding community by extending the neighborhood urban pattern, because it would not provide a north-south connection similar to Walnut Walk as proposed under the Project, which is a fully open connection between California Street and Euclid Avenue, and would only provide an east-west connection (the Mayfair Walk). With only a 15-foot-tall and 20-foot-wide opening at level one (15 feet high), the Community Variant 2 would continue to create a visual barrier in the north-south direction. Extension of the neighborhood urban pattern and street grid into the site is a key urban design principle consistent with the Planning Department's early input on the Project. Finally, unlike the Project, the Community Variant 2 would not help turn Masonic Avenue into a neighborhood street, as opposed to an arterial street, because the Community Variant 2 would not construct the Masonic building which would contribute to the creation of neighborhood-friendly space by providing stoops for residential units along its building frontage; accordingly it fails to meet the objective of providing activated neighborhood-friendly spaces along adjacent streets to the same extent as the Project.

Thus, the Board finds that Community Variant 2 is not considerably different from Alternative D included in the EIR, and thus does not need to be included in the EIR. Further, the Board finds that Community Variant 2 would not eliminate the significant and unavoidable historic resource impact, and would not meet the project objectives or the City's general plan policies regarding urban design to the same extent as the Project. For these reasons, and for the same reasons set forth in the CEQA Findings related to Alternative D, incorporated here by reference, the Board rejects the Community Variant 2 as infeasible.

#### **Individual Design Modifications as Mitigation Measures.**

In its October 7, 2019 appeal of the certification of the EIR, Appellant LHIA suggests that certain individual aspects of some of the alternatives, if implemented individually, could mitigate the significant impact to historic resources, and attempts to cite to and incorporate similar suggestions from its other materials submitted after both the close of the Draft EIR comment period and publication of the FEIR. For the reasons set forth below, and as articulated in the Planning Department's November 4, 2019 response to the CEQA appeal filed by Appellant, incorporated herein by reference, the Board finds and determines that implementation of any of these so-called "mitigation measures" would not be sufficient to clearly or

substantially lessen the Project's significant historic resources impact, and rejects them as infeasible to be implemented as individual mitigation measures for the Project. The historic resource is the existing building and the integrated landscape. Individual design changes would not be effective in mitigating the historic resource impact. The Board accepts the expert opinions of the preservation staff at the Planning Department and finds that none of these design modifications, if implemented individually as "mitigation measures," (and not collectively, as in the alternatives) would substantially or clearly eliminate the project's historic resource impact, and rejects them for the reasons set forth below and for the reasons described in Section VII of the CEQA Findings adopted in Planning Commission Motion 20513, and hereby incorporated by reference. To the extent that the individual design modifications make up portions of the EIR preservation alternatives and/or the alternatives proposed by LHIA, they have also been rejected as infeasible in the CEQA Findings and this Supplemental CEQA Findings document, and were adequately presented to both the Planning Commission and the Board as alternatives. The Board finds that application of the Secretary of the Interior's Standards as mitigation measures, as suggested in LHIA's November 7, 2019 submittal, is neither a procedural nor a substantive requirement under CEQA. The Secretary of the Interior's Standards were appropriately used in the Planning Department's historic resources evaluation and in the EIR to evaluate the historic resources impacts of both the Project and the project alternatives.

The Board finds that reducing the height and adding upper floor setbacks to the proposed Laurel Duplexes would not substantially or clearly reduce the impact to historic resources. This is because reducing the height and adding a setback would not result in the retention of any character-defining features of the resource. Reduction of the duplexes' height to match the height of the homes across Laurel Street, while keeping the remaining portions of the Project (such as the demolition and reconstruction of the existing building and the construction of the additional buildings within the historic landscape) does nothing meaningful to substantially or clearly lessen impacts to the historic resource. Accordingly, this design modification was not required to be included in the EIR as mitigation, and the Board therefore rejects this design modification as infeasible.

In addition, a reduction in the proposed Euclid Building footprint (by setting back approximately 30 feet from the south side), or elimination of the two proposed Laurel Duplexes closest to Euclid Avenue would also not clearly or substantially lessen the significant historic resource. Similar to the above explanation regarding the height of the Laurel Duplexes, the reductions in proposed building footprint or removal of two proposed buildings would not substantially or clearly lessen impacts on character-defining features of the larger site, which includes the existing building and integrated designed landscape. Construction of the Euclid building, even at a smaller footprint, would still result in the demolition of the existing office building, and all of the surrounding character-defining landscape features of the site would all but be eliminated through construction of the six new buildings (in addition to the Laurel duplexes) on the site. Accordingly, these design modifications were not required to be included in the EIR as mitigation, and the Board therefore rejects these individual design modifications as infeasible.

Similarly, neither a ground-level passageway through the existing office building instead of a full passageway, or a single-story vertical addition to the existing office building, instead of the 2 to 3 stories in the Project, would substantially or clearly lessen the significant historic resource impact in a way that would allow the resource to continue to convey its historic character. Either of these design modifications would still require removal of the L-shaped wing of existing office building to allow for construction of the Euclid Building and the surrounding site would still be developed with six new buildings on the site (in addition to the Laurel duplexes), thereby impacting the landscape features that convey its historic and architectural significance and that justify its inclusion in the California Register. Similar to the design modifications noted above, reducing the height of the addition or incorporating a ground level

passageway would not substantially or clearly lessen impacts to the historic resource in any meaningful manner. Accordingly, these design modifications were not required to be included in the EIR as mitigation, and the Board therefore rejects these individual design modifications as infeasible.

Other individual elements of alternatives proposed by LHIA or other members of the public, would not substantially or clearly lessen impacts to the historic resource in any meaningful manner given the nature of the historic resource, including the size of the site, and the size of the existing building and its integration with the landscaping, and have been considered by the Board and rejected as infeasible as components of the alternatives, including those alternatives included in the EIR or suggested by the public. These individual elements also were not required to be included in the EIR as mitigation, and the Board therefore rejects these as infeasible.

November 12, 2019

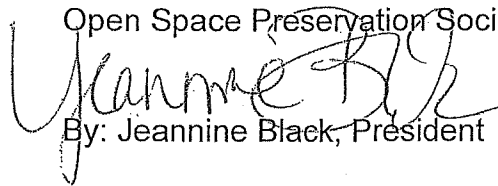
VIA E-MAIL TO: [bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)  
[jocelyn.wong@sfgov.org](mailto:jocelyn.wong@sfgov.org)  
[brent.jalipa@sfgov.org](mailto:brent.jalipa@sfgov.org)

San Francisco Board of Supervisors  
c/o Clerk of the Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
San Francisco, CA 94102

Re: 3333 California Street, San Francisco, CA  
Record Number: 2015-014028CUA/PCA/MAP/DUA  
File No: 191039: Appeal of Conditional Use Authorization  
File No: 191043: Appeal of Subdivision Map  
File No: 191035: Appeal of Certification of Final EIR/CEQA Findings  
File No: 190844: Special Use District  
File No: 190845: Development Agreement  
File No: 190947: Major Encroachment Permit

Open Space Preservation Society, Inc. objects to each of the approvals described above on the basis that, as explained in the attached letter of Margaret Fitzgerald dated February 28, 2016, the general public holds a permanent right of recreational use on existing open space at 3333 California Street and such rights were obtained by implied dedication, prescriptive easement, and/or other applicable legal principle. The above-described approvals would impinge upon these public rights, and Open Space Preservation Society, Inc. objects to the approval of each of the matters described above on that basis.

Open Space Preservation Society, Inc.



By: Jeannine Black, President

Attachment: February 28, 2019 Letter of Margaret Fitzgerald

cc: Jeffrey Lowenthal, Attorney for Laurel Heights Partners, LLC -  
[jlowenthal@steyerlaw.com](mailto:jlowenthal@steyerlaw.com)  
Stacey Quan, Attorney for Laurel Heights Partners, LLC - [squan@steyerlaw.com](mailto:squan@steyerlaw.com)

Margaret Fitzgerald

30 Wood Street, San Francisco, CA 94118



Date: February 28, 2016

Ms. Mary Woods  
Planner - North West Quadrant  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, CA 94103-2414

RE: 3333 California St. Development

Dear Ms. Woods:

I am writing regarding the development of the 3333 California Street development, currently the UCSF Laurel Heights Campus (the "Site"). It is my understanding that the San Francisco Planning Department is working with the developer of the Site regarding the initial project plans for the proposed development. The owner of the fee interest and the developer of the Site are limited in their joint ability to develop the Site because the owner of the Site does not have free and clear title; rather the general public holds a permanent recreational interest in all of the open space at the Site. Therefore, any development plans at the Site may not impinge upon this open space.

The general public holds a *permanent* right of recreational use on all of the open space at 3333 California and such rights were obtained by implied dedication. Dedication is a common law principle that enables a private landowner to donate his land for public use. Implied dedication is also a common law principle and is established when the public uses private land for a long period of time, which period of time is five (5) years in California. In 1972, the California legislature enacted Civil Code Section 1009 to modify the common law doctrine of implied dedication and to limit the ability of the public to secure *permanent* adverse rights in private property. Here, however, the existing open space at the Site was well established and well used as a park by the general public long before the completion of the construction of the full footprint of the improvements at the Site in 1966. Therefore, the general public has permanent recreational rights to the open space at the Site; the rights were obtained by implied dedication prior to the enactment of Cal. Civil Code Sec. 1009 in 1972.

Even if the general public had not secured permanent rights to recreational use through implied dedication prior to 1972, the public and countless individuals have acquired a prescriptive easement over the recreational open space. The recreational use has been continuous, uninterrupted for decades, open and notorious and hostile (in this context, hostile means without permission). Every day, individuals and their dogs use the green space along Laurel, Euclid and along the back of the Site at Presidio. Individuals ignore the brick wall along Laurel and regularly use the green space behind the wall as a park for people and for their dogs. The use of the Site has not been permissive. For example, the owner of the Site has not posted permission to pass signs in accordance with Cal. Civil Code Sec. 1008. If such signs ever were posted, they have not been reposted at least once per year. Although it is counterintuitive, an owner typically posts such signs to protect against the public securing adverse rights. One might assume the owner of the Site has not posted such signs, as the owner is aware of the pre-existing and permanent recreational rights the general public has secured to the open space. Because the



public's rights to the open space were secured decades ago through implied dedication, it is not necessary for the general public to rely upon its prescriptive easement rights outlined in this paragraph; rather it is another means to the same end.

It is important that the Planning Department understand these legal issues as any project plan (or any future project description in an Environmental Impact Report ("EIR") for the Site) cannot include development of the open land over which the public has a secured permanent rights of recreational use. It would not be a concession by the owner/developer to leave the open space undeveloped and allow public recreational use as the general public holds permanent recreational rights to this space. It is important to note that even the open space behind the walls that has been used as park space is also included in this dedication to the public. According to well-established case law, a wall or fence is not effective in preventing the development of adverse property rights if individuals go around the wall, as is the case here.

In sum, the open space at the Site cannot be developed as the public secured such rights through implied dedication prior to 1972 (or, alternatively, by prescriptive easement). In reviewing the development plans for the Site, the City cannot decide to allow development of any of the open space as the recreational rights to the space are held by the public at large. Any project description in the future EIR for the Site that contemplates development of any of the open space would be an inadequate project description and would eviscerate any lower impact alternative presented in the EIR. One only need to look to the seminal land use case decided by the California Supreme Court regarding this very Site<sup>1</sup> to see that an EIR will not be upheld if the project alternatives are legally inadequate. It would be misleading to the public to suggest that a lesser impact alternative is one that allows the public to use the space to which it already has permanent recreational use rights.

In sum, please be advised of the public's permanent recreational rights to all of the existing open space at the Site and please ensure that a copy of this letter is placed in the project file.

Sincerely,

*Meg Fitzgerald*

Margaret N. Fitzgerald

With copies to:

Mark Farrell, Supervisor

Dan Safir, Prado Group

Kathy DiVicenzi, Laurel Heights Improvement Association

Robert Charles Friese, Esq.

---

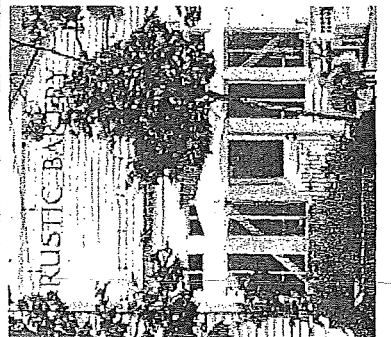
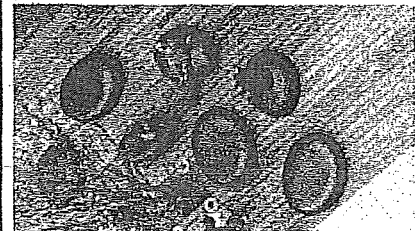
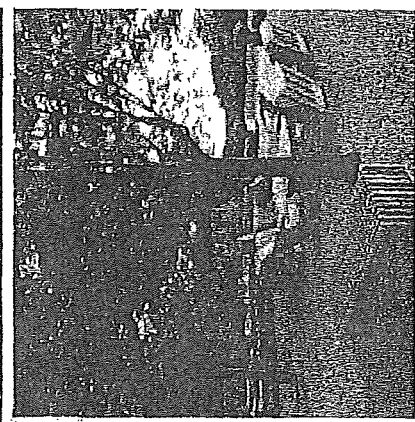
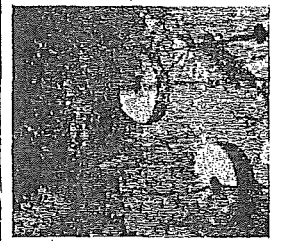
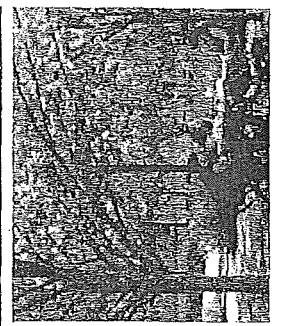
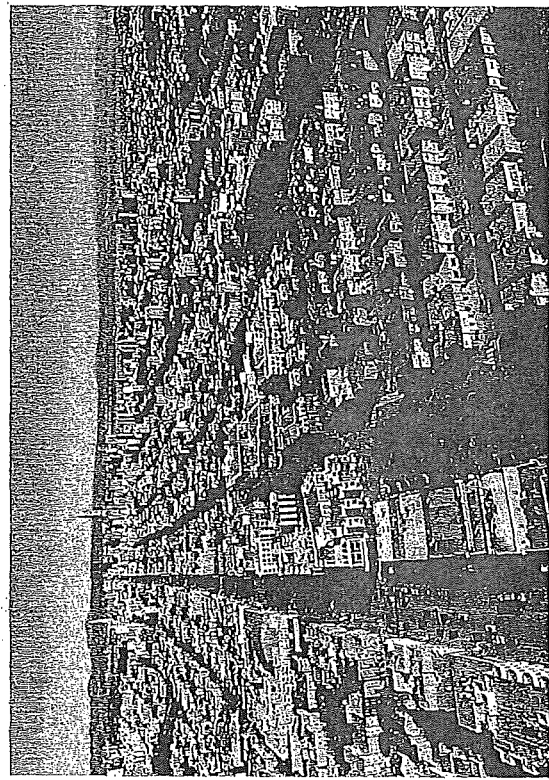
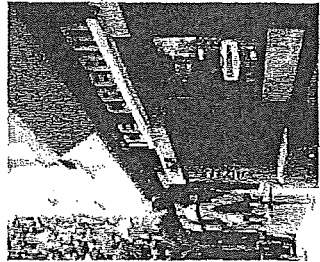
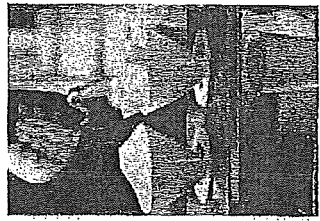
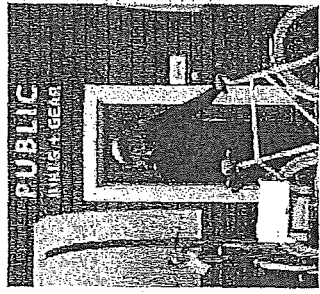
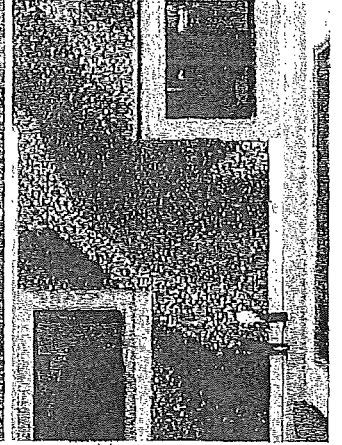
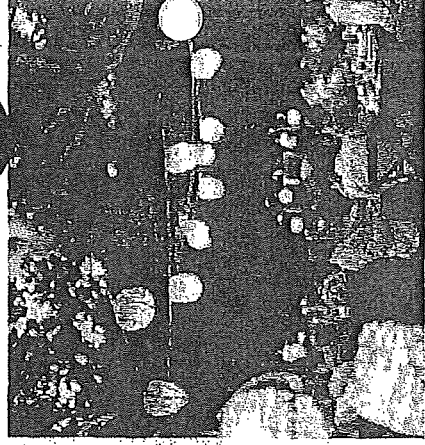
<sup>1</sup> Laurel Heights Improvement Association of San Francisco, Inc. v. The Regents of the University of California, 47 Cal. 3<sup>rd</sup> 376 (1988).



# 3333 CALIFORNIA STREET

3333  
CALSF

190947, 190844, 190845

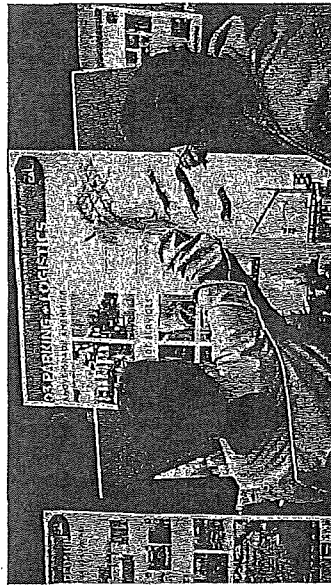




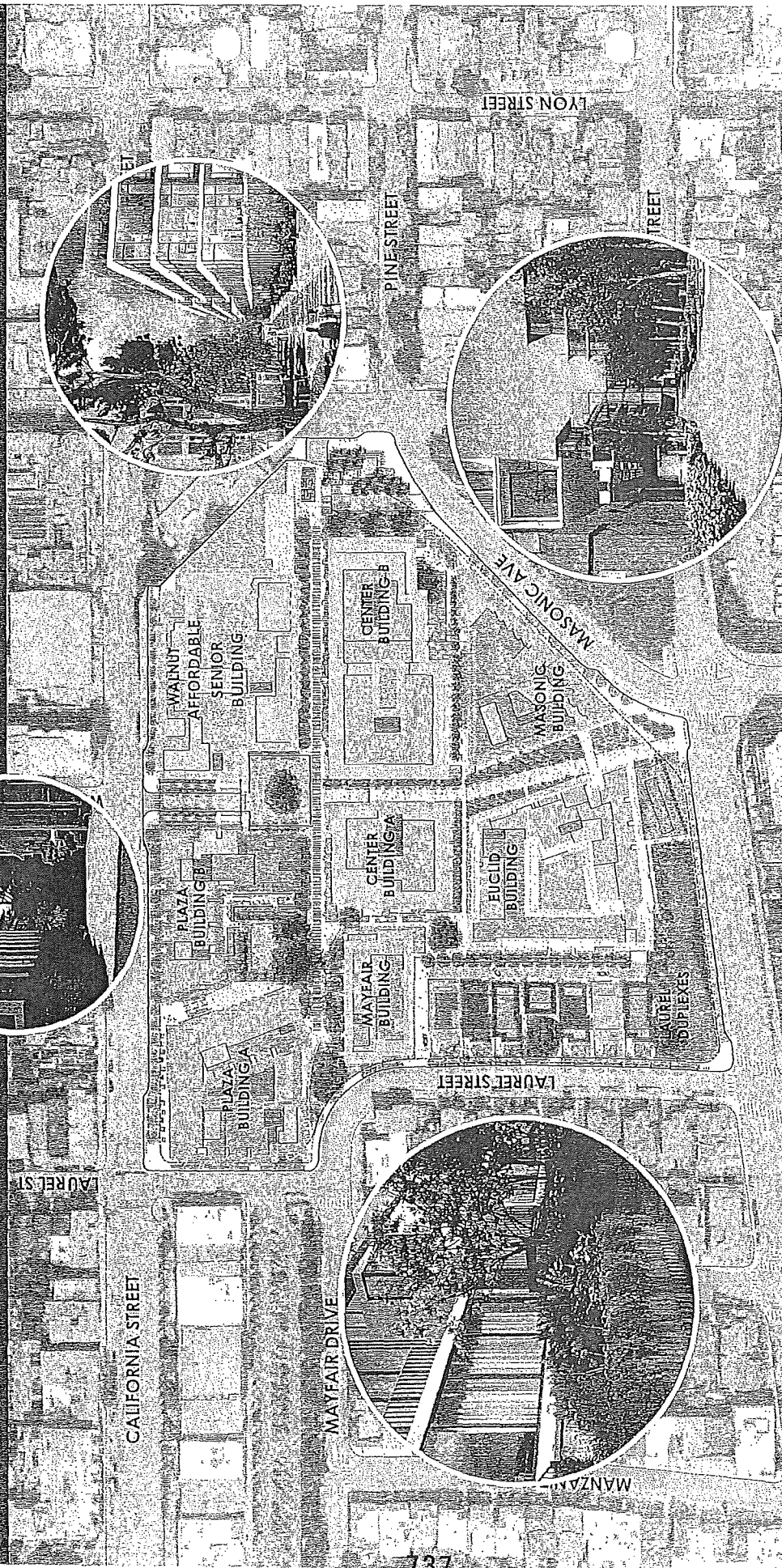
# COMMUNITY

3333  
CALS F

## Community Engagement: 160+ Meetings Over Four and Half Years



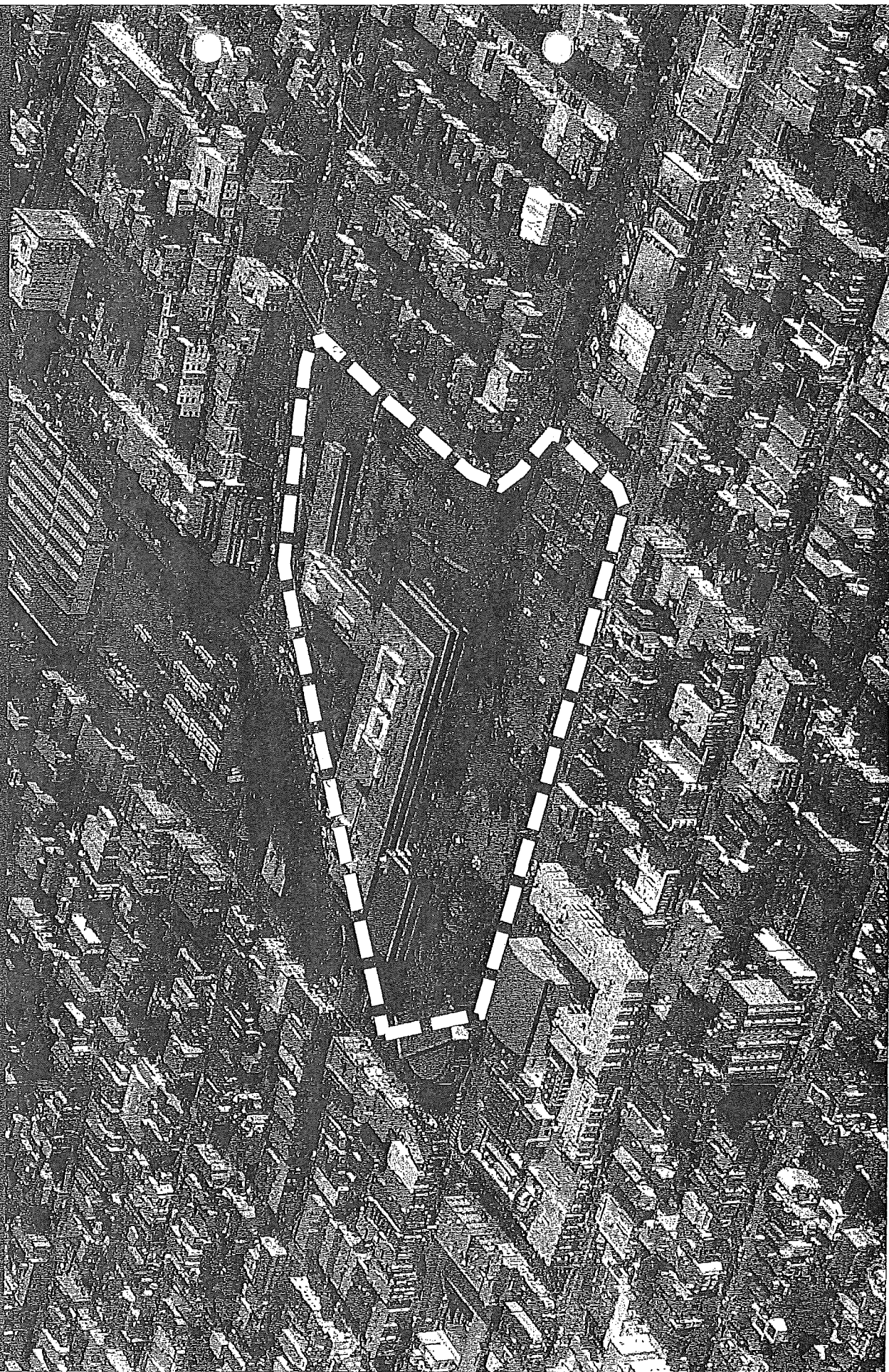
# 744 New Homes

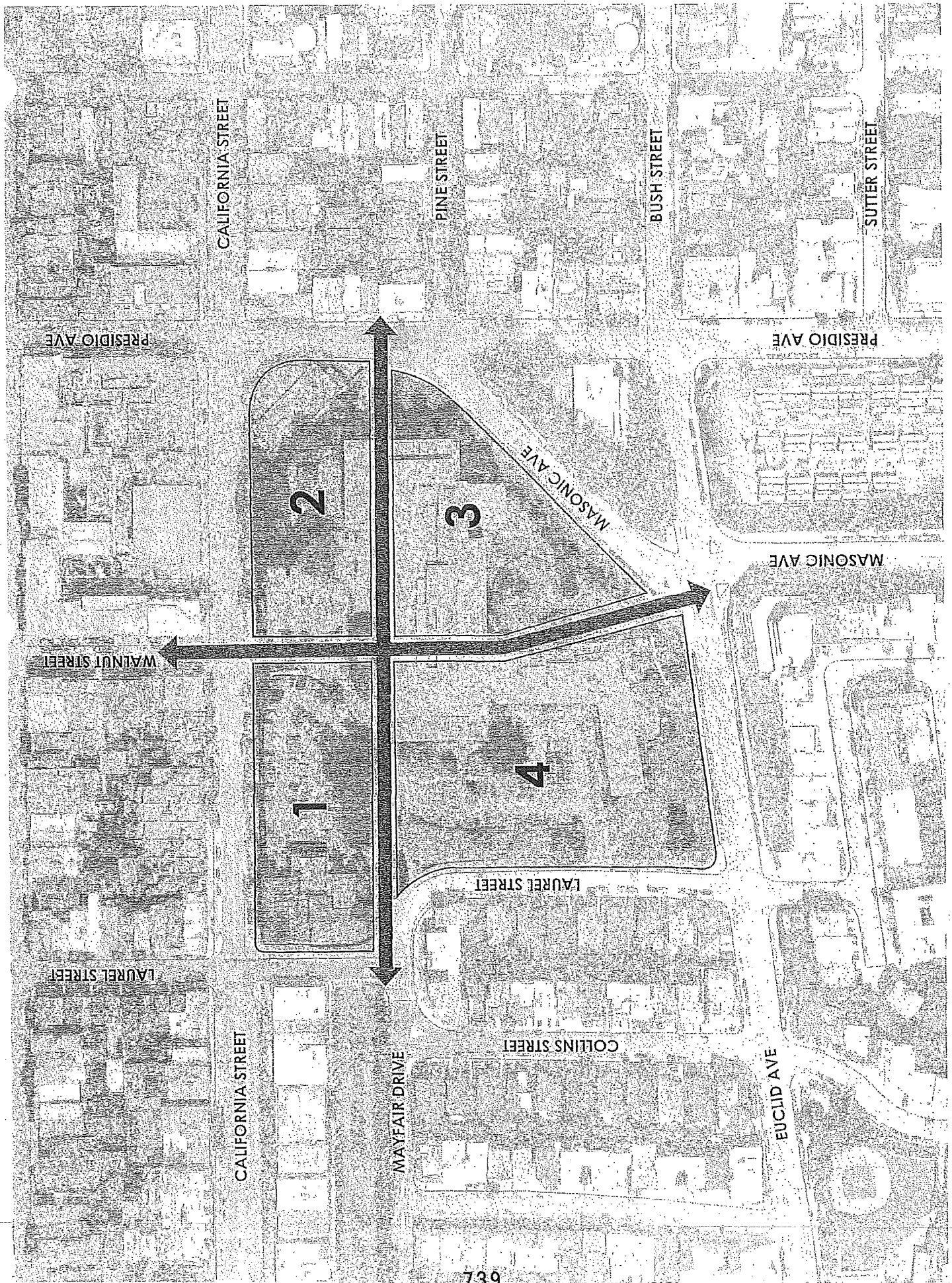


**58% Family-Friendly with 2, 3, or 4 Bedrooms**  
**25% On-site Affordable Housing for Seniors**



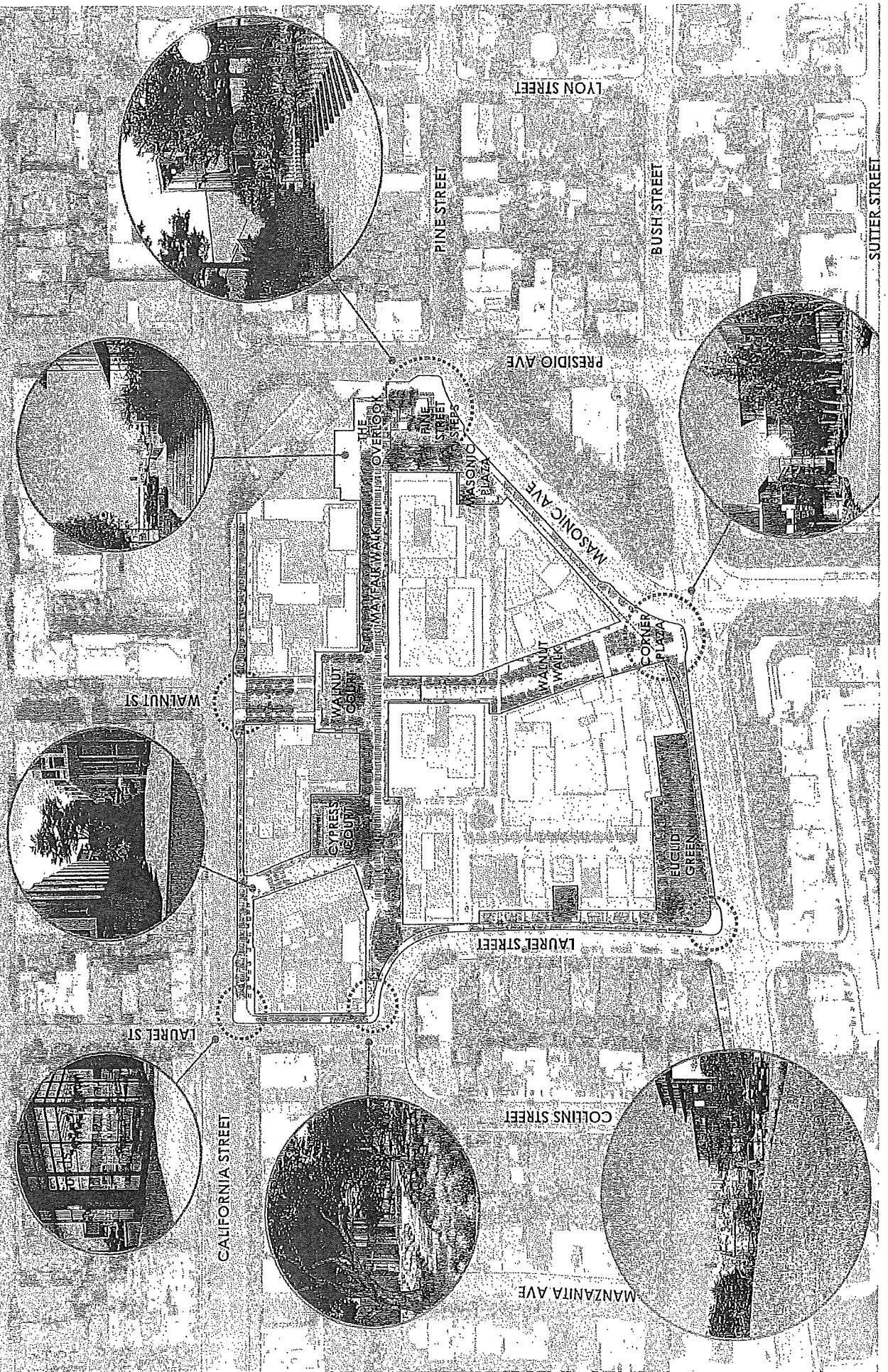
# Now: A Walled-Off Island





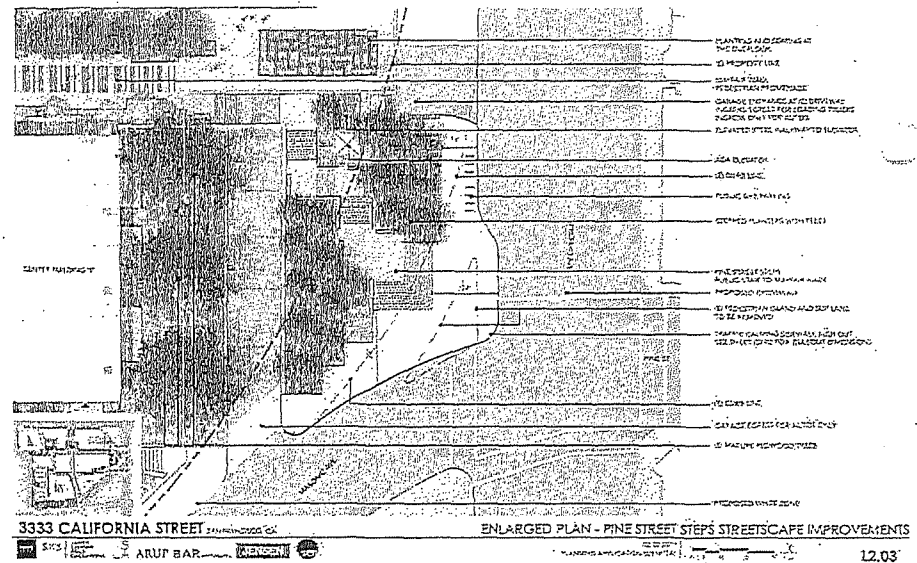


# Network of Open Spaces and Pedestrian Access



## 741

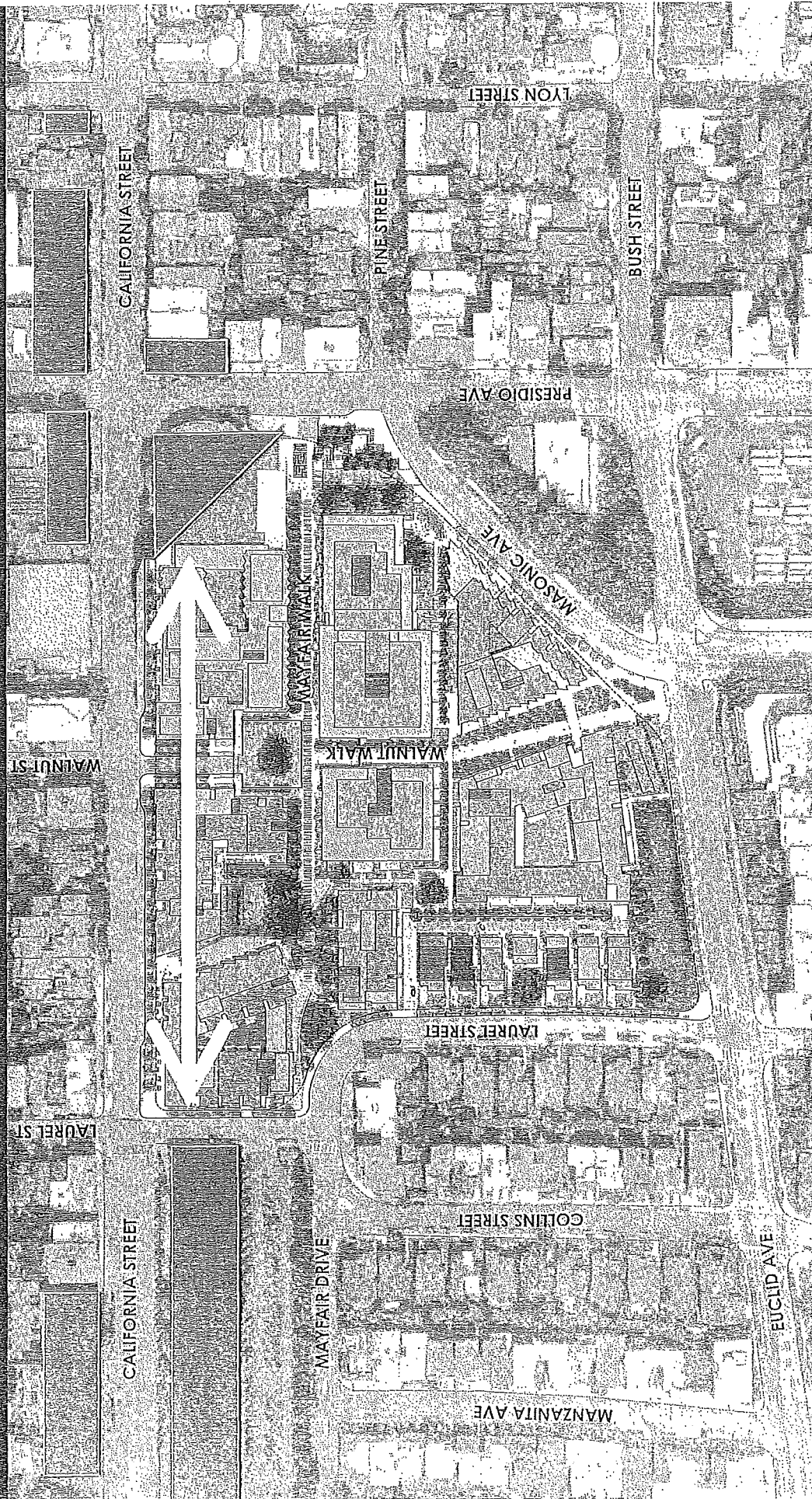
		Land Use Category				
Category	Measure	Points	A Retail	B Office	C Residential	D Other
ACTIVE	Improve Walking Conditions: Option A; or	1	0	1	0	1
	Improve Walking Conditions: Option S	1	0	0	0	0
	Bicycle Parking: Option A; or	1	0	0	0	0
	Bicycle Parking: Option B; or	2	0	0	0	0
ACTIVE	Bicycle Parking: Option C; or	3	0	3	0	3
	Bicycle Parking: Option D	4	0	0	0	0
	Showers and Lockers	1	0	1	0	0
	ACTIVE	Bike Share Membership: Location A; or	1	0	0	0
Bike Share Membership: Location S		2	0	0	0	0
ACTIVE	Bicycle Repair Station	1	0	1	0	1
ACTIVE	Bicycle Maintenance Services	1	0	0	0	0
ACTIVE	Fleet of Bicycles	1	0	0	0	1
ACTIVE	Bicycle Valet Parking	1	0	0	0	0
CARSHARE	Car-share Parking and Membership: Option A; or	1	0	0	0	0
	Car-share Parking and Membership: Option B; or	2	0	2	0	2
	Car-share Parking and Membership: Option C; or	3	0	0	0	0
	Car-share Parking and Membership: Option D; or	4	0	0	0	0
	Car-share Parking and Membership: Option E	5	0	0	0	0
RECREATION	Delivery Supportive Amenities	1	0	1	0	1
RECREATION	Provide Delivery Services	1	0	0	0	0



- Required TDM 50% points.
- Proposed Project TDM Plan at 75%.
- \$218,000 contribution to Muni Bus



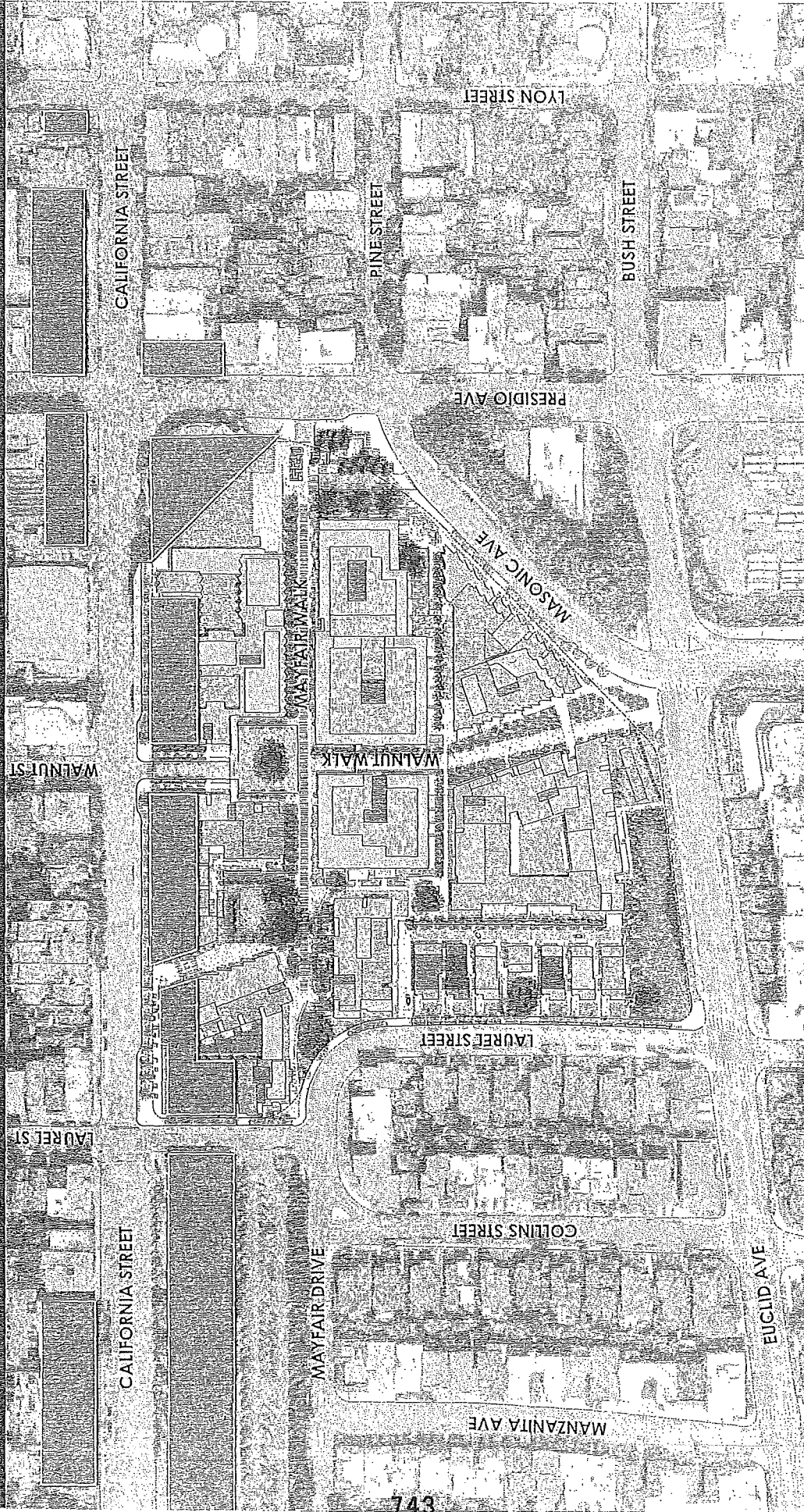
# Neighborhood Shops on California Street



Uninviting Gap in the Retail Fabric of California Street.

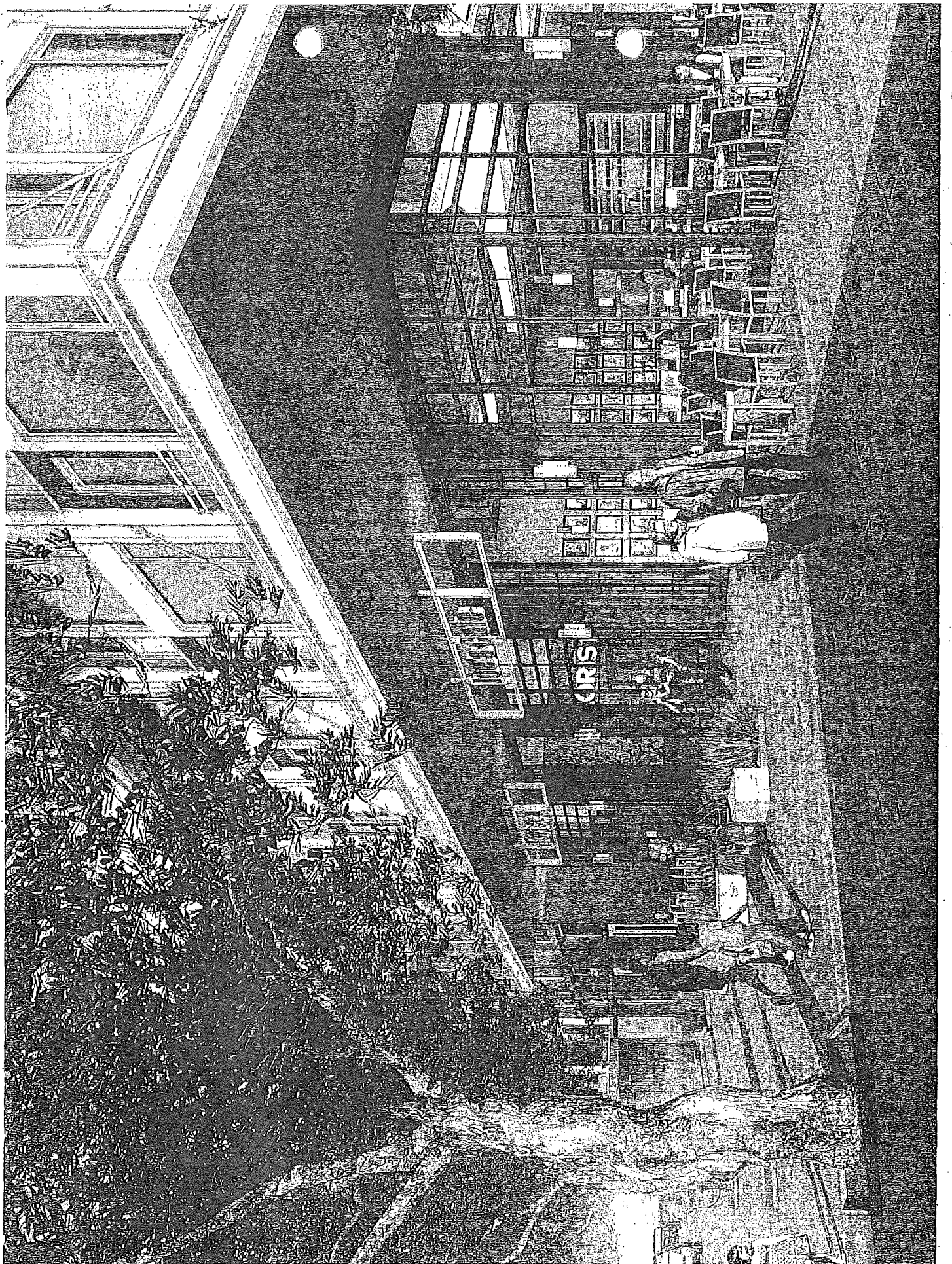


# Neighborhood Retail



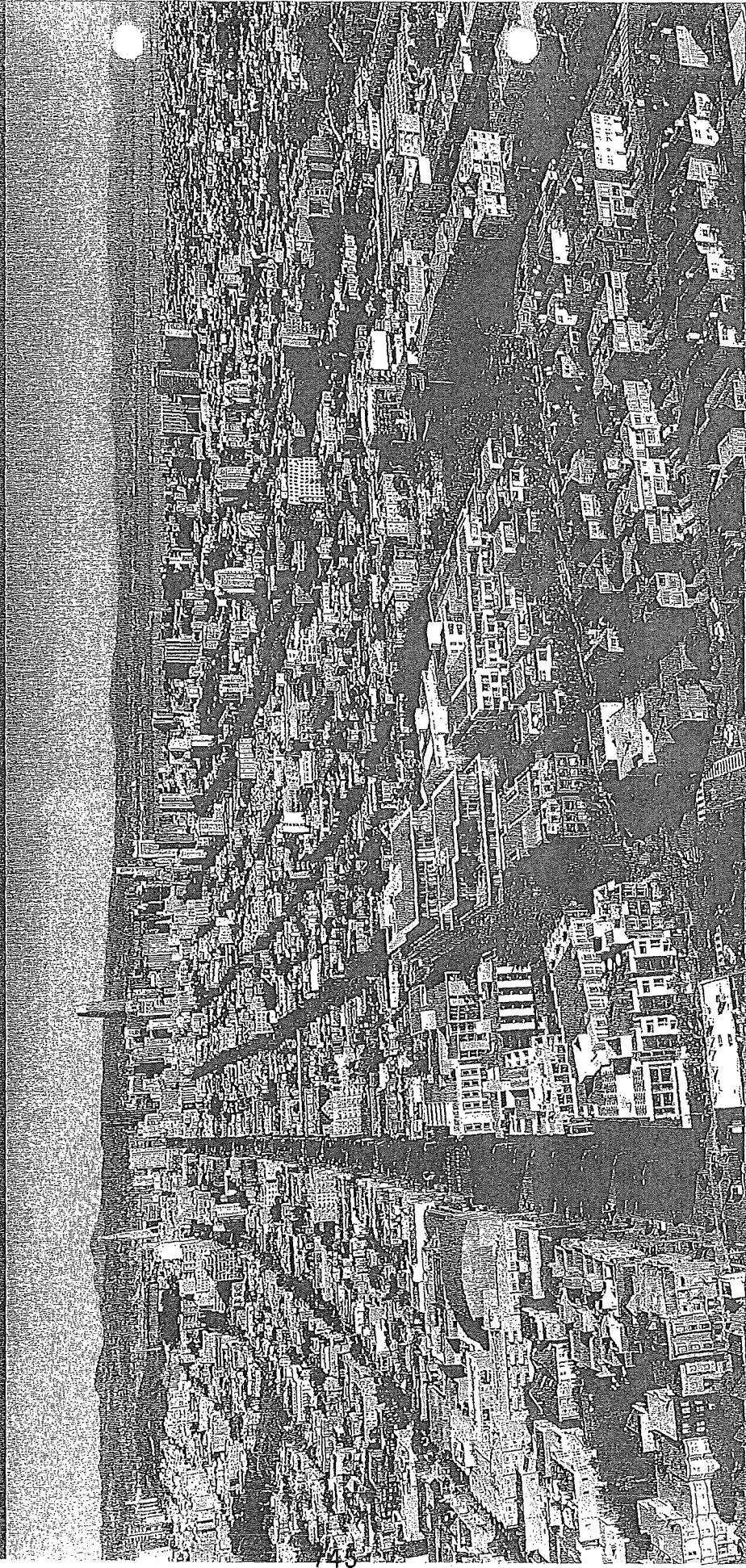
35,000 sf of California Street Retail to Complement Laurel Village





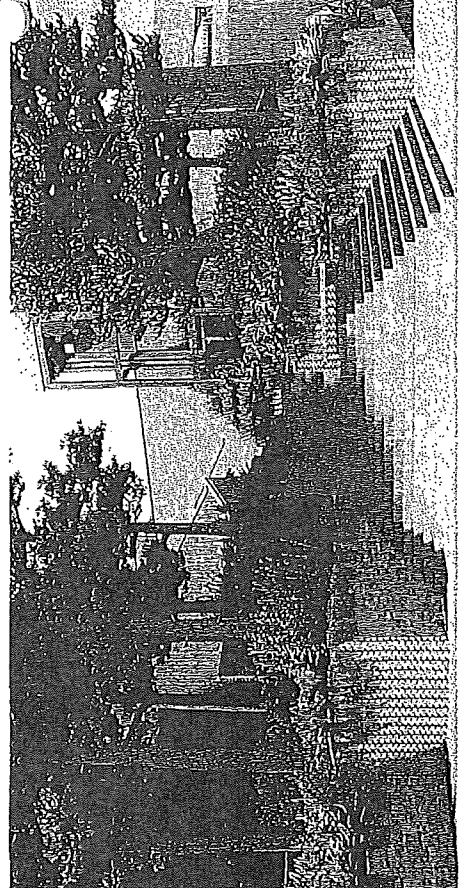
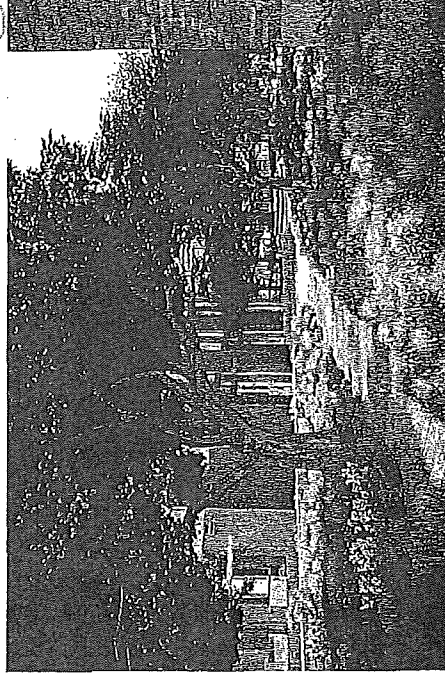
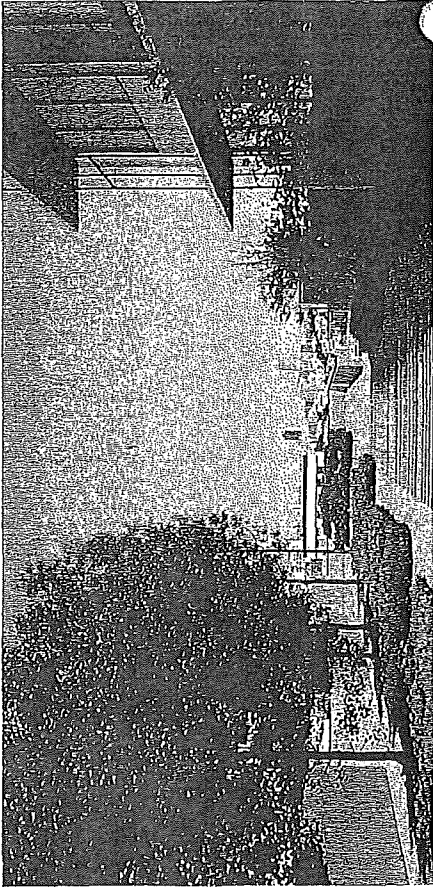


**FUTURE: 10 ACRES TRANSFORMED INTO HOMES, AFFORDABLE  
HOUSING, OPEN SPACE, CHILDCARE & SHOPS**

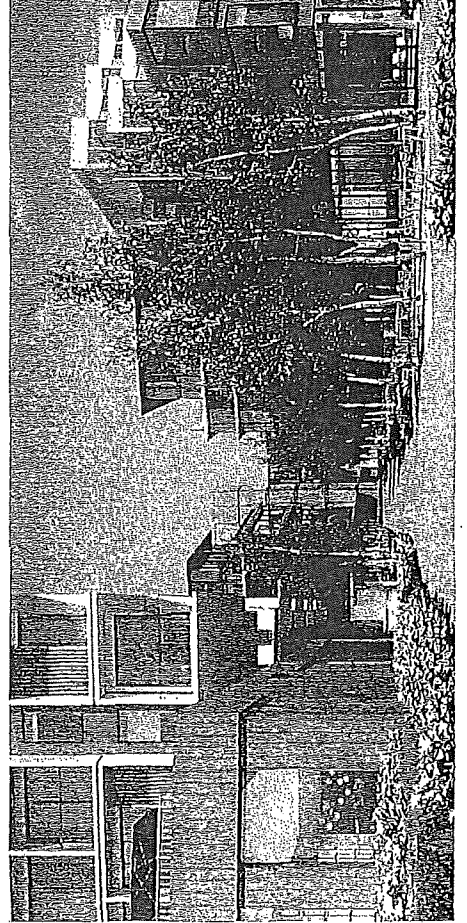
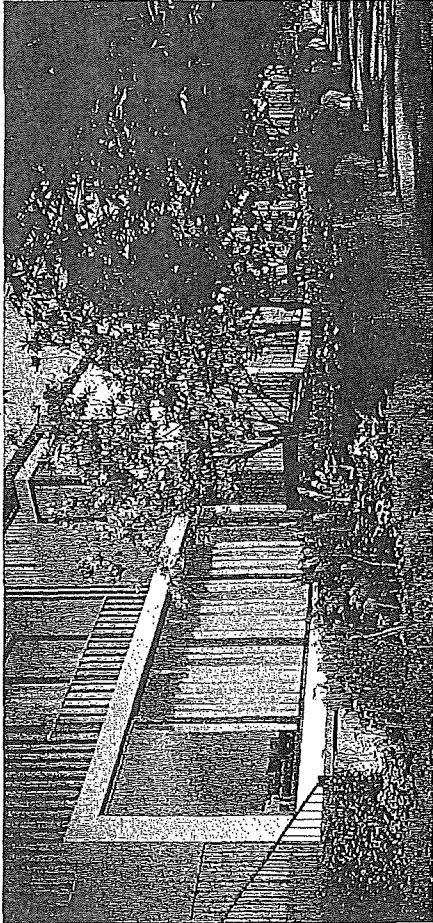


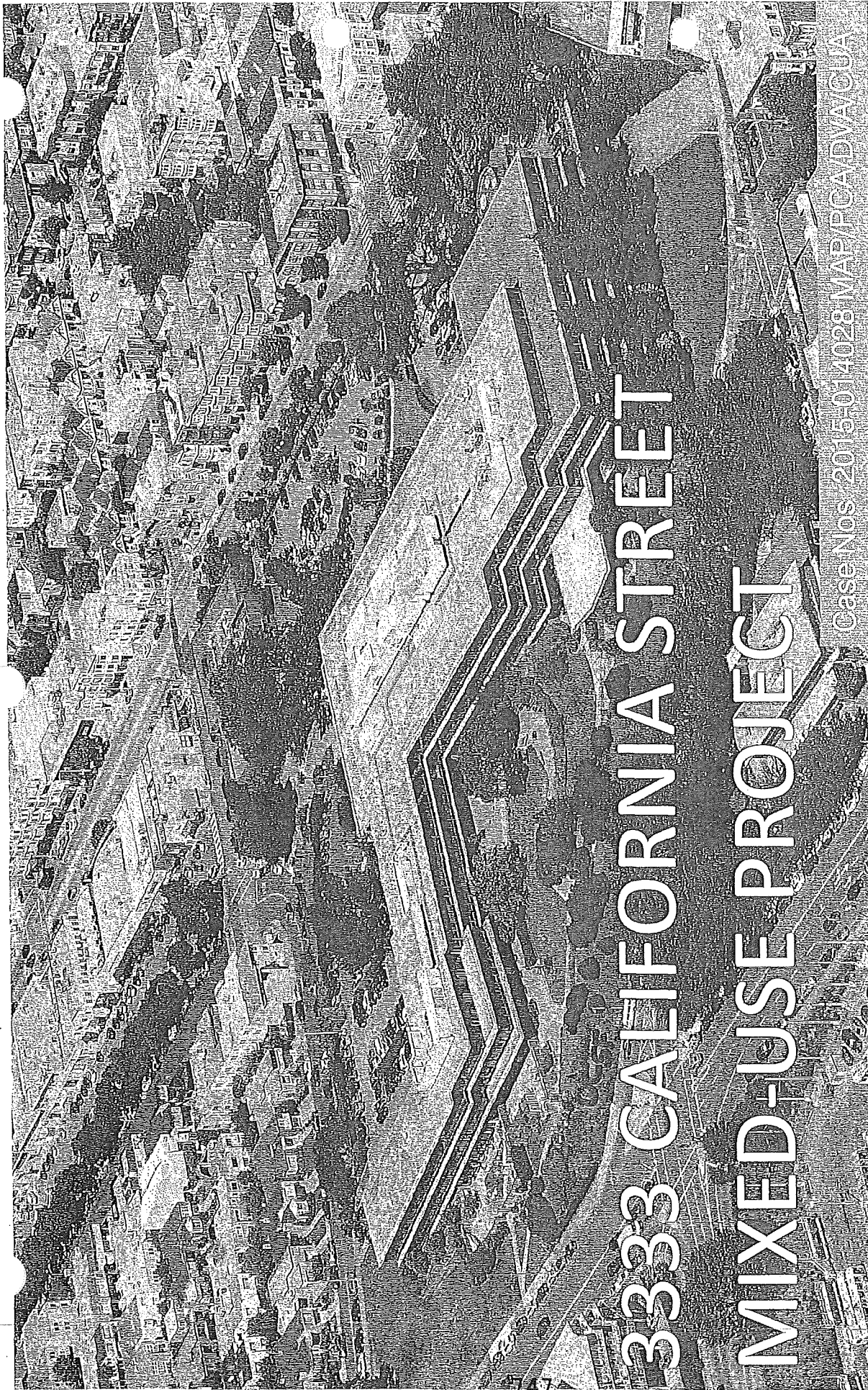
**A Walkable, Connected, and Sustainable Community**





Thank You





San Francisco Board of Supervisors  
Land Use and Transportation Committee  
October 21, 2019



San Francisco  
**Planning**

## SUMMARY OF ITEMS FOR CONSIDERATION TODAY

Consideration of 3 Ordinances:

- Planning Code Text and Map Amendments (File No. 190844)
- Development Agreement (File No. 190845)
- Major Encroachment Permit (File No. 190947)



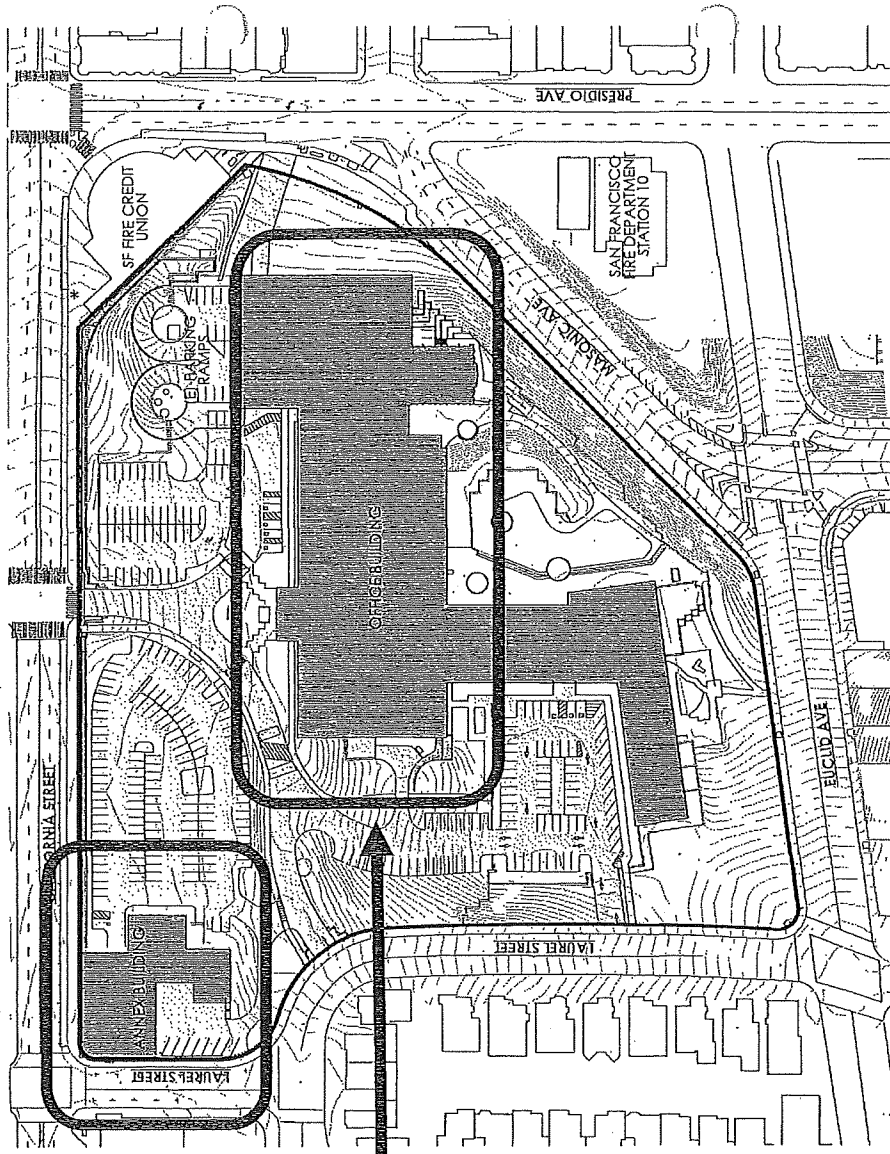
## SUMMARY FROM 9/5 PLANNING COMMISSION HEARING

- Certified the Final Environmental Impact Report under CEQA
- Adopted findings and a statement of overriding consideration under CEQA
- Recommended that the Board of Supervisors approve the SUD Ordinance
- Recommended that the Board of Supervisors approve a Development Agreement ("DA")
- Approved a request for Conditional Use Authorization for a Planned Unit Development

# PROJECT SYNOPSIS

- Demolish existing annex building.
- Partial demolition and adaptive reuse of existing center office building for residential uses.

Existing Site Plan

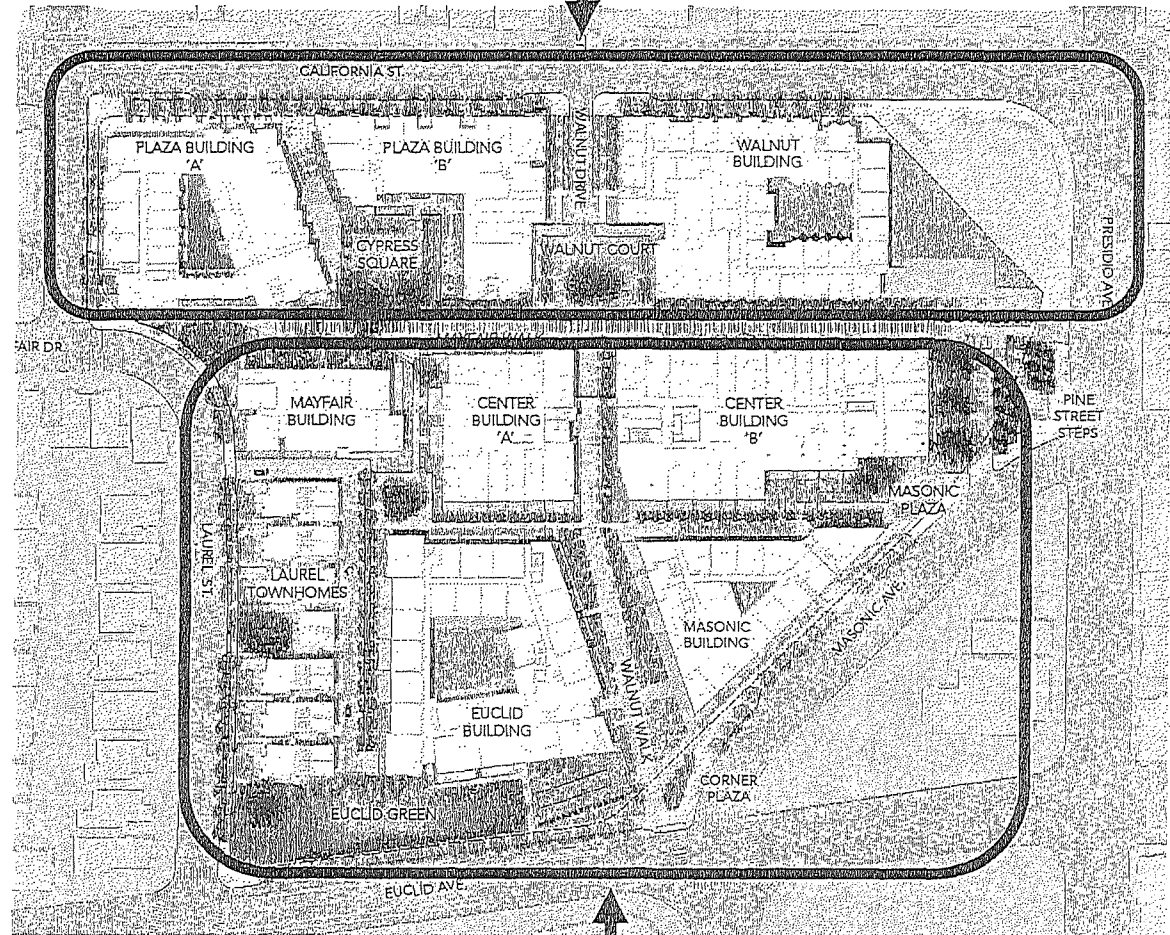




# PROJECT SYNOPSIS

- Construct 13 new buildings as either residential-only buildings or mixed-use buildings containing non-residential uses on the first and second floors.

Mixed-Use Buildings  
Proposed Site Plan



Residential-only Buildings

## PROJECT SYNOPSIS

- 1,428,000 square feet (sf) of uses:
- Residential:
  - 978,000 sf of residential floor area
  - 744 dwelling units (25% provided as senior affordable)
- Non-Residential:
  - 35,000 sf of retail floor area
  - 15,000 sf child care facility
- 857 vehicular spaces (including 10 car-share spaces)
- 839 Class 1 and 2 bicycle parking spaces

## PLANNING CODE TEXT AND MAP AMENDMENTS

- Allows non-residential uses within 1st and 2nd story of all buildings fronting California Street (subject to NC-S Zoning Controls) and:
  - Flexible Retail Uses
  - Social Service or Philanthropic Facilities
- Useable open space calculated on site-wide basis.
- Relaxes parking requirements for Child Care Facility
- Inclusionary housing + child care compliance through DA controls
- Permit review/compliance through Planning Director determination
- Extinguishes City Planning Commission Resolution No. 4109
- No Discretionary Review for projects within SUD

# DEVELOPMENT AGREEMENT

- 15 year term
- Vesting and phasing rights for developer
- Key Community Benefits
  - 25% on-site senior affordable housing units
  - Public open space & accessible pedestrian pathways
  - Childcare center with 10% of seats for low-income families
  - TDM commitments above code-requirement
  - Workforce program participation (LBE & First Source)
  - SFFD AWSS community benefit fee

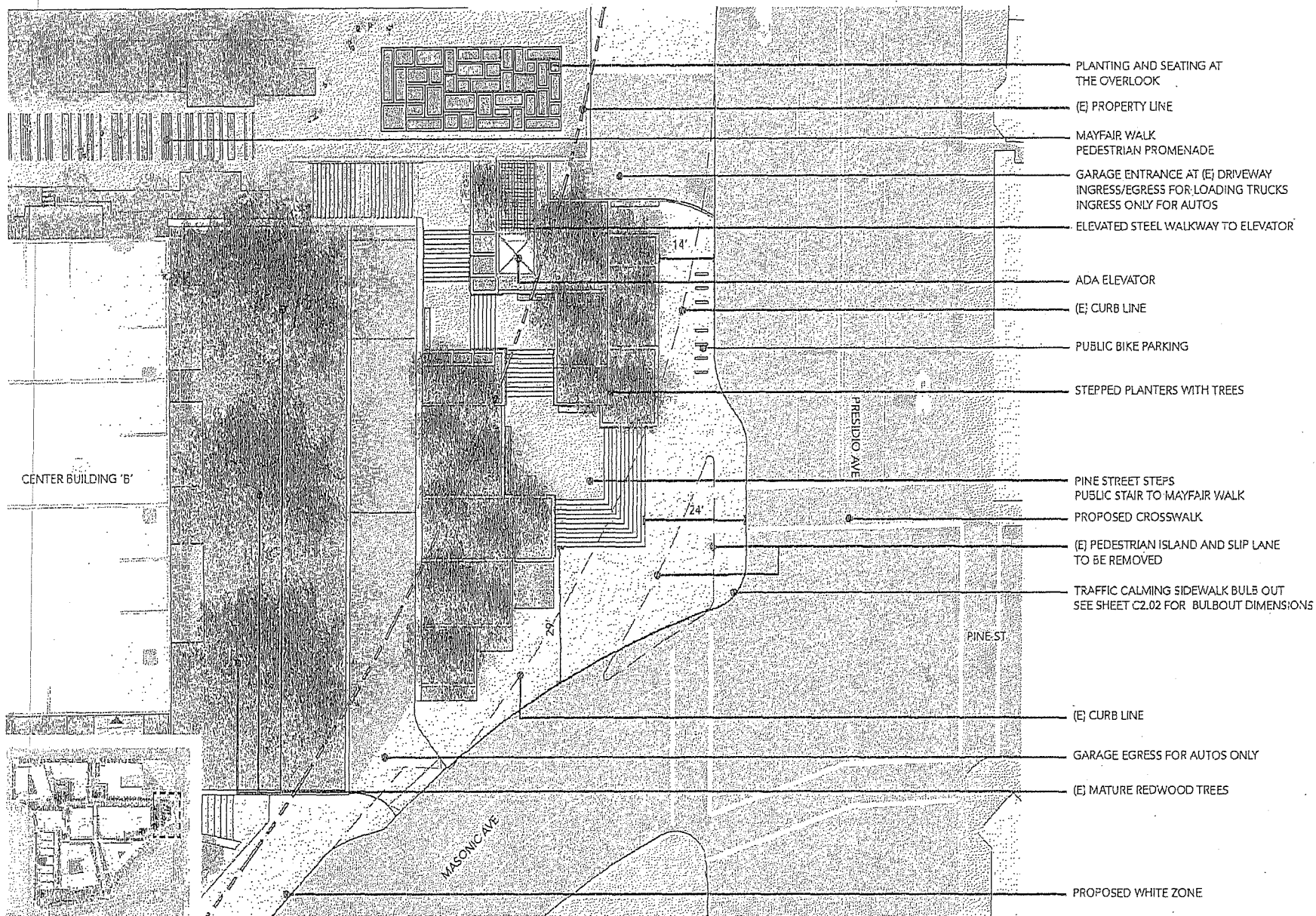
# DEVELOPMENT AGREEMENT

## ■ Affordable Housing Plan

- 25% on-site affordable housing dedicated to low-income seniors; 185 senior units & 1 on-site manager's unit
- Located in proposed Walnut Senior Affordable Building on California Street close to retail, amenities, transit, and co-located with childcare center
- Developer-funded, no City subsidies in project
- Developer must build and open Walnut Senior Affordable Building before more than 386 market rate units are complete.

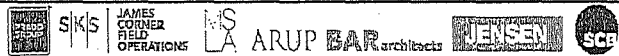
# DEVELOPMENT AGREEMENT

- As security to ensure Walnut Senior Affordable Building is completed:
  - Developer must fee-out into a special escrow account for each market rate unit built prior to Walnut Senior Affordable Building completion
  - Developer must place on the parcel a deed of trust in favor of the City at inception of the project
  - If developer has not completed and opened Walnut Building by year 12 of the DA term, the City may take possession of the parcel at no cost and use escrow funds to complete the senior housing project
- City and developer are working with the Housing Accelerator Fund to try to accelerate the construction of the Walnut Senior Affordable Building.

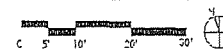


3333 CALIFORNIA STREET SAN FRANCISCO, CA

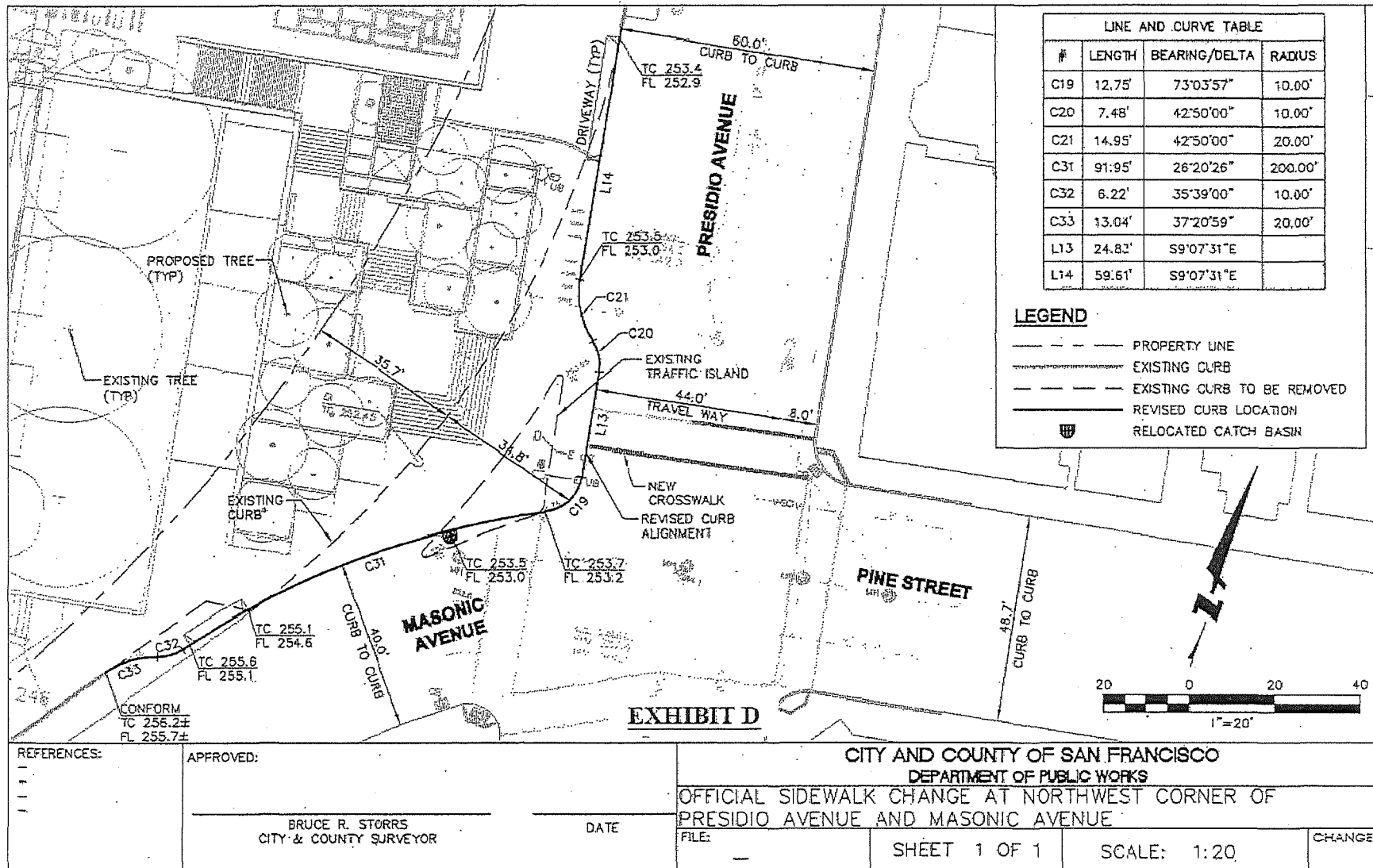
ENLARGED PLAN - PINE STREET STEPS STREETScape IMPROVEMENTS



07.03.2019  
PLANNING APPLICATION SUBMITTAL



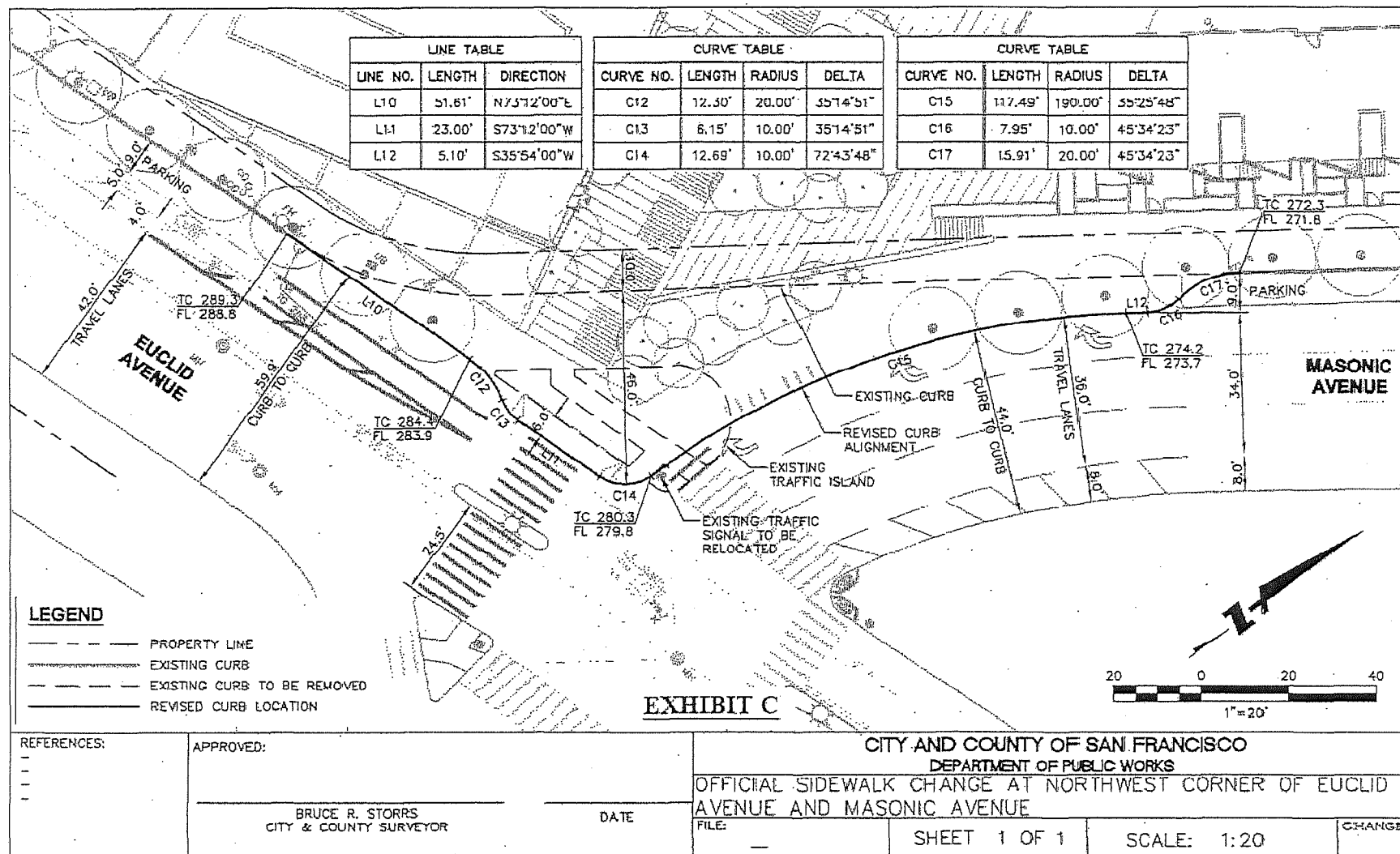
L2.03

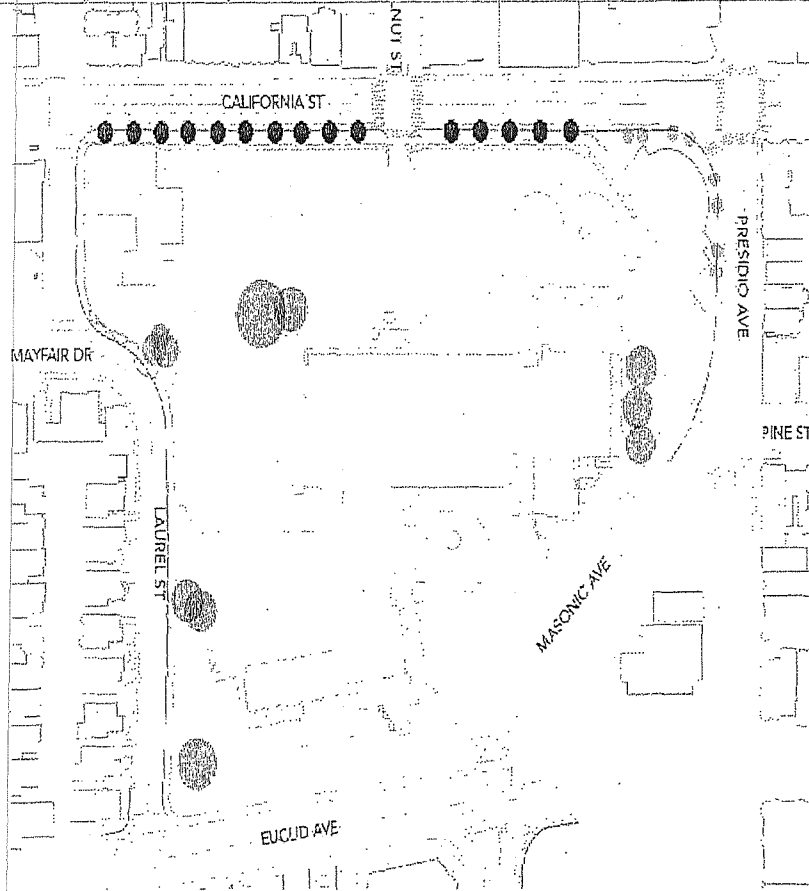






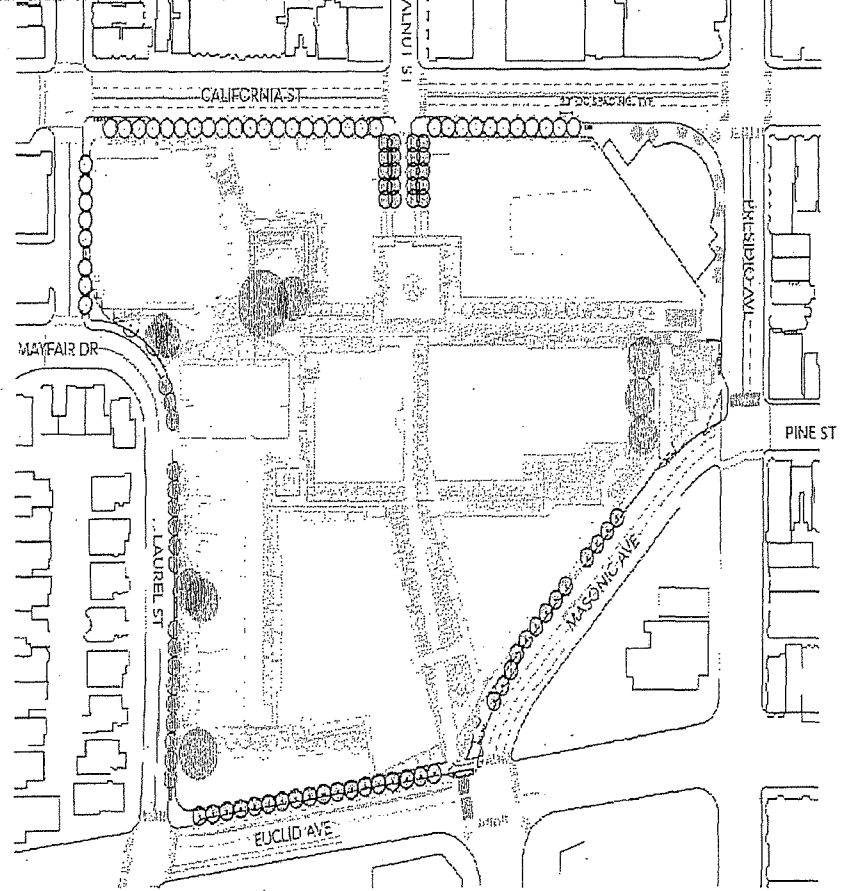
- (E) PROPERTY LINE
- (E) CURB LINE
- LANDSCAPE TREES AND SEATING AREA
- STAIR TO WALNUT WALK AND MASONIC BUILDING
- (N) STREET TREES
- TRAFFIC CALMING SIDEWALK BULB OUT  
SEE SHEET C2.02 FOR BULBOUT DIMENSIONS
- LANDSCAPE TREES AND PLANTER
- LOW LANDSCAPE WALL TO MITIGATE GRADES
- PUBLIC BIKE PARKING
- RIGHT TURN LANE
- EXTEND (E) CROSSWALK TO NEW BULBOUT
- (E) PEDESTRIAN ISLANDS TO BE REMOVED
- (E) CURB LINE
- (E) PEDESTRIAN ISLAND TO REMAIN
- (E) CROSSWALK
- PROPOSED WHITE ZONE
- STEPPED LANDSCAPE PLANTERS





EXISTING STREET TREES

- EXISTING STREET TREES (15) "IN FRONT OF THE PROJECT" LINE
- EXISTING STREET TREES (6) AT ADJOINING PROPERTY
- KEY TREES TO BE PRESERVED (11)



PROPOSED STREET TREES

- PROPOSED STREET TREES AT CALIFORNIA ST (29) FRUITLESS OLIVE (OLEA EUROPEA SWAN HILL)
- PROPOSED STREET TREES (41) GINKGO BILBOBA (GINKGO BILBOBA PRINCE OF WENTZ)
- PROPOSED STREET TREES (15) AUCUBA QUINQUEFIDA
- KEY TREES TO BE PRESERVED (11)
- EXISTING STREET TREES (6) AT ADJOINING PROPERTY

3333 CALIFORNIA STREET SAN FRANCISCO, CA

SITE DIAGRAM - STREET TREES



October 21, 2019

Catherine Stefani  
Supervisor District 2  
1 Dr. Carlton B. Goodlett Place  
Room 244  
San Francisco, CA 94102

Re: Letter of Intent: Laurel Heights Partners LLC and Laurel Village Merchants Association

Dear Supervisor Stefani:

As you know, Laurel Heights Partners, LLC ("LHP") and the Laurel Village Merchants Association ("LVMA") have met a number of times over the last few years to discuss the proposed redevelopment of 3333 California Street, San Francisco, California (the "Property"). LHP's goal is for the proposed project to complement the existing retail businesses at Laurel Village Shopping Center (3400 block of California Street), enhancing the existing vibrant, well-loved neighborhood shopping street with some additional community-serving retailers. LHP is issuing this letter outlining our commitments to LVMA pursuant to your guidance and recommendation.

LHP's proposed re-development concept for the Property at 3333 California includes 744 residential units, 34,496 square feet of retail and 14,665 square feet of childcare uses, along with associated parking and a significant amount of publicly accessible open space (the "Project"). LHP and LVMA have been engaged in ongoing discussions regarding the Project and the opportunities to work together which have been outlined below:

1. Co-Branding and Marketing Partnership. LHP would like to partner with LVMA on a cross-marketing and branding strategy to increase the visibility of the Laurel Village Shopping Center for local residents, specifically highlighting the new retail mix, walk-ability and convenience. LHP has initiated work on a website and marketing materials that would bring a fresh new exposure for the Laurel Village merchants and the district.

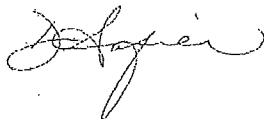
2. Restrictions on Future Grocery Store Tenants. LHP agrees that if the two existing grocery stores in Laurel Village (Cal Mart and Bryan's) are in operation that no retail space contained in the 3333 California Property shall be leased to a General Grocery Store (as defined in Section 102 of the Planning Code), except with the prior written consent of the LVMA, whose consent may be granted, withheld or conditioned in their sole and absolute discretion under the then-existing voting protocols of the LVMA.

3. Public Parking Management Plan. LVMA currently manages and maintains the surface parking area at the rear of the Laurel Village Shopping Center. LVMA is concerned that customer parking demand from the retail shops at 3333 California could create burdens on the LVMA parking lot. LHP will work with LVMA (and potentially MTA) to create a parking program that would include parking validation for 90 minutes in the 3333 California Street garage for merchants of the 3333 California Street project AND merchants of the Laurel Village Shopping Center, effectively providing free validated parking for customers of the Laurel Village Shopping Center in the 3333 California project. Although LHP believes the parking program can be implemented under the currently pending entitlements for the Project, any parking program will be subject to the final entitlements for the Project and applicable laws, including the Project's CEQA clearance, mitigation measures, and conditions of approval, and in no event will LHP be required to undertake additional environmental review or obtain additional discretionary approvals in order to implement the program.

Kind Regards,

Laurel Heights Partners LLC,  
a Delaware limited liability company  
By: 3333 California LP, a Delaware limited partnership,  
Its Managing Member  
By: PSKS LH LLC, a Delaware limited liability company,  
Its General Partner  
By: Prado LH LLC, a California limited liability company,  
Its Managing Member

By:



Daniel J. Safier, Its Manager

San Francisco Tree Campaign  
P. O. Box 421949  
San Francisco, CA 94142-1949

Board of Supervisors  
Land Use and Transportation Committee  
1 Dr. Carlton B. Goodlett Place,  
San Francisco, CA 94102

October 20, 2019  
RE: #190844, #190845 and# 190947  
3333 California Street

Dear Board of Supervisors,

This project was heard on September 5, 2019 in front of the planning commission and do not know if the community that is impacted by this project is going to appeal since the community had an alternative plan that built the same housing and save all the trees on this site. This item was heard in from DPW on September 18, 2019.

So I find that DPW has not issue a ruling on trees. We feel that this premature to have these items heard before a ruling.

The significant trees on the site some of them are from Laurel Hill Cemetery in 1958. Therefore these trees are over 61 years old.

We find that DPW need to keep these trees and strike the trees from this proceeding.

Sincerely,

San Francisco Tree Campaign

**change.org**

Recipient: mohammed nuru, mohammed.nuru@sfdpw.org

Letter: Greetings,

Save 34 Trees at 3333 California Street

# Comments

Name	Location	Date	Comment
Patricia Vaughey	San Francisco, CA	2019-08-30	"Patricia Vaughey"
David Campbell	San Francisco, CA	2019-08-30	"Important!"
Donna Tuttle	San Francisco, CA	2019-08-30	"I am so sick of seeing all our beautiful life giving trees cut down."
Michael Nulty	San Francisco, CA	2019-09-01	"Mature trees are a valuable commodity in San Francisco because they take a long time to establish and then become gorgeous specimens that provide shade and year-round benefit to wildlife. Protecting them by keeping them in great health is an effective way to invest in the long-term look of your landscape. All benefits must be given to keep our trees."
Jack Gescheidt	Petaluma, CA	2019-09-03	"Too many trees, in and outside cities are being cut down. We should be planting far MORE trees, not continually killing handfuls and dozens and scores of them for every little building project. Nor be "replacing" healthy, mature trees, in parks or on streets, with saplings. Leave these precious trees to keep providing all their many ecological and community service, and then plant many more! Every developer should be prevented from killing any trees, even street trees, and ALSO required to plant many more trees, in streets and nearby parks, to attempt to offset the carbon emissions of their "improvement" and "development" projects. In a phrase, we need MORE trees now, not fewer!"
Jorge Noriega Sevilla	Mexico, Mexico	2019-09-09	"Such environmental damage should be avoided and nature's protection must be priority by any urban project, for our own future's safe and wellness."
Lauren Abrams	S.F., CA	2019-09-11	"Mature trees create oxygen and beautify the city. Please save these trees"
Adrienne Ferrari	San Francisco, CA	2019-09-13	"This is absolute rubbish! In case no one at City Hall noticed, we are officially in the climate crisis era, which makes trees especially mature trees more important than ever. To put development above this issue is flat out wrong. Get it the heck together! Trees now more than ever. #💎💎"
Jack Gescheidt	Petaluma, CA	2019-09-15	"One previous commentator (AF) got it just right IMO - mature trees are today more important than ever before. Each tree is not ONLY a valuable environmental and emotional resource providing shade and cooling and beautification and animal habitat in an urban environment, but also an EXAMPLE that San Francisco, of all places, should be, MUST be an example for valuing all trees, everywhere. To keep treating trees, as this plan does, as an expendable or "replaceable" object of little or no value is absurd and egregious. C'mon people, let's press on our elected officials to change their attitudes, and thus its policies and behavior. We should be replacing concrete and pavement, not 20, 50 and 100-year old trees that sequester carbon, produce oxygen and have an indispensable role to play in mitigating the environmental disaster we short-sighted humans have ourselves



Name	Location	Date	Comment
			created. More about trees and their incredible ecological service is here: <a href="http://www.TreeSpiritProject.com/WhatTreesDo">http://www.TreeSpiritProject.com/WhatTreesDo</a> "
roz arbel	san francisco, CA	2019-09-16	"In this age of climate change, San Francisco should be retaining it's canopy, not destroying it! There's NO REASON to remove 187 mature, vibrant, and viable trees."
Trish Haugen	Vancouver, WA	2019-09-17	"We need all the trees we can get with impending climate crisis💎"
Patrick McGowan	San Francisco, CA	2019-09-17	"Shameful"
Wendy Sharp	San Francisco, CA	2019-09-17	"Mature Trees are Needed!"
Robert Friedman	San Francisco, CA	2019-09-17	"Stop 💎 this right here##"
Linda lau	San Francisco, CA	2019-09-17	"More than ever, we need to have as many trees as possible to help us fight climate change."
Idalia Ramos	San Francisco, CA	2019-09-18	"We need all the trees to keep us cool, we can't afford to cut any down"
Paul Aguilar	San Francisco, CA	2019-10-20	"We need trees for air especially after the fires in the Amazon. secondly developers in San Francisco I've had far too much leeway in what they destroy to put up expensive Lego housing."

**All public testimony received for  
companion Files Nos. 190947, 190844,  
and 190845 can be found in  
File No. 190845**

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

September 11, 2019

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On September 3, 2019, Supervisor Stefani submitted the following proposed legislation:

File No. 190844-2

Ordinance amending the Planning Code to add Section 249.86 to create the 3333 California Street Special Use District and amending Sectional Maps SU03 and HT03 of the Zoning Map; and making environmental findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

File No. 190845-2

Ordinance approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners, LLC, a Delaware limited liability company, for the development of an approximately 10.25-acre site located at California Street at Presidio Avenue with various public benefits, including 25% affordable housing, a child care center comprised of approximately 14,665 square feet, and approximately 4.47 acres of open space; making findings under the California Environmental Quality Act, findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b); approving certain development impact fees for the project, and waiving certain Planning Code fees and requirements; and confirming compliance with or waiving certain provisions of Administrative Code, Chapter 56, and ratifying certain actions taken in connection therewith, as defined herein.

The proposed ordinances are being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinances are pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

c: John Rahaim, Director  
Scott Sanchez, Acting Deputy Zoning Administrator  
Corey Teague, Zoning Administrator  
Lisa Gibson, Environmental Review Officer  
Devayani Jain, Deputy Environmental Review Officer  
AnMarie Rodgers, Director of Citywide Planning  
Dan Sider, Director of Executive Programs  
Aaron Starr, Manager of Legislative Affairs  
Joy Navarrete, Environmental Planning  
Don Lewis, Environmental Planning

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection  
John Rahaim, Director, Planning Department  
Kate Hartley, Director, Mayor's Office of Housing and Community Development  
Shireen McSpadden, Executive Director, Department of Aging and Adult Services

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: September 11, 2019

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Stefani on September 3, 2019:

**File No. 190844**

Ordinance amending the Planning Code and Zoning Map to create the 3333 California Street Special Use District; and making environmental findings, findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public convenience, necessity, and welfare under Planning Code, Section 302.

**File No. 190845**

Ordinance approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners, LLC, a Delaware limited liability company, for the development of an approximately 10.25-acre site located at California Street at Presidio Avenue (3333 California Street), with various public benefits, including 25% affordable housing, a child care center comprised of approximately 14,665 square feet, and approximately 2.87 acres of privately owned, publicly accessible open space; making findings under the California Environmental Quality Act, and findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b); approving certain development impact fees for the project, and waiving certain Planning Code fees and requirements; confirming compliance with or waiving certain provisions of Administrative Code, Chapter 56; ratifying certain actions taken in connection with the Development Agreement, as described herein; and authorizing certain actions to be taken under the Development Agreement, as described herein.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [erica.major@sfgov.org](mailto:erica.major@sfgov.org).

- c: William Strawn, Department of Building Inspection
- Carolyn Jayin, Department of Building Inspection
- Scott Sanchez, Planning Department
- Corey Teague, Planning Department
- Lisa Gibson, Planning Department
- Devyani Jain, Planning Department
- AnMarie Rodgers, Planning Department
- Dan Sider, Planning Department
- Aaron Starr, Planning Department
- Joy Navarrete, Planning Department
- Don Lewis, Planning Department
- Eugene Flannery, Mayor's Office of Housing and Community Development
- Bridget Badasow, Department of Aging and Adult Services

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

August 5, 2019

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On July 30, 2019, Supervisor Stefani submitted the following proposed legislation:

**File No. 190844**

**Ordinance amending the Planning Code to add Section 249.86 to create the 3333 California Street Special Use District and amending Sectional Maps SU03 and HT03 of the Zoning Map; and making environmental findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

**File No. 190845**

**Ordinance approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners, LLC, a Delaware limited liability company, for the development of an approximately 10.25-acre site located at California Street at Presidio Avenue with various public benefits, including 25% affordable housing, a child care center comprised of approximately 14,665 square feet, and approximately 4.47 acres of open space; making findings under the California Environmental Quality Act, findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b); approving certain development impact fees for the project, and waiving certain Planning Code fees and requirements; and confirming compliance with or waiving certain provisions of Administrative Code, Chapter 56, and ratifying certain actions taken in connection therewith, as defined herein.**

The proposed ordinances are being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinances are pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

c: John Rahaim, Director  
Scott Sanchez, Acting Deputy Zoning Administrator  
Corey Teague, Zoning Administrator  
Lisa Gibson, Environmental Review Officer  
Devyani Jain, Deputy Environmental Review Officer  
AnMarie Rodgers, Director of Citywide Planning  
Dan Sider, Director of Executive Programs  
Aaron Starr, Manager of Legislative Affairs  
Joy Navarrete, Environmental Planning  
Don Lewis, Environmental Planning

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection  
John Rahaim, Director, Planning Department  
Kate Hartley, Director, Mayor's Office of Housing and Community Development  
Shireen McSpadden, Executive Director, Department of Aging and Adult Services

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: August 5, 2019

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Stefani on July 30, 2019:

**File No. 190844**

Ordinance amending the Planning Code to add Section 249.86 to create the 3333 California Street Special Use District and amending Sectional Maps SU03 and HT03 of the Zoning Map; and making environmental findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

**File No. 190845**

Ordinance approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners, LLC, a Delaware limited liability company, for the development of an approximately 10.25-acre site located at California Street at Presidio Avenue with various public benefits, including 25% affordable housing, a child care center comprised of approximately 14,665 square feet, and approximately 4.47 acres of open space; making findings under the California Environmental Quality Act, findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b); approving certain development impact fees for the project, and waiving certain Planning Code fees and requirements; and confirming compliance with or waiving certain provisions of Administrative Code, Chapter 56, and ratifying certain actions taken in connection therewith, as defined herein.

---

If you have comments or reports to be included with the files, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [erica.major@sfgov.org](mailto:erica.major@sfgov.org).

- c: William Strawn, Department of Building Inspection
- Carolyn Jayin, Department of Building Inspection
- Scott Sanchez, Planning Department
- Corey Teague, Planning Department
- Lisa Gibson, Planning Department
- Devyani Jain, Planning Department
- AnMarie Rodgers, Planning Department
- Dan Sider, Planning Department
- Aaron Starr, Planning Department
- Joy Navarrete, Planning Department
- Don Lewis, Planning Department
- Eugene Flannery, Mayor's Office of Housing and Community Development
- Bridget Badasow, Department of Aging and Adult Services



BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## NOTICE OF PUBLIC HEARING

### BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO

#### LAND USE AND TRANSPORTATION COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposals and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

**Date:** Monday, October 21, 2019

**Time:** 1:30 p.m.

**Location:** Legislative Chamber, Room 250, located at City Hall  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

**Subjects:** **File No. 190844.** Ordinance amending the Planning Code and Zoning Map to create the 3333 California Street Special Use District; and making environmental findings, findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public convenience, necessity, and welfare under Planning Code, Section 302.

**File No. 190845.** Ordinance approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners, LLC, a Delaware limited liability company, for the development of an approximately 10.25-acre site located at California Street at Presidio Avenue (3333 California Street), with various public benefits, including 25% affordable housing, a child care center comprised of approximately 14,665 square feet, and approximately 2.87 acres of privately owned, publicly accessible open space; making findings under the California Environmental Quality Act, and findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b); approving certain development impact fees for the project, and waiving certain Planning Code fees and requirements; confirming compliance with or waiving certain provisions of Administrative Code, Chapter 56; ratifying certain actions taken in connection with the Development Agreement, as described herein; and authorizing certain actions to be taken under the Development Agreement, as described herein.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on these matters may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public records in these matters, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to these matters are available in the Office of the Clerk of the Board. Agenda information relating to these matters will be available for public review on Friday, October 18, 2019.

A handwritten signature in cursive script, appearing to read "Angela Calvillo".

f Angela Calvillo, Clerk of the Board

Print Form

## Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
9/3/19 @ 5:39pm  
S

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☐ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning : "Supervisor [ ] inquiries"
- ☐ 5. City Attorney Request.
- ☐ 6. Call File No. [ ] from Committee.
- ☐ 7. Budget Analyst request (attached written motion).
- ☒ 8. Substitute Legislation File No. 190844
- ☐ 9. Reactivate File No. [ ]
- ☐ 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission
- ☐ Youth Commission
- ☐ Ethics Commission
- ☐ Planning Commission
- ☐ Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Stefani

Subject:

Planning Code; Zoning Map - 3333 California Street Special Use District

The text is listed:

Ordinance amending the Planning Code and Zoning Map to create the 3333 California Street Special Use District; and making environmental findings, findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and findings of public convenience, necessity, and welfare under Planning Code, Section 302.

Signature of Sponsoring Supervisor: [Signature]

For Clerk's Use Only

Print Form

## Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2019 JUL 30 PM 2:50  
or meeting date

I hereby submit the following item for introduction (select only one):

- ☒ 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☐ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning : "Supervisor [ ] inquiries"
- ☐ 5. City Attorney Request.
- ☐ 6. Call File No. [ ] from Committee.
- ☐ 7. Budget Analyst request (attached written motion).
- ☐ 8. Substitute Legislation File No. [ ]
- ☐ 9. Reactivate File No. [ ]
- ☐ 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission      ☐ Youth Commission      ☐ Ethics Commission
- ☒ Planning Commission      ☐ Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Stefani

Subject:

Planning Code, Zoning Map — 3333 California Street Special Use District

The text is listed:

Ordinance amending the Planning Code to add Section 249.XX to create the 3333 California Street Special Use District and amending Sectional Maps SU03 and HT03 of the Zoning Map to reflect the 3333 California Street Special Use District; and making environmental findings, and findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1.

Signature of Sponsoring Supervisor: [ ]

For Clerk's Use Only

