

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "MOU"), dated as of February 1, 2019 (the "Effective Date"), is between the San Francisco Municipal Transportation Agency (SFMTA) and the Mayor's Office of Housing and Community Development (MOHCD).

RECITALS

A. The City and County of San Francisco (the City), through MOHCD, owns real property located at 2340 San Jose Avenue, as more particularly described in the attached Exhibit A (the 2340 San Jose Property). The City also has made a loan, for predevelopment costs and the construction of affordable housing, to the owner of real property located at 500 Turk Street, as more particularly described in the attached Exhibit B (the 500 Turk Property).

B. On October 11, 2018, by Notice of Final Approval of an SB 35 Project, the Planning Department, in case No. 2017-012151PRJ, determined that the development of the mixed-use, 130-unit affordable residential building project (with proposed ground floor retail, community facility, child care facility with outdoor activity area, and lot line adjustment) at the 2340 San Jose Property (Block 6973 / Lot 039), met all the standards of the Planning Code and would be eligible for ministerial approval under California Government Code Section 65913.4 (Senate Bills 35 and 765), California Public Resources Code Section 21080(b)(1), and Sections 15002(i)(1), 15268, and 15369 of the California Environmental Quality Act (CEQA) Guidelines, and would therefore not be subject to CEQA.

C. On January 9, 2017, Tenderloin Neighborhood Development Corporation, the developer of the 500 Turk Property, filed an Environmental Evaluation Application with the Planning Department for new construction of an eight-story, mixed-use development for use as a 100-percent affordable housing project, with 107 affordable dwelling units, one manager's unit, ground floor retail, and residential common spaces that include residential services and common usable space. On March 29, 2018, under Motion No. 20148, the Planning Commission certified a Final Environmental Impact Report, pursuant to CEQA Guidelines 15183.3 and California Public Resources Code Section 21094.5.

D. MOHCD issued a Request for Qualification (RFQ) on April 11, 2016, for the development of new affordable housing on the vacant property at the 2340 San Jose Property (west of the intersection of San Jose and Geneva Avenue, known as Balboa Park Upper Yard) (the Upper Yard Project). MOHCD selected the joint development team of the Related Companies and Mission Housing Development Corporation (MHDC) as the developer for the 100% affordable family housing project with ground floor commercial space.

E. MOHCD issued a Notice of Funding Availability (NOFA) on April 18, 2016, for the acquisition and predevelopment funding of development of affordable multifamily rental housing in San Francisco. MOHCD selected Tenderloin Neighborhood Development Corporation (TNDC) as the developer for the 108-unit, 100% affordable family housing project with ground floor commercial space at the 500 Turk Property (the Turk Street Project).

F. On November 1, 2018, the State of California's Strategic Growth Council and the Department of Housing and Community Development issued a Notice of Funding Availability, under the Affordable Housing and Sustainable Communities (AHSC) Program established under

Public Resources Code Sections 75200, et seq. The AHSC Program provides grants and loans to applicants identified through a competitive process for the development of projects that, under the Program Guidelines, will achieve greenhouse gas reductions and benefit disadvantaged communities through increased accessibility to affordable housing, employment centers and key destinations via low-carbon transportation.

G. MOHCD identified both the Upper Yard Project and the Turk Street Project as strong candidates for AHSC Program funding.

H. The SFMTA has identified several qualifying transit, bicycle and pedestrian improvements to complement the Upper Yard Project. These include improvements to the pedestrian and bicycle facilities on Mission Street and Geneva Avenue, improvements to bicycle facilities on Monterey Street, and improvements to bicycle facilities on Ocean Avenue (the Upper Yard Transportation Improvements). Similarly, improvements to the pedestrian facilities on 6th Street, improvements to the bicycle facilities on 5th Street, and improvements to the bus lanes and transit stops on Geary and O'Farrell Streets (the Turk Street Transportation Improvements) will complement the Turk Street Project. The Upper Yard Transportation Improvements and the Turk Street Transportation Improvements are collectively referred to throughout this document as the "Transportation Improvements."

I. The City, through MOHCD, intends to jointly submit an AHSC application for the Upper Yard Project with Balboa Park Housing Partners, L.P., which included the Upper Yard Project and the Upper Yard Transportation Improvements. MOHCD requested up to \$13,500,000 for the Upper Yard Project and up to \$6,500,000 for Upper Yard Transportation Improvements in the AHSC application.

J. The City, through MOHCD, jointly submitted an AHSC application for the Turk Street Project with 500 Turk, L.P., to include the Turk Street Project and the Turk Street Transportation Improvements. MOHCD requested up to \$13,700,000 for the Turk Street Project and up to \$6,300,000 for the Turk Street Transportation Improvements in the AHSC application.

K. Should the State approve both of the respective application and award both grants, including the funds for the Upper Yard Transportation Improvements and the Turk Street Transportation Improvements (together, the Transportation Improvements), such grant funds will be delivered to the SFMTA, on a reimbursement basis, for the SFMTA's work on the Transportation Improvements.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. Award Amounts. For the Upper Yard Project, MOHCD will receive up to \$13,500,000 of the award for the Upper Yard Project and the SFMTA will receive up to \$6,500,000 for the Upper Yard Transportation Improvements. For the Turk Street Project, MOHCD will receive up to \$13,700,000 of the award for the Turk Street Project and the SFMTA will receive up to \$6,300,000 for the Turk Street Transportation Improvements. Each of the respective City agencies will be required to comply with State regulations and guidance governing the disbursement of the AHSC funds.

2. Project Collaboration. In order for the Upper Yard Project to successfully utilize the Upper Yard Transportation Improvements and for the Turk Street Project to successfully utilize the Turk Street Transportation Improvements, it is vitally important that MOHCD and the SFMTA collaborate effectively, and that both agencies have authority to review applications for

funding related to the GHG reduction goals of the AHSC program. In furtherance of such goals, MOHCD and the SFMTA will each designate a single Project Manager for the Upper Yard Project, who will serve as the points of contact for communications relating to the Upper Yard Project and will be primarily responsible for coordinating the review, comments and approvals processes of their respective agencies relating to the matters described in this MOU. Also in furtherance of such goals, MOHCD and the SFMTA will each designate a single Project Manager for the Turk Street Project, who will serve as the points of contact for communications relating to the Turk Street Project and will be primarily responsible for coordinating the review, comments and approvals processes of their respective agencies relating to the matters described in this MOU. While MOHCD will have overall responsibility for all aspects of the development of the Upper Yard Project, the SFMTA will retain control of the Upper Yard Transportation Improvements and the Turk Street Transportation Improvements.

a. Community Engagement. MOHCD will be solely responsible for community engagement and building community support related to the Upper Yard Project and the Turk Street Project. MOHCD will notify the SFMTA in advance of any public meeting regarding the Upper Yard Project and the Turk Street Project, and MOHCD and the SFMTA will collaborate to provide timely information to the public. The SFMTA will be solely responsible for community engagement and building community support related to the Transportation Improvements. The SFMTA will notify MOHCD in advance of any public meeting regarding the Transportation Improvements, and MOHCD and the SFMTA will collaborate to provide timely information to the public.

b. Affordable Housing Development Plan. MOHCD will be primarily responsible for coordinating the development plans with Related/MHDC and TNDC.

c. Transportation Improvements. Subject to completion of environmental review of the Transportation Improvements and selection of any or all of such Upper Yard Transportation Improvements and/or Turk Street Transportation Improvements for implementation, the SFMTA will be responsible for implementing the projects, and coordinating any such implementation with the developers of the respective development projects.

d. Project Costs. MOHCD will assume all development costs associated with the Upper Yard Project and Turk Street Project. The SFMTA will not be responsible for any development costs of the Upper Yard Project and Turk Street Project other than its own staff time, and will be responsible for all costs directly associated with the consultation, advice, review, and possible implementation of the Transportation Improvements (the "Transportation Improvement Costs" or "Costs").

e. Joint and Several Liability. The City, acting through MOHCD, shall assume any joint and several liability (with the respective developers) for completion of the Transportation Improvements required by the terms of any grant awarded under the AHSC Program. MOHCD shall assume any joint and several liability for completion of the Upper Yard Project and Turk Street Project required by the terms of the grants awarded under the AHSC Program.

f. Transportation Improvement Costs Reimbursement. MOHCD will submit work authorization(s) to the SFMTA for all incurred Transportation Improvement Costs. The SFMTA will directly charge MOHCD's FSP chartfields on a monthly basis, and provide appropriate backup documentation (e.g., invoices from contractors). The SFMTA will be responsible for any costs that may be disallowed by the AHSC Program.

3. Term. The term of this MOU shall commence on the Effective Date and terminate upon completion of the AHSC requirements for the Transportation Improvements, should they

be implemented. In addition, MOHCD and the SFMTA agree that if both the Upper Yard Project and Turk Street Projects are infeasible for any reason at any time prior to execution of the commitment from AHSC (the Standard Agreement), then either party may terminate this MOU upon written notice to the other.

4. Notices. All notices, demands, consents or approvals that are or may be required to be given by either party to the other under this MOU shall be in writing and shall be deemed to have been fully given when delivered in person, and addressed as follows:

If to the SFMTA: Municipal Transportation Agency
1 South Van Ness Avenue, 7th Floor
San Francisco, CA 94103
Attn: Kansai Uchida
kansai.uchida@sfmta.com

If to MOHCD: Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Kate Hartley, Director

or such other address that a party may from time to time designate by notice to the other parties given pursuant to the provisions of this Section.

5. Authority. All matters requiring MOHCD's approval shall be approved by the Director of MOHCD or his or her designee. All matters requiring the SFMTA's approval shall be approved by the SFMTA's Director of Transportation or his or her designee.


6. Cooperation. The SFMTA and MOHCD acknowledge and agree that the Upper Yard Project, the Turk Street Project, and the Transportation Improvements are in the predevelopment phase, and that some of the Transportation Improvements have not undergone environmental review. Should the Transportation Improvements be selected for implementation, the SFMTA and MOHCD shall use reasonable efforts to do, or cause to be done, all things reasonably necessary or advisable to complete the Transportation Improvements according to the terms of the State's Standard Agreement. Notwithstanding anything to the contrary in this MOU, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the actions described in this MOU, including, without limitation, the discretion to eliminate or substitute all or any portion of the Transportation Improvements.

7. Miscellaneous. (a) This MOU may be amended or modified only by a document signed by the SFMTA's Director of Transportation, or his or her designee, and the Director of MOHCD, or his or her designee. (b) No waiver by any party of any of the provisions of this MOU shall be effective unless in writing and signed by the party's authorized representative, and only to the extent expressly provided in such written waiver. (c) This MOU (including all exhibits) contains the entire understanding between the parties as of the date of this MOU, and all prior written or oral negotiations, discussions, understandings and agreements are merged herein.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed as of the date first written above.

SFMTA:

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

By: 
Edward D. Reiskin
Director of Transportation

Date: February 4, 2019

MOHCD:

MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

By: 
Kate Hartley, Director

Date: 2/6/19

Exhibit A
The 2340 San Jose Property

THAT PORTION OF THE FOLLOWING DESCRIBED PROPERTY LYING
SOUTHWESTERLY OF THE SOUTHWESTERLY LINE OF GENEVA AVENUE;

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF
OCEAN AVENUE AND THE WESTERLY LINE OF SAN JOSE AVENUE; RUNNING
THEN SOUTHERLY, SOUTHWESTERLY ALONG THE WESTERLY LINE OF SAN JOSE
AVENUE 1,412,488 FEET TO THE NORTHERLY LINE OF NIAGARA AVENUE 95.63
FEET TO THE EASTERLY LINE OF THE SOUTHERN PACIFIC RAILROAD COMPANY'S
RIGHT OF WAY; THENCE NORTHERLY ALONG SAID EASTERLY LINE OF SAID
RIGHT OF WAY TO A POINT ON THE EASTERLY LINE OF TARA STREET 1.13 FEET
TO THE SAID SOUTHERLY LINE OF OCEAN AVENUE; THENCE EASTERLY ALONG
SAID SOUTHERLY LINE OF OCEAN AVENUE 723.86 FEET TO THE POINT OF
BEGINNING.

EXCEPTING THEREFROM THAT PORTION CONDEMNED UNTO SAN FRANCISCO
BAY AREA RAPID TRANSIT DISTRICT, A PUBLIC BODY, CORPORATE AND POLITIC,
DESCRIBED AS PARCEL O-M395 THEREIN, RECORDED OVTOBER 2, 1974, AS
INSTRUMENT NO. X-21281 BOOK B395, PAGE 417 OF OFFICIAL RECORDS.
APN: LOT 038, BLOCK 6973, LOT 039, BLOCK 6973

Exhibit B
The 500 Turk Property

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:

COMMENCING at the point of intersection of the Northerly line of Turk Street and the Westerly line of Larkin Street, running thence Westerly and along said Northerly line of Turk Street one hundred thirty-seven (137) feet six (6) inches, thence at a right angle Northerly one hundred thirty-seven (137) feet six (6) inches, thence at a right angle Easterly one hundred thirty-seven (137) feet six (6) inches to the Westerly line of Larkin Street, thence at a right angle Southerly along said Westerly line of Larkin Street one hundred thirty-seven (137) feet six (6) inches to the Northerly line of Turk Street and the point of commencement.

BEING part of Western Addition Block No. 7.

APN: Lot 002, Block 0741