

FILE NO. 180688

RESOLUTION NO.

1 [Ground Lease - 490 South Van Ness Avenue - 490 SVN Housing Associates, LP - \$15,000
2 Annual Base Rent]

3 **Resolution approving and authorizing a long term Ground Lease with 490 SVN Housing**
4 **Associates, LP, on City owned land at 490 South Van Ness Avenue ("Property") for a**
5 **term of 75 years, to commence following Board approval, with one 24-year extension**
6 **option, and with an annual base rent of \$15,000, in order to construct a 100%**
7 **affordable, 80-unit multifamily rental housing development (plus one manager unit) for**
8 **low-income persons ("Project"); adopting findings that the Ground Lease is consistent**
9 **with the California Environmental Quality Act, the City's General Plan, and the priority**
10 **policies of Planning Code, Section 101.1; and authorizing the Acting Director of**
11 **Property and Director of Mayor's Office of Housing and Community Development to**
12 **execute documents, make certain modifications, and take certain actions in**
13 **furtherance of this Resolution, as defined herein.**

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15 WHEREAS, In 2015, the Board of Supervisors approved the acquisition (Resolution
16 No. 298-15) of the Property from Benicia Lake LLC and Maurice Casey ("Seller"), who owned
17 Lot 008, in Block 3553 located at 490 South Van Ness Avenue of the County of San
18 Francisco, containing 14,250 square feet of lot area; and

19 WHEREAS, In 2015, the Mayor's Office of Housing and Community Development
20 ("MOHCD"), issued a Request for Proposal ("RFP"), seeking submittals from qualified
21 respondents to develop the Property as affordable rental housing; and

22 WHEREAS, Mission Housing Development Corporation ("MHDC"), a California
23 nonprofit public benefit corporation, in collaboration with Bridge Housing ("Bridge") a
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1 California nonprofit public benefit corporation, jointly responded to the RFP and was selected
2 to be the developer for the Property; and

3 WHEREAS, MHDC and Bridge established 490 SVN Housing Associates, L.P.,
4 a California limited partnership ("Lessee"), as a separate entity under which to develop
5 the Project; and

6 WHEREAS, MOHCD is also providing the Lessee with new financial assistance to
7 leverage equity from an allocation of low-income housing tax credits and other funding
8 sources in order for Lessee to construct a 100% affordable, 80-unit multifamily rental housing
9 development for low-income persons (plus one manager's unit) on the Property; and

10 WHEREAS, Lessee has obtained all entitlements and is ready to begin construction of
11 the Project; and

12 WHEREAS, An appraisal dated June 30, 2015, valued the Property at \$18.5
13 million with entitlements; and

14 WHEREAS, The purpose of this lease is solely to implement the mission of the Mayor's
15 Office of Housing and Community Development, and the Board of Supervisors' approval of
16 this resolution furthers the public purpose of providing affordable housing for low-income
17 households in need, thus obviating the need for a market rent lease appraisal described in
18 San Francisco Administrative Code Section 23.30; and

19 WHEREAS, MOHCD and the Acting Director of Property have approved the form of the
20 Ground Lease between MOHCD and the Lessee, pursuant to which MOHCD will lease the
21 Property to the Lessee for a Base Rent of Fifteen Thousand Dollars (\$15,000.00) per year, in
22 exchange for the Lessee's agreement, among other things, to construct and operate the
23 Project with rent levels affordable to households up to 60% of unadjusted San Francisco Area
24 Median Income (AMI); a copy of the Ground Lease in substantially the form approved is on file
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1 with the Clerk of the Board of Supervisors in File No. 180688, and is incorporated herein by
2 reference; and

3 WHEREAS, The Ground Lease provides, among other conditions, for a term of 75
4 years and one 24 year option to extend; and

5 WHEREAS, The Project was reviewed under the Eastern Neighborhoods Area Plan
6 EIR certified by the San Francisco Planning Commission on June 7, 2008, by Motion No.
7 17661, and on June 24, 2014, the Project was determined to be consistent with the Eastern
8 Neighborhoods Area Plan EIR and exempt from environmental review per California
9 Environmental Quality Act Guidelines, Section 15183 (Planning Case No. 2010.0043E); and

10 WHEREAS, By letter dated June 30, 2015, the Department of City Planning found the
11 Project to be categorically exempt from environmental review, and by letter dated June 30,
12 2015, the Department of City Planning also found that Ground Lease is consistent with the
13 City's General Plan and with the Eight Priority Policies under Planning Code, Section 101.1
14 for the reasons set forth in the letter of the Department of City Planning, which is on file with
15 the Clerk of the Board in File No. 2016-015994GPR; now, therefore, be it

16 RESOLVED, That the Board of Supervisors hereby adopts the findings
17 contained in the document dated June 30, 2015, from the Department of City Planning
18 regarding the California Environmental Quality Act, and hereby incorporates such
19 findings by reference as though fully set forth in this Resolution; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the
21 Ground Lease is consistent with the City's General Plan and with the Eight Priority
22 Policies under Planning Code Section 101.1 for the same reasons set forth in the letter
23 of the Department of City Planning dated June 30, 2015, and hereby incorporates such
24 findings by reference as though fully set forth in this Resolution; and, be it

1 FURTHER RESOLVED, That in accordance with the recommendations of the
2 Acting Director of Property and the Director of MOHCD, the Board of Supervisors
3 hereby approves the Ground Lease, and authorizes the Acting Director of Property (or
4 designee) and the Director of MOHCD (or designee) to execute and deliver the Ground
5 Lease and any such other documents that are necessary or advisable to complete the
6 transaction contemplated by the Ground Lease, and to effectuate the purpose and
7 intent of this Resolution; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the Acting
9 Director of Property (or designee) and the Director of MOHCD (or designee), in
10 consultation with the City Attorney, to enter into any additions, amendments or other
11 modifications to the Ground Lease (including in each instance, without limitation, the
12 attachment of exhibits), that the Acting Director of Property and the Director of MOHCD
13 determine are in the best interests of the City, do not materially decrease the benefits
14 to the City with respect to the Property, or otherwise materially increase the obligations
15 or liabilities of the City, and are necessary or advisable to complete the transaction
16 contemplated herein, effectuate the purpose and intent of this Resolution, and are in
17 compliance with all applicable laws, including the City's Charter, provided that
18 documents that include amendments from what was previously submitted to the Board
19 shall be provided to the Clerk of the Board, as signed by the parties, together with a
20 marked copy to show any changes, within 30 days of execution for inclusion in the
21 official file; and, be it

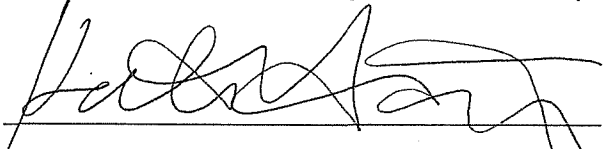
22 FURTHER RESOLVED, That all actions taken by any City employee or official
23 with respect to the exercise of the Ground lease authorized and directed by this
24 Resolution and heretofore taken are hereby ratified, approved and confirmed by this
25 Board of Supervisors.

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RECOMMENDED:



Andrico Q. Penick, Acting Director of Property



Kate Hartley, Director, Mayor's Office of Housing and Community
Development

<p>Item 7 File 18-0688 <i>Continued from the July 19, 2018</i> <i>Budget and Finance Committee</i></p>	<p>Department Mayor's Office of Housing and Community Development</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would: (a) approve a 75-year ground lease, with one 24-year option to extend, between the City as landlord and 490 SVN Housing Associates, L.P. as tenant for \$15,000 annual base rent to construct 80 units of multifamily rental housing for low-income people at 490 South Van Ness Street; (b) adopt findings that the Ground Lease is consistent with the California Environmental Quality Act (CEQA), the General Plan, and the eight priority policies of Planning Code Section 101.1; and (c) authorize the Acting Director of Real Estate and Director of the Mayor's Office of Housing and Community Development (MOHCD) to execute documents, make certain modifications, and take certain actions in furtherance of the resolution.

Key Points

- 490 South Van Ness Avenue is a 14,250 square foot property formerly used as a gas-station. MOHCD selected 490 SVN Housing Associates, L.P. (a partnership of Mission Neighborhood Development Corporation and BRIDGE Housing) following a competitive process to develop affordable housing on the property.
- 490 SVN Housing Associates, L.P. will demolish the gas-station currently on the site to build an 80-unit multifamily rental housing development for low-income households at or below 60 percent of the Area Median Income (AMI). Total development costs for the housing at 490 South Van Ness Street are estimated to be \$60,594,048, financed by federal Low Income Housing Tax Credits, developer equity, a tax exempt revenue bond construction loan, and MOHCD gap.

Fiscal Impact

- Over the 75 year term of the lease, the City would receive \$1,125,000 in total base rent. Should the tenant agree to extend the lease for an additional 24 years, the City would receive an additional \$360,000.

Policy Consideration

- Administrative Code Section 23.3 requires a third party appraisal no more than nine months prior to the date of the legislation. According to MOHCD staff, BRIDGE Housing, the project sponsor, obtained a third party appraisal in May 2018, which has been submitted to the City's Real Estate Division for review. The Real Estate Division will draft a letter confirming the appraisal review prior to the July 26, 2018 Budget and Finance Committee meeting

Recommendation

- Approve the proposed resolution contingent on the Director of Real Estate submitting the appraisal review to the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 9.118(c) states that any lease of real property for a period of ten years or more or that has revenue to the City of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

In 2015, the Board of Supervisors approved the acquisition of the 14,250 square foot property at 490 South Van Ness Avenue from Benicia Lake LLC and Maurice Casey. In May 2016, MOHCD issued a Request for Proposals (RFP) to develop affordable housing on the South Van Ness site. Nonprofit housing developers Mission Housing Development Corporation and BRIDGE Housing submitted a joint response to the RFP and were deemed to be the most qualified proposer. The two groups formed 490 SVN Housing Associates, L.P. partnership and were selected to develop the property.

In June 2015, Clifford Advisory, LLC appraised the fair market value of the property at \$18,500,000.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- (1) Approve and authorize a 75-year ground lease, with one 24-year option to extend, between the City as landlord and 490 SVN Housing Associates, L.P. as tenant for \$15,000 annual base rent to construct 80 units of multifamily rental housing for low-income people at 490 South Van Ness Street;
- (2) Adopt findings that the Ground Lease is consistent with the California Environmental Quality Act (CEQA), the General Plan, and the eight priority policies of Planning Code Section 101.1; and
- (3) Authorize the Acting Director of Real Estate and Director of MOHCD to execute documents, make certain modifications, and take certain actions in furtherance of the resolution, as defined therein.

Affordable Housing Project

490 SVN Housing Associates, L.P. will demolish the gas-station currently on the site to build an 80-unit multifamily rental housing development for low-income households. The mix of units will include two studios, 44 one bedroom units, 30 two bedroom units, and 4 three bedroom units. All of the units are reserved for individuals at or below 60 percent of the Area Median Income.¹

¹ 2018 Area Median Income for San Francisco for one person is \$82,900; therefore, 40 percent of AMI is \$33,150; 50 percent of AMI is \$41,450; 60 percent of AMI is \$49,750. For a family of four, 2018 Area Median Income is

Total development costs for the housing at 490 South Van Ness Street are estimated to be \$60,594,048, financed by federal Low Income Housing Tax Credits, developer equity, a tax exempt revenue bond construction loan, and MOHCD gap financing (inclusionary housing fees, affordable housing jobs linkage fees).

Ground Lease

The key provisions of the Ground Lease are shown in Table 1 below.

Table 1: Key Provisions of Ground Lease

Lease Terms: 490 Van Ness Avenue

Size of Property	14,250 square feet
Lease Period	75 years (approximately August 2019 through August 2094)
Options to extend lease	Tenant has one 24-year option to extend the lease through 2118 for a total lease term of 99 years
Base rent	\$15,000 per year
Adjustments to base rent	None
Residual rent	Up to \$1,835,000 per year ²
Adjustments to residual rent	10 percent of fair market value on the 15 th anniversary of the first rent payment and every 15 years thereafter
Taxes, insurance, maintenance, utilities	Paid by tenant
Appraised Value	18.5 Million; Appraised June 30, 2015
Number of Units	80 Multi-Family Rentals

Planning Department Determinations

In June 2015, the Planning Department determined that the project was consistent with the Eastern Neighborhoods Area Plan Environmental Impact Report (EIR). In the same review, the Planning Department determined that the project is consistent with the General Plan and the eight priority policies of Planning Code Section 101.1. In May 2017, the proposed affordable housing project received a Community Plan Exemption from California Environmental Quality Act. The Planning Department issued a Note to File on June 27, 2018, clarifying that previous findings apply, and that this project is in conformance with the General Plan as well as environmental standards.

118,400; therefore 30 percent of AMI is 35,000; 40 percent of AMI is \$47,350; 50 percent of AMI is \$59,200; and 60 percent of AMI is 71,050.

² 490 SVN Housing Associates, L.P. could pay total annual rent (base rent and residual rent) up to 10 percent of the appraised value of the property. As of June 2015, the appraised value is \$18,500,000; therefore, total annual rent is 1,850,000, and residual rent is up to \$1,835,000 (the difference between total annual rent and base rent of \$15,000).

FISCAL IMPACT

The City would receive \$15,000 annually in base rent, not adjusted for inflation, from 490 SVN Housing Associates, L.P. Over the 75 year term of the lease, the City would receive \$1,125,000 in total base rent. Should the tenant agree to extend the lease for an additional 24 years, the City would receive an additional \$360,000.

The appraised value of 490 South Van Ness Avenue as of June 2015 is \$18,500,000. Annual rent is 10 percent of the appraised fair market value of the property or \$1,850,000 and paid in two components: base rent and residual rent. Base rent is \$15,000 per year and is paid from project income. Residual rent is equal to annual rent minus base rent or \$1,835,000 and is paid from surplus cash. Should surplus cash be available from the tenant after payment of all operating expenses, the City may receive residual rent. The annual rent would be amended every 15 years to reflect the updated fair market value of the company. Should the tenant not have enough project income to pay base rent or surplus cash to pay residual rent in a given year, it would need to provide written documentation to the City to verify the insufficiency. According to Ms. Joan McNamara, MOHCD Senior Project Manager, MOHCD does not expect to receive residual rent in the foreseeable future due to limited income as a result of serving households at and below 60 percent AMI and the high operating costs, including debt repayment obligations, associated with the housing.

POLICY CONSIDERATION

Administrative Code Section 23.3 requires a third party appraisal for property transactions exceeding \$10,000 and an appraisal review for property transactions exceeding \$200,000. The appraisal and appraisal review must occur no more than nine months prior to the date of the legislation. As noted above, the appraisal for 490 South Van Ness Avenue was conducted in June 2015, or three years prior to the date of the legislation.

Property Appraisal Requirements

San Francisco City Administrative Code Section 23.3 requires an appraisal and appraisal review of properties that are to be acquired by the City if the fair market value of the property exceeds \$200,000. The appraisal and review must take place no more than nine months prior to any proposed legislation.³

As noted above, 490 South Van Ness Avenue was appraised in June 2015. According to Ms. Joan MacNamara, MOHCD Senior Project Manager, BRIDGE Housing, the project sponsor, obtained a third party appraisal in May 2018, which has been submitted to the City's Real Estate Division

³ Administrative Code Section 23.3 states that "If the Director of Property determines the fair market value of Real Property that the City intends to Acquire or Convey exceeds \$10,000 and the proposed Acquisition is not a donation, the Director of Property shall obtain an Appraisal for the Real Property. If the Appraisal determines the fair market value of the Real Property exceeds \$200,000, the Director of Property shall obtain an Appraisal Review for such Appraisal. Any Appraisal and Appraisal Review shall have an effective date of value that is not earlier than nine months before the date legislation for the proposed Acquisition or Conveyance is submitted to the Board of Supervisors."

for review. The Real Estate Division will draft a letter confirming the appraisal review prior to the July 26, 2018 Budget and Finance Committee meeting.

RECOMMENDATION

Approve the proposed resolution contingent on the Director of Real Estate submitting the appraisal review to the Board of Supervisors.

GROUND LEASE

This ground lease (“Ground Lease” or “Lease”) is dated as of, August ____ 2018, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “City” or “Landlord”), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (“MOHCD”), and 490 SVN Housing Associates, LP, a California limited partnership, as tenant (the “Tenant”).

RECITALS

A. The City is the fee owner of the land described in Attachment 1 attached hereto and the existing improvements located thereon (“Site”). The Site is held under MOHCD’s jurisdiction.

B. On March 17, 2017 the Citywide Affordable Housing Loan Committee approved Mission Housing Development Corporation and BRIDGE Housing Corporation to develop the Site into 80 units of affordable housing, plus 1 manager’s unit for low-income persons, including 20 units under a contract with the San Francisco Housing Authority (the “Project”).

C. On _____, the San Francisco Board of Supervisors and the Mayor approved Resolution No. _____, authorizing the City to enter into a ground lease with the Tenant for the purpose of developing the Project.

D. On July 7, 2017, the City and the Tenant entered into that certain Option to Lease Agreement pursuant to which City granted Tenant an option to ground lease the Site (the

“Option”) that expires on December 31, 2018 with an extension option for one additional 12-month period.

E. The Tenant is now exercising its Option to enter this Ground Lease, pursuant to which City will lease the Site to Tenant to develop the Project. It is the Tenant’s intent to serve the needs of the low income residents by providing rents for all units not to exceed thirty percent (30%) of sixty percent (60%) of Area Median Income.

F. The City believes that the fulfillment of the terms and conditions of this Ground Lease are in the vital and best interests of the City and the health, safety, morals and welfare of its residents, and in full accord with the public purposes and provisions of applicable State and Federal laws and requirements.

NOW THEREFORE, in consideration of the mutual obligations of the parties hereto, the City hereby leases to Tenant, and Tenant hereby leases from the City, the Site, for the Term (as defined in Article 2), and subject to the terms, covenants, agreements and conditions hereinafter set forth, to each and all of which the City and Tenant hereby mutually agree.

ARTICLE 1: DEFINITIONS

Terms used herein have the meanings given them when first used or as set forth in this Article 1, unless the context clearly requires otherwise.

1.01 Affiliate means, when used with reference to a specified Person of the Permitted Limited Partner: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly

or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person.

1.02 Agreement Date means the date first set forth above.

1.03 Area Median Income (or “AMI”) means median income as published annually by MOHCD, derived from the Income Limits determined by the United States Department of Housing and Urban Development for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as “Unadjusted Median Income.”

1.04 Effective Date means the date the City records the Memorandum of Ground Lease against the Site, but in no event shall the date be prior to the approval of the Ground Lease by the City’s Board of Supervisors and the Mayor.

1.05 First Lease Payment Year means the year in which the Project receives a Certificate of Occupancy for all residential units.

1.06 First Mortgage Lender means any lender and its successors, assigns and participants or other entity holding the first deed of trust on the Leasehold Estate.

1.07 General Partner means 490 SVN Housing Associates, LLC, a California limited liability company, and its permitted successor(s) and assign(s).

1.08 Ground Lease means this Ground Lease of the Site to the Tenant from the City, as amended from time to time.

1.07 Improvements means all physical construction, including all structures, fixtures and other improvements, to be constructed or rehabilitated on the Site.

1.08 **Laws** means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or governmental agency.

1.09 **Lease Year** means each calendar year during the term hereof, beginning on January 1 and ending on December 31, provided that the "First Lease Year" shall commence on the Effective Date and continue through December 31st of that same calendar year. Furthermore, the "Last Lease Year" shall end upon the expiration of the Term hereof.

1.10 **Leasehold Estate** means the estate held by the Tenant pursuant to and created by this Ground Lease.

1.11 **Leasehold Mortgage** means any mortgage, deed of trust, trust indenture, letter of credit or other security instrument, and any assignment of the rents, issues and profits from the Site, or any portion thereof, which constitutes a lien on the Leasehold Estate created by this Ground Lease and is approved in writing by the City.

1.12 **Lender** means any entity holding a Leasehold Mortgage.

1.13 **Loan Documents** means those certain loan agreements, notes, deeds of trust and declarations and any other documents executed and delivered in connection with the predevelopment, construction and permanent financing for the Project.

1.14 **Low Income Household** means, for any period of the Term (or extended term), a tenant household with combined initial income that does not exceed the lesser of the following: (a) sixty percent (60%) of Area Median Income; or (b) sixty percent (60%) income level for the County of San Francisco as published by the California Tax Credit Allocation Committee (TCAC).

1.15 **LOSP** Intentionally Omitted.

1.16 **LOSP Program** Intentionally Omitted.

1.17 **MOHCD** means the Mayor's Office of Housing and Community Development for the City.

1.18 **Occupant** means any person or entity authorized by Tenant to occupy a residential unit on the Site, or any portion thereof.

1.19 **Partnership Agreement** means the Amended and Restated Agreement of Limited Partnership of the Tenant dated as of August __, 2018, as amended from time to time.

1.20 **Permitted Limited Partner** means _____, collectively, Bank of America, N.A., a national banking association, as investor limited partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as special limited partner, and their respective successors and assigns..

1.21 **Person** means any individual or entity when used in specific reference to the Permitted Limited Partner, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

1.22 **Premises** means the Site together with any Improvements thereon.

1.23 **Project** means the leasehold interest in the Site and the fee interest in the Improvements on the Site.

1.24 **Project Expenses** means all charges incurred in the operation of the Project including but not limited to (a) lease payments, utilities, real estate and/or possessory interest taxes, assessments, and liability, fire and other hazard insurance premiums or other insurance premiums required under this Agreement or by lenders providing secured financing for the Project; (b) salaries, wages and other compensation due and payable to the employees or agents of Tenant who maintain, administer, operate or provide services or are otherwise employed in

connection with the Project, including all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required for such employees;

(c) payments of required interest, principal or annual servicing fees, if any, on any construction or permanent financing secured by the Project, including but not limited to the following bond issuer fee in the amount of \$_____, trustee fees of \$_____, annual administrative fee of \$_____, annual monitoring fee of \$_____, asset management fee of \$21,900, increasing by 3.5% annually, payable to general partner; (d) all other expenses actually incurred by Tenant to cover operating and services provision costs of the Project, including maintenance and repair and the reasonable fee of any managing agent; (e) credit adjustor payments including interest to the Permitted Limited Partner; (f) annual Base Rent payments; (g) any extraordinary expenses as approved in advance by the City; and (h) deposits to reserves accounts required to be established under the Loan Documents, this Agreement or required by other Project lenders and the Permitted Limited Partner, (i) any approved supportive service or resident service fees.

1.23 Project Fees means (i) a partnership management fee in the amount of \$21,890, increasing by 3.5% annually, payable to the Tenant's general partner, (ii) an annual investor services fee in the amount of \$5,000, payable to Tenant's Permitted Limited Partner, and (iii) deferred developer fees approved by the City.

1.24 Project Income means all revenue, income receipts, and other consideration actually received from the operation of leasing the Improvements and Project, including non-residential and/or commercial uses of the Site (unless otherwise agreed to by the City). Project Income shall include but not be limited to: all rents, fees and charges paid by tenants or users of any portion of the Site; Section 8 or other rental subsidy payments received for the dwelling units; supportive services funding, if applicable; deposits forfeited by tenants; all cancellation fees,

price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; and the proceeds of business interruption or similar insurance. Project Income shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

1.25 Site means the real property as more particularly described in the Site Legal Description, Attachment 1.

1.26 Subsequent Owner means any successor (including a Lender or an affiliate or assignee of a Lender as applicable) to the Tenant's interest in the Leasehold Estate and the Improvements who acquires such interest as a result of a foreclosure, deed in lieu of foreclosure, or transfer from a Lender, its affiliate, and any successors to any such person or entity.

1.27 Surplus Cash means all Project Income in any given Lease Year remaining after payment of Project Expenses for such Lease Year and Project Fees for such Lease Year. The amount of Surplus Cash will be based on figures contained in audited financial statements. All permitted uses and distributions of Surplus Cash shall be governed by Section 6.02(g) of this Ground Lease.

1.28 Tenant means 490 SVN Housing Associates, LP, a California limited partnership, and its successors and assigns (or a Subsequent Owner, where appropriate).

1.29 Whenever an Attachment is referenced, it means an attachment to this Ground Lease unless otherwise specifically identified. Whenever a section, article or paragraph is referenced, it is a reference to this Ground Lease unless otherwise specifically referenced.

ARTICLE 2: TERM

(a) Initial Term. The term of this Ground Lease shall commence upon the Agreement Date and shall end seventy-five (75) years from that date (“Term”), unless extended pursuant to section (b) below or earlier terminated pursuant to the terms hereof.

(b) Option for Extension. Provided that the Tenant is not in default under the terms of this Ground Lease and the Loan Documents, beyond any notice, grace or cure period, either at the time of giving of an Extension Notice (as defined below), as described in section (c) below, or on the last day of the Term (the “Termination Date”), the Term may be extended at the option of the Tenant for one twenty-four (24) year period as provided below. If the Term is extended pursuant to this section, all references in this Ground Lease to the “Term” shall mean the Term as extended by this extension period.

(c) Notice of Extension. Tenant shall have one (1) option to extend the term of this Ground Lease for a period of twenty-four (24) years from the Termination Date. Not later than one hundred eighty (180) days prior to the Termination Date, the Tenant may notify the City in writing that it wishes to exercise its option to extend the term of this Ground Lease (an “Extension Notice”). Upon Tenant’s exercise of this option, the Initial Term shall be extended for twenty-four (24) years from the Termination Date for a total Ground Lease term not to exceed ninety-nine (99) years.

(d) Rent During Extended Term. Rent for any extended term will be as set forth in Article 4.

(e) Holding Over. Any holding over after expiration of the Term or, if applicable, extended term without the City’s written consent will constitute a default by Tenant and entitle the City to exercise any or all of its remedies as provided in this Ground Lease, even if the City elects to accept one or more payments of Annual Rent.

(f) Early Termination for Failure to Close Financing. Notwithstanding anything to the contrary contained herein, in the event that the close of escrow for all financing required to construct the Project does not occur by December 31, 2018 (the “Outside Effective Date”), the Term shall expire on the Outside Effective Date.

ARTICLE 3: FINANCING

Tenant shall submit to the City in accordance with the dates specified in the Schedule of Performance, Attachment 2, for approval by the City, evidence satisfactory to the City that Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction of the Improvements in accordance with this Ground Lease, as is acceptable to the City. City hereby acknowledges that as of the Effective Date, Tenant has satisfied this requirement.

ARTICLE 4: RENT

4.01 Annual Rent

(a) Tenant shall pay to the City One Million Eight Hundred Fifty Thousand Dollars (\$1,850,000) (the “Annual Rent”) [*Confirm determination of appraised value*] per year for each year of the Term of this Ground Lease. Annual Rent consists of Base Rent and Residual Rent, as defined in Section 4.02 below, without offset of any kind (except as otherwise permitted by this Ground Lease) and without necessity of demand, notice or invoice. Annual Rent shall be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section 4.02(a) below and every fifteen (15) years thereafter, and shall be equal to ten percent (10%) of the appraised fair market value of the Site as determined by an MAI appraiser selected by and at the sole cost of the Tenant. Any such adjustment shall be made to the Residual Rent and not to the Base Rent.

(b) If the Tenant elects to extend the term of this Ground Lease pursuant to Article 2 above, Annual Rent (along with any potential future adjustments) during any such extended term shall be set by mutual agreement of the parties; provided however that Annual Rent during the extended term shall in no event be less than the Annual Rent set forth in Section 4.01(a) above. If the parties cannot agree on Annual Rent for the extended term, either party may invoke a neutral third-party process and shall agree on a neutral third-party appraiser to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, after the neutral third party process, Tenant, in its sole discretion, may rescind the Extension Notice if it does not wish to extend the Term of this Ground Lease.

4.02 Base Rent

(a) "Base Rent" means, in any given Lease Year, Fifteen Thousand Dollars (\$15,000) per annum; provided, however, that in the event that the Tenant or any Subsequent Owner fails, after notice and opportunity to cure, (and after the expiration, without cure, of all cure periods granted to Lenders), to comply with the provisions of Section 9.02, Base Rent shall be increased to the full amount of Annual Rent. Base Rent shall be due and payable in arrears on January 31st of each Lease Year; however, no Base Rent shall be due until the fourth anniversary of the Agreement Date. Additionally, in the event that a Subsequent Owner elects pursuant to Section 26.06(ii) to operate the Project without being subject to Section 9.02 or any Subsequent Owner elects, pursuant to Section 26.06(ii), to operate the Project without compliance with such provisions, Annual Rent shall be adjusted as provided in Section 26.07.

(b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of Project Expenses in items (a) through (d) in the definition of Project Expenses, above; and the City has received written notice from Tenant regarding its inability to pay Base Rent from Project Income no fewer than sixty (60) days prior to the Base Rent due date along with supporting documentation for Tenant's position that it is unable to pay Base Rent from Project Income, the unpaid amount shall be deferred and all such deferred amounts shall accrue without interest until paid ("**Base Rent Accrual**"). The Base Rent Accrual shall be due and payable each year from and to the extent Surplus Cash is available to make such payments. Any Base Rent Accrual shall be due and payable upon the earlier of (i) sale of the Project (but not a refinancing or foreclosure of the Project); or (ii) termination of this Ground Lease (unless a new lease is entered into with a mortgagee pursuant to Section 26.09 below).

(c) If Tenant has not provided City with the required written notice and documentation under Section 4.02(b) in connection with its claim that it cannot pay Base Rent due to insufficient Project Income, and/or the City has reasonably determined that Tenant's claim that it is unable to pay Base Rent is not supported by such documentation, the City shall assess a late payment penalty of two percent (2%) for each month or any part thereof that any Base Rent payment is delinquent. This penalty shall not apply to Base Rent Accrual that has been previously approved by the City pursuant to Section 4.02(b). The Tenant may request in writing that the City waive such penalties by describing the reasons for Tenant's failure to pay Base Rent and Tenant's proposed actions to insure that Base Rent will be paid in the future. The City may, in its sole discretion, waive in writing all or a portion of such penalties if it finds that Tenant's failure to pay Base Rent was beyond Tenant's control and that Tenant is diligently pursuing reasonable solutions to such failure to pay.

4.03 Residual Rent

“Residual Rent” means, in any given Lease Year, One Million Eight Hundred Thirty Five Thousand Dollars (\$1,835,000), subject to any periodic adjustments pursuant to Section 4.01(a). Residual Rent shall be due in arrears on May 15th following each Lease Year. Except as otherwise provided in Section 26.07(a), Residual Rent shall be payable only to the extent of Surplus Cash as provided in Section 6.02(g) below, and any unpaid Residual Rent shall not accrue. In the event that in any year Surplus Cash is insufficient to pay the full amount of the Residual Rent, Tenant shall certify to the City in writing by May 15 that available Surplus Cash is insufficient to pay Residual Rent and Tenant shall provide to City any supporting documentation reasonably requested by City to allow City to verify the insufficiency.

4.04 Triple Net Lease

This Ground Lease is a triple net lease and the Tenant shall be responsible to pay all costs, charges, taxes, impositions and other obligations related thereto accruing after the Agreement Date. If the City pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the City will be entitled to be reimbursed by Tenant the full amount of such payments as additional rent within thirty (30) days of written demand by City. Failure to timely pay the additional rent shall be an event of default.

ARTICLE 5: CITY COVENANTS

The City is duly created, validly existing and in good standing under the Law, and has full right, power and authority to enter into and perform its obligations under this Ground Lease. City covenants and warrants that the Tenant and its tenants shall have, hold and enjoy, during the Term, peaceful, quiet and undisputed possession of the Site leased without hindrance or molestation by or from anyone so long as the Tenant is not in default under this Ground Lease.

ARTICLE 6: TENANT COVENANTS

Tenant covenants and agrees for itself and its successors and assigns to or of the Site, or any part thereof, that:

6.01 Limited Partnership Authority

Tenant is a California limited partnership and has full rights, power and authority to enter into and perform its obligations under this Ground Lease.

6.02 Use of Site and Rents

During the Term of this Ground Lease, Tenant and its successors and assigns shall comply with the following requirements:

6.02(a) Permitted Uses

Except as provided in Sections 26.06 and 26.07 of this Ground Lease, Tenant shall devote the Site to, exclusively and in accordance with, the uses specified in this Ground Lease, as specified in Article 9 hereof, which are the only uses permitted by this Ground Lease.

6.02(b) Non-Discrimination

Tenant shall not discriminate against or segregate any person or group of persons on account of race, color, creed, religion, ancestry, national origin, sex, gender identity, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status) in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Site or the Improvements, or any part thereof, nor shall Tenant itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of Occupants, subtenants or vendees on the Site or Improvements, or any part thereof, except to the extent permitted by law

or required by funding source. Tenant shall not discriminate against tenants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

6.02(c) Non-Discriminatory Advertising

All advertising (including signs) for sublease of the whole or any part of the Site shall include the legend "Equal Housing Opportunity" in type or lettering of easily legible size and design, or as required by applicable law.

6.02(d) Access for Disabled Persons

Comply with all applicable laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

6.02(e) Equal Opportunity Marketing Plan

Tenant shall submit a Fair Housing Marketing Plan to be approved by the City. Any Fair Housing Marketing Plan must follow the City's marketing requirements for such plans.

6.02(f) Lead Based Paint

Tenant agrees to comply with the regulations set forth in 24 CFR Part 35 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in certain residential structures undergoing federally assisted construction and require the elimination of lead-based paint hazards.

6.02(g) Permitted Uses of Surplus Cash

All annual Project Income, prior to the calculation of Surplus Cash, shall be used to pay Project Expenses, including but not limited to Base Rent, and Project Fees. If the Tenant is in compliance with all applicable requirements and agreements under this Ground Lease,

Tenant shall then use any Surplus Cash to make the following payments in the following order of priority:

- i. First to Base Rent Accrual payments, if any;
- ii. Second, to replenish the operating reserve account, if necessary, up to the amount required by Lenders;
- iii. Two-thirds (2/3) of remaining Surplus Cash to the City, provided however, if the Project includes a deferred developer fee and Tenant is in compliance with the City Loan documents and all applicable MOHCD's policies, as set forth herein and in the City Loan documents, then fifty percent (50%) of remaining Surplus Cash to the City beginning on the initial Payment Date (as such term is defined in the City Loan documents) until and including the earlier of the year (i) that the fifteenth (15th) Payment Date, or (ii) in which all deferred developer fees have been paid to Developer. The City's portion of Surplus Cash will be applied first to repayment of all City loans according to the terms of the City loan documents, then to annual Residual Rent; and
- iv. Then, remaining Surplus Cash shall be used by Tenant as set forth in the Partnership Agreement.

Notwithstanding the foregoing, Tenant and City agree that the foregoing distribution of Surplus Cash may be modified by amendment to this Ground Lease based on the requirements of other Lenders.

6.03 City Deemed Beneficiary of Covenants

In amplification, and not in restriction, of the provisions of the preceding subsections, it is intended and agreed that the City shall be deemed beneficiary of the agreements and covenants

provided in this Article 6 for and in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Such agreements and covenants shall run in favor of the City for the entire period during which such agreements and covenants shall be in force and effect, without regard to whether the City has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The City shall have the exclusive right, in the event of any breach of any such agreements or covenants, in each case, after notice and the expiration of cure periods, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenants, to which it or any other beneficiaries of such agreements or covenants may be entitled.

ARTICLE 7: ANNUAL INCOME COMPUTATION AND CERTIFICATION

Forty-five (45) days after recordation of a NOC (as defined in Section 10.14) by the Tenant for the Improvements, Tenant will furnish to the City a list of the persons who are Occupants of the Improvements, the specific unit which each person occupies, the household income of the Occupants of each unit, the household size and the rent being charged to the Occupants of each unit along with an income certification, in the form set forth in Attachment 6, for each Occupant. In addition, each Occupant must be required to provide any other information, documents or certifications deemed necessary by the City to substantiate the Occupant's income. If any state or federal agency requires an income certification for Occupants of the Improvements containing the above-referenced information, the City agrees to accept such certification in lieu of Attachment 6 as meeting the requirements of this Ground Lease. In addition to such initial and annual list and certification, Tenant agrees to provide the same

information and certification to the City regarding each Occupant of the Improvements not later than twenty (20) business days after such Occupant commences occupancy.

ARTICLE 8: CONDITION OF SITE - "AS IS"

Neither the City, nor any employee, agent or representative of the City has made any representation, warranty or covenant, expressed or implied, with respect to the Site, its physical condition, the condition of any improvements, any environmental laws or regulations, or any other matter, affecting the use, value, occupancy or enjoyment of the Site other than as set forth explicitly in this Ground Lease, and the Tenant understands and agrees that the City is making no such representation, warranty or covenant, expressed or implied; it being expressly understood that the Site is being leased in an "AS IS" condition with respect to all matters.

ARTICLE 9: IMPROVEMENTS AND PERMITTED USES

9.01 Schedule of Performance

Tenant agrees to undertake and complete all physical construction on the Site, if any, as approved by the City, in accordance with the Schedule of Performance, Attachment 2

9.02 Permitted Uses and Occupancy Restrictions

The permitted uses of the Project are limited to eighty (80) units of affordable rental housing, plus one manager's unit (collectively, the "Residential Units"), common areas and a community space that will be available for community use and services. Upon the completion of construction, one hundred percent (100%) of the Residential Units, with the exception of the manager's unit, in the Project shall be occupied or held vacant and available for rental by Low Income Households. In addition, the Lessee has executed a Housing Assistance Payment Contract with the San Francisco Housing Authority for twenty (20) Residential Units (the "HAP") and will be subject to the terms of the HAP and applicable law. Residential Units shall

be occupied and rented in accordance with all applicable restrictions imposed on the Project by this Ground Lease and by Lenders for so long as such restrictions are required by the applicable Lender.

ARTICLE 10: CONSTRUCTION OF IMPROVEMENTS

10.01 General Requirements and Rights of City

All construction documents, including but not limited to preliminary and final plans and specifications for the construction of the Improvements by Tenant (collectively the “Construction Documents”) shall be prepared by a person registered in and by the State of California to practice architecture and shall be in conformity with this Ground Lease, including any limitations established in the City’s reasonable approval of the schematic drawings, if any, preliminary construction documents, and final construction documents for the Premises, and all applicable Federal, State and local laws and regulations. The architect shall use, as necessary, members of associated design professions, including engineers and landscape architects. Notwithstanding anything to the contrary contained in this Article 10, the City hereby acknowledges that for purposes of this Ground Lease, the Final Construction Documents for the Project have been approved as of the Effective Date.

10.02 City Approvals and Limitation Thereof

The Construction Documents must be approved by the City in the manner set forth below:

10.02(a) Compliance with Ground Lease

The City’s approval with respect to the Construction Documents is limited to determination of their compliance with this Ground Lease. The Construction Documents shall

be subject to general architectural review and guidance by City as part of this review and approval process.

10.02(b) MOHCD Does Not Approve Compliance with Construction Requirements

The City's approval is not directed to engineering or structural matters or compliance with local building codes and regulations, the Americans with Disabilities Act, or any other applicable State or Federal law relating to construction standards or requirements. Tenant further understands and agrees that City is entering into this Ground Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Ground Lease shall limit in any way Tenant's obligation to obtain any required approvals from City officials, departments, boards or commissions having jurisdiction over the Premises. By entering into this Ground Lease, City is in no way modifying or limiting Tenant's obligation to cause the Premises to be used and occupied in accordance with all applicable laws.

10.02(c) City Determination Final and Conclusive

The City's determination respecting the compliance of the Construction Documents with this Ground Lease shall be final and conclusive (except that it makes no determination and has no responsibility for the matters set forth in Section 10.02(b), above).

10.03 Construction to be in Compliance with Construction Documents and Law

10.03(a) Compliance with City Approved Documents

The construction shall be in compliance with the City-approved Construction Documents.

10.03(b) Compliance with Local, State and Federal Law

The construction shall be in strict compliance with all applicable local, State and Federal laws and regulations. Tenant understands and agrees that Tenant's use of the Premises and construction of the Improvements permitted hereunder will require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant shall be solely responsible for obtaining any and all such regulatory approvals. Tenant shall not seek any regulatory approval without first obtaining the written consent of City as Landlord under this Lease. Tenant shall bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Project or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Tenant, and City shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall indemnify, defend, and hold harmless the City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in Section 21.01 (Tenant's Indemnity) below) arising in connection with Tenant's failure to obtain or failure by Tenant, its agents or invitees to comply with the terms and conditions of any regulatory approval except to the extent such Claims are caused by the City's or an Indemnified Party's gross negligence or willful misconduct.

10.04 Approval of Construction Documents by City

Tenant shall submit and City shall approve or disapprove the Construction Documents referred to in this Ground Lease within the times established in the Schedule of Performance. Failure by City either to approve or disapprove within the times established in the Schedule of

Performance shall entitle Tenant to a day for day extension of time for completion of any activities delayed as a direct result of City's failure to timely approve or disapprove the Construction Documents. City hereby acknowledges that, as Landlord under this Ground Lease, as of the Effective Date, MOHCD has approved the Construction Documents for the Project.

10.05 Disapproval of Construction Documents by City

If the City disapproves the Construction Documents in whole or in part as not being in compliance with this Ground Lease, Tenant shall submit new or corrected plans which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and re-submission of corrected Construction Documents shall continue to apply until the Construction Documents have been approved by the City; provided, however, that in any event Tenant must submit satisfactory Construction Documents (i.e., approved by City) no later than the date specified therefor in the Schedule of Performance.

10.06 Reserved

10.07 Issuance of Building Permits

Tenant shall have the sole responsibility for obtaining all necessary building permits and shall make application for such permits directly to the City's Department of Building Inspection. The City understands and agrees that Tenant may use the Fast Track method of permit approval for construction of the Improvements.

10.08 Performance and Payment Bonds

Prior to commencement of construction of the Improvements, Tenant shall deliver to City (1) performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds shall name the City as co-obligee, or (2) such other completion

security which is acceptable to the City. The payment and performance bonds, if any, may be obtained by Tenant's general contractor and name Tenant and City as co-obligees.

10.09 City Approval of Changes after Commencement of Construction

Tenant may not approve or permit any change to the plans and specifications approved by the City without the City's prior written consent. Tenant must provide adequate and complete backup documentation for analysis of the appropriateness of the change order request to the City. Questions, comment or requests for additional information shall be issued by the City within five (5) business days of receipt of change order request. City shall promptly review and approve or disapprove change order requests within ten (10) days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) day period, the change order shall be deemed approved. If the City disapproves the change order request, it shall specify the reasons for the disapproval in writing.

10.10 Times for Construction

Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns shall promptly begin and diligently prosecute to completion the construction of the Improvements upon the Site, and that such construction shall in any event commence and thereafter diligently continue and shall be completed no later than the dates specified in the Schedule of Performance, subject to force majeure and Section 10.15 below, unless such dates are extended by the City.

10.11 Force Majeure

For the purposes of any of the provisions of this Ground Lease, and notwithstanding anything to the contrary, neither the City nor Tenant, as the case may be, shall be considered in breach or default of its obligations, nor shall there be deemed a failure to satisfy any conditions

with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God, or of the public enemy, acts of the Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials and unusually severe weather or delays of subcontractors due to such causes; it being the purposes and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times for the satisfaction of conditions to this Ground Lease including those with respect to construction of the Improvements, shall be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph shall have notified the other party thereof in writing of the cause or causes thereof within thirty (30) days after the beginning of any such enforced delay and requested an extension for the period of the enforced delay; and, provided further, that this paragraph shall not apply to, and nothing contained in this paragraph shall extend or shall be construed to extend, the time of performance of any of Tenant's obligations to be performed prior to the commencement of construction, nor shall the failure to timely perform pre-commencement of construction obligations extend or be construed to extend Tenant's obligations to commence, prosecute and complete construction of the Improvements in the manner and at the times specified in this Ground Lease.

10.12. Reports

Commencing when construction of the Improvements commences and continuing until completion of construction of the Improvements, Tenant shall make a report in writing to the City [every month/ every three (3) months--project specific], in such detail as may

reasonably be required by the City, as to the actual progress of the Tenant with respect to such construction. The MOHCD Monthly Project Update required under the MOHCD Loan Documents shall satisfy this requirement.

10.13 Access to Site

Commencing as of the Effective Date, Tenant shall permit access to the Site to the City whenever and to the extent necessary to carry out the purposes of the provisions of this Ground Lease, at reasonable times and upon reasonable advance notice, and on an emergency basis without notice whenever City believes that emergency access is required.

10.14 Notice of Completion

Promptly upon completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, Tenant shall file a Notice of Completion (“NOC”) and record such approved NOC in the San Francisco Recorder’s Office. Tenant shall provide the City with a copy of the recorded NOC.

10.15 Completion of Improvements by New Developer

In the event a Lender or a successor thereto forecloses, obtains a deed in lieu of foreclosure or otherwise realizes upon the Premises and undertakes construction of the Improvements (“New Developer”) (A) such New Developer shall not be bound by the provisions of the Schedule of Performance with respect to any deadlines for the completion of the Improvements but shall only be required to complete the Improvements with due diligence and in conformance with a new Schedule of Performance as agreed upon by the New Developer and the City, (B) such New Developer shall only be required to complete the Improvements in accordance with all applicable building codes and ordinances, and the approved Construction Documents with such changes that are mutually agreed upon by the City and the New Developer

pursuant to Subsection (C) hereof; and (C) City and New Developer shall negotiate in good faith such reasonable amendments and reasonable modifications to Section 10 of this Ground Lease as the parties mutually determine to be reasonably necessary based upon the financial and construction conditions then existing.

ARTICLE 11: Intentionally Omitted

ARTICLE 12: CHANGES TO THE IMPROVEMENTS

12.01 Post Completion Changes

The City has a particular interest in the Project and in the nature and extent of the permitted changes to the Improvements. Accordingly, it desires to and does hereby impose the following particular controls on the Site and on the Improvements: during the term of this Ground Lease, neither Tenant, nor any voluntary or involuntary successor or assign, shall make or permit any Change in the Improvements (as defined in Section 12.02), unless the express prior written consent for any change shall have been requested in writing from the City and obtained, and, if obtained, upon such terms and conditions as the City may reasonably require. The City agrees not to withhold or delay its response to such a request unreasonably.

12.02 Definition of Change

'Change' as used in this Article means any alteration, modification, addition and/or substitution of or to the Site, the Improvements, and/or the density of development which differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Ground Lease, and shall include without limitation the exterior design and exterior materials. For purposes of the foregoing, exterior shall mean and include the roof of the Improvements. Changes shall not include repairs, maintenance and interior alterations in the

normal course of operation of the Project, or as may be required in an emergency to protect the safety and well-being of the Project's Occupants.

12.03 Enforcement

Subject to Article 19 hereof, City shall have any and all remedies in law or equity (including without limitation restraining orders, injunctions and/or specific performance), judicial or administrative, to enforce the provisions of this Article 12, including without limitation any threatened breach thereof or any actual breach or violation thereof.

ARTICLE 13: TITLE TO IMPROVEMENTS

City acknowledges that fee title to the Improvements shall be solely vested in Tenant during the Term. It is the intent of the Parties that this Ground Lease and Memorandum of Lease shall create a constructive notice of severance of the Improvements from the Land without the necessity of a deed from Lessor to Lessee. City and Tenant hereby agree that fee title to the Improvements shall remain vested in Tenant during the Term, subject to Section 14.01 below; provided, however, that, subject to the rights of any Lenders and as further consideration for the City entering into this Ground Lease, at the expiration or earlier termination of this Ground Lease, fee title to all the Improvements shall vest in the City without further action of any party, without any obligation by the City to pay any compensation therefor to Tenant, and without the necessity of a deed from Tenant to the City. Notwithstanding the foregoing, if requested by City, upon expiration or sooner termination of this Ground Lease, Tenant shall execute, acknowledge, and deliver to the City a good and sufficient grant deed conveying to City Tenant's fee interest in the Improvements. Tenant shall have the exclusive right to deduct, claim, retain and enjoy any and all rental income appreciation, gain, depreciation, amortization, and tax credits for federal

and State tax purposes relating thereto, substitution therefor, fixtures therein and other property relating thereto.

ARTICLE 14: ASSIGNMENT, SUBLEASE OR OTHER CONVEYANCE

14.01 Assignment, Sublease or Other Conveyance by Tenant

Except as otherwise expressly provided in this Ground Lease, Tenant may not sell, assign, convey, sublease, or transfer in any other mode or form all or any part of its interest in this Ground Lease or in the Improvements or any portion thereof, other than to Lender(s) or affiliates of Lender(s), or allow any person or entity to occupy or use all or any part of the Site, other than leases to residential tenants and commercial tenants in the ordinary course of business, nor may it contract or agree to do any of the same, without the prior written approval of the City, which approval shall not be unreasonably withheld or delayed. The City reserves the right to review and approve any commercial leases and commercial tenants for the Site.

14.02 Assignment, Sublease or Other Conveyance by City

The parties acknowledge that any sale, assignment, transfer or conveyance of all or any part of the City's interest in the Site, the Improvements, or this Ground Lease, is subject to this Ground Lease. The City will require that any purchaser, assignee or transferee expressly assume all of the obligations of the City under this Ground Lease by a written instrument recordable in the Official Records of the City. This Ground Lease shall not be affected by any such sale, and Tenant shall attorn to any such purchaser or assignee.

ARTICLE 15: TAXES

Tenant agrees to pay, or cause to be paid, prior to delinquency to the proper authority, any and all valid taxes, assessments and similar charges on the Site which become effective after the Effective Date of this Ground Lease, including all taxes levied or assessed on the possession,

use or occupancy, as distinguished from the ownership, of the Site. Tenant shall not permit any such taxes, charges or other assessments to become a defaulted lien on the Site or the Improvements thereon; provided, however, that in the event any such tax, assessment or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and, provided further, that Tenant may contest the legal validity or the amount of any tax, assessment or similar charge, through such proceedings as Tenant considers necessary or appropriate, and Tenant may defer the payment thereof so long as the validity or amount thereof shall be contested by Tenant in good faith and without expense to the City. In the event of any such contest, Tenant shall protect, defend and indemnify the City against all loss, cost, expense or damage resulting there from, and should Tenant be unsuccessful in any such contest, Tenant shall forthwith pay, discharge, or cause to be paid or discharged, such tax, assessment or other similar charge. The City shall furnish such information as Tenant shall reasonably request in connection with any such contest provided that such information is in the City's possession or control or is otherwise available to the public. City hereby consents to and shall reasonably cooperate and assist with Tenant applying for and obtaining any applicable exemptions from taxes or assessments levied on the Site, the Improvements or on Tenant's interest therein. Tenant shall have no obligation under this Section prior to the Effective Date, including but not limited to any taxes, assessments or other charges levied against the Site which are incurred prior to the Effective Date.

ARTICLE 16: UTILITIES

From and after the Effective Date, Tenant shall procure water and sewer service from the City and electricity, telephone, natural gas and any other utility service from the City or utility companies providing such services, and shall pay all connection and use charges imposed in

connection with such services. From and after the Effective Date, as between the City and Tenant, Tenant shall be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service. All electricity necessary for operations in the Premises shall be purchased from San Francisco Public Utilities Commission (“SFPUC”), at SFPUC's standard rates charged to third parties, unless SFPUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. SFPUC is the provider of electric services to City property, and the Interconnection Services Department of SFPUC’s Power Enterprise coordinates with Pacific Gas and Electric Company and others to implement this service. To arrange for electric service to the Premises, Tenant shall contact the Interconnection Services Department in the Power Enterprise of the SFPUC.

ARTICLE 17: MAINTENANCE

Tenant, at all times during the term hereof, shall maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of the City, including the exterior, interior, substructure and foundation of the Improvements and all fixtures, equipment and landscaping from time to time located on the Site or any part thereof. The City shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Site or any buildings or improvements now or hereafter located thereon.

ARTICLE 18: LIENS

Tenant shall use its best efforts to keep the Site free from any liens arising out of any work performed or materials furnished by itself or its subtenants. In the event that Tenant shall not cause the same to be released of record or bonded around within twenty (20) days following written notice from the City of the imposition of any such lien, the City shall have, in addition to

all other remedies provided herein and by law, the right but not the obligation to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All sums paid by the City for such purpose, and all reasonable expenses incurred by it in connection therewith, shall be payable to the City by Tenant on demand; provided, however, Tenant shall have the right, upon posting of an adequate bond or other security, to contest any such lien, and the City shall not seek to satisfy or discharge any such lien unless Tenant has failed so to do within ten (10) days after the final determination of the validity thereof. In the event of any such contest, Tenant shall protect, defend, and indemnify the City against all loss, cost, expense or damage resulting therefrom. The provisions of this Section shall not apply prior to the Effective Date or to any liens arising prior to the Effective Date.

ARTICLE 19: GENERAL REMEDIES

19.01 Application of Remedies

The provisions of this Article 19 shall govern the parties' remedies for breach of this Ground Lease.

19.02 Notice and Cure Rights for Tenant and Permitted Limited Partner

(a) The City may not exercise its remedies under this Ground Lease for a default by the Tenant unless and until: (i) the City has given written notice of any such default, in accordance with the notice provisions of Article 38, to Tenant and Permitted Limited Partners, who have requested notice as set forth below, and (ii) such default has not been cured within sixty (60) days or such longer period as may be set forth herein, following the giving of such notice or, if such default cannot be cured within such 60-day period, such longer period as is reasonably necessary to cure such default, provided that such cure has been commenced within such 60-day period and is being prosecuted diligently to completion. If a Permitted Limited

Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

(b) The City will not exercise its remedy to terminate this Ground Lease if a Permitted Limited Partner is attempting to cure the default and such cure requires removal of the General Partner, so long as the Permitted Limited Partner is proceeding diligently to remove the General Partner in order to effect a cure of such default.

(c) Subject to the terms of the Partnership Agreement and unless otherwise provided for herein, any Person wishing to become a Permitted Limited Partner (other than any Permitted Limited Partner identified in Section 38 and/or its Affiliates) must provide five (5) days written notice to the City in accordance with the notice provisions of this Ground Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant's partners. Such Person will become a Permitted Limited Partner upon the expiration of the five-day period. A Person will not be afforded the protections of this section with respect to any default occurring prior to the time such Person becomes a Permitted Limited Partner.

19.03 Breach by City

If Tenant believes a material breach by the City of this Ground Lease has occurred, Tenant shall first notify the City in writing of the purported breach, giving the City sixty (60) days from receipt of such notice to cure such breach. In the event City does not then cure or, if the breach is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and thereafter diligently prosecute such cure to completion, then Tenant shall be afforded all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Ground Lease with the written consent of each

Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Ground Lease; or (iv) any other remedy available at law or equity.

19.04 Breach by Tenant

19.04(a) Default by Tenant

Subject to the notice and cure rights under Section 19.02, the following events each constitute a basis for the City to take action against Tenant:

- (1) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.02;
- (2) Tenant voluntarily or involuntarily assigns, transfers or attempts to transfer or assign this Ground Lease or any rights in this Ground Lease, or in the Improvements, except as permitted by this Ground Lease or otherwise with the approval of the City;
- (3) From and after the Effective Date, Tenant, or its successor in interest, shall fail to pay real estate taxes or assessments on the Premises or any part thereof prior to delinquency, or shall place thereon any encumbrance or lien unauthorized by this Ground Lease, or shall suffer any levy or attachment to be made, or any material supplier's or mechanic's lien or any other unauthorized encumbrance or lien to attach, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged within the time period provided in Article 18; provided, however, that Tenant shall have the right to contest any tax or assessment pursuant to Article 15 and Article 18 and, upon the posting of an adequate bond or other security, to contest any such lien or encumbrance. In the event of any such contest, Tenant shall protect, indemnify and hold City harmless against all losses and damages, including reasonable attorneys' fees and costs resulting therefrom;

(4) Tenant shall be adjudicated bankrupt or insolvent or shall make a transfer in defraud of creditors, or make an assignment for the benefit of creditors, or bring or have brought against Tenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy or reorganization act and, in the event such proceedings are involuntary, Tenant is not dismissed from the same within sixty (60) days thereafter; or, a receiver is appointed for a substantial part of the assets of Tenant and such receiver is not discharged within sixty (60) days;

(5) Tenant breaches any other material provision of this Ground Lease;

(6) Tenant fails to pay any portion of Annual Rent when due in accordance with the terms and provisions of this Ground Lease.

19.04(b) Notification and City Remedies

Upon the happening of any of the events described in Section 19.04(a) above, and prior to exercising any remedies, the City shall notify Tenant, the Permitted Limited Partners, and each Lender in writing of the Tenant's purported breach, failure or act in accordance with the notice provisions of Article 38, giving Tenant sixty (60) days from receipt of such notice to cure such breach, failure or act. In the event Tenant does not cure or, if the breach, failure or act is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and thereafter diligently prosecute such cure to completion, then, subject to the rights of any Lender and subject to Section 19.02 and Article 26, the City thereafter shall be afforded all of its rights at law or in equity, including without limitation any or all of the following remedies: (1) terminating in writing this Ground Lease; (2) prosecuting an action for damages; (3) seeking specific performance of this Ground Lease; or (4) in the case of default under Section 19.04(a)(1), increasing the Base Rent to the full amount of the Annual Rent.

Notwithstanding the foregoing, during the 15-year tax credit “compliance period” (as defined in Section 42 of the Internal Revenue Code, as amended) for the Project, City may only terminate this Ground Lease for a default by Tenant under Section 19.04(a)(6) above which remains uncured after the applicable cure period therefor.

ARTICLE 20: DAMAGE AND DESTRUCTION

20.01 Insured Casualty

From and after the Effective Date, if the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant hereunder, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof prior to such damage or destruction; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are so damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to accomplish the restoration, Tenant, with the written consent of Lender, may terminate this Ground Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. In the event Tenant is required or elects to restore the Improvements, all proceeds of any policy of insurance required to be maintained by Tenant under this Ground Lease shall, subject to any applicable rights of Lenders, be used by Tenant for that purpose and Tenant shall make up from its own funds or obtain additional financing as reasonably approved by the City any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost thereof. In the event Tenant elects to terminate this Ground Lease pursuant to its right to do so under this

Section 20.01, or elects not to restore the Improvements, the insurance proceeds shall be divided in the order set forth in Section 20.03.

20.02 Uninsured Casualty

From and after the Effective Date, if (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost of restoration is not within the scope of the insurance coverage; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender, other than the City, terminate this Ground Lease upon ninety (90) days written notice to the City. If it appears that the provisions of this Section 20.02 may apply to a particular event of damage or destruction, Tenant shall notify the City promptly and not consent to any settlement or adjustment of an insurance award without the City's written approval, which approval shall not be unreasonably withheld or delayed. In the event that Tenant terminates this Ground Lease pursuant to this Section 20.02, all insurance proceeds and damages payable by reason of the casualty shall be divided among City, Tenant and Lenders in accordance with the provisions of Section 20.03. If Tenant does not have the right, or elects not to exercise the right, to terminate this Ground Lease as a result of an uninsured casualty, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition prior to such damage or destruction in accordance with the provisions of Section 20.01 and shall, subject to any applicable rights of Lenders, be entitled to all available insurance proceeds.

20.03 Distribution of the Insurance Proceeds

In the event of an election by Tenant to terminate and surrender as provided in either Sections 20.01 or 20.02, the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder shall be as follows:

(a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages;

(b) Second, to pay for the cost of removal of all debris from the Site or adjacent and underlying property, and for the cost of any work or service required by any statute, law, ordinance, rule, regulation or order of any federal, state or local government, or any agency or official thereof, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

(c) Third, to compensate City for any diminution in the value (as of the date of the damage or destruction) of the Site as a raw development site caused by or arising from the damage or destruction; and

(d) The remainder to Tenant.

20.04 Clean Up of Housing Site

In the event the Tenant terminates this Ground Lease pursuant to the provisions of Sections 20.01 or 20.02 and the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Article 20.03(b), Tenant shall have the obligation to pay the portion of such costs not covered by the insurance proceeds.

ARTICLE 21: DAMAGE TO PERSON OR PROPERTY; HAZARDOUS MATERIALS; INDEMNIFICATION

21.01 Damage to Person or Property - General Indemnification

City shall not in any event whatsoever be liable for any injury or damage to any person happening on or about the Site, for any injury or damage to the Premises, or to any property of Tenant, or to any property of any other person, entity or association on or about the Site, unless arising from any gross negligence or willful misconduct of the City or any of its commissioners, officers, agents or employees. Tenant shall defend, hold harmless and indemnify the City including, but not limited to, its boards, commissions, commissioners, departments, agencies and other subdivisions, officers, agents, and employees (each, an "Indemnified Party" and collectively the "Indemnified Parties"), of and from all claims, loss, damage, injury, actions, causes of action and liability of every kind, nature and description (collectively, "Claims") incurred in connection with or directly or indirectly arising from its tenancy, its or their use of the Site, including adjoining sidewalks and streets, and any of its or their operations or activities thereon or connected thereto; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Ground Lease and further excepting only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within any indemnity provision set forth in this Ground Lease even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Tenant by City and continues at all times thereafter. Notwithstanding the foregoing, this

Article 21 shall not be deemed or construed to and shall not impose any obligation to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence by an Indemnified Party. Tenant's obligations under this Article shall survive the termination or expiration of this Ground Lease.

21.02 Hazardous Materials – Indemnification

(a) Tenant shall indemnify, defend, and hold the Indemnified Parties harmless from and against any and all losses, costs, claims, damages, liabilities, and causes of action of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to (a) violation of any Environmental Law, or (b) any Tenant Environmental Condition (as defined below).

Notwithstanding the foregoing, this Section 21.02(a) shall not be deemed or construed to, and shall not impose an obligation on Tenant to indemnify and save harmless the Indemnified Parties from, any claim, loss, damage, liability or expense, of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence of any Indemnified Party.

(b) For purposes of this Section 21.02, the following definitions shall apply:

(i) "Hazardous Substance" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Ground Lease, 42 U.S.C. 9601(14), and in addition shall include, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls ("PCBs"), PCB-containing

materials, all hazardous substances identified in the California Health & Safety Code 25316 and 25281(d), all chemicals listed pursuant to the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition shall not include substances which occur naturally on the Site or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a residential development.

(ii) "Environmental Law" shall include all federal, state and local laws, regulations and ordinances governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Ground Lease.

(iii) "Release" shall mean any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any Hazardous Substance.

(iv) "Tenant Environmental Condition" shall mean the Release or threatened Release of Hazardous Substance and any condition of pollution, contamination or Hazardous Substance related nuisance at, on, under or from the Site which occurs after the Effective Date and is caused by Tenant's, or Tenant's employees, agents, affiliates or contractors, act or omission that (1) increases the quantity or concentration of Hazardous Substance in the affected area, (2) causes the increased migration of a plume of Hazardous Substance in soil or groundwater, (3) causes a Release of Hazardous Substance that had been contained until the act or omission, (4) requires investigation or remediation that would not have been required but for

the act or omission other than mere discovery of such Hazardous Substance, or (5) otherwise disturbs, removes or generates Hazardous Substance in the course of Tenant's operations, maintenance, repair, improvements and changes under this Ground Lease.

ARTICLE 22: INSURANCE

22.01 Insurance

The Tenant shall maintain insurance meeting the requirements of this Article.

22.01(a) Insurance Requirements for Tenant

During the term of this Ground Lease, Tenant shall procure and maintain insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of any work hereunder by the Tenant, its agents, representatives, employees or subcontractors and the Tenant's use and occupancy of the Site and the Improvements.

22.01(b) Minimum Scope of Insurance

Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (form CG 00 01 - "Occurrence") or other form approved by the City's Risk Manager.

(2) Insurance Services Office Automobile Liability coverage, code 1 (form CA 00 01 - "Any Auto") or other form approved by the City's Risk Manager.

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability insurance.

(4) Professional Liability Insurance: Tenant shall require that all architects, engineers, and surveyors for the Project have liability insurance covering all negligent acts, errors and omissions. Tenant shall provide the City with copies of consultants' insurance certificates showing such coverage.

(5) Insurance Services Office Property Insurance coverage (form CP 10 30 60 95 – “Causes of Loss – Special Form”) or other form approved by the City’s Risk Manager.

(6) Crime Policy or Fidelity Bond covering the Tenant’s officers and employees against dishonesty with respect to the use of City funds.

22.01(c) Minimum Limits of Insurance

Tenant shall maintain limits no less than:

(1) General Liability: Commercial General Liability insurance with no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers’ liability; owners’ and contractors’ protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Tenant is conducting any activity on, alteration or improvement to the Site with risk of explosion, collapse, or underground hazards.

(2) Automobile Liability: Business Automobile Liability insurance with no less than One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable.

(3) Workers’ Compensation and Employers Liability: Workers’ Compensation, in statutory amounts, with Employers’ Liability limits not less than One Million Dollars (\$1,000,000) each accident, injury, or illness.

(4) Professional Liability: Professional Liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Tenant’s architects, engineers and

surveyors. If the Professional Liability Insurance provided by the architects, engineers, or surveyors is “claims made” coverage, Tenant shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the construction or remodeling.

(5) Crime Policy or Fidelity Bond: Crime Policy or Fidelity Bond of no less than Seventy-Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss.

(6) Pollution Liability and/or Asbestos Pollution Liability: Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than \$1,000,000 per claim or occurrence and \$2,000,000 aggregate per policy period of one year, this coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Tenant’s contractor, provided that the policy must be “claims made” coverage and Tenant must require Tenant’s contractor to maintain these minimum limits for no less than three (3) years beyond completion of the Project.

(7) Property Insurance:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Tenant as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the then-current replacement value of all improvements and City property in the care, custody and control of the Tenant or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion. (ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Tenant for heating, ventilating, air-conditioning, power generation and similar purposes, in an

amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment.

22.01(d) Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions in excess of \$25,000 must be declared to and approved by City's Risk Manager. At the option of City's Risk Manager, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees; or the Tenant shall procure a financial guarantee satisfactory to the City's Risk Manager guaranteeing payment of losses and related investigations, claim administration and defense expenses.

22.01(e) Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

(1) General Liability and Automobile Liability Coverage: The "City and County of San Francisco and their respective commissioners, members, officers, agents, and employees" are to be covered as additional insured with respect to: liability arising out of activities performed by or on behalf of the Tenant related to the Project; products and completed operations of the Tenant, premises owned, occupied or used by the Tenant related to the Project; and automobiles owned, leased, hired or borrowed by the Tenant for the operations related to the Project. The coverage shall contain no special limitations on the scope of protection afforded to the City and its Commissioners, members, officers, agents or employees. (Limits required may be achieved through the use of primary and excess liability policies.)

(2) Workers' Compensation and Property Insurance: The insured shall agree to waive all rights of subrogation against the "City and County of San Francisco, and their

respective commissioners, members, officers, agents, and employees” for any losses in connection with this Project.

(3) Claims-made Coverage: Should any of the required insurance be provided under a claims-made form, Tenant shall maintain such coverage continuously throughout the term of this Ground Lease and, without lapse, for a period of three years beyond the expiration of this Ground Lease, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Ground Lease, such claims shall be covered by such claims-made policies.

(4) All Coverage: Each insurance policy required by this Article shall:

(a) Be endorsed to state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to City, except in the event of suspension for nonpayment of premium, in which case ten (10) days' notice shall be given.

(b) Contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(c) For any claims related to this Ground Lease, the Tenant's insurance coverage shall be primary insurance with respect to the City and its commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by the City or its commissioners, members, officers, agents, or employees shall be in excess of the Tenant's insurance and shall not contribute with it.

(d) The Tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(e) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City and its commissioners, members, officers, agents, or employees.

(f) Approval of Tenant's insurance by the City will not relieve or decrease the liability of Tenant under this Ground Lease.

(g) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Tenant demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Tenant.

22.01(f) Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-VIII or as otherwise approved by the City's Risk Manager.

22.01(g) Verification of Coverage

Tenant shall furnish City with certificates of insurance and with original endorsements effecting coverage required by this clause at the commencement of this Ground Lease and annually thereafter. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by these specifications at any time.

22.01(h) Contractor, Subcontractors and Consultants Insurance

Tenant shall include all subcontractors and consultants as additional insureds under its policies or shall furnish separate certificates and endorsements for each. Tenant shall require the subcontractor(s) to provide all necessary insurance and to name the City and County

of San Francisco, its officers, agents and employees and the Tenant as additional insureds. All coverage for subcontractors and consultants shall be subject to all of the requirements stated herein unless otherwise approved by the City's Risk Manager.

ARTICLE 23: COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS

23.01 Compliance with Legal Requirements

From and after the Effective Date, Tenant shall at its cost and expense, promptly comply with all applicable Laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, including without limitation the requirements of the fire department or other similar body now or hereafter constituted and with any direction or occupancy certificate issued pursuant to any law by any public officer or officers, insofar as any thereof relates to or affects the condition, use or occupancy of the Site. In the event Tenant contests any of the foregoing, Tenant shall not be obligated to comply therewith to the extent that the application of the contested law, statute, ordinance, rule, regulation or requirement is stayed by the operation of law or administrative or judicial order and Tenant indemnifies the Indemnified Parties against all loss, cost, expense or damage resulting from noncompliance.

23.02 Regulatory Approvals

Tenant understands and agrees that the City is entering into this Ground Lease in its capacity as a landowner with a proprietary interest in the Premises and not as a regulatory agency with certain police powers. Tenant understands and agrees that neither entry by the City into this Ground Lease nor any approvals given by the City under this Ground Lease will be deemed to imply that Tenant has thereby obtained any required approvals from City departments, boards or

commissions that have jurisdiction over the Premises. By entering into this Ground Lease, the City is in no way modifying or limiting the obligations of Tenant to develop the Project in accordance with all Laws and as provided in this Ground Lease.

Tenant understands that its construction of the Improvements on the Premises and development of the Project will require approval, authorization or permit by governmental agencies with jurisdiction, which may include the City's Planning Commission and/or Zoning Administrator and the Department of Building Inspection. Tenant must use good faith efforts to obtain and will be solely responsible for obtaining any such approvals required for the Project in the manner set forth in this Section. Tenant will not seek any regulatory approval without first obtaining MOHCD's approval, which approval shall not be unreasonably withheld or delayed. Throughout the permit process for any regulatory approval, Tenant will consult and coordinate with MOHCD in Tenant's efforts to obtain permits. MOHCD will cooperate reasonably with Tenant in its efforts to obtain permits; provided, however, Tenant may not agree to the imposition of conditions or restrictions in connection with its efforts to obtain a permit from any other regulatory agency if the City is required to be a co-permittee under the permit or the conditions or restrictions could create any financial or other material obligations on the part of the City whether on or off of the Premises, unless in each instance MOHCD has approved the conditions previously in writing and in MOHCD's reasonable discretion. No approval by MOHCD will limit Tenant's obligation to pay all the costs of complying with conditions under this Section. Tenant must bear all costs associated with applying for and obtaining any necessary regulatory approval, as well as any fines, penalties or corrective actions imposed as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval.

With MOHCD's prior written consent, Tenant will have the right to appeal or contest any condition in any manner permitted by law imposed upon any regulatory approval. In addition to any other indemnification provisions of this Ground Lease, Tenant must indemnify the City and its commissioners, officers, agents or employees from and against any and all losses that may arise in connection with Tenant's failure to obtain or comply with the terms and conditions of any regulatory approval or with the appeal or contest of any conditions of any regulatory approval, except to the extent damage arises out of the gross negligence or willful misconduct of the City or any other Indemnified Party.

ARTICLE 24: ENTRY

(a) The City reserves for itself and its authorized representatives the right to enter the Site at all reasonable times during normal business hours upon not less than forty-eight (48) hours' written notice to Tenant (except in the event of an emergency), subject to the rights of the occupants, tenants and others lawfully permitted on the Site, for any of the following purposes:

(i) to inspect the work being performed by Tenant in developing the Project.

(ii) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Material Investigations);

(iii) to determine whether Tenant is in compliance with its Ground Lease obligations and to cure or attempt to cure any Tenant default;

(iv) to serve, post or keep posted any notices required or allowed under any of the provisions of this Ground Lease;

(v) to do any maintenance or repairs to the Premises that the City has the right or the obligation, if any, to perform hereunder; and

(vi) to show the Premises to any prospective purchasers, brokers, Lenders or public officials, or, during the last year of the Term of this Lease, exhibit the Premises to prospective tenants or other occupants, and to post any reasonable “for sale” or “for lease” signs in connection therewith.

(b) In the event of any emergency, as reasonably determined by the City, at its sole option and without notice, the City may enter the Premises and alter or remove any Improvements or Tenant’s personal property on or about the Premises as reasonably necessary, given the nature of the emergency. The City will have the right to use any and all means the City considers appropriate to gain access to any portion of the Premises in an emergency, in which case, the City will not be responsible for any damage or injury to any property, nor for the replacement of any property, and no emergency entry may be deemed to be a forcible or unlawful entry onto or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

(c) The City will not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of the City’s entry onto the Premises, except to the extent damage arises out of the gross negligence or willful misconduct of the City or its agents. The City will be responsible for any losses resulting from its gross negligence or willful misconduct and will repair any resulting damage promptly.

(d) Tenant will not be entitled to any abatement in Annual Rent if the City exercises any rights reserved in this Section, subject to subsection (c) above.

(e) The City will use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant’s use hereunder.

ARTICLE 25: MORTGAGE FINANCING

25.01 No Encumbrances Except for Development Purposes

Notwithstanding any other provision of this Ground Lease and subject to the prior written consent of the City in the form attached hereto as Attachment 3, which consent shall not be unreasonably withheld, conditioned or delayed, Leasehold Mortgages are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition, design, construction, renovation or reconstruction of the Project; refinancing of financing used to acquire, design, construction, renovation, reconstruct, or rehabilitate the Project; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, rehabilitate, renovate, or reconstruct the Improvements under this Ground Lease and in connection with the operation of the Improvements; and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Ground Lease. The City, acting solely in its capacity as landlord under this Ground Lease and not in its capacity as a Project Lender, hereby acknowledges and accepts _____ as a Lender, and consents to the Leasehold Mortgage associated with Lender's construction and permanent loan to Tenant for the Project.

25.02 Holder Not Obligated to Construct

The holder of any mortgage, deed of trust or other security interest authorized by Section 25.01 ("Holder" or "Lender"), including the successors or assigns of such Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; nor shall any covenant or any other provision of this Ground Lease be construed so to obligate such Holder. However, in the event the Holder does undertake to complete or guarantee the

completion of the construction of the Improvements, except as provided in Section 26.06(ii), nothing in this Ground Lease shall be deemed or construed to permit or authorize any such Holder or its successors or assigns to devote the Site or any portion thereof to any uses, or to construct any Improvements thereon, other than those uses or Improvements authorized under Section 9.02 and any reasonable modifications in plans proposed by any Holder or its successors in interest proposed for the viability of the Project approved by the City in its reasonable discretion. Except as provided in Section 26.06(ii), to the extent any Holder or its successors in interest wish to change such uses or construct different improvements, Holder or its successors in interest must obtain the advance written consent of the City as provided above.

25.03 Failure of Holder to Complete Construction

In any case where six (6) months after assumption of obligations pursuant to Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, the City shall be afforded the rights against such Holder it would otherwise have against Tenant under this Ground Lease for events or failures occurring after such assumption; subject to any extensions of time granted pursuant to Section 10.15 of this Ground Lease.

25.04 Default by Tenant and City's Rights

25.04(a) Right of City to Cure a Default or Breach by Tenant under a Leasehold Mortgage

In the event of a default or breach by Tenant under any Leasehold Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of such default or breach, the City may, at its option, cure such breach or default at any time prior to one hundred ten (110) days after the date on which the Lender files a notice of default. In such event, the City shall be

entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by the City in curing the default or breach. The City shall also be entitled to a lien upon the Leasehold Estate or any portion thereof to the extent such costs and disbursements are not reimbursed by Tenant. Any such lien shall be subject to the lien of any then existing Leasehold Mortgage authorized by this Ground Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable loan documents, the City shall also have the right to assign Tenant's interest in the Ground Lease to another entity, subject to such Lender's and Permitted Limited Partner's advance written consent, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of the Tenant under the Leasehold Mortgage.

25.04(b) Notice of Default to City

Tenant shall use its best efforts to require Lender to give the City prompt written notice of any such default or breach and each Leasehold Mortgage shall so provide and shall also contain the City's right to cure as above set forth.

25.05 Cost of Mortgage Loans to be Paid by Tenant

Tenant covenants and affirms that it shall bear all of the costs and expenses in connection with (i) the preparation and securing of any Leasehold Mortgage, (ii) the delivery of any instruments and documents and their filing and recording, if required, and (iii) all taxes and charges payable in connection with any Leasehold Mortgage.

ARTICLE 26: PROTECTION OF LENDER

26.01 Notification to City

Promptly upon the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this Article 26, each Lender shall give written notice to the City of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of Attachment 3 shall constitute City's acknowledgement of Lender's having given such notice as is required to obtain the rights and protections of a Lender under this Ground Lease. The City hereby acknowledges that _____ is deemed to have given such written Notice as First Mortgage Lender.

26.02 Lender's Rights to Prevent Termination

Each Lender shall have the right, but not the obligation, at any time prior to termination of this Ground Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent a termination of this Ground Lease to the same effect as if the same had been made, done and performed by Tenant instead of by Lender.

26.03 Lender's Rights When Tenant Defaults

Should any event of default under this Ground Lease occur and be continuing, and not be cured within the applicable cure period, the City shall not terminate this Ground Lease nor exercise any other remedy hereunder unless it first gives written notice of such event of default to Lender and

(i) If such event of default is a failure to pay a monetary obligation of Tenant, Lender shall have failed to cure such default within sixty (60) days from the date of written notice from the City to Lender; or

(ii) If such event of default is not a failure to pay a monetary obligation of Tenant, Lender shall have failed, within sixty (60) days of receipt of said written notice, either (a) to remedy such default; or (b) to obtain title to Tenant's interest in the Site in lieu of foreclosure; or (c) to commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceedings to completion, in which case such event of default shall be remedied or deemed remedied in accordance with Article 26.04 below.

All rights of the City to terminate this Ground Lease as the result of the occurrence of any such event of default shall be subject to, and conditioned upon, the City having first given Lender written notice of such event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate created hereby or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this Section 26.03, and upon Permitted Limited Partner having failed to proceed as permitted under Sections 19.02(b) or 26.06(iv). Notwithstanding anything to the contrary contained herein, in no event shall any Lender be required, as a condition to preventing the termination of this Ground Lease, or obtaining a new ground lease hereunder, to (A) cure any default by Tenant under Section 25.04 of this Ground Lease or (B) to cure any default by Tenant in the payment of any amounts payable by Tenant under any indemnification provisions of this Ground Lease (and upon completion of a foreclosure (or deed in lieu thereof), all such defaults shall automatically be deemed cured and waived.

26.04 Default Which Cannot be Remedied by Lender

Any event of default under this Ground Lease which in the nature thereof cannot be remedied by Lender shall be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (i) within sixty (60) days after receiving notice from the City setting forth the nature of such event of default, or prior thereto, Lender shall have acquired Tenant's Leasehold Estate created hereby or shall have commenced foreclosure or other appropriate proceedings in the nature thereof, (ii) Lender shall diligently prosecute any such proceedings to completion, (iii) Lender shall have fully cured any event of default arising from failure to pay or perform any monetary obligation in accordance with Section 26.03, and (iv) after gaining possession of the Improvements, Lender shall diligently proceed to perform all other obligations of Tenant as and when the same are due in accordance with the terms of this Ground Lease.

26.05 Court Action Preventing Lender's Action

If Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in Sections 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition. If this Ground Lease is terminated or rejected by Tenant in bankruptcy, the City agrees to enter into a new ground lease with the Lender on the same terms set forth in this Ground Lease. For purpose of this Article, if there is more than one Lender, the City will offer the new lease to each Lender in the order of priority until accepted.

26.06 Lender's Rights to Record, Foreclose and Assign

The City hereby agrees with respect to any Leasehold Mortgage, that:

(i) the Lender may cause same to be recorded, enforced and foreclosed, and upon foreclosure, sell and assign the Leasehold Estate created hereby to an assignee from whom it may accept a purchase price; subject, however, to Lender's first securing written approval from City, which approval shall not be unreasonably withheld, and if the Subsequent Owner has elected to maintain the use restrictions of Article 9, said Subsequent Owner shall be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code such that the Premises receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code (to the extent such exemption is then generally available). Lender, furthermore, may acquire title to the Leasehold Estate in any lawful way, and if the Lender becomes the assignee, may sell and assign said Leasehold Estate subject to City approval, which shall not be unreasonably withheld, and to the City's rights under Section 25.04.

(ii) each Subsequent Owner shall take said Leasehold Estate subject to all of the provisions of this Ground Lease, and shall, so long as and only so long as it shall be the owner of such estate, except as provided elsewhere in this Ground Lease, assume all of the obligations of Tenant under this Ground Lease; provided, however, that, subject to the rent provisions of Section 26.07 below, the Subsequent Owner may operate and maintain the 81 residential units without any limitations on the rents charged or the income of the occupants thereof, subject to any applicable regulatory agreement, restrictive covenant or other encumbrance;

(iii) the City shall mail or deliver to any Lender which has an outstanding Leasehold Mortgage a duplicate copy of all notices which the City may from time to time give to Tenant pursuant to this Ground Lease; and

(iv) any Permitted Limited Partners of Tenant shall have the same rights as any Lender under Sections 26.02, 26.03, and 26.06(iii), and any reference to a Lender in said section shall be deemed to include such Permitted Limited Partner; provided, however, that the rights of such Permitted Limited Partner shall be subordinate to the rights of any Lender.

26.07 Ground Lease Rent after Lender Foreclosure or Assignment

From and after the time that the Subsequent Owner acquires title to the Leasehold Estate, Annual Rent shall be set as follows:

(a) Any accrued Annual Rent at the time of foreclosure shall be forgiven by the City, and shall not remain an obligation of the Lender, its assignee, or the Subsequent Owner.

Subsequent to foreclosure or assignment of the Leasehold Estate to the Lender in lieu of foreclosure, if the Lender continues to operate the Project subject to the use and occupancy restrictions of Section 9.02, then Annual Rent otherwise due may, at the option of the Lender, be deferred until the earlier of the date of the Lender's sale or assignment of the Project to a Subsequent Owner that does not agree to operate the Project subject to such restrictions or the date that is sixty (60) days after Lender ceases to operate the Project in accordance with such restrictions. All deferred Annual Rent shall accrue, with simple interest at six percent (6%) per annum until paid.

(b) If the Subsequent Owner exercises its rights under Section 26.06(ii) to operate the Project without being subject to Section 9.02, Annual Rent shall be set at the then fair market rental value taking into account any affordability restrictions agreed to by the Subsequent Owner, if any, and the Base Rent shall be increased to the new fair market rent pursuant to this Section 26.07(b) and the provisions of Section 6.02(g) shall be suspended; provided, however, that the City shall be entitled to reduce Annual Rent by any dollar amount (but not below zero) in its sole

discretion and, in such case, the Subsequent Owner will be required to reduce rent charged to tenants on a dollar for dollar basis, with respect to such aggregate units occupied by Low Income Households as the City and the Subsequent Owner shall agree. The fair market rental value shall be determined by a jointly-commissioned appraisal (instructions prepared jointly by the Subsequent Owner and the City, with each party paying one half of the appraiser's fee) that will include a market land valuation, as well as a market land lease rent level. Absent a market land lease rent determination, the Annual Rent will be set at an amount equal to ten percent (10%) of the then appraised market land value. If the parties cannot agree on the joint appraisal instructions, either party may invoke a neutral third-party process to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Provided, however, that after the neutral third party process, the Lender, in its sole discretion may rescind its written notification of intent to not comply with Section 9.02 of this Ground Lease.

26.08 Permitted Uses After Lender Foreclosure

Notwithstanding the above, in the event of a foreclosure and transfer to a Subsequent Owner, the Premises shall be operated in accordance with the uses specified in the building permit with all addenda, as approved by the City's Department of Building Inspection.

26.09 Preservation of Leasehold Benefits

Until such time as a Lender notifies the City in writing that the obligations of the Tenant under its loan documents have been satisfied, the City agrees:

(a) That subject to Section 19.04(b) the City shall not voluntarily cancel or surrender this Ground Lease, or accept a voluntary cancellation or surrender of this Ground Lease by

Tenant, or amend this Ground Lease to materially increase the obligations of the Tenant or the rights of the City thereunder, without the prior written consent of the Lender or Permitted Limited Partner (which will not be unreasonably withheld or delayed);

(b) That the City shall not enforce against a Lender any waiver or election made by the Tenant under this Ground Lease which has a material adverse effect on the value of the Leasehold Estate without the prior written consent of the Lender (which will not be unreasonably withheld or delayed);

(c) That, if a Lender makes written request for the same within fifteen (15) days after Lender receives written notice of termination of this Ground Lease, the City will enter a new lease with such Lender commencing on the date of termination of the Ground Lease and ending on the normal expiration date of the Ground Lease, on substantially the same terms and conditions as the Ground Lease and subject to the rent provisions set forth in Section 26.07, and with the same priority as against any subleases or other interests in the Premises; provided that such Lender cures all unpaid monetary defaults under the Ground Lease, through the date of such termination;

(d) That the City shall provide reasonable prior notice to each Lender of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit each Lender to participate therein as an interested party.

26.10 No Merger

The Leasehold Estate in the Site pursuant to this Ground Lease shall not merge with the fee interest in the Site, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 City Bankruptcy

(a) If a bankruptcy proceeding is filed by or against the City, the City shall immediately notify each Lender of such filing and shall deliver a copy of all notices, pleadings, schedules, and similar materials regarding the bankruptcy proceedings to each Lender.

(b) The City acknowledges that (i) the Tenant seeks to construct improvements on the Premises using proceeds of the loans provided by the Lenders, and (ii) it would be unfair to both the Tenant and the Lenders to sell the Premises free and clear of the leasehold. Therefore, the City waives its right to sell the City's fee interest in the Site pursuant to section 363(f) of the Bankruptcy Code, free and clear of the leasehold interest under this Ground Lease.

(c) If a bankruptcy proceeding is filed by or on behalf of the City, the City agrees as follows: (i) the Tenant shall be presumed to have objected to any attempt by the City to sell the fee interest free and clear of the leasehold under this Ground Lease; (ii) if Tenant does not so object, each Lender shall have the right to so object on its own behalf or on behalf of the Tenant; and (iii) in connection with any such sale, the Tenant shall not be deemed to have received adequate protection under section 363(e) of the Bankruptcy Code, unless it shall have received and paid over to each Lender outstanding balance of the obligations under its respective loan.

(d) City recognizes that the Lenders are authorized on behalf of the Tenant to vote, participate in or consent to any bankruptcy, insolvency, receivership or court proceeding concerning the leasehold interest under this Ground Lease.

ARTICLE 27: CONDEMNATION AND TAKINGS

27.01 Parties' Rights and Obligations to be Governed by Agreement

If, during the term of this Ground Lease, there is any condemnation of all or any part of the Site or any interest in the Leasehold Estate is taken by condemnation, the rights and

obligations of the parties shall be determined pursuant to this Article 27, subject to the rights of any Lender.

27.02 Total Taking

If the Site is totally taken by condemnation, this Ground Lease shall terminate on the date the condemnor has the right to possession of the Site.

27.03 Partial Taking

If any portion of the Site is taken by condemnation, this Ground Lease shall remain in effect, except that Tenant may, with Lender's written consent, which consent shall not be unreasonably withheld, conditioned or delayed, elect to terminate this Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued use of the Site. If Tenant elects to terminate this Ground Lease, Tenant must exercise its right to terminate pursuant to this paragraph by giving notice to the City within thirty (30) days after the City notifies Tenant of the nature and the extent of the taking. If Tenant elects to terminate this Ground Lease as provided in this Section 27.03, Tenant also shall notify the City of the date of termination, which date shall not be earlier than thirty (30) days nor later than six (6) months after Tenant has notified the City of its election to terminate; except that this Ground Lease shall terminate on the date the condemnor has the right to possession of the Site if such date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Ground Lease within such thirty (30) day notice period, this Ground Lease shall continue in full force and effect.

27.04 Effect on Rent

If any portion of the Improvements is taken by condemnation and this Ground Lease remains in full force and effect, then on the date of taking the rent shall be reduced by an amount

that is in the same ratio to the rent as the value of the area of the portion of the Improvements taken bears to the total value of the Improvements immediately before the date of the taking.

27.05 Restoration of Improvements

If there is a partial taking of the Improvements and this Ground Lease remains in full force and effect pursuant to Section 27.03, Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements.

27.06 Award and Distribution

Any compensation awarded, paid or received on a total or partial condemnation of the Site or threat of condemnation of the Site shall belong to and be distributed in the following order:

(a) First, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals and lease residuals, to the extent provided therein; and

(b) Second, to the Tenant in an amount equal to the fair market value of Tenant's interest in the Improvements and its leasehold interest in the Site (including, but not limited to, the value of Tenant's interest in all subleases to occupants of the Site), such value to be determined as it existed immediately preceding the earliest taking or threat of taking of the Site; and;

(c) Third, to the Landlord.

27.07 Payment to Lenders

In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Tenant, such award shall be disposed of as provided in the Leasehold Mortgages.

ARTICLE 28: ESTOPPEL CERTIFICATE

The City or Tenant, as the case may be, shall execute, acknowledge and deliver to the other and/or any Lender or a Permitted Limited Partner, promptly upon request, its certificate certifying (a) that this Ground Lease is unmodified and in full force and effect (or, if there have been modifications, that this Ground Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which rent has been paid, (c) whether there are then existing any charges, offsets or defenses against the enforcement by the City or Tenant to be performed or observed and, if so, specifying the same, and (d) whether there are then existing any defaults by Tenant or the City in the performance or observance by Tenant or the City of any agreement, covenant or condition hereof on the part of Tenant or the City to be performed or observed and whether any notice has been given to Tenant or the City of any default which has not been cured and, if so, specifying the same.

ARTICLE 29: QUITCLAIM

Upon expiration or sooner termination of this Ground Lease, Tenant shall surrender the Site to the City and, at the City's request, shall execute, acknowledge, and deliver to the City a good and sufficient quitclaim deed with respect to any interest of Tenant in the Site. Title to the Improvements shall be conveyed to the City as provided in Article 13 herein.

ARTICLE 30: EQUAL OPPORTUNITY

In the selection of all contractors and professional consultants for the Project, Tenant must comply with the City's procurement requirements and procedures as described in the

Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor's Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time, and with the requirements of the Small Business Enterprise Program ("SBE Program") as set forth in that certain Small Business Enterprise Program manual dated July 1, 2015, as the same may be amended from time to time, according to the procedures established by the City's Contract Monitoring Division. The Project must comply with the training, hiring and contracting requirements of Section 3 of the Housing and Community Development Act of 1968 and of the San Francisco Section 3 program as administered by MOHCD. Federal Section 3 requirements state that contracts and opportunities for job training and employment be given, to the greatest extent feasible, to local low-income residents. Local residents for this project are San Francisco residents. In addition, this project will be required to comply with hiring requirements as incorporated into the local Section 3 program and in conjunction with the City's low-income hiring requirements pursuant to San Francisco's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83).

ARTICLE 31: CITY PREFERENCE PROGRAMS

To the extent permitted by applicable federal and state law, Tenant agrees to comply with the requirements of the City's current housing preference programs, as amended from time to time; provided, however, that such requirements shall apply only to the extent permitted by the requirements of non-City funding approved by the City for the Project.

ARTICLE 32: LABOR STANDARDS PROVISIONS

Although the Parties acknowledge that the development of the Project is a private work of improvement, Tenant agrees that any person performing labor in the construction of the Project and any Change to the Premises, which Tenant provides under this Ground Lease, shall

be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco 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. Tenant shall include in any contract for construction or demolition of the Project a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor in the construction of the Project or any Change to the Premises.

ARTICLE 33: CONFLICT OF INTEREST

No commissioner, official, or employee of the City shall have any personal or financial interest, direct or indirect, in this Ground Lease, nor shall any such commissioner, official, or employee participate in any decision relating to this Ground Lease which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

ARTICLE 34: NO PERSONAL LIABILITY

No commissioner, official, or employee of the City shall be personally liable to Tenant or any successor in interest in the event of any default or breach by the City or for any amount which may become due to Tenant or its successors or on any obligations under the terms of this Ground Lease.

ARTICLE 35: ENERGY CONSERVATION

Tenant agrees that it will use its best efforts to maximize provision of, and incorporation of, both energy conservation techniques and systems and improved waste-handling methodology in the construction of the Improvements.

ARTICLE 36: WAIVER

The waiver by the City or Tenant of any term, covenant, agreement or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be construed to waive or to lessen the right of the City or Tenant to insist upon the performance by the other in strict accordance with the said terms. The subsequent acceptance of rent or any other sum of money hereunder by the City shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, agreement or condition of this Ground Lease, other than the failure of Tenant to pay the particular rent or other sum so accepted, regardless of the City's knowledge of such preceding breach at the time of acceptance of such rent or other sum.

ARTICLE 37: TENANT RECORDS

Upon reasonable notice during normal business hours, and as often as the City may deem necessary, there shall be made available to the City and its authorized representatives for examination all records, reports, data and information made or kept by Tenant regarding its activities or operations on the Site. Nothing contained herein shall entitle the City to inspect personal histories of residents or lists of donors or supporters. To the extent that it is permitted by law to do so, the City will respect the confidentiality requirements of Tenant in regard to the lists furnished by Tenant pursuant to Article 7 hereof, of the names of occupants of the Premises.

ARTICLE 38: NOTICES AND CONSENTS

All notices, demands, consents or approvals which may be or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given when delivered in person to such representatives of [HUD,]the Tenant[,] and the City as shall from time to time be designated by the parties for the receipt of notices, or when deposited in the United States mail, certified, postage prepaid, or by express delivery service with a delivery receipt and addressed

if to Tenant at: 490 SVN Housing Associates, LP
600 California Street, Suite 900
San Francisco, CA 94108

Mission Housing Development Corporation
474 Valencia Street, Suite 280
San Francisco, CA 94108

With a copy to the
Permitted Limited
Partner at:

Bank of America, N.A.
7700 El Camino Real
Carlsbad, CA 92009-8506
Attention: Stephanie Barrett
Asset Manager for 490 South Van Ness Avenue

if to the City at: San Francisco Mayor's Office of Housing and Community
Development
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn.: Director

or to such other address with respect to either party as that party may from time to time designate by notice to the other given pursuant to the provisions of this Article 38. Any notice given pursuant to this Article 38 shall be effective on the date of receipt or the date delivery is refused as shown on the delivery receipt.

ARTICLE 39: HEADINGS

Any titles of the several parts and sections of this Ground Lease are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. "Paragraph" and "section" may be used interchangeably.

ARTICLE 40: SUCCESSORS AND ASSIGNS

This Ground Lease shall be binding upon and inure to the benefit of the successors and assigns of the City and Tenant and where the term "Tenant" or "City" is used in this Ground Lease, it shall mean and include their respective successors and assigns; provided, however, that the City shall have no obligation under this Ground Lease to, nor shall any benefit of this Ground Lease accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Ground Lease. At such time as City sells the Site to any third party, City shall require such third party to assume all of the City's obligations hereunder arising on and after the transfer in writing for the benefit Tenant and its successors and assigns.

ARTICLE 41: TIME

Time is of the essence in the enforcement of the terms and conditions of this Ground Lease.

ARTICLE 42: PARTIAL INVALIDITY

If any provisions of this Ground Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of this Ground Lease and all such other provisions shall remain in full force and effect.

ARTICLE 43: APPLICABLE LAW; NO THIRD PARTY BENEFICIARY

This Ground Lease shall be governed by and construed pursuant to the laws of the State of California. This Ground Lease is entered into solely among, between and for the benefit of, and may be enforced only by, the parties hereto and, to the extent specifically provided under

this Ground Lease, the Permitted Limited Partner and any Lender hereunder. Other than as set forth in the preceding sentence, this Ground Lease and does not create rights in any other third party.

ARTICLE 44: ATTORNEYS' FEES

If either of the parties hereto commences a lawsuit to enforce any of the terms of this Ground Lease, the prevailing party will have the right to recover its reasonable attorneys' fees and costs of suit, including fees and costs on appeal, from the other party.

ARTICLE 45: EXECUTION IN COUNTERPARTS

This Ground Lease and any memorandum hereof may be executed in counterparts, each of which shall be considered an original, and all of which shall constitute one and the same instrument.

ARTICLE 46: RECORDATION OF MEMORANDUM OF GROUND LEASE

This Ground Lease shall not be recorded, but a memorandum of this Ground Lease shall be recorded in the form attached hereto as Attachment 5 ("Memorandum of Ground Lease"). The parties shall execute the memorandum in form and substance as required by a title insurance company insuring Tenant's leasehold estate or the interest of any Leasehold Mortgagee, and sufficient to give constructive notice of the Ground Lease to subsequent purchasers and mortgagees.

ARTICLE 47: TRANSFER OF PARTNERSHIP INTERESTS IN TENANT

Tenant may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Tenant, or lease or permit a sublease on all or any part of the Project, without the prior written consent of the City, in its reasonable discretion, other than: (a) leases, subleases or occupancy agreements to Occupants; or (b)

security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion, (c) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (d) transfers of the general partner interest in Tenant to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partner interest in Tenant pursuant to the tax credit syndication of the Project and/or as otherwise permitted by Tenant's Partnership Agreement; or (f) any transfer by foreclosure or deed in lieu of foreclosure; (g) if the Tenant is a Lender (or a Lender's affiliate), transfers of ownership interests in such Lender (or its affiliate); or (h) the grant or exercise of an option agreement between Tenant and the General Partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Ground Lease.

ARTICLE 48: CITY PROVISIONS

48.1 Non-Discrimination

(a) Covenant Not to Discriminate. In the performance of this Ground Lease, Tenant covenants and agrees not to discriminate on the basis of the 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, weight, height or Acquired Immune

Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant.

(b) Subleases and Other Subcontracts. Tenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such subtenant or other subcontractor in substantially the form of Subsection (a) above. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Ground Lease.

(c) Non-Discrimination in Benefits. Tenant does not as of the date of this Ground Lease and will not during the Term, in any of its operations in San Francisco or with respect to its operations under this Ground Lease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "Core Benefits"), as well as any benefits other than Core Benefits, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) Condition to Lease. As a condition to this Ground Lease, Tenant shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by Parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Ground Lease as though fully set forth herein. Tenant shall comply fully with and be bound by all of the provisions that apply to this Ground Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

48.2 MacBride Principles – Northern Ireland. The City and County of San Francisco 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 and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

48.3 Conflicts of Interest. Tenant states that it is familiar with the provisions of Section 15.103 of the San Francisco 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 Government Code of the State of California, certifies that it knows of no facts which would constitute a violation of such provisions and agrees that if Tenant becomes aware of any such fact during the term of this Lease Tenant shall immediately notify the City. Tenant further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, which Tenant believes any officer or employee of the City presently has or will have in this Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, shall constitute grounds for City's termination and cancellation of this Ground Lease.

48.4 Charter Provisions. This Ground Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco. Accordingly, Tenant acknowledges and agrees that no officer or employee of the City has authority to commit the City to this Ground Lease unless and until a resolution of the City's Board of Supervisors has been duly enacted approving this Ground Lease. Therefore, any obligations or liabilities of the City under this Ground Lease are contingent upon enactment of a resolution, and this Ground Lease will be null and void unless the City's Mayor and the Board of Supervisors approve this Ground Lease, in their respective sole and absolute discretion, and in accordance with all applicable Laws. Approval of this Ground Lease by any City department, commission or agency may not be deemed to imply that a resolution will be enacted or create any binding obligations on the City.

48.5 Tropical Hardwood/Virgin Redwood Ban. Pursuant to Section 804(b) of the San Francisco Environment Code, the City and County of San Francisco 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 permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant shall not use any items in the rehabilitation, development or operation of the Premises or otherwise in the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood or virgin redwood wood products.

48.6 Tobacco Product Advertising Ban. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products may be allowed on the Premises. The foregoing prohibition will include the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition will not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

48.7 Pesticide Ordinance. Tenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (iii) require Tenant to submit to the City's Department of the Environment an integrated pest management ("IPM") plan that (A) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term of this Ground Lease, (b) describes

the steps Tenant will take to meet the City's IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as the Tenant's primary IPM contact person with City. In addition, Tenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing herein shall prevent Tenant, acting through the City, from seeking a determination from the City's Commission on the Environment that Tenant is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.

48.8 Compliance with City's Sunshine Ordinance. Tenant understands and agrees that under the City's Sunshine Ordinance (S.F. Admin. Code, Chapter 67) and the State Public Records Law (Cal. Gov. Code §§ 6250 et seq.), this Ground Lease and any and all records, information and materials submitted to the City hereunder are public records subject to public disclosure. Tenant hereby authorizes the City to disclose any records, information and materials submitted to the City in connection with this Ground Lease as required by Law. Further, Tenant specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Tenant's performance under this Ground Lease as a passive meeting.

48.9 Notification of Limitations on Contributions. Through its execution of this Ground Lease, Tenant 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 for the selling or leasing any land or building to or from 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 the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such

contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.

48.10 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (the "HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated in this Ground Lease by reference and made a part of this Ground Lease as though fully set forth. The text of the HCAO is available on the web at www.sfgov.org/oca/lwlv.htm. Capitalized terms used in this Section and not defined in this Lease have the meanings assigned to them in Chapter 12Q. Notwithstanding this requirement, City recognizes that the residential housing component of the Improvements is not subject to the HCAO.

(a) For each Covered Employee, Tenant must provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Tenant chooses to offer the health plan option, the health plan must meet the minimum standards set forth by the San Francisco Health Commission.

(b) If Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, Tenant will have no obligation to comply with Subsection (a) above.

(c) Tenant's failure to comply with the HCAO will constitute a material breach of this Lease. If Tenant fails to cure its breach within thirty (30) days after receiving the City's written notice of a breach of this Lease for violating the HCAO or, if the breach cannot reasonably be cured within the 30-day period, Tenant fails to commence efforts to cure within the 30-day period, or thereafter fails diligently to pursue the cure to completion, the City will

have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to the City.

(d) Any sublease entered into by Tenant for commercial space in the Project must require the subtenant to comply with the requirements of the HCAO and must contain contractual obligations substantially the same as those set forth in this Section. Tenant must notify the City's Purchasing Department when Tenant enters into a sublease and must certify to the Purchasing Department that Tenant has notified the subtenant of the obligations under the HCAO and has imposed the requirements of the HCAO on subtenant through the sublease. Tenant will be responsible for its subtenants' compliance with this Chapter. If a subtenant fails to comply, the City may pursue the remedies set forth in this Section against Tenant based on the subtenant's failure to comply, provided that City has first provided Tenant with notice and an opportunity to obtain a cure of the violation.

(e) Tenant may not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to Tenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Tenant must keep itself informed of the current requirements of the HCAO.

(h) Tenant must provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, as applicable.

(i) Tenant must provide City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

(j) The City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant agrees to cooperate with the City when it conducts audits.

(k) If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with the City to reach \$75,000, all the agreements will be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and MOHCD to be equal to or greater than \$75,000 in the fiscal year.

48.11 Public Access to Meetings and Records. If Tenant receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Tenant shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Ground Lease, Tenant agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. Tenant further agrees to make good-faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Tenant acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this

Ground Lease. Tenant further acknowledges that such material breach of the Lease shall be grounds for City to terminate and/or not renew this Ground Lease, partially or in its entirety.

48.12 Resource-Efficient Building Ordinance. Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Tenant hereby agrees it shall comply with the applicable provisions of such code sections as such sections may apply to the Premises.

48.13 Drug Free Work Place. Tenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City premises. Tenant agrees that any violation of this prohibition by Tenant, its agents or assigns shall be deemed a material breach of this Ground Lease.

48.14 Preservative Treated Wood Containing Arsenic. Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Ground Lease unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Tenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Tenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term

"saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

48.15 Nondisclosure of Private Information. Tenant agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private Information Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Ground Lease as though fully set forth. Capitalized terms used in this section and not defined in this Ground Lease shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

- (a) Neither Tenant nor any of its subcontractors shall disclose Private Information, unless one of the following is true:
 - (i) The disclosure is authorized by this Ground Lease;
 - (ii) Tenant received advance written approval from the Contracting Department to disclose the information; or
 - (iii) The disclosure is required by law or judicial order.
- (b) Any disclosure or use of Private Information authorized by this Ground Lease shall be in accordance with any conditions or restrictions stated in this Ground Lease. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.
- (c) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number,

medical information, financial information, date and location of birth, and names of relatives; or

(2) the law forbids any person from disclosing.

(d) Any failure of Tenant to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Ground Lease. In such an event, in addition to any other remedies available to it under equity or law, City may terminate this Ground Lease, debar Tenant, or bring a false claim action against Tenant.

48.16 Graffiti. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Tenant shall remove all graffiti from the Premises and any real property owned or leased by Tenant in the City and County of San Francisco within forty-eight (48) hours of the earlier of Tenant's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require Tenant to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement,

whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction Premises, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.). Any failure of Tenant to comply with this section of this Ground Lease shall constitute an event of default of this Ground Lease.

48.17 Incorporation. Each and every provision of the San Francisco Administrative Code described or referenced in this Ground Lease is hereby incorporated by reference as though fully set forth herein. Failure of Tenant to comply with any provision of this Ground Lease relating to any such code provision shall be governed by Article 19 of this Ground Lease, unless (i) such failure is otherwise specifically addressed in this Ground Lease or (ii) such failure is specifically addressed by the applicable code section.

48.18 Food Service Waste Reduction. Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Ground Lease as though fully set forth herein. This provision is a material term of this Ground Lease. By entering into this Ground Lease, Tenant agrees that

if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Ground Lease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Tenant's failure to comply with this provision.

48.19 Local Hire Requirements. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.62 (the "**Local Hiring Requirements**"). Tenant Improvements and Alterations (as defined in Section 7.1) are subject to the Local Hiring Requirements unless the cost for such work is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements, including the use of federal funding for the Project. Tenant agrees that it shall comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant shall contact City's Office of Economic Workforce and Development ("**OEWD**") to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a "**Covered Project**").

Tenant shall include, and shall require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each such contract shall name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the

Local Hiring Requirements, including the right to file charges and seek penalties. Tenant shall cooperate, and require its subtenants to cooperate, with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Tenant's failure to comply with its obligations under this Section shall constitute a material breach of this Lease. A contractor's or subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

48.20 Criminal History in Hiring and Employment Decisions

(a) Unless exempt, Tenant agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; "Chapter 12T"), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Tenant who would be or are performing work at the Site.

(b) Tenant shall incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Site, if any, and shall require all subtenants to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Ground Lease.

(c) Tenant and subtenants (if any) shall not inquire about, require disclosure of, or if such information is received base an Adverse Action (as defined in Chapter 12T) on an applicant's or potential applicant for employment, or employee's: (1) Arrest (as defined in Chapter 12T) not leading to a Conviction (as defined in Chapter 12T), unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction

that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(d) Tenant and subtenants (if any) shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (c) above. Tenant and subtenants (if any) shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(e) Tenant and subtenants (if any) shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Site, that the Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(f) Tenant and subtenants (if any) shall post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Site and at other workplaces within San Francisco where interviews for job opportunities at the Site occur. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Site or other workplace at which it is posted.

(g) Tenant and subtenants (if any) understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T or this Ground Lease, including but not limited to a

penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Ground Lease.

(h) If Tenant has any questions about the applicability of Chapter 12T, it may contact the City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

48.21 Prevailing Wages and Working Conditions

Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.61. Tenant shall require its Contractors and Subcontractors performing (i) labor in connection with a "public work" as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "**Prevailing Wage Requirements**"). Tenant agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

Tenant shall include, and shall require its subtenants, and Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to

San Francisco Administrative Code Section 23.61. Each such Construction Contract shall name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant's failure to comply with its obligations under this Section shall constitute a material breach of this Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, contact the City's Office of Labor Standards Enforcement.

48.22 Sugar-Sweetened Beverage Prohibition

Tenant agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Ground Lease.

48.23 Taxes, Assessments, Licenses, Permit Fees and Liens

(a) Tenant recognizes and understands that this Ground Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest.

(b) Tenant agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the leasehold interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Tenant's usage of the Premises that may be imposed upon Tenant by law, all of which shall be paid when the same become due and payable and before delinquency.

(c) Tenant agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Tenant, if so desiring, may have reasonable opportunity to contest the validity of the same.

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that the City and County of San Francisco report certain information relating to this Lease, and any renewals thereof, to the County Assessor within sixty (60) days after any such transaction, and that Tenant report certain information relating to any assignment of or sublease under this Lease to the County Assessor within sixty (60) days after such assignment or sublease transaction. Tenant agrees to provide such information as may be requested by the City to enable the City to comply with this requirement.

48.24 Vending Machines; Nutritional Standards

Tenant shall not install or permit any vending machine on the Premises without the prior written consent of Landlord. Any permitted vending machine must comply with the food nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to time (the "Nutritional Standards Requirements"). Tenant agrees to incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 48.24 shall be deemed a material breach of this Lease. Without limiting Landlord's other rights and remedies under this Lease, Landlord shall have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

48.25 All-Gender Toilet Facilities.

If applicable, Tenant shall comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of any new building on City-owned land and within existing buildings leased by the City where extensive renovations are made. An “all-gender toilet facility” means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage, design, or the installation of fixtures, and “extensive renovations” means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by this section. If Tenant has any question about applicability or compliance, Tenant should contact MOHCD for guidance.

ARTICLE 49: COMPLETE AGREEMENT

There are no oral agreements between Tenant and the City affecting this Ground Lease, and this Ground Lease supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings between Tenant and the City with respect to the lease of the Site.

ARTICLE 50: AMENDMENTS

Neither this Ground Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Ground Lease, but each and every term, covenant and condition of this Ground Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Ground Lease, including, without limitation, amendments to or modifications to the exhibits to this Ground Lease, shall be

subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the City's Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (a) changing the legal description of the Site, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Site from the use authorized under this Ground Lease, and (e) any other amendment or modification which materially increases the City's liabilities or financial obligations under this Lease shall additionally require the approval of the City's Board of Supervisors.

ARTICLE 51: ATTACHMENTS

The following are attached to this Ground Lease and by this reference made a part hereof:

1. Legal Description of Site
2. Schedule of Performance
3. City Consent of Leasehold Mortgage
4. Reserved
5. Memorandum of Ground Lease
6. Form of Income Certification Form

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE SHALL BE NULL AND VOID IF CITY'S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS LEASE, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION

WILL BE ENACTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

IN WITNESS WHEREOF, the Tenant and the City have executed this Ground Lease as of the day and year first above written.

TENANT:

490 SVN HOUSING ASSOCIATES,
a California limited partnership

By: _____

Name: _____

Title: _____

CITY AS LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

Andrico Pennick
Acting Director of Property

By: _____

Kate Hartley
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____

Deputy City Attorney

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

(490 South Van Ness Avenue)

ATTACHMENT 2
SCHEDULE OF PERFORMANCE

ATTACHMENT 3

CITY CONSENT OF LEASEHOLD MORTGAGE

Date:

Mayor's Office of Housing and Community Development of the
City and County of San Francisco
Attn: Director
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

RE: _____, San Francisco (LEASEHOLD MORTGAGE)

Dear Sir or Madam:

Pursuant to Section 25.01 of the _____ Ground Lease, dated _____, 20____, between the City and County of San Francisco ("City") and _____, a California _____, we are formally requesting the City's consent to our placing a leasehold mortgage upon the leasehold estate of the above referenced development. The following information is provided in order for the City to provide its consent:

Lender:
Principal Amount:
Interest:
Term:

Attached hereto are unexecuted draft loan documents, including the loan agreement, promissory note, and all associated security agreements which we understand are subject to the review and approval by the City. Furthermore, we are willing to supply any additional documentation related to the leasehold mortgage which the City deems necessary.

Sincerely,

A California Limited Partnership

By: _____
Name: _____
Title: _____
enc.

By signing this letter, the City consents to the leasehold mortgage, pursuant to the terms and conditions of Section 25.01 of the _____ Ground Lease, dated _____, 20__.

Mayor's Office of Housing and Community Development

Kate Hartley, Director

ATTACHMENT 4

Reserved

ATTACHMENT 5
MEMORANDUM OF LEASE

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, Fifth Floor

San Francisco, California 94103

Attn: Director

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease ("Memorandum") is entered into as of _____, 2015, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the Mayor's Office Of Housing and Community Development ("City"), and _____, A California _____ ("Tenant"), with respect to that certain Ground Lease (the "Lease") dated _____, 20____, between City and Tenant.

Pursuant to the Lease, City hereby leases to Tenant and Tenant leases from City the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property"). The Lease shall commence on the date set forth above and shall end on the date which is 75 years from the date set forth above, subject to a 24 year option to extend, unless terminated earlier or extended pursuant to the terms of the Lease.

It is the intent of the parties to the Lease that the Lease shall create a constructive notice of severance of the Improvements (as defined in the Lease), without the necessity of a deed from Lessor to Lessee, which Improvements are and shall remain real property.

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

This Memorandum may be signed by the parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Memorandum.

Executed as of _____, 2015 in San Francisco, California.

TENANT:

_____,
a California Limited Partnership.

By: _____
Name: _____
Title: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Pennick
Director of Property

By: _____
Kate Hartley
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

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Page 101

783

ATTACHMENT 6
FORM OF TENANT INCOME CERTIFICATION

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Page 102

784

ATTACHMENT 7

INTENTIONALLY OMITTED



SAN FRANCISCO PLANNING DEPARTMENT

File # 180688

June 27, 2018

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

GENERAL PLAN REFFERAL NOTE TO FILE

**CASE NO. 2015-007815GPR
PURCHASE PROPERTY FOR NEW AFFORDABLE HOUSING PROJECT
490 SOUTH VAN NESS AVENUE**

On June 20, 2015, the Planning Department completed a General Plan Referral (GPR) on the San Francisco Real Estate Division's plan to acquire property at 490 South Van Ness Avenue in order for the Mayor's Office of Housing and Community Development's (MOHCD) to develop the site as an affordable rental housing project.

Since the release of this General Plan Referral, the GPR's project description has changed to include a ground lease agreement between the City and County of San Francisco and 490 SVN Associates, L.P. for the property in order to operate a 100% affordable multifamily development for low-income households

This Note to the File clarifies that Case No. 2015-007815GPR considered the current project description, and that its finding of conformance with the General Plan as well as its environmental clearance still stands in light of the refined project description.



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date: June 30, 2015
Case No. 2015-007815GPR
490 South Van Ness Avenue – Purchase property for new
affordable housing project

Block/Lot No: 3553/008

Project Sponsors: John Updike, Director
San Francisco Real Estate Department
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Applicant: Same as Above

Staff Contact: Nicholas Perry – (415) 575-9066
nicholas.perry@sfgov.org

Recommendation: Finding the project, on balance, is in conformity with the
General Plan

Recommended
By: 
John Rahaim, Director of Planning

PROJECT DESCRIPTION

On June 22, 2015, the Planning Department (herein “the Department”) received a request from the City and County of San Francisco Real Estate Division on behalf of the Mayor’s Office of Housing and Community Development (MOHCD) to consider the acquisition of the property at 490 South Van Ness Avenue. MOHCD is proposing to purchase the site in order to develop it as an affordable rental housing project. It is currently vacant and was previously used as a gasoline station. The property is fully entitled for a 72 unit multifamily development and, if acquired by MOHCD, would be developed as 100% affordable rental housing for families making no more than 50% of area median income (AMI). 20% of units would be set aside for homeless families making less than 30% AMI.

This project does not propose any additional development, land use changes, or changes to the right-of-way that have not already been approved. This action is simply to acquire the property for MOHCD ownership.

ENVIRONMENTAL REVIEW

The effects of the project were fully reviewed under the Eastern Neighborhoods Area Plan EIR certified by the San Francisco Planning Commission on 8/7/08, by Motion No. 17661. On 6/24/14, the project was determined to be consistent with the Eastern Neighborhoods Area Plan EIR and exempt from environmental review per CEQA Guidelines Section 15183 (Planning Case No. 2010.0043E).

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

As described below, the Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in-conformity with the following Objectives and Policies of the General Plan:

Note: General Plan Objectives and Policies are in bold font; General Plan text is in regular font. Staff comments are in *italic font*.

Housing Element

OBJECTIVE 1

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

POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

The proposed property acquisition will allow an abandoned gas station to be replaced with 72 new affordable housing units.

POLICY 1.8

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

The proposed property acquisition would allow for the construction of permanently affordable housing over a 655 square foot ground floor retail space.

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.

The proposed property is located in a transit-rich, walkable, and bike-friendly neighborhood, just two blocks from the 16th Street BART station and served by multiple Muni bus lines.

OBJECTIVE 4

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

POLICY 4.4

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

The proposed property acquisition will allow an abandoned gas station to be replaced with 72 new affordable rental housing units.

OBJECTIVE 6

REDUCE HOMELESSNESS AND THE RISK OF HOMELESSNESS.

POLICY 6.1

Prioritize permanent housing and service-enriched solutions while pursuing both short- and long-term strategies to eliminate homelessness.

If purchased by MOHCD, 20% of the project's units will be set aside for homeless families making less than 30% area median income (AMI).

OBJECTIVE 8

BUILD PUBLIC AND PRIVATE SECTOR CAPACITY TO SUPPORT, FACILITATE, PROVIDE AND MAINTAIN AFFORDABLE HOUSING.

POLICY 8.1

Support the production and management of permanently affordable housing.

The proposed property acquisition will allow for the production of a permanently affordable housing project.

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.
The proposed property acquisition will not negatively affect existing neighborhood-serving retail uses or opportunities for employment in or ownership of such businesses. The new development will, however, provide new affordable housing for residents who may support such businesses in the surrounding area.
2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.
The proposed property acquisition would not displace any existing housing and would provide an additional 72 affordable rental housing units and will help preserve the cultural and economic diversity of the Mission.
3. That the City's supply of affordable housing be preserved and enhanced.
The proposed property acquisition will increase the stock of permanent affordable housing in the City.
4. That commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking.
The proposed property acquisition will not result in commuter traffic impeding Muni's transit service, overburdening the streets or altering current neighborhood parking.

5. 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 residential employment and ownership in these sectors be enhanced.
The proposed property acquisition would not affect the existing economic base in this area.
6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.
The proposed property acquisition would not affect the City's preparedness to protect against injury and loss of life in an earthquake.
7. That landmarks and historic buildings be preserved.
The proposed property acquisition will not affect landmarks or historic buildings.
8. That our parks and open space and their access to sunlight and vistas be protected from development.
The proposed property acquisition will not affect City parks or open spaces, or their access to sunlight and vistas.

RECOMMENDATION:	Finding the Project, on balance, in-conformity with the General Plan
------------------------	---

cc: John Updike, Real Estate Division
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SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- Affordable Housing (Sec. 415)
- Jobs Housing Linkage Program (Sec. 413)
- Downtown Park Fee (Sec. 412)
- First Source Hiring (Admin. Code)
- Child Care Requirement (Sec. 414)
- Other (EN Impact Fees)

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Planning Commission Motion No. 19250

HEARING DATE: OCTOBER 2, 2014

Date: October 2, 2014
Case No.: 2010.0043X
Project Address: 490 South Van Ness Avenue
Zoning: UMU (Urban Mixed-Use) Zoning District
 68-X Height and Bulk District
Block/Lot: 3553/008
Project Sponsor: Maurice Casey, J.C.N. Developers, LLC
 630 Taraval Street
 San Francisco, CA 94116
Staff Contact: Richard Sucre – (415) 575-9108
richard.sucre@sfgov.org

ADOPTING FINDINGS RELATING TO A LARGE PROJECT AUTHORIZATION PURSUANT TO PLANNING CODE SECTION 329, TO ALLOW EXCEPTIONS TO 1) REAR YARD PURSUANT TO PLANNING CODE SECTION 134, 2) PERMITTED OBSTRUCTIONS OVER STREETS, ALLEYS, SETBACKS, YARDS AND USABLE OPEN SPACE PURSUANT TO PLANNING CODE SECTION 136, 3) DWELLING UNIT EXPOSURE PURSUANT TO PLANNING CODE SECTION 140, AND 4) ACCESSORY USE PROVISIONS FOR DWELLING UNITS PURSUANT TO PLANNING CODE SECTIONS 329(D)(10) AND 803.3(B)(1)(C), TO ALLOW CONSTRUCTION OF A NEW SEVEN-STORY RESIDENTIAL BUILDING (APPROXIMATELY 90,947 GSF) WITH UP TO 72 DWELLING UNITS (CONSISTING OF 31 1-BEDROOM UNITS AND 41 2-BEDROOM UNITS) AND A GROUND FLOOR COMMERCIAL SPACE (APPROXIMATELY 655 GSF), LOCATED AT 490 SOUTH VAN NESS AVENUE, LOT 008 IN ASSESSOR'S BLOCK 3553, WITHIN THE UMU (URBAN MIXED-USE) ZONING DISTRICT AND A 68-X HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On March 19, 2010, Maurice Casey of J.C.N. Developers, LLC (hereinafter "Project Sponsor") filed Application No. 2010.0043X (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Large Project Authorization to construct a new seven-story residential building with 72 dwelling units and a ground floor commercial space at 490 South Van Ness Avenue (Block 3553 Lot 008) in San Francisco, California.

Motion No. 19250
October 2, 2014

CASE NO. 2010.0043X
490 South Van Ness Avenue

The environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (hereinafter "EIR"). The EIR was prepared, circulated for public review and comment, and, at a public hearing, on August 7, 2008, by Motion No. 17661, certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., hereinafter "CEQA"). The Commission has reviewed the Final EIR, which has been available for this Commission's review as well as public review.

The Eastern Neighborhoods EIR is a Program EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a proposed project, the agency may approve the project as being within the scope of the project covered by the program EIR, and no additional or new environmental review is required. In approving the Eastern Neighborhoods Plan, the Commission adopted CEQA Findings in its Motion No. 17661 and hereby incorporates such Findings by reference.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or (d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On June 24, 2014, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR. The file for this project, including the Eastern Neighborhoods Final EIR and the Community Plan Exemption certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting Program (MMRP) setting forth mitigation measures that were identified in the Eastern Neighborhoods Plan EIR that are applicable

Motion No. 19250
October 2, 2014

CASE NO. 2010.0043X
490 South Van Ness Avenue

to the project. These mitigation measures are set forth in their entirety in the MMRP attached to the draft Motion as Exhibit C.

On October 2, 2014, the Planning Commission ("Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Large Project Authorization Application No. 2010.0043X.

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 applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Large Project Authorization requested in Application No. 2010.0043X, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The proposed project is located on the western portion of the block bounded by Adair Street, South Van Ness Avenue and 16th Street on a rectangular corner lot (with a lot area of 14,250± sq ft) with approximately 150-ft of frontage along South Van Ness Avenue, 95-ft of frontage along Adair Street, and 95-ft of frontage along 16th Street. Currently, the subject lot is vacant (formerly an automotive service station).
3. **Surrounding Properties and Neighborhood.** The project site is located in the UMU Zoning District along a mixed-use corridor within the Mission Area Plan. The immediate neighborhood includes two-to-three stories tall, older residential properties to the north, a few larger-scale, four-story masonry apartment buildings to the west and south (including the Redstone Building at 2924-2948 16th Street and 2901-2929 16th Street), and lower-scale, one-to-two story commercial and industrial properties across South Van Ness Avenue to the east. The project site is located along South Van Ness Avenue, which is a vehicular transit corridor, and is approximately one block away from the BART Station at 16th and Mission Streets. The west side of Van Ness Avenue primarily contains residential uses, while the east side of Van Ness Avenue contains a mix of uses, including a gas station, a car dealership, several light industrial properties, and an assortment of single-family and multi-family residential buildings. Other zoning districts in the vicinity of the project site include: PDR-I-G (Production, Distribution, Repair-General); RTO-M (Residential Transit-Oriented-Mission); and, Mission Street NCT (Mission Street Neighborhood Commercial Transit).
4. **Project Description.** The proposed project includes demolition of the automotive service station (measuring approximately 1,618 square feet) on the subject lot, and new construction of a seven-

story, residential building (approximately 90,947 gross square feet) with up to 72 dwelling units, ground floor retail (approximately 655 square feet), 48 off-street parking spaces, and 83 Class 1 bicycle parking spaces. The project includes a dwelling unit mix consisting of 41 two-bedroom units and 31 one-bedroom units. The proposed project includes common open space (approximately 7,367 sq ft) via a second floor terrace (2,097 sq ft) and a roof deck (5,270 sq ft). The entrance to off-street parking is located off of Adair Street through a 12-ft wide garage opening.

5. **Public Comment.** As of September 25, 2014, the Department has received numerous public correspondences which express either support or opposition to the proposed project. Copies of this correspondence have been included within the Commission packets.
6. **Planning Code Compliance:** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:

- A. **Permitted Uses in UMU Zoning Districts.** Planning Code Sections 843.20 and 843.45 states that residential and retail uses are principally permitted use within the UMU Zoning District.

The Project would construct new residential and retail uses within the UMU Zoning District; therefore, the Project complies with Planning Code Sections 843.20 and 843.45.

- B. **Floor Area Ratio.** Planning Code Section 124 establishes a FAR (Floor Area Ratio) of 5:1 for properties within the UMU Zoning District and a 68-X Height and Bulk District.

The subject lot is 14,250 sq ft, thus resulting in a maximum allowable floor area of 71,250 sq ft for non-residential uses. The Project would construct approximately 655 sq ft of non-residential space, and would comply with Planning Code Section 124.

- C. **Rear Yard.** Planning Code Section 134 requires a minimum rear yard equal to 25 percent of the total lot depth of the lot to be provided at every residential level. Therefore, the Project would have to provide a rear yard, which contains approximately 3,563 sq ft.

Currently, the Project is designed to have full lot coverage on the ground floor level and does not provide a rear yard at the lowest level containing a dwelling unit. The Project provides open space through a series of private balconies, a second floor terrace and a roof deck. In total, the project provides all 72 dwelling units with private usable open space and common usable open space. The Project provides a total of 7,367 sq ft of open space (not including the private balconies). This amount of open space, which would have been provided through the required rear yard, is thus exceeded. The Project is seeking a modification of the rear yard requirement as part of the Large Project Authorization (See Below).

The Project occupies a corner lot bounded by 16th Street, South Van Ness Avenue and Adair Streets. The subject block does not possess a strong pattern of mid-block open space. By providing the second floor terrace along the west lot line, the proposed project is sensitive to the setback of the adjacent building and the two residences along Adair Street.

- D. **Usable Open Space.** Planning Code Section 135 requires a minimum of 80 sq ft of open space per dwelling unit, if not publically accessible, or 54 sq ft of open space per dwelling unit, if publically accessible. Private usable open space shall have a minimum horizontal dimension of six feet and a minimum area of 36 sq ft is located on a deck, balcony, porch or roof, and shall have a minimum horizontal dimension of 10 feet and a minimum area of 100 sq ft if located on open ground, a terrace or the surface of an inner or outer court. Common usable open space shall be at least 15 feet in every horizontal dimension and shall be a minimum area of 300 sq ft. Further, inner courts may be credited as common usable open space if the enclosed space is not less than 20 feet in every horizontal dimension and 400 sq ft in area, and if the height of the walls and projections above the court on at least three sides is such that no point on any such wall or projection is higher than one foot for each foot that such point is horizontally distant from the opposite side of the clear space in the court.

For the proposed 72 dwelling units, the Project is required to provide 5,760 sq ft of common open space.

In total, the Project exceeds the requirements for open space by providing a total of 7,367 sq ft of code-complying usable open space. The Project would construct common open space via a terrace on the second floor (measuring a total of 2,097 sq ft) and a roof deck (measuring approximately 5,270 sq ft). As defined in Planning Code Section 102.A, the second floor terrace is considered an outer court, since one side of this terrace faces onto Adair Street. Therefore, the project complies with Planning Code Section 135.

- E. **Streetscape and Pedestrian Improvements.** Planning Code Section 138.1 requires one new street tree for every 20 feet of street frontage for projects proposing new construction, as well as a streetscape plan, which includes elements from the Better Streets Plan.

The Project includes the new construction of a seven-story residential building on a lot with approximately 150-ft of frontage along South Van Ness Avenue, 95-ft of frontage along Adair Street and 95-ft of frontage along 16th Street. Therefore, the Project is required to provide a total of eight street trees along South Van Ness Avenue, five street trees along Adair Street, and five street trees along 16th Street.

Currently, the Project includes eight street trees along South Van Ness Avenue, five street trees along Adair Street, and five street trees along 16th Street. Therefore, the proposed project complies with Planning Code Section 138.1.

- F. **Bird Safety.** Planning Code Section 139 outlines the standards for bird-safe buildings, including the requirements for location-related and feature-related hazards.

The subject lot is not located in close proximity to an Urban Bird Refuge. The Project meets the requirements of feature-related standards and does not include any unbroken glazed segments 24-sq ft and larger in size; therefore, the proposed project complies with Planning Code Section 139.

- G. **Dwelling Unit Exposure.** Planning Code Section 140 requires that at least one room of all dwelling units face onto a public street, rear yard or other open area that meets minimum requirements for area and horizontal dimensions. To meet exposure requirements, a public street, public alley, side yard or rear yard must be at least 25 ft in width, or an open area (inner court) must be no less than 25 ft in every horizontal dimension for the floor at which the dwelling unit is located.

The Project organizes the dwelling units to have exposure either on 16th Street, South Van Ness Avenue or Adair Street, or off of the second floor terrace. Currently, eighteen dwelling units (consisting of the three units facing the second floor terrace on the second, third, fourth, fifth, sixth, and seventh floors) do not face onto an open area, which meets the dimensional requirements of the Planning Code. Therefore, the Project is seeking a modification of the dwelling unit exposure requirements for eighteen dwelling units as part of the Large Project Authorization (See Below).

- H. **Street Frontage in Mixed Use Districts.** Planning Code Section 145.1 requires off-street parking at street grade on a development lot to be set back at least 25 feet on the ground floor; that no more than one-third of the width or 20 feet, whichever is less, of any given street frontage of a new structure parallel to and facing a street shall be devoted to parking and loading ingress or egress; that space for active uses be provided within the first 25 feet of building depth on the ground floor; that non-residential uses have a minimum floor-to-floor height of 17 feet; that the floors of street-fronting interior spaces housing non-residential active uses and lobbies be as close as possible to the level of the adjacent sidewalk at the principal entrance to these spaces; and that frontages with active uses that are not residential or PDR be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level.

The Project meets the requirements of Planning Code Section 145.1. At grade, the off-street parking is setback by more than 25-ft from the street. The Project has one 12-ft wide garage entrance located along Adair Street. The Project features active uses on the ground floor with a corner retail store and a ground floor walk-up dwelling unit along 16th Street, and four walk-up dwelling units with direct, individual pedestrian access to a public sidewalk and the entrance to the residential lobby along South Van Ness Avenue. The ground floor ceiling height of the corner retail store is 20-ft tall. Finally, the Project features appropriate street-facing ground level spaces, as well as the ground level transparency and fenestration requirements.

- I. **Off-Street Parking.** Planning Section 151.1 of the Planning Code allows off-street parking at a maximum ratio of .75 per dwelling unit.

For the 72 dwelling units, the Project is allowed to have a maximum of 54 off-street parking spaces. Currently, the Project provides 48 off-street parking spaces via mechanical lifts. Of these 48 off-street parking spaces, the project includes one handicap parking space and one car-share parking space. Therefore, the proposed project complies with Planning Code Section 151.1.

shall have upper stories which are set back at the property line such that they avoid penetration of a sun access plane defined by angle of 45 degrees extending from the most directly opposite northerly property line. Subject frontage is defined as any building frontage more than 60-ft from an intersection with a street wider than 40-ft. The project site is located on the south side of an east-west "narrow street."

The Project is setback to maintain a sun access plane defined by an angle of 45 degrees from the opposite northerly property line along Adair Street for the area of the Project that is more than 60-ft from the corner of Adair Street and South Van Ness Avenue. Therefore, the proposed project complies with Planning Code 261.1.

- P. **Shadow.** Planning Code Sections 147 and 295 restricts net new shadow, cast by structures exceeding a height of 40 feet, upon property under the jurisdiction of the Recreation and Park Commission. Any project in excess of 40 feet in height and found to cast net new shadow must be found by the Planning Commission, with comment from the General Manager of the Recreation and Parks Department, in consultation with the Recreation and Park Commission, to have no adverse impact upon the property under the jurisdiction of the Recreation and Park Commission.

Based upon a detail shadow analysis, the Project does not cast any net new shadow upon property under the jurisdiction of the Recreation and Parks Commission.

- Q. **Transit Impact Development Fees.** Planning Code Section 411 is applicable to new retail development over 800 sq ft.

The Project includes 655 sq ft of new retail use. This use is subject to Transit Impact Development Fees, as outlined in Planning Code Section 411. These fees must be paid prior to the issuance of the building permit application.

- R. **Inclusionary Affordable Housing Program in UMU.** Planning Code Section 415 sets forth the requirements and procedures for the Inclusionary Affordable Housing Program. Under Planning Code Section 415.3, these requirements would apply to projects that consist of 10 or more units, where the first application (BE or BPA) was applied for on or after July 18, 2006. Since the Project is located within the UMU Zoning District, the Inclusionary Affordable Housing Program requirement for the On-Site Affordable Housing Alternative is to provide 16% of the proposed dwelling units as affordable, as outlined in Planning Code Section 419.3.

The Project Sponsor has demonstrated that it is eligible for the On-Site Affordable Housing Alternative under Planning Code Section 415.6 and 419.3, and has submitted a 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to satisfy the requirements of the Inclusionary Affordable Housing Program by providing the affordable housing on-site instead of through payment of the Affordable Housing Fee. In order for the Project Sponsor to be eligible for the On-Site Affordable Housing Alternative, the Project Sponsor must submit an 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning

Code Section 415, to the Planning Department stating that any affordable units designated as on-site units shall be sold as ownership units and will remain as ownership units for the life of the project. The Project Sponsor submitted such Affidavit on April 28, 2014. The EE application was submitted on January 21, 2010. Therefore, 12 dwelling units (five one-bedroom and seven three-bedroom) of the 72 units provided will be affordable units.

- S. **Eastern Neighborhood Infrastructure Impact Fees.** Planning Code Section 423 is applicable to any development project within the UMU (Urban Mixed-Use) Zoning District that results in the addition of gross square feet of residential and non-residential space.

The proposed project includes approximately 90,947 gross square feet of new development consisting of approximately 90,292 sq ft of residential use and 655 sq ft of retail use. These uses are subject to Eastern Neighborhood Infrastructure Impact Fees, as outlined in Planning Code Section 423. These fees must be paid prior to the issuance of the building permit application.

7. **Large Project Authorization in Eastern Neighborhoods Mixed Use District.** Planning Code Section 329(c) lists nine aspects of design review in which a project must comply; the Planning Commission finds that the project is compliant with these nine aspects as follows:

- A. **Overall building mass and scale.**

The Project's mass and scale are appropriate for a large corner lot and the surrounding context, which includes larger, four-to-five story apartment complexes. The Project is of a similar height and scale as the adjacent Redstone Building at 2924-2948 16th Street. The Project addresses and defines the corner of 16th Street and South Van Ness Avenue with a projecting sunshade, articulated bay window and corner retail entrance. In addition, the Project includes projecting bay windows and massing recesses, which help to provide vertical modulation along the street facades. Along Adair Street, the Project includes massing setbacks, which help to transition the project's scale down to the adjacent three-story residence at 25-29 Adair Street. In particular, the upper-story of the project along Adair Street incorporates a massing setback to better relate to the surrounding context. The broader context of the surrounding blocks includes a small number of older buildings that are predominantly four-to-five stories in height and a few newer residential projects that are predominantly four-stories or taller, thus indicating the neighborhood's transition towards higher density residential living given the overall neighborhood's close proximity to public transit. Thus, the project is appropriate for a corner lot and consistent with the mass and scale of the surrounding neighborhood.

- B. **Architectural treatments, facade design and building materials.**

The proposed project's architectural treatments, facade design and building materials include bay windows, open balconies, colored stucco, ceramic or stone tile, anodized aluminum windows, and colored translucent resin composite panels. The Project has three street frontages that offer a unified facade treatment. Along 16th Street, the Project is primarily rendered in ceramic or stone tile at the base with stucco above, and composite panel accents at the corner bay window. This shift in materials assists in differentiating the corner, and in defining the base/ground floor level. Along South Van Ness

Avenue, the Project includes a similar façade treatment with a ceramic or stone tile base, and alternating bays of stucco and composite panels. This material palette provides vertical articulation along South Van Ness Avenue, and assists in defining the ground floor level. This street façade also includes massing setbacks, which provides for open space at the ground floor and a more gracious pedestrian environment. Overall, the Project offers an architectural treatment, which provides for contemporary, yet contextual, architectural design that appears consistent and compatible with the surrounding neighborhood.

- C. The design of lower floors, including building setback areas, commercial space, townhouses, entries, utilities, and the design and siting of rear yards, parking and loading access.

The Project provides direct access, walk-up residential units along 16th Street and South Van Ness Avenue, and a corner retail space along 16th Street, which are uses that encourage street activity/life on the lower floors. In addition, the Project includes massing setbacks along South Van Ness Avenue, which provide a more open ground floor experience and also provides for open space for the ground floor residential units. Along Adair Street, the Project provides access to the off-street parking garage via a 12-ft-wide garage opening, which is the appropriate location for vehicular access. Overall, the design of the lower floors enhances the pedestrian experience and accommodates new street activity.

- D. The provision of required open space, both on- and off-site. In the case of off-site publicly accessible open space, the design, location, access, size, and equivalence in quality with that otherwise required on-site.

The Project provides the required open space for the 72 dwelling units through common open space located on a second floor terrace and a roof deck. In addition, the Project includes accessory private open space for these some of these dwelling units, which are in addition to the required open space. In total, the Project provides 7,367 sq ft of common open space, which far exceeds the required amount for the dwelling units.

- E. The provision of mid-block alleys and pathways on frontages between 200 and 300 linear feet per the criteria of Section 270, and the design of mid-block alleys and pathways as required by and pursuant to the criteria set forth in Section 270.2.

Planning Code Section 270.2 does not apply to the Project.

- F. Streetscape and other public improvements, including tree planting, street furniture, and lighting.

In compliance with Planning Code Section 138.1, the Project provides five new street trees along 16th Street, eight new street trees along South Van Ness Avenue and five new street trees along Adair Street. The Project will also add bicycle parking along the sidewalk in front of the Project for public use. These improvements will enhance the public realm.

- G. Circulation, including streets, alleys and mid-block pedestrian pathways.

Since the subject lot has three-street frontages, the Project provides ample circulation around the project site. The Project includes ground floor retail along 16th Street and walk-up ground-floor residential units along 16th Street and South Van Ness Avenue. The primary focal point for the residents would occur on South Van Ness Avenue through the residential lobby, which is adjacent to a smaller-scale retail space. Automobile access is limited to the one entry/exit (measuring 12-ft wide) along Adair Street.

H. Bulk limits.

The Project is within an 'X' Bulk District, which does not restrict bulk.

I. Other changes necessary to bring a project into conformance with any relevant design guidelines, Area Plan or Element of the General Plan:

The Project, on balance, meets the Objectives and Policies of the General Plan. See Below.

8. Large Project Authorization Exceptions. Proposed Planning Code Section 329 allows exceptions for Large Projects in the Eastern Neighborhoods Mixed Use Districts:

A. Exception for rear yards, pursuant to the requirements of Section 134(f);

(f) Modification of Requirements in the Eastern Neighborhoods Mixed Use Districts. The rear yard requirement in Eastern Neighborhoods Mixed Use Districts may be modified or waived by the Planning Commission pursuant to Section 329. The rear yard requirement in Eastern Neighborhoods Mixed Use Districts may be modified by the Zoning Administrator pursuant to the procedures set forth in Section 307(h) for other projects, provided that:

(1) A comparable, but not necessarily equal amount of square footage as would be created in a code conforming rear yard is provided elsewhere within the development;

The Project provides for a comparable amount of open space, in lieu of the required rear yard. Overall, the project site is 14,250 sq ft in size, and would be required to provide a rear yard measuring 3,563 sq ft. The Project provides 7,367 sq ft of open space through a second floor terrace and a roof deck, thus exceeding the amount of space, which would have been provided in a code-conforming rear yard.

(2) The proposed new or expanding structure will not significantly impede the access to light and air from adjacent properties or adversely affect the interior block open space formed by the rear yards of adjacent properties; and

The Project does not impede access to light and air for the adjacent properties. The Project includes a significant setback above the second floor, which mirrors a setback to the adjacent property at 2926-2940 16th Street, thus forming a type of lightwell and allowing light and air along the west lot line. The existing block does not have a strong pattern of mid-block open space.

(3) The modification request is not combined with any other residential open space modification or exposure variance for the project, except exposure modifications in designated landmark buildings under Section 307(h)(1).

The Project is not seeking a modification to the open space requirements; however, the Project is seeking a modification to the exposure requirements for eighteen of the 72 dwelling units. Overall, the majority of the Project meets the intent of exposure requirements defined in Planning Code Section 140.

B. Modification of the accessory use provisions of Section 803.3(b)(1)(c) for dwelling units. Dwelling units modified under this Subsection shall continue to be considered dwelling units for the purposes of this Code and shall be subject to all such applicable controls and fees. Additionally, any building which receives a modification pursuant to this Subsection shall: (i) have appropriately designed street frontages to accommodate both residential and modified accessory uses and (ii) obtain comment on the proposed modification from other relevant agencies prior to the Planning Commission hearing, including the Fire Department and Department of Building Inspection. Modifications are subject to the following:

(i) A modification may only be granted for the ground floor portion of dwelling units that front on a street with a width equal to or greater than 40 feet.

The Project seeks modification for the five dwelling units (two two-bedroom and three one-bedroom) on the ground floor of 16th Street and South Van Ness Avenue.

(ii) The accessory use may only include those uses permitted as of right at the subject property. However, uses permitted in any unit obtaining an accessory use modification may be further limited by the Planning Commission.

The Project will only include accessory uses that are principally-permitted uses in the U/MU Zoning District, as defined in Planning Code Section 843. The anticipated accessory uses will either be retail or home office.

(iii) The Planning Commission may grant exceptions to the size of the accessory use, type and number of employees, and signage restrictions of the applicable accessory use controls.

The Project is seeking modification to the accessory use provisions for dwelling units to allow for greater flexibility in the size of an accessory use on the ground floor level only, to provide for a limited number of employees, and to allow for public access.

C. Where not specified elsewhere in Planning Code Section 329(d), modification of other Code requirements which could otherwise be modified as a Planned Unit Development (as set forth in Section 304), irrespective of the zoning district in which the property is located;

In addition to the modification of the requirements for rear yard and accessory use provisions for dwelling units, the proposed project is seeking modifications of the requirements for permitted obstructions over streets, alleys, yards, setbacks and usable open space (Planning Code Section 136) and dwelling unit exposure (Planning Code Section 140).

- 1) *Under Planning Code Section 136, rectangular bay windows are limited to 9-ft wide, and 3-ft deep over a street, alley, setback or usable open space. The Project proposes bay windows over the street, which exceeds the dimensions permitted within Planning Code Section 136. Given the overall design and composition, the Commission finds this modification is warranted, due to the project's quality of design and the emphasis placed upon the corner by the proposed bay window, which is a strong urban design element.*
 - 2) *Under Planning Code Section 140, all dwelling units must face onto either a public street, alley or open area at least 25-ft wide, or a rear yard meeting the requirements of the Planning Code. The Project organizes the dwelling units to have exposure either on 16th Street, South Van Ness Avenue or Adair Street, or along the second-story terrace. Currently, eighteen dwelling units face onto this terrace; however, this second-story terrace does not meet the rear yard requirements of the Planning Code, since the terrace is not located on the lowest level with a residential use and is not parallel to the west lot line. Despite its configuration, the terrace still provides sufficient access to light and air for the seven dwelling units, which directly face it. Given the overall design and composition of the Project, the Commission finds this modification is warranted, due to the Project's quality of design and amount of open space/open areas.*
8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

HOUSING

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.

The Project is a higher density mixed-use development on an underutilized lot along a primary vehicular transit corridor. The Project site is an ideal, infill site that is largely vacant. The project site was rezoned to UIMU as part of a long range planning goal to create a cohesive, higher density residential and mixed-use neighborhood. To the east, the zoning is primarily PDR (Production, Distribution and Repair), while to the west, the zoning is primarily NCT (Neighborhood Commercial Transit). The project includes 12 on-

site affordable housing units for ownership, which complies with the UMU District's goal to provide a higher level of affordability.

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.

The architecture of this Project responds to the site's location as a transition between industrial zones and smaller-scale neighborhood commercial transit zones. The Project's facades provide a simple expression of form and materials, which emphasize the residential use and the ground floor. The exterior is designed with modern materials including stucco, resin composite panels and anodized aluminum.

RECREATION AND OPEN SPACE ELEMENT

Objectives and Policies

OBJECTIVE 4:

PROVIDE OPPORTUNITIES FOR RECREATION AND THE ENJOYMENT OF OPEN SPACE IN EVERY SAN FRANCISCO NEIGHBORHOOD.

Policy 4.5:

Require private usable outdoor open space in new residential development.

The Project will create private and common open space areas in a new residential mixed-use development through private balconies, second floor courtyard and a roof deck. The project will not cast shadows over any open spaces under the jurisdiction of the Recreation and Park Department.

TRANSPORTATION ELEMENT

Objectives and Policies

OBJECTIVE 24:

IMPROVE THE AMBIENCE OF THE PEDESTRIAN ENVIRONMENT.

Policy 24.2:

Maintain and expand the planting of street trees and the infrastructure to support them.

Policy 24.4:

Preserve pedestrian-oriented building frontages.

The Project will install new street trees along 16th Street, South Van Ness Avenue and Adair Street. Frontages are designed with active spaces oriented at the pedestrian level.

OBJECTIVE 28:

PROVIDE SECURE AND CONVENIENT PARKING FACILITIES FOR BICYCLES.

Policy 28.1:

Provide secure bicycle parking in new governmental, commercial, and residential developments.

Policy 28.3:

Provide parking facilities which are safe, secure, and convenient.

The Project includes 83 Class 1 bicycle parking spaces in secure, convenient locations.

OBJECTIVE 34:

RELATE THE AMOUNT OF PARKING IN RESIDENTIAL AREAS AND NEIGHBORHOOD COMMERCIAL DISTRICTS TO THE CAPACITY OF THE CITY'S STREET SYSTEM AND LAND USE PATTERNS.

Policy 34.1:

Regulate off-street parking in new housing so as to guarantee needed spaces without requiring excesses and to encourage low auto ownership in neighborhoods that are well served by transit and are convenient to neighborhood shopping.

Policy 34.3:

Permit minimal or reduced off-street parking supply for new buildings in residential and commercial areas adjacent to transit centers and along transit preferential streets.

Policy 34.5:

Minimize the construction of new curb cuts in areas where on-street parking is in short supply and locate them in a manner such that they retain or minimally diminish the number of existing on-street parking spaces.

The Project has a parking to dwelling unit ratio of .66 space per unit, which is below the permitted ratio of .75 per unit. The parking spaces are accessed by one ingress/egress point measuring 12-ft wide from Adair Street. Parking is adequate for the project and complies with maximums prescribed by the Planning Code.

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 1.7:

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

OBJECTIVE 2:

CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

Policy 2.6:

Respect the character of older development nearby in the design of new buildings.

The Project is located within the Mission neighborhood, which is characterized by the mix of residential and commercial uses. As such, the Project provides articulated street façades, which respond to form and scale and material palette of surrounding buildings, while also providing a new contemporary architectural vocabulary.

OBJECTIVE 4:

IMPROVEMENT OF THE NEIGHBORHOOD ENVIRONMENT TO INCREASE PERSONAL SAFETY, COMFORT, PRIDE AND OPPORTUNITY.

Policy 4.5:

Design walkways and parking facilities to minimize danger to pedestrians.

Policy 4.13:

Improve pedestrian areas by providing human scale and interest.

Although the project site has three street frontages, it only provides one vehicular access point for the entire project, limiting conflicts with pedestrians and bicyclists. Numerous street trees will be planted on each street. Ample frontages, common and private open spaces, and ground floor active uses directly accessing the street will be provided. Along the project site, the pedestrian experience will be greatly improved. Currently, the site contains a vacant gas station.

MISSION AREA PLAN

Objectives and Policies

Land Use

OBJECTIVE 1.1

STRENGTHEN THE MISSION'S EXISTING MIXED USE CHARACTER, WHILE MAINTAINING THE NEIGHBORHOOD AS A PLACE TO LIVE AND WORK.

Policy 1.1.4

In higher density residential areas of the Mission, recognize proximity to good transit service by eliminating density limits and minimum parking requirements; permit small neighborhood-serving retail.

Policy 1.1.7

Permit and encourage greater retail uses on the ground floor on parcels that front 16th Street to take advantage of transit service and encourage more mixed uses, while protecting against the wholesale displacement of PDR uses.

OBJECTIVE 1.2

IN AREAS OF THE MISSION WHERE HOUSING AND MIXED-USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER.

Policy 1.2.1

Ensure that in-fill housing development is compatible with its surroundings.

Policy 1.2.2

For new construction, and as part of major expansion of existing buildings in neighborhood commercial districts, require ground floor commercial uses in new housing development. In other mixed-use districts encourage housing over commercial or PDR where appropriate.

Policy 1.2.3

In general, where residential development is permitted, control residential density through building height and bulk guidelines and bedroom mix requirements.

Housing

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES.

Policy 2.3.5

Explore a range of revenue-generating tools including impact fees, public funds and grants, assessment districts, and other private funding sources, to fund community and neighborhood improvements.

Policy 2.3.6

Establish an impact fee to be allocated towards an Eastern Neighborhoods Public Benefit Fund to mitigate the impacts of new development on transit, pedestrian, bicycle, and street improvements, park and recreational facilities, and community facilities such as libraries, child care and other neighborhood services in the area.

OBJECTIVE 2.6

CONTINUE AND EXPAND THE CITY'S EFFORTS TO INCREASE PERMANENTLY AFFORDABLE HOUSING PRODUCTION AND AVAILABILITY.

Policy 2.6.1

Continue and strengthen innovative programs that help to make both rental and ownership housing more affordable and available.

Built Form

OBJECTIVE 3.2

PROMOTE AN URBAN FORM AND ARCHITECTURAL CHARACTER THAT SUPPORTS WALKING AND SUSTAINS A DIVERSE, ACTIVE AND SAFE PUBLIC REALM.

Policy 3.2.1

Require high quality design of street-facing building exteriors.

Policy 3.2.3

Minimize the visual impact of parking.

Policy 3.2.5

Building form should celebrate corner locations.

The Project is a largely residential, but does include a moderate size ground floor retail component along 16th Street. The Project provides the mix of uses encouraged by the Area Plan for this location. In addition, the Project is located within the prescribed height and bulk guidelines, and includes the appropriate dwelling unit mix, since approximately 57% or 41 units are two-bedroom dwelling units. The Project

introduces a contemporary architectural vocabulary, which is sensitive to the prevailing scale and neighborhood fabric. The Project provides for a high quality designed exterior, which features a variety of materials, colors and textures, including stucco, resin composite panel, and anodized aluminum. The Project also minimizes the off-street parking to a single entrance along Adair Street. The Project will also pay the appropriate development impact fees, including the Eastern Neighborhoods Impact Fees.

9. Planning Code Section 101.1(b) establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:

- 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.

Currently, the project site is vacant and was formerly used as an automotive service station. Although the project would remove this use, the Project does provide for a new neighborhood-serving retail establishment, as well as flexible occupancy for the ground floor dwelling units along 16th Street and South Van Ness Avenue. The Project improves the urban form of the neighborhood by removing a vacant lot formerly occupied by a gas station. The Project would add new residents, visitors, and employees to the neighborhood, which would assist in strengthening nearby retail uses.

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

No housing exists on the project site. The project will provide up to 72 new dwelling units, thus resulting in a significant increase in the neighborhood housing stock. The Project is simple in design, and relates to the scale and form of the surrounding neighborhood by providing relationships to the smaller-scale housing stock as well as the larger-scale residential apartment complexes. For these reasons, the proposed project would protect and preserve the cultural and economic diversity of the neighborhood.

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

The Project will not displace any affordable housing because there is currently no housing on the site. The Project will comply with the City's Inclusionary Housing Program, therefore increasing the stock of affordable housing units in the City.

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

The project site is well-served by public transportation. The Project is located within one block of the 16th and Mission BART Station, as well as the MUNI bus lines along Mission Street. Future residents would be afforded close proximity to bus or rail transit. The Project also provides sufficient off-street parking at a ratio of .66 per dwelling unit, and sufficient bicycle parking for residents and their guests.

- 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 is consistent with the Mission Area Plan, which calls for mixed-use development along 16th Street. The Project would enhance opportunities for resident employment and ownership in industrial and service sectors by providing for new housing and retail spaces, which will increase the diversity of the City's housing supply (a top priority in the City) and provide new potential neighborhood-serving uses.

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

The project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

- G. That landmarks and historic buildings be preserved.

There are no landmarks or historic buildings on the project site. The Project would not impact the adjacent Redstone Building, which is a designated City Landmark.

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

The Project will not affect the City's parks or open space or their access to sunlight and vistas. A shadow study was completed and concluded that the Project will not cast shadows on any property under the jurisdiction of, or designated for acquisition by, the Recreation and Park Commission.

9. First Source Hiring. The Project is subject to the requirements of the First Source Hiring Program as they apply to permits for residential development (Section 83.4(m) of the Administrative Code), and the Project Sponsor shall comply with the requirements of this Program as to all construction work and on-going employment required for the Project. Prior to the issuance of any building permit to construct or a First Addendum to the Site Permit, the Project Sponsor shall have a First Source Hiring Construction and Employment Program approved by the First Source Hiring Administrator, and evidenced in writing. In the event that both the Director of Planning and the First Source Hiring Administrator agree, the approval of the Employment Program may be delayed as needed.

The Project Sponsor submitted a First Source Hiring Affidavit and prior to issuance of a building permit will execute a First Source Hiring Memorandum of Understanding and a First Source Hiring Agreement with the City's First Source Hiring Administration.

Motion No. 19250
October 2, 2014

CASE NO. 2010.0043X
490 South Van Ness Avenue

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
11. The Commission hereby finds that approval of the Large Project Authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby APPROVES Large Project Authorization Application No. 2010.0043X under Planning Code Section 329 to allow the new construction of a seven-story residential building with up to 72 dwelling units and ground floor retail, and a modification to the requirements for: 1) rear yard (Planning Code Section 134); 2) permitted obstructions over the street (Planning Code Section 136); 3) dwelling unit exposure (Planning Code Section 140); and, 4) accessory use provisions for dwelling units (Planning Code Sections 329(d)(10) and 803.3(b)(1)(c)), within the UMU (Urban Mixed-Use) Zoning District, and a 68-X Height and Bulk District. The project is subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated September 25, 2014, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

The Planning Commission hereby adopts the MMRP attached hereto as Exhibit C and incorporated herein as part of this Motion by this reference thereto. All required mitigation measures identified in the Eastern Neighborhoods Plan EIR and contained in the MMRP are included as conditions of approval.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Section 329 Large Project Authorization to the Board of Appeals within fifteen (15) days after the date of this Motion. The effective date of this Motion shall be the date of adoption of this Motion if not appealed (after the 15-day period has expired) OR the date of the decision of the Board of Appeals if appealed to the Board of Appeals. For further information, please contact the Board of Appeals at (415) 575-6880, 1660 Mission, Room 3036, San Francisco, CA 94103.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives NOTICE that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on October 2, 2014.

Motion No. 19250
October 2, 2014

CASE NO. 2010.0043X
490 South Van Ness Avenue

Jonas P. Ionin
Commission Secretary

AYES: Antonini, Fong, Hillis, Johnson, Moore, Richards and Wu

NAYS:

ABSENT:

ADOPTED: October 2, 2014

EXHIBIT A

AUTHORIZATION

This authorization is for a Large Project Authorization to allow for the new construction of a seven-story residential building with 72 dwelling units and ground floor commercial space, and a modification to the requirements for rear yard, permitted obstructions over the street, dwelling unit exposure, and accessory use provisions for dwelling units, located at 490 South Van Ness Avenue, Lot 008 in Assessor's Block 3553 pursuant to Planning Code Section 329 within the UMU (Urban Mixed-Use) Zoning District, and a 68-X Height and Bulk District; in general conformance with plans, dated September 25, 2014, and stamped "EXHIBIT B" included in the docket for Case No. 2010.0043X and subject to conditions of approval reviewed and approved by the Commission on October 2, 2014 under Motion No. 19250. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on October 2, 2014 under Motion No. 19250.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. 19250 shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project. The Index Sheet of the construction plans shall reference to the Office Development Authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

Validity. The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Expiration and Renewal. Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Diligent Pursuit. Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Extension. All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Conformity with Current Law. No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Motion No. 19250
October 2, 2014

CASE NO. 2010.0043X
490 South Van Ness Avenue

Mitigation Measures. Mitigation measures described in the MMRP for the Eastern Neighborhoods Plan EIR (Case No. 2010.0043E) attached as Exhibit C are necessary to avoid potential significant effects of the proposed project and have been agreed to by the project sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

DESIGN - COMPLIANCE AT PLAN STAGE

Design Refinement. The Project Sponsor shall continue to work with Planning Department on simplification of the building design, including the fenestration, color and materials.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Final Materials. The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Street Trees. Pursuant to Planning Code Section 138.1 (formerly 143), the Project Sponsor shall submit a site plan to the Planning Department prior to Planning approval of the building permit application indicating that street trees, at a ratio of one street tree of an approved species for every 20 feet of street frontage along public or private streets bounding the Project, with any remaining fraction of 10 feet or more of frontage requiring an extra tree, shall be provided. Therefore, the Project shall provide at least eight street trees along South Van Ness Avenue, five street trees along Adair Street, and five street trees along 16th Street. The street trees shall be evenly spaced along the street frontage except where proposed driveways or other street obstructions do not permit. The exact location, size and species of tree shall be as approved by the Department of Public Works (DPW). In any case in which DPW cannot grant approval for installation of a tree in the public right-of-way, on the basis of inadequate sidewalk width, interference with utilities or other reasons regarding the public welfare, and where installation of such tree on the lot itself is also impractical, the requirements of this Section 428 may be modified or waived by the Zoning Administrator to the extent necessary.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Garbage, Composting and Recycling Storage. Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the architectural addenda. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Rooftop Mechanical Equipment. Pursuant to Planning Code 141, the Project Sponsor shall submit a roof plan to the Planning Department prior to Planning approval of the building permit application for each building. Rooftop mechanical equipment, if any is proposed as part of the Project, is required to be screened so as not to be visible from any point at or below the roof level of the subject building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sfplanning.org

Transformer Vault. The location of individual project PG&E Transformer Vault installations has significant effects to San Francisco streetscapes when improperly located. However, they may not have any impact if they are installed in preferred locations. Therefore, the Planning Department recommends the following preference schedule in locating new transformer vaults, in order of most to least desirable:

1. On-site, in a basement area accessed via a garage or other access point without use of separate doors on a ground floor façade facing a public right-of-way;
2. On-site, in a driveway, underground;
3. On-site, above ground, screened from view, other than a ground floor façade facing a public right-of-way;
4. Public right-of-way, underground, under sidewalks with a minimum width of 12 feet, avoiding effects on streetscape elements, such as street trees; and based on Better Streets Plan guidelines;
5. Public right-of-way, underground; and based on Better Streets Plan guidelines;
6. Public right-of-way, above ground, screened from view; and based on Better Streets Plan guidelines;
7. On-site, in a ground floor façade (the least desirable location).

Unless otherwise specified by the Planning Department, Department of Public Works Bureau of Street Use and Mapping (DPW BSM) should use this preference schedule for all new transformer vault installation requests.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

Overhead Wiring. The Property owner will allow MUNI to install eyebolts in the building adjacent to its electric streetcar line to support its overhead wire system if requested by MUNI or MTA.

For information about compliance, contact San Francisco Municipal Railway (Muni), San Francisco Municipal Transit Agency (SFMTA), at 415-701-4500, www.sfmta.org

Noise, Ambient. Interior occupiable spaces shall be insulated from ambient noise levels. Specifically, in areas identified by the Environmental Protection Element, Map I, "Background Noise Levels," of the General Plan that exceed the thresholds of Article 29 in the Police Code, new developments shall install and maintain glazing rated to a level that insulate interior occupiable areas from Background Noise and comply with Title 24.

For information about compliance, contact the Environmental Health Section, Department of Public Health at (415) 252-3800, www.sfdph.org

PARKING AND TRAFFIC

Unbundled Parking. All off-street parking spaces shall be made available to Project residents only as a separate "add-on" option for purchase or rent and shall not be bundled with any Project dwelling unit for the life of the dwelling units. The required parking spaces may be made available to residents within a quarter mile of the project. All affordable dwelling units pursuant to Planning Code Section 415 shall have equal access to use of the parking as the market rate units, with parking spaces priced commensurate with the affordability of the dwelling unit. Each unit within the Project shall have the first right of refusal to rent or purchase a parking space until the number of residential parking spaces are no longer available. No conditions may be placed on the purchase or rental of dwelling units, nor may homeowner's rules be established, which prevent or preclude the separation of parking spaces from dwelling units.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Parking Maximum. Pursuant to Planning Code Section 151.1, the Project shall provide no more than 48 off-street parking spaces for the 72 dwelling units (or .66 off-street parking spaces for each dwelling unit) contained therein.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Car Share. Pursuant to Planning Code Section 166, no fewer than one (1) car share space shall be made available, at no cost, to a certified car share organization for the purposes of providing car share services for its service subscribers.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Bicycle Parking. Pursuant to Planning Code Sections 155.2, the Project shall provide no fewer than 72 Class 1 bicycle parking spaces and 3 Class 2 bicycle parking spaces.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Managing Traffic During Construction. The Project Sponsor and construction contractor(s) shall coordinate with the Traffic Engineering and Transit Divisions of the San Francisco Municipal Transportation Agency (SFMTA), the Police Department, the Fire Department, the Planning Department, and other construction contractor(s) for any concurrent nearby Projects to manage traffic congestion and pedestrian circulation effects during construction of the Project.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

PROVISIONS

First Source Hiring. The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to

Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.

For information about compliance, contact the First Source Hiring Manager at 415-581-2335, www.onestopSF.org

Transit Impact Development Fee. Pursuant to Planning Code Section 411, the Project Sponsor shall pay the Transit Impact Development Fee (TIDE) as required by and based on drawings submitted with the Building Permit Application. Prior to the issuance of a temporary certificate of occupancy, the Project Sponsor shall provide the Planning Director with certification that the fee has been paid.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Eastern Neighborhoods Infrastructure Impact Fee. Pursuant to Planning Code Section 423 (formerly 327), the Project Sponsor shall comply with the Eastern Neighborhoods Public Benefit Fund provisions through payment of an Impact Fee pursuant to Article 4.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

MONITORING

Enforcement. Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project 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

Revocation Due to Violation of Conditions. Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

OPERATION

Garbage, Recycling, and Composting Receptacles. Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

Motion No. 19250
October 2, 2014

CASE NO. 2010.0043X
490 South Van Ness Avenue

Sidewalk Maintenance. The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>.

Community Liaison. Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Lighting. All Project lighting shall be directed onto the Project site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

INCLUSIONARY AFFORDABLE HOUSING

Eastern Neighborhoods Affordable Housing Requirements for UMU. Pursuant to Planning Code Section 419.3, Project Sponsor shall meet the requirements set forth in Planning Code Section 419.3 in addition to the requirements set forth in the Affordable Housing Program, per Planning Code Section 415. Prior to issuance of first construction document, the Project Sponsor shall select one of the options described in Section 419.3 or the alternatives described in Planning Code Section 419.5 to fulfill the affordable housing requirements and notify the Department of their choice. Any fee required by Section 419.1 et seq. shall be paid to the Development Fee Collection Unit at DBI prior to issuance of the first construction document an option for the project sponsor to defer payment to prior to issuance of the first certificate of occupancy upon agreeing to pay a deferral surcharge in accordance with Section 107A.13.3 of the San Francisco Building Code.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Affordable Units

1. **Number of Required Units.** Pursuant to Planning Code Section 415.6 and 419.3, the Project is required to provide 16% of the proposed dwelling units as affordable to qualifying households. The Project contains 72 units; therefore, 12 affordable units are required. The Project Sponsor will fulfill this requirement by providing the 12 affordable units on-site. If the number of market-rate

3. **Unit Location.** The affordable units shall be designated on a reduced set of plans recorded as a Notice of Special Restrictions on the property prior to the issuance of the first construction permit.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

4. **Phasing.** If any building permit is issued for partial phasing of the Project, the Project Sponsor shall have designated not less than sixteen percent (16%) of the each phase's total number of dwelling units as on-site affordable units.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

5. **Duration.** Under Planning Code Section 415.8, all units constructed pursuant to Section 415.6, must remain affordable to qualifying households for the life of the project.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

6. **Other Conditions.** The Project is subject to the requirements of the Inclusionary Affordable Housing Program under Section 415 et seq. of the Planning Code and City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual ("Procedures Manual"). The Procedures Manual, as amended from time to time, is incorporated herein by reference, as published and adopted by the Planning Commission, and as required by Planning Code Section 415. Terms used in these conditions of approval and not otherwise defined shall have the meanings set forth in the Procedures Manual. A copy of the Procedures Manual can be obtained at the MOHCD at 1 South Van Ness Avenue or on the Planning

Department or Mayor's Office of Housing and Community Development's websites, including on the internet at:

<http://sf-planning.org/Modules/ShowDocument.aspx?documentid=4451>.

As provided in the Inclusionary Affordable Housing Program, the applicable Procedures Manual is the manual in effect at the time the subject units are made available for sale.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

- a. The affordable unit(s) shall be designated on the building plans prior to the issuance of the first construction permit by the Department of Building Inspection ("DBI"). The affordable unit(s) shall (1) reflect the unit size mix in number of bedrooms of the market rate units, (2) be constructed, completed, ready for occupancy and marketed no later than the market rate units, and (3) be evenly distributed throughout the building; and (4) be of comparable overall quality, construction and exterior appearance as the market rate units in the principal project. The interior features in affordable units should be generally the same as those of the market units in the principal project, but need not be the same make, model or type of such item as long they are of good and new quality and are consistent with then-current standards for new housing. Other specific standards for on-site units are outlined in the Procedures Manual.
- b. If the units in the building are offered for sale, the affordable unit(s) shall be sold to first time home buyer households, as defined in the Procedures Manual, whose gross annual income, adjusted for household size, does not exceed an average of ninety (90) percent of Area Median Income under the income table called "Maximum Income by Household Size derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that contains San Francisco." The initial sales price of such units shall be calculated according to the Procedures Manual. Limitations on (i) reselling; (ii) renting; (iii) recouping capital improvements; (iv) refinancing; and (v) procedures for inheritance apply and are set forth in the Inclusionary Affordable Housing Program and the Procedures Manual.
- c. The Project Sponsor is responsible for following the marketing, reporting, and monitoring requirements and procedures as set forth in the Procedures Manual. MOH shall be responsible for overseeing and monitoring the marketing of affordable units. The Project Sponsor must contact MOHCD at least six months prior to the beginning of marketing for any unit in the building.
- d. Required parking spaces shall be made available to initial buyers or renters of affordable units according to the Procedures Manual.
- e. Prior to the issuance of the first construction permit by DBI for the Project, the Project Sponsor shall record a Notice of Special Restriction on the property that contains these

- conditions of approval and a reduced set of plans that identify the affordable units satisfying the requirements of this approval. The Project Sponsor shall promptly provide a copy of the recorded Notice of Special Restriction to the Department and to MOHCD or its successor.
- f. The Project Sponsor has demonstrated that it is eligible for the On-Site Affordable Housing Alternative under Planning Code Section 415.6 instead of payment of the Affordable Housing Fee, and has submitted the *Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415* to the Planning Department stating that any affordable units designated as on-site units shall be sold as ownership units and will remain as ownership units for the life of the Project.
 - g. If the Project Sponsor fails to comply with the Inclusionary Affordable Housing Program requirement, the Director of DBI shall deny any and all site or building permits or certificates of occupancy for the development project until the Planning Department notifies the Director of compliance. A Project Sponsor's failure to comply with the requirements of Planning Code Section 415 et seq. shall constitute cause for the City to record a lien against the development project and to pursue any and all available remedies at law.
 - h. If the Project becomes ineligible at any time for the On-Site Affordable Housing Alternative, the Project Sponsor or its successor shall pay the Affordable Housing Fee prior to issuance of the first construction permit or may seek a fee deferral as permitted under Ordinances 0107-10 and 0108-10. If the Project becomes ineligible after issuance of its first construction permit, the Project Sponsor shall notify the Department and MOHCD and pay interest on the Affordable Housing Fee.

Motion No. 19250
October 2, 2014

CASE NO: 2010.0043X
490 South Van Ness Avenue

EXHIBIT B

EXHIBIT C

MITIGATION MONITORING AND REPORTING PROGRAM (INCLUDES IMPROVEMENT MEASURES)

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes Text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility/Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule

MITIGATION MEASURES AGREED TO BY PROJECT SPONSOR

Cultural Resources

<p>Project Mitigation Measure 1 - Mission Dolores Archeological District (Mitigation Measure J-3 in the Eastern Neighborhoods PEIR). Based on a reasonable presumption that archeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall retain the services of an archeological consultant from the rotational Department Qualified Archeological Consultants List (QACL) maintained by the Planning Department archeologist. The project sponsor shall contact the Department archeologist to obtain the names and contact information for the next three archeological consultants on the QACL. The archeological consultant shall undertake an archeological testing program as specified herein. In addition, the consultant shall be available to conduct an archeological monitoring and/or data recovery program if required pursuant to this measure. The archeological 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. Archeological monitoring and/or data recovery 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 archeological resource as defined in CEQA Guidelines Sect. 15064.5 (a)(c).</p>	<p>Project sponsor/ archeological consultant at the direction of the Environmental Review Officer (ERO).</p>	<p>Prior to issuance of grading or building permits</p>	<p>Project sponsor to retain a qualified archeological consultant who shall report to the ERO.</p>	<p>Project sponsor/ archeological consultant at the direction of the ERO.</p>	<p>Archeological consultant shall be retained prior to any soil disturbing activities. Date Archeological consultant retained: _____</p>
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824

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes Text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Consultation with Descendant Communities:</i> On discovery of an archeological site¹ associated with descendant Native Americans, the Overseas Chinese, or other descendant group, an appropriate representative² of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archeological field investigations of the site and to consult with ERO regarding appropriate archeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archeological site. A copy of the Final Archaeological Resources Report shall be provided to the representative of the descendant group.</p>	<p>Project sponsor / archeological consultant in consultation with the ERO.</p>	<p>In the event archeological sites associated with descendant communities are found.</p>	<p>Project sponsor/ archeological consultant to contact and consult with ERO and representative of descendant group. Project sponsor/ archeological consultant to distribute Final Archaeological Resources Report to representative of the descendant group.</p>	<p>Project sponsor/ archeological consultant in consultation with the ERO.</p>	<p>Archeological site associated with descendent communities found? Y N Date: _____ Persons contacted: _____ Date: _____ Persons contacted: _____ Date: _____ Persons contacted: _____ Date: _____ Date of distribution of Final FARR: _____</p>

825

¹ By the term "archeological site" is intended here to minimally include any archeological deposit, feature, burial, or evidence of burial.

² 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. An appropriate representative of other descendant groups should be determined in consultation with the Department archeologist.

ATTACHMENT D
MITIGATION MONITORING AND REPORTING PROGRAM
(Includes Text for Adopted Mitigation Measures)

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Archeological Monitoring Program.</i> If the ERO in consultation with the archeological consultant determines that an archeological monitoring program (AMP) shall be implemented the archeological monitoring program shall minimally include the following provisions:</p> <ul style="list-style-type: none"> The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils disturbing activities commencing. The ERO in consultation with the archeological consultant shall determine what project activities shall be archeologically monitored. 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 archeological monitoring because of the risk these activities pose to potential archaeological resources and to their depositional context; The archeological 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 archeological resource; The archeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archeological consultant and the ERO until the ERO has, in consultation with project archeological consultant, determined that project construction activities could have no effects on significant archeological deposits; The archeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis; If an intact archeological deposit is encountered, all soils-disturbing activities in the vicinity of the deposit shall cease. The archeological 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 archeological monitor has cause to believe that the pile-driving activity may affect an archeological resource, the pile- 	<p>Project sponsor/ archeological consultant/ archeological monitor/ contractor(s), at the direction of the ERO.</p> <p>Archeological consultant at the direction of the ERO.</p>	<p>ERO & archeological consultant shall meet prior to commenceme nt of soil- disturbing activity. If the ERO determines that an Archeological Monitoring Program is necessary, monitor throughout sensitive soil- disturbing activities.</p>	<p>Project sponsor/ archeological consultant/ archeological monitor/ contractor(s) shall implement the AMP, if required by the ERO.</p> <p>Identify and evaluate archeological resources.</p>	<p>Project sponsor/ archeological consultant/ archeological monitor/ contractor(s), at the direction of the ERO.</p>	<p>AMP required? Y N Date: _____</p> <p>Date AMP submitted to the ERO: _____</p> <p>Date AMP approved by the ERO: _____</p> <p>Date AMP implementation complete: _____</p> <p>Date written report regarding findings of the AMP received: _____</p>

827

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes Text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archeological consultant shall immediately notify the ERO of the encountered archeological deposit. The archeological consultant shall make a reasonable effort to assess the identity, integrity, and significance of the encountered archeological deposit, and present the findings of this assessment to the ERO.</p> <p>Whether or not significant archeological resources are encountered, the archeological consultant shall submit a written report of the findings of the monitoring program to the ERO.</p>					

828

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Archeological Data Recovery Program.</i> The archeological data recovery program shall be conducted in accord with an archeological data recovery plan (ADRP). The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP prior to preparation of a draft ADRP. The archeological 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 archeological 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, should 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 archeological 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"> • <i>Field Methods and Procedures.</i> Descriptions of proposed field strategies, procedures, and operations. • <i>Cataloguing and Laboratory Analysis.</i> Description of selected cataloguing system and artifact analysis procedures. • <i>Discard and Deaccession Policy.</i> Description of and rationale for field and post-field discard and deaccession policies. • <i>Interpretive Program.</i> Consideration of an on-site/off-site public interpretive program during the course of the archeological data recovery program. • <i>Security Measures.</i> Recommended security measures to protect the archeological resource from vandalism, looting, and non-intentionally-damaging activities. • <i>Final Report.</i> Description of proposed report format and distribution of results. • <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. 	Project Sponsor/archeological consultant at the direction of the ERO	If there is a determination that an ADRP program is required.	Project sponsor/ archeological consultant/ archeological monitor/ contractor(s) shall prepare and implement an ADRP if required by the ERO.	Project sponsor/ archeological consultant at the direction of the ERO.	<p>ADRP required? Y N Date: _____</p> <p>Date of scoping meeting for ADRP: _____</p> <p>Date Draft ADRP submitted to the ERO: _____</p> <p>Date ADRP approved by the ERO: _____</p> <p>Date ADRP implementation complete: _____</p>

829

ATTACHMENT MITIGATION MONITORING AND REPORTING PROGRAM (Includes Text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Human Remains and Associated or Unassociated Funerary Objects.</i> 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 Coroner of the City and County of San Francisco and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archeological consultant, ERO, project sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (CEQA Guidelines, Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, custodianship, curation, and final disposition of the human remains and associated or unassociated funerary objects.</p>	<p>Project sponsor / archeological consultant in consultation with the ERO, San Francisco Coroner, NAHC, and MDL</p>	<p>In the event human remains and/or funerary objects are found.</p>	<p>Project sponsor / archeological consultant/ERO to contact the San Francisco Coroner/ NAHC/ MDL</p>	<p>Project sponsor / archeological consultant in consultation with the ERO, San Francisco Coroner, NAHC, and MDL</p>	<p>Human remains and associated or unassociated funerary objects found? Y N Date: _____ Persons contacted: Date: _____ Persons contacted: Date: _____ Persons contacted: Date: _____ Persons contacted: Date: _____</p>

830

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes Text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Final Archeological Resources Report.</i> The archeological consultant shall submit a Draft Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report.</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 Major Environmental Analysis division of the Planning Department shall receive three copies of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. 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>	Project sponsor/ archeological consultant at the direction of the ERO.	After completion of the archeological data recovery, inventorying, analysis and interpretation.	Archeological consultant to submit a Draft Final Archeological Resources Report (FARR) to the ERO and once approved by the ERO, distribution of the Final FARR	Project sponsor/ archeological consultant at the direction of the ERO	Following completion of soil disturbing activities. Considered complete upon distribution of final FARR. Date Draft FARR submitted to ERO: _____ Date FARR approved by ERO: _____ Date of distribution of Final FARR: _____ Date of submittal of Final FARR to information center: _____

831

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes Text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
Noise					
Project Mitigation Measure 2 - Siting of Noise-Sensitive Uses (Mitigation Measure F-4 in the Eastern Neighborhoods PEIR). To reduce potential conflicts between existing noise-generating uses and new sensitive receptors, for new development including noise-sensitive uses, the Planning Department shall require the preparation of an analysis that includes, at a minimum, a site survey to identify potential noise-generating uses within 900 feet of, and that have a direct line-of-sight to, the project site, and including at least one 24-hour noise measurement (with maximum noise level readings taken at least every 15 minutes), prior to the first project approval action. The analysis shall be prepared by persons qualified in acoustical analysis and/or engineering and shall demonstrate with reasonable certainty that Title 24 standards, where applicable, can be met, and that there are no particular circumstances about the proposed project site that appear to warrant heightened concern about noise levels in the vicinity. Should such concerns be present, the Department may require the completion of a detailed noise assessment by person(s) qualified in acoustical analysis and/or engineering prior to the first project approval action, in order to demonstrate that acceptable interior noise levels consistent with those in the Title 24 standards can be attained.	Project sponsor, project contractor(s).	Prior to issuance of a building permit.	Design measures to be incorporated into project design.	Planning Department, Department of Building Inspection.	Considered complete upon approval of final construction drawing set.

832

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes Text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
Project Mitigation Measure 3 -- Open Space in Noisy Environments (Mitigation Measure F-6 in the Eastern Neighborhoods PEIR). To minimize effects on development in noisy areas, for new development including noise sensitive uses, the Planning Department shall, through its building permit review process, in conjunction with noise analysis required pursuant to Mitigation Measure F-4 (Siting of Noise-Generating Uses), require that open space required under the Planning Code for such uses be protected, to the maximum feasible extent, from existing ambient noise levels that could prove annoying or disruptive to users of the open space. Implementation of this measure could involve, among other things, site design that uses the building itself to shield on-site open space from the greatest noise sources, construction of noise barriers between noise sources and open space, and appropriate use of both common and private open space in multi-family dwellings, and implementation would also be undertaken consistent with other principles of urban design.	Project sponsor; project contractor(s).	Prior to issuance of a building permit.	Design measures to be incorporated into project design.	Planning Department; Department of Building Inspection.	Considered complete upon approval of final construction drawing set.
Hazardous Materials					
Project Mitigation Measure 4 -- Hazardous Building Materials (Mitigation Measure L-1 in the Eastern Neighborhoods PEIR). The City shall condition future development approvals to require that the subsequent project sponsors ensure that any equipment containing PCBs or DEPH, such as fluorescent light ballasts, are removed and properly disposed of according to applicable federal, state, and local laws prior to the start of renovation, and that any fluorescent light tubes, which could contain mercury, are similarly removed and properly disposed of. Any other hazardous materials identified, either before or during work, shall be abated according to applicable federal, state, and local laws.	Project sponsor	Prior to any demolition or construction activities.	Removal and proper disposal of hazardous building materials.	Project sponsor.	Upon completion of proper disposal.

833

ATTACHMENT D
MITIGATION MONITORING AND REPORTING PROGRAM
(Includes Text for Adopted Mitigation Measures)

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
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IMPROVEMENT MEASURE AGREED TO BY PROJECT SPONSOR

Air Quality Improvement Measure

<p>Project Improvement Measure 1 - Construction Emissions Minimization</p> <p>A. <i>Construction Emissions Minimization Plan.</i> Prior to issuance of a construction permit, the project sponsor shall submit a Construction Emissions Minimization Plan (Plan) to the Environmental Review Officer (ERO) for review and approval by an Environmental Planning Air Quality Specialist. The Plan shall detail project compliance with the following requirements:</p> <ol style="list-style-type: none"> 1. All off-road equipment greater than 25 hp and operating for more than 20 total hours over the entire duration of construction activities shall meet the following requirements: <ol style="list-style-type: none"> a) Where access to alternative sources of power are available, portable diesel engines shall be prohibited; b) All off-road equipment shall have: <ol style="list-style-type: none"> i. Engines that meet or exceed either USEPA or ARB Tier 2 off-road emission standards, and ii. Engines that are retrofitted with an ARB Level 3 Verified Diesel Emissions Control Strategy (VDECS).³ 	<p>Project sponsor, project contractor(s).</p>	<p>Prior to issuance of a permit specified in Section 106A.3.2.6 of the San Francisco Building Code.</p>	<p>Prepare and submit a Plan.</p>	<p>Project sponsor/contractor(s) and the ERO.</p>	<p>Considered complete upon findings by ERO that plan is complete.</p>
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3. Equipment with engines meeting Tier 4 Interim or Tier 4 Final emission standards automatically meet this requirement, therefore a VDECS would not be required.

834

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes Text for Adopted Mitigation Measures)					
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c) Exceptions: <ul style="list-style-type: none"> i. Exceptions to A(1)(a) <i>may</i> be granted if the project sponsor has submitted information providing evidence to the satisfaction of the ERO that an alternative source of power is limited or infeasible at the project site and that the requirements of this exception provision apply. Under this circumstance, the sponsor shall submit documentation of compliance with A(1)(b) for onsite power generation. ii. Exceptions to A(1)(b)(ii) <i>may</i> be granted if the project sponsor has submitted information providing evidence to the satisfaction of the ERO that a particular piece of off-road equipment with an ARB Level 3 VDECS is: (1) technically not feasible, (2) would not produce desired emissions reductions due to expected operating modes, (3) installing the control device would create a safety hazard or impaired visibility for the operator, or (4) there is a compelling emergency need to use off-road equipment that are not retrofitted with an ARB Level 3 VDECS and the sponsor has submitted documentation to the ERO that the requirements of this exception provision apply. If granted an exception to A(1)(b)(ii), the project sponsor must comply with the requirements of A(1)(c)(iii). iii. If an exception is granted pursuant to A(1)(c)(ii), the project sponsor shall provide the next cleanest piece of off-road equipment as provided by the step down schedules in Table A1 below. 					

835

**ATTACHMENT D:
MITIGATION MONITORING AND REPORTING PROGRAM
(Includes Text for Adopted Mitigation Measures)**

Adopted Mitigation Measures				Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule																
<p align="center">Table A1 Off-Road Equipment Compliance Step down schedule*</p> <table border="1"> <thead> <tr> <th>Compliance Alternative</th> <th>Engine Standard</th> <th>Emission</th> <th>Emissions Control</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Tier 2</td> <td></td> <td>ARB Level 2 VDECS</td> </tr> <tr> <td>2</td> <td>Tier 2</td> <td></td> <td>ARB Level 1 VDECS</td> </tr> <tr> <td>3</td> <td>Tier 2</td> <td></td> <td>Alternative Fuel*</td> </tr> </tbody> </table> <p>*How to use the table. If the requirements of (A)(1)(b) cannot be met, then the project sponsor would need to meet Compliance Alternative 1. Should the project sponsor not be able to supply off-road equipment meeting Compliance Alternative 1, then Compliance Alternative 2 would need to be met. Should the project sponsor not be able to supply off-road equipment meeting Compliance Alternative 2, then Compliance Alternative 3 would need to be met.</p> <p>**Alternative fuels are not a VDECS</p> <p>2. The project sponsor shall require the idling time for off-road and on-road equipment be limited to no more than two minutes, except as provided in exceptions to the applicable state regulations regarding idling for off-road and on-road equipment. Legible and visible signs shall be posted in multiple languages (English, Spanish, Chinese) in designated queuing areas and at the construction site to remind operators of the two minute idling limit.</p>				Compliance Alternative	Engine Standard	Emission	Emissions Control	1	Tier 2		ARB Level 2 VDECS	2	Tier 2		ARB Level 1 VDECS	3	Tier 2		Alternative Fuel*					
Compliance Alternative	Engine Standard	Emission	Emissions Control																					
1	Tier 2		ARB Level 2 VDECS																					
2	Tier 2		ARB Level 1 VDECS																					
3	Tier 2		Alternative Fuel*																					

936

ATTACHMENT D
MITIGATION MONITORING AND REPORTING PROGRAM
 (Includes Text for Adopted Mitigation Measures)

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>3. The project sponsor shall require that construction operators properly maintain and tune equipment in accordance with manufacturer specifications.</p> <p>4. The Plan shall include estimates of the construction timeline by phase with a description of each piece of off-road equipment required for every construction phase. Off-road equipment descriptions and information may include, but is not limited to: equipment type, equipment manufacturer, equipment identification number, engine model year, engine certification (Tier rating), horsepower, engine serial number, and expected fuel usage and hours of operation. For VDECS installed: technology type, serial number, make, model, manufacturer, ARB verification number, level, and installation date and hour meter reading on installation date. For off-road equipment using alternative fuels, reporting shall indicate the type of alternative fuel being used.</p> <p>5. The Plan shall be kept on-site and available for review by any persons requesting it and a legible sign shall be posted at the perimeter of the construction site indicating to the public the basic requirements of the Plan and a way to request a copy of the Plan. The project sponsor shall provide copies of Plan to members of the public as requested.</p>					

837

ATTACHMENT D MITIGATION MONITORING AND REPORTING PROGRAM (Includes text for Adopted Mitigation Measures)					
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Mitigation Action	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>B. <i>Reporting.</i> Quarterly reports shall be submitted to the ERO indicating the construction phase and off-road equipment information used during each phase including the information required in A(4). In addition, for off-road equipment using alternative fuels, reporting shall include the actual amount of alternative fuel used.</p> <p>Within six months of the completion of construction activities, the project sponsor shall submit to the ERO a final report summarizing construction activities. The final report shall indicate the start and end dates and duration of each construction phase. For each phase, the report shall include detailed information required in A(4). In addition, for off-road equipment using alternative fuels, reporting shall include the actual amount of alternative fuel used.</p>	Project sponsor/ contractor(s).	Monthly.	Submit monthly reports.	Project sponsor/ contractor(s) and the ERO.	Considered complete on findings by ERO that Plan is being/was implemented.
<p>C. <i>Certification Statement and On-site Requirements.</i> Prior to the commencement of construction activities, the project sponsor must certify (1) compliance with the Plan, and (2) all applicable requirements of the Plan have been incorporated into contract specifications.</p>	Project sponsor/ contractor(s).	Prior to construction activities requiring the use of off-road equipment.	Submit certification statement.	Project sponsor / contractor(s) and the ERO.	Considered complete on submittal of certification statement.

838

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)**

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:
Members, Board of Supervisors	Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>
Name of contractor:
490 SVN Housing Associates, LP, a California Limited Partnership

Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.

The borrowing entity for the 490 South Van Ness Avenue affordable housing project is 490 SVN Housing Associates, LP, a California limited partnership. The limited partnership has no employees, and decisions are made by its co-general partners, Mission Housing Development Corporation and BRIDGE Housing Corporation.

<p>The requested information for Mission Housing Development Corporation is as follows—</p> <p>MHDC Board of Directors: Joshua Arce – Board Chair Irving Gonzales – Vice Chair F. Gomez-Benitez – Secretary Eddie Ahn – Director Jon Layman – Director Marisela Esparza – Director</p>	<p>The requested information for BRIDGE Housing is as follows:</p> <p>BRIDGE Board of Directors: Ron Nahas - Chairman Ray Carlisle – Vice Chairman Douglas Abbey - Director Robert Freed - Director Joe Hagan - Director Nancy Hemmenway - Director Michael McAfee - Director Ed McNamara - Director Connie Moore - Director Kenneth Novack - Director Paul Stein - Director Ernesto Vasquez - Director Chuck Weinstock - Director</p>
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Chief Executive Officer: Cynthia Parker - BRIDGE
Chief Financial Officer(s): D. Valentine - BRIDGE
Deputy Directors: Susan Johnson
 Items #3-5 do not apply.

Contractor address:	
600 California Street, Suite 900, San Francisco, CA 94108	

Date that contract was approved:	Amount of contract: \$15,000 annually plus residual receipts, if any.
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Describe the nature of the contract that was approved:

Tax-exempt multifamily housing revenue bond financing for the development of a project at 490 South Van Ness Avenue, San Francisco, California 94103.

Comments:

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: **San Francisco Board of Supervisors**

Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

<p>Item 8 File 18-0688</p>	<p>Department Mayor's Office of Housing and Community Development</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would: (a) approve a 75-year ground lease, with one 24-year option to extend, between the City as landlord and 490 SVN Housing Associates, L.P. as tenant for \$15,000 annual base rent to construct 80 units of multifamily rental housing for low-income people at 490 South Van Ness Street; (b) adopt findings that the Ground Lease is consistent with the California Environmental Quality Act (CEQA), the General Plan, and the eight priority policies of Planning Code Section 101.1; and (c) authorize the Acting Director of Real Estate and Director of the Mayor's Office of Housing and Community Development (MOHCD) to execute documents, make certain modifications, and take certain actions in furtherance of the resolution. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • 490 South Van Ness Avenue is a 14,250 square foot property formerly used as a gas-station. MOHCD selected 490 SVN Housing Associates, L.P. (a partnership of Mission Neighborhood Development Corporation and BRIDGE Housing) following a competitive process to develop affordable housing on the property. • 490 SVN Housing Associates, L.P. will demolish the gas-station currently on the site to build an 80-unit multifamily rental housing development for low-income households at or below 60 percent of the Area Median Income (AMI). Total development costs for the housing at 490 South Van Ness Street are estimated to be \$60,594,048, financed by federal Low Income Housing Tax Credits, developer equity, a tax exempt revenue bond construction loan, and MOHCD gap financing (inclusionary housing fees, affordable housing jobs linkage fees). <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Over the 75 year term of the lease, the City would receive \$1,125,000 in total base rent. Should the tenant agree to extend the lease for an additional 24 years, the City would receive an additional \$360,000. • The current appraised value of the property is \$18,500,000. Annual rent is 10 percent of the appraised fair market value of the property or \$1,850,000 and paid in two components: base rent and residual rent. Base rent is \$15,000 per year and is paid from project income. Residual rent is equal to annual rent minus base rent or \$1,835,000 and is paid from surplus cash. Should surplus cash be available from the tenant after payment of all operating expenses, the City may receive residual rent <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(c) states that any lease of real property for a period of ten years or more or that has revenue to the City of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

In 2015, the Board of Supervisors approved the acquisition of the 14,250 square foot property at 490 South Van Ness Avenue from Benicia Lake LLC and Maurice Casey. In May 2016, MOHCD issued a Request for Proposals (RFP) to develop affordable housing on the South Van Ness site. Nonprofit housing developers Mission Housing Development Corporation and BRIDGE Housing submitted a joint response to the RFP and were deemed to be the most qualified proposer. The two groups formed 490 SVN Housing Associates, L.P. partnership and were selected to develop the property.

In June 2015, Clifford Advisory, LLC appraised the fair market value of the property at \$18,500,000.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- (1) Approve and authorize a 75-year ground lease, with one 24-year option to extend, between the City as landlord and 490 SVN Housing Associates, L.P. as tenant for \$15,000 annual base rent to construct 80 units of multifamily rental housing for low-income people at 490 South Van Ness Street;
- (2) Adopt findings that the Ground Lease is consistent with the California Environmental Quality Act (CEQA), the General Plan, and the eight priority policies of Planning Code Section 101.1; and
- (3) Authorize the Acting Director of Real Estate and Director of MOHCD to execute documents, make certain modifications, and take certain actions in furtherance of the resolution, as defined therein.

Affordable Housing Project

490 SVN Housing Associates, L.P. will demolish the gas-station currently on the site to build an 80-unit multifamily rental housing development for low-income households. The mix of units will include two studios, 44 one bedroom units, 30 two bedroom units, and 4 three bedroom units. All of the units are reserved for individuals at or below 60 percent of the Area Median Income.¹

¹ 2018 Area Median Income for San Francisco for one person is \$82,900; therefore, 40 percent of AMI is \$33,150; 50 percent of AMI is \$41,450; 60 percent of AMI is \$49,750. For a family of four, 2018 Area Median Income is

Total development costs for the housing at 490 South Van Ness Street are estimated to be \$60,594,048, financed by federal Low Income Housing Tax Credits, developer equity, a tax exempt revenue bond construction loan, and MOHCD gap financing (inclusionary housing fees, affordable housing jobs linkage fees).

Ground Lease

The key provisions of the Ground Lease are shown in Table 1 below.

Table 1: Key Provisions of Ground Lease

Lease Terms: 490 Van Ness Avenue

Size of Property	14,250 square feet
Lease Period	75 years (approximately August 2019 through August 2094)
Options to extend lease	Tenant has one 24-year option to extend the lease through 2118 for a total lease term of 99 years
Base rent	\$15,000 per year
Adjustments to base rent	None
Residual rent	Up to \$1,835,000 per year ²
Adjustments to residual rent	10 percent of fair market value on the 15 th anniversary of the first rent payment and every 15 years thereafter
Taxes, insurance, maintenance, utilities	Paid by tenant
Appraised Value	18.5 Million; Appraised June 30, 2015
Number of Units	80 Multi-Family Rentals

Planning Department Determinations

In June 2015, the Planning Department determined that the project was consistent with the Eastern Neighborhoods Area Plan Environmental Impact Report (EIR). In the same review, the Planning Department determined that the project is consistent with the General Plan and the eight priority policies of Planning Code Section 101.1. In May 2017, the proposed affordable housing project received a Community Plan Exemption from California Environmental Quality Act. The Planning Department issued a Note to File on June 27, 2018, clarifying that previous findings apply, and that this project is in conformance with the General Plan as well as environmental standards.

118,400; therefore 30 percent of AMI is 35,000; 40 percent of AMI is \$47,350; 50 percent of AMI is \$59,200; and 60 percent of AMI is 71,050.

² 490 SVN Housing Associates, L.P. could pay total annual rent (base rent and residual rent) up to 10 percent of the appraised value of the property. As of June 2015, the appraised value is \$18,500,000; therefore, total annual rent is 1,850,000, and residual rent is up to \$1,835,000 (the difference between total annual rent and base rent of \$15,000).

FISCAL IMPACT

The City would receive \$15,000 annually in base rent, not adjusted for inflation, from 490 SVN Housing Associates, L.P. Over the 75 year term of the lease, the City would receive \$1,125,000 in total base rent. Should the tenant agree to extend the lease for an additional 24 years, the City would receive an additional \$360,000.

The current appraised value of the property is \$18,500,000. Annual rent is 10 percent of the appraised fair market value of the property or \$1,850,000 and paid in two components: base rent and residual rent. Base rent is \$15,000 per year and is paid from project income. Residual rent is equal to annual rent minus base rent or \$1,835,000 and is paid from surplus cash. Should surplus cash be available from the tenant after payment of all operating expenses, the City may receive residual rent. The annual rent would be amended every 15 years to reflect the updated fair market value of the company. Should the tenant not have enough project income to pay base rent or surplus cash to pay residual rent in a given year, it would need to provide written documentation to the City to verify the insufficiency. According to Ms. Joan McNamara, MOHCD Senior Project Manager, MOHCD does not expect to receive residual rent in the foreseeable future due to limited income as a result of serving households at and below 60 percent AMI and the high operating costs, including debt repayment obligations, associated with the housing.

RECOMMENDATION

Approve the proposed resolution.