

File No. 260242

Committee Item No. 7

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date March 25, 2026

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement                           |
|                                     |                          | • Draft Ground Lease                         |
|                                     |                          | • Draft Amended and Restated Loan Agreement  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission (2)             |
| <input type="checkbox"/>            | <input type="checkbox"/> | Notice of Award/Award Letter                 |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

**OTHER** ([Click on the hyperlinks to be redirected to the Legislative Research Center to view the entirety of voluminous documents](#))

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Balboa Reservoir Request for Proposals</u>                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u><a href="#">Balboa Reservoir Development Agreement 3/10/2021</a></u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u><a href="#">Executed Real Estate Sale Agreement 2/18/2021</a></u>    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PLN Commission Resolution No. 20732 5/28/2020</u>                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Board Resolution No. 373-20 8/11/2020</u>                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Board Ordinance No. 142-20 8/18/2020</u>                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>MOHCD Presentation 3/25/2026</u>                                     |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____   |
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Completed by: Brent Jalipa Date March 19, 2026

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Lease and Amended and Restated Loan Agreement - Balboa Gateway, L.P. - 105 Wisteria  
2 Lane - Balboa Reservoir Building A - 100% Affordable Housing - \$15,000 Annual Base Rent -  
3 Loan Not to Exceed \$29,280,757]

4 **Resolution approving and authorizing the Director of Property and the Mayor’s Office**  
5 **of Housing and Community Development (“MOHCD”) to enter into a Ground Lease for**  
6 **Real Property owned by the City and located at 105 Wisteria Lane (“Property”) known**  
7 **as Balboa Reservoir Building A with Balboa Lee Avenue, L.P. (“Developer”) for a lease**  
8 **term of 75 years and one 24-year option to extend and an annual base rent of \$15,000**  
9 **(“Ground Lease”) in order to construct a 100% affordable, 158-unit multifamily rental**  
10 **housing development affordable to very-low and low-income households, plus one**  
11 **manager’s unit; approving and authorizing an Amended and Restated Loan Agreement**  
12 **in an amount not to exceed \$29,280,757 for a minimum loan term of 57 years (“Loan**  
13 **Agreement”) to finance the development and construction of the Project; adopting**  
14 **findings that the Project and proposed transactions are consistent with the General**  
15 **Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing**  
16 **the Director of Property and/or the Director of MOHCD to execute the Ground Lease,**  
17 **Loan Agreement, and make certain modifications to such agreements, and take certain**  
18 **actions in furtherance of this Resolution, as defined herein.**

19  
20 WHEREAS, The Balboa Reservoir Project (“Balboa Reservoir Project”) a 17.6-acre site  
21 located generally north of the Ocean Avenue commercial district, west of the City College of  
22 San Francisco Ocean Campus, east of the Westwood Park neighborhood, and south of  
23 Archbishop Riordan High School) includes four 100% affordable housing projects, as part of  
24 the Balboa Reservoir Development Agreement (File No. 200423); and  
25

1           WHEREAS, In 2017, the City and County of San Francisco (“City”) issued a Request  
2 for Proposals (“RFP”) for the disposition and development of the Project Site in accordance  
3 with the selection criteria described in the RFP; in response to the RFP, the City evaluated  
4 proposals from nine development teams, and selected a joint venture of BRIDGE Housing  
5 Corporation, a nonprofit public benefit corporation (“BRIDGE”) and AvalonBay Communities,  
6 Inc. as the highest scoring proposer; the selected joint venture formed Reservoir Community  
7 Partners, LLC, a Delaware limited liability company to plan, develop and execute the Balboa  
8 Reservoir Project; and

9           WHEREAS, By Ordinance No. 142-20, the Board of Supervisors approved a  
10 Development Agreement with Reservoir Community Partners, LLC, relating to the Balboa  
11 Reservoir Project site (the "Development Agreement") under Administrative Code, Chapter  
12 56; and

13           WHEREAS, BHC Balboa Builders, LLC, an affiliate of BRIDGE Housing Corporation,  
14 purchased the Balboa Reservoir Project site pursuant to a Purchase and Sale Agreement  
15 approved by this Board of Supervisors in Resolution No. 373-20; and

16           WHEREAS, The Balboa Reservoir Project is a mixed-use, mixed-income development  
17 with several different components: (i) construction of the public infrastructure; (ii) development  
18 of private affordable housing on affordable parcels in accordance with an affordable housing  
19 plan; (iii) development of private residential projects on market rate parcels; and (iv)  
20 development of community improvements (e.g., open space areas, community facilities)  
21 throughout the Property; and

22           WHEREAS, BRIDGE was selected as the developer of a 100% affordable, 158-unit  
23 multifamily rental housing development affordable to very-low and low-income households,  
24 plus one manager’s unit known as Balboa Reservoir Building A (“Project”); and  
25

1           WHEREAS, BRIDGE has established Balboa Gateway, L.P., a California limited  
2 partnership (the “Developer”), as a separate entity under which to develop and  
3 construct the Project; and

4           WHEREAS, The City will own, through the transfer from BHC Builders, LLC to the City  
5 pursuant to the terms of the Development Agreement, certain real property located  
6 at 105 Wisteria Lane in San Francisco, California, which is known as Assessor's Parcel Block  
7 No. 3180, Lot No. 201 (the “Property”); and

8           WHEREAS, The City, acting through MOHCD, administers a variety of housing  
9 programs that provide financing for the development of new affordable housing and the  
10 rehabilitation of single- and multi-family housing for low- and moderate-income households  
11 and resources for homeowners in San Francisco; and

12           WHEREAS, MOHCD enters into loan agreements with affordable housing developers  
13 and operators; administers loan agreements; reviews annual audits and monitoring reports;  
14 monitors compliance with affordable housing requirements in accordance with capital funding  
15 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

16           WHEREAS, By Ordinance No. 142-20, the Board of Supervisors made findings under  
17 the California Environmental Quality Act (Public Resources Code, Sections 21000 et seq.)  
18 and findings of consistency with the General Plan, and the eight priority policies of Planning  
19 Code, Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in  
20 File No. 200423 and is incorporated herein by reference; and

21           WHEREAS, MOHCD and the Director of Property have approved the form of the  
22 Ground Lease between the City and the Developer (“Ground Lease”), pursuant to which the  
23 City will lease the Property to the Developer for a term of 75 years and one 24-year option to  
24 extend and a base rent of fifteen thousand dollars (\$15,000) per year, in exchange for the  
25 Developer’s agreement, among other things, to construct and operate the Project with rent

1 levels affordable to households up to 80% of unadjusted San Francisco Area Median Income  
2 (“AMI”), and a copy of the substantially final form of Ground Lease is on file with the Clerk of  
3 the Board of Supervisors in File No. 260242, and is incorporated herein by reference; and

4 WHEREAS, The proposed rent of the Ground Lease is less than Market Rent (as  
5 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by  
6 providing affordable housing for low-income households in need; and

7 WHEREAS, MOHCD is also providing the Developer with financial assistance to  
8 leverage equity from an allocation of low-income housing tax credits and tax exempt bonds in  
9 order for Developer to construct the Project; and

10 WHEREAS, On November 7, 2025, the Citywide Affordable Housing Loan Committee,  
11 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of  
12 Community Investment and Infrastructure, and the Controller’s Office of Public Finance  
13 recommended approval to the Mayor of the Loan Agreement for the Project in an amount not  
14 to exceed \$29,280,757 in local funds (“Loan Agreement”), and a copy of the substantially final  
15 form of Loan Agreement and related documents are on file with the Clerk of the Board of  
16 Supervisors in File No. 260242, and is incorporated herein by reference; and

17 WHEREAS, The Loan Agreement would be entered into under the following material  
18 terms: (i) a minimum term of 57 years; (ii) an interest rate of zero percent (0%); (iii) annual  
19 repayment of the loan by Developer through residual receipts from the Project; (iv) the Project  
20 shall be restricted for life of the Project as affordable housing to low-income households with  
21 annual maximum rent and income established by MOHCD; and (v) the loan shall be secured  
22 by a deed of trust recorded against the Developer’s leasehold interest in the Property; now,  
23 therefore, be it

24 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in  
25 Ordinance No. 142-20 regarding the California Environmental Quality Act for the Project, and

1 hereby incorporates such findings by reference as though fully set forth in this Resolution;  
2 and, be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is  
4 consistent with the General Plan, and with the eight priority policies of Planning Code,  
5 Section 101.1 for the same reasons as set forth in Ordinance No. 142-20, and hereby  
6 incorporates such findings by reference as though fully set forth in this Resolution; and, be it

7 FURTHER RESOLVED, That in accordance with the recommendation of the Director  
8 of MOHCD and the Director of Property, the Board of Supervisors approves the Ground  
9 Lease in substantially the form presented to the Board, and authorizes the Director of  
10 Property (or the Director's designee, as used throughout) and Director of MOHCD (or the  
11 Director's designee, as used throughout), to execute and deliver the Ground Lease, in  
12 substantially the form presented to the Board, and any such other documents or agreements  
13 (including such agreements to provide adequate or additional security or indemnities as  
14 required by lenders to consummate the financing of the Project or lease of the Property) that  
15 are necessary or advisable, in consultation with the City Attorney, to complete the transaction  
16 contemplated by the Ground Lease and to effectuate the purpose and intent of this  
17 Resolution, and determines that the less than Market Rent payable under the Ground Lease  
18 will serve a public purpose by providing affordable housing for low-income households in  
19 need; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan  
21 Agreement and the transaction contemplated thereby in substantially the form presented to  
22 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the  
23 Loan Agreement and any such other documents that are necessary or advisable to complete  
24 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent  
25 of this Resolution; and, be it

1           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
2 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any  
3 additions, amendments, or other modifications to the Ground Lease, Loan Agreement, and  
4 any other documents or instruments necessary in connection therewith (including, without  
5 limitation, preparation and attachment, or changes to, any of all of the exhibits and ancillary  
6 agreements, and notices of special restrictions required for construction of the Project), that  
7 the Director of Property and/or Director of MOHCD determine are in the best interests of the  
8 City, do not materially decrease the benefits to the City with respect to the Property, do not  
9 materially increase the obligations or liabilities of the City, and are necessary or advisable to  
10 complete the transaction contemplated in the Ground Lease and Loan Agreement, and that  
11 effectuate the purpose and intent of this Resolution, such determination to be conclusively  
12 evidenced by the execution and delivery by the Director of Property and/or the Director of  
13 MOHCD of any such additions, amendments, or other modifications; and, be it

14           FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and  
15 delegates to the Director of MOHCD and/or the Director of Property, the authority to  
16 undertake any actions necessary to protect the City's financial security in the Property and  
17 enforce the affordable housing restrictions, which may include, without limitation, acquisition  
18 of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of  
19 foreclosure, or curing the default under a senior loan; and, be it

20           FURTHER RESOLVED, That all actions authorized and directed by this Resolution and  
21 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;  
22 and, be it

23           FURTHER RESOLVED, That within thirty (30) days of the Ground Lease and Loan  
24 Agreement being fully executed by all parties, MOHCD shall provide the final agreements to  
25 the Clerk of the Board for inclusion into the official file.

1 RECOMMENDED:

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4     /s/      
Sarah R. Oerth, Director of Property

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7     /s/      
Daniel Adams, Director  
Mayor's Office of Housing and Community Development

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<b>Item 7</b> <b>File 26-0242</b>	<b>Department:</b> Mayor's Office of Housing and Community Development
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed resolution would approve an amended and restated loan agreement between the City and Balboa Lee Avenue, L.P. in an amount not to exceed \$29,280,757 for a minimum loan term of 57 years to provide gap financing for Building A—the second affordable building of the Balboa Reservoir Project—and approve a long-term ground lease with Balboa Lee Avenue, L.P.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>Under a development agreement, the Balboa Reservoir Project will provide 1,100 housing units, including 550 affordable units through Reservoir Community Partners—a private joint venture made up of non-profit BRIDGE Housing and Avalon Bay Communities. Market conditions caused the market-rate developer Avalon to pause their portion of the project in January 2023. This pause prompted the City and developer to rephase infrastructure work associated with the project to prioritize the affordable housing parcels, Buildings A and E, in order to avoid losing state funding for the affordable buildings. In September 2025, the Board of Supervisors approved MOHCD loans for Phase 1A infrastructure and Building E.</li> <li>Building A is the second affordable housing parcel to be developed and will be a six-story building with 158 family units affordable to households earning between 40 and 80 percent of the Area Median Income and one manager's unit.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>Of the \$188.4 million in permanent funding sources for the project, \$54.6 million (29 percent) are City funds (including a portion of the infrastructure loan), \$33.0 million (17.5 percent) are State funds, and \$100.8 million (53.5 percent) are private funds (which benefit from tax credits awarded to the project).</li> <li>The total development cost of \$188.4 million, including infrastructure and acquisition costs, equates to \$1.2 million per unit. The City's total subsidy of \$54.6 million equates to \$343,265 per unit, which is greater than other affordable housing projects due to City funding for infrastructure.</li> </ul> <p><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>MOHCD's total contribution to infrastructure, Building E, and Building A is projected to be \$87 million, which is \$36.3 million more than what is required under the development agreement with additional affordable housing parcels still to be built.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Approve the proposed resolution.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

## BACKGROUND

### Balboa Reservoir

The Balboa Reservoir is a 17-acre site formerly owned by the San Francisco Public Utilities Commission (SFPUC) and located across from City College. Following a Request for Proposals in 2016, Reservoir Community Partners, LLC (Reservoir Community Partners), a private joint venture made up of non-profit BRIDGE Housing and Avalon Bay Communities, was selected to lead the development of a master plan for the site. In 2020, the Board of Supervisors approved: (a) a development agreement between the City and the developer for the Balboa Reservoir Project (File 20-0423); and (b) a purchase and sale agreement between the SFPUC and Reservoir Community Partners for sale of the Balboa Reservoir from the SFPUC to the developer for \$11.4 million (File 20-0740).<sup>1</sup> In September 2025, the Board of Supervisors approved: (a) an amended and restated loan Agreement with BHC Balboa Builders, LLC for a total loan amount not to exceed \$56,425,904 to finance Phase 1 infrastructure improvements for the Balboa Reservoir Project (File 25-0829); and (b) an amended and restated loan agreement between the City and Balboa Lee Avenue, L.P. in an amount not to exceed \$28,000,000, for a minimum loan term of 57 years to provide gap financing for Building E (the first of two parcels slated for development of affordable housing) (File 25-0830). The second parcel to be developed for affordable housing is known as Building A. The Balboa Reservoir was previously vacant and used for surface public parking.

### Development Agreement

Under the development agreement, the Balboa Reservoir Project will provide 1,100 units of housing, including 550 affordable housing units (50 percent), transportation and infrastructure improvements, public open space, and a childcare facility and community room. The development plan does not include any retail or commercial space. The development agreement specifies that parcels C, D, and G are for market-rate residential development as rental units and parcels TH1 and TH2 as market-rate residential ownership units (townhomes). Parcels A, B, E, and F are set aside for affordable rental housing development and Parcel H will be used for moderate-income residential condominiums. The development agreement provides for the

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<sup>1</sup> The SFPUC retained one acre of the site and sold approximately 16 acres to Reservoir Community Partners.

transfer of market-rate parcels to vertical developers, as well as the transfer of affordable housing parcels to the City for a nominal amount.

As part of the development agreement and pursuant to the City's request for proposals, the Developer agreed to provide gap funding for two-thirds of the affordable housing units (367) to meet its 33 percent affordable housing commitment while the City agreed to provide gap funding for the remaining one-third of the affordable housing units (183) to reach the 50 percent overall affordable housing commitment. The Agreement specifies that the City's gap funding contribution would be capped at \$239,000 per unit (adjusted annually for inflation based on the Consumer Price Index) but allows for an adjustment to the City's funding share or affordability levels if there is not sufficient available financing for the affordable housing parcels. According to MOHCD, the CPI increased by 18.6 percent in the Bay Area between 2020 and 2025, which means the amount per unit is \$283,454 or \$51.9 million for the 183 affordable units.

### **Project Delays**

As initially noted in the June 2025 MOHCD Memo to the Affordable Housing Loan Committee on gap financing for Building E, market conditions caused the market-rate developer Avalon Bay Communities to pause their portion of the project in January 2023. This pause prompted the City and developer to rephase infrastructure work associated with the project to prioritize the affordable housing parcels, Buildings A and E, by moving Building A into Phase 1A (the first of two subphases for Phase 1 shown in Exhibit 1) in order to avoid losing state funding for the affordable buildings.<sup>2</sup> According to MOHCD staff, the start dates for Phases 1B and 2 are unknown.

Despite the rephasing, the project faces ongoing delays and schedule risks, according to the November 2025 MOHCD Memo to the Affordable Housing Loan Committee. The start of infrastructure work shifted from October 2025 to November 5, 2025, delaying "pad readiness" infrastructure to enable vertical construction of Building A to April 2026. Because vertical construction cannot begin without this infrastructure, any further delays in grading or utility installations along Lee Avenue and Wisteria Lane will directly jeopardize the June 2026 tax credit deadline for construction start. Additionally, the project continues to experience extensive delays from PG&E in issuing temporary and permanent power approvals, which threatens to further extend the timeline and increase the project budget. According to MOHCD, the Building A project team is working closely with MOHCD and PG&E to escalate issues; the start of construction for Building A is not currently at risk from PG&E delays.

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<sup>2</sup> According to MOHCD, the state approved this revised rephasing of the infrastructure plan; however, this reprioritization resulted in a reduced state Infill Infrastructure Grant (IIG) award of \$20 million, down from the originally anticipated \$26 million.

**Exhibit 1: Balboa Reservoir Project Phasing**

<b>Phase</b>	<b>Market Rate</b>	<b>Affordable</b>
<b>Phase 1A (Nov. 2025 to June 2028)</b>		
Building A (Affordable)		159
Building E (Affordable)		128
Private Streets		
Public Right of Way		
Subtotal, Phase 1A	0	287
<b>Phase 1B (Start and End Date TBD)*</b>		
Parcel J (Reservoir Park)		
Buildings C&D (Market)	260	
Building F (Affordable / Educator)		154
Townhomes (Market)	100	
Subtotal, Phase 1B	360*	154*
<b>Phase 2 (Start and End Date TBD)*</b>		
Building B (Affordable)		70
Building G (Market)	190	
Building H (Affordable)		20
SFPUC Open Space & Parcel O		
Gateway Landscape		
Parcel K (Brighton Paseo)		
Private Streets		
Child Care Facility		
Community Room		
Subtotal, Phase 2	190*	90*
<b>Total</b>	<b>550*</b>	<b>531*</b>

Source: MOHCD and development agreement, Schedule 1-A

\*Phase 1B and Phase 2 unit counts are estimates from the development agreement and have not been updated; the Development agreement contemplated 1,110 housing units, including 550 affordable units.

**Phase 1 Infrastructure**

Phase 1 infrastructure improvements will transform the existing surface parking lot into a new network of streets and upgraded utilities to enable the construction of the first two affordable housing buildings, Buildings E and A, as shown in Exhibit 2 below. The scope of work includes:

- Demolition and Grading: Site preparation to deliver pad readiness for both buildings.
- Public Right-of-Way Improvements: Construction of five new public streets and two private drives to establish site access and public rights-of-way.

- Utility Upgrades and Stormwater Management: Installation of new water, sewer, and storm drain systems, PG&E mainline power, and joint trench utilities.
- Street Lighting: Installation of street lighting and traffic signals.

**Exhibit 2: Balboa Reservoir Project Site Map Depicting Street Network**



Source: Building A Loan Evaluation Memo, November 2025

Phase 1 infrastructure construction began in November 2025, with delivery of a pad-ready site for Building A construction expected by April 2026—with full completion of infrastructure construction expected by March 2027. Construction of Building A is expected to begin in April 2026 and to be completed by January 2028.

**Building A**

Building A is the second affordable housing parcel to be developed and will be a six-story building with 158 family units affordable to households earning between 40 and 80 percent of MOHCD Area Median Income (AMI) and one manager’s unit.

**DETAILS OF PROPOSED LEGISLATION**

**File 26-0242** is a proposed resolution that would:

- 1) Approve a ground lease for the City-owned property located at 105 Wisteria Lane (Balboa Reservoir Building A) with Balboa Lee Avenue, L.P. for a lease term of 75 years and one 24-year option to extend, with an annual base rent of \$15,000;
- 2) Approve an amended and restated loan agreement in an amount not to exceed \$29,280,757 for a minimum loan term of 57 years to finance the development and construction of the Project;
- 3) Find that the project and related transactions are consistent with the General Plan and the eight priority policies of the Planning Code (Section 101.1); and
- 4) Authorize the Director of Property and Director of MOHCD to execute the ground lease and loan agreement, provided they do not materially increase the obligations or liabilities of the City.

**Building A Gap Loan Agreement**

The original loan agreement provided by MOHCD in 2023 included \$3 million for predevelopment costs. MOHCD proposes to amend the loan agreement to increase the loan amount by an additional \$26.3 million to complete development and construction, including permanent financing. Under the proposed loan agreement, the total loan amount would be up to \$29,280,757.

The project sponsor must repay the loan by the later of: (a) the 57<sup>th</sup> anniversary date of the deed of trust or (b) the 55<sup>th</sup> anniversary of the date on which construction financing is converted into permanent financing, but in all cases no later than December 31, 2083. The interest rate is reduced from three percent under the original loan agreement to zero percent under the amended and restated loan agreement to maximize tax credit equity in the project.

The loan is secured by a deed of trust recorded against the borrower’s leasehold interest in the property.

**Ground Lease & Affordability Restrictions**

As provided in the development agreement, the developer will transfer ownership of the Building A parcel to the City for a nominal (\$1) fee. The City in turn will enter into a long-term ground lease with the affordable housing sponsor (an affiliate of BRIDGE).

The proposed ground lease has a term of 75 years and gives the developer one 24-year extension option, for a maximum term of 99 years. During the initial lease term, proposed base rent is \$15,000 per year and increased by \$5,000 every 15 years, plus residual rent payable from residual receipts after full repayment of the MOHCD loan, up to a total rent of 10 percent of appraised fair market value. (Consistent with MOHCD’s Residual Receipts policy, the term “residual receipts” refers to up to two-thirds of net income after operating costs, ground lease base rent, and replenishing operating reserves.) Annual rent during the extension period would be negotiated between the developer and the City and would have to be at least the annual rent of the initial lease term.

Affordability restrictions to preserve the affordability of the housing units in the proposed development are included in the loan agreement between the City and the affordable housing operator and recorded against the property as a Declaration of Restrictions. The unit mix by maximum income level is shown in Exhibit 3 below.

**Exhibit 3: Building A Unit Mix and Maximum Income Level**

<b>Maximum Income Level</b>	<b>Studio</b>	<b>1-Bedroom</b>	<b>2-Bedroom</b>	<b>3-Bedroom</b>	<b>Total</b>
40% of AMI	11	19	7	4	41
70% of AMI	2	0	0	36	38
80% of AMI	0	46	33	0	79
Unrestricted (Manager's Unit)				1	1
<b>Total</b>	<b>13</b>	<b>65</b>	<b>40</b>	<b>41</b>	<b>159</b>

Source: Proposed Building A Amended and Restated Loan Agreement

**Sponsor Performance**

According to the MOHCD loan evaluation memo for the proposed loan, BRIDGE has experienced significant staff turnover, including the director overseeing the project, which has contributed to overall delays for the Balboa Reservoir Project. In Spring 2024, BRIDGE hired two senior project managers and two associate project managers to support the project; however, according to the November 2025 loan evaluation, one of the two senior project managers subsequently left the project in April 2025.

**FISCAL IMPACT**

**Building A Total Development Costs**

The total development costs for Building A are \$188.4 million, including acquisition costs and infrastructure costs allocated to the project. Of the \$188.4 million in permanent funding sources for the project, \$54.6 million (29 percent) are City funds, \$33.0 million (17.5 percent) are State funds, and \$100.8 million (53.5 percent) are private funds (which benefit from tax credits awarded to the project). Exhibit 5 below shows the total development sources and uses for Building A.

The MOHCD loan not to exceed amount of \$29,280,757 exceeds the amount in the budget by approximately \$1.0 million, or 3.7 percent. According to MOHCD staff, this additional amount will allow for potential changes in the construction loan interest rate prior to financial close, as well as changes in construction costs, as final pricing is still being negotiated with the General Contractor.

**Exhibit 5: Building A Total Development Costs**

<b>Sources and Uses</b>	<b>Amount</b>
<u>Sources</u>	
MOHCD Loan	\$28,249,232
MOHCD Infrastructure Loan Allocated to Building A	26,329,846
Permanent Loan	18,096,000
HCD Affordable Housing and Sustainable Communities (AHSC) Loan	33,000,000
Deferred Developer Fee	3,265,127
General Partner Equity	16,838,036
Limited Partner Equity	62,619,494
<b>Total Sources</b>	<b>\$188,397,735</b>
<u>Uses</u>	
Acquisition	\$2,002,059
Hard Costs (incl 5% contingency)	134,391,214
Soft Costs (incl 10% contingency)	28,584,806
Reserves	816,493
Developer Fee	22,603,163
<b>Total Uses</b>	<b>\$188,397,735</b>

Source: MOHCD

According to MOHCD staff, the acquisition costs reflect a portion of the costs to purchase the land from the SFPUC; the acquisition costs of \$2 million were allocated to Building A based on the number of housing units.

The developer fee of approximately \$22.6 million includes a cash fee of \$2.5 million, a deferred fee of approximately \$3.3 million to be repaid from future operating cash flow, and approximately \$16.8 million contributed as General Partner equity to maximize tax credit equity for the project.

**Building A City Subsidy per Housing Unit**

Total development costs are \$188.4 million, \$1.2 million per unit, or approximately \$678,000 per bedroom. The City’s total subsidy for the housing development costs, inclusive of acquisition and infrastructure costs, is \$54.6 million, or \$343,265 per unit, as shown in Exhibit 6 below.

**Exhibit 6: City Subsidy for Building E Affordable Housing Units**

<b>Units and Residential Area</b>			
Number of Units		159	
Total residential area (sq. ft.)		192,800	

<b>Cost and City Subsidy</b>	<b>Building A Offsite Infrastructure</b>	<b>Building A Development</b>	<b>Building A Total Costs</b>
Development Cost	\$26,329,846	\$162,067,889	\$188,397,735
Total City subsidy	26,329,846	28,249,232	54,579,078
Development cost per unit	165,597	1,019,295	1,184,892
Development cost per sq. ft.	137	841	978
City Subsidy per unit	165,597	177,668	343,265
City Subsidy per sq. ft.	137	147	283

Source: MOHCD

Based on a comparison of similar projects, MOHCD staff found the total development cost per unit, excluding general partner equity, to be slightly above average according to the November 2025 MOHCD loan evaluation of the Building A gap loan. MOHCD staff found the subsidy per unit excluding infrastructure was 34 percent less than comparable projects. Including the City loan for infrastructure, the City subsidy per unit is approximately 27 percent greater than comparable projects.

**Operating Budget**

According to the 20-year cash flow analysis for the project, the project will have sufficient revenues to cover operating expenses, reserves, management fees, and debt service on the bank loan, as well as the California Department of Housing and Community Development (HCD) Affordable Housing and Sustainable Communities (AHSC) loan (a portion of which is structured as hard debt). Project revenues consist of tenant rents as well as related laundry and vending. A portion of net income after operating expenses (residual receipts) will be used to repay the MOHCD gap loan and HCD loans. The Project is not expected to generate sufficient net revenues to make residual rent payments under the proposed Ground Lease.

**Funding Sources for City Loans**

Sources for the proposed loan are shown in Exhibit 7 below.

**Exhibit 7: Sources for MOHCD Loans**

<b>Source</b>	<b>Building A Gap</b>
2024 GO Bonds	\$18,000,000
Housing Trust Fund	4,964,522
Housing Trust Fund Advance	3,316,235
Affordable Housing Fund – Jobs Housing Linkage Fee	3,000,000
<b>Total</b>	<b>\$29,280,757</b>

Source: Proposed amended and restated loan agreement

**POLICY CONSIDERATION**

As noted above, the development agreement requires the city to contribute \$50.7 million for affordable housing development but allows for an adjustment to the City’s funding share or affordability levels if there is not sufficient available financing for the affordable housing parcels. Based on the not to exceed amounts of the MOHCD loan agreements, MOHCD’s total contribution to infrastructure, Building E, and Building A is projected to be \$87 million, which is \$36.3 million more than what is required with additional affordable housing parcels still to be built with City funding. According to the MOHCD loan evaluation memo on the proposed gap loan for Building A, MOHCD has instituted an \$87 million funding cap across the Balboa Reservoir infrastructure, Building E, and Building A components, and is requiring the project sponsor to cover any future funding gaps without additional City resources.

**RECOMMENDATION**

Approve the proposed resolution.

**GROUND LEASE**

This Ground Lease is dated as of \_\_\_\_\_ (the “**Agreement Date**”), by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**” or “**Landlord**”), acting by and through its Real Estate Division and the Mayor's Office of Housing and Community Development (“**MOHCD**”), and **BALBOA GATEWAY LP**, a California limited partnership, as tenant (the “**Tenant**”).

**RECITALS**

A. The City is the fee owner of the land described in Attachment 1 and the existing improvements located thereon, if any (“**Land**”). The Land is held under MOHCD’s jurisdiction.

B. The San Francisco Public Utilities Commission (“**SFPUC**”) issued a Request for Proposals for Balboa Reservoir Property (“**RFP**”) on March 9, 2017, to solicit qualified housing developers for the 17-acre Balboa Reservoir site, in which the Land is located. In response to the RFP, SFPUC selected BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“**BRIDGE**”) to develop and construct the affordable housing parcels at the Balboa Reservoir site and lease the Land for the purpose of such new affordable housing. Pursuant to the award, BRIDGE has the right to develop affordable parcels including Balboa Reservoir Building A. BRIDGE has formed the Tenant for purposes of undertaking the activities described in the RFP.

C. On November 7, 2025, the Citywide Affordable Housing Loan Committee made a recommendation to approve MOHCD’s financing of Tenant’s plan to develop the Land and construct thereon a multifamily residential building consisting of 159 rental units of affordable housing for low-income persons including 1 manager’s unit to be known as Balboa Building A (collectively, the “**Project**”).

D. On \_\_\_\_\_, the City’s Board of Supervisors and the Mayor approved Resolution No. \_\_\_\_\_, authorizing the City to enter a ground lease with the Tenant to construct, own and operate the Project on the Land.

E. 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 Laws.

**NOW THEREFORE**, in consideration of the mutual obligations of the parties to this Ground Lease, the City hereby leases to the Tenant, and the Tenant hereby leases from the City, the Land for the Term (as defined in ARTICLE 2) to construct the Project, and subject to the terms, covenants, agreements, and conditions set forth below, each and all of which the City and the Tenant 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. 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.

**“Agreement Date”** means the date first set forth above.

**“Annual Rent”** has the meaning set forth in the Section 4.01(a).

**“Area Median Income”** (or **“AMI”**) means median income as published annually by MOHCD for the City and County of San Francisco, adjusted solely for household size, and derived in part from the income limits and area median income determined by the U.S. Department of Housing and Urban Development for the San Francisco area, but not adjusted for a high housing cost area.

**“Change”** has the meaning set forth in Section 12.02.

**“City”** means the City and County of San Francisco, a municipal corporation.

**“Conversion Date”** has the meaning assigned to such term in the Funding Loan Agreement.

**“Effective Date”** means the date the City records the Memorandum of Ground Lease against the Land, but in no event will the date be before the date of approval of the Ground Lease by the City’s Board of Supervisors and the Mayor.

**“Extension Notice”** has the meaning set forth in Section 2.03.

**“First Lease Payment Year”** means the year in which the date the first certificate of occupancy of the Project is issued evidencing completion of construction activities are completed on the Project.

**“First Mortgage Lender”** means any lender and its successors, assigns, and participants or other entity holding the senior leasehold deed of trust on the Leasehold Estate. Prior to the Conversion Date, each of Wells Fargo Bank, National Association and US Bank Trust Company, National Association shall be First Mortgage Lender. From and after the Conversion Date and so long as the Funding Loan remains outstanding under the Funding Loan Agreement, each of the Fiscal Agent, Freddie Mac, and the Freddie Mac Servicer shall be First Mortgage Lender.

**“Fiscal Agent”** means U.S. Bank Trust Company, National Association, a national banking association, as Fiscal Agent under the Funding Loan Agreement, together with its successors and assigns in such capacity.

**“Freddie Mac”** means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

**“Freddie Mac Servicer”** means Wells Fargo Bank, National Association, in its capacity as Freddie Mac’s servicer of the Funding Loan and the TEL Mortgage, together with its successors and assigns in such capacity.

**“Funding Loan”** means the loan incurred by the Governmental Lender pursuant to the Funding Loan Agreement, which Funding Loan is evidenced by the Governmental Note (as defined in the Funding Loan Agreement).

**“Funding Loan Agreement”** means the Funding Loan Agreement dated as of \_\_\_\_\_ by and among Governmental Lender, Fiscal Agent, and Wells Fargo Bank, National Association, as the same may be amended, modified, or supplemented from time to time.

**“Governmental Lender”** means the City and County of San Francisco, in its capacity as Governmental Lender under the Funding Loan Agreement.

**“Ground Lease”** means this Ground Lease, as amended from time to time in accordance with the terms herein.

**“HCD”** means the California Department of Housing and Community Development.

**“Improvements”** means all physical improvements to be constructed and/or rehabilitated on the Land, including all structures, fixtures, and other improvements, including but not limited to the Project.

**“Land”** has the meaning set forth in Recital A.

**“Landlord”** means the City and County of San Francisco, a municipal corporation.

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

**“Lease Year”** means each calendar year during the Term, beginning on January 1 and ending on December 31, provided that the first Lease Year will commence on the Effective Date and continue through December 31st of that same calendar year and the last Lease Year will end upon the expiration of the Term.

**“Leasehold Estate”** means the Tenant’s leasehold estate in the Land created by and pursuant to this Ground Lease.

**“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, that constitutes a lien on the Leasehold Estate and is approved in writing by the City (or as approved in the MOHCD Loan Agreement), including but not limited to the TEL Mortgage.

**“Lender”** means any entity holding a Leasehold Mortgage, including but not limited to the First Mortgage Lender.

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

**“Low-Income Households”** means: (a) for a term of fifty-five (55) years from the date on which a final Certificate of Occupancy is issued for the Project, a tenant household with combined initial income that does not exceed eighty percent (80%) of Area Median Income; and (b) for any period of the Term thereafter, a tenant household with combined initial income that does not exceed eighty percent (80%) of area median income, as published by TCAC.

**“MOHCD”** means the Mayor’s Office of Housing and Community Development for the City.

**“MOHCD Declaration of Restrictions”** means that certain Declaration of Restrictions and Affordable Housing Covenants dated on or about the date hereof, executed by Tenant for the benefit of the City pursuant to the MOHCD Loan Agreement, and recorded against the Leasehold Estate concurrently with the Memorandum of Ground Lease.

**“MOHCD Loan”** means the loan made to the Tenant pursuant to the MOHCD Loan Agreement and related documents.

**“MOHCD Loan Agreement”** means that certain Amended and Restated Loan Agreement dated \_\_\_\_\_, by and between City and Tenant for the purpose of the City providing a loan to Tenant for the development, construction, and permanent financing of the Project.

**“Partnership Agreement”** means the Amended and Restated Agreement of Limited Partnership of Tenant] dated \_\_\_\_\_, as amended from time to time.

**“Partnership Fees”** means (i) a combined annual asset management and partnership management fee in the amount of \$53,840 in 2028, increasing by 3.5% annually, payable to the Tenant’s general partner, and (ii) an annual investor services fee in the amount of \$7,500, increasing annually by 3.5% in accordance with the Annual Operating Budget, payable to the Tenant’s Permitted Limited Partner. In no event will such fees exceed the maximum amount permitted by HCD so long as it is a Lender, as permitted by HCD’s regulations.

**“Permitted Limited Partner”** means NEF Balboa Gateway MTE LP, its successors and assigns, association, as investor limited partner, \_\_\_\_\_.

**Permitted Use”** has the meaning set forth in Section 9.01.

**“Personal Property”** means all fixtures, furniture, furnishings, equipment, machinery, supplies, software and other tangible personal property that is located in, on, or about the Premises and that can be removed from the Premises without substantial economic loss to the Premises or substantial damage to the Premises and that is incidental to the ownership, development, or operation of the Improvements or the Premises, belonging to the Tenant, any Residential Occupant, any Non-residential Occupant, or any subtenant or other occupant of the Premises and/or in which the Tenant, Residential Occupant, Non-residential Occupant, or any subtenant or other occupant has an ownership interest, together with all present and future attachments, replacements, substitutions, and additions thereto or therefor.

**“Premises”** means the Land and all Improvements.

**“Project”** is defined in Recital C.

**“Project Expenses”** means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate and/or possessory interest taxes, assessments, and all 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 the Tenant who maintain, administer, operate, or provide services 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) required payments of interest, principal, or annual servicing fees, if any, on any construction or permanent financing secured by the Tenant’s leasehold interest in the Project that has been approved by the City; (d) annual monitoring fee and all other expenses actually incurred by the Tenant to cover routine operating and services provision costs of the Project, including maintenance and repair and the reasonable fee of any managing agent; (e) annual Base Rent payments; (f) deposits to reserves accounts required to be established under the Loan Documents or other Partnership Agreement; (g) the approved bond issuer fees, fiscal agent fees and annual asset management fees indicated in the Annual Operating Budget and approved by the City; (h) any extraordinary expenses as approved in advance by the City; and (i) supportive services including services coordination. Partnership Fees are not Project Expenses.

**“Project Income”** means all income and receipts in any form received by the Tenant from the operation of the Premises, including, but not limited to, the following: (a) rents, fees, charges, and deposits (other than Residential Occupants’ refundable security deposits); (b) Section 8 or other rental subsidy payments received for the Project, supportive services funding (if applicable); (c) price index adjustments and any other rental adjustments to leases or rental agreements; (d) proceeds from vending and laundry room machines; (e) the proceeds of business interruption or similar insurance; (f) any accrued interest disbursed from any reserve account required under this Agreement or the Partnership Agreement for a purpose other than that for which the reserve account was established; (g) reimbursements and other charges paid to Tenant in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Premises, if applicable. Project Income does not include interest accruing on any portion of the Funding Amount or any Residential Occupants’ refundable security deposits, loan proceeds, capital contributions, or similar advances. Project Income does not include interest accruing on any portion of the MOHCD Loan, if applicable

**“Qualified Households”** means households whose income does not exceed the maximum permissible annual income level allowed under the MOHCD Declaration of Restrictions, subject to ARTICLE 9 below. For purposes of this Ground Lease, Qualified Households has the same meaning as “Qualified Tenants” in the MOHCD Declaration of Restrictions.

**“Residential Occupant”** means any residential household authorized by the Tenant to occupy a Residential Unit on the Premises, whether or not a Qualified Household.

**“Residential Unit”** has the meaning set forth in Section 9.01.

**“Residual Receipts”** means all Project Income in any given Lease Year remaining after payment of Project Expenses and Partnership Fees. The amount of Residual Receipts will be based on figures contained in audited financial statements.

**“Subsequent Owner”** means any successor (including 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 that 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.

“TCAC” means the California Tax Credit Allocation Committee.

“TEL Mortgage” means the Construction Leasehold Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing dated \_\_\_\_\_, from the Tenant for the benefit of the Governmental Lender, and subsequently assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan, as the same will be amended and restated in its entirety on the Conversion Date.

“Tenant” means Balboa Gateway LP, a California limited partnership, and its successors and assigns (or a Subsequent Owner, where appropriate).

“Term” has the meaning set forth in Section 2.01, as extended pursuant to Section 2.02 or earlier terminated as provided in this Ground Lease.

## ARTICLE 2 TERM

2.01 Term. The term of this Ground Lease will commence upon the Effective Date and will expire seventy-five (75) years from that date (“Term”), unless extended under Section 2.02 below or earlier terminated as provided in this Ground Lease.

2.02 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 under Section 2.03 below, or on the last day of the Term (the “Initial Termination Date”), Tenant is granted an option to extend the Term for one twenty-four (24) year period, as provided in this Article. If the Term is extended pursuant to this Section, all references in this Ground Lease to the “Term” will mean the Term as extended by such extension period. Upon Tenant’s written exercise of this option under Section 2.03, the Term will automatically be extended for twenty-four (24) years from the Initial Termination Date for a Term not to exceed ninety-nine (99) years, provided that Tenant is not in default under the terms of this Ground Lease and the Loan Documents beyond any notice, grace, or cure period on the Initial Termination Date.

2.03 Notice of Extension. By no later than one hundred eighty (180) days before the Initial Termination Date, the Tenant may notify the City in writing that it is exercising its option to extend the Term under Section 2.02 above (an “Extension Notice”).

2.04 Rent During Extended Term. Rent for any extended term will be as set forth in ARTICLE 4.

2.05 Holding Over. Any holding over after the expiration or earlier termination of the Term without the City’s written consent will constitute a default by the 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. Failure to surrender the Premises in the condition required by this Ground Lease will constitute holding over until the conditions of surrender are satisfied.

## ARTICLE 3 FINANCIAL ASSURANCE

In accordance with the dates specified in the Schedule of Performance (Attachment 2), the Tenant will submit to the City for approval evidence satisfactory to the City that the Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction and development of the Project in accordance with this Ground Lease. City hereby acknowledges that as of the Agreement Date, the Tenant has satisfied this requirement.

## ARTICLE 4 RENT

### 4.01 Annual Rent

4.01(a) Tenant will pay to the [REDACTED] and 0/100 Dollars (\$ [REDACTED]) (the “**Annual Rent**”) per year for each year of the Term of this Ground Lease. Annual Rent consists of Base Rent and Residual Rent (provided that Residual Rent shall only be due after the Residual Rent Effective Date), 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 will 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 will be equal to ten percent (10%) of the appraised fair market value of the Land (but not the Improvements) as determined by an MAI appraiser selected by and at the sole cost of the Tenant. Any such adjustment will be made to the Residual Rent and not to the Base Rent and shall be payable only after the Residual Rent Effective Date.

4.01(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 will be set by mutual agreement of the parties; provided, however, that Annual Rent during the extended term will 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 the parties will 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 prior to the Initial Termination Date if it does not wish to extend the Term of this Ground Lease.

### 4.02 Base Rent

4.02(a) “**Base Rent**” means, in any given Lease Year, Fifteen Thousand Dollars (\$15,000) per annum and increased by Five Thousand Dollars (\$5,000) once every fifteen (15) years after the First Lease Payment Year; provided, however, that if the Tenant or any Subsequent Owner fails, after written notice and opportunity to cure, to comply with the provisions of Section 9.01, then Base Rent will be increased to the full amount of Annual Rent. Base Rent will be due and payable in arrears on January 31st of each Lease Year; provided that the first Base Rent payment will not be due until January 31<sup>st</sup> of the calendar year following the

First Lease Payment Year. Additionally, if a Subsequent Owner elects under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be adjusted as provided in Section 26.07.

4.02(b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of (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 at least sixty (60) days before the Base Rent due date, along with supporting documentation for Tenant's position that it is unable to pay Base Rent from Project Income, then the unpaid amount will be deferred and all deferred amounts will accrue without interest until paid ("**Base Rent Accrual**"). The Base Rent Accrual will be due and payable each year from and to the extent Residual Receipts is available. Any Base Rent Accrual will be due and payable on the earlier of (i) sale of the Project and Leasehold Estate (but not a refinancing or foreclosure of the Project and Leasehold Estate); or (ii) termination of this Ground Lease (unless a new lease is entered into with a mortgagee under Section 26.09 below).

4.02(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 will 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 will not apply to Base Rent Accrual that has been previously approved by the City under 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 ensure 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, [redacted] and 0/100 Dollars (\$ [redacted]) Annual Rent less Base Rent, subject to any periodic adjustments under Section 4.01(a). Residual Rent will be due in arrears on June 30th following each Lease Year. Except as otherwise provided in Section 26.07(a), Residual Rent will be payable only to the extent of Residual Receipts as provided in Section 6.02(g) below and after full repayment of the MOHCD Loan (the "Residual Rent Effective Date"), and any unpaid Residual Rent will not accrue. In the event that in any year after the Residual Rent Effective Date, Residual Receipts is insufficient to pay the full amount of the Residual Rent, Tenant will certify to the City in writing by June 30th that available Residual Receipts is insufficient to pay Residual Rent and Tenant will provide to City any supporting documentation reasonably requested by the City to allow City to verify the insufficiency.

4.04 Triple Net Lease. This Ground Lease is a triple net lease and the Tenant will be responsible to pay all costs, charges, taxes, impositions, and other obligations related to the Premises accruing after the Effective 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 the City. Failure to timely pay the additional rent will be a default by Tenant of this

Ground Lease. No occurrence or situation arising during the Term, or any Law, whether foreseen or unforeseen, and however extraordinary, relieves Tenant from its liability to pay all of the sums required by any of the provisions of this Ground Lease, or otherwise relieves Tenant from any of its obligations under this Ground Lease, or gives Tenant any right to terminate this Ground Lease in whole or in part.

4.05 Reserved.

4.06 Tenant's Compliance with City Business and Tax and Regulations Code. Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Tenant under this Ground Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

## **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. The City covenants and warrants that, during the Term, Tenant and its Residential Occupants will have, hold, and enjoy peaceful, quiet, and undisputed possession of the Land, leased without hindrance or molestation by or from anyone so long as the Tenant is not in default under this Ground Lease. For the avoidance of doubt, Landlord will not mortgage its fee estate unless there is an express subordination of the fee mortgage to Tenant's Leasehold Estate, provided that such obligation in no way relates to the City's taxing authority or ability to pledge its full faith and credit related to any general obligation bond. If Landlord mortgages its interest in the fee estate during the term of any Lender's loan, Tenant may not subordinate the Ground Lease to the lien of that mortgage.

## **ARTICLE 6 TENANT COVENANTS**

Tenant covenants and agrees for itself and its successors and assigns that:

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

6.02 Use of Premises and Rents. During the Term of this Ground Lease, Tenant and its successors and assigns will 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 will devote the Premises to, exclusively and in accordance with, the

uses authorized by this Ground Lease, as specified in ARTICLE 9 below, which are the only uses permitted by this Ground Lease. Tenant acknowledges that a prohibition on the change in use contained in Section 9.01 is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

6.02(b) Non-Discrimination. Tenant will 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 Premises, or any part thereof, and Tenant or any person claiming under or through it will not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of Residential Occupants, Non-residential Occupants, subtenants or vendees on the Premises, or any part thereof, except to the extent permitted by Law or required by funding source. Tenant will not discriminate against Residential Occupants 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 Premises must 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. Tenant will 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 and Selection Plan. No later than six (6) months before completion of the Project, Tenant will deliver to MOHCD for MOHCD's review and approval an affirmative plan for initial and ongoing marketing of the Residential Units and a written Residential Occupant selection procedure for initial and ongoing renting of the Residential Units based on MOHCD's then-current form of marketing and tenant selection plan (the "**Marketing and Tenant Selection Plan**"), all in compliance with the restrictions set forth in Section 9.01 and in form and substance acceptable to the City. Any Marketing and Tenant Selection Plan must follow the City's marketing requirements for such plans and comply with all applicable federal and state fair housing laws.

6.02(f) Lead-Based Paint. Tenant will 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 Residual Receipts. All annual Project Income, before the calculation of Residual Receipts, will be used to pay Project Expenses, including but not limited to Base Rent, and Partnership Fees. If the Tenant is in compliance with MOHCD's Residual Receipts Policy, as amended from time to time, and all applicable requirements and agreements under this Ground Lease, Tenant will then use any Residual Receipts 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 and replacement reserve accounts, if necessary, up to the amount required by Lenders or the Permitted Limited Partner;
- iii. Third, 66.67% of remaining Residual Receipts to the City to repay the City; provided, however, if the construction of the Project includes a deferred developer fee and Tenant is not in default of the City Loan documents and MOHCD's policies, then fifty percent (50%) of remaining Residual Receipts 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) of the fifteenth (15th) Payment Date, or (ii) in which all deferred developer fees have been paid to Developer. For so long as HCD is a Lender, the City's fifty percent (50%) portion of Residual Receipts will be split on a pro rata basis with HCD. The City's portion of Residual Receipts will be applied first to repayment of all City loans according to the terms of the City loan documents, then, after the Residual Rent Effective Date, to annual Residual Rent; and
- iv. Then, any remaining Residual Receipts may be used by Tenant for any purposes permitted under the Partnership Agreement of Tenant, as it may be amended from time to time.

Notwithstanding the foregoing, Tenant and the City agree that the distribution of Residual Receipts may be modified 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 will be deemed beneficiary of the agreements and covenants provided in this ARTICLE 6 for 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. Those agreements and covenants will run in favor of the City for the entire term of those agreements and covenants, without regard to whether the City has at any time been, remains, or is an owner of any land or interest therein, or in favor of, to which such agreements and covenants relate. The City will have the exclusive right, in the event of any breach of any such agreements or covenants, in each case, after written 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**

Upon written request by the City and in compliance with all applicable federal, state and local laws, Tenant will furnish to the City a list of the persons who are Residential Occupants, the specific unit that each person occupies, the household income of the Residential Occupants of each unit, the household size and the rent being charged to the Residential Occupants of each

unit along with an income certification, in the form set forth in Attachment 5, for each Residential Occupant. In addition, each Residential Occupant must be required to provide any other information, documents, or certifications deemed reasonably necessary by the City to substantiate the Residential Occupant's income, provided that such information is required by the City Loan Documents. If any state or federal agency requires an income certification for Residential Occupants containing the above-referenced information, the City will accept such certification in lieu of Attachment 5 as meeting the requirements of this Ground Lease. In addition to such initial and annual list and certification, Tenant will provide the same information and certification to the City regarding each Residential Occupant by no later than twenty (20) business days after such Residential Occupant commences occupancy.

## **ARTICLE 8 CONDITION OF LAND—“AS IS”**

8.01 Tenant acknowledges and agrees that Tenant is familiar with the Land, the Land is being leased and accepted in its “as-is” condition, without any changes or alterations by the City, without representation or warranty of any kind, and subject to all applicable Laws governing their use, development, occupancy, and possession. Tenant further represents and warrants that Tenant has investigated and inspected, independently or through agents of Tenant's choosing, the condition of the Land and the suitability of the Land for Tenant's intended use. Tenant acknowledges and agrees that neither the City nor any of its agents have made, and the City hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Land, the physical or environmental condition of the Land, or the present or future suitability of the Land for Tenant's use, or any other matter whatsoever relating to the Land, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose; it being expressly understood that the Land is being leased in an “AS IS” condition with respect to all matters.

8.02 Accessibility Disclosure. California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist (“CASp”) to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is advised that the Land has not been inspected by a CASp.

8.03 Presence of Hazardous Substances. California law requires landlords to disclose to tenants the presence of certain Hazardous Substances as identified in the Phase 1 prepared by SCS Engineers, dated July 31, 2025, the Phase 2 prepared by SCS Engineers, dated March 27, 2019, and the Phase I prepared by SCS Engineers dated February 2026.

## **ARTICLE 9 PERMITTED AND PROHIBITED USES**

9.01 Permitted Uses and Occupancy Restrictions. The permitted uses of the Project (in each instance, a “**Permitted Use**” and collectively, “**Permitted Uses**”) are limited to the construction and operation of 159 units of affordable rental housing for Qualified Households including 1 manager’s unit (collectively, the “**Residential Units**”) and common areas. Upon the completion of construction of the Project, one hundred percent (100%) of the Residential Units, with the exception of the manager’s unit, in the Project will be occupied by or available for rental by Residential Occupants certified as Qualified Households, as set forth in MOHCD’s

Declaration of Restrictions and any amendments thereto mutually agreed upon by the parties. Residential Units must 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

9.02 Prohibited Uses. The following activities, by way of example only and without limitation, and any other use that is not a Permitted Use (in each instance, a “**Prohibited Use**” and collectively, “**Prohibited Uses**”), are inconsistent with this Ground Lease, are strictly prohibited and are considered Prohibited Uses:

9.02(a) any activity, or the maintaining of any object, that is not within the Permitted Use;

9.02(b) any activity, or the maintaining of any object, that will in any way increase the existing rate of, affect or cause a cancellation of, any fire or other insurance policy covering the Premises, any part thereof or any of its contents;

9.02(c) any activity or object that will overload or cause damage to the Premises;

9.02(d) any activity that constitutes waste or nuisance, including, but not limited to, the preparation, manufacture or mixing of anything that might emit any objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;

9.02(e) any activity that will in any way injure, obstruct, or interfere with the rights of owners or occupants of adjacent properties, including, but not limited to, rights of ingress and egress;

9.02(f) any vehicle and equipment maintenance, including but not limited to, fueling, changing oil, transmission or other automotive fluids;

9.02(g) the storage of any and all excavated materials, including but not limited to, dirt, concrete, sand, asphalt, and pipes, except as necessary for construction of the Improvements;

9.02(h) the storage of any and all aggregate material, or bulk storage, such as wood or of other loose materials, except as necessary for construction of the Improvements; or

9.02(i) the washing of any vehicles or equipment, except as necessary for construction of the Improvements in compliance with applicable law; and

9.02(j) bars, retail liquor sales, marijuana sales, or any other uses the cater exclusively to adults.

## ARTICLE 10 SUBDIVISION; CONSTRUCTION OF IMPROVEMENTS

10.01 Schedule of Performance. Tenant will undertake and complete all physical construction of the Improvements, as approved by the City, in accordance with the Schedule of Performance attached hereto as Attachment 2.

10.02 Reserved.

10.03 General Requirements and Rights of the 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**”) must be prepared by a person registered in and by the State of California to practice architecture and must 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 Laws. The architect will 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 Agreement Date.

10.04 City Approvals and Limitation Thereof. The Construction Documents must be approved by the City in the manner set forth below:

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

10.04(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 Law relating to construction standards or requirements. Tenant further understands and agrees that the City is entering into this Ground Lease in its capacity as a property owner with a proprietary interest in the Land and not as a regulatory agency with police powers. Nothing in this Ground Lease will limit in any way Tenant’s obligation to obtain any required approvals from the City officials, departments, boards, or commissions having jurisdiction over the Premises. By entering into this Ground Lease, the 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.

10.05 Construction to be in Compliance with Construction Documents and Law.

10.05(a) Compliance with City Approved Documents. The construction of the Improvements must be in compliance with the City-approved Construction Documents.

10.05(b) Compliance with Local, State and Federal Laws. The construction of the Improvements must be in strict compliance with all applicable Laws. Tenant understands and agrees that Tenant’s use of the Premises and the construction of the Improvements permitted

under this Ground Lease will require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant will be solely responsible for obtaining any and all such regulatory approvals. Tenant may not seek any regulatory approval without first obtaining the written consent of the City as Landlord under this Ground Lease, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant will bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and will be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition (other than those in place or approved as of the date hereof) that could affect use or occupancy of the Premises or the City's interest therein must first be approved by the 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 will be promptly paid and discharged by Tenant, and the City will have no liability, monetary or otherwise, for any such fines or penalties. Tenant will indemnify, defend, and hold harmless the City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in ARTICLE 21 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.

10.06 Approval of Construction Documents by the City. Tenant will submit and the City will approve or disapprove the Construction Documents referred to in this Ground Lease within the times established in the Schedule of Performance attached hereto as Attachment 2, so long as each set of the applicable Construction Documents are complete and properly submitted within the time frames set forth in the Schedule of Performance attached hereto as Attachment 2. Failure by the City either to approve or disapprove within the times established in the Schedule of Performance attached hereto as Attachment 2 will entitle Tenant to a day-for-day extension of time for completion of any activities delayed as a direct result of the City's failure to timely approve or disapprove the Construction Documents. The City hereby acknowledges that, as Landlord under this Ground Lease, as of the Agreement Date, the City has approved the Construction Documents for the Project.

10.07 Disapproval of Construction Documents by the City. If the City disapproves the Construction Documents in whole or in part as not being in compliance with this Ground Lease, Tenant will submit new or corrected Construction Documents 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 will 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 the City) no later than the date specified therefor in the Schedule of Performance attached hereto as Attachment 2.

10.08 Issuance of Building Permits. Tenant will have the sole responsibility for obtaining all necessary building permits and will 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.

10.09 Performance and Payment Bonds. Before commencement of construction of the Improvements, Tenant will deliver to the City performance and payment bonds, each for the full

value of the cost of construction of the Improvements, which bonds will name the City as co-obligee, or such other completion security which is acceptable to the City. The payment and performance bonds may be obtained by Tenant's general contractor and name Tenant and the City as co-obligees.

10.10 City Approval of Changes after Commencement of Construction. Tenant may not approve or permit any change to the Construction Documents approved by the City without the City's prior written consent. With respect to change orders, Landlord and Tenant will follow the procedures set forth in Section 5.3 of the Amended and Restated Loan Agreement between the Landlord as lender and Tenant as borrower dated on or about the date of this Ground Lease.

10.11 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 will promptly begin and diligently prosecute to completion the construction of the Improvements on the Land, and that such construction will be completed no later than the dates specified in the Schedule of Performance attached hereto as Attachment 2, subject to force majeure (as defined below), unless such dates are extended by the City.

10.12 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, will be considered in breach or default of its obligations, and there will not 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 limited to, acts of God, acts of the public enemy, terrorism, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials, unusually severe weather, government shutdowns, or delays of subcontractors due to unusual scarcity of materials or unusually severe weather; it being the purposes and intent of this provision that the time or times for the satisfaction of conditions to this Ground Lease including those with respect to construction of the Improvements, will be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph must have notified the other party of the delay and its causes in writing within thirty (30) days after the beginning of any such enforced delay and requested an extension for the reasonably estimated period of the enforced delay; and, provided further, that this paragraph does apply to, and nothing contained in this paragraph will extend or will be construed to extend, the time of performance of any of Tenant's obligations to be performed before the commencement of construction, and the failure to timely perform pre-commencement of construction obligations will not extend or be construed to extend Tenant's obligations to commence, prosecute, and complete the construction of the Improvements in the manner and at the times specified in this Ground Lease.

10.13 Reports. Beginning when the construction of the Improvements commences and continuing until completion of the construction of the Improvements, Tenant will make a report in writing to the City every month, in such detail as may reasonably be required by the City, as to the actual progress of the Tenant with respect to the construction. The MOHCD Monthly Project Update required under the MOHCD Loan Documents will satisfy this requirement.

10.14 Access to Land. As of the Effective Date and until the City issues a final certificate of occupancy for the Project, Tenant will permit access to the Land 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 the City believes that emergency access is required. Tenant shall have a right to have an employee, agent, or other representative of Tenant accompany the Landlord representative at all times while the Landlord representative is present on the Site. The Landlord and its representatives will exercise due care in entering upon and/or inspecting the Site, and will perform all entry and inspection in a professional manner and so as to preclude any damage to the Site or Improvements, or any disruption to the work of construction or operation of the Improvements. The Landlord and its representatives will abide by any reasonable safety and security measures Tenant imposes. After the City's issuance of a final certificate of occupancy, access to the Premises will be governed by ARTICLE 24, below.

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

10.16 Completion of Improvements by New Developer. In the event a Lender forecloses, obtains a deed in lieu of foreclosure, or a Subsequent Owner otherwise realizes on the Premises and undertakes construction of the Improvements ("**New Developer**"): (a) the New Developer will not be bound by the provisions of the Schedule of Performance attached hereto as Attachment 2 with respect to any deadlines for the completion of the Improvements but will 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) the New Developer will 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 under the following clause (c); and (c) the City and the New Developer will negotiate in good faith such reasonable amendments and reasonable modifications to ARTICLE 10 of this Ground Lease as the parties mutually determine to be reasonably necessary based on the financial and construction conditions then existing.

**ARTICLE 11 RESERVED.**

## **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 Premises. Accordingly, it imposes the following control on the Premises: during the term of this Ground Lease, neither Tenant, nor any voluntary or involuntary successor or assign, may make or permit any Change (as defined in Section 12.02) in the Premises, unless and until the express prior written consent for any change has been requested in writing from the City and received, and, if received, on such terms and conditions as the City may reasonably require. The City will not unreasonably withhold, condition or delay its response to such a request.

12.02 Definition of Change. “**Change**” means any alteration, modification, addition, and/or substitution of or to the Land, the Improvements, and/or the density of development that differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Ground Lease. For purposes of the foregoing, “exterior” includes the roof of the Improvements. “Change” does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) 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 Residential Occupants. Any rebuilding of the Project following a casualty shall not be considered a “Change”.

12.03 Enforcement. Subject to ARTICLE 19 below, the City will have 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 or actual breach or violation of this ARTICLE 12.

### **ARTICLE 13 TITLE TO IMPROVEMENTS**

The City acknowledges that fee title to the Improvements will be vested in Tenant for the Term of this Ground Lease. It is the intent of the Parties that this Ground Lease and the Memorandum of Ground Lease will create a constructive notice of severance of the Improvements from the Land without the necessity of a deed from Lessor to Lessee. The City and Tenant agree that fee title to the Improvements will 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 will vest in the City without further action of any party, without any obligation by the City to pay any compensation to Tenant, and without the necessity of a deed from Tenant to the City. Without limiting the effectiveness of the previous sentence, upon the City’s written request, on expiration or sooner termination of this Ground Lease, Tenant will execute and deliver to the City an acknowledged and good and sufficient grant deed conveying to the City Tenant’s fee interest in the Improvements. City acknowledges and agrees that any and all depreciation, amortization, and tax credits for federal and state tax purposes relating to the Improvements, fixtures therein, and other property relating thereto will be deducted or credited exclusively to Tenant during the Term and for the tax years during which the Term begins and ends.

### **ARTICLE 14 ASSIGNMENT, SUBLEASE, OR OTHER CONVEYANCE**

14.01 Assignment, Sublease, or Other Conveyance by Tenant. Tenant will not cause or permit any voluntary transfer, assignment, or encumbrance of its Leasehold Estate or its interest in the Premises or of any ownership interests in Tenant, or lease or permit a sublease on all or any part of the Premises, other than: (a) leases, subleases, or occupancy agreements to Residential 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 the 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, member or manager of that

entity; (d) transfers of the general partnership or manager's interest in Tenant to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Tenant to an investor under the tax credit syndication of the Project and transfers of any limited partner interest in Tenant to affiliates of the Permitted Limited Partner in accordance with the terms of the Partnership Agreement; (f) the grant or exercise of an option agreement or right of first refusal agreement between Tenant and Tenant's 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; (g) transfer to Lender(s) or affiliates of Lender(s) through foreclosure or deed in lieu of foreclosure as provided in this Ground Lease; or (h) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Further, City will not unreasonably withhold or delay its approval of the removal or replacement of a General Partner by the Permitted Limited Partner, pursuant to the terms of the Partnership Agreement. Any other transfer, assignment, encumbrance, or lease without the City's prior written consent will be voidable and, at the City's election, constitute a 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. Tenant will provide any background or supporting documentation that the City may require in assessing Tenant's request for approval.

14.02 Assignment, Sublease, or Other Conveyance by the City. The parties acknowledge that any sale, assignment, transfer, or conveyance of all or any part of the City's interest in the Land, 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 will not be affected by any such sale, and Tenant will attorn to the purchaser or assignee.

## **ARTICLE 15 TAXES**

Subject to any applicable exemptions, Tenant will pay, or cause to be paid, before delinquency to the proper authority, any and all valid taxes, assessments, and similar charges on the Premises that become effective after the Effective Date of this Ground Lease, including all real and personal property taxes, real property transfer taxes, general and special assessments, real property transfer taxes, license fees, permit fees and all other governmental charges of any kind or nature whatsoever, including without limitation all penalties and interest thereon, levied or assessed on the Premises, on Tenant's Property, the leasehold or subleasehold estate or Tenant's use of the Premises, or any transfer of a leasehold interest or subleasehold interest in the Premises (including but not limited to, any transfer of the leasehold interest in the Premises pursuant to this Lease) whether under Laws in effect at the time this Lease is entered into or that become later effective, and all taxes levied or assessed on the possession, use, or occupancy of the Land. Tenant will not permit any taxes, assessments, or other similar charges to become a defaulted lien on the Premises; provided, however, that in the event any 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 any proceeding Tenant considers reasonably

necessary or appropriate, and Tenant may defer the payment so long as the validity or amount is contested by Tenant in good faith and without expense to the City. If Tenant contests a tax, assessment, or other similar charge, then Tenant will protect, defend, and indemnify the City against all Claims resulting from the contest, and if Tenant is unsuccessful in the contest, Tenant will promptly pay, discharge, or cause to be paid or discharged, the tax, assessment, or other similar charge. The City will furnish any information Tenant may reasonably request in connection with a contest, so long as that information is in the City's possession or control or is otherwise available to the public. The City consents to and will reasonably cooperate and assist with Tenant applying for and obtaining any applicable exemptions from taxes, or assessments, or other similar charges levied on the Premises, or on Tenant's interest therein. Tenant will have no obligation under this Section before the Effective Date, including, but not limited to, any taxes, assessments, or other similar charges levied against the Land that are incurred before the Effective Date.

## **ARTICLE 16 UTILITIES**

From and after the Effective Date, Tenant will 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 will 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 will 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.

## **ARTICLE 17 MAINTENANCE AND OPERATION**

17.01 Maintenance. Tenant, at all times during the Term, will 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 Premises or any part of them. The City will not be obligated to make any repairs, replacements, or renewals of any kind, nature, or description whatsoever to the Land or any buildings or improvements now or later located on the Land. Tenant will, at its sole expense, maintain any sidewalk and sidewalk area adjacent to the Premises in a good and safe condition in accordance with San Francisco Public Works Code Section 706 or any successor ordinance concerning the sidewalk maintenance within the City and County of San Francisco. Tenant will be considered an "owner" under Public Works Code Section 706 regarding the maintenance of any sidewalk and sidewalk area adjacent to the Premises. Tenant waives all rights to make repairs at the City's expense under Sections 1932(1), 1941 and 1942 of the California Civil Code or under any similar Law now or later in effect.

17.02 City's Consent for Work Requiring a Permit. After completion of the Improvements, Tenant will not make, or cause or suffer to be made, any repairs or other work for which a permit is required by any applicable building code, standard, or regulation without first obtaining the City's prior written consent and the required permit.

17.03 Capital Needs Assessment. Every five (5) years beginning on the fifth anniversary date of the issuance of the final certificate of occupancy, Tenant will deliver to MOHCD a 20-year capital needs assessment or analysis of the Premises and replacement reserve requirements as set forth in MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time. In accordance with the CNA Policy, Tenant must deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval.

17.04 City's Right to Inspect. Without limiting ARTICLE 24 below, the City may make, subject to the rights of subtenants under leases, periodic inspections of the Premises and other areas for which Tenant has obligations and may advise Tenant when maintenance or repair is required, but such right of inspection will not relieve Tenant of its independent responsibility to maintain the Premises and other areas as required by this Ground Lease in a condition as good as, or better than, their condition at the completion of the Improvements, excepting ordinary wear and tear.

17.05 City's Right to Repair. If Tenant fails to maintain or to promptly repair any damage as required by this Ground Lease, the City may repair the damage at Tenant's sole cost and expense and Tenant will promptly reimburse the City for all costs of the repair.

17.06 Operation. Following completion of the Improvements, Tenant will maintain and operate the Improvements consistent with the maintenance and operation of a safe, clean, well-maintained high quality residential rental project located in San Francisco. Tenant will be exclusively responsible, at no cost to the City, for the management and operation of the Premises, including, but not limited to, the Residential Units. In connection with managing and operating the Premises, Tenant will provide (or require others to provide), services as necessary and appropriate to the uses to which the Project are put, including (a) repair and maintenance of the Improvements; (b) utility and telecommunications (including internet/Wi-Fi) services to the extent, if any, customarily provided by equivalent projects located in San Francisco; (c) cleaning, janitorial, pest extermination, recycling, composting, and trash and garbage removal; (d) landscaping and groundskeeping; (e) security services for the Premises; and (f) sufficient lighting at night for pedestrians along pathways. Tenant will use commercially reasonable efforts to ensure that the Premises are used continuously during the Term for the Permitted Use and not allow any portion of the Premises to remain unoccupied or unused without the prior written consent of the City, which consent may be withheld in the City's sole and absolute discretion.

## **ARTICLE 18 LIENS**

Tenant will use its best efforts to keep the Land free from any liens arising out of any work performed or materials furnished by itself or its subtenants. If a lien is filed, Tenant will have the right, upon posting of an adequate bond or other security, to contest any lien, and Tenant will satisfy or discharge the lien within ten (10) days after the final determination of the validity of the lien. If Tenant contests a lien, then Tenant will protect, defend, and indemnify the City against all Claims resulting therefrom. If Tenant does not cause a lien to be released of record or bonded around within twenty (20) days following written notice from the City of the imposition of the lien, or, if Tenant contests the lien but does not cause the lien to be satisfied or discharged as required under this Section, then the City will have, in addition to all other remedies provided in this Ground Lease and by Law, the right (but not the obligation) to cause

the lien to be released by any means as it deems 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, will be payable to the City by Tenant within ten (10) days of written demand. The provisions of this Section will not apply to any liens arising before the Effective Date that are not the result of Tenant's contractors, consultants, or activities.

## **ARTICLE 19 GENERAL REMEDIES**

19.01 Application of Remedies. The provisions of this ARTICLE 19 govern the parties' remedies for breach of this Ground Lease.

19.02 Breach by the City. If Tenant believes that the City has materially breached this Ground Lease, Tenant will first notify the City in writing of the purported breach, giving the City one hundred twenty (120) days from receipt of such notice to cure the breach. If the City does not cure the breach within the 120-day period, or, if the breach is not reasonably susceptible to cure within that one hundred twenty (120) day period, begin to cure within one hundred twenty (120) days and diligently prosecute then cure to completion, then Tenant will have 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.

19.03 Breach by Tenant.

19.03(a) Default by Tenant

Subject to the notice and cure rights under Sections 19.03(b) and 19.04, the following events each constitute a basis for the City to take action against Tenant:

(i) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.01;

(ii) 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 approved by the City;

(iii) From and after the Effective Date, Tenant, or its successor in interest, fails to pay real estate taxes or assessments or other similar charges on the Premises or any part thereof before delinquency, or places on the Land any encumbrance or lien unauthorized by this Ground Lease, or suffers any levy or attachment, or any material supplier's or mechanic's lien or the attachment of any other unauthorized encumbrance or lien, and the taxes or assessments or other similar charges not have been paid, or the encumbrance or lien removed or discharged within the time period provided in ARTICLE 18; provided, however, that Tenant has the right to contest any tax or assessment or encumbrance or lien as provided in ARTICLE 15 and ARTICLE 18;

(iv) Tenant is adjudicated bankrupt or insolvent or makes a transfer to defraud its creditors, or makes an assignment for the benefit of creditors, or brings or is 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 proceedings 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;

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

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

19.03(b) Notification and City Remedies. Upon the happening of any of the events described in Section 19.03(a) above, and before exercising any remedies, the City will 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 the giving of the notice to cure such breach, failure, or act. The City agrees to accept cure tendered by the Permitted Limited Partner or Lender, as applicable, as if such cure were made by Tenant. If Tenant, the Permitted Limited Partner or any Lender 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 diligently prosecute such cure to completion, then, subject to the rights of any Lender and Permitted Limited Partner and subject to Section 19.04 and ARTICLE 26, the City will have all of its rights at law or in equity, including, but not limited to

(i) the remedy described in Section 1951.4 of the California Civil Code (a landlord may continue the lease in effect after a tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations) under which it may continue this Ground Lease in full force and effect and the City may enforce all of its rights and remedies under this Ground Lease, including the right to collect rent when due. During the period Tenant is in default, the City may enter the Premises without terminating this Ground Lease and relet them, or any part of them, to third parties for Tenant's account. Tenant will be liable promptly to the City for all reasonable costs that the City incurs in reletting the Premises, including, but not limited to, broker's commissions, expenses of remodeling the Premises required by the reletting and like costs. Reletting can be for a period shorter or longer than the remaining Term, at such rents and on such other terms and conditions as the City deems advisable, subject to any restrictions applicable to the Premises. Tenant will pay the City the rent due under this Ground Lease on the dates the rent is due, less the rent the City receives from any reletting. If the City elects to relet, then rentals received by the City from the reletting will be applied in the following order: (1) to reasonable attorneys' and other fees incurred by the City as a result of a default and costs if suit is filed by the City to enforce its remedies; (2) to the payment of any costs of maintaining, preserving, altering, repairing, and preparing the Premises for reletting, the other costs of reletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property and Changes; (3) to the payment of rent due and unpaid; (4) the balance, if any, will be paid to Tenant upon (but not before) expiration of the Term. If that portion of the rentals received from any reletting during any month that is applied to the payment of rent, is less than the rent

payable during the month, then Tenant must pay the deficiency to the City. The deficiency will be calculated and paid monthly. No act by the City allowed by this Section will terminate this Ground Lease unless the City notifies Tenant that the City elects to terminate this Ground Lease. After Tenant's default and for as long as the City does not terminate Tenant's right to possession of the Premises by written notice, if Tenant obtains the City's consent Tenant will have the right to assign or sublet its interest in this Ground Lease, but Tenant will not be released from liability and the assignment or subletting will not serve to cure the default;

(ii) the City may terminate Tenant's right to possession of the Premises at any time. No act by the City other than giving notice of termination to Tenant will terminate this Ground Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on the City's initiative to protect the City's interest under this Ground Lease will not constitute a termination of Tenant's right to possession. If the City elects to terminate this Ground Lease, then the City has the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Annual Rent and any additional charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. The City's efforts to mitigate the damages caused by Tenant's breach of this Ground Lease will not waive the City's rights to recover damages upon termination;

(iii) The right to have a receiver appointed for Tenant upon application by the City to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to the City under this Ground Lease;

(iv) seeking specific performance of this Ground Lease; or

(v) in the case of default under Section 19.03(a)(i), 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, the City may only terminate this Ground Lease for a default by Tenant under Section 19.03(a)(vi) above that remains uncured after the expiration of the applicable cure period.

#### 19.04 Rights of Permitted Limited Partner.

19.04(a) 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.

19.04(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 the cure requires removal of the managing general partner, so long as the Permitted Limited Partner is proceeding diligently to remove the managing general partner in order to effect a cure of the default, and the removal of such managing general partner shall not in and of itself cause a default hereunder.

19.04(c) Unless otherwise provided for in this Ground Lease, any limited partner that is not the Permitted Limited Partner identified in ARTICLE 38 wishing to become a Permitted Limited Partner 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 and HCD. The limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this Section with respect to any default occurring before the limited partner becomes a Permitted Limited Partner.

19.05 City's Right to Cure Tenant's Default. If Tenant defaults in the performance of any of its obligations under this Ground Lease, the City may at any time thereafter after notice and expiration of the applicable cure period (except in the event of an emergency as determined by the City, in which case the may act when the City determines necessary), remedy the default for Tenant's account and at Tenant's expense. Tenant will pay to the City as additional Base Rent, promptly upon demand, all sums expended by the City, or other costs, damages, expenses, or liabilities incurred by the City, including reasonable attorneys' fees, in remedying or attempting to remedy the default. Tenant's obligations under this Section will survive the termination of this Ground Lease. Nothing in this Section implies any duty of the City to do any act that Tenant is obligated to perform under any provision of this Ground Lease, and the City's cure or attempted cure of Tenant's default will not constitute a waiver of Tenant's default or any rights or remedies of the City on account of the default.

19.06 Waiver of Redemption. Tenant hereby waives, for itself and all persons claiming by and under Tenant, redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Law, in the event Tenant is evicted or the City takes possession of the Premises by reason of any default of Tenant hereunder.

19.07 Remedies Not Exclusive. The remedies set forth in Section 19.03(b) are not exclusive; they are cumulative and in addition to any and all other rights or remedies of the City now or later allowed by Law. Tenant's obligations hereunder will survive any termination of this Ground Lease.

## **ARTICLE 20 DAMAGE AND DESTRUCTION**

20.01 Insured Casualty. If the Premises or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant under this Ground Lease, Tenant will promptly commence and diligently complete the restoration of the Premises as nearly as possible to the condition thereof before such damage or destruction; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to complete the restoration, then Tenant, with the prior written consent of Lender, may terminate this Ground Lease within thirty (30) days after the date on which Tenant is notified of the amount of insurance proceeds available for restoration. If Tenant is required or elects to restore the Premises, then all proceeds of any policy of insurance required to be maintained by Tenant under this Ground Lease will, subject to any applicable rights of Lenders, be used by Tenant for that purpose and Tenant will 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. If Tenant elects to terminate this Ground Lease as provided under this Section 20.01, or elects not to restore the Premises, then the insurance proceeds will be divided in the order set forth in Section 20.03.

20.02 Uninsured Casualty. If (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost to complete the restoration is not covered by insurance required to be carried under this Ground Lease; 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 will notify the City promptly and not consent to any settlement or adjustment of an insurance award without the City's written approval, which approval will not be unreasonably withheld, conditioned or delayed. If Tenant terminates this Ground Lease under this Section 20.02, then all insurance proceeds and damages payable by reason of the casualty will 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 or underinsured casualty, then Tenant will promptly commence and diligently complete the restoration of the Premises as nearly as possible to their condition before the damage or destruction in accordance with the provisions of Section 20.01 and will, subject to any applicable rights of Lenders, be entitled to all available insurance proceeds to do so.

20.03 Distribution of the Insurance Proceeds. If Tenant elects to terminate and surrender as provided in either Sections 20.01 or 20.02, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder will be as follows:

20.03(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 and applicable Law;

20.03(b) Second, to pay for the cost of removal of all debris from the Land or adjacent and underlying property, and for the cost of any work or service required by any Law, 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;

20.03(c) Third, to compensate City for any diminution in the value (as of the date of the damage or destruction) of the Land caused by or arising from the damage or destruction; and

20.03(d) The remainder to Tenant.

20.04 Clean-up of Land. If Tenant terminates this Ground Lease under the provisions of Sections 20.01 or 20.02, then Tenant must all clean up and remove all debris from the Land and adjacent and underlying property and leave the Land in a clean and safe condition and in compliance with all Laws upon surrender, as described in in Section 20.03(b). If the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Section 20.03(b), then Tenant must pay the portion of the costs not covered by the insurance proceeds after payment of all outstanding loan amounts secured by the Leasehold Mortgages (in their order of priority).

20.05 Waiver. Tenant and the City intend that this Ground Lease fully govern all of their rights and obligations in the event of any damage or destruction of the Premises, subject to the terms of the Leasehold Mortgages and the other Loan Documents. Accordingly, the City and Tenant each hereby waive the provisions of Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, as such sections may from time to time be amended, replaced, or restated.

## **ARTICLE 21 DAMAGE TO PERSON OR PROPERTY; HAZARDOUS SUBSTANCES; INDEMNIFICATION**

21.01 Damage to Person or Property—General Indemnification. City will not in any event whatsoever be liable for any injury or damage to any person happening on or about the Premises, 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 Premises, unless arising from the active gross negligence or willful misconduct of the City or any of its commissioners, officers, agents, or employees. Tenant will 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 the Premises, this Ground Lease, Tenant’s tenancy, its or their use of the Premises, 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 the 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 that are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing indemnity will include, without limitation, reasonable fees of attorneys, consultants, and experts and related costs and the 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 that 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 the 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 will survive the termination or expiration of this Ground Lease.

21.02 Hazardous Substances—Indemnification.

21.02(a) Tenant will indemnify, defend, and hold the Indemnified Parties harmless from and against any and all Claims 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 violation of any Environmental Law, or any Release, threatened Release, and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Premises, provided, however that this Section 21.02(a) shall not be deemed or construed to, and shall not impose any 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 active gross negligence by any Indemnified Party.

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

(i) **“Hazardous Substance”** has 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 includes, 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 under 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 does not include substances that occur naturally on the Land or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a residential development, provided they are used and stored in accordance with all applicable Laws.

(ii) **“Environmental Law”** means all Laws 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”** means 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.

21.03 Exculpation and Waiver. Tenant, as a material part of the consideration to be rendered to the City, hereby waives any and all Claims related to its approval of this Ground Lease or rights or obligations as landlord under this Ground Lease, including without limitation all Claims arising from the joint or concurrent, active or passive, negligence of the Indemnified Parties, but excluding any Claims caused solely by the Indemnified Parties' willful misconduct or

active gross negligence. The Indemnified Parties will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases the Indemnified Parties from all Claims related to its approval of this Ground Lease or rights or obligations as landlord under this Ground Lease for, any injury, loss, or damage to any person or property in or about the Premises by or from any cause whatsoever occurring after the Effective Date including, without limitation, (a) any act or omission of persons occupying adjoining premises or any part of the Premises adjacent to or connected with the Premises, (b) theft, (c) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (d) stopped, leaking, or defective building systems, (e) construction or Premises defects, (f) damages to goods, wares, goodwill, merchandise, equipment, or business opportunities, (g) Claims by persons in, on or about the Premises or any other City property for any cause arising at any time, (h) alleged facts or circumstances of the process or negotiations leading to this Ground Lease before the Effective Date and (i) any other acts, omissions, or causes.

21.04 Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Ground Lease might be found later to be other than or different from the facts now believed to be true, and agrees that the releases in this Ground Lease will remain effective. Therefore, with respect to the Claims released in this Ground Lease, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Tenant specifically acknowledges and confirms the validity of the release made above and the fact that Tenant was represented by counsel who explained the consequences of the release at the time this Ground Lease was made, or that Tenant had the opportunity to consult with counsel, but declined to do so.

21.05 Insurance. The Indemnification requirements under this Ground Lease, or any other agreement between the City and Tenant, will in no way be limited by any insurance requirements under any such agreements.

21.06 Survival. The provisions of ARTICLE 21 will survive the expiration or earlier termination of this Ground Lease as related to losses accruing during the period that Tenant is in possession of the Premises and subsequent losses related to Tenant's possession of the Premises. No Lender who acquires title to the Tenant's interest in the Ground Lease will have any obligation or liability beyond its interest as Tenant under the Ground Lease and liability under the indemnification provisions of this Ground Lease will only apply to such Lender for any covered issues that arise during the time such Lender holds title to the Tenant's interest in the Ground Lease.

## ARTICLE 22 INSURANCE

22.01 Insurance. The Tenant must maintain insurance meeting the requirements of this Article.

22.01(a) Insurance Requirements for Tenant. During the term of this Ground Lease, Tenant will procure and maintain insurance against claims for injuries to persons or damage to property that may arise from or in connection with the performance of any work by the Tenant, its agents, representatives, employees or subcontractors and the Tenant's use and occupancy of the Premises.

22.01(b) Minimum Scope of Insurance. Coverage must be at least as broad as:

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

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

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

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

(v) 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.

(vi) 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 must maintain limits no less than:

(i) 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 blanket contractual liability (including tort liability and of another party and Tenant's liability of injury or death to persons and damage to property set forth in Section 21.01 above); 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 Land with risk of explosion, collapse, or underground hazards.

(ii) 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.

(iii) 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.

(iv) Professional Liability: Professional Liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) 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 must assure that these minimum limits are maintained for no less than three (3) years beyond completion of the construction or remodeling.

(v) 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.

(vi) 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 must 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.

(vii) Property Insurance:

(1) Before construction:

a. Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the then-current replacement cost of all improvements before 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; 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 then-current replacement cost 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; 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.

(2) Upon completion of construction:

a. 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 Occupants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

b. Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Land 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 then-current 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 the City's Risk Manager. At the option of City's Risk Manager, either: the insurer will reduce or eliminate the 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 must 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 must contain, or be endorsed to contain, the following provisions:

(i) 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 may not contain any special limitations on the scope of protection afforded to the City and its Commissioners, members, officers, agents, or employees.

(ii) Workers' Compensation and Property Insurance: The insured will 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.

(iii) Claims-made Coverage: If any of the required insurance is provided under a claims-made form, Tenant will 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, if occurrences during the contract term give rise to claims made after expiration of the Ground Lease, then those claims will be covered by the claims-made policies.

(iv) All Coverage. Each insurance policy required by this Article must:

(1) Be endorsed to state that coverage will 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 will be given.

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

(3) For any claims related to this Ground Lease, the Tenant's insurance coverage will 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 will be in excess of the Tenant's insurance and will not contribute with it.

(4) The Tenant's insurance will 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.

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

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

(7) The City reserves the right to require an increase in insurance coverage if the City determines that conditions (including, but not limited to, property conditions, market conditions, or commercially reasonable practice) 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. All insurers must have 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 will 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 must include all subcontractors and consultants as additional insureds under its policies or furnish separate certificates and endorsements for each. Tenant will require the subcontractor(s) and consultants to provide all necessary insurance and to name the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees and the Tenant as additional insureds. All coverage for subcontractors and consultants will be subject to all of the requirements stated herein unless otherwise approved by the City's Risk Manager.

## **ARTICLE 23 COMPLIANCE WITH APPLICABLE LEGAL REQUIREMENTS**

23.01 Compliance with Legal Requirements. From and after the Effective Date, Tenant will at its cost and expense, promptly comply with all applicable Laws now in force or that may later be in force, including, without limitation, the requirements of the fire department or other similar body now or later constituted and with any direction or occupancy certificate issued under any Law as any of them may relate to or affect the condition, use, or occupancy of the Land. If Tenant contests any of the foregoing, Tenant will not be obligated to comply therewith to the extent that the application of the contested Law is stayed by the operation of law or administrative or judicial order and Tenant indemnifies, defends, and holds harmless the Indemnified Parties against all Claims 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 the construction of the Improvements on the Land 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 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 may not be unreasonably withheld or delayed. Throughout the permit process for any regulatory approvals, 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 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, defend, and hold harmless the City and its commissioners, officers, agents or employees from and against any and all Claims 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 active gross negligence or willful misconduct of the City or its agents.

#### **ARTICLE 24 ENTRY**

24.01 The City reserves for itself and its authorized representatives the right to enter the Land 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 Land, for any of the following purposes:

24.01(a) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Substance investigations);

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

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

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

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

24.02 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, remove or alter any portion of the Premises, and alter or remove any of 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, or for the replacement of any property, except to the extent damage arises out of the

active gross negligence or willful misconduct of the City or its agents, 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.

24.03 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 active gross negligence or willful misconduct of the City or its agents. The City will be responsible for any losses resulting from its active gross negligence or willful misconduct and will repair any resulting damage promptly.

24.04 Tenant will not be entitled to any abatement in Annual Rent if the City exercises any rights reserved in this Section, subject to Section 24.03 above.

24.05 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 of the Premises as permitted by this Ground Lease.

## **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 will not be unreasonably withheld, conditioned, or delayed, Leasehold Mortgages (and encumbrances related to such Leasehold Mortgages or required by Lenders, the Permitted Limited Partner including, but not limited to, use agreements and regulatory agreements) are permitted to be placed on the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition of the Project; refinancing of financing used to acquire or rehabilitate the Project; design, construction, renovation, or reconstruction of the Improvements; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, renovate, or reconstruct the Project under this Ground Lease and in connection with the operation of the Project; 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, acknowledges and accepts each of the Fiscal Agent (and any successor holder of the TEL Mortgage), Wells Fargo Bank, National Association (prior to Conversion Date), the Freddie Mac Servicer (following the Conversion Date), Freddie Mac (following the Conversion Date), BHC Balboa Builders LLC, and HCD as Lenders, and consents to the TEL Mortgage.

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 the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Ground Lease may be construed to obligate the Holder. However, if the Holder undertakes to complete or guarantee the completion of the construction of the Improvements, except as provided in Section 26.06(b), nothing in this Ground Lease will be deemed or construed to permit or authorize the Holder or its successors or assigns to devote the Premises or any portion thereof to any uses, or to construct any Improvements on the Land, other than those authorized

under Section 9.01 and any reasonable modifications in plans proposed by the Holder or its successors in interest proposed for the viability of the Project approved by the City in its reasonable discretion under Section 10.16. Except as provided in Section 26.06(b), 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.

25.03 Failure of Holder to Complete Construction. In any case where six (6) months after assumption of obligations under 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 will have all the rights against the 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 under Section 10.16 of this Ground Lease.

25.04 Default by Tenant and the 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 the default or breach as provided herein, the City may, at its option, cure the breach or default during the one hundred ten (110) days after the date that the Lender files a notice of default, provided, City may not commence a cure until the expiration of Tenant's cure period. If the City undertakes to cure the default or breach, then the City will be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by the City. The City will also be entitled to a lien on the Leasehold Estate to the extent Tenant does not reimburse the costs and expenses. City's lien will be subject and subordinate 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 Tenant cure periods hereunder and the expiration of any applicable cure periods under the terms of the applicable loan documents, the City will also have the right to assign Tenant's interest in the Ground Lease to another entity, subject to all Lenders' and Permitted Limited Partner's written consents, and which consent may be conditioned, among other things, on the assumption by the other entity of all obligations of the Tenant under the Leasehold Mortgage.

25.04(b) Notice of Default to City. Tenant will require Lender to give the City prompt written notice of any default or breach of the Leasehold Mortgage and each Leasehold Mortgage will provide for that notice to the City and 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 will bear all of the costs and expenses in connection with (a) the preparation and securing of any Leasehold Mortgage, (b) the delivery of any instruments and documents and their filing and recording, if required, and (c) all taxes and charges payable in connection with any Leasehold Mortgage.

## ARTICLE 26 PROTECTION OF LENDER

26.01 Notification to the City. Promptly on 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, Tenant will cause each Lender to 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 will 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 acknowledges that (i) prior to the Conversion date, each of the Fiscal Agent and Wells Fargo Bank, National Association is the initial First Mortgage Lender and is deemed to have given such written notice as First Mortgage Lender and Attachment 3 is not required, and (ii) following the Conversion Date, each of the Fiscal Agent, Freddie Mac Servicer, and Freddie Mac is the First Mortgage Lender and is deemed to have given such written notice as First Mortgage Lender and Attachment 3 is not required.

26.02 Lenders' Rights to Prevent Termination. Each Lender has the right, but not the obligation, at any time before 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 under this Ground Lease, to effect any insurance, to pay any taxes and assessments and other similar charges, 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 of this Ground Lease 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 Lenders' Rights When Tenant Defaults. If any event of default under this Ground Lease occurs and is continuing, and is not cured within the applicable cure period, the City will not terminate this Ground Lease or exercise any other remedy unless it first gives written notice of the event of default to each Lender; and

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

26.03(b) If the event of default is not a failure to pay a monetary obligation of Tenant (and encumbrances related to such Leasehold Mortgages or required by Lenders, the Permitted Limited Partner including, but not limited to, use agreements and regulatory agreements), Lender will have sixty (60) days of receipt of the written notice, to either (a) remedy such default; or (b) obtain title to the Leasehold Estate 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 will be remedied or deemed remedied in accordance with Section 26.04 below. If, due to the nature of the default, the default is not capable of cure within such sixty-day cure period, then Lender may request from the City an extended period, together with the reasons for its request for extension and City will not unreasonably withhold its approval of such request.

26.03(c) All rights of the City to terminate this Ground Lease as the result of the occurrence of any uncured event of default is subject to, and conditioned upon, the City

having first given Lender written notice of the event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate 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 the Permitted Limited Partners having failed to proceed as permitted under Sections 19.04(b) or 26.06(b). 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 this Ground Lease, or (B) 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 monetary defaults shall automatically be deemed cured and waived and all non-monetary defaults shall be cured by a Subsequent Owner not affiliated with the Lender.

26.04 Default That Cannot be Remedied by Lender. Any event of default under this Ground Lease that in the nature thereof cannot be remedied by Lender will be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (a) within sixty (60) days after receiving notice from the City setting forth the nature of such event of default, Lender has acquired Tenant's Leasehold Estate or has commenced foreclosure or other appropriate proceedings in the nature of foreclosure, (b) Lender is diligently prosecuting any such proceedings to completion, (c) Lender has fully cured any event of default arising from failure to pay or perform any monetary obligation (other than Indemnification Obligations) in accordance with Section 26.03, and (d) after gaining possession of the Improvements, Lender diligently proceeds to perform all other obligations of Tenant as and when due in accordance with the terms of this Ground Lease. Notwithstanding anything to the contrary contained elsewhere herein, in no event will any Lender have the obligation, or be required, as a condition to preventing the termination of this Ground Lease, as a condition to obtaining a new lease or otherwise, to cure any breach by Tenant of its obligation under Article 26.04 of this Ground Lease, to reimburse Landlord for all costs, expenses, advances and disbursements made or incurred by Landlord in connection with its cure of any breach or default under any Leasehold Mortgage, provided that Lender has complied with the requirements under this Section 26.04, and all such breaches shall automatically be deemed cured upon a foreclosure under any Leasehold Mortgage (or acceptance of a deed in lieu thereof), provided that Lender diligently proceeds to perform all obligations under this Ground Lease.

26.05 Court Action Preventing Foreclosure. If Lender is prohibited by any process or injunction issued by any court or because 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 of foreclosure, the times specified in Sections 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings will be extended for the period of such prohibition. If this Ground Lease is terminated or rejected by Tenant in bankruptcy, then the City will 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 Lenders' Rights to Record, Foreclose, and Assign. With respect to any Leasehold Mortgage:

26.06(a) the Lender may cause its Leasehold Mortgage to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate to an assignee from whom it

may accept a purchase price; subject, however, to Lender's first securing written approval from City (provided, however, no such approval will be required in the event of a foreclosure of a leasehold mortgage or deed in lieu of foreclosure), which approval will not be unreasonably withheld, and if the Subsequent Owner has elected to maintain the use restrictions of ARTICLE 9, the Subsequent Owner must be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code so 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 available). Furthermore, Lender may acquire title to the Leasehold Estate in any lawful way, and if the Lender becomes the assignee, then Lender may sell and assign the Leasehold Estate subject to City approval (which may not be unreasonably withheld) and to the City's rights under Section 25.04.

26.06(b) each Subsequent Owner will take the Leasehold Estate subject to all of the provisions of this Ground Lease, and will, so long as and only so long as it is the owner of the Leasehold 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 128 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 including, but not limited to, the MOHCD Declaration of Restrictions;

26.06(c) the City will mail or deliver to any Lender that has an outstanding Leasehold Mortgage a duplicate copy of all notices that the City may give to Tenant under this Ground Lease; and

26.06(d) any Permitted Limited Partners of Tenant will have the same rights as any Lender under Sections 26.02, 26.03, and 26.06(c), and any reference to a Lender in those sections will be deemed to include the Permitted Limited Partners; provided, however, that the rights of the Permitted Limited Partners are subordinate to the rights of any Lender.

26.06(e) Notwithstanding any term to the contrary contained herein, for so long as Freddie Mac is the First Mortgage Lender with respect to the Leasehold Estate, the consent of the City shall not be required in connection with commencement of a foreclosure or deed in lieu of foreclosure by the First Mortgage Lender or for the first assignment following the First Mortgage Lender's acquisition of Tenant's interest in the Premises through foreclosure or exercise of remedies in lieu of foreclosure under the TEL Mortgage, provided, however, that any such assignment shall be to an entity (Subsequent Owner) 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 receives 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) and such entity (Subsequent Owner) shall have elected to maintain the use restrictions of ARTICLE 9. Any subsequent assignment or transfer shall require the reasonable consent of Landlord.

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 will be set as follows:

26.07(a) City will forgive any accrued Annual Rent at the time of foreclosure, and it will not be an obligation of the Lender, its assignee, or the Subsequent Owner. After 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 9.01, 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 those restrictions. All deferred Annual Rent will accrue, with simple interest at six percent (6%) per annum until paid.

26.07(b) If the Subsequent Owner exercises its rights under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will 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 will be increased to the new fair market rent under this Section 26.07(b) and the provisions of Section 6.02(g) will be suspended; provided, however, that the City will 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 Residential Occupants on a dollar for dollar basis, with respect to such aggregate units occupied by Qualified Households as the City and the Subsequent Owner may agree. The fair market rental value will 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. But, after the neutral third-party process, the Lender, in its sole discretion, may rescind its written notification of intent to not comply with Section 9.01 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, then the Premises will 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 Tenant under its loan documents have been satisfied:

26.09(a) subject to Section 19.03(b), the City will 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 under this Ground Lease or amend any provisions of Articles 25 and 26 or any other provision of this Ground Lease that directly affects a Lender's interests, without the prior written consent of the Lender (which may not be unreasonably withheld or delayed);

26.09(b) the City will not enforce against a Lender any waiver or election made by the Tenant under this Ground Lease that 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);

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

26.09(d) the City will 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 the proceedings as an interested party.

26.10 No Merger. The Leasehold Estate will not merge with the fee interest in the Land, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 City Bankruptcy.

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

26.11(b) The City acknowledges that (i) the Tenant seeks to construct the Improvements on the Premises Land 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 Estate. Therefore, the City waives its right to sell the City's fee interest in the Land under section 363(f) of the Bankruptcy Code, free and clear of the Leasehold Estate.

26.11(c) If a bankruptcy proceeding is filed by or on behalf of the City:

(i) Tenant will be presumed to have objected to any attempt by the City to sell the fee interest free and clear of the Leasehold Estate;

(ii) if Tenant does not so object, each Lender will have the right to so object on its own behalf or on behalf of the Tenant; and

(iii) in connection with any such sale, Tenant will not be deemed to have received adequate protection under section 363(e) of the Bankruptcy Code, unless it has received and paid to each Lender the outstanding balance under its respective loan.

26.11(d) City recognizes that the Lenders are authorized on behalf of Tenant to vote, participate in, or consent to any bankruptcy, insolvency, receivership, or court proceeding concerning the Leasehold Estate.

26.12 Limitation on Liability. The liability of a First Mortgage Lender shall be limited at all times to the value of its respective leasehold interest under this Ground Lease and to the Improvements. In the event of a foreclosure of the Leasehold Mortgage, First Mortgage Lender (i) except for nonmonetary defaults that are continuing after foreclosure or transfer and are capable of cure by the First Mortgage Lender, shall only be liable to the City for acts and omissions during the period in which First Mortgage Lender is the holder of title to the

Leasehold Estate, and (ii) shall be automatically released by the City from the acts and omissions of Tenant occurring prior to its acquisition of title to the Leasehold Estate. This limitation on liability shall not extend to Subsequent Owners, except that if [Freddie Mac] as the First Mortgage Lender assigns Tenant's interest in the Premises through foreclosure or exercise of remedies in lieu of foreclosure under the TEL Mortgage, then the foregoing limitation on liability shall extend to [Freddie Mac's] initial assignee.

26.13 Lender May Exercise Extension. Notwithstanding any default under this Ground Lease (other than those that Subsequent Owner is required to cure under the terms of this Ground Lease) or any default under the Loan Documents, from and after the time that the Lender or Subsequent Owner acquires title to the Leasehold Estate, Lender or Subsequent Owner (as applicable) will have the right to extend the Initial Term for the period provided in Section 2.03 upon delivery of the Extension Notice under the terms of Section 2.03.

26.14 Amendment. From the Effective Date through the 15-year tax credit compliance period, neither ARTICLE 19, nor ARTICLE 20, nor Sections 26.02, 26.03, or 26.06 may be amended without the written consent of Permitted Limited Partner.

26.15 Liability. If a Lender or its designee becomes a tenant under this Ground Lease or under a new lease obtained pursuant to this article, such Lender or designee will only be personally liable for the obligations of Tenant only to the extent they arise during the period of time that such Lender or designee is a tenant hereunder and its sole liability hereunder will be its 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 Premises or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties will be determined under this ARTICLE 27, subject to the rights of any Lender. Accordingly, Tenant waives any right to terminate this Ground Lease upon the occurrence of a partial condemnation under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure, as those sections may from time to time be amended, replaced, or restated.

27.02 Notice. In case of the commencement of any proceedings or negotiations that might result in a condemnation of all or any portion of the Premises during the Term, the party learning of such proceedings will promptly give written notice of the proceedings or negotiations to the other party. The notice will describe with as much specificity as is reasonable, the nature and extent of such condemnation or the nature of such proceedings or negotiations and of the condemnation that might result, as the case may be.

27.03 Total Taking. If the Land is totally taken by condemnation, this Ground Lease will terminate on the date the condemnor has the right to possession of the Land.

27.04 Partial Taking. If any portion of the Premises is taken by condemnation, this Ground Lease will remain in effect, except that Tenant may, with Lender's written consent, elect to terminate this Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises is rendered unsuitable for Tenant's continued use. If Tenant elects to terminate this Ground Lease, Tenant must exercise its right to terminate under 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. Tenant's termination notice must include the date of termination, which date may not be earlier than thirty (30) days or later than six (6) months after the date of Tenant's notice; except that with the consent of each Lender this Ground Lease will terminate on the date the condemnor has the right to possession of the Premises if that date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Ground Lease within the thirty (30) day notice period, this Ground Lease will continue in full force and effect.

27.05 Effect on Rent. If any portion of the Premises is taken by condemnation and this Ground Lease remains in full force and effect, then on the date of taking the rent will 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 Premises taken bears to the total value of the Premises immediately before the date of the taking.

27.06 Restoration of Improvements. If there is a partial taking of the Premises and this Ground Lease remains in full force and effect under Section 27.04, then Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Premises.

27.07 Award and Distribution. Any compensation awarded, paid, or received on a total or partial condemnation of the Premises or threat of condemnation of the Premises will belong to and be distributed in the following order:

27.07(a) First, to pay the balance due on any outstanding Leasehold Mortgages (first to the Leasehold Mortgage with the first priority until paid in full and then in the order of relative priority thereafter) 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

27.07(b) Second, to the Tenant in an amount equal to the then fair market value of Tenant's interest in the Improvements and its leasehold interest in the Land (including, but not limited to, the value of Tenant's interest in all subleases to occupants of the Land), such

value to be determined as it existed immediately preceding the earliest taking or threat of taking of the Premises; and;

27.07(c) Third, to the Landlord.

27.07(d) Notwithstanding anything to the contrary set forth in this Section, any portion of the compensation awarded that has been specifically designated by the condemning authority or in the judgment of any court to be payable to the City or Tenant on account of any interest in the Premises separate and apart from the condemned land value, the value of the City's reversionary interest in the Improvements, Tenant's Leasehold Estate, or the value of the Improvements for the remaining unexpired portion of the Term, will be paid to the City or Tenant, as applicable, as so designated by the condemning authority or judgment.

27.08 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, the award will be disposed of as provided in the Leasehold Mortgages in the order of their relative priority.

27.09 Temporary Condemnation. If there is a condemnation of all or any portion of the Premises for a temporary period lasting less than the remaining Term, this Ground Lease will remain in full force and effect, there will be no abatement of Rent, and the entire award will be payable to Tenant.

27.10 Personal Property; Goodwill. Notwithstanding Section 27.07, the City will not be entitled to any portion of any award payable in connection with the condemnation of the Personal Property of Tenant or any of its subtenants, or any moving expenses, loss of goodwill or business loss or interruption of Tenant, severance damages with respect to any portion of the Premises remaining under this Ground Lease, or other damages suffered by Tenant.

## **ARTICLE 28 ESTOPPEL CERTIFICATE**

The City or Tenant, as the case may be, will 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 them, 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 on the part of Tenant or the City to be performed or observed under this Ground Lease, and whether any notice has been given to Tenant or the City of any default that has not been cured and, if so, specifying the uncured default. Tenant will use commercially reasonable efforts (by inserting a provision similar to this one into the leases of its Non-residential Occupants) to cause the Non-residential Occupants, if any to execute and deliver to the City a certificate as described above with respect to its sublease within thirty (30) days after request.

## ARTICLE 29 SURRENDER AND QUITCLAIM

### 29.01 Surrender.

29.01(a) Upon expiration or earlier termination of this Ground Lease, Tenant will surrender to the City the Premises in good order, condition, and repair (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and except for Casualty or Condemnation as described in ARTICLE 20 and ARTICLE 27). Ordinary wear and tear will not include any damage or deterioration that would have been prevented by proper maintenance by Tenant, or Tenant otherwise performing all of its obligations under this Ground Lease. The Premises must be surrendered clean, free of debris, waste, and Hazardous Substances, and free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Ground Lease and any other encumbrances created or approved in writing by the City. On or before the expiration or earlier termination of this Ground Lease, Tenant at its sole cost will remove from the Premises, and repair any damage caused by removal of, Personal Property, including any signage. Improvements and Changes will remain in the Premises as City property and title to the Improvements and any Changes will be conveyed to the City as provided in ARTICLE 13 above.

29.01(b) If the Premises are not surrendered at the end of the Term or sooner termination of this Ground Lease, and in accordance with the provisions of this ARTICLE 29, Tenant will continue to be responsible for the payment of Annual Rent until the Premises are surrendered in accordance with this ARTICLE 29, and Tenant will indemnify, defend, and hold harmless the Indemnified Parties from and against any and all Claims resulting from delay by Tenant in surrendering the Premises including, without limitation, any costs of the City to obtain possession of the Premises; any loss or liability resulting from any Claim against the City made by any succeeding tenant or prospective tenant founded on or resulting from such delay; and losses to the City due to lost opportunities to lease any portion of the Premises to any such succeeding tenant or prospective tenant, together with, in each instance, reasonable attorneys' fees and costs.

29.01(c) No act or conduct of the City or MOHCD, including, but not limited to, the acceptance of the keys to the Premises, will constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from the City to Tenant confirming termination of this Ground Lease and surrender of the Premises by Tenant will constitute acceptance of the surrender of the Premises and accomplish a termination of this Ground Lease.

29.02 Quitclaim. On the expiration or earlier termination of this Ground Lease, the Improvements will automatically, and without further act or conveyance on the part of Tenant or the City, become the property of the City, free and clear of all liens and without payment therefore by the City, as provided in ARTICLE 13. On expiration or sooner termination of this Ground Lease, Tenant must surrender the Premises to the City and, at the City's request, will execute, acknowledge, and deliver to the City a good and sufficient quitclaim deed with respect to any interest of Tenant in the Premises.

29.03 Abandoned Property. Any items, including Personal Property, not removed by Tenant on the expiration or termination of this Ground Lease will be deemed abandoned. The City may retain, store, remove, and sell or otherwise dispose of abandoned Personal Property, and Tenant waives all Claims against the City for any damages resulting from the City's retention, removal, and disposition of abandoned Personal Property; provided, however, that Tenant will be liable to the City for all costs incurred in storing, removing, and disposing of abandoned Personal Property and repairing any damage to the Premises resulting from its removal. The City may elect to sell abandoned Personal Property and offset against the sales proceeds the City's storage, removal, and disposition costs without notice to Tenant or otherwise according to the procedures set forth in California Civil Code Section 1993, the benefits of which Tenant waives.

29.04 Survival. Tenant's obligation under this ARTICLE 29 will survive the expiration or earlier termination of this Ground Lease.

### **ARTICLE 30 EQUAL OPPORTUNITY**

In the selection of all contractors and professional consultants for the Project, Tenant will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B ("LBE Ordinance") and will incorporate such requirements in contracts with any Contractors and Subcontractors.

### **ARTICLE 31 CITY PREFERENCE PROGRAMS**

To the extent permitted by applicable Law, Tenant will comply with the requirements of the City's current housing preference programs, as amended from time to time; provided, however, that such requirements will apply only to the extent permitted by the requirements of non-City funding or benefits (including but not limited to requirements for low-income housing tax credits under Section 42 and 142 of the Internal Revenue Code of 1986, as amended, and any rules or restrictions promulgated in connection therewith or related thereto) approved by the City for the Project.

### **ARTICLE 32 RESERVED**

### **ARTICLE 33 CONFLICT OF INTEREST**

No commissioner, official, or employee of the City may have any personal or financial interest, direct or indirect, in this Ground Lease, and any such commissioner, official, or employee may not participate in any decision relating to this Ground Lease that 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 will 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 that



Attn: Chief Real Estate Officer

With a copy to: 350 California Street, Suite 1600  
San Francisco, CA 94104  
Attn: General Counsel

if to Permitted Limited Partner at:

NEF Balboa Gateway MTE LP  
c/o National Equity Fund  
540 W. Madison Street  
Suite 1900  
Chicago, IL 60661  
Attn: General Counsel

if to the City at: San Francisco Mayor's Office of Housing and Community  
Development  
One South Van Ness Avenue, 5<sup>th</sup> 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 under the provisions of this ARTICLE 38. Any notice given under this ARTICLE 38 will be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt. Courtesy copies of notices may be delivered by email.

#### **ARTICLE 39 HEADINGS**

Any titles of the paragraphs, articles, and sections of this Ground Lease are inserted for convenience only and will be disregarded in construing or interpreting any of its provisions. "Paragraph," "article," and "section" may be used interchangeably.

#### **ARTICLE 40 SUCCESSORS AND ASSIGNS**

This Ground Lease will 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 means and includes their respective successors and assigns; provided, however, that the City will have no obligation under this Ground Lease to, and no benefit of this Ground Lease will accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Ground Lease. If and when the City sells the Land to any third party, City will require such third party to assume all of the City's obligations under this Ground Lease 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 are determined to be illegal or unenforceable, that determination will not affect any other provision of this Ground Lease and all the other provisions of this Ground Lease will remain in full force and effect.

## **ARTICLE 43 APPLICABLE LAW; NO THIRD PARTY BENEFICIARY**

This Ground Lease is governed by and construed under 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 does not create rights in any other third party.

## **ARTICLE 44 RESERVED**

If either the City or Tenant fails to perform any of its obligations under this Ground Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Ground Lease, the defaulting party or the party non-prevailing party in such dispute, as the case may be, will pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights under this Ground Lease (whether or not such action is prosecuted to a judgment). For purposes of this Ground Lease, reasonable attorneys' fees of the City's Office of the City Attorney will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. The term "attorneys' fees" also includes, without limitation, all fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which the fees were incurred. The term "costs" means the costs and expenses of counsel to the parties, which may include printing, duplicating, and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

## **ARTICLE 45 EXECUTION IN COUNTERPARTS**

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

## **ARTICLE 46 BROKERS**

Neither party has had any contact or dealings regarding the leasing of the Land, or any communication in connection therewith, through any licensed real estate broker or other person

who could claim a right to a commission or finder's fee in connection with the ground lease contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the party through whom the broker or finder makes a claim will be responsible for such commission or fee and will indemnify, defend and hold harmless the other party from any and all Claims. The provisions of this Section will survive any termination of this Ground Lease.

#### **ARTICLE 47 RECORDATION OF MEMORANDUM OF GROUND LEASE**

This Ground Lease may not be recorded, but a memorandum of this Ground Lease will be recorded in the form attached hereto as Attachment 4 (“**Memorandum of Ground Lease**”). The parties will 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 48 SURVIVAL**

Termination or expiration of this Ground Lease will not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Ground Lease, the ability to collect any damages or sums due, and it will not affect any provision of this Ground Lease that expressly states it will survive termination or expiration of this Ground Lease.

#### **ARTICLE 49 RESERVED**

#### **ARTICLE 50 CITY PROVISIONS**

##### **50.01 Non-Discrimination.**

50.01(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.

50.01(b) Subleases and Other Subcontracts. Tenant must include in all subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the subtenant or other subcontractor in substantially the form of Section 50.01(a) above. In addition, Tenant must 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 must require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Ground Lease.

50.01(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 under state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

50.01(d) Condition to Lease. As a condition to this Ground Lease, Tenant must 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.

50.01(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 must comply fully with and be bound by all of the provisions that apply to this Ground Lease under those Chapters of the Administrative Code, including, but not limited to, the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that under 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 Ground Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

50.02 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.

50.03 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 that would constitute a violation of those provisions and agrees that if Tenant becomes aware of any such fact during the term of this Ground Lease Tenant will 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, that Tenant believes any officer or employee of the City presently has or will have in this Ground Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, will constitute grounds for City's termination and cancellation of this Ground Lease.

50.04 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.

50.05 Tropical Hardwood/Virgin Redwood Ban. Under 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 will not use any items in the rehabilitation, development, or operation of the Premises or otherwise in the performance of this Ground Lease that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

50.06 Tobacco Product Advertising Ban. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products are allowed on the Premises. The foregoing prohibition includes 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.

50.07 Pesticide Ordinance. Tenant must comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**"), which (a) prohibit the use of certain pesticides on City property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (c) require Tenant to submit to the City's Department of the Environment an integrated pest management ("**IPM**") plan that (i) 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, (ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (iii) 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 must comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing in this Ground Lease will 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.

50.08 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.

50.09 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.

50.10 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant will 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/lw/h.htm](http://www.sfgov.org/oca/lw/h.htm). Capitalized terms used in this Section and not defined in this Ground 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.

50.10(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.

50.10(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 Section 50.10(a) above.

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

50.10(d) 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.

50.10(e) 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.

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

50.10(g) 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.

50.10(h) 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.

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

50.10(j) If Tenant is exempt from the HCAO when this Ground 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.

50.11 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 must comply with and will be bound by all the applicable provisions of that Chapter. By executing this Ground Lease, Tenant will open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. Further, Tenant will 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 will constitute a material breach of this Ground Lease. Tenant further acknowledges that such material breach of this Ground Lease will be grounds for City to terminate and/or not renew this Ground Lease, partially or in its entirety.

50.12 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 will comply with the applicable provisions of such code sections as those sections may apply to the Premises.

50.13 Drug Free Work Place. Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession, or use of a

controlled substance is prohibited on City premises. Any violation of this prohibition by Tenant, its agents, or assigns will be deemed a material breach of this Ground Lease.

50.14 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” means 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” means a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

50.15 Nondisclosure of Private Information. Tenant will 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 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 have the meanings assigned to those terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Tenant agrees to all of the following:

50.15(a) Neither Tenant nor any of its subcontractors will 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.

50.15(b) Any disclosure or use of Private Information authorized by this Ground Lease must 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 must be in accordance with any conditions or restrictions stated in the approval.

50.15(c) Private Information means 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.

50.15(d) Any failure of Tenant to comply with the Nondisclosure of Private Information Ordinance will 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.

50.16 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 will 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" does 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 section 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 will constitute an event of default of this Ground Lease.

50.17 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 will 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.

50.18 Food Service Waste Reduction. Tenant will 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. Accordingly, Tenant acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City

contract or lease, and will instead use suitable Biodegradable/ Compostable or Recyclable Disposable Food Service Ware. 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. Those amounts will not be considered a penalty, but rather agreed upon monetary damages sustained by the City because of Tenant's failure to comply with this provision.

50.19 Local Hire Requirements. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.62 (the “**Local Hiring Requirements**”). Improvements and Changes (as defined in this Ground Lease) 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. Tenant will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant will 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 will include, and will 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 contract must 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 will 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 will constitute a material breach of this Ground 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.

50.20 Criminal History in Hiring and Employment Decisions.

50.20(a) Unless exempt, Tenant will 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 Land.

50.20(b) Tenant will incorporate by reference the provisions of Chapter 12T in all subleases of a portion or all of the Land, if any, and will require all subtenants to comply with its provisions. Tenant’s failure to comply with the obligations in this subsection will constitute a material breach of this Ground Lease.

50.20(c) Tenant and subtenants (if any) may 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.

50.20(d) Tenant and subtenants (if any) may 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 Section 50.20(c) above. Tenant and subtenants (if any) may 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.

50.20(e) Tenant and subtenants (if any) will 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 Land, that the Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

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

50.20(g) Tenant and subtenants (if any) understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City will 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.

50.20(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.

50.21 Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61. Tenant will 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 will cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

Tenant will include, and will 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 must 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 will constitute a material breach of this Ground 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.

50.22 Consideration of Salary History Tenant will comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or “Pay Parity Act.” For each employment application to Tenant for work that relates to this Agreement or for work to be performed in the City or on City property, Tenant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant. Tenant will not (1) ask such applicants about their current or past salary or (2) disclose a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Tenant is subject to the enforcement and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

50.23 Sugar-Sweetened Beverage Prohibition. Tenant 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.

50.24 Possessory Interest Reporting.

50.24(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.

50.24(b) San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Ground Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Ground Lease to the County Assessor not later than sixty (60) days after the Effective Date, and any failure of Tenant to timely provide a copy of this Ground Lease to the County Assessor will be a default under this Ground Lease. Tenant will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

50.25 Vending Machines; Nutritional Standards. Tenant may 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 will 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 50.24 will be deemed a material breach of this Ground Lease. Without limiting Landlord’s other rights and remedies under this Ground Lease, Landlord will 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.

50.26 San Francisco Packaged Water Ordinance. Tenant will comply with San Francisco Environment Code Chapter 24 (“**Chapter 24**”). Tenant will not sell, provide or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the performance of this Agreement or on City property unless Tenant obtains a waiver from the City’s Department of the Environment. If Tenant violates this requirement, the City may exercise all remedies in this Agreement and the Director of the City’s Department of the Environment may impose administrative fines as set forth in Chapter 24.

## **ARTICLE 51 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 Land.

## **ARTICLE 52 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 will affect or alter this Ground Lease, but each and every term, covenant, and condition of this Ground Lease will 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, will 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 Ground Lease (a) changing the legal description of the Land, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Land 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 Ground Lease will additionally require the approval of the City's Board of Supervisors.

### **ARTICLE 53 ATTACHMENTS**

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

1. Legal Description of Land
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 GROUND LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS GROUND LEASE UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS HAS DULY ADOPTED A RESOLUTION APPROVING THIS GROUND LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY UNDER THIS GROUND LEASE ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS GROUND LEASE WILL BE NULL AND VOID IF CITY'S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS GROUND LEASE, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS GROUND LEASE BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, AND NO SUCH APPROVAL WILL 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:**

BALBOA GATEWAY LP, a California limited partnership

By: BALBOA GATEWAY LLC,  
a California limited liability company,  
its Managing General Partner

By: BRIDGE Housing Corporation,  
a California nonprofit public  
benefit corporation

Its: Manager

By: \_\_\_\_\_  
Name: Sierra Atilano  
Title: Chief Real Estate Officer

**CITY AS LANDLORD:**

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
Sarah R. Oerth  
Director of Property

By: \_\_\_\_\_  
Daniel Adams  
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DAVID CHIU  
City Attorney

By: \_\_\_\_\_  
Heidi J. Gewertz  
Deputy City Attorney

**ATTACHMENT 1**

**LEGAL DESCRIPTION OF THE LAND**

Attached.

## **ATTACHMENT 2**

### **SCHEDULE OF PERFORMANCE**

- a) Commence construction by a date no later than May 1, 2026.
- b) Complete construction by a date no later than March 1, 2028.
- c) Achieve occupancy of ninety-five percent (95%) of the Units by October 1, 2028.

**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, 5<sup>th</sup> Floor  
San Francisco, CA 94103

RE: 105 Wisteria Lane (APN: 3180/201), San Francisco (LEASEHOLD  
MORTGAGE)

Dear Sir or Madam:

Under Section 25.01 of the Ground Lease, dated \_\_\_\_\_, 2026, between the City and County of San Francisco ("City") and Balboa Gateway LP, a California limited partnership, 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,

BALBOA GATEWAY, L.P., a California limited partnership

By: BALBOA GATEWAY LLC,  
a California limited liability company,  
its Managing General Partner

By: BRIDGE Housing Corporation,  
a California nonprofit public  
benefit corporation

Its: Manager

By: \_\_\_\_\_  
Name: Sierra Atilano  
Title: Chief Real Estate Officer

enc.

---

By signing this letter, the City consents to the leasehold mortgage, under the terms and conditions of Section 25.01 of the Ground Lease, dated \_\_\_\_\_, 2026.

Mayor's Office of Housing and Community Development

---

Daniel Adams, Director

**ATTACHMENT 4**

**MEMORANDUM OF GROUND LEASE**

Free Recording Requested under  
Government Code Section 27383

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: Housing Loan Administrator  
APN: 3180-201

MEMORANDUM OF GROUND LEASE  
(105 Wisteria Lane)

This Memorandum of Ground Lease ("Memorandum") is entered into as of \_\_\_\_\_, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "**City**"), acting by and through its Real Estate Division and the Mayor's Office of Housing and Community Development, and Balboa Gateway LP, a California limited partnership, as tenant ("**Tenant**"), with respect to that certain Ground Lease (the "Lease") dated \_\_\_\_\_, between the City and Tenant.

Under 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 will commence on the date set forth above and will end on the date that is seventy-five (75) years from the date set forth above, subject to a twenty-four (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 creates 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 will remain real property.

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

This Memorandum is solely for recording purposes and will 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 will be deemed an original of this Memorandum.

Notwithstanding any statement on the face of this Memorandum or on any attachment to the Memorandum of the amount of documentary transfer tax due in connection with the Lease, City's signature on this Memorandum does not constitute the City Assessor Recorder's agreement that the real property transfer tax due is that amount.

Executed as of \_\_\_\_\_, in San Francisco, California.

TENANT:

BALBOA GATEWAY LP, a California limited partnership

By: BALBOA GATEWAY LLC,  
a California limited liability company,  
its Managing General Partner

By: BRIDGE Housing Corporation,  
a California nonprofit public  
benefit corporation

Its: Manager

By: \_\_\_\_\_  
Name: Sierra Atilano  
Title: Chief Real Estate Officer

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
Sarah R. Oerth  
Director of Property

By: \_\_\_\_\_  
Daniel Adams  
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DAVID CHIU,

City Attorney

By: \_\_\_\_\_  
Heidi J. Gewertz  
Deputy City Attorney

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE LEASEHOLD ESTATE**

**ATTACHMENT 5**  
**FORM OF TENANT INCOME CERTIFICATION**

Attached



**AMENDED AND RESTATED LOAN AGREEMENT  
(CITY AND COUNTY OF SAN FRANCISCO  
AFFORDABLE HOUSING FUND INCLUSIONARY JOBS-HOUSING LINKAGE  
PROGRAM, 2024 GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING,  
AND HOUSING TRUST FUNDS)**

By and Between

**THE CITY AND COUNTY OF SAN FRANCISCO,**  
a municipal corporation, represented by the Mayor,  
acting by and through the Mayor's Office of Housing and Community Development,

and

**BALBOA GATEWAY LP,**  
A California limited partnership,

for

**BALBOA RESERVOIR BUILDING A**  
**105 Wisteria Lane (APN: 3180/201)**  
Up to \$29,280,757  
Housing Trust Fund: \$4,964,522  
Housing Trust Fund Advance: \$3,316,235  
2024 GO Bond Funds: \$18,000,000  
AHF Jobs-Housing Linkage Fees: \$3,000,000

Dated as of \_\_\_\_\_

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**AMENDED AND RESTATED LOAN AGREEMENT**

(City and County of San Francisco  
Affordable Housing Fund: (Jobs-Housing Linkage Program), 2024 General Obligation Bond for  
Affordable Housing, and Housing Trust Funds)  
(105 Wisteria Lane (APN: 3180/201))

**THIS AMENDED AND RESTATED LOAN AGREEMENT** ("Agreement") is entered into as of \_\_\_\_\_, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development ("MOHCD"), and **BALBOA GATEWAY LP**, a California limited partnership ("Borrower"). This Agreement amends and restated in its entirety that certain Loan Agreement by and between City and Borrower dated as of August 7, 2023 (the “Original Agreement”).

**RECITALS**

A. Under the Jobs-Housing Linkage Program set forth in Sections 413.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives impact fees paid by developers to satisfy requirements of the Jobs-Housing Linkage Program (“Jobs-Housing Fees”). The City may use the Jobs-Housing Fees received by the Citywide Affordable Housing Fund (the “Affordable Housing Fund”) to finance housing affordable to qualifying households. MOHCD administers the Affordable Housing Fund pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them. The funds provided from the Affordable Housing Fund under this Agreement will be referred to herein as the “AHF Jobs-Housing Linkage Funds.”

B. In November 2012, the voters of the City approved Proposition C, which established a Housing Trust Fund to provide funds for the creation, acquisition, and rehabilitation of rental and ownership housing affordable to households earning up to 120% of the area median income, including, without limitation, the acquisition of land for such purpose (the “Housing Trust Fund”). Under Section 16.110 *et seq.* of the San Francisco City Charter, the City is authorized to provide funds from the Housing Trust Fund under this Agreement to Borrower for the development and construction of affordable housing. The funds provided from the Housing Trust Fund under this Agreement will be referred to herein as the “Housing Trust Funds” And the funds provided from the Housing Trust Fund as an Advance under this Agreement will be referred to herein as the “Housing Trust Fund Advance Funds.”

C. On March 5, 2024, the voters of the City and County of San Francisco approved Proposition A (Ordinance 231-23), which provided for the issuance of up to \$300 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the “2024 GO Bond”). To the extent permitted by law, the City intends to reimburse with proceeds of the Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing. The funds provided from the 2024 GO Bond under this Agreement shall be referred to herein as the “2024 GO Bond Funds” and together the Housing Trust Funds, Housing Trust Fund Advance Funds, and AHF Jobs-Housing Linkage Funds, collectively, the “Funds.”

D. Borrower intends to acquire a leasehold interest in the Land under a Ground Lease dated \_\_\_\_\_ (the "Ground Lease"), by and between Borrower and the City and County of San Francisco ("Ground Lessor"). Borrower desires to use the Funds to construct a 159-unit multifamily rental housing development (including one manager's unit) (the "Improvements") affordable to low-income households, which will be known as Balboa Reservoir Building A (the "Project").

E. Borrower secured prior loans or grants from the City and outstanding loans from other sources in connection with the Site as described below.

1. Affordable Housing Fund Jobs-Housing Linkage Program made in the amount of Three Million and No/100 Dollars (\$3,000,000.00) under the Original Agreement and a Secured Promissory Note dated as of August 7, 2023 ("Original Note")

F. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a loan of Funds to Borrower (the "Loan") in the amount of up to [Twenty Nine Million Two Hundred Eighty Thousand Seven Hundred Fifty Seven and No/100 Dollars (\$29,280,757.00)] (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) Affordable Housing Fund Jobs-Linkage Program Funds in the amount of Three Million and No/100 Dollars (\$3,000,000.00), (ii) Housing Trust Funds in the amount of Four Million Nine Hundred Sixty Four Thousand Five Hundred Twenty Two and No/100 Dollars (\$4,964,522.00), (iii) Housing Trust Fund Advance Funds in the amount of Three Million Three Hundred Sixteen Thousand Two Hundred Thirty Five and No/100 Dollars (\$3,316,235.00), and (iv) 2024 GO Bond Funds in the amount of Eighteen Million and No/100 Dollars (\$18,000,000).

G. Borrower has secured the following additional financing for the Project (as defined below):

1. a senior tax exempt construction loan in the amount of Fifty Two Million Five Hundred Eighty Seven Thousand Eight Hundred Ninety Two and No/100 Dollars (\$52,587,892.00) (such senior loan being the "Tax-Exempt Loan"), and a senior taxable construction loan in the amount of Fifty Two Million Four Hundred Seven Thousand Eight Hundred Fifty Five and No/100 Dollars (\$52,407,855.00) (such senior loan being the "Taxable Loan") to the Borrower from the City and County of San Francisco (in such capacity, the "Governmental Lender"), each derived from a funding loan by Wells Fargo Bank, National Association, a national banking association, and a commitment to purchase up to Eighteen Million Ninety Six Thousand and No/100 Dollars (\$18,096,000.00) of such Tax-Exempt Loan by the Federal Home Loan Mortgage Corporation (the "Senior Permanent Lender");

2. federal and/or state low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Reservation Letter Tax Exempt dated August 5, 2025; \_\_\_\_\_;

3. a State of California Housing and Community Development (“HCD”) Firm Commitment letter dated September 1, 2023 providing for Affordable Housing and Sustainable Communities (“AHSC”) funding in the amount of Thirty Three Million and No/100 Dollars (\$33,000,000.00);

4. a loan from BHC Balboa Builders LLC to Borrower in the amount of up to [Twenty Six Million Three Hundred Twenty Nine Thousand Eight Hundred Forty Six and No/100 (\$26,329,846.00)];

5. an equity contribution from the Borrower’s General Partner in the amount of [Fourteen Million Four Hundred Thousand Thirty One Hundred One and No/100 Dollars (\$14,431,101.00)];

6. an equity contribution from the Borrower’s Permitted Limited Partners in the anticipated amount of [Sixty Three Million Four Hundred Thirty Thousand Five Hundred Fifteen and No/100 Dollars (\$63,430,515.00)]; and,

7. deferred developer fee in the amount of [Five Million Eight Hundred Fifty Three Thousand Five Hundred Ninety Eight and No/100 Dollars (\$5,853,598.00)].

H. On the Agreement Date, this Agreement will amend, restate, supersede and replace the Original Agreement. Concurrently herewith, Borrower will also (i) execute an amended and restated promissory note in favor of the City to supersede and replace the Original Note to evidence the Loan, (ii) execute and record a deed of trust to secure such amended and restated note, and (iv) execute and record a new declaration of restriction. As of the Agreement Date, the City will cancel and return the Original Note.

I. On \_\_\_\_\_, the City’s Board of Supervisors and the Mayor approved this Agreement by Resolution No. \_\_\_\_\_ for the purpose of developing the Project.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

### **ARTICLE 1 DEFINITIONS.**

1.1 Defined Terms. As used in this Agreement, the following words and phrases have the following meanings:

"Accounts" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the City in writing. All Accounts will be maintained in accordance with **Section 2.3**.

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

"Annual Monitoring Report" has the meaning set forth in **Section 10.3**.

"Annual Operating Budget" means an annual operating budget for the Project attached hereto as **Exhibit B-2**, which may not be adjusted without the City's prior written approval, not to be unreasonably withheld, conditioned or delayed.

"Approved Plans" has the meaning set for in **Section 5.2**.

"Approved Specifications" has the meaning set forth in **Section 5.2**.

"Authorizing Resolutions" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company, a certified copy of resolutions adopted by its board of directors or members, satisfactory to the City and evidencing Borrower's authority to execute, deliver and perform the obligations under the City Documents to which Borrower is a party or by which it is bound.

"Borrower" means Balboa Gateway LP, a California limited partnership whose general partner is Balboa Gateway, LLC, (the "General Partner"), whose sole member is BRIDGE Housing Corporation, a California nonprofit public benefit corporation, and its authorized successors and assigns.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement.

"City" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"City Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions and any other documents executed or, delivered in connection with this Agreement.

"City Project" has the meaning set forth in **Exhibit E, Section 13(c)**.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described under the CNA Policy.

"CNA Policy" means MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

"Completion Date" has the meaning set forth in **Section 5.6**.

"Compliance Term" has the meaning set forth in **Section 3.2**.

"Construction Contract" has the meaning set forth in **Section 5.2**.

"Conversion Date" means the date on which construction financing for the Project is converted into permanent financing, if applicable.

"Declaration of Restrictions" means a recorded declaration of restrictions in form and substance acceptable to the City that requires Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

"Deed of Trust" means the leasehold deed of trust executed by Borrower granting the City a lien on the Borrower's leasehold interest in the Site and the Project to secure Borrower's performance under this Agreement and the Note, in form and substance acceptable to the City.

"Department of Building Inspection" has the meaning set forth in **Section 5.2**.

"Developer" means BRIDGE Housing Corporation, a California nonprofit public benefit corporation, and its authorized successors and assigns.

"Developer Fee Policy" means the MOHCD Policy on Development Fees for Tax Credit Projects dated October 16, 2020, as amended from time to time, attached hereto as **Exhibit J**.

"Developer Fees" has the meaning set forth in **Section 15.1**.

"Development Expenses" means all costs incurred by Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

"Development Proceeds" means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner and general partner as capital contributions, equity or for any other purpose under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project.

"Disbursement" means the disbursement of all or a portion of the Funding Amount by the City as described in **Article 4**.

"Distributions" has the meaning set forth in **Section 13.1**.

"Early Retention Release Contractors" means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7**.

"Environmental Activity" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 ("NEPA") (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

"Escrow Agent" has the meaning set forth in **Section 4.2**.

"Event of Default" has the meaning set forth in **Section 19.1**.

"Excess Proceeds" means Development Proceeds remaining after payment of Development Expenses. For the purposes of determining Excess Proceeds, no allowed Project Expenses may be included in Development Expenses.

"Expenditure Request" means a written request by Borrower for a Disbursement from the Funding Amount, which will certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

"Funding Amount" has the meaning set forth in **Recital F**.

"Funds" has the meaning set forth in **Recital C**.

"GAAP" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"General Partner" means Balboa Gateway LLC, whose sole member/manager is BRIDGE Housing Corporation, a California nonprofit public benefit corporation, and its authorized successors and assigns.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Ground Lease" has the meaning set forth in **Recital D**.

"Ground Lessor" has the meaning specified in **Recital D**.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

"HCD" means the California Department of Housing and Community Development.

"Hold Harmless Policy" means the Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents dated May 3, 2019, as amended from time to time, attached hereto as **Exhibit K**.

"HSH" means the San Francisco Department of Homelessness and Supportive Housing, or other successor agency.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"Improvements" has the meaning set forth in **Recital D**.

"In Balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as set forth in **Exhibit A**.

"Indemnitee" means, individually or collectively, (i) City, including MOHCD and all commissions, departments, agencies and other subdivisions of City; (ii) City's elected officials, directors, officers, employees, agents, successors and assigns; and (iii) all persons or entities acting on behalf of any of the foregoing.

"Land" means the real property owned by Ground Lessor on which the Site is located.

"Laws" means all applicable statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency.

"Life of the Project" means the period of time in which the Project continues to operate as a multi-family apartment project substantially similar to its current condition in terms of square footage and number of units, and in the event the Project is substantially damaged or destroyed by fire, the elements, an act of any public authority or other casualty, and is subsequently replaced by a multi-family residential project substantially similar to its current condition in terms of square footage and number of units, the life of such replacement project will be deemed to be a continuation of the life of the Project.

"Loan" has the meaning set forth in **Recital F**.

"Loss" or "Losses" includes any and all loss, liability, damage, obligation, penalty, claim, action, suits, judgment, fee, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in an investigation or a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

"Marketing and Tenant Selection Plan" has the meaning set forth in **Section 6.1**.

"Maturity Date" has the meaning set forth in **Section 3.1**.

"Median Income" means median income as published annually by MOHCD for the City and County of San Francisco, adjusted solely for household size, and derived in part from the income limits and area median income determined by HUD for the San Francisco area, but not adjusted for a high housing cost area (also referred to as unadjusted median income)

"MOHCD" means the Mayor's Office of Housing and Community Development or its successor.

"MOHCD Monthly Project Update" has the meaning set forth in **Section 10.2**.

"Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the Funding Amount, in form and substance acceptable to the City.

"Official Records" means the official records of San Francisco County.

"Operating Reserve Account" has the meaning set forth in **Section 12.2**.

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

"Original Agreement" has the meaning set forth in the introductory paragraph of this Agreement.

"Original Note" has the meaning set forth in **Recital E**.

"Out of Balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will not be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of \_\_\_\_\_, 20\_\_, as amended from time to time.

"Partnership Fees" means annual partnership management fees in the amount of \$28,840 starting in year 2028 (plus the increase shown in the Annual Operating Budget and approved by the City) approved by the City, asset management fees, and fees payable to the Permitted Limited Partners.

"Payment Date" means the first June 30<sup>th</sup> following the Completion Date and each succeeding June 30<sup>th</sup> until the Maturity Date.

"Permitted Exceptions" means liens in favor of the City, real property taxes and assessments that are not delinquent, and any other liens and encumbrances the City expressly approves in writing in its escrow instructions.

"Permitted Limited Partners" means NEF Balboa Gateway MTE LP, a Delaware limited partnership and its permitted successors and assigns.

“Preferences and Lottery Manual” means MOHCD’s Marketing, Housing Preferences and Lottery Procedures Manual dated October 19, 2020, as amended from time to time.

“Preferences Ordinance” means Chapter 47 of the San Francisco Administrative Code, as amended from time to time.

"Project" means the development described in **Recital D**. If indicated by the context, "Project" means the Site and the improvements developed on the Site and the offsite improvements.

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; annual monitoring fee and all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) credit adjuster payments including interest payable to the Permitted Limited Partners; (f) Annual Base Rent under the Ground Lease; (g) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (h) the approved bond issuer fees, fiscal agent fees and annual asset management fees indicated in the Annual Operating Budget and approved by the City; and (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account). Partnership Fees are not Project Expenses.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including, but not limited to, the following: (a) rents, fees, charges, and deposits (other than tenant’s refundable security deposits); (b) Section 8 or other rental subsidy payments received for the Project, supportive services funding (if applicable); (c) price index adjustments and any other rental adjustments to leases or rental agreements; (d) proceeds from vending and laundry room machines; (e) the proceeds of business interruption or similar insurance; (f) any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established; (g) reimbursements and other charges paid to Borrower in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Site. Project Income does not include interest accruing on any portion of the Funding Amount or tenant’s refundable security deposits.

"Project Operating Account" has the meaning set forth in **Section 11.1**.

"Qualified Tenant" means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in **Exhibit A**. The

term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**. For the avoidance of any doubt, the term "Qualified Tenant" under this Agreement has the same meaning as the term "Qualified Household" under the Ground Lease.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with **Article 7**, with utility charges to Qualified Tenants limited to an allowance determined by the SFHA.

"Replacement Cost" means all hard construction costs of the Project, not including the cost of site work and foundations but including construction contingency, for the purpose of establishing the amount of the Replacement Reserve Account. This defined term is not intended to affect any other calculation of replacement cost for any other purpose.

"Replacement Reserve Account" has the meaning set forth in **Section 12.1**.

"Residual Receipts" means Project Income remaining after payment of Project Expenses and Partnership Fees defined above. The amount of Residual Receipts will be based on figures contained in audited financial statements.

"Residual Receipts Policy" means the Mayor's Office of Housing and Community Development Residual Receipts Policy effective April 1, 2016, as amended from time to time, attached hereto as **Exhibit P**.

"Retention" has the meaning set forth in **Section 4.7**.

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

"Senior Lien" has the meaning set forth in **Section 22.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" means the Land and the Improvements.

"Table" means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

"Table of Sources and Uses" means a table of sources and uses of funds attached hereto as **Exhibit B-1**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City's prior written approval.

"TCAC" means the California Tax Credit Allocation Committee.

"Tenant" means any residential household in the Project, whether or not a Qualified Tenant.

“Tenant Screening Criteria Policy” has the meaning set forth in **Section 6.3**.

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

“20-Year Cash Flow Proforma” means the 20-year cash flow proforma for the Project attached as **Exhibit B-3**.

"Unit" means a residential rental unit within the Project.

“Waiting List” has the meaning set forth in **Section 6.5**.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other City Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific City Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from time to time in accordance with this Agreement. References to Articles, Sections and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information will be prepared, in compliance with GAAP as in effect on the date of performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other City Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the City Documents. The language of this Agreement will be construed as a whole according to its fair meaning.

## ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance the development and construction of a 159-unit multifamily rental housing development (including one manager's unit) affordable to low-income households, which will be known as Balboa Reservoir Building A. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to August 7, 2023. Notwithstanding the foregoing, City will not approve any expenditure of 2024 GO Bond Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2024 GO Bond.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement will be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, Borrower will use any interest earned on funds in any Account for the benefit of the Project.

2.4 Records. Borrower will maintain and provide to the City upon written request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by the City in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition, Borrower will provide to the City promptly following Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower to the City for additional financing for the Project in its sole discretion. In furtherance of the foregoing, the City and the Borrower agree that the City has no obligation to fund any additional gap financing for the Project.

ARTICLE 3 TERMS. Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower will repay all amounts owing under the City Documents on the date that is the later of (a) the Fifty Seventh (57<sup>th</sup>) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty Fifth (55<sup>th</sup>)

anniversary of the Conversion Date, but in all cases no later than December 31, 2083 (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower will comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continuing for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term.

3.3 Interest. Except as provided in **Section 3.4**, no interest will be charged on the Loan.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal and Interest. Except as set forth in Sections 3.5.1 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note. Except as otherwise set forth herein or in the Note, no prepayment of the Loan will be permitted without the prior written consent of the City in its sole and absolute discretion.

3.5.1 Notification and Repayment of Excess Proceeds. Borrower will notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its Permitted Limited Partner or other financing sources. Borrower will repay all Excess Proceeds to the City no later than sixty (60) days after receipt of such notification, unless the City has elected to waive such payment of Excess Proceeds. The City will use such Excess Proceeds to reduce the balance of the Loan.

3.6 Changes in Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the City within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. Examples of significant changes include loss or adjustments (other than regular annual adjustments) in funding under Continuum of Care, Section 8 or similar programs.

3.7 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement will be deemed to imply that Borrower will obtain

any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property will require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

#### ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

4.2 Closing. Unless otherwise agreed by the City and Borrower in writing, Borrower will establish an escrow account with the title company issuing the Title Policy, or any other escrow agent Borrower chooses, subject to the City's approval (the "Escrow Agent"). The parties will execute and deliver to the Escrow Agent written instructions consistent with the terms of this Agreement. In the event the escrow does not close on or before the expiration date of escrow instructions signed by the City, or any other mutually agreed date, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan only upon satisfaction of all conditions precedent in this Section as follows:

(a) Borrower will have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in duplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Opinion; (vi) the Authorizing Resolutions; (vii) the Developer Fee Agreement; (viii) subordination, nondisturbance and attornment agreements from each commercial tenant in possession, if any, or holding any right of possession, of any portion of the Site; and (ix) any other City Documents reasonably requested by the City.

(b) Borrower will have delivered to the City: (i) Borrower's Charter Documents and (ii) a comprehensive maintenance and operating plan for the Project duly

approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection. The Charter Documents will be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

(c) Borrower will have delivered to the City evidence of all insurance policies and endorsements required under **Exhibit L** of this Agreement and, if requested by the City, copies of such policies.

(d) Borrower will have delivered to the City satisfactory evidence that Borrower has obtained commitments for any additional financing that may be required for the Project, in amounts and from lenders or investors satisfactory to the City in its sole discretion.

(e) Borrower will have delivered to the City a preliminary report on title for the Site dated no earlier than thirty (30) days before the Agreement Date.

(f) Borrower will have delivered to the City a "Phase I" environmental report for the Site, or any other report reasonably requested by the City, prepared by a professional hazardous materials consultant acceptable to the City.

(g) Borrower has delivered to the City a third party analysis, in the form of an analysis by the accounting firm or other tax professional working on the Project cost analysis or a tax memo or opinion, which reviews the inclusion or exclusion of infrastructure costs in eligible basis for Balboa Gateway LP, a California limited partnership (as the owner of Building A) for purposes of Internal Revenue Code Section 42 and which analysis is in a form acceptable to the City in its reasonable discretion.

(h) The Escrow Agent will have received and is prepared to record the Declaration of Restrictions and Deed of Trust as valid liens in the Official Records, subject only to the Permitted Exceptions.

(i) The Escrow Agent will have committed to provide to the City the Title Policy in form and substance satisfactory to the City.

4.4 Disbursement of Funds. Following satisfaction of the conditions in **Section 4.3**, the City will authorize the Escrow Agent to disburse Funds as provided in the City's escrow instructions.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the conditions precedent under this Section as follows:

(a) Borrower will have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, Borrower will obtain the City's prior written approval for all requested reallocations of Funds for line items previously approved by the City, which request shall not be unreasonably delayed, conditioned or denied.

(b) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the date of the Expenditure Request.

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower will have certified to the City that the Project complies with the labor standards set forth in **Section 5.1**, if applicable.

(d) With respect to any Expenditure Request that covers travel expenses, Borrower's travel expenses will be reasonable and will comply with the following:

(i) Lodging, meals and incidental expenses will not exceed the then-current per diem rates set forth by the United States General Services Administration for the County of San Francisco found at: <https://www.gsa.gov/portal/category/104711>.

(ii) Air transportation expenses will use fares for coach-class accommodations, provided that purchases for air travel will occur no less than one week before the travel day.

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not provided by a lodging, ground transportation expenses for travel to or from regional airports will not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses will not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation will not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.

(iv) Miscellaneous travel expenses will not exceed Fifty Dollars (\$50.00) without prior written approval of the City.

(v) Any Expenditure Request for travel expenses will include supporting documentation, including, without limitation, original itemized receipts showing rates and cost, air travel itinerary, proof of payment, and any written justification requested by the City.

For the purpose of this Section, the terms “lodging,” “meals” and “incidental expenses” will have the same meanings defined in 41 CFR Part 300-3; the term “coach-class” will have the same meaning defined in 41 CFR Part 301-10.121(a); and the term “miscellaneous” means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

(e) The Loan will be In Balance.

4.6 Loan In Balance. The City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines that the Loan is Out of Balance. When the City is satisfied that the Loan is again In Balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction, if any, will be held by the City and/or other Project lenders (the “**Retention**”) and may be released only upon satisfaction of all requirements listed in the Construction Manager’s Checklist for Release of Retention as follows:

(a) Early Retention Release. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, Borrower may submit a written request to the City to release up to fifty percent (50%) of the Retention, provided that the following prerequisites have been met: (i) all work required to be performed by all parties for whom the City agrees to release the Retention (the “**Early Retention Release Contractors**”) has been completed in conformance with the terms of the applicable contract documents, the Approved Plans, Approved Specifications and all applicable Laws; (ii) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (iii) no liens or stop notices have been filed against the Project and no claims are pending (unless such notices or claims will be released simultaneously with the payment); (iv) the City determines that the contingency is in balance and adequate to complete the Project; (v) the Project is on schedule (as such schedule may be modified by approval of the City), and (vi) Expenditure Requests will not exceed 95% of the approved budgeted costs on a line item basis. A list of Early Release Retention Contractors will be provided to and approved by the City before executing the construction contract with the general contractor.

(b) Retention Release After Project Completion. Borrower may request disbursement of the remaining percentage amount of the Retention only upon the satisfaction of each of the following conditions, unless otherwise approved in writing by the City: (i) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (ii) timely recordation of a notice of completion; and

(iii) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

4.8 Limitations on Approved Expenditures. The City may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured, or during the pendency of an uncured Event of Default; or (b) for disapproved, unauthorized or improperly documented expenses. The City is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no event may the aggregate amount of all Funds disbursed to Borrower under this Agreement exceed the Funding Amount.

## ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Labor Requirements. Borrower's procurement procedures, contracts, and subcontracts will comply, and where applicable, require its contractors and subcontractors to comply, with the applicable labor requirements under **Exhibit E** of this Agreement, including, but not limited to, the selection of all contractors and professional consultants for the Project and payment of prevailing wage.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower will deliver to the City, and the City will have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "**Construction Contract**"). The plans approved by the City will also be approved by the City and County of San Francisco's Department of Building Inspection (the "**Department of Building Inspection**") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans will be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") will also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. After completion of the Project, Borrower will retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower will make available to the City upon written request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Borrower will provide adequate and complete justification for analysis of any change order request to the City. The City will provide any questions, comments or requests for additional information to Borrower within five (5) business days of receipt of a change order request. City will review and approve or disapprove of a change order request within ten (10) business 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) business day period, the change order will be deemed approved. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower will deliver to the City insurance endorsements and bonds as described in **Exhibit L**. At all times, Borrower will take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower will: (a) commence demolition, rehabilitation, or construction by a date no later than \_\_\_\_\_; (b) complete demolition, rehabilitation or construction by a date no later than \_\_\_\_\_, in accordance with the Approved Plans and Approved Specifications as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of \_\_\_\_\_ percent (\_\_\_\_%) of the Units by a date no later than \_\_\_\_\_.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction will be performed in a first class manner, substantially in accordance with the Approved Plans and Approved Specifications and in accordance with all applicable codes.

## ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. No later than six (6) months before the Completion Date, Borrower will deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower will obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower will market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan will address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City:

(a) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) A plan that satisfies the requirement to give preference in occupying units in accordance with the Preferences and Lottery Manual and the Preferences Ordinance. Notwithstanding the foregoing, in the event of a conflict between this provision and the provisions of Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated therewith, the provisions of such Section 42 (and the applicable regulations) shall control.

(c) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising will display the Equal Housing Opportunity logo.

(d) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(e) Notices to SFHA.

(f) Notices to MOHCD.

(g) To the extent practicable, without holding Units off the market, the community outreach efforts listed above will take place before advertising vacant Units or open spots on the Waiting List to the general public.

(h) An acknowledgement that, with respect to vacant Units, the marketing elements listed above will only be implemented if there are no qualified applicants interested or available from the Waiting List.

### 6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements

(a) Borrower's Marketing and Tenant Selection Plan will comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Tenant Selection Plan will be kept on file at the Project at all times.

(b) Borrower's tenant screening criteria will comply with the Tenant Screening Criteria Policy set forth in the attached Exhibit I.

6.4 Marketing Records. Borrower will keep records of: (a) activities implementing the Marketing and Tenant Selection Plan; (b) advertisements; and (c) other community outreach efforts.

6.5 Waiting List. Borrower's Marketing and Tenant Selection Plan will contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but will limit the number of refusals without cause as approved by the City. Borrower will at all times maintain the Waiting List. Upon the vacancy of any Unit, Borrower will first attempt to select the new Tenant for such Unit from the Waiting List, and will only market the Unit to the general public after determining that no applicants from the Waiting List qualify for such Unit. The Waiting List will be kept on file at the Project at all times.

## ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS...

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and effect: (a) for the Compliance Term; (b) for any Unit that has been subject to a regulatory agreement with TCAC, for a period ending three (3) years after the date of any transfer of the Project by foreclosure or deed-in-lieu of foreclosure; and (c) with respect to any Unit occupied by a Qualified Tenant at expiration of either the Compliance Term or the 3-year period referred to in **Subsection (b)** above, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause. The requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

### 7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**.

(b) A Tenant who is a Qualified Tenant at initial occupancy will not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit will be rented only to Qualified Tenants as provided in this **Article 7**.

### 7.3 Rent Restrictions.

(a) Rent charged to each Qualified Tenant may not exceed the amounts set forth in **Exhibit A**, *provided that* Rents may be adjusted annually, subject to the limitations below.

(b) Subject to the Hold Harmless Policy, rents for all Units may be increased once annually up to the maximum monthly rent by unit type as published by MOHCD.

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover

increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses will not be unreasonably withheld, conditioned or delayed.

(d) For any Qualified Tenant participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program. There is no limit on the increase/decrease in Rent charged under this provision, as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**. There is no limit on the number of Rent adjustments that can be made in a year under this provision.

(e) For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, there is no limit on the increase in Rent charged as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**.

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a)**.

#### 7.4 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project will be required to sign and deliver to Borrower a certification in the form shown in **Exhibit C** in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant. In addition, each person will be required to provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective Tenant's income. Certifications provided to and accepted by the SFHA will satisfy this requirement.

(b) Borrower will require each Qualified Tenant in the Project to recertify to Borrower on an annual basis the Qualified Tenant's household income and in accordance with applicable tax credit requirements.

(c) During the Retention Period, Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year will be maintained on file at Borrower's principal office, and Borrower will file or cause to be filed copies thereof with the City promptly upon request by the City.

7.5 Form of Lease. The form of residential lease for Tenants will provide for termination of the lease and consent to immediate eviction for failure to: (i) qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification, or (ii) submit to Borrower an annual recertification of income. The initial term of the lease will be for a period of not less than one (1) year. Borrower will not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws or other good cause. Any termination or refusal to renew the lease for a Unit will be preceded by not less than thirty (30) days' written notice to the Tenant specifying the grounds for the action.

7.6 Nondiscrimination. Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable California law and this Agreement. Borrower will segregate any security deposits collected from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account will at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

## ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

### 8.1 Borrower's Responsibilities.

(a) Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower will maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building

and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

## 8.2 Contracting With Management Agent.

(a) Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in **Section 8.1(a)**, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between Borrower and the management agent, *provided, however*, that the arrangement will not relieve Borrower of responsibility for performance of those duties. Any management contract will contain a provision allowing Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. As of the Agreement Date, the City has approved \_\_\_\_\_ as Borrower's management agent ("Management Agent"), subject to approval of the management contract between Borrower and Management Agent.

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1(a)** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by the City, (which, unless there is a life or safety issue, shall not be less than thirty (30) days), Borrower will exercise its right of termination promptly thereafter and make prompt arrangements for continuous and continuing performance of the functions required in **Section 8.1(a)**, subject to the City's approval, which approval shall not be unreasonably delayed, conditioned or withheld.

8.3 Borrower Management. Borrower may manage the Project itself only with the City's prior written approval and the approval of Borrower's Permitted Limited Partner. The City will provide written notice to Borrower of any determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Section 8.1(a)**.

## ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

9.2 Borrower Compliance. Borrower will comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

## ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

### 10.1 Generally

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all applicable Laws. Borrower acknowledges that the City may also conduct periodic on-site inspections of the Project, subject to the rights of tenants under leases. Borrower will cooperate with the monitoring by the City and ensure full access to the Project (subject to the rights of tenants under leases) and all information related to the Project as reasonably required by the City.

(b) During the Retention Period, Borrower will keep and maintain books, records and other documents relating to the receipt and use of all Funds, including all documents evidencing any Project Income and Project Expenses. Borrower will maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports will be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower will provide written notice of the replacement of its Developer within thirty (30) days after the effective date of such replacement.

10.2 Monthly Reporting Borrower will submit monthly reports (the “MOHCD Monthly Project Update”) describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update will be submitted by email in substantially the form requested by MOHCD until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Annual Reporting. From and after the Completion Date, Borrower will file with the City annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Partnership Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred fifty (150) days after the end of Borrower's fiscal year. The Annual Monitoring Report will be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

10.4 Capital Needs Assessment. In accordance with the CNA Policy, Borrower will deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower will provide to the City the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower will provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

(a) within ninety (90) days after the Completion Date, a draft cost certification (or other similar project audit performed by an independent certified public accountant) identifying the sources and uses of all Project funds including the Funds;

(b) within one hundred-eighty (180) days after the Completion Date, a report on compliance with the applicable requirements under **Section 5.1** of this Agreement, including the type of work and the dollar value of such work; and

(c) if applicable, within ninety (90) days after the Completion Date, a report demonstrating compliance with all requirements regarding relocation, including the names of all individuals or businesses occupying the Site on the date of the submission of the application for Funds, those moving in after that date, and those occupying the Site upon completion of the Project.

10.6 Response to Inquiries. At the written request of the City, its agents, employees or attorneys, Borrower will respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project and any other requested information with respect to Borrower or the Project.

10.7 Delivery of Records. At the written request of the City, made through its agents, employees, officers or attorneys, Borrower will provide the City with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board and/or the California State Board of Equalization on behalf of Borrower and any general partner or manager of Borrower;

(b) all certified financial statements of Borrower and, if applicable, its general partner or manager, the accuracy of which will be certified by an auditor satisfactory to the City; and

(c) any other records related to Borrower's ownership structure and the use and occupancy of the Site.

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) access, subject to the rights of tenants under leases, to the Project throughout the Compliance Term to monitor the progress of work on the Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable written notice, for the retention period required under **Section 10.9**.

10.9 Records Retention. Borrower will retain all records required for the periods required under applicable Laws (the "Retention Period").

## ARTICLE 11 USE OF INCOME FROM OPERATIONS.

### 11.1 Project Operating Account.

(a) Borrower will deposit, or cause its Management Agent to deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Partnership Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) Borrower will keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower will provide copies of the records to the City upon written request.

## ARTICLE 12 REQUIRED RESERVES.

### 12.1 Replacement Reserve Account

(a) Commencing no later than sixty (60) days after the Completion Date, or such later date as may be approved by the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15<sup>th</sup> day of each month following establishment of the Replacement Reserve Account, Borrower will make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section, or such greater amount as may be required under the Partnership Agreement or by the holder of any Senior Lien. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary. The City acknowledges and agrees that, from and after the Conversion Date, the Borrower's monthly deposit to the Replacement Reserve Fund related to the Tax-Exempt Loan and held by Senior Permanent Lender shall satisfy the requirements of this Section 12.1(a).

(b) Monthly deposits will equal the lesser of: (i) 1/12<sup>th</sup> of 0.6% of Replacement Cost; or (ii) 1/12<sup>th</sup> of the following amount: \$79,500.

After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

### 12.2 Operating Reserve Account

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower will make additional deposits from available operating cashflow, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses; provided, however, that such deposits shall be required only to the extent of available Project Income remaining after payment in full of items (a) through (e) (inclusive) in the definition of "Project Expenses" herein.

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

## ARTICLE 13 DISTRIBUTIONS.

13.1 Definition. "Distributions" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to Borrower or any party having a beneficial interest in the Project, but does not include reasonable payments for property management, asset management or other services performed in connection with the Project.

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any other agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement and such failure has not been cured in accordance with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or
- (d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or

(e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Subject to the terms of this Agreement and the conditions to distribution of Residual Receipts set forth in Exhibit P, Borrower may use up to Fifty 50% of Residual Receipts to pay approved deferred Developer Fees to the Developer until the earlier of: (i) the fifteenth (15th) anniversary of the first Payment Date; or (ii) the payment in full of the deferred Developer Fees in the approved amount of \$ \_\_\_\_\_ payable by the Borrower to the Developer. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note. For so long as HCD's loan is outstanding, the City's share of Residual Receipts available for Payment is the proportional amount between the City's financial assistance amount and HCD's financial assistance amount ( \_\_\_\_\_ % to MOHCD and \_\_\_\_\_ % to HCD).

#### ARTICLE 14 SYNDICATION PROCEEDS.

14.1 Distribution and Use. If Borrower is a limited partnership or limited liability company, and unless otherwise approved by the City in writing, Borrower will allocate, distribute and pay or cause to be allocated, distributed and paid all net syndication proceeds and all loan and grant funds as specified in the Table. Borrower will notify the City of the receipt and disposition of any net syndication proceeds received by Borrower during the term of this Agreement.

#### ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees to the Developer in an amount not to exceed Twenty Two Million Six Hundred Three Thousand One Hundred Sixty Two and No/100 Dollars (\$22,603,162.00) for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer.

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees pursuant to Section 2(b) of the Developer Fee Agreement and Borrower's Partnership Agreement.

## ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower will not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units in the Project; (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 Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole or managing general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation (or a limited liability company of which BRIDGE Housing Development Corporation (or affiliate thereof) is the sole member) approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project and/or is otherwise permitted by the Partnership Agreement; (f) any transfer by foreclosure or deed in lieu of foreclosure; (g) if a lender becomes the tenant under either Ground Lease (or a lender's affiliate), transfers of ownership interests in such lender (or its affiliate); (h) the grant or exercise of an option agreement between Borrower and Borrower's 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; or (i) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner reasonably approved in advance by the City. Further, City will not unreasonably withhold or delay its approval of the removal or replacement of a General Partner by the Permitted Limited Partners (or an affiliate thereof), pursuant to the terms of the Partnership Agreement. 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 Agreement.

## ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower will procure and keep in effect, and cause its contractors and subcontractors to obtain and maintain at all times during any work or construction activities on the Property, the insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term (or, as it relates to the contractor and subcontractors, in accordance with the Construction Contract), at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower will indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any

failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower will answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee will give Borrower prompt written notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower will seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

17.4 No Limitation. Borrower's obligations under **Section 17.2** are not limited by the insurance requirements under this Agreement.

17.5 Survival. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

#### ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I and Phase II reports or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site, if any, do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower will: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

#### ARTICLE 19 DEFAULT.

19.1 Event of Default. Any material breach by Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the City Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any City Document will constitute an "Event of Default," including the following:

(a) Borrower fails to make any payment required under this Agreement within ten (10) days after the date when due; or

(b) Except as permitted by this Agreement, any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(c) Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(d) Any representation or warranty made by Borrower in any City Document proves to have been incorrect in any material respect when made, and if such representation or warranty is capable of cure, Borrower does not cure such representation or warranty within thirty (30) days after receipt of written notice from the City to cure the default; or

(e) All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or not capable of being completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days after written notice from the City to Borrower; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

(g) Without the City's prior written consent, Borrower assigns or attempts to assign any rights or interest under any City Document, whether voluntarily or involuntarily, except as permitted under **Section 16.1**; notwithstanding the foregoing, Borrower may replace the General Partner with an affiliate of NEF in accordance with the Partnership Agreement provided that a permanent replacement general partner is approved by the City within ninety (90) days after the original general partner is removed; or

(h) Without the City's prior written consent, Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower or of its right, title or interest in the Project or the Site except as permitted under **Article 16**; notwithstanding the foregoing, Borrower may replace the General Partner with an affiliate of NEF in accordance with the Partnership Agreement provided that a permanent replacement general partner is approved by the City within ninety (90) days after the original general partner is removed or

(i) Except as permitted under this Agreement, without the City's prior written consent, Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project, provided that, if the Borrower provides an alternate funding source to cover a loss of funding or rental subsidy that is reasonably satisfactory to the City, a material adverse impact shall not be deemed to have occurred; or

(m) Borrower fails to make any payments or disbursements required to bring the Loan in balance within ten (10) days after written notice from the City that the City has determined that the Loan is out of balance, including but not limited to disbursements of any additional gap financing necessary to bring the Loan in balance; or

(n) Before a certificate of occupancy or equivalent certification is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of twenty five (25) consecutive calendar days, and the cessation is not excused under **Section 19.3** (but only after the closing date of Borrower's financing for construction or rehabilitation of the Project); or

(o) Borrower is in default of its obligations with respect to the Ground Lease or any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(p) Borrower is in default of its obligations under any other agreement entered into with the City and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

Notwithstanding the above, the City agrees that any notice of Event of Default also shall be provided to Borrower's Permitted Limited Partner, and the Permitted Limited Partner shall have the right to cure any such default during the applicable cure period. The City agrees that a cure of any default by the Permitted Limited Partner shall be deemed a cure by Borrower.

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's rights and remedies following an Event of Default are cumulative, including:

(a) The City at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b) The City at its option may terminate all commitments to make Disbursements or to release the Site from the Deed of Trust or Declaration of Restrictions, or, without waiving the Event of Default, the City may determine to make further Disbursements or to release all or any part of the Site from the Deed of Trust or Declaration of Restrictions upon terms and conditions satisfactory to the City in its sole discretion.

(c) The City may perform any of Borrower's obligations in any manner, in the City's reasonable discretion.

(d) The City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate.

(e) The City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, will become due and payable automatically.

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's written demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls, including, but not limited to, government health orders related to a pandemic or epidemic; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform; government shutdowns. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

19.4 City's Recourse. The City's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

## ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

20.1 Borrower Representations and Warranties. As a further inducement for the City to enter into this Agreement, Borrower represents and warrants as follows:

(a) The execution, delivery and performance of the City Documents will not contravene or constitute a default under or result in a lien upon assets of Borrower under any applicable Law, any Charter Document of Borrower or any instrument binding upon or affecting Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting Borrower.

(b) When duly executed, the City Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the City Documents related to alleged invalidity of the City Documents.

(c) No action, suit or proceeding is pending or threatened that might affect Borrower or the Project adversely in any material respect.

(d) Borrower is not in default under any agreement to which it is a party, including any lease of real property.

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the City, the Department of Industrial Relations, or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with the City or any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

(f) The Loan is in balance, and the Funding Amount, together with all other committed sources of financing for the Project, are sufficient to complete the Project in accordance with this Agreement.

(g) All statements and representations made by Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

(h) The Borrower is duly organized and in good standing under applicable laws of the State of California and is qualified to do business in the City and County of San Francisco.

## ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement will be made in writing and may be communicated by personal delivery, by a nationally recognized courier that obtains receipts, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices will be addressed as follows:

To the City:	City and County of San Francisco Mayor's Office of Housing and Community Development 1 South Van Ness Avenue, 5 <sup>th</sup> Floor San Francisco, CA 94103 Attn: Director
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To Borrower: c/o BRIDGE Housing Corporation  
350 California Street, 16<sup>th</sup> Floor  
San Francisco, CA 94104  
Attn: Sierra Atilano

With a copy to: BRIDGE Housing Corporation  
350 California Street, 16<sup>th</sup> Floor  
San Francisco, CA 94104  
Attn: General Counsel

With a copy to: NEF Balboa Gateway MTE LP  
c/o National Equity Fund  
540 W. Madison Street  
Suite 1900  
Chicago, IL 60661  
Attn: General Counsel

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be Out of Balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

21.3 Notice to Permitted Limited Partners. The City agrees to deliver a copy of any notice of default to the Permitted Limited Partners at the address set above as the same time and in the same manner as notice is delivered to Borrower. The City's failure to deliver notice under this Section will not affect or impair the City's right to enforce its rights at law or in equity arising by reason of an Event of Default:

[to come]

## ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "**Senior Lien**"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. The Declaration of Restrictions will not be subordinated to any financing secured by and used for the Project. Notwithstanding the foregoing, the Senior Lien has been approved by the City.

22.2 No Third Party Beneficiaries. Nothing contained in this Agreement, nor any act of the City, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and Borrower or Borrower's agents, employees or contractors.

22.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against the City by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. Borrower will include this requirement as a provision in any contracts for the development of the Project.

22.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

22.5 City Obligations. The City's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will the City be liable to Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents.

22.6 Borrower Solely Responsible. Borrower has the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City

Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

22.7 No Inconsistent Agreements. Borrower warrants that it has not executed and will not execute any other agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

22.8 Inconsistencies in City Documents. In the event of any conflict between the terms of this Agreement and any other City Document, the terms of this Agreement control unless otherwise stated; *provided, however*, that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

22.9 Governing Law; Venue. This Agreement is governed by California law and the City's Charter and Municipal Code without regard to its choice of law rules. Any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Agreement has been brought in an inconvenient forum. The Parties also unconditionally and irrevocably waive any right to remove any such suit, action, or proceeding to Federal Court.

22.10 Joint and Several Liability. If Borrower consists of more than one person or entity, each is jointly and severally liable to the City for the faithful performance of this Agreement.

22.11 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors and assigns. This provision does not relieve Borrower of its obligation under the City Documents to obtain the City's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

22.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as

employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

22.13 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

22.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action will be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

22.15 Further Assurances. Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by the City from time to time to confirm or otherwise carry out the purpose of this Agreement.

22.16 Binding Covenants. The provisions of the City Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the Compliance Term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

22.17 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any City Document, that party agrees not to withhold or delay its consent or approval unreasonably.

22.18 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one agreement.

22.19 Borrower's Personnel. The Project will be implemented only by competent personnel under the direction and supervision of Borrower, or Borrower's Management Agent.

22.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, will at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors will meet regularly and maintain appropriate membership, as established in the bylaws and other governing documents of Borrower, Borrower's manager or Borrower's general partner, as applicable, and will adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such board of directors will exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

22.21 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

## EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M Intentionally Omitted
- N Intentionally Omitted
- O Intentionally Omitted
- P MOHCD Residual Receipts Policy

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California as of the date first written above.

**THE CITY:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: \_\_\_\_\_  
Daniel Lurie  
Mayor

By: \_\_\_\_\_  
Daniel Adams  
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DAVID CHIU  
City Attorney

By: \_\_\_\_\_  
Heidi J. Gewertz  
Deputy City Attorney

**BORROWER:**

BALBOA GATEWAY LP,  
A California limited partnership

By: BALBOA GATEWAY LLC,  
a California limited liability company, its  
Managing General Partner

By: BRIDGE Housing Corporation, a  
California nonprofit public benefit  
corporation

Its: Manager

By: \_\_\_\_\_  
Name: Sierra Atilano  
Title: Chief Real Estate Officer

**EXHIBIT A**  
**Schedules of Income and Rent Restrictions**

1. Income and Rent Restrictions. Maximum rent is 30% of maximum income level. As used in this Agreement, the term "Qualified Tenant" includes each category of Tenant included below:

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum Income Level</b>
Studio	11	40% of Median Income
1 BR	19	40% of Median Income
2 BR	7	40% of Median Income
3 BR	4	40% of Median Income
Studio	2	70% of Median Income
3 BR	36	70% of Median Income
1 BR	46	80% of Median Income
2 BR	33	80% of Median Income
3 BR	1	Manager's Unit

2. Rent and Utilities. The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

Rents may be increased as permitted pursuant to Section 7.3 of the Agreement.

**EXHIBIT B-1**

**Table of Sources and Uses of Funds**

**EXHIBIT B-2**  
**Annual Operating Budget**

**EXHIBIT B-3**  
**20-Year Cash Flow Proforma**

**EXHIBIT C**  
**Tenant Income Certification Form**

## EXHIBIT D

### First Source Hiring Requirements and Numerical Goals

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83). Borrower will, or will require its general contractor to, separately execute a First Source Hiring Agreement with the City as set forth below, although the lack of such a separate execution will not affect the requirements of Chapter 83 as incorporated herein.

A. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor will comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement have the meanings assigned to such terms in Chapter 83.

B. First Source Hiring Agreement. On or before the effective date of the Ground Lease, Borrower will, or will require its general contractor to, enter into a first source hiring agreement ("FSH Agreement") with the City, that will include the terms as set forth in Section 83.9(b). Borrower also enter into a FSH Agreement with the City for any other work that it performs in the City.

C. Hiring Decisions. Borrower or its general contractor will make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

D. Exceptions. Upon application by Contractor, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

E. Liquidated Damages. Borrower agrees:

1. To be liable to the City for liquidated damages as provided in this Section;
2. To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this Section;
3. That the Borrower's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result

of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

4. That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to \$10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

5. That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this Section is based on the following data:

a. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and

b. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to a contractor and who is hired in an entry level position is at least one year; therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

6. That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

7. That in the event the City is the prevailing party in a civil action to recover liquidated damages for breach of a contract provision required by this Chapter, the contractor will be liable for the City's costs and reasonable attorney's fees.

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors will be made by the FSHA.

F. Subcontracts. Any subcontract entered into by Borrower or its general contractor will require the subcontractor to comply with the requirements of Chapter 83 and will contain contractual obligations substantially the same as those set forth in this Section.

**EXHIBIT E**  
**Governmental Requirements**

1. 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 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must comply with Chapter I (commencing with Section 1720) of Part 7 of the California Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) and contain a provision requiring: (1) the payment of not less than the Prevailing Rate of Wage to all laborers and mechanics employed in the development of any part of the housing, (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 state law and San Francisco Administrative Code Section 6.22(n), (collectively, “Prevailing Wage Requirements”). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower 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. If applicable, Borrower must include, and require its 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 Chapter 6.

2. Environmental Review. The Project will meet the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or the City who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Borrower will incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower will take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if Borrower at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict of interest prohibitions, Borrower agrees that the City may refuse to consider any future application for funding from Borrower or any entity related to Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

4. Disability Access. Borrower will comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Borrower will provide to the City a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower will satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower will also comply with the

provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. Relocation. Borrower will comply with any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

7. Low-Income Hiring Requirements. The use of Funds triggers compliance with certain hiring requirements imposed by the City's First Source Hiring Ordinance (S.F. Admin. Code Chapter 83). To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

8. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Borrower Will Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate against any employee, City and County employee working with Borrower or any subcontractor, applicant for employment with Borrower or any subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower 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, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. Borrower will incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower's failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or 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, as well as any benefits other than the benefits specified above, 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 Contract. As a condition to this Agreement, Borrower will execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the executed form by the San Francisco Contract Monitoring Division.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B ("Nondiscrimination in Contracts") and 12C ("Nondiscrimination in Property Contracts") of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Borrower will comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including the remedies provided in such Chapters. Without limiting the foregoing, Borrower understands that pursuant to Sections 12B.2(h) and 12C.3(g) 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 Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

9. MacBride Principles. Pursuant to San Francisco Administrative Code Section 12F.5, City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Borrower acknowledges and agrees that he or she has read and understood this Section.

10. Tropical Hardwood & Virgin Redwood Ban. Pursuant to § 804(b) of the San Francisco Environment Code, City urges all grantees and borrowers not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

11. Preservative-Treated Wood Containing Arsenic. Borrower may not purchase preservative-treated wood products containing arsenic until the Deed of Trust has been fully reconveyed unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" will 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. Borrower 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 Borrower from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is

used for construction purposes or facilities that are partially or totally immersed in saltwater.

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim will be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

- (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;
- (b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;
- (c) conspires to defraud the City by getting a false claim allowed or paid by the City;
- (d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or
- (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

(a) Borrower acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, will be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Borrower that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable. By executing this Agreement, Borrower agrees to open its meetings and

records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower 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. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of the Agreement will be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower will notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

14. Prohibition on Use of Public Funds for Political Activities. Borrower will comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Borrower is subject to the enforcement and penalty provisions in Chapter 12G.

15. Nondisclosure of Private Information. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information", and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter will be a material breach of the Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement, bring a false claim action against Borrower pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Borrower.

16. Graffiti Removal. 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 the 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 will 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.

(a) Borrower will remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower'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 a Borrower 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 sites, 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" will 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.).

(b) Any failure of Borrower to comply with this section of this Agreement will constitute an Event of Default of this Agreement.

17. Resource-Efficient Building Ordinance. Borrower 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. Borrower hereby agrees it will comply with the applicable provisions of such code sections as such sections may apply to the Property.

18. Consideration of Criminal History in Hiring and Employment Decisions.

(a) Borrower agrees to comply fully with and be bound by all of the provisions of Chapter 12T "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at [www.sfgov.org/olse/fco](http://www.sfgov.org/olse/fco). A partial listing of some of Borrower's obligations under Chapter 12T is set forth in this Section. Borrower is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement will have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T will only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the

performance of this Agreement, will apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, will apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and will not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(c) Borrower will incorporate by reference in all subcontracts the provisions of Chapter 12T, and will require all subcontractors to comply with such provisions. Borrower's failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

(d) Borrower or Subcontractor will not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, 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.

(e) Borrower or Subcontractor will 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 16.16(d), above. Borrower or Subcontractor will 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.

(f) Borrower or Subcontractor will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Borrower or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(g) Borrower and Subcontractors will post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Borrower or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice will be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

(h) Borrower understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City will have the right to pursue any rights or remedies available under Chapter 12T, 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 Agreement.

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction

Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount will not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

21. Public Power. From and after the effective date of the Ground Lease, Borrower will 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 will pay all connection and use charges imposed in connection with such services. From and after the effective date of the Ground Lease, as between the City and Borrower, Borrower will 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 on the Site will be purchased from the San Francisco Public Utilities Commission ("PUC"), at PUC's standard rates charged to third parties, unless PUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. PUC 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 Site, Borrower will contact the Interconnection Services Department in the Power Enterprise of the SFPUC.

22. Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Borrower will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B ("LBE Ordinance") and will incorporate such requirements in contracts with any Contractors and Subcontractors.

**EXHIBIT F**  
**Lobbying/Debarment Certification Form**

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned will complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

*This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification will be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.*

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

BALBOA GATEWAY LP,, a California limited partnership

By: BALBOA GATEWAY LLC,  
a California limited liability company,  
its Managing General Partner

By: BRIDGE Housing Corporation,  
a California nonprofit public benefit corporation  
Its: Manager

SIGNATURE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**EXHIBIT G**  
**Form of Annual Monitoring Report**

Exhibit G

## EXHIBIT H

### Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),<sup>1</sup> **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

#### Application Process

- **Application Materials.** MOHCD will provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
  - outline the screening criteria that the housing provider will use;
  - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
  - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
  - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants will be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information will be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider will immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

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<sup>1</sup>See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2; Unruh Civil Rights Act, Civil Code § 51; California Disabled Persons Act, Civil Code § 51.4;** Dymally-Alatorre Bilingual Services Act, Gov't Code §**7290-7299.8; San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider will immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider will comply with City policy for language access requirements for applicants with limited English proficiency.

### **Reasonable Accommodation and Modification Policy**

**Reasonable Accommodation:** The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider’s rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

**Reasonable Modification:** Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

**Response to Request:** The housing provider will respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider will grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection will explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

## **Notice of Denial and Appeal Process**

- The housing provider will:
  - Hold a comparable unit for the household during the entire appeal process.
  - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
    - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
    - explain how the applicant can request an in person appeal to contest the decision;
    - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
    - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
    - provide referral information for local legal services and housing rights organizations;
    - describe the evidence that the applicant can present at the appeal;
  - give applicants denied admission a date within which to file the appeal, which will be at least ten (10) business days from the date of the notice;
  - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
  - confine the subject of the appeal to the reason for denial listed in the notice;
  - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
  - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
  - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision will be sent (electronically or otherwise) to the referring agency and the funding agency.
  
- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

## **EXHIBIT I**

### **Tenant Screening Criteria Policy**

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

#### **Screening Criteria**

- Housing providers will not automatically bar applicants who have a criminal record<sup>2</sup> in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers will not consider:
  - arrests that did not result in convictions, except for an open arrest warrant;
  - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;<sup>3</sup>
  - juvenile adjudications.
- Housing providers will consider:
  - the individual circumstances of each applicant; and
  - the relationship between the offense, and
    - (1) the safety and security of other tenants, staff and/or the property; and
    - (2) mitigating circumstances such as those listed below.
  - only those offenses that occurred in the prior 7 years, except in exceptional situations, which will be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
  - mitigating factors, including, but not limited to:
    - (1) the seriousness of the offense;
    - (2) the age and/or circumstances of the applicant at the time of the offense;
    - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

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<sup>2</sup> The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

<sup>3</sup> The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

**EXHIBIT J**

Developer Fee Policy

[To be attached]

**EXHIBIT K**

Hold Harmless Policy

**EXHIBIT L**  
**Insurance Requirements**

Subject to approval by the City's Risk Manager of the insurers and policy forms Borrower will obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. **Liability Insurance.** Borrower will obtain and maintain, or cause its contractors, subcontractors, management agent and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits 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 Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower will assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim will be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds 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, including the City as additional obligee or loss payee;

(f) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars (\$2,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This

coverage will be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy will be "claims made" coverage and Borrower will require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance. Borrower will maintain, or cause its contractors and management agent, as appropriate for each, to maintain, insurance and bonds as follows:

(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 Borrower 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 Borrower 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 Borrower 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 replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant will 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 Borrower 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 with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender will require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. General Requirements.

(a) Required Endorsements. Borrower's insurance policies will include the following endorsements:

(i) Commercial General Liability and Commercial Automobile Liability Insurance policies will be endorsed to name as "Additional Insured" the City and County of San Francisco, its officers, agents, and employees.

(ii) The Workers' Compensation policy(ies) will be endorsed with a waiver of subrogation in favor of the City for all work performed by the Borrower, its employees, agents, contractor(s), and subcontractors.

(iii) Commercial General Liability and Commercial Automobile Liability Insurance policies will provide that such policies are primary insurance to any other insurance available to the "Additional Insureds," with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(iv) All policies will be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices will be sent to the City address set forth in **Section 21.1** of the Agreement.

Borrower will provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

(b) Certificates of Insurance. By no later than Loan closing and annually thereafter, Borrower will furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Borrower's liability under this Agreement.

(c) Waiver of Subrogation – Property Insurance. With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Claims Based Policies. All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made form, Borrower will maintain coverage as follows:

(i) for builder's risk, continuously for a period ending no less than three (3) years after recordation of a notice of completion without lapse, to the effect that, if any occurrences give rise to claims made after completion of the Project, then those claims will be covered by the claims-made policies; or

(ii) for all other insurance under this Exhibit L, continuously through the Compliance Term and, without lapse, for a period of no less than three (3) years beyond the expiration of the Compliance Term, to the effect that, if any occurrences during the Compliance Term give rise to claims made after expiration of the Agreement, then those claims will be covered by the claims-made policies.

(e) Additional Requirements.

(i) If any of the required insurance is provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit will be double the occurrence or claims limits specified above.

(ii) Any and all insurance policies required under this Exhibit L will contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(iii) On City's request, Borrower and City will periodically review the limits and types of insurance carried under this Exhibit L. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Borrower for risks comparable to those associated with the Permit Area, then City in its sole discretion may require Permittee to increase the amounts or coverage carried by Borrower to conform to the general commercial practice, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(iv) Borrower's compliance with the insurance requirements under this Exhibit L will in no way relieve or decrease Borrower's indemnification obligations under this Agreement or any of Borrower's other obligations under this Agreement.

**Exhibit M**  
**Intentionally Omitted**

**EXHIBIT N**  
**Intentionally Omitted**

Exhibit O

**EXHIBIT O**  
**Intentionally Omitted**

**EXHIBIT P**  
Residual Receipts Policy



# BALBOA RESERVOIR INFRASTRUCTURE AND BUILDING E

BUDGET AND FINANCE  
COMMITTEE

MARCH 25, 2026

MAYOR'S OFFICE OF HOUSING AND  
COMMUNITY DEVELOPMENT

# BALBOA RESERVOIR INFRASTRUCTURE AND BUILDING E

## Budget and Finance Committee – March 25, 2026

1

### File #260242

Resolution approving MOHCD loan agreement up to \$29,280,757 and execution of Ground Lease for Balboa Reservoir Building A

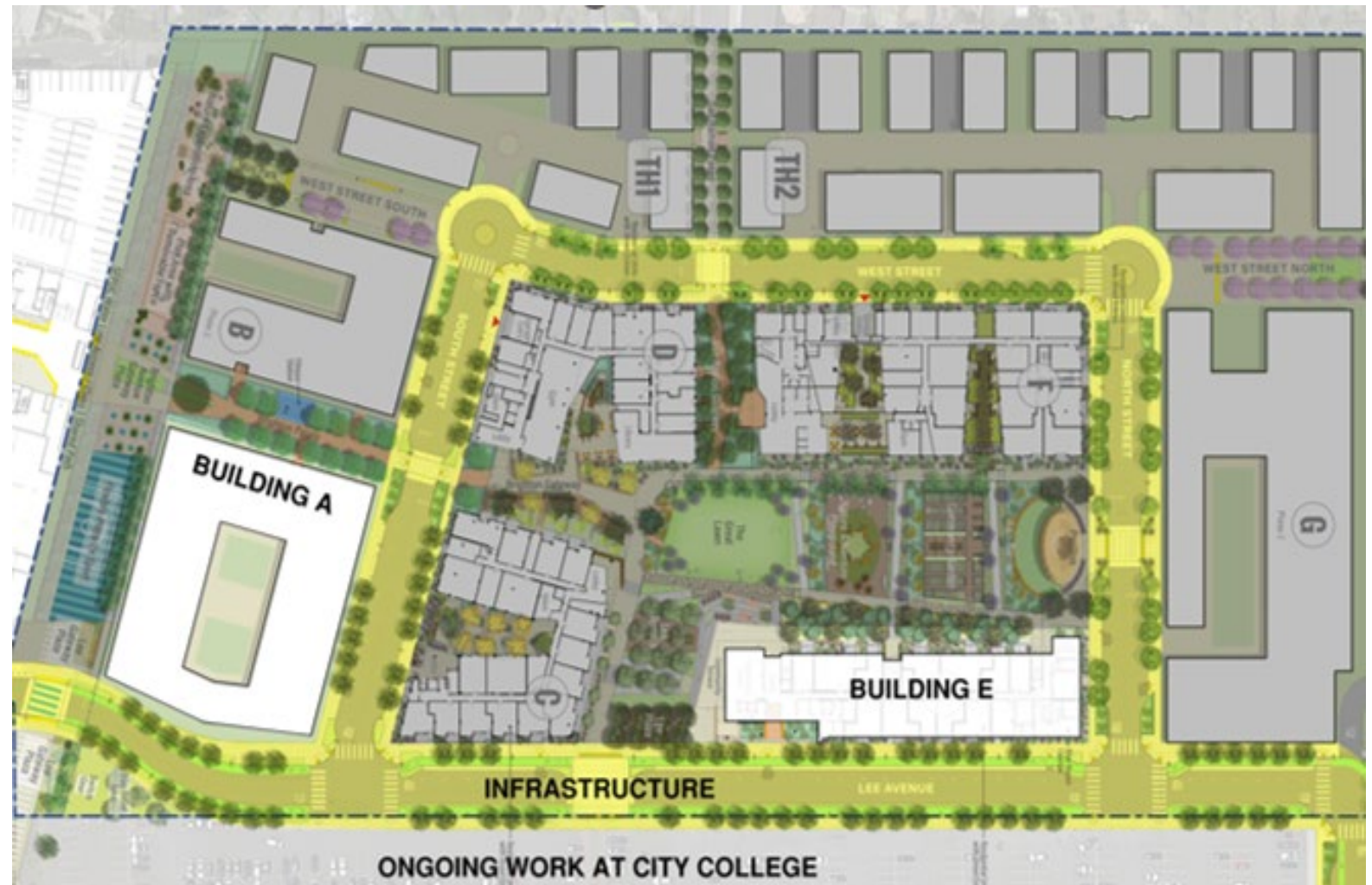
2

### File #260243

Resolution authorizing execution and delivery of tax-exempt and taxable bond funds of up to \$112,711,100 for Balboa Reservoir Building A

## BALBOA RESERVOIR

- 17-acre site located across City College used as parking lot
- Development Agreement approved by BOS in August 2020
- Infrastructure for first two affordable buildings under construction





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## BALBOA RESERVOIR BUILDING A

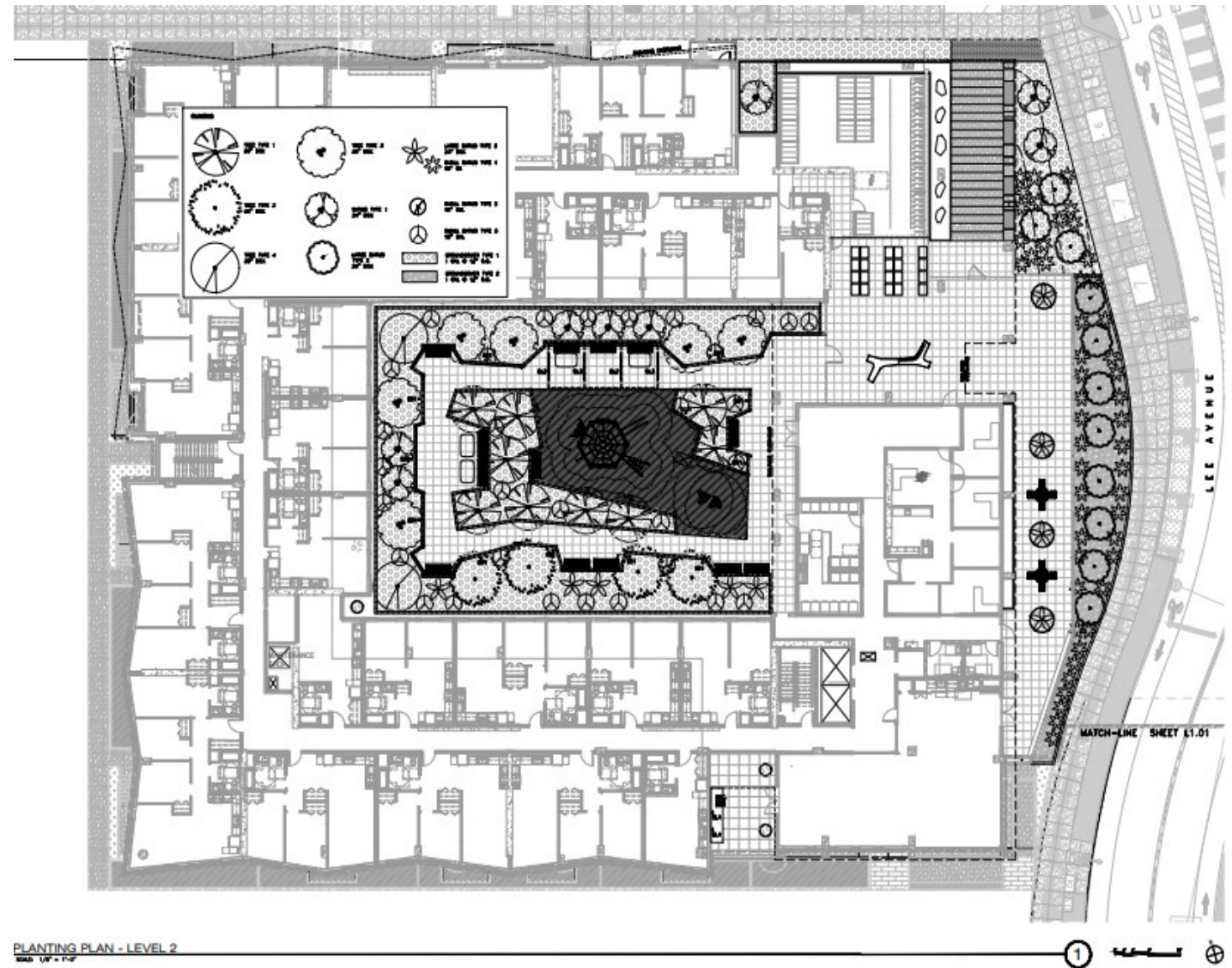
- 2<sup>nd</sup> 100% affordable development at Balboa Reservoir
- Development Sponsor is BRIDGE Housing
- 158 affordable units, one non-restricted manager's unit (159 total)
- 41 units at 40% AMI, 38 units at 70% AMI, 79 units at 80% AMI

## FINANCING

- Total Development Costs: \$188.4M
  - MOHCD: \$28.2M
  - AHSC: \$33M
  - Tax Credit Equity: \$62.6M
  - Infrastructure/IIG: \$26.3M
  - Other: \$20M

## TIMELINE

- Construction to begin May 2026
- Construction finish March 2028
- Lease up complete September 2028





**Andrew Strong**, *Project Manager*  
*Mayor's Office of Housing and Community*  
*Development*

Thank you!

## REQUEST FOR PROPOSALS FOR BALBOA RESERVOIR PROPERTY

### Opportunity

Propose, design, entitle, purchase, and develop approximately 17 acres of property that the City and County of San Francisco owns under the jurisdiction of the San Francisco Public Utilities Commission (“SFPUC”).

### Location

Bounded by City College of San Francisco’s Ocean Campus to the east, Riordan High School to the north, the Westwood Park neighborhood to the west, and the Avalon Ocean Avenue apartments to the south. (San Francisco Assessor’s Block Number 3180, Lot Number 190)

### Development Concept

Mixed-income housing in buildings 25 feet to 65 feet high with at least four acres of open space. The housing may be a combination of rental and ownership units. See Attachment E, “Development Principles & Parameters,” for more detail.

### Affordable Housing

The development should maximize the proportion of affordable housing for low, moderate, and middle-income households. At least 50% of total units should be permanently affordable, provided that this target can be achieved without compromising feasibility. Specifically:

- At least 18% low-income units (up to 55% AMI for rental units; up to 80% AMI for for-sale units)
- At least 15% moderate-income units (up to 120% AMI)
- Remaining 17% affordable to be a combination of low, moderate, and middle (up to 150% AMI) income households

### Schedule\*

RFP released	Thursday, March 9, 2017
Written questions due	Friday, March 31, 2017 at 5:00pm
Responses to written questions posted online	Friday, April 14, 2017
RFP responses due	Friday, June 2, 2017 at 5:00 PM
Public presentation of proposals	TBD, at least one week after RFP responses due
Response to public comment memos due	TBD, at least two weeks after public presentation of proposals
Developer selection announced	TBD, at least three weeks after memos received

\* Each date subject to change. Check website for latest schedule.

### Financial Requirements

Respondents should demonstrate the capacity to secure entitlements, acquire the property, finance and construct improvements, and ensure ongoing maintenance of open space and common areas.

### Site Acquisition

The SFPUC desires to sell the property in fee, following entitlements.

### Environmental Review and Entitlements

Any proposed development will evolve through the public review process. The City will not take any actions that would commit it to approval of any proposed project until environmental review for the project has been completed in accordance with the California Environmental Quality Act. If the City approves a project, anticipated entitlements would include rezoning to allow for housing and other accessory uses and, if applicable, to increase building heights above the current height of 40 feet, as needed in appropriate portions of the Site.

### Selection Process

Based on the results of a Request for Qualifications (“RFQ”) evaluation process, the SFPUC has invited the three top-scoring RFQ respondents to respond to this Request for Proposals (“RFP”). After the RFP responses have been submitted, each proposer will be invited to present the specifics of its proposal at a public meeting where members of the public may provide comments. (No financial information about respondents’ or proposed projects’ financials will be made public.) The evaluation panel will then review the RFP responses, taking into account the public feedback, among other factors. The top-scoring respondent will be invited to enter into exclusive negotiations with the City, contingent upon the SFPUC Commission’s approval of an Exclusive Negotiating Agreement (“ENA”).

### RFP Response Submittal Due

Friday, June 2, 2017 at 5:00 PM.

### Contact

Tom Shanahan  
Office of Economic and Workforce Development  
San Francisco City Hall  
1 Dr. Carlton B. Goodlett Place, Room 448  
San Francisco, California 94102-4653  
thomas.shanahan@sfgov.org

*Interested parties, including respondents, are specifically directed NOT to contact any employees or officials of the City other than those specifically designated in this RFP and its attachments. Unauthorized contact may be cause for rejection of the response at the City’s sole and absolute discretion.*

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## Attachments

- A. Site Map
- B. Approximate Site Dimensions
- C. Disclosure Questionnaire & Respondent Certification Form
- D. Development Program Overview Form
- E. Development Principles & Parameters
- F. Form of Exclusive Negotiating Agreement [FORTHCOMING]
- G. Policies, Standards, and Codes
- H. City College Board of Trustees Resolution

# 1. Project Context

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The Balboa Reservoir site (the “Site”) is an approximately 17-acre parcel that the City owns under the jurisdiction of the San Francisco Public Utilities Commission (“SFPUC”). The Site is located in the central southern portion of San Francisco, immediately to the west of the City College of San Francisco (“City College”) Ocean Campus, to the south of Archbishop Riordan High School, to the east of the Westwood Park neighborhood, and to the north of the Avalon Ocean Avenue apartments. It is also proximate to the Sunnyside and Ingleside neighborhoods, the Balboa Park BART Station, Interstate 280, and the Ocean Avenue retail corridor.

In 1957, the San Francisco Water Department (now the SFPUC) constructed the Balboa Reservoir with water storage in mind, but the Site has never been utilized as a reservoir. The idea of building new housing at the Balboa Reservoir has been discussed for several decades. The Balboa Park Station Area Plan<sup>1</sup>, adopted in 2009, includes the Balboa Reservoir in its 210-acre Plan area. The adopted Area Plan, consistent with the project analyzed in the Balboa Park Station Area Plan Final EIR, prioritizes affordable housing, quality open spaces, and development that respects surrounding neighborhoods. For the purposes of analysis, the Plan’s EIR estimated at a programmatic level (i.e., not a “project level”) 1,780 new residential units throughout the entire Plan area. As of January 1, 2017, 450 of these units had been built and an additional 58 were in the process of seeking entitlements.

In 2012, a series of land transfers between various public agencies resulted in the reconfiguration of the SFPUC’s original Balboa Reservoir land holdings. Today, City College owns approximately 10.4 acres immediately to the west of Phelan Avenue and the SFPUC controls the remaining land to the west of City College’s property.

The SFPUC’s Site resembles a large basin, with sharply sloping western, northern, and eastern edges and a sunken, paved surface at the center. The paved surface currently functions as a 1,005-space parking lot that City College utilizes under the terms of a no-fee revocable license with the SFPUC. There are no permanent structures on the Site.

As illustrated in Attachments A and B, the SFPUC expects to retain small portions of its Balboa Reservoir land holdings in fee (located along the southern edge of the Site) and, adjacent to the Site, reserve easements over other portions of its property where water transmission pipelines are located. The SFPUC routinely issues revocable fee-based licenses to adjacent property

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<sup>1</sup> The Balboa Park Station Area Plan and environmental documents can be accessed at <http://www.sf-planning.org/index.aspx?page=1748>.

owners who wish to landscape SFPUC property to enhance their adjacent property (e.g., through landscaping). However, no structures and no landscape elements with the potential to cause damage to the pipeline infrastructure (e.g., trees planted outside of planter boxes) may be installed on the retained SFPUC property.

## **2. Development Opportunity Overview**

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***Although Sections 2 through 7 of this RFP include information found in the Request for Qualifications released on November 10, 2017 (“RFQ”), these sections also contain updates and new substantive information. Respondents are expected to review this RFP in its entirety and prepare RFP responses accordingly.***

The City owns the Site under the SFPUC’s jurisdiction. Through this Request for Proposals (“RFP”) process and the previous RFQ process, the SFPUC intends to select a developer (“Developer”) to seek project entitlements, engage with the community, and develop the Site.

The primary objectives for this proposed project are:

1. Under the City’s Public Lands for Housing Program, create a mixed-income housing project that maximizes the amount of affordable housing for low, moderate, and middle-income San Franciscans, while enhancing the communities around it;
2. Provide the SFPUC’s water utility ratepayers with fair market value for this utility asset, as required by the Charter and applicable law; and
3. Develop the Site with sensitivity to surrounding neighborhoods and in a way that enhances the quality of life and opportunities for those who live, work, study, and visit in the surrounding area.

These objectives are reflected in the Transactional Terms section of this RFP (Section 7) and in the Development Principles & Parameters (“Parameters”) that are summarized in Section 6 and attached in full as Attachment E. The Parameters result from an extensive community engagement process (see Section 2.4).

### **2.1 Developer Selection Process**

The Developer selection process began with an RFQ, which identified the most qualified prospective developers based on technical ability, financial capacity, and proven experience. An

evaluation panel comprised of City staff with relevant expertise, the Balboa Reservoir Community Advisory Committee (“CAC”) Chair, and a representative of the City College administration reviewed all complete RFQ responses. This panel recommended the following finalists (listed alphabetically) to the SFPUC General Manager, who in turn invited them to participate in the RFP process.

- AvalonBay Communities and BRIDGE Housing with Mission Housing, Pacific Union Development Company, and Habitat for Humanity of Greater San Francisco
- Emerald Fund and Mercy Housing
- Related Companies with Sares Regis Group of Northern California, Curtis Development, and Tenderloin Neighborhood Development Corporation

As detailed in Section 9, this RFP requires a detailed project proposal, including programmatic, design, and financial components.

Following the RFP submittal deadline, the programmatic and design elements of each proposal will be posted online. (No financial information about the respondent or proposed project financials will be posted.) Each development team will present those programmatic and design portions of its proposal at a community meeting to be held shortly after RFP responses are due. Members of the public will have the opportunity to comment orally and/or in writing. The date and time of this meeting will be confirmed within the next month, and the development teams responding to the RFP will be informed as soon as the meeting is scheduled.

The evaluation panelists will consider these community member comments when evaluating the RFP responses, per the criteria described in Section 11. The RFP evaluation panel will be comprised of representatives of the same groups represented on the RFQ panel: City staff from the SFPUC, the Office of Economic and Workforce Development (“OEWD”), the Planning Department (“Planning”), the Mayor’s Office of Housing and Community Development (“MOHCD”), and the Municipal Transportation Agency (“SFMTA”), as well as the Balboa Reservoir CAC Chair and a representative of the City College administration. Only City staff will review the financial portions of the RFP responses.

The panel will score the RFP responses and designate a recommended proposal from among them, but the final determination of which proposer, if any, is selected to enter into negotiations will be made by the SFPUC Commission in its sole discretion. Specifically, once the panel’s evaluation is complete, the SFPUC General Manager may make a recommendation to the

SFPUC Commission regarding how to proceed. If the General Manager agrees with the panel's recommendation, he may request that the SFPUC Commission endorse that selection and delegate to the SFPUC General Manager the authority to finalize and execute an Exclusive Negotiating Agreement ("ENA") with the top-scoring development team. The SFPUC General Manager also has the authority to request that the SFPUC Commission endorse an alternative development team or no team at all.

Prior to the end of March 2017, the City will provide and make public the SFPUC's preferred form of ENA (to be inserted into this RFP as Exhibit F). RFP responses may propose specific amendments to these ENA terms, which the SFPUC may choose to accept or negotiate, at its sole discretion. If the City does not accept these amendments, the selected development team will not be obligated to enter into the ENA. The SFPUC Commission's authorization to the General Manager is anticipated to provide that the final ENA terms must be substantially similar to the SFPUC's preferred form of ENA, as modified any specific amendments proposed by the winning proposer and accepted by the SFPUC. The City expects that the ENA will be executed within 6 weeks of the Developer's selection.

## **2.2 Environmental Review**

Any proposed project will continue to evolve through the public review process. All project approval actions, including without limitation approval of any transaction documents by the SFPUC, the City's Board of Supervisors and Mayor, and other applicable City agencies, are subject to environmental review as required by the California Environmental Quality Act, Cal. Pub. Res. Code Section 21000 et seq. ("CEQA"), the CEQA Guidelines, 15 Cal. Code Regs. Section 15000 et seq, and San Francisco's Environmental Quality Regulations, codified at San Francisco Administrative Code Chapter 31 ("SF Admin. Code Chapter 31").

In order to comply with CEQA and give decision-makers and the public the opportunity to be aware of the environmental consequences of any contemplated actions with respect to a proposed project and to fully participate in the CEQA process, the City retains the absolute and sole discretion to (i) modify a proposed project as the City determines may be necessary to mitigate significant impacts, (ii) select other feasible alternatives to a proposed project to avoid significant environmental impacts, (iii) require the implementation of specific measures to mitigate the significant environmental impacts of a proposed project, (iv) balance the benefits of a proposed project against any significant environmental impacts before final approval by the City if such significant impacts cannot otherwise be avoided, and (v) determine not to proceed with a proposed project due to unavoidable significant environmental impacts.

## 2.3 City Agency Roles

The City's work on the Site's development is a collaboration led by the SFPUC, OEWD, and Planning ("Lead City Agencies"), in consultation with other interested City agencies such as MOHCD and SFMTA, as well as with City College and the community.

Once a Developer is selected, the three Lead City Agencies anticipate having the following roles:

- **The San Francisco Public Utilities Commission** will participate in the negotiation of land transaction terms consistent with its Charter obligations and jurisdiction over the property. The SFPUC will also engage in project design discussions to ensure that the final project is consistent with the SFPUC policy objectives, such as in the areas of the SFPUC's financial return, sustainability, and utility service.
- **The Office of Economic and Workforce Development** will serve as an owner's representative on the SFPUC's behalf, which typically involves leading negotiations with the Developer in collaboration with the SFPUC on overall disposition and development terms, advising on the development program as it evolves, coordinating among City agencies to ensure that the project is consistent with their practices and policy goals, and facilitating the project's regulatory approvals process.
- **The Planning Department** will provide the City's direction on the project's physical form, including the site plan, street design, building scale and massing, and the development of design guidelines for buildings and the public realm. It will lead in the City's preparation of any proposed Planning Code amendments and related land use approval documents, as well as in directing outside consultant preparation of any environmental documents required under CEQA.

## 2.4 Public Participation

Since the City announced the Balboa Reservoir as a Public Lands for Housing site in October, 2014, City staff has participated in over 30 public meetings to provide information and seek feedback on the community's priorities for the Site's development. This engagement began with a series of large public workshops and concurrent meetings with neighborhood associations and community groups.

In the spring of 2015, the Board of Supervisors passed legislation creating the Balboa Reservoir CAC.<sup>2</sup> The CAC has served as the primary public forum for community feedback during the creation of the project's Parameters (Attachment E), which the CAC endorsed in September 2016. The CAC consists of seven members appointed by the Mayor and the District 7 Supervisor and two representatives of local neighborhood associations. The CAC advises City staff and conducts regular meetings that include opportunities for members of the broader public to comment; its role is advisory only. The CAC will continue to serve as a venue for public participation in the RFP process, as described in Section 5, and throughout the project's pre-entitlement period.

Materials, including agendas and minutes from CAC meetings held to date, are available online at <http://sf-planning.org/balboa-reservoir-cac-meeting-schedule>.

Once selected, the Developer will be expected to pursue a robust community engagement program in coordination with the Lead City Agencies, including providing the CAC with regular project updates and opportunities to view and comment on evolving development plans and designs. The Developer should, through various media or strategies, endeavor to engage people who may not be represented at CAC meetings and should meet periodically with local stakeholder groups, including neighborhood associations and City College constituent groups, as needed.

In addition to the CAC, City boards and commissions may request occasional project updates, which are typically provided as informational presentations by a combination of City staff and the project sponsor, which in this case would be the Developer and its technical consultants. Section 5 describes the Project's anticipated legislative approvals.

### **3. Site Conditions**

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All information provided by the City in this RFP is for general information and is not a representation or warranty by the City. At the time of the Site's disposition, the City will transfer the property in its "as is" condition, without any representation or warranties whatsoever, and the Developer will be required to rely upon its own due diligence.

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<sup>2</sup> The SFPUC CAC's role is defined in Section 5.17 of San Francisco's Administrative Code, accessible online at <http://sfwater.org/modules/showdocument.aspx?documentid=10177>.

### 3.1 Physical Conditions

The SFPUC commissioned the consultancy Architecture, Engineering, Consulting, Operations, and Maintenance (“AECOM”) to study and produce a report on the Site’s physical conditions.<sup>3</sup> This report describes adjacent and nearby land uses, site slope and elevation, property ownership and easements, infrastructure connections, zoning, applicable existing City policies, and local in-progress planning efforts. However, the selected Developer will be responsible for conducting independent due diligence concerning the Site.

### 3.2 Transportation

A range of public transit resources serve the Site, including multiple MUNI lines and the Balboa Park BART station. Traffic congestion is a commonly expressed local concern, however, and several planning efforts are underway to improve travel in the area. A preliminary analysis of the Site’s transportation context,<sup>4</sup> also performed by AECOM in 2014, highlights these conditions and the associated planning efforts.

More recently, the City engaged Nelson\Nygaard, a transportation consulting firm, to conduct a transportation demand management (“TDM”) analysis of a larger area that encompasses the Site, several adjacent neighborhoods, and City College. The TDM analysis will propose potential strategies for increasing transportation choices and managing parking demand, with an emphasis on minimizing single-occupant vehicle trips by promoting other modes of travel. This document will provide a starting point for coordinating TDM and transportation mitigations for the Site, in coordination with City policy and City College. The document’s recommendations for the Reservoir are expected to be consistent with the transportation parameters in Attachment E.

More information about the TDM analysis can be found online at <http://sf-planning.org/balboaTDM>, and RFP respondents will be notified when the final TDM analysis is published so that they can incorporate its findings into their proposals. An Existing Conditions Report, completed in October 2016, is currently available on the Balboa TDM webpage, and the final report will also be published on that webpage when complete. In addition, City staff previewed portions of this analysis’s recommendations to the CAC on February 13, 2017.

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<sup>3</sup> Report available online at <http://sfwater.org/modules/showdocument.aspx?documentid=10177>.

<sup>4</sup> Report available online at [http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/public-sites/balboareservoir/Balboa-Reservoir-Study\\_Existing-Conditions-Transportation.pdf](http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/public-sites/balboareservoir/Balboa-Reservoir-Study_Existing-Conditions-Transportation.pdf).

### **3.3 Site Access**

As part of the land transactions that created the current configuration of SFPUC and City College properties in 2012, the SFPUC and City College executed an Access Easement Agreement that requires City College to build two roads, (1) a north-south right-of-way running the length of the SFPUC's property, along its eastern edge, and (2) an east-west right of way along the northern edge of City College's property, connecting from Phelan Avenue to the northeast corner of the SFPUC's property (depicted in Attachments A and B). City staff has advised City College to temporarily postpone fulfilling these obligations, as it may be preferable to design and build them in conjunction with the greater Balboa Reservoir development. It is conceivable that the Developer, City College, and the City may decide to negotiate an alternative approach to fulfilling these obligations.

Currently, the only planned points of vehicular access into the Site are the east-west right of way required by the Access Easement Agreement and the extension of Lee Avenue north across Ocean Avenue, as proposed in the Balboa Park Station Area Plan. Depending on the proposed Balboa Reservoir development program, the Developer may need to create additional routes for vehicular site access. The SFPUC and the City expect the Developer, at its sole cost, to acquire the property and/or easements and to construct the improvements for any such off-Site access routes.

It may be possible to create additional east-west connections to Phelan Avenue, which would be subject to agreement by City College and would ideally be designed collaboratively in conjunction with City College's in-progress Facilities Master Plan ("FMP") process. While not yet finalized, the FMP process has identified a "Preferred Alternative" land use vision that should be taken into account as respondents consider their Site access and circulation strategies.

The City College Board of Trustees' current position on this subject, as expressed in a recent resolution (see Section 4.4 and Attachment H), is that a roadway should not be built immediately north of the existing City College Multi-Use Building.

Community feedback has expressed opposition to extending San Ramon Way into the Site from the west, except potentially for emergency vehicle access. Although certain potential access points may be determined to be infeasible for vehicular access, they may be appropriate for pedestrian and/or bicycle access.

## **4. Applicable Land Use Policies**

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### **4.1 Balboa Park Station Area Plan**

Adopted in 2009, the Balboa Park Station Area Plan<sup>5</sup> encompasses a 210-acre area that includes the Site. It envisions housing at the Site and requires that major new developments also provide high-quality public open spaces.

### **4.2 Zoning**

The Site is currently zoned P, “Public,” and is in the 40-X height and bulk district. Because P zoning is intended for land that is owned by a government agency and used for government purposes, a rezoning would be required to allow for housing and other uses at the Site and/or to increase the maximum height above 40 feet.

### **4.3 City College Facilities Master Plan**

City College is in the process of updating its Facilities Master Plan.<sup>6</sup> The FMP will articulate City College’s future land use vision, which will assist the Developer in understanding potential partnerships with City College. The FMP process is still underway, but it has already identified a preferred land use vision that includes a schematic site plan for the City College property adjacent to the Balboa Reservoir Site. Although the FMP will likely be completed before the Balboa Reservoir developer selection process concludes, the Developer should plan to collaborate with City College to ensure that the Site’s design is compatible with City College’s plans, to the extent that the Developer seeks to make improvements involving City College’s property.

### **4.4 City College Board of Trustees Resolution**

On July 28, 2016, the City College Board of Trustees passed a resolution establishing the College’s priorities for how the Trustees wish to see the Site developed (Attachment H). These priorities are generally consistent with the Parameters established by the CAC (Attachment E). City College does not, however, own or have jurisdiction over the Site.

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<sup>5</sup> The full Balboa Park Station Area Plan can be downloaded at <http://sf-planning.org/balboa-park-station-area-plan>.

<sup>6</sup> City College’s web page for the Facilities Master Plan process can be accessed at <https://www.ccsf.edu/MP/>.

## **4.5 Additional Policies**

In addition to these policies and plans, Attachment G provides a more comprehensive list of relevant policies and standards. The AECOM existing conditions report (see footnote #3) also includes information about many of these plans and policies, as well as about other transportation and land use efforts underway in the neighborhood. In addition, all standard City, state, and federal policies governing land use and urban design will apply, including the Americans with Disabilities Act and other related regulations that ensure accessibility to people with disabilities. The City anticipates that the final transaction documents will include all standard City provisions that apply to similar transactions.

## **5. Developer's Role**

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Once selected through the RFP process, the Developer will be invited to enter into a SFPUC Commission-approved ENA. By establishing that the SFPUC will not concurrently negotiate with any other developers, the ENA will give the Developer the assurance needed to begin investing predevelopment funds. It will also set timeframes to ensure that the project proceeds at a reasonable pace and establish that the Developer will reimburse the City for any City staff and consultant costs incurred during the ENA period.

Prior to the end of March, the City will provide its desired form of ENA, including its objectives and key terms (to be inserted into this RFP as Exhibit F). The intent is for the SFPUC Commission to delegate the final limited negotiation and execution of the ENA to the SFPUC General Manager when it selects the Developer. Respondents should clearly identify any desired substantive changes to key terms in their RFP responses, so that such changes can be incorporated or discussed prior to the delegation of negotiation authority.

During the ENA period, the Developer will work closely with the SFPUC, OEWD, and Planning to refine its proposed development plan into a more detailed development program with a set of design and development controls to ensure that the project proposed to the City for approval will be built as intended. Throughout this period, the Balboa Reservoir CAC will provide advisory feedback and serve as a forum for community input, as required by the CAC's enabling legislation.

Prior to commencing the environmental review process for this project, the Developer will be required obtain the SFPUC Commission and Board of Supervisors' endorsement of a non-binding term sheet, complete a fiscal feasibility report, and receive the Board of Supervisors' approval for findings of fiscal feasibility, per Chapter 29 of the City's Administrative Code. These findings

provide an early indication of the Board of Supervisors' comfort with the general project proposal before the Developer starts incurring costs associated with environmental review. Concurrently, the Developer will negotiate with the SFPUC and OEWD on the financial terms of the land transaction.

Pursuant to the ENA, City staff will work with the Developer to negotiate and/or prepare the following documents for consideration by City decision makers during the project approval process:

- Any and all environmental documents as required by CEQA, which may include an environmental impact report (EIR) independently prepared by the Planning Department;
- A "Purchase Agreement" setting the land transaction terms (e.g., a Purchase and Sale Agreement ("PSA") or Disposition and Development Agreement ("DDA"));
- An agreement vesting the project's entitlements and memorializing the Developer's development rights and responsibilities, including its obligations around affordable housing and other public benefits (e.g., a development agreement ("DA") or relevant language within a DDA);
- Planning Code amendments and any related documents that would authorize rezoning of the site and potentially create a Special Use District to allow the project to be built as intended;
- Design and development controls governing the project's physical form, to be incorporated into the Planning Code amendments; and
- Additional plan documents (e.g., an infrastructure plan) to be incorporated into the DA or DDA, as deemed appropriate.

After preparation of these documents, the Developer would seek City approval of the project, subject to City adoption of environmental findings under CEQA and including all other regulatory approvals for the project, or "entitlements," from the SFPUC Commission, the Planning Commission, the Board of Supervisors, and other City agencies as required.

Provided that the City approves the proposed project, the Developer would purchase the property from the City upon the issuance of project entitlements, in accordance with the Purchase Agreement or other transaction documents negotiated during the ENA term. The Developer could then begin development, subject to the negotiated development terms and the City's standard permitting and inspection processes.

## **6. Development Principles & Parameters**

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The CAC has been extensively involved in refining and endorsing the Development Principles & Parameters (the “Parameters”) (Attachment E), which provide programmatic and design direction in the categories of: housing, transportation, the project’s relationship to City College, urban design and neighborhood character, parks and open space, sustainability, and additional public benefits.

The first step in generating the Parameters was a series of community meetings and accompanying surveys during the first half of 2015, through which City staff gathered feedback regarding community members’ desires for the Site. Staff created initial drafts of the Parameters based on this community feedback, as well as on staff’s professional understanding of best practices in design and development. Staff shared the draft Parameters with the public online and presented them at a series of monthly CAC meetings beginning in summer 2015. These meetings served as a forum for feedback from CAC members and the general public. Staff revised the Parameters in response to this feedback and presented the updated Parameters for further input at the monthly CAC meetings held through the summer of 2016. On September 12, 2016, the CAC voted to move forward with the final version of the Parameters.

One portion of the Parameters document has been clarified in response to a question that arose during the RFQ process’s question and answer period. This clarification, regarding page 6 of Attachment E, explains that the maximum qualifying income levels for low-income affordable housing differ for rental and for-sale housing, as directed by San Francisco voters through their passage of Proposition C in June, 2016. Proposition C set the maximums for “low-income” affordable housing are 55% of AMI for rental units and 80% of AMI for for-sale units. This is an important clarification, as the Parameters previously described an absolute minimum of 55% of AMI, suggesting that low-income for-sale housing would not be possible.

Since Proposition C’s passage, new inclusionary housing policies have been proposed, but they have not yet been adopted at the time of this RFP’s issuance. RFP responses should therefore assume the Proposition C AMI limits for both low-income and moderate-income housing at Balboa Reservoir, although if the City’s inclusionary housing policies are changed during the negotiation period, the City, Developer, and community may wish to discuss corresponding adjustments to the project’s affordable AMI definitions.

As described in the RFP evaluation criteria (Section 11), responsiveness to the Parameters will be reviewed as a critical factor in evaluating the RFP responses. Once the Developer is selected

and begins engaging with the City and the community to refine its proposal, these Parameters will continue to serve as a guide.

## **7. Transactional Terms**

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The City anticipates structuring the transaction and entitlement process as follows. In preparing RFP responses, respondents should assume the following conditions.

### **7.1 Predevelopment Process**

The Developer will lead the predevelopment process, with the City Lead Agencies (OEWD, SFPUC, and Planning) providing input during the negotiation of the DDA or PSA and the other transaction documents. Beginning on the date of Developer selection and continuing throughout the negotiation period, the Developer will fund all predevelopment costs, including costs associated with City staff and consultant work.

### **7.2 Land Transaction**

Subject to the SFPUC Commission adopting required findings, the SFPUC expects to sell the property in fee. Because this is a water utility ratepayer asset, the SFPUC must receive fair market value for the Site. For purposes of this RFP, a calculation of fair market value should assume that the Developer will fund all non-housing public benefits as well as the project's affordable housing up to the 33% threshold described in the Development Principles & Parameters (Housing Parameter 1(a)(1)) as follows:

1. *Make at least 33% of total housing units permanently affordable in perpetuity to low or moderate-income households, consistent with Proposition K (2014).*
  - A. *Make at least 18% of total housing units affordable to low-income households (up to 55% of AMI for rental units and up to 80% for for-sale units).*
  - B. *Make an additional 15% (or more) of total housing units affordable to low or moderate-income households (serving a range of households up to 120% of AMI, with emphasis on households earning 80% to 120% of AMI).*

Respondents should assume that public financing sources will support the project's additional affordable housing (i.e., any affordable units that allow the project to exceed 33% affordability)

and therefore the additional affordable housing should not impact the land value. Parameter 1(a)(2) targets a 50% affordability threshold as follows:

2. *To ensure that the project's overall affordable housing serves a diverse group of households ranging from low-income to middle-income, make an additional 17% of total housing units permanently affordable in perpetuity at a range of affordability levels. The maximum AMI levels for moderate and middle-income households may not exceed 120% and 150% AMI, respectively, and must correspond with housing prices that are at least 15% below local market rate housing prices at the time of project approval.*

The City's selection of a winning RFP response will not mean that the City accepts all of the terms of that response. Instead, such terms will form the basis for the start of negotiations under the ENA. Thus, the final negotiated transaction terms may differ from the terms and conditions cited in the winning proposal based on the City's determination of fair market value, adjustments to reflect the development plan's evolution, updates to the public benefits package, or new information about projected costs and revenues.

The sale of the land will occur following City approval of entitlements (i.e., after the project receives the approvals described in Section 5) and approval of the transaction documents by the SFPUC, the Board of Supervisors, and the Mayor. Consistent with Chapter 23 of the City's Administrative Code, an appraisal and an appraisal review will be required before the SFPUC can convey the Site. Further details of the transaction structure will be determined during the negotiation period.

### **7.3 Housing Affordability in Perpetuity**

Consistent with standard City practice, Notices of Special Restriction must be recorded for the buildings containing affordable housing, requiring that the affordable housing remain affordable throughout the "Life of the Project," as defined in Planning Code Section 401. The project's affordable housing will be administered by MOHCD and must be consistent with MOHCD's inclusionary housing program, except if expressly modified through the project's negotiation and approvals process.

### **7.4 Financing Sources & Negotiation of Enhanced Public Benefits**

The Developer is expected to utilize the standard sources of debt and equity commonly available for similar projects. These sources may include the potential use of four percent (4%) Low Income Housing Tax Credits and associated tax-exempt bonds to subsidize qualifying affordable units.

In addition, the City may consider the use of additional public financing resources not obtainable without City support if such resources would allow the Developer to exceed the project's baseline Parameters (e.g., provide affordable housing above the 33% threshold, enhanced open space, and other extra public benefits).

As described in Section 9, RFP responses are encouraged to incorporate the use of public financing as a funding source, and should spell out the anticipated timing, amount, and uses of that funding. RFP responses may also compare the programmatic impacts of different potential public financing scenarios. The amount of public financing available, if any, will depend on a number of factors to be determined during the ENA period, including the project's final development program, the public financing tool that is ultimately selected, and City-wide fiscal considerations.

### **7.5 Protection of SFPUC Infrastructure**

In the sale of the Site to the Developer, the SFPUC expects to retain in fee an 80-foot wide parcel of land containing a pipeline right of way, located at the southern boundary of the Site (denoted with red cross-hatching in Attachment A). The SFPUC also holds, and will retain, pipeline easements over property bordering the Site's southeastern corner.

The SFPUC routinely issues fee-based revocable licenses to adjacent property owners who wish to improve SFPUC property to enhance their adjacent properties (e.g., through landscaping). Due to the underlying pipeline infrastructure, however, no structures and no landscape elements with the potential to cause damage to the pipeline infrastructure (e.g., trees planted outside of planter boxes) may be installed on the retained SFPUC property. Open space may be placed over the retained SFPUC property and/or easements if designed, approved, and installed according to the SFPUC's requirements and after the SFPUC's review and approval of the open space plans. For the Balboa Reservoir, the SFPUC is prepared to issue such a fee-based license in conjunction with the transaction documents at project entitlements.

### **7.6 Project Costs**

All horizontal and vertical development costs and most ongoing operation and maintenance costs will be paid by the Developer and subsequent property owners, not the SFPUC or the City, except as described above in Section 7.4 and on the following list. RFP respondents should be aware of the following anticipated costs:

- **Impact Fees:** The Site is subject to all standard City impact fees, including the new Transportation Sustainability Fee and the geographically-specific Balboa Park Community Infrastructure Impact Fee.<sup>7</sup> Proposals should assume that all impact fees would be paid in full, although the City may consider negotiating in-kind credit for certain community benefits.
- **Operation and Maintenance of Horizontal Infrastructure:** Utilities, street improvements and public rights-of-way may be offered for dedication to the City upon completion, provided that they are designed and constructed to City standards based on approved plans and specifications. Typically, the City owns, operates, and maintains such accepted utilities, street improvements, and public rights-of-way, with the exception of sidewalk maintenance, which is typically the responsibility of the adjacent property owner. Note that on November 8, 2016, San Francisco voters passed Proposition E, which makes street tree maintenance the City's responsibility.
- **Operation and Maintenance of Parks and Open Spaces:** The Developer will be required to provide a mechanism to operate and maintain any publicly accessible parks, open spaces, or applicable pedestrian improvements such as pathways created as part of the project. These parks and open spaces will be funded by the project's property owner(s) (i.e., not the City) in perpetuity, unless the City and the Developer reach a future agreement around an alternative ownership and/or management structure. The City is willing to collaborate with the Developer to form a Community Facilities District (also known as a Mello-Roos District) to ensure an ongoing funding stream to cover these costs. In addition to or in place of a Community Facilities District, the Developer may seek to create a master homeowners' association or other similar entity to fulfill this obligation.
- **Transportation Demand Management ("TDM"):** The project must include a meaningful TDM plan that is consistent with the findings of the Balboa Area TDM framework, which is currently underway, and with the TDM Ordinance approved by the Board of Supervisors on February 7, 2017. In addition, the Transportation portion of the Development Parameters (Attachment E) details which TDM measures are desired and expected for the Balboa Reservoir project.

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<sup>7</sup> Impact fee rates escalate annually. Current rates can be found at

[http://default.sfplanning.org/administration/Master\\_Impact\\_Fee\\_Schedule\\_2016\\_DBI\\_Register-071416.pdf](http://default.sfplanning.org/administration/Master_Impact_Fee_Schedule_2016_DBI_Register-071416.pdf).

- **Workforce Provisions:** In December, 2015 the Board of Supervisors passed legislation applying prevailing wage, apprenticeship programs, and local hiring requirements to projects involving the sale of City-owned property for the development of housing (Board of Supervisors File Number 150817). Because the Balboa Reservoir project is expected to involve a development agreement, it will also be required to commit to a Local Business Enterprise (“LBE”) utilization plan, per Chapter 14B of the City’s Administrative Code.
- **Community Benefits.** In 2011, the SFPUC adopted a Community Benefits Policy to ensure that positive local impacts result from the SFPUC’s activities involving the operation and improvement of its water, wastewater, and power enterprises. Although the Balboa Reservoir project will not be one of the SFPUC’s traditional infrastructure projects, it should be generally consistent with the SFPUC’s “triple bottom line” approach of economic, environmental, and social equity. Given that the Development Parameters for the project share this objective and, as such, encourage and require robust community benefits, any project that substantially meets or exceeds the Development Parameters may also be considered compliant with the SFPUC’s Community Benefits Policy.

## 8. RFP Schedule

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Milestone	Date
RFP released	Thursday, March 9, 2017
Written questions due	Friday, March 31, 2017 at 5:00 PM
Responses to written questions posted online	Friday, April 14, 2017
RFP responses due	Friday, June 2, 2017
Public presentation of proposals	TBD, at least one week after RFP responses due
Response to public comments memo due	TBD, at least two weeks after presentation of proposals
Selection announced	TBD, at least three weeks after response memos due

## **9. RFP Submittal Requirements**

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### **9.1 Pre-Submittal Information and Communications**

RFP finalists are encouraged to visit the Site, which is undeveloped and publicly accessible in its entirety. The City's December, 2014 study of existing Site conditions is recommended as a guide for this self-directed tour (see Footnote #3 for the link to the report). Respondents are expected to conduct due diligence and should not assume that all information provided in this 2014 report remains accurate.

Any questions, requests for information, or other clarifications regarding this RFP must be submitted in writing before Friday, March 31, 2017 at 5:00 PM to: Tom Shanahan, Office of Economic and Workforce Development, San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Room 448, San Francisco, California 94102-4653 or by email to [thomas.shanahan@sfgov.org](mailto:thomas.shanahan@sfgov.org). No oral inquiries, including voicemail messages, will be answered. Responses to written questions will be posted on the SFPUC's RFQ/RFP website at <http://sfwater.org/balboa>.

Development teams responding to the RFP may consist of single development organization or a team comprised of multiple developer partners, which may include a combination of for-profit and/or nonprofit developers. Each team must have the same principal developer partner(s) as were included in that team's response to the RFQ. In general, the City will consider principal partners to be any developer entities that would play substantial roles in entitlements and/or horizontal development. The development teams may, however, add or remove vertical developer(s) that would build on development pads created by the principal developer, or that would play a minor role in entitlements or horizontal development.

### **9.2 Submittal Format and Deadline**

All submittals must include:

- Six (6) printed sets including all information described in Parts 1 through 6 of the Submittal Contents (see Section 9.5);
- Two (2) additional printed sets including all information listed in Parts 1, 2, 3, 5 and 6 of the Submittal Contents. Part 4 may be omitted from these sets, which will be distributed to the two evaluation panelists who are not City staff; and

- A digital version of Parts 1, 2, 3, 5 and 6 of the Submittal Contents, provided in PDF format at a file size suitable for web posting.

Printed submittals must use 11-point type or larger and fit into an 8.5 x 11-inch format (tables or graphics larger than 8.5 x 11 inches may be included if folded). Digital submittals must be provided on DVD or flash drive in PDF format.

### **9.3 Deposit**

The City will continue to hold the \$10,000 earnest money deposits that each RFP finalist made when they submitted their initial RFQ responses. When the RFP process has concluded, the deposits will be refunded without interest to the RFP respondents that are not selected to become the Site's Developer. The selected Developer's deposit will be retained by the City and applied toward the negotiating deposit that is due when the Developer enters into an ENA with the City. If the selected Developer declines to enter into an ENA with the City, the City may seek to enter into an ENA with a different RFP respondent and will refund the initially-selected developer's deposit less the cost of any City staff time spent working to finalize an ENA once the outcome of the RFP process has been announced.

### **9.4 Submittal Deadline & Address for Submittals**

**Submittal Deadline:** Friday, June 2, 2017 at 5:00 PM

**Address for Submittals:** Office of Economic & Workforce Development  
San Francisco City Hall  
1 Dr. Carlton B. Goodlett Place  
Room 448  
San Francisco, California 94102-4653  
ATTN: TOM SHANAHAN

To ensure that submittals are received on time, respondents are encouraged to deliver submittals by hand to the Office of Economic and Workforce Development's reception area, which is open between 9 a.m. and 5 p.m. on City business days.

A respondent may revise its submittal at its own initiative at any time prior to the submittal deadline, provided that the revised submittal is received in its entirety prior to the deadline.

## **9.5 Submittal Contents**

RFP responses must provide the following information:

### **Part 1: General Information**

Provide the following:

- A. Completed Development Program Overview form (see Attachment D for blank form);
- B. Certificate of good standing from the California Secretary of State for each developer entity on the proposed development team; and
- C. Completed Disclosure Questionnaire & Respondent Certification Form executed by each developer entity on the proposed development team (see Attachment C for blank questionnaire).
- D. The names, addresses, phone numbers, and email addresses of at least three references that can speak to development team members' participation in comparable projects.

### **Part 2: Team Structure**

#### **A. Developer Partnership**

- Describe the development team structure. If the team is comprised of multiple development organizations, clearly describe which organizations would be involved in which major tasks, including but not limited to predevelopment planning, development agreement negotiations, master entitlements, horizontal and open space development, and vertical development.
- Describe how any joint ventures or other partnerships would be structured for land acquisition and master development as well as for vertical parcels, including the partners' relative levels of financial participation and staffing.
- Describe the anticipated ownership interest composition of the particular entity that would have a direct contractual relationship with the City (i.e., that would acquire the property and be signatory(ies) to the development agreement).
- Provide an organizational chart naming all anticipated team members' and indicating their roles, including the names and roles of known consultants.

- Identify who would be in charge of negotiations and decision making.
- Describe the anticipated design team, which should include expertise in landscape architecture and site planning in addition to architecture. Ultimately, the team should include a minimum of two, and preferably more than two, architectural firms to ensure variation in building design and provide opportunities for smaller firms and new design voices. Note that the proposed roster of firms and designers will not singlehandedly demonstrate design excellence to the City; as described in Part 3, proposals must also demonstrate that the project will create an urban neighborhood with the richness, diversity of form, and architectural character of an established San Francisco neighborhoods.

## **B. New Team Members**

***The following submittal requirements apply only to development teams that have changed their composition following the RFQ process.*** (Section 9.1 describes the ways in which teams may be altered.) This information is required only for developer entities that are joining the team following the RFQ process. It is not required for consultants.

- Describe any changes to the development team's key personnel, partners, equity holders, and any other primary members. Explain how these changes would alter the team's assets, ability to fund entitlement, and ability to obtain debt and equity financing.
- Provide one to two project profiles for each added organization. Please limit each profile to two (2) pages and include the project's location; a timeline showing key project milestones; development program and size; cost and financial structure; role of the organization being added to the development team; role of the public sector, including in the entitlement process; community engagement strategy and outcomes; project status or, if complete, final outcome; and challenges faced and solutions achieved.
- Describe each added organization's affiliation with a parent company or other functionally-related controlling entity.
- In a chart, describe the composition of the current real estate portfolio owned or managed each added organization and, if applicable, its parent company, including: project name, location, development cost, date completed, ownership interest, occupancy rate, and the amount and timing of any contingent liabilities.

- In a chart, describe all projects in the added organization’s development pipeline including location, status, schedule, estimated cost, financial commitments required of developer, and description of current financing structure, sources, and amounts.

### **Part 3: Project Proposal**

**A. Narrative Overview.** In no more than five (5) pages (excluding diagrams and other graphics or precedent photos needed to convey the design approach), describe the proposed project with regard to:

- Development program, including types and approximate square footages of uses; affordable housing program; housing types, unit counts, and sizes; square footage of open spaces, categorized by type if appropriate; parking ratios and number of parking spaces; and other appropriate quantities. The quantities may be expressed as ranges, so long as a specific program is identified for purposes of the financial feasibility submittals (see Part 4 of the Submittal Requirements).
- Design approach and concept for the Site, including the arrangement of buildings; building heights and massing; public realm strategy, including the major elements and features of large park(s), small open spaces, and pedestrian environments; access and circulation; architectural character; ground floor programming; and additional amenities and differentiating features.
- The design’s relationship to its surroundings. Describe how the urban design concept encourages connections and relates to its surroundings, rather than feeling like a uniform or isolated subdivision. Describe how neighboring residents, college affiliates, and visitors will access and interact with the project.
- Transportation approach. Describe how the project will encourage or otherwise support a range of transportation options for the types of households likely to live there. Identify features that will also improve the travel options and experiences of local students and neighbors. Describe how the project will address transportation impacts on surrounding communities.
- Phasing of project build-out, including potential short-term uses or programs that would serve residents and the surrounding community and/or help satisfy the Parameters before project building-out.

**B. Concept Drawings.** Provide pre-schematic level drawings, as follows. Additional diagrams and sketches may be included if needed to clarify non-standard approaches. Any printed pages larger than standard letter size must be folded to fit within the 8.5 x 11 inch submittal format.

- **Site Plan.** At a scale of 1" = 80' indicate the locations and footprints of buildings, open spaces, streets, rights of way and other access routes, and other major physical features and amenities. Indicate buildings' heights and unit counts or ranges.
- **Public Realm Concept Plan.** Provide a diagram of approximate size and program of parks, open spaces, pathways, and other significant programmatic elements, demonstrating how the project's public realm (network of open spaces and streets) supports the urban design concept.
- **Axonometrics.** Provide at least two aerial or axonometric views illustrating building massing and form, and the relationships of the proposed urban form to surrounding buildings. Supplement with massing diagrams to the extent needed to fully depict proposed building massing.
- **Perspectives.** Provide three perspective drawings/renderings that express important aspects of the design concept and how the project's buildings, open spaces, and other features relate to each other and the surroundings.

**C. Narrative on Development Principles & Parameters.** In no more than five (5) pages (excluding diagrams and other graphics needed to support the narrative), describe how the proposed project adheres to the Development Principles & Parameters developed with the Balboa Reservoir CAC (Attachment E). Address the Parameters to the greatest extent possible within the scope and length constraints of this RFP. Note where the proposed approach to certain Parameters could vary depending on the ultimate public financing amount and approach, if any.

Panelists will be advised to review this section as a complement to the Narrative Overview described above in Part A. If the satisfaction of a parameter is already described under Part A or in another part of the RFP response, the Principles & Parameters narrative need not repeat that description, though respondents are encouraged to reference where this information can be found elsewhere within their RFP responses.

For any elements of the proposal that are clearly inconsistent with the Principles & Parameters, explain the rationale behind this divergence and, if applicable, how the project could be modified to fully comply with the Parameters and what tradeoffs would need to be considered. To ensure a thorough response, all proposals should be sure to address the following themes encompassed by the Parameters:

- **Housing.** Anticipated affordability percentages and AMIs; approach to tenure (rental versus for-sale housing) and unit mix; populations served by the housing; and potential approach(es) to a housing partnership with City College.
- **Transportation.** Approaches to: parking management and reducing parking demand; pedestrian mobility and connections to transit; bike and vehicle circulation to and within the Site; working with City College around parking challenges; and TDM strategies to create sustainable transportation choices.
- **City College.** Approach to working with City College around parking, transportation, construction impacts, ongoing communication and collaboration, and potential partnerships to create housing and/or childcare facilities that would serve the City College community.
- **Public Realm.** How the public realm network relates to local context, welcomes neighbors, and serves diverse users; anticipated approach to ongoing operations and maintenance of public open spaces. The character of the public realm may be depicted with precedent photos.
- **Urban Design & Neighborhood Character.** Spatial arrangement of Site; how neighboring elements (buildings, open spaces, streets) relate to each other and to surrounding uses and neighborhoods; and how design and character complement the cultural context of the site. Design character can be demonstrated through precedent photos, if desired.
- **Sustainability.** Approaches to energy efficiency and renewable energy, water efficiency and reuse, and storm water management; stated commitment to meeting sustainability parameters more broadly.
- **Additional Public Benefits.** Childcare approach or program; ground floor uses; and additional facilities, amenities, and/or programming.

#### **Part 4: Project Feasibility**

Submittals must include seven copies of the financial information described below in a separate sealed envelope, designated "Financial Materials". Each respondent must clearly mark any of the financial materials that it in good faith believes to be a trade secret or confidential proprietary information protected from disclosure under applicable law. To the extent permitted by law, the City will attempt to maintain the confidentiality of marked financial materials, but potential respondents are cautioned that, in accordance with the Sunshine Ordinance (Administrative Code Section 67.24(e)), responses and other communications from interested parties must be open to inspection by the public upon request immediately after a respondent is selected. Such proprietary financial information submitted by a respondent in response to this RFP will not be disclosed until and unless that respondent is selected.

**A. Confirmation of Financial Capacity.** As a supplement to the financial capacity information submitted during the RFQ process, please also provide evidence of each developer entity's financial capacity and/or its ability to successfully finance the development of the project, including its ability to access adequate debt, equity, and other available sources. Such evidence may be in the form of signed letters from financial institutions, investors, and/or third party auditors; audited financial statements; and/or other validated reports. For the developer(s) acting as the prime(s) (those responsible for major project financing) these documents should indicate, at a minimum, (a) available cash and cash equivalents as of December 31, 2016; (b) current assets, current liabilities, and current ratio (e.g. current assets/current liabilities); (c) asset and entity-level debt as a percentage of total estimated portfolio (or company) value; and (d) description of preferred mechanism to raise equity capital and/or currently available equity capital that could be invested in the development of the project.

**B. Financing Plan.** Provide a narrative overview, which may include summary tables as necessary, describing:

- Land price ("Proposed Price"), assuming that: (1) the Proposed Price is paid in full to the SFPUC when the land is purchased in fee following entitlements; (2) the project is entitled as proposed under Part 3 above; (3) the SFPUC must receive fair market value for its land based on a 33% affordable housing program (18% low-income and 15% moderate income); and (4) the proposed public financing is not considered in determining the purchase price, with the exception of standard sources of debt and equity commonly available for similar projects (e.g.,

Community Facilities Districts and four percent (4%) Low Income Housing Tax Credits and associated tax-exempt bonds to subsidize qualifying affordable units);

- Project budget, including predevelopment and development costs;
- Sources of equity, debt, and other forms of subsidy for predevelopment and construction periods;
- Permanent financing plan;
- Suggested approach(es) to the use of public financing resources, if any, to exceed the project's baseline Parameters (e.g., provide affordable housing above the 33% threshold, enhanced open space, and other extra public benefits); responses should describe the proposed timing, amount, and uses of public financing and may compare the programmatic implications of different public financing approaches (see Section 7.4 for additional information on public financing assumptions);
- Funding approaches and sources for affordable housing at the various proposed AMI levels, as well as for other public benefits that would be funded by sources other than conventional debt and equity;
- Funding plan for ongoing operation and maintenance of open space, infrastructure, and other amenities;
- Summaries of the various developer entities' financial structures and how they relate to this financing plan (i.e., distribution of financial commitments and obligations relative to the proposed project); and
- Relationship to funding sources, including financing history and evidence of ability to raise needed capital, such as statements from these funding sources supporting that the proposed project is consistent with projects that the funding sources would typically finance.

**B. Project Pro Forma.**

- Provide the following exhibits:
  - Summary of sources and uses;
  - Land residual analysis demonstrating how the Proposed Price was determined;

- 10-year annual operating cash flow that demonstrates the project's feasibility, in nominal 2017 dollars;
  - Estimated development cost budget with hard and soft costs broken out by major line item, escalated and unescalated; and
  - Estimated revenues, delineated by major line item.
- Explain the market rationale behind key underwriting assumptions, including but not limited to revenues, costs, escalation, terms related to any proposed public financing, and minimum return threshold.
  - Optional: Provide additional cash flows or calculations for specific product types or buildings only in cases where the site-wide pro forma cannot adequately describe the economics of a particular product or building.

### **C. Baseline Valuation**

In addition to the proposal-specific analysis described above, the City asks that each development team to consider a more narrowly-defined alternative program for the Site. The purpose of this exercise is to allow the City to more directly compare the respondents' underwriting approaches.

- To that end, provide a baseline land price ("Baseline Price") for a project that:
  - a) Satisfies the Development Principles & Parameters at, but not exceeding, their baseline levels. This valuation should be especially mindful of the quantitative parameters around park size (baseline of 4 acres of open space) and childcare (baseline of one childcare facility).
  - b) Contains 500 units, with the respondent to determine the unit type and tenure mix (breakdown of rental versus for-sale housing units). This notional unit count does not represent a preference or recommendation from the City. However, given the assumptions made in the Balboa Park Station Area Plan's programmatic EIR, CEQA may allow a project with 500 units or fewer to undergo a lesser degree of environmental review than what may be required for a project of more than 500 units. (Note that the Planning Department will determine the type of environmental review required for any proposed project, regardless of unit count, following the submittal of an Environmental Evaluation Application.)
  - c) Assumes that the SFPUC must receive fair market value for its land based on a 33% affordable housing program (18% low-income and 15% moderate income)

and that no public financing is utilized, with the exception of standard sources of debt and equity commonly available for similar projects (e.g., four percent (4%) Low Income Housing Tax Credits and associated tax-exempt bonds to subsidize qualifying affordable units).

- Describe any additional ways in which the Financing Plan (proposed per Section B above) would differ for the Baseline Project.
- Provide a financial analysis explaining how the Baseline Price was determined. Perform and provide the same types of analysis that are required for the Proposed Project, as described in Section C above (sources and uses, land residual, and cash flow), excluding any public financing analysis.

### **Part 5: Implementation**

- A. Community and Stakeholder Engagement.** Describe the proposed approach to engaging with local community members and other project stakeholders, which include local residents, educational institutions, and businesses; City-wide advocacy groups focused on housing, development, transportation, social and environmental justice, youth and families, and related areas; and elected officials. Explain how your approach will build on past and current outreach efforts, such as the outreach efforts for the Balboa Park Station Area Plan (completed), the City College Facilities Master Plan (underway), and the Balboa Reservoir development, which has already undergone two years of community outreach. Explain why the proposed approach is ideal and will succeed, drawing upon past experiences if applicable.
- B. Schedule.** Provide a project schedule beginning at the conclusion of the RFP process and continuing until the new development is fully built out and occupied. The schedule should include milestones around design, environmental review, entitlements, permitting, horizontal and vertical construction, and lease-up and sales. The schedule should demonstrate how entitlements could be obtained in 2019, indicating which, if any, related timing assumptions may be aggressive and challenging to meet.
- C. Operations and Maintenance:** Describe the anticipated approach to ongoing, development-wide operations and maintenance, including management structure, funding strategy, and plan for open space event coordination and maintenance.
- D. ENA Revisions.** Identify any material revisions to key terms in the ENA form (forthcoming) that would be required in order to allow your firm to execute it upon the

Commission's final selection of the winning proposer. Responses are not expected to be in the form of a redline and are not required to identify minor processes or procedural mechanics, which may be discussed following the Developer's selection.

### **Part 6: Execution**

Execute the proposal by signing in ink. The proposal should be executed by the authorized principal(s) or manager(s) of each respondent entity or entities (e.g., corporation, limited liability company, nonprofit organization, individual, etc.), excluding consultants. The execution page(s) should include each entity's address and the phone number and email address of each signatory. Anyone signing a proposal as an agent of a firm or entity shall submit legal evidence of their authority to do so with the proposal.

### **Part 7: Response Memorandum**

Following the public presentation of proposals (described in Section 10.3), prepare a memorandum to City staff responding to the public comments received. This memorandum is not a hard commitment to make specific changes to the project if the respondent is selected as the Developer, as such changes could not reasonably be made without greater design work and due diligence. Rather, responses should demonstrate an understanding of community stakeholder concerns, an ability to respond in a thoughtful and meaningful way, and a willingness to incorporate appropriate changes to the proposed project if selected.

Memoranda must be submitted by email to [thomas.shanahan@sfgov.org](mailto:thomas.shanahan@sfgov.org). The due for the memoranda will be announced at the same time as the community presentation date. They should not exceed three (3) pages in a font size no smaller than 11 point and should, at a minimum, address the following:

- Which comments, concerns, and suggestions, should be addressed in order for the project to succeed?
- In what ways would you consider altering the project's program, design, and other features to respond to these comments? What would be the tradeoffs involved with these changes?
- Which, if any, of the changes proposed in the public comments would be inadvisable or pose significant challenges, and why? How would you engage with the public around these ideas and the concerns underlying them?

## **10. Evaluation Process**

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### **10.1 Completeness and Responsiveness**

The SFPUC and other City staff will review all timely RFP responses to determine whether they are complete and responsive to all RFP requirements. Only submittals that are complete and responsive and that meet the following baseline requirements will be evaluated by the RFP panel and considered for selection. Any of the following deficiencies may result in a determination of non-responsiveness:

1. The response does not include all categories of information specified in Section 9 of this RFP.
2. The response contains substantial inconsistencies with the Development Parameters.
3. The response is submitted after the identified deadline.
4. The response contains information that is false or misleading.
5. The response substantially diverges from the format and length requirements described in Section 9.
6. The response proposes changes to the development entity that reduce the overall capacity or capability of that entity, as compared to the team proposed during the RFQ.
7. The response proposes a development team that includes a principal team member who has violated the Campaign Reform Ordinance and/or Conduct code (see Section 12.8).

The City may, but is not required to, notify noncompliant respondents of their errors or omissions and give them a short period of time to remedy those errors or omissions.

### **10.2 Evaluation Panel**

RFP responses that meet these standards will be evaluated by a selection panel consisting of SFPUC and other City staff with relevant experience, from the same agencies represented on the RFQ evaluation panel. As with the RFQ evaluation panel, a representative of the City College administration and the Balboa Reservoir CAC Chair will also serve on the panel and will evaluate only the non-financial elements of the RFP responses. Qualified City staff and financial consultants may be asked to review the financial components of the RFP responses and advise the Panel (City staff panelists only) on how the financial submittals relate to the evaluation criteria. Staff may also contact references and additional industry sources for due diligence. The RFP

selection panel and City staff reserve the right to request clarification and/or additional information from respondents.

### **10.3 Community Participation**

The non-financial portions of the RFP responses will be posted online, and members of the public will be able to submit written comments electronically.

RFP respondents must also present summaries of their proposals at a community meeting that will be scheduled for shortly after RFP responses are due. The date and time of this meeting will be confirmed within the next month, and the development teams responding to the RFP will be informed as soon as the meeting is scheduled.

All information and graphics presented at the meeting must correspond to the contents of the RFP response package submitted on June 2, 2017. Respondents may not create new graphics or alter or refine their proposals prior to the community presentations. Development teams' presentations should last 15 minutes and, at a minimum, address:

- The development team's composition;
- Proposed development concept and program;
- Proposed design of the site, buildings, and open spaces; and
- Proposed approaches to other priorities identified in the Parameters (e.g., transportation and parking, the project's relationship to City College, sustainability, childcare, and additional public benefits). Presentations will not have time to address all of these areas in specific detail so should focus on what is most distinguishing or most critical to the project's success.

Following the presentations, members of the public will have an opportunity to comment on the proposals. Comments will be shared with the applicable development teams and the evaluation panelists so that (1) the development teams can prepare their response memoranda (Part 7 of the RFP submittal contents, as described in Section 9) and (2) the evaluation panelists can more effectively assess the proposals' alignment with community priorities and the memoranda's levels of responsiveness to comments. Development teams may respond to clarifying questions but will not provide immediate verbal responses to requests, suggestions, or non-clarifying questions at the meeting. Meeting facilitators will ensure that this format is followed.

#### **10.4 SFPUC Commission Determination**

The evaluation panel will score the RFP responses according to the criteria described in Section 11. Once the panel's evaluation is complete, the SFPUC General Manager will consider the panel's scoring results. The General Manager may recommend a developer selection to the SFPUC Commission and request delegation of the authority to finalize and execute an ENA with the SFPUC Commission's selection. Such delegation will be based on the City's preferred form of ENA (forthcoming) and any specific alterations proposed by the selected respondent that are acceptable to the SFPUC. The selection of a respondent will not imply the SFPUC's acceptance of all terms of the selected respondent's proposal, which will be subject to further negotiations and approvals before the SFPUC may be legally bound.

The SFPUC reserves the right to request clarification or additional information from individual respondents and to request that some or all respondents make additional presentations to SFPUC staff, the SFPUC Commission, community groups and/or others. The SFPUC further reserves the right to make an award without further clarification of proposals received.

The SFPUC Commission is the sole decision-maker regarding this selection, in its sole discretion, and it reserves the right to reject any or all proposals or to terminate exclusive negotiations at any time. The SFPUC Commission has authority to approve an agreement to enter into exclusive negotiations with the selected proposer and must subsequently approve any Purchase Agreement and related documents for the sale of the Site prior to its disposition, in its sole discretion.

#### **10.5 Approval of Transaction**

As referenced in Section 5, if the estimated cost of the project exceeds \$25 million, and the Developer estimates that \$1 million or more of the predevelopment, planning, or construction costs will be paid from public funds, excluding City staff costs but including concessions such as rent credits, then the Developer must obtain a determination from the Board of Supervisors that the project is fiscally feasible and responsible before filing its application for environmental review. SFPUC Commission and Board of Supervisors endorsement of a non-binding term sheet will also be required prior to commencing environmental review, if applicable.

Upon completion of any required environmental review and negotiations by SFPUC and City staff, the SFPUC Commission may, but is not required to, approve the Purchase Agreement, any disposition and development agreement or development agreement, and any related documents. The Planning Commission will be required to approve certain transaction documents including

any development agreement and Planning Code changes, and additional commissions may also be required to take action. Finally, the Purchase Agreement, any disposition and development agreement or development agreement, and similar documents will be subject to approval by the Board of Supervisors in its sole and absolute discretion.

## 11. Evaluation Criteria

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RFP responses that meet the requirements listed in Section 9 will be scored using the following criteria, which are summarized in the table below and elaborated upon in the scoring guide that follows.

### 11.1 Overview

Category	Potential Points
<b>1. Project Proposal (65 points total)</b>	
a. Incorporation of Development Principles & Parameters	20 points
b. Site design and neighborhood character	20 points
c. Ability to succeed in implementation based on stakeholder engagement, understanding of process, schedule, and operations plan	25 points
<b>2. Financial Feasibility (35 points total)</b>	
a. Amount and feasibility of expected land price to SFPUC ratepayers	35 points

### 11.2 Scoring Guide for Evaluation Panel

#### Part 1: Project Proposal (65 Points)

1(a): Proposed project incorporates the Development Principles & Parameters creatively and to the greatest extent feasible, clearly meeting the intent of specific parameters and ideally exceeding minimum requirements. (20 points)

1(b): Site design and neighborhood character—including site plan, urban design, architectural character intent, public realm design, and relationship to surroundings—are of high quality and appropriate for the context. The proposed concept demonstrates innovative thinking, has a

strong and distinct identity while also relating and connecting to its surroundings, feels like an extension of surrounding neighborhoods rather than a standalone development, demonstrates variety in its design elements and approaches, and creates active spaces for a variety of users. The proposed approach to forming a design team is consistent with this vision (20 points)

1(c): Proposed project is likely to succeed based on development team's composition, capability, and ability to work productively with community members, City policymakers, and other stakeholders; realistic understanding of San Francisco's development environment and processes; responsiveness to public and community input; anticipated project schedule; and (5) approach to ongoing operation and maintenance. (25 points)

### **Part 2: Financial Feasibility (35 Points)**

2(a): The Proposed Price, Baseline Price, financial plan, and pro forma analysis demonstrate the respondent's ability to maximize value to SFPUC ratepayers while at the same time delivering a project that is realistic, can obtain financing, and reflects a sophisticated understanding of local market conditions and the economics of this type and scale project. (35 points)

## **12. Additional Terms and Conditions**

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### **12.1 Respondent's Duty to Investigate**

It will be the sole responsibility of the selected respondent to investigate and determine conditions of the Site and the suitability of the conditions for any proposed improvements. The Site will be conveyed to the selected respondent in an "as is" condition, with no representations or warranties whatsoever. The City has no obligation to perform any site remediation, demolish any improvements on the site, remove, relocate or install utilities, complete on-site or off-site preparation work or improvements, or make any changes to existing conditions.

The information presented in this RFP and in any report or other information provided by the City is provided solely for the convenience of the interested parties. It is the responsibility of interested parties to assure themselves that the information contained in this RFP or other documents is accurate and complete. The City and its advisors provide no representations, assurances or warranties pertaining to the accuracy of the information.

### **12.2 Errors and Omissions in RFP**

RFP respondents are responsible for reviewing all portions of this RFP. Respondents are to promptly notify OEWD, in writing, if they discover any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to OEWD in writing promptly after discovery, but in no event later than five working days prior to the date for receipt of RFP responses. Modifications and clarifications will be made by addenda as provided below.

### **12.3 Inquiries Regarding RFP**

Any questions, requests for information, or other clarifications regarding this RFP must be submitted in writing as set forth in Section 9.1.

### **12.4 Objections**

Should a respondent object on any ground to any provision or legal requirement set forth in this RFP, the respondent must, not more than fifteen calendar days after the RFP is issued, provide written notice to SFPUC setting forth with specificity the grounds for the objection. Should a respondent object on any ground to a determination that its proposal is non-responsive to this RFP, that party must provide written notice to SFPUC setting forth with specificity the grounds for

the objection no more than seven calendar days after the date of the letter notifying the respondent of the City's determination of non-responsiveness. Should any interested party object on any ground to the SFPUC Commission's authorization to proceed with exclusive negotiations with a selected respondent, that party must provide written notice to SFPUC setting forth with specificity the grounds for the objection no more than seven calendar days after the date of the SFPUC Commission hearing at which exclusive negotiations are authorized. If a respondent files a timely objection, the Commission's authorization to enter into exclusive negotiations with the selected Respondent will not be binding until the Commission considers the protest. A Commission decision to grant the protest will void its prior authorization. A Commission decision to deny the protest will leave the Commission's prior authorization intact. The failure of a respondent to object in the manner set forth in this paragraph shall constitute a complete and irrevocable waiver of any such objection.

## **12.5 Changes**

The City may modify or terminate the RFP at any time before the RFP response due date, by issuing one or more RFP addenda, which will be posted on the website at <http://sfwater.org/balboa>. The respondent shall be responsible for ensuring that its RFP response reflects any and all RFP addenda issued before the RFP due date regardless of when the response is submitted. Therefore, the City recommends that the respondent consult the website frequently, including shortly before the RFP response due date, to determine if the City has made any changes to the RFP.

## **12.6 Revision of RFP Response**

A respondent may revise an RFP response on the respondent's own initiative at any time before the deadline for submission of RFP responses. The respondent must submit the revised response in the same manner as the original. A revised response must be received on or before the response due date. In no case will a statement of intent to submit a revised response, or commencement of a revision process, extend the response due date for any respondent.

At any time during the RFP response evaluation process, the City may, but is not required to, ask one or more of the respondents for oral or written clarifications to its response.

## **12.7 Errors and Omissions in RFP Response**

Failure by the City to object to an error, omission, or deviation in the RFP response will in no way modify the RFP or excuse the respondent from full compliance with the specifications of the RFP or any subsequent contract.

## **12.8 Financial Responsibility**

The City accepts no financial responsibility for any costs incurred by a firm in responding to this RFP. Submissions of the RFP will become the property of the City and may be used by the City in any way deemed appropriate.

## **12.9 Claims Against City**

No respondent will obtain by its response to this RFP, and separately by its response waives, any claim against the City, including the SFPUC, by reason of any or all of the following: any aspect of this RFP, any part of the selection process, any informalities or defects in the selection process, the rejection of any or all proposals, the acceptance of any proposal, entering into exclusive negotiations, conditioning exclusive negotiations, terminating exclusive negotiations, approval or disapproval of plans or drawings, entering into any transaction documents, the failure to enter into a purchase agreement or disposition and development agreement, any statements, representations, acts, or omissions of the City, the exercise of any discretion set forth in or concerning any of the above, and any other matters arising out of all or any of the above.

## **12.10 Sunshine Ordinance**

All communications about this RFP are subject to the San Francisco Sunshine Ordinance. The City, including the SFPUC, will not be responsible under any circumstances for any damages or losses incurred by a respondent or any other person or entity because of the City's release of information in response to a public disclosure request. In accordance with Section 67.24(e)(1) of the San Francisco Administrative Code:

Contracts, contractors' bids, responses to requests for proposals and all other records of communications between the City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this ordinance requires the disclosure of a private person's or organization's net worth or other proprietary financial data

submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information covered by this provision will be made available to the public upon request.

#### **12.11 Respondent's Obligations under the Campaign Reform Ordinance**

Respondents must comply with Section 1.126 of the S.F. Campaign and Governmental Conduct Code, which states in part:

No person who contracts with the City and County of San Francisco for the rendition of personal services, for the furnishing of any material, supplies or equipment to the City, or for selling any land or building to the City, whenever such transaction would require approval by a City elective officer, or the board on which that City elective officer serves, shall make any contribution to such an officer, or candidates for such an office, or committee controlled by such officer or candidate at any time between commencement of negotiations and the later of either (1) the termination of negotiations for such contract, or (2) six months have elapsed from the date the contract is approved.

If a proposer is negotiating for a contract that must be approved by an elected local officer or the board on which that officer serves, during the negotiation period the proposer is prohibited from making contributions to:

- The officer's re-election campaign;
- A candidate for that officer's office; or
- A committee controlled by the officer or candidate.

The negotiation period begins with the first point of contact, either by telephone, in person, or in writing, when a contractor approaches any city officer or employee about a particular contract, or a city officer or employee initiates communication with a potential contractor about a contract. The negotiation period ends when a contract is awarded or not awarded to the contractor. Examples of initial contacts include: (1) a vendor contacts a city officer or employee to promote himself or herself as a candidate for a contract; and (2) a city officer or employee contacts a contractor to propose that the contractor apply for a contract. Inquiries for information about a particular contract, requests for documents relating to a Request for Proposal, and requests to be placed on a mailing list do not constitute negotiations.

Violation of Section 1.126 may result in the following criminal, civil, or administrative penalties:

1. Criminal. Any person who knowingly or willfully violates section 1.126 is subject to a fine of up to \$5,000 and a jail term of not more than six months, or both.
2. Civil. Any person who intentionally or negligently violates section 1.126 may be held liable in a civil action brought by the civil prosecutor for an amount up to \$5,000.
3. Administrative. Any person who intentionally or negligently violates section 1.126 may be held liable in an administrative proceeding before the Ethics Commission held pursuant to the Charter for an amount up to \$5,000 for each violation.

For further information, proposers should contact the San Francisco Ethics Commission at (415) 581-2300.

#### **12.12 Reservations of Rights by the City**

The issuance of this RFP does not constitute an agreement by the City that any contract will actually be entered into by the City. The City expressly reserves the right at any time to:

1. Waive or correct any defect or informality in any response, proposal, or related procedure;
2. Reject any or all proposals;
3. Reissue an RFP;
4. Suspend any or all aspects of the process indicated in the RFP;
5. Request that some or all respondents revise submittals;
6. Extend deadlines for accepting proposals, or accept amendments to proposals after expiration of deadlines;
7. During negotiation, expand or contract the scope of the development opportunity, including adding or subtracting areas to or from the Site, or change the concept from that initially proposed in order to respond to new information, community or environmental issues, or opportunities to improve the financial return to the City or the SFPUC from the project or enhance public amenities;
8. Prior to submission deadline for RFP responses, modify all or any portion of the selection procedures, including deadlines for accepting responses or the requirements for contents or format of the RFP responses; or
9. Determine that no project or sale will be pursued.

### **12.13 No Waiver**

No waiver by the City of any provision of this RFP shall be implied from any failure by the City to recognize or take action. Any City waiver must be in writing.

### **12.14 Respondent Selection Does Not Guarantee Project Approval**

The SFPUC Commission's selection of a respondent and authorization to commence exclusive negotiations may not be construed as an approval of the proposed uses or the proposed project.

The SFPUC and City will not enter into any purchase agreement or related documents for the Site until environmental review is complete. If the project is found to cause significant adverse impacts, the City retains absolute discretion to require additional environmental analysis, and to: (1) modify the project to mitigate significant adverse environmental impacts; (2) select feasible alternatives that avoid significant adverse impacts of the proposed project; (3) require the implementation of specific measures to mitigate the significant adverse environmental impacts of the project, as identified upon environmental evaluation in compliance with applicable environmental law; (4) reject the project as proposed if the economic and social benefits do not outweigh otherwise unavoidable significant adverse impacts of the project; or (5) approve the project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts.

The selected respondent will be responsible for obtaining all government approvals required for the development of the Site and paying all permit and processing fees related to the development. Approvals for the project are likely to be required from governmental agencies other than the SFPUC and the City. The selected respondent will be responsible for all development exactions and fees that are required as conditions of approvals by governmental agencies, including the SFPUC and the City. In issuing this RFP, the City makes no representations or warranties about which government approvals will be required, or that the necessary governmental approvals to allow the development of the Site will be obtained.

The City is issuing this RFP in its capacity as a landowner with a proprietary interest in the selected proposal and not as a regulatory agency of the City. The SFPUC's status as an agency of the City will in no way limit the obligation of the selected respondent to obtain approvals from City departments, boards or commissions with jurisdiction over the project.

### **12.15 Submittals Become City Property**

All submittals submitted will become the property of the City and may be used by the City in any way deemed appropriate.

### **12.16 Interpretation**

For the purposes of this RFP, the terms "include," "included" and "including" will be deemed to be followed by the words "without limitation" or "but not limited to," and, where required by the context, the singular includes the plural and vice versa, the feminine gender includes the masculine and vice versa, and the term "City" includes the SFPUC. Section and paragraph headings used in this RFP are for reference only and are not to be used to interpret the provisions of this RFP.

## **Attachments**

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





- A. Site Map
- B. Approximate Site Dimensions
- C. Disclosure Questionnaire & Respondent Certification Form
- D. Development Program Overview Form
- E. Development Principles & Parameters
- F. Form of Exclusive Negotiating Agreement [FORTHCOMING]
- G. Policies, Standards, and Codes
- H. City College Board of Trustees Resolution

ATTACHMENT A  
SITE MAP



Aerial Photo ©CSF/Pictometry flown in 2015

**Legend**

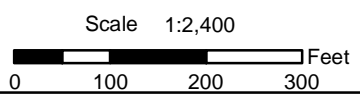
-  Development Opportunity Site
-  60' wide SFPUC pipeline easement
-  No-build zone to ensure SFPUC pipeline integrity
-  SFPUC land (in fee)
-  SFPUC MOU4242 to SF Public Library for garden
-  31' wide vehicle turnaround temporary easement to AvalonBay
-  Public access easement to CCSF (50' w.) & SFPUC (60' w.)
-  24' wide SFPUC water pipeline easement



City & County of San Francisco

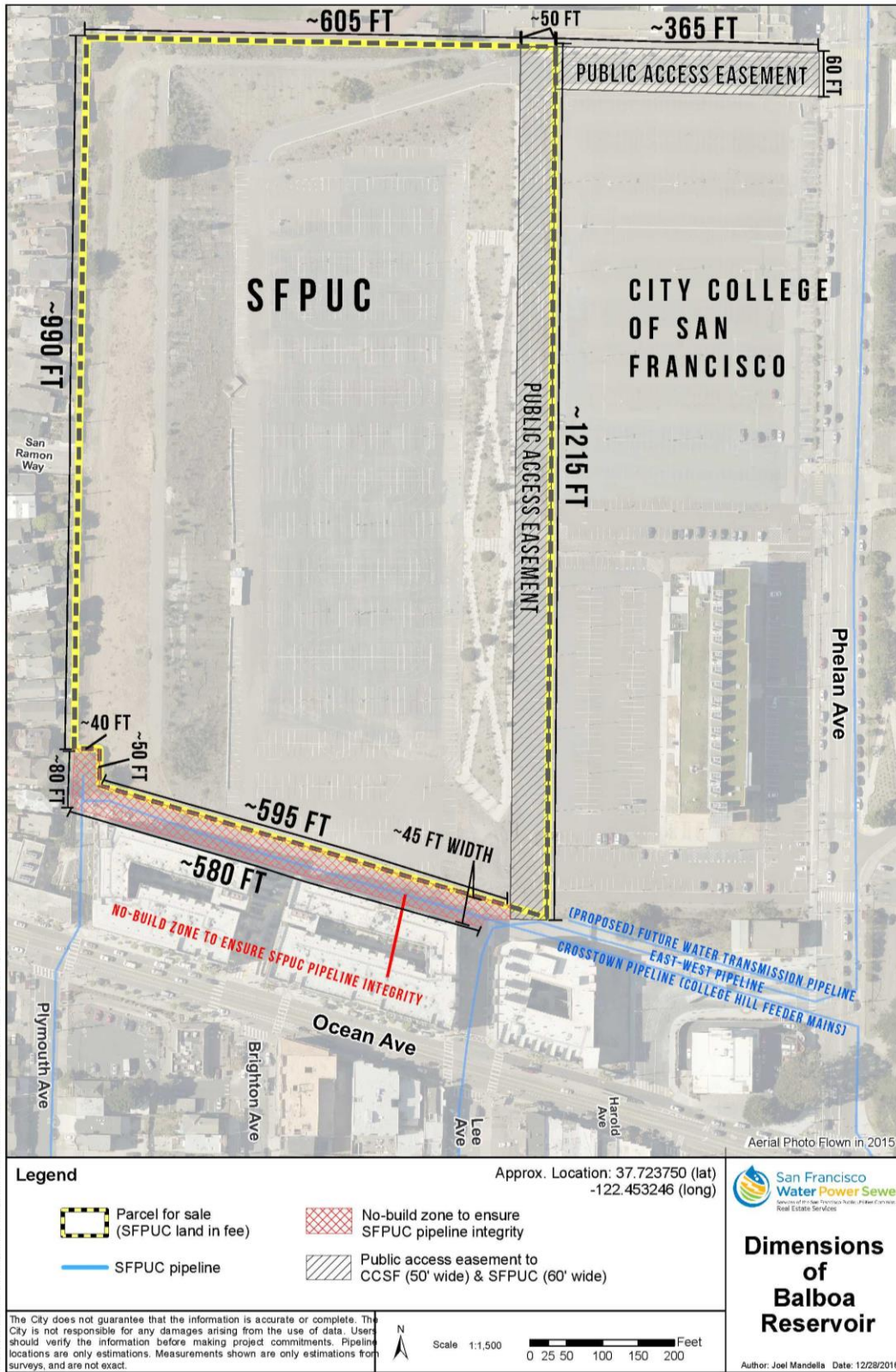
**Balboa Reservoir Site Map**

The City does not guarantee that the information is accurate or complete. The City is not responsible for any damages arising from the use of data. Users should verify the information before making project commitments.



C:\Jeremy\Real Estate\Projects\Balboa Reservoir\Balboa Reservoir\8-3 ltr.mxd 10/3/2016 jlukins

ATTACHMENT B  
 APPROXIMATE SITE DIMENSIONS



ATTACHMENT C  
DISCLOSURE QUESTIONNAIRE & RESPONDENT CERTIFICATION FORM

**Instructions:** *This form must be completed and executed by the respondent organization's president, executive officer, or equivalent responsible party, such as the managing member of an LLC or the general partner of a limited partnership.*

*Any material misstatement of the information provided in this questionnaire and certification may be grounds for rejection of a proposal or avoidance of a land transaction.*

**GENERAL INFORMATION**

RESPONDENT NAME: \_\_\_\_\_  
(Print name as it would appear on contractual agreements with the City.)

LEGAL FORM (e.g. corporation, partnership, LLC, joint venture): \_\_\_\_\_

MEMBER ENTITIES:

\_\_\_\_\_

ADDRESS:

\_\_\_\_\_

CITY STATE ZIP

PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

KEY PERSONNEL INFORMATION: Provide the full name, title, address, phone number, and email address of all key personnel.

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY STATE ZIP

PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

NAME: \_\_\_\_\_

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ADDRESS: \_\_\_\_\_

CITY STATE ZIP

PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

*Please attach additional sheets as necessary.*

## DISCLOSURE QUESTIONS

**RESPONDENT NAME:** \_\_\_\_\_

*(Print name as it would appear on contractual agreements with the City.)*

*If the answer to any of the disclosure questions requires additional space for explanation, please attach additional sheets as necessary.*

1. Have you or any of your principals ever been a party to an agreement with a public entity that was terminated for cause (e.g. breach)?  **Yes**  **No**

If yes, identify the public entity, state the nature of the agreement, the date of termination, and the specific reasons for the termination.

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2. Have you or any of your principals ever been a party to an agreement with a public entity that was cancelled without cause?  **Yes**  **No**

If yes, identify the party to the contract, the date of cancellation, and the specific reason for the cancellation.

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3. Have you or any of your principals ever been in arrears on taxes or fees due to any business or operation?  **Yes**  **No**

If yes, identify the jurisdiction and explain.

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4. Have you or any of your principals ever been the subject of an enforcement action taken by any governmental body relating to unfair and/or fraudulent business practices, non-payment of taxes, or violations of any city, county state, or federal regulation, ordinance, or statute?

**Yes**  **No**

If yes, identify the governmental body and explain.

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**Disclosure Questions, Cont'd**

**RESPONDENT NAME:** \_\_\_\_\_

5. Have you or any of our principals ever been a party to any regulatory action, including any notice of violation, order, or fine, taken by a regulatory agency, including any local, regional, state, or federal agency with purview over air or water quality (including storm water management), or the handling, storage, or disposal of hazardous or solid waste?  
 **Yes**  **No**  
If yes, identify the regulatory agency and explain.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Have you or any of your principals ever been a party to any legal proceedings, actions, convictions, judgements, arbitrations, or mediations?  **Yes**  **No**  
If yes, provide: (a) the date each matter was initiated; (b) the present status of each matter; (c) if a judgement was entered against you, whether the judgement has been satisfied in full, and if not, the current status.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. Have you or any of your management staff ever been a party to any administrative complaints/hearings filed or any debarments or suspensions or other administrative actions commenced by any federal, state, or local government entity?  **Yes**  **No**  
If yes, provide: (a) the date each matter was initiated and (b) the present status of each matter.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Have you or any of your principals ever filed for bankruptcy?  **Yes**  **No**  
If yes, provide: (a) date and jurisdiction of each filing; (b) reason for filing; (c) case numbers and types of cases (e.g., Chapter 7 liquidation or Chapter or 11 or Chapter 13 reorganization); and (d) current status of each case.

\_\_\_\_\_  
\_\_\_\_\_

**Disclosure Questions, Cont'd.**

**RESPONDENT NAME:** \_\_\_\_\_

9. Describe any business, property, gifts, loans, investments or other financial relationships between you and any member of the SFPUC Commission or the Board of Supervisors (or members of their immediate families), which are financial interests as defined by Section 897103 of the California Fair Political Practices Act.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. Have you or any of your principals ever violated the Campaign Reform Ordinance and/or Conduct code (Section 1.126 of the S.F. Campaign and Governmental Conduct Code, referenced in RFP Section 12.8)?  **Yes**  **No**  
If yes, describe (a) the date of each violation and (b) the nature of each violation.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## RESPONDENT CERTIFICATION

**RESPONDENT NAME:** \_\_\_\_\_

On behalf of the party named above, the undersigned certify under penalty of perjury under the laws of the State of California that:

1. The responses (including any required additional responses of related parties) to this Disclosure Questionnaire (“Questionnaire”) and Respondent Certificate (“Certificate”) (including any attached sheets) consist of \_\_\_\_\_ total pages.
2. The undersigned understands and agrees that the San Francisco Public Utilities Commission (“SFPUC”) and the City and County of San Francisco (“City”) makes no representations or warranties with respect to the offering described in the Request for Proposals (“RFP”), and that everything relevant to this proposal has been based on either the undersigned’s own knowledge or the information provided by the SFPUC and the City in the RFP and on the web page for the RFP.
3. The undersigned certifies that the Respondent named above has not agreed to pay now or in the future, and has not in fact paid, directly or indirectly, any fee, commission, or other things of value to any City or SFPUC employee, agent, representative, commissioner, or contractor in an effort to influence the SFPUC Commission’s decisions regarding the Balboa Reservoir development opportunity.
4. The undersigned represents that the Respondent has no conflict of interest that could interfere with the development and operations described in the proposal to which this Questionnaire and Certificate are attached.
5. The undersigned states that the Respondent is familiar with the conflict of interest provisions of Section 15.103 of the San Francisco Charter, certifies that it knows no facts that would constitute a violation of these provisions, and agrees to notify the City immediately upon becoming aware of any facts that would constitute a violation of these provisions. The undersigned further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, which the undersigned believes any officer or employee of the City presently has or will have in the land transaction by the proposal to which this Questionnaire and Certificate are attached or in the performance thereof or in any portion of the profits thereof.
6. By submitting the proposal to which this Questionnaire and Certificate are attached, the undersigned certifies that the Respondent has read and understands the key terms and conditions of the RFP and, if selected: (1) will satisfy all of the requirements for exclusive negotiations and for any extension thereof and (2) is ready, willing, and able to comply with all City requirements and other terms and conditions of the RFP as they apply to the attached proposal.
7. By submitting the proposal to which this Questionnaire and Certificate are attached, the undersigned certifies that the Respondent agrees that it will have no claim against the SFPUC or the City by reason of, and waives any and all rights with respect to, the following:

**RESPONDENT NAME:** \_\_\_\_\_

any aspect of the proposal to which this Questionnaire and Certificate are attached; any informalities or defects in the selection process, the rejection of any proposal, the acceptance of any proposal, the execution of any land transaction, the failure to complete any land transaction, and any statement, representation, act, or omission of the City or its agents in connection with the proposal to which this Questionnaire and Certificate are attached or the RFP.

8. The individuals signing on behalf of the undersigned is/are authorized representatives of the Respondent with full and complete rights to make the certifications above and to bind the Respondent to the proposal to which this Questionnaire and Certificate are attached.
9. The responses provided to this Questionnaire and Certificate were formulated after investigation of the Respondent's operations by myself personally or are based on information provided to me by another responsible person with unlimited authority to obtain the required information. The undersigned represents that each decision-making principal or authorized representative of the Respondent has reviewed and understands the terms and conditions that are the subject of this Questionnaire and Certificate and approved the execution of this Questionnaire and Certificate.
10. I believe all information provided in response to this Questionnaire and Certificate is true and correct.

*If the Respondent is a joint venture or other form of undertaking by more than one individual or entity, an authorized representative of each principal must sign and date this Certificate below.*

Name of principal: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Name of principal: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Name of principal: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

*Please attach any additional signature pages as necessary.*

ATTACHMENT D  
DEVELOPMENT PROGRAM OVERVIEW FORM

**Instructions:** Please complete this form and submit within Part 1 of RFP response. The program proposed by the selected development team will constitute the starting point for that team's planning and design, outreach, and other predevelopment work.

The requested figures may be provided as ranges and/or approximations, so long as the ranges given are narrow enough to clearly indicate the specific character of the project (e.g., approaches to density and open space, prioritization of public benefits, etc.) relative to that of other proposals.

**Housing**

1. Gross square feet: \_\_\_\_\_
2. Corresponding unit count: \_\_\_\_\_
3. Baseline affordable housing program:  
*Check boxes to confirm that proposed development program includes:*  
 18% low-income units                       15% moderate-income units
4. Additional affordable units:
  - a. Number of units in excess of 33% baseline: \_\_\_\_\_
  - b. Corresponding percentage of total units: \_\_\_\_\_
  - c. Target income(s) (% of AMI): \_\_\_\_\_

**Open Space**

5. Total open space: \_\_\_\_\_
6. Size of each proposed open space: \_\_\_\_\_

**Parking:**

7. Number of Spaces: \_\_\_\_\_
8. Configurations: \_\_\_\_\_

**Childcare**

9. Does proposed development include at least one childcare facility? Y / N

**Additional Proposed Uses:**

10. Uses and corresponding sizes: \_\_\_\_\_

ATTACHMENT E  
DEVELOPMENT PRINCIPLES & PARAMETERS



To: Balboa Reservoir Request for Proposals (“RFP”) Respondents

From: Balboa Reservoir project staff

Date: March 9, 2017

**Subject: Clarification on the Balboa Reservoir Principles & Parameters**

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During the question and answer period for the Balboa Reservoir Request for Qualifications (“RFQ”), the City received a question regarding the income levels associated with low-income affordable housing. We provided the requested clarification within the Responses to Questions document posted on the Balboa Reservoir Development Opportunity website, <http://sfwater.org/balboa>. This clarification is summarized on Pages 12 and 13 of the RFQ, and the full question and response are as follows:

***Question: The RFQ refers to Proposition K and defines housing that is “affordable to low-income households” as “up to 55% AMI”. (This is stated on the cover page, on Page 12 of the RFQ, and on Page 7 of the Development Principles & Parameters.) In other contexts, City policy around “low income” housing has been to restrict only rental housing units at 55% AMI, and to allow more leeway to for-sale housing units, which are often allowed to be qualified at up to 80% AMI. If a developer proposes for-sale units as a means of satisfying the 18% low-income unit requirement, is there an opportunity to sell those units at 80% AMI rather than 55% AMI?***

***Response: In defining “low income” households at a maximum income level of 55% of AMI, the Development Parameters did not contemplate a scenario that would include low-income for-sale housing. The intent was not, however, to prohibit low-income for-sale housing at Balboa Reservoir. If a project were to include low-income for-sale housing, the maximum income level for this housing would be 80% of AMI, consistent with Proposition C, passed by San Francisco voters in June, 2016. The intention behind citing Proposition K (2015) was to reference its provision calling for at least 33% affordable housing on public land. Proposition K (2015) set a different income limit for low income ownership housing, 90% of AMI, but that limit was superseded by the lower limit subsequently set by voters in Prop C (2016).***



**BALBOA RESERVOIR**

**DEVELOPMENT**

**PRINCIPLES & PARAMETERS**



Dear Prospective RFQ Respondents,

September 9, 2016

Over the past year, our team of nine has thoroughly reviewed and discussed a wide range of land use topics. We have listened to feedback from a broad range of community perspectives, and the following Development Parameters are the result of our collective efforts. Separate from these Parameters, we also want to highlight four key areas of overall importance and priority for us: transportation and neighborhood congestion, City College, and affordable housing. To be successful, any project will need to effectively integrate these priorities into their proposal.

- **Transportation and Neighborhood Congestion:** Traffic congestion and the availability of street parking are already major problems facing the local community. The developer must be responsible for addressing new development's transportation and parking impacts, and no development proposal is likely to garner community support if it would worsen these conditions.
- **City College:** The community cares deeply about City College's long-term health and growth. We are especially concerned that the Balboa Reservoir development will displace a surface parking lot currently utilized by City College students. It will be critical for the Balboa Reservoir developer to work with City College to address parking needs by identifying alternative parking and transportation solutions that do not compromise students' ability to access their education.
- **Affordable Housing:** Members of the CAC and the community are deeply concerned about housing affordability. We would like to see a significant proportion of the housing at Balboa Reservoir be affordable to a combination of low, moderate, and middle-income people. However, housing cannot come at the cost of increased congestion.
- **Open Space:** The addition of new public open spaces at Balboa Reservoir is a top priority for many community members. The development parameters go into detail about the qualities that we believe make good parks and open spaces.

In the course of the 16 BRCAC meetings leading to the creation of these Development Parameters, we heard many passionate perspectives from residents of nearby neighborhoods, members of the City College community, representatives of local schools and businesses, and others who care deeply about how this development turns out. Along the way, these participants provided thoughtful and detailed direction on the revisions they wanted to see made to the evolving Parameters document. Two groups, the Westwood Park Association and Communities United for Health and Justice, went a step further and presented the CAC with alternative proposals for consideration.

Not surprisingly, this large and committed group of stakeholders had differing opinions. Where there was not general concurrence, we worked hard to suggest compromises, going through multiple rounds of revisions to arrive at this final document. As we move on to the developer selection phase of this project, we look forward to seeing these Parameters guide the Balboa Reservoir development.

Sincerely,



**Lisa Spinali**

**Chair, Balboa Reservoir Community Advisory Committee**



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# Background

In spring 2015, Supervisor Norman Yee introduced and the Board of Supervisors approved an ordinance creating the Balboa Reservoir Community Advisory Committee (BRCAC). Among the BRCAC's responsibilities laid out in this legislation was to "provide feedback on what development objectives should be included in the Request for Proposals to be issued by the City for development of the [Balboa Reservoir] Site." The BRCAC is an advisory committee with nine seats, each representing a different constituency of the Balboa Reservoir project, and many additional community members often also attend.

Since then, the BRCAC has met regularly for a year to advise City staff on the development principles and parameters that are found on the following pages. The first drafts of the principles and parameters were produced by staff based on feedback heard at prior community meetings and collected through a survey, as well as on staff's professional knowledge of land use best practices. Members of the CAC and community provided feedback at monthly BRCAC meetings and via email, and staff responded by substantially revising the draft parameters.

All sections of this document have undergone at least two rounds BRCAC review, feedback, and revision, and in many cases more than two rounds. The final version of the document incorporates the feedback of a wide array of stakeholders and perspectives, while also trying to mediate between conflicting opinions and remain consistent with City policies and standards.

Complete documentation of all community feedback, staff responses, and revisions to the principles and parameters is online at <http://sf-planning.org/brcac>.

# HOUSING

## PRINCIPLE 1

Build new housing for people at a range of income levels.

## PARAMETERS

- a. Make at least 50% of total housing units permanently affordable in perpetuity to low (up to 55% of Area Median Income (AMI)), moderate (up to 120% of AMI), and middle-income (up to 150% AMI) households, provided that this can be achieved while also ensuring project feasibility and providing the economic return to SFPUC ratepayers that is required by law.
  1. Make at least 33% of total housing units permanently affordable in perpetuity to low or moderate-income households, consistent with Proposition K (2014).
    - A. Make at least 18% of total housing units affordable to low-income households (up to 55% of AMI).
    - B. Make an additional 15% (or more) of total housing units affordable to low or moderate-income households (serving a range of households up to 120% of AMI, with emphasis on households earning 80% to 120% of AMI).
  2. To ensure that the project's overall affordable housing serves a diverse group of households ranging from low-income to middle-income, make an additional 17% of total housing units permanently affordable in perpetuity at a range of affordability levels. The maximum AMI levels for moderate and middle-income households may not exceed 120% and 150% AMI, respectively, and must correspond with housing prices that are at least 15% below local market rate housing prices at the time of project approval.
  3. Developers should assume that SFPUC will receive a "fair market value" land price based on the 33% affordability scenario described in (1) and should propose additional public financing strategies that would enable the project to meet or exceed the 50% or higher affordability level.
- b. Maximize the amount of affordable housing, exceeding these minimum affordable housing percentages to the greatest extent possible, provided that all other development parameters are also met; do not exceed the minimum number of market-rate units that are necessary to achieve these objectives.
- c. Target middle-income housing to the qualifying households that have the greatest affordability challenges, such families with children that require larger, family-sized, multi-bedroom units.
- d. Provide a mix of rental and ownership units.

- e. Proactively work with City College and/or area schools to explore partnerships that would allocate on-site affordable units to house students, faculty, and/or staff, priced at appropriate AMI levels.

## PRINCIPLE 2

### Create housing that can serve a diverse group of household types.

#### PARAMETERS

- a. Provide all affordable housing on-site (as opposed to providing housing off-site or through the developer paying an in-lieu fee).
- b. Design a substantial proportion of housing units, common spaces within residential buildings, and public amenities to be suitable for families with children. A key characteristic of “family-friendly” units is that they have at least two bedrooms.
- c. Indicate how family-friendly units will be made accessible to households at a range of incomes.
- d. Proactively work with City College and/or area schools to explore partnerships that would allocate on-site units to house students, faculty, and/or staff.
- e. Identify effective partners and strategies to target affordable housing to special populations such as seniors, physically and developmentally disabled adults, veterans, and/or public servants, subject to fair housing law, ability to secure required subsidy, and related City housing policies.
- f. Consider including alternative housing ownership models, such as co-operative housing.

## PRINCIPLE 3

### Help to alleviate City’s undersupply of housing.

#### PARAMETERS

- a. Within the confines of other relevant parameters (e.g. Principle 1(a), neighborhood character, open space, transportation, City College), and subject to the desired unit sizes and family-oriented units cited above, maximize the amount of new housing created to address the current and projected affordability challenges faced by the neighborhood and the City. This includes the affordable housing needs of the employees and students of City College and other area schools.
- b. Create housing without compromising the quality of design or construction or outpacing needed transportation infrastructure.

# TRANSPORTATION

## PRINCIPLE 1

Manage parking availability for onsite residents while managing parking to meet City College enrollment goals and coordinating with City parking policies for the surrounding neighborhoods.

## PARAMETERS

- a. Comply with Planning Code requirement to “unbundle” parking, such that parking spaces are purchased or leased separately from residential units and households opt into the lease or purchase of a parking space. Some residential parking spaces may be part of shared parking facilities and/or in on-site buildings separate from the associated residential buildings.
- b. Build residential parking at ratios that are appropriate for each unit size and/or household type (e.g. senior, student, family, etc.), as well as for a site with access to multiple transit lines and near a transit station area. Parking may not exceed a rate of up to one parking space per family unit (two bedrooms or greater) and up to one parking space per four units of student housing. The overall site parking ratio will be determined once the development is proposed and the type and number of units is determined. However, these parameters would like to set a goal for the developer to strive for a site-wide, overall ratio of no greater than 0.5 parking spaces per unit, recognizing that different household types have different parking needs and that parking supply greater than parking demand can invite additional vehicle trips to neighborhood roads. The implementation of TDM and parking management strategies should be monitored at each phase of development to ensure that development does not outpace these strategies.
- c. Working with City College and the City, describe an appropriate parking and transportation demand management plan that accommodates all appropriate City College student and employee demand at full enrollment, including access to the City College’s future Performing Arts and Education Center. The TDM plan (including assumptions such as data and projections) should be coordinated with City College and consistent with recommendations in the forthcoming Balboa Area TDM Plan. If expert analysis demonstrates that shared parking is a viable approach, explore accommodating City College affiliates and other non-residents in shared parking facilities (garages where the same parking spaces are utilized by residents during non-peak hours and accessible to all others, including City College students and employees at other times). See related language in City College parameter 3(b).
- d. On-street parking should be managed by the SFMTA according to best practices for each user group.

## PRINCIPLE 2

### Create incentives for and improve the experience of utilizing transportation choices between the Balboa Reservoir site, transit, and adjacent neighborhoods.

#### PARAMETERS

- a. Use the strategies below and other creative proposals to meet the performance target of a maximum 60% automobile mode share (AMS)<sup>1</sup> for the first phase of development, with the goal of reducing AMS to the greatest extent feasible. For all phases of the development, monitor transportation performance on the site, report annually on all transportation demand management (TDM) and parking measures following City standards, and deploy measures to improve mode share, vehicle miles traveled (VMT), and other measures as needed. To these ends, establish a TDM budget for the development. The budget should provide funding for a TDM manager to execute transportation strategies and coordinate with relevant City agencies, City College, and other transportation partners, utilizing the findings and recommendations in the forthcoming Balboa Area TDM Plan.<sup>2</sup> Identify strategies or partnerships for executing TDM measures to meet performance targets.
- b. Maximize car share availability and convenience. Incentivize its use by providing each on-site household with a car-share membership for the household's first full year of residency and by:
  - Meeting or exceeding the number of carshare parking spaces required by local ordinance;
  - Locating car-share parking spaces on streets for easy access;
  - Providing space for other shared motor vehicles (such as scooters);
  - Facilitating the use of shared vehicles by families with children by providing lockers for individual storage of carseats, located adjacent to carshare parking.

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1 Automobile mode share (AMS) refers to the portion of all trips to and from the site made by private automobile. Developers design parking and TDM measures to achieve or stay under particular AMS targets. Accompanied by monitoring requirements, reporting and compliance regulations, AMS standards are a way the City can ensure a developer commits to limiting trips and impacts on neighborhood roads.

2 Currently, the Planning Department and SFMTA are co-managing a TDM study for an area that includes the Balboa Reservoir site, City College Ocean Campus, and residential neighborhoods immediately surrounding the project site. The study is expected to be completed by early 2017 and will include information about local transportation usage patterns and related TDM opportunities.

c. Prioritize pedestrian safety and access and encourage transit use by:

- Demonstrating commitment to the City's efforts to improve the safety, comfort and experience of bicycle and pedestrian access within the Balboa Reservoir Site and from the Site to the City College Bus Terminal, Balboa Park BART Station, the Muni K-line, other bus stops, community amenities, and open spaces in the area. Implement projects that enhance the adjacent public realm and projects from the Ocean and Geneva Corridor Design plan<sup>3</sup> to the greatest extent feasible. See related language in City College parameter 2(d).
- Maximize safe pedestrian and bicycle connections to transit, into the site, and within the site. Pedestrian networks shall accommodate desired paths of travel (or "desire lines"), connecting to surrounding transit, commerce, street networks, paths and open spaces. [*This bullet was moved here from Transportation Principle 3 to emphasize the importance of pedestrian access and safety.*]
- Street, sidewalk and pedestrian facility designs should be consistent with Better Streets Plan; bicycle facility designs should be consistent with the NACTO Bikeway Design Guide; and all rights of way should adhere to other applicable standards, such as utility separation requirements. Streets will generally fall under Better Streets Plan's Neighborhood Commercial, Neighborhood Residential, Park Edge, Alley or Shared Public Way street types. As described in the Public Realm and City College Parameters, coordinate onsite connections with SFMTA pedestrian and bicycle access improvements beyond the site, especially to and from City College. [*This bullet was moved here from Transportation Principle 3 to emphasize the importance of pedestrian access and safety.*]
- Providing each household with a monthly transit pass or providing each household with a sustainable transportation benefit allowance. The allowance could be used for a variety of sustainable transportation such as transit, bicycle parking, sharing or repair, car share usage fees, etc. Private automobile parking, tolls, maintenance, etc. would not be eligible expenses. The transportation benefit allowance should be provided for the life of the project. At a minimum, the transportation benefit allowance should be equivalent to the cost of one Muni monthly pass per household.
- Encouraging employers to provide a pre-tax transportation benefit program and/or a sustainable transportation allowance for onsite employees (e.g. residential buildings' property managers, construction workers, etc.).
- Providing on-site transit rider amenities such as benches and sheltered bus stops and data/electricity to support real-time displays at bus stops, if applicable.

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3 Plan is accessible online at [http://208.121.200.84/ftp/files/plans-and-programs/in-your-neighborhood/ocean\\_ave\\_corridor/OceanAvenueCorridorDesignFinalReport.pdf](http://208.121.200.84/ftp/files/plans-and-programs/in-your-neighborhood/ocean_ave_corridor/OceanAvenueCorridorDesignFinalReport.pdf).

**d.** Encourage bicycling by:

- Providing secure onsite Class I bicycle storage facilities at a rate that meets or exceeds planning code requirements of at least 1.5 bicycle parking/storage spaces per residential unit. These bicycle facilities should be secure, contain electric charging stations, and be capable of storing cargo bicycles and other larger bicycles.
- Ensuring a safe and convenient path of travel between on-site bicycle facilities (e.g. lanes, paths, parking, repair space, bike share pods) and existing and planned bicycle facilities beyond the site.
- Creating a north-south bicycle connection on the Lee Avenue extension or through the site, utilizing bicycle lanes and/or dedicated bicycle tracks, per the San Francisco Bicycle Plan. This connection should be provided early in the site development process.
- Providing visitor bicycle parking at a rate that meets or exceeds Planning Code requirements.
- Providing a bicycle repair facility on-site, with considerations for the existing retail environment (see *Additional Public Benefits, Parameter 2b*).
- Sponsoring an onsite Bay Area Bike Share pod if one is not located within 250 feet of the site, pending agreement on siting with Bay Area Bike Share.
- Considering subsidizing Bay Area Bike Share memberships to residents and employees.
- Providing a once a year “learn how to ride” class, either on site or nearby, offered to all residents. See Principle 4 for additional outreach requirements.

**e.** Identify and implement additional strategies to increase the utilization of safe and affordable transportation, which may include:

- Facilitating deliveries by including a staffed reception area to receive packages or offering reception area cold storage and other forms of temporary storage to receive deliveries of groceries, packages, laundry, and other items.
- Making electric vehicle parking safe and convenient, as well as lowering barriers to installing future electric vehicle charging stations throughout parking garages if electric vehicle use becomes ubiquitous (see *Sustainability parameters*).

**f.** Identify potential partnerships and accommodate capital improvements that can reduce traffic impacts on surrounding neighborhoods and improve safety and mobility for non-single occupant vehicle travel modes. (*Note that RFP responses should not assume that the Balboa Reservoir development project will be required to fund off-site improvements other than improvements required as CEQA mitigation measures. However, the City may wish to explore creative partnership and funding arrangements during negotiations with the selected developer partner.*) Such improvements may include, but are not limited to, the following:

- Stronger pedestrian safety and access along Ocean Avenue and into adjacent neighborhoods.
- Improved bicycle infrastructure along Ocean Avenue and the existing Lee Avenue to close the current gap between bicycle routes.
- Coordination of shuttle service and/or facilities with City College.
- Coordination of bicycle facilities with City College, potentially including shared storage, shared access to repair or charging stations, and appropriate supply of Class I and Class II parking to accommodate bicycles' access to either property.
- Improved intersection design, turning controls and signal timing.
- Neighborhood mobility and access during construction.
- Maximizing electric vehicle or EV-ready parking spaces (see Sustainability parameter 5d)
- Shared parking facilities.
- Off-site traffic calming measures.

### PRINCIPLE 3

**Design site access and circulation to minimize the development's congestion impacts, especially on adjacent areas, while also maximizing pedestrian and bicyclist safety.**

### PARAMETERS

- a. Design the site's street network, vehicle circulation pattern, and placement of building and garage entrances to maximize pedestrian and cyclist safety and to minimize traffic congestion within and near the site, including on-street vehicle queuing. This goal may be achieved through designing shorter blocks, sharing off-street parking facilities, meeting Principles 1 through 4, and/or other strategies.
- b. Determine the number and location of site access points that will best manage congestion impacts to surrounding neighborhoods and roadways, while minimizing or eliminating the need for curb cuts on streets that are heavily traversed by pedestrians and bicyclists. (Note that certain access routes may be subject to negotiation with appropriate parties, such as adjacent landowners. Such negotiations would occur following the selection of a developer partner.)
- c. Design site circulation to minimize congestion and improve public safety on streets, particularly routes to schools within ½ mile of the site. Coordinate site circulation, parking supply, and access design with the City College master planning effort, including development of the Performing Arts and Education Center and/or other development on City College's property. Address congestion during morning and evening travel peaks, as well as during special events.

#### PRINCIPLE 4

Encourage the use of sustainable modes of transportation (walking, biking, transit ridership, car sharing, and carpooling) through coordinated programming and communications.

#### PARAMETERS

- a. Create incentives and campaigns to encourage the use of non-single occupant vehicle modes of transportation.
- b. Promote the site's sustainable transportation choices through engagement and communications with new and prospective tenants, residents, visitors, employees, and neighbors. Hold annual sustainable transportation events such as "bike to work day," electric bike and bike share demonstrations, other information sessions, or a month-long walking competition. Consider coordinating events with nearby educational institutions to include their populations as well as on-site residents and employees.
- c. Implement a wayfinding (e.g. signage, design) program that facilitates transit ridership, biking, and walking.
- d. Install real-time information amenities to assist residents, visitors, employees, and neighbors in utilizing sustainable modes of transportation. Useful types of information may include real-time transit arrivals, walking times to transit stops, availability of shared bikes, and/or availability of shared cars.
- e. Identify potential partnerships with the City, City College, and other nearby educational institutions to support local efforts to encourage students and employees to utilize sustainable modes of transportation.

# PROJECT'S RELATIONSHIP TO CITY COLLEGE

## PRINCIPLE 1

Ensure that development at the Balboa Reservoir site does not negatively impact City College's educational mission and operational needs.

### PARAMETERS

- a. Do not develop on City College property unless an explicit agreement is reached with City College. *(Note that the developer may not develop on any adjacent property without reaching an express agreement with its owner. Refer to Exhibit C of the RFQ for the City College Board of Trustees' position on this subject.)*
- b. Phase and schedule construction activity to minimize impacts on access, noise, dust, and other air quality impacts to neighbors, including City College and future City College construction projects.
- c. Ensure that neighbors, including City College, Westwood Park, Sunnyside, Archbishop Riordan High School and Ocean Avenue residences, receive substantial advance notice of project schedule and phasing so that they can plan appropriately for access and circulation impacts and changes in parking availability.
- d. Work with City College to establish a process for regular communication between the project and City College, including a means of ensuring completion of the project's commitments to City College and a means of resolving new issues that may arise during construction or after the new development is complete. This process should be established prior to project approvals and should acknowledge the full range of City College stakeholder groups (including Trustees, administrators, staff, instructors, and students).

## PRINCIPLE 2

In conversation with City College, identify opportunities for the Balboa Reservoir project's public benefits to serve as resources for the City College community.

### PARAMETERS

- a. Consider partnering with City College and/or area schools to allocate a material amount of on-site units to house students, faculty, and/or staff.
- b. To the extent that City College expresses interest in relocating or expanding the City College Child Development Center to the Balboa Reservoir site, examine opportunities to accommodate this request within the new development.

- c. If on-site commercial space is developed, explore including retail and non-profit uses that will serve the needs of the City College students, faculty, and staff in addition to serving residents and the site's immediate neighbors. If proposing any such uses, demonstrate that they will complement the existing commercial and nonprofit environment without negatively impacting existing local retail businesses or non-profit activities.
- d. As described in the Transportation Parameters, create safe, clearly navigable pedestrian and bicycle access, including access for people with disabilities, through the Balboa Reservoir site to connect surrounding neighborhoods to City College and to connect the City College community to on-site public amenities that they are likely to utilize. Allow for safe, comfortable, and convenient pedestrian, bike, and car travel between City College and the Balboa Reservoir project, with particular attention to connections to Balboa Park Station.
- e. As described in the Open Space parameters, when designing parks and open spaces, consider neighbors, including the City College community (students, faculty, and staff), as future user groups.

### PRINCIPLE 3

In coordination with City College, design and implement the project's transportation program in such a way that also creates new sustainable transportation opportunities for City College students, faculty, and staff.

### PARAMETERS

- a. Prior to the start of development, coordinate with City College to finalize and commit to transportation demand management (TDM) measures required to meet the Balboa Reservoir project's mode split target and other goals identified in the Balboa Area TDM Plan. These measures should include an implementation plan to ensure that development does not outpace TDM.
- b. Working with City College and the City, develop an appropriate parking and TDM strategy that accommodates City College students and employees. If expert analysis demonstrates that shared parking is a viable approach, explore accommodating City College affiliates and other non-residents in shared parking facilities (garages where the same parking spaces are utilized by residents during non-peak hours and accessible to all others, including City College students, faculty, and staff, at other times).
- c. Phase the project in such a way that changes to the current parking lot can occur gradually, allowing for incremental adaptations rather than the wholesale removal of all parking spaces at once.

- d. Explore the coordination of bicycle facilities with City College, potentially including shared storage, shared access to repair or charging stations, and appropriate supply of Class I and Class II bicycle parking to accommodate bicycles' access to both properties. Include, and avoid conflicts with, local bicycle-related businesses in the creation of new bicycle amenities, such as by exploring partnerships to provide on-site bicycle repair facilities.
- e. Identify and actively pursue additional potential partnerships with the City, City College, and other nearby educational institutions to support local efforts to encourage students, faculty, and staff to utilize non-single occupant vehicle modes of transportation. Potential partnerships may include, but are not limited to, capital improvements that increase the safety and attractiveness of walking or biking, including safe routes to transit and safe routes to school projects; coordinating efforts around public communications and outreach regarding alternatives to single-occupancy vehicles; TDM program management; public transit information; shuttles; paratransit; car-sharing; and other potential recommendations from the Balboa Area TDM Plan.

#### PRINCIPLE 4

To ensure that the Balboa Reservoir project is sensitive to City College's mission and operations, work with the City College administration, community, and master planning consultants to ensure that the Balboa Reservoir site plan and City College's forthcoming new Facilities Master Plan are well coordinated and complementary. Note that the Facilities Master Plan will be subject to approval by the City College Board of Trustees.

#### PARAMETERS

- a. Remain actively informed about City College's master planning process and receptive to opportunities to participate.
- b. Assume that City College's planned Performing Arts & Education Center, designed for City College property immediately to the east of the Balboa Reservoir site, will be built. Working with City College and the City, describe an appropriate parking and transportation demand management plan that accommodates access to the future Performing Arts and Education Center (see *Transportation parameter 1c*).
- c. Identify opportunities for the Balboa Reservoir project to help City College fulfill its master plan objectives, including but not limited to objectives around enrollment growth, while also meeting all other applicable development parameters.

# PUBLIC REALM

## PRINCIPLE 1

Develop a cohesive public realm (network of streets and open spaces) which provides a range of programmed and unprogrammed spaces for functional, recreational, and social activities. The public realm, whether softscape or hardscape, should connect transit, gathering places, commercial destinations, and residences on the site and beyond; be visible and activated from adjacent streets and uses; and provide a sense of identity unique to the neighborhood.

## PARAMETERS

- a. Create a publicly-accessible open space network, totaling at least 4 acres at ground level, including parks, playgrounds, gardens, picnic areas, off-street walking routes and/or linear parks, but excluding streets. Aim to exceed this minimum requirement. Spaces should accommodate multiple types of open space activities or programs within a given day, week, or time of year.
- b. Create one significant open space at ground level to serve as a park for the site and the neighborhoods beyond the Balboa Reservoir. Include a mix of programmed and unprogrammed spaces based on community input and neighborhood need. Rather than creating a large void, the park should be varied in design and uses, be scaled appropriately with the pattern of blocks and buildings, and create a sense of shared neighborhood identity. This continuous significant open space (which may extend multiple blocks if intersected by pedestrian ways or pedestrian/bike paths), should strive to be at least 2 acres (no less than 1.5 acres). This park will constitute a portion of the minimum 4 acres of at-grade open space referenced in Section 1.a. and should be designed with the community in a public process.
- c. The childcare facility should be adjacent to an open space. The open space should include elements and/or designs appropriate to the ages served in the adjacent childcare facility.
- d. Create a walking route or network of walking routes which facilitates walking for recreational purposes, minimizing street crossings and connecting or defining on-site open spaces. Pedestrian networks should accommodate desired paths of travel (or “desire lines”), connecting to surrounding transit, commerce, street networks, paths and open spaces. Walking routes should be supportive of and consistent with parameters 1(e) and 1(f).
- e. Create a usable linear open space area along the southern end of the project site, an area in which trees, large shrubs or structures are prohibited since it contains existing SFPUC underground water transmission pipelines.<sup>4</sup>

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<sup>4</sup> Landscape must conform to SFPUC Integrated Vegetation Management Policy, available online at [sfwater.org/index.aspx?page=431](http://sfwater.org/index.aspx?page=431).

- f. Respect the privacy and scale of all neighboring properties, including Westwood Park, Sunnyside, City College, Archbishop Riordan High School, and other adjacent and nearby residences and schools with a reasonable distance and appropriate public space design, private rear yards, landscape, topography (possibly including a berm), and/or walking routes to serve as a buffer or transition between the new buildings on the Balboa Public Site and Plymouth Avenue homeowners' backyards. Open space shall be preserved in perpetuity, as will be other public spaces on the site.
- g. Build in enough flexibility to the parks and open spaces to allow them to evolve with changing neighborhood needs, incorporating successive layers of programming, public art, and community stewardship over time. As these elements evolve to respond to changing needs, the spaces should remain unbuilt and open to the public.
- h. Prioritize view corridors from public streets and spaces to Mt Davidson, San Bruno Mountain, and the main entrance to the City College Science Hall. Incorporate view studies into public community design workshops.
- i. Emphasize the special nature of the area through distinctive landscaping and other features that complement and respect adjacent neighborhoods and educational institutions.

## PRINCIPLE 2

**Design the public realm as a useful, safe, and welcoming part of daily experience for diverse neighbors of all ages, visitors to the site, and City College affiliates. The Public realm should include generous landscaping, lighting, and greenery as appropriate to the scale and use of buildings and the site.**

## PARAMETERS

- a. Create public and common open spaces that are active. They should be well defined by landscape features, streets or walking routes, active pedestrian entries to adjacent buildings, and adjacent building massing.
- b. Design the landscape and buildings so that they complement each other in support of site-wide design public realm and urban design goals (see Urban Design section of this document).
- c. Design new streets as public spaces which create intimate, safe pedestrian environments while encouraging social interactions between diverse users from the site, adjacent neighborhoods, and City College. Use shared streets/public way designs where appropriate.
- d. Design public realm to complement the Ocean Campus, its network of public spaces, and Unity Plaza.
- e. Incorporate linear spaces, smaller common areas, and/or courtyards into the site and buildings to moderate building scale, provide intimate spaces, and diversify activities in the public realm.

Wherever possible, pair spaces with complementary adjacent land uses to help activate the public realm, for example small plazas near natural gathering places and playgrounds near daycare.

- f. Avoid corner public areas, fore courts and other designs that are ultimately passed through or observed from outside rather than serving a necessary, recreational, or social purpose.
- g. Propose a gradual transformation of the site, maintaining access to usable open space throughout all construction phases to allow people to experiment with new ways of using the site, and to give the community time to adapt to the physical changes of the site. For example, create a nursery for trees to mature on-site in advance of future site construction. Carefully consider and protect against construction impacts on neighboring homes and foundations, many of which are over 90 years old.

### PRINCIPLE 3

incorporate the different needs and hours of activity for diverse users in the area, including the members of the City College community.

#### PARAMETERS

- a. Ensure safe and accessible opportunities for people of all ages and abilities, including students, seniors, and families, to utilize the public realm.
- b. Design for sight lines between caregivers and open spaces or adjacent uses such as daycare, family residential units, or other ground-floor uses. Buildings with family units should maximize the number of units overlooking play areas.
- c. Locate gathering places at natural confluences of pedestrian activity, walking routes, and public life, in support of the privacy concerns addressed in Parameter 1(f).

### PRINCIPLE 4

Private open spaces should meet or exceed City regulations that require a minimum of 80 square feet of private open space per unit or 60 square feet if the space is made publicly accessible (above and beyond the project-wide public open space area minimums in Principle #1). Any publicly accessible open space associated with an individual building should read as part of an overall, coordinated pattern of open space.

#### PARAMETERS

- a. Maximize the percentage of private open space at ground level.
- b. Connect courtyards, mid-block open spaces, and/or streets wherever possible.

- c. Private open spaces should be human-scale, intimate and inviting. They should maximize green space, programmable spaces and visibility from residential units.
- d. Consider including residential building(s) with a shared open space designed for children and families, with play equipment and good visibility from larger, family-sized units.

#### PRINCIPLE 5

Design a variety of open spaces within the public realm network to create a variety of sensory experiences, incorporating the surrounding natural and/or cultural environment into the siting and design.

#### PARAMETERS

- a. If open space includes grade changes, use topography as a means of adding variation or creating a series of intimate spaces, without limiting visibility or accessibility.
- b. Maximize sun exposure in public spaces and in adjacent neighborhoods.
- c. Design open space areas that are protected from winds. Landscaping should withstand winds.
- d. Integrate stormwater management features into the public realm.
- e. Use drought tolerant species that will minimize the need for irrigation.

#### PRINCIPLE 6

Plan and design in coordination with a long-term, sustainable maintenance plan and community-serving programming.

#### PARAMETERS

- a. Describe what types of recreational uses are intended for the various public parks and open spaces included in the proposal.
- b. Describe how parks and open spaces will be managed or programmed to promote safe and active use and enjoyment, as well as who will be accountable for ongoing maintenance on a daily basis. Identify potential funding sources to support these management and programming activities.
- c. Plan proposed park and open spaces with an eye toward efficient maintenance and management, including establishment of funding sources to support such operations.
- d. Integrate educational or cultural opportunities into the public realm and adjacent community spaces, including funding sources to support such operations. Working with community and educational partners on this effort is encouraged.

# URBAN DESIGN & NEIGHBORHOOD CHARACTER

## PRINCIPLE 1

Connect and relate to the surrounding fabric of streets, blocks, and open spaces.

### PARAMETERS

- a. Create a general block scale that respects the scale of nearby neighborhoods, provides permeability, and uses a pedestrian network to connect the surrounding network of streets and open spaces.
- b. Break the scale of blocks by providing neighborhood streets, pedestrian paths, courtyards, or plazas to better connect networks of public and common spaces, including the City College campus.
- c. Orient the site, blocks, streets, and pedestrian connections to maximize pedestrian safety, mobility, and access to transit, housing, recreation, and other destinations.

## PRINCIPLE 2

Harmonize the relationships between existing buildings, streets, transit corridors, and open spaces.

### PARAMETERS

- a. Design the Site and buildings to integrate with, respect and reflect local character, scale, design, and uses, as well as to support access to transit. Designs should harmoniously integrate with the surrounding built environment, stitching together the varied land uses and urban design on all sides of the site including Westwood Park, Sunnyside, City College, and other nearby residences and schools. Designs shall consider the scale and design of neighboring buildings (especially Westwood Park, prominent buildings on City College campus including the Science Hall and planned Performing Arts and Education Center, Riordan H.S. and along Ocean Avenue), quality of open spaces (such as Unity Plaza and rear yards of Westwood Park), and pedestrian connections (such as to Riordan High School, Library Gardens, City College, and transit).
- b. Design variation in building architecture, height, scale, massing, and materials. Maintain visual interest and limit the extent of uniform, unvaried surfaces on all building facades. Buildings, blocks, and prototypes shall be authored by different architects to ensure variation in design on the site.
- c. Locate taller buildings where adjacent buildings are tallest, with heights tapering down on approach to single-family neighborhoods. Buildings on the western side of site should be lower in height than buildings on the eastern side and should respect the scale, privacy and light of adjacent homes to

the west of the Site. Buildings should be separated from Westwood Park rear yards by setbacks or open spaces. Building heights should fall within a range of 25 feet to 65 feet.

- d. Situate and design buildings to enhance public spaces and the openness provided by contiguous private open spaces (e.g. rear yards) while minimizing impacts on existing residential privacy and access to light. Appropriate landscape design and/or a reasonable distance should buffer adjacent properties in order to protect residents' privacy. Minimize impacts on privacy and light, through site orientation, setbacks, breaking lines of sight between buildings, landscape, and topography. (See Public Realm principles for further development parameters relative to adjacent properties.)
- e. Shape the height and bulk of buildings to respect views and vantage points; avoid buildings that are top-heavy or bulky in appearance.
- f. When designing roofs, consider how roof design will impact views to the site from above.

### PRINCIPLE 3

**Design with and complement the site's natural context.**

#### PARAMETERS

- a. Maximize exposure to sun and protection from wind. Utilize wind-appropriate trees to reduce wind impacts.
- b. Design the site, buildings, and public realm to harmoniously integrate into the surrounding topography and local landscape. The public realm and open spaces shall incorporate natural habitat appropriate for the micro-climate of the neighborhood.

### PRINCIPLE 4

**Express neighborhood character, celebrate cultural history, and align with neighborhood activities.**

#### PARAMETERS

- a. Design amenities and the public realm to align with neighborhood activities, desires or needs, including current uses of the site for families, dog walking and exercise
- b. Express the cultural and historical elements of the community in the site or public realm design.
- c. Design the site and public realm to respect and reflect community heritage, the City College campus, and the role of the intersection of Ocean Avenue and Phelan Avenue as a "gateway" to the neighborhood.

# SUSTAINABILITY

## PRINCIPLE 1

**ENERGY** Building on the City's robust energy efficiency requirements, reduce or eliminate greenhouse gas (GHG) emissions from new buildings to the greatest extent feasible. Maximize the use of renewable energy (generated on the Balboa Reservoir site, to the extent feasible) and realize 100% of electricity in all new development from renewable (GHG-free) sources.

## PARAMETERS

- a. Meet building energy efficiency requirements through attention to building fixtures and appliances (including shared, on-site facilities), lighting, HVAC, and plug loads, per the requirements of the San Francisco Green Building Code and California Title 24 (30% reduction for Residential Buildings and 40% for Non-Residential).
- b. Realize additional energy efficiency through passive design techniques, such as building orientation (to maximize solar energy potential), shading, materials/skins that control solar gain (to minimize interior heat gain), daylighting, and natural ventilation.
- c. Through both site and building design, maximize the use of solar energy generation on the Balboa Reservoir site from rooftop and/or building skin photo voltaic systems (PV) and solar thermal (rooftop solar hot water systems); Title 24 currently requires 15% of rooftop areas be designed as "solar ready" and new San Francisco Better Roofs legislation<sup>5</sup> requires its installation (PV and/or solar thermal). Other renewable energy technologies may be explored in comparison to solar potential.
- d. Following efficiency and onsite renewable achievements, meet 100% of remaining electricity demand with renewable or GHG-free supplies. Work with SFPUC to confirm the feasibility of the City providing electric service to the development from renewable and GHG-free supplies, consistent with San Francisco Administrative Code Chapter 99.
- e. Potential Innovation: Also in support of Principle #5, reduce or eliminate GHG emissions and air pollutants from natural gas use by substituting electricity in place of natural gas appliances (e.g., space heating, hot water heating, laundry, and cooking appliances).
- f. Potential Innovation: A district-scale (i.e. connecting and serving the entire development) energy center, which may include:
  - i. Individual heating and cooling systems connected with a shared heat loop that improves energy efficiency by enhanced pump operations.

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5 <http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/ordinances16/o0071-16.pdf>.

- ii. Buildings that share energy by either rejecting or taking heat from the closed water loop, which reduces cooling tower needs in terms of space and energy use and reduces load on central plant.
  - iii. Equipment consolidated in one area onsite, saving space for other uses within individual buildings (including better use of roofs than cooling towers); can be a separate building or housed in basement.
- g.** Potential Innovation: Supply multiple buildings or the entire development with renewable energy systems (including solar PV), which may provide renewable generation at a reduced overall cost compared to individual systems and efficiencies in construction costs. This innovation would be enhanced with renewable energy storage technologies and on-site facilities. GHG reduction from vehicles is addressed in the Transportation section.

## PRINCIPLE 2

**WATER** Building on the City’s robust water efficiency requirements, maximize non-potable water use in buildings and open spaces.

### PARAMETERS

- a.** Capture, treat, and reuse rain water, grey water (showers, laundry, and some sinks), and foundation drainage (as available), per current non-potable water regulations applicable to all new development 250,000 SF and larger.
- b.** Use treated non-potable water (per parameter 2(a)) in all new buildings for toilet flushing and irrigation for open space/landscaping.
- c.** Potential Innovation: District-scale non-potable water system servicing multiple buildings.
- d.** Potential Innovation: Use non-potable water for laundry and heating system cooling (laundry reuse would require approval from the San Francisco Department of Public Health).

## PRINCIPLE 3

**STORMWATER** Optimize onsite stormwater management to improve water quality, minimize potential for urban flooding, and help prevent overflows of the City’s combined sewage system into the Bay.

### PARAMETERS

- a.** Comply with the City’s Stormwater Design Guidelines performance requirements for total volume and peak flow reduction of the 2-year, 24-hour storm in regards to pre-site conditions.
- b.** Design streets and open spaces to include a coordinated network of urban greening to minimize stormwater runoff.

- c. Design streets and open spaces to include context specific low impact development approach and use stormwater management tools, such as rain gardens, bioswales and flow-through planters, and detention ponds.
- d. Coordinating with Principle #4 below, develop up to 100% of usable roof space for one or more feasible uses from the Better Roofs legislation (e.g., solar, living roof/habitat, usable open space, urban agriculture), while meeting requirements for stormwater and non-potable water capture.
- e. Potential Innovation: Maximizing permeable paving materials in parking spaces, play courts, and open spaces (assuming on-site pervious soils).

#### PRINCIPLE 4

**ECOLOGY / GREENING** Connect all residents, workers, and visitors to nature by maximizing habitat supportive trees and landscaping.

#### PARAMETERS

- a. Design a comprehensive network of public parks, public and private open spaces, and green connections that provide continuous ecological corridors to, from, and through the site and City College campus; to be coordinated with public realm parameters.
- b. Limit the use of landscaping to drought tolerant plants and trees that support biodiversity and habitat and/or encourage the use of plants that also provide food production (urban agriculture and fruit trees, if deemed appropriate). (Sfplantfinder.org is a useful resource for identifying appropriate species.)
- c. In support of Principle #5, comply with the San Francisco Reduced Risk Pesticide List and Integrated Pest Management requirements, including preferences for the use of non-toxic organic pesticides and fertilizers in the neighborhood, with special consideration for protecting pollinator species (e.g., bees and butterflies).
- d. Where living/green roof uses can thrive in the micro-climate, they should provide co-benefits to solar power or stormwater management; and they should contribute to habitat creation, air quality improvements, usable open space, urban agriculture, or building cooling.
- e. Potential Innovation: Drought-tolerant living facades (i.e. exterior walls covered with plants) irrigated by non-potable water and maintained through a secure funding strategy, especially for walls facing the public realm.
- f. Potential Innovation: Community garden spaces (indoor or outdoor) and a plan for maintaining them as gardens.

## PRINCIPLE 5

**AIR QUALITY** Support a healthy environment by reducing indoor and outdoor air quality impacts (from toxins in building materials, smoking, cruising for parking, and vehicle idling). Building design and materials should address the neighborhood micro-climate and fog (i.e., mold preventative strategies). (Note that outdoor air quality will also be enhanced through the “greening” parameters discussed in Principle #4.)

## PARAMETERS

- a. For residential buildings, apply the Public Health Department’s Article 38 for indoor air quality (enhanced ventilation) and San Francisco Green Building Ordinance’s prohibition of indoor toxins in adhesives and sealants (LEED EQ 4.1), paints and coatings (LEED EQ 4.2), and carpets and floorings (LEED EQ 4.3).
- b. For non-residential buildings, comply with additional green building requirements for non-toxic/low-emitting composite wood and agrifiber products (LEED EQ 4.4).
- c. Establish the project site as a “no idle” zone, per the Bay Area Air Quality Management District (BAAQMD) policy for local governments to identify and enforce no idle zones for vehicles.<sup>6</sup>
- d. Include electric charging stations for vehicles and bicycles in garages and on-street parking spaces, and building electricity capacity and conduit should maximize EV-ready parking spaces and accommodate adequate energy loads.
- e. Include electric plug-in stations at loading areas to eliminate idling of refrigerated and other diesel trucks.
- f. Potential Innovation: Incorporate external building materials and technologies (building “skins”) that help reduce air toxins, filter pollutants, and control solar gain.

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<sup>6</sup> This policy is available online at [http://www.baaqmd.gov/~media/Files/Planning%20and%20Research/CEQA/DraftPlanApproachV3\\_May%202012.ashx](http://www.baaqmd.gov/~media/Files/Planning%20and%20Research/CEQA/DraftPlanApproachV3_May%202012.ashx).

## PRINCIPLE 6

### SOLID WASTE *Achieve the City's Zero Waste goal<sup>7</sup> and a litter-free public realm.*

#### PARAMETERS

- a. Per City and LEED requirements, provide sufficient space for sorting and storing recycling (including large cardboard and other bulk items), composting, and trash in all buildings and open spaces.
- b. Per current code, accommodate all three waste streams (recycling, composting, and garbage) in any garbage chute system (may be installed as three separate chutes or a single, programmable chute whereby the user selects the appropriate category); provide flexibility for a future that may only include two streams.
- c. As part of the required LEED Gold and Silver credit totals, achieve at least two of LEED Materials and Resources points for environmental products regarding raw materials sourcing.
- d. Potential Innovation: Install a district-scale (i.e. servicing multiple buildings) pneumatic/ vacuum waste system that serves the entire site, with a central collection facility embedded in an accessible garage or ground floor, or as a stand-alone facility.
- e. Potential Innovation: Conduct a whole-building life-cycle assessment, as defined by LEED Materials and Resources "Building Life Cycle Impact Reduction" credit Option 4.
- f. Potential Innovation: Provide public realm waste bins that accommodate all three waste streams, are easy to use, educate the community, and prevent tampering. These bins could potentially be designed through a design competition.
- g. Potential Innovation: Use organic waste in local energy production/district energy center.

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<sup>7</sup> More information about the Zero Waste goal is available online at <http://www.sfenvironment.org/zero-waste/overview/zero-waste-faq>.

# ADDITIONAL PUBLIC BENEFITS

## PRINCIPLE 1

Accommodate a childcare facility and additional youth-friendly elements within the project.

### PARAMETERS

- a. Make space available for at least one childcare facility. Secure a daycare or preschool provider tenant serving children from infancy to 5 years old. Develop the space according to State requirements for this age group.
- b. Include residential units designed to accommodate in-home childcare.
- c. Design childcare facilities to minimize noise impacts on surrounding residential and educational uses.
- d. To the extent that City College expresses interest in relocating or expanding the City College Child Development Center to the Balboa Reservoir site, work with City College to explore opportunities to accommodate this request within the new development.
- e. Identify additional opportunities and partners for the project to serve youth of all ages, such as by including space for after school programs. Coordinate with City College, other local educational institutions, and community organizations to avoid redundancies.

## PRINCIPLE 2

Maximize active ground-floor uses to activate the public realm, create vibrancy, complement the neighborhood's existing retail and ground-floor uses, and avoid vacancies within any ground-floor space.

### PARAMETERS

- a. According to the San Francisco Planning Department's guidelines, require ground floor uses, including non-retail uses, which will contribute to an active pedestrian realm. These uses may include childcare, other youth-friendly uses, recreational facilities, arts and cultural facilities, service and social service providers, housing with active entrances, and bicycle storage facilities and/or workshops.
- b. Explore including neighborhood-serving retail uses in the project, which could serve new residents, the site's immediate neighbors, the City College community, and visitors affiliated with other nearby educational institutions. If proposing ground floor retail, developer will be expected to demonstrate that any retail use will complement the current local retail environment without negatively impacting existing retail businesses.

### PRINCIPLE 3

Explore including additional programming and/or amenities designed to enhance quality of life for both new residents and neighbors.

#### PARAMETERS

- a. Demonstrate an understanding of local social, arts, cultural, educational, transit access, pedestrian safety, and other priorities by proposing programming and/or amenities that will appeal to the broader community and City College affiliates (students and employees), as well as to the development's new residents. Integrate the contributions of community organizations, educational institutions, and City College students where possible.
- b. Demonstrate that the project's physical design will be conducive to any such proposed programming and/or additional amenities.
- c. Consider including additional amenities suggested by members of the community, which thus far have included a large and ADA-accessible multi-purpose community space, a meeting place for local nonprofits and neighborhood groups, a senior center, ground-level parking, support for City College's efforts to construct the Performing Arts and Education Center on the adjacent City College-owned property, amenities for college-age adults in addition to youth, ground-floor maker space, view platforms, and a public pool.

ATTACHMENT F  
FORM OF EXCLUSIVE NEGOTIATING AGREEMENT

[FORTHCOMING]

ATTACHMENT G  
POLICIES, STANDARDS, AND CODES

# RELEVANT POLICIES, STANDARDS, & CODES

In addition to the Balboa Reservoir Development Principles and Parameters, the Request for Qualifications (RFQ) and Request for Proposals (RFP) documents will include a number of policies, standards and codes that apply to the Balboa Reservoir site. The following list summarizes the most relevant of these legal obligations, though it is not exhaustive.

The listed items were referenced in previous memoranda to the CAC and are summarized here based on feedback City staff have received, relevance to the Principles and Parameters, and the requirements of the SFPUC.

## GUIDING POLICY AND BACKGROUND

Balboa Park Station Area Plan

[www.sf-planning.org/index.aspx?page=1748](http://www.sf-planning.org/index.aspx?page=1748)

Balboa Reservoir web page, background studies and community input

[www.sf-planning.org/index.aspx?page=3989#materials](http://www.sf-planning.org/index.aspx?page=3989#materials)

Inclusionary Affordable Housing Program Monitoring and Procedures Manual

<http://sf-moh.org/modules/showdocument.aspx?documentid=6983>

Proposition K (passed by San Francisco voters in 2014)

[http://sfpl4.sfp1.org/pdf/main/gic/elections/November4\\_2014.pdf](http://sfpl4.sfp1.org/pdf/main/gic/elections/November4_2014.pdf)

## PUBLIC REALM & SITE PLANNING

Recreation and Open Space Element of the San Francisco General Plan

<http://generalplan.sfplanning.org/index.htm>

SFPUC Utility Standards

[sfwater.org/index.aspx?page=574](http://sfwater.org/index.aspx?page=574)

SFPUC Integrated Vegetation Management Policy

[sfwater.org/index.aspx?page=431](http://sfwater.org/index.aspx?page=431)

San Francisco Stormwater Design Guidelines

[sfwater.org/index.aspx?page=446](http://sfwater.org/index.aspx?page=446)

SF Better Streets Plan

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

City and County of San Francisco 2015 Subdivision Regulations

[http://www.sfpucpublicworks.org/sites/default/files/4740-2015%20Subdivision%20Regulations\\_final.pdf](http://www.sfpucpublicworks.org/sites/default/files/4740-2015%20Subdivision%20Regulations_final.pdf)

## URBAN DESIGN

Ground Floor Residential Design Guidelines

[www.sf-planning.org/ftp/files/publications\\_reports/guidelines\\_for\\_groundfloor\\_residential\\_design.pdf](http://www.sf-planning.org/ftp/files/publications_reports/guidelines_for_groundfloor_residential_design.pdf)

General Plan's Urban Design Element

[www.sf-planning.org/ftp/general\\_plan/15\\_Urban\\_Design.htm](http://www.sf-planning.org/ftp/general_plan/15_Urban_Design.htm)

Westwood Park Residential Design Guidelines

(It is the City's legal responsibility to apply the Westwood Park Residential Design Guidelines to the Westwood Park Residential Character District, which is directly adjacent to the Balboa Reservoir site. The Balboa Reservoir building designs should respect the intent of the guidelines, as well as the privacy and character of Westwood Park residences.)

<http://50.17.237.182/docs/DesignGuidelines/Westwood%20Park%20RDG.pdf>

## ACCESSIBILITY

Mayor's Office of Disability Project Review Process

<http://sfgov.org/mod/project-review-process-plan-check-and-inspection>

SF Public Works Accessibility Information

<http://www.sfpucpublicworks.org/about/accessibility-information>

## TRANSPORTATION

Draft Transportation Demand Management Ordinance

<http://sf-planning.org/shift-encourage-sustainable-travel>

Transit First Policy

[http://library.amlegal.com/nxt/gateway.dll/California/charter\\_sf/tic/leviiiathemunicipaltransportationag?f=templates\\$fn=altmain-nf.htm\\$3.0?f=templates\\$fn=altmain-nf.htm\\$3.0#JD\\_8A.115](http://library.amlegal.com/nxt/gateway.dll/California/charter_sf/tic/leviiiathemunicipaltransportationag?f=templates$fn=altmain-nf.htm$3.0?f=templates$fn=altmain-nf.htm$3.0#JD_8A.115)

Vision Zero SF Policy

<http://visionzerosf.org/about/what-is-vision-zero/>

## SUSTAINABILITY

Non-Potable Water Ordinance

<http://sfwater.org/index.aspx?page=686>

San Francisco Stormwater Management Ordinance and SFPUC Stormwater Design Guidelines

<http://www.sfwater.org/index.aspx?page=446>

Relevant Green Building Codes and Policy:

- Department of Building Inspection Guide.  
<http://sfdbi.org/sites/sfdbi.org/files/AB-093.pdf>
- California Title 24.  
<http://energy.ca.gov/title24/>
- San Francisco Green Building Code  
[http://library.amlegal.com/nxt/gateway.dll/California/sfbuilding/greenbuildingcode2013edition?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco\\_ca\\$anc=JD\\_GreenBuilding](http://library.amlegal.com/nxt/gateway.dll/California/sfbuilding/greenbuildingcode2013edition?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$anc=JD_GreenBuilding)
- LEED, Leadership in Energy and Environmental Design.  
<http://www.usgbc.org/leed>

Better Roofs Ordinance

<http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/ordinances16/o0071-16.pdf>

San Francisco Mayor's Renewable Energy Task Force Recommendations:

[http://www.sfenvironment.org/sites/default/files/fliers/files/sfe\\_re\\_renewableenergytaskforcerecommendationsreport.pdf](http://www.sfenvironment.org/sites/default/files/fliers/files/sfe_re_renewableenergytaskforcerecommendationsreport.pdf)

ATTACHMENT H  
CITY COLLEGE BOARD OF TRUSTEES RESOLUTION



## **ACTION ITEM**

**AMENDED – JULY 28, 2016**

**DATE: July 28, 2016**

**PRESENTERS: Trustees John Rizzo,  
Brigitte Davila, Alex Randolph**

**SUBJECT: Resolution on the Development of the Balboa Reservoir Property**

**ITEM NO. 160728-XI-223**

WHEREAS: The property now known as the “Balboa Reservoir” is occupied by City College of San Francisco (CCSF), is known as part of the “West Campus” and is dedicated to the public good; and

WHEREAS: From 1946 to 1956 City College operated student housing for veterans along with many other full campus facilities on the site now proposed for housing by the City; and

WHEREAS: Planning for the long anticipated and voter-approved Performing Arts and Education Center (PAEC) has resumed at CCSF; and

WHEREAS: The PAEC would not only serve CCSF’s mission, but also the residents of San Francisco, by filling a need for small performance spaces that are in short supply, and therefore help revitalize San Francisco’s arts community, particularly in an area of San Francisco not well served by art and performance spaces; and

WHEREAS: Changes to traffic flow on Phelan Avenue by the City and County of San Francisco (the City) in recent years have made traffic worse and slowed Muni buses that our students and staff depend on; and

WHEREAS: The City has proposed to build on the western portion of the Balboa Reservoir a housing development of mixed affordable and market-rate units; and

WHEREAS: The Balboa Reservoir has been the site of existing city college parking for 60 years. Furthermore, the site of the proposed development is currently used by CCSF for the parking of up to 1,000 students and employees, and is often filled to capacity; and

### **BOARD OF TRUSTEES**

**RAFAEL MANDELMAN, PRESIDENT • THEA SELBY, VICE PRESIDENT • DR. AMY BACHARACH**

**DR. BRIGITTE DAVILA • STEVE NGO • ALEX RANDOLPH • JOHN RIZZO • BOUCHRA SIMMONS, STUDENT TRUSTEE**

**DR. GUY LEASE, SPECIAL TRUSTEE**

**SUSAN E. LAMB, INTERIM CHANCELLOR**

WHEREAS: In its presentation to the Board of Trustees and in its materials posted online, one of the options the City has proposed includes the creation of new streets through the CCSF owned parking lot; and

WHEREAS: CCSF is the central educational, economic and cultural focus of the neighborhood where the Balboa Reservoir property is situated;

WHEREAS: CCSF's interests cannot be secondary and must be taken into account in coordination with City efforts regarding the planned development on the "Balboa Reservoir"; and

WHEREAS: The development of the publicly owned Balboa Reservoir represents a valuable public resource that will provide a unique opportunity for the City to serve the public good, provide badly needed-affordable housing and support the mission of CCSF to provide accessible, quality education to all; therefore be it

RESOLVED: That the City College Board of Trustees submit the following priorities for the continued discussion with the city regarding the proposed "Balboa Reservoir" development:

1. CCSF cannot grant the city a roadway between the Multi-Use Building and the planned PAEC

- o The Board of Trustees may exchange one or more roadway accesses/ easements through CCSF owned property only if the City reimburses CCSF with other land in the reservoir or a monetary payment

2. The City's Balboa Reservoir project should be at least 50% permanent affordable housing with a preference for dedicated faculty and staff housing.

- o The Board of Trustees acknowledges that significant engagement by CCSF staff and administrators is required to create dedicated housing for faculty, staff and, if possible, student dormitories.

3. In order to avoid the loss of enrollment from students who must commute by car and loss of parking for audience members of performances at the PAEC, City College of San Francisco requires important mitigation measures to offset the loss of existing parking with the following:

- o A flexible\* parking structure that includes electric car charging stations, bicycle parking, share car parking to accommodate overflow parking and performances at the PAC,

- \*(flexible parking structures accommodate transitions from parking alone to a range of other uses as parking ratios decline with further mixed-use development and increased use of shared parking and public transit.), and

- o A comprehensive transit study, **with input from CCSF. As well as** ~~and~~ transit alternatives, including MUNI / BART Passes for all students and residents of any housing structure built on the Balboa Reservoir property, and

- o Car and bike sharing options for residents, neighbors, and members of the CCSF community

4. The City shall prioritize including open, accessible common space throughout the development to be used as parks, gardens, playgrounds or other types of open space that will enhance the CCSF community and neighborhood. The City must recognize that the open

campus of CCSF is designated as a park and any development must be consistent with this designation and the master plan.

5. The City, in coordination with the CCSF master plan, must make improvements to Ocean Ave and Phelan Ave to accommodate increased traffic flow, to ensure timely transit of the Muni buses and streetcars, and to improve pedestrian safety

6. The City, in coordination with the CCSF master plan, must place a new crosswalk on Ocean Avenue near the exit from the Balboa BART station, which is used by thousands of CCSF students, staff and faculty every day,

In addition, the City must undertake measures to overall increase pedestrian and bicyclist safety.

7. CCSF Administration shall work with the City to explore locating the new Child Development Center onsite at any Balboa Reservoir development to provide high quality child care for residents, students, faculty, and staff

8. That the City College of San Francisco – Capital Projects Planning Committee (CCSF-CPPC), which is comprised of all City College stakeholders and is in the best position to review the Balboa Reservoir Development in concert with CCSF Master Planning (now in progress) and the Balboa BART Station Parameters. This committee shall, in coordination with the PGC and the Balboa Reservoir CAC, provide regular feedback and input to the Board of Trustees for further discussion and action, if necessary.

BE IT FURTHER RESOLVED: That the Board of Trustees directs the Chancellor to communicate these priorities to the City and instruct the Administration to ensure that CCSF's interest are acknowledged and recognized **in accordance with the primary stated goals of CCSF's Vision and Mission statements: to continue "to provide an accessible, affordable, and high quality education to all students"**. ~~as we continue our discussion with the City to create a housing development that benefits the whole community without harming CCSF's mission.~~

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OF THE CITY AND COUNTY OF SAN FRANCISCO

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Clerk of the Board of Supervisors  
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SAN FRANCISCO ASSESSOR-RECORDER

**DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**THE CITY AND COUNTY OF SAN FRANCISCO**

**AND RESERVOIR COMMUNITY PARTNERS, LLC**

**FOR THE BALBOA RESERVOIR PROJECT**

Block \_\_\_\_\_ Lots \_\_\_\_\_

Click on this page to be redirected to the Legislative Research Center to view the entirety of this voluminous document

**AGREEMENT FOR SALE OF REAL ESTATE**

by and between

the **CITY AND COUNTY OF SAN FRANCISCO**,  
acting by and through  
its **Public Utilities Commission**,  
as Seller

and

**RESERVOIR COMMUNITY PARTNERS, LLC**,  
as Buyer

for the sale and purchase of  
Balboa Reservoir  
Assessor's Block 3180, Lot 190  
San Francisco, California

*February 18*, 2021



# SAN FRANCISCO PLANNING DEPARTMENT

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## Planning Commission Resolution No. 20732

HEARING DATE: MAY 28, 2020

*Case No.:* 2018-007883GPA  
*Project:* Balboa Reservoir Project  
*Existing Zoning:* P (Public)  
*Height-Bulk:* 40-X and 65-A  
*Proposed Zoning:* Balboa Reservoir Mixed-Use District (BR-MU)  
Balboa Reservoir Special Use District  
*Proposed Height:* 48-X and 78-X  
*Blocks/Lots:* Block 3180/Lot 190  
*Project Sponsor:* Reservoir Community Partners LLC,  
Kearstin Dischinger, (415) 321-3515, [kdischinger@bridgehousing.com](mailto:kdischinger@bridgehousing.com)  
*Staff Contact:* Seung Yen Hong – (415) 575-9026, [seungyen.hong@sfgov.org](mailto:seungyen.hong@sfgov.org)

1650 Mission St.  
Suite 400  
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**415.558.6378**

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**415.558.6409**

Planning  
Information:  
**415.558.6377**

**RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE AMENDMENTS TO THE BALBOA PARK STATION AREA PLAN, THE RECREATION AND OPEN SPACE ELEMENT, AND THE LAND USE INDEX OF THE GENERAL PLAN IN RELATION TO THE BALBOA RESERVOIR PROJECT AND MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND PLANNING CODE 340.**

**WHEREAS**, Section 4.105 of the Charter of the City and County of San Francisco provides that the Planning Commission periodically recommend General Plan Amendments to the Board of Supervisors; and

**WHEREAS**, The General Plan consists of goals, policies and programs for the future physical development of the City and County of San Francisco that take into consideration social, economic and environmental factors; and

**WHEREAS**, The General Plan shall be periodically amended in response to changing physical, social, economic, environmental or legislative conditions; and

**WHEREAS**, Planning Code Section 340 provides that an amendment to the General Plan may be initiated by the Planning Commission upon an application by one or more property owners, residents or commercial lessees, or their authorized agents; and

**WHEREAS**, In 2009, the Planning Commission adopted the Balboa Park Station Area Plan, a community-requested planning effort launched in 2000. The Balboa Park Station Area Plan sets forth policies designed to increase affordable housing for a variety of incomes; create open space; knit together isolated areas of the neighborhood; integrate diverse land uses with the area's commercial and transit corridors; design streets for walking, biking and public transit; and otherwise strengthen the Balboa Park area.

**WHEREAS**, Key objectives of the Balboa Park Station Area Plan call for the development of a mixed-use residential neighborhood and public open space on the Reservoir if the San Francisco Public Utilities Commission (“SFPUC”) does not need the site for water storage; and

**WHEREAS**, In 2014, the Public Land for Housing Program was launched to utilize City-owned land to address the City's most pressing housing issues, and in 2014, Proposition K was passed setting a goal of building or rehabilitating 30,000 homes by 2020, with 33% of all new housing units to be affordable; and

**WHEREAS**, The Office of Economic and Workforce Development, the Planning Department, and the San Francisco Public Utilities Commission initiated a study of the SFPUC owned Balboa Reservoir site, which is among the first sites slated for San Francisco's Public Land for Housing Program.

**WHEREAS**, In the spring of 2015, the Board of Supervisors created the Balboa Reservoir Community Advisory Committee (BRCAC) to serve as the primary forum for community feedback on the development of a master plan for the Reservoir site. From 2015 to 2016, over the course of 16 CAC meetings, the BRCAC worked with the City and County of San Francisco (City) and the community to establish development principles and parameters for developer selection, which informed the programming goals included in the Request for Proposals issued by the City and SFPUC in 2017; and

**WHEREAS**, In 2017, the city chose a developer team to partner on the development of the Balboa Reservoir site and began an extensive planning process with City agencies and the community to develop a master plan for the site that would implement the Balboa Reservoir Project (“Project”); and

**WHEREAS**, The site is currently referenced in the General Plan as designated for Public use with a height limit of 40/65 feet, and as such, the Project could not be constructed under the current provisions of the General Plan. However, existing policies in the Balboa Park Station Area Plan anticipated development of the Project site to accommodate a residential mixed-use neighborhood with public open space; and

**WHEREAS**, The Project site is an approximately 17.6 acres of land, located south of the Ocean Avenue commercial district, west of the City College of San Francisco Ocean Campus, east of the Westwood Park neighborhood, and north of Archbishop Riordan High School. The project site is owned by the SFPUC. The Project proposal includes developing approximately 1.3 million gross square feet (gsf) of residential space (1,100 dwelling units plus residential amenities), approximately 10,000 gsf of community space (childcare and a community room for public use), approximately 7,500 gsf of retail, up to 550 residential parking spaces and 450 public parking spaces. Additionally, it includes approximately 4 acres of public open space, including a new 2-acre central park. The proposal would also feature new public streets, pedestrian paths, and bicycle facilities. New buildings on the site are proposed to range from 25 feet and 78 feet and would generally step down westerly. The SFPUC will retain ownership of an 80-foot-wide strip of land located along the southern edge of the site where an underground water transmission pipeline is located. The Project sponsor is working with the SFPUC to utilize this 80-foot-wide strip of land as public open space, subject to the SFPUC review and approval; and

**WHEREAS**, The Project Sponsor is proposing development of the Project and has submitted an application to the San Francisco Planning Department (“Department”) for Environmental Review. The Project approvals include (1) General Plan Amendments, (2) Planning Code Text and Map Amendments, (3) the adoption of a

Design Standards and Guidelines (“DSG”) document to facilitate implementation, and (4) a Development Agreement (“DA”) between the Project Sponsor and the City and County of San Francisco; and

**WHEREAS**, To implement the project, the Board of Supervisors must approve legislation amending the Planning Code (Planning Code Text and Planning Code Map amendments) by rezoning the underlying portions of the site from P (Public) to Balboa Reservoir Mixed Use, rezoning the height and bulk district from 40-X and 65-A to 48-X and 78-X, and establishing the Balboa Reservoir Special Use District (“SUD”) across the site, approving a purchase and sale agreement for the site, and approving an amendment to an easement agreement with City College; and

**WHEREAS**, On April 9, 2020, the Planning Commission passed Resolution No. 20679, which initiated the Commission’s consideration of amendments to the General Plan, and included by reference, the proposed General Plan Amendment necessary to implement the Project.

**WHEREAS**, The proposed General Plan Amendments contained in a draft ordinance attached hereto as Exhibit A would (1) amend the introduction text, Map 2, Objective 1.4, Map 3 ,Policy 1.4.2, Map 4, Policy 2.4.4, Policy 3.4.3, Objective 4.4, Policy 4.4.1, Policy 5.1.1, Policy 5.1.3, Map 5, and Map 6 of the Balboa Park Station Area Plan to reflect the mixed-income residential neighborhood nature for the subject site; (2) amend Map 3 of the Recreation and Open Space Element, (3) amend the Land Use Index to reflect amendments to the maps described above in the Balboa Park Station Area Plan and the Recreation and Open Space Element, and (4) amend the Housing Element to include a new policy to promote housing that is designed for families with children; and

**WHEREAS**, On May 28, 2020, the Planning Commission reviewed and considered the Final EIR (“FEIR”) for the Project and found the FEIR to be adequate, accurate and objective, thus reflecting the independent analysis and judgment of the Department and the Commission, and that the summary of comments and responses contained no significant revisions to the Draft EIR, and certified the FEIR for the Project in compliance with the California Environmental Quality Act (“CEQA”), the CEQA Guidelines and Chapter 31 by Motion No. 20730; and

**WHEREAS**, On May 28, 2020, the Commission by Motion No. 20731 approved CEQA Findings, including adoption of a Mitigation Monitoring and Reporting Program (MMRP), under Case No. 2018-007883ENV, for approval of the Project, which findings and MMRP are incorporated by reference as though fully set forth herein; and

**WHEREAS**, On May 28, 2020, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on the proposed General Plan Amendments and has considered the information included in the File for these Amendments, the staff reports and presentations, public testimony and written comments, as well as the information provided about the Project from other City departments.

**NOW THEREFORE BE IT RESOLVED**, That the Planning Commission hereby adopts the CEQA Findings for purposes of this action and finds that in accordance with Planning Code Section 340 the General Plan Amendments promote the public welfare, convenience and necessity for the following reasons:

1. The General Plan Amendments would help implement the Balboa Reservoir Development Project development by making available currently under-utilized land for needed housing, parks and open space, community facilities, and other related uses.

2. The General Plan Amendments would help implement the Project, which, in turn, would provide employment opportunities for local residents during construction and post-occupancy.
3. The General Plan Amendments would help implement the Project by enabling the creation of a mixed-use and sustainable neighborhood with new infrastructure. The new neighborhood would improve the site's connectivity to and integration with the surrounding City fabric and existing neighborhoods.
4. The General Plan Amendments would enable the construction of a new vibrant, safe, and connected neighborhood with active streets and open spaces, high quality and well-designed buildings, and thoughtful relationships between buildings and the public realm.
5. The General Plan Amendments would enable construction of new housing, including new on-site affordable housing, a wide mix of recreational opportunities, and other related uses, including a childcare facility and a community room. These new uses would strengthen and complement nearby neighborhoods.

**AND BE IT FURTHER RESOLVED**, That the Planning Commission finds these General Plan Amendments are in general conformity with the General Plan, as proposed for amendment, and that the Project and its approvals associated therein, all as more particularly described in Exhibit E to the Development Agreement on file with the Planning Department in Case No. 2018-007883DVA, are each on balance consistent with the General Plan, as it is proposed to be amended. These General Plan Findings are for the entirety of the Project and related approval actions that, in addition to the General Plan Amendments, include but are not limited to Planning Code Text and Zoning Map Amendments, DA approval, DSG approval, a purchase and sale agreement for the site, and an amended easement agreement with City College. The Planning Commission's findings are based on various policies in the General Plan, including, but not limited to, those listed below.

**AIR QUALITY**

**OBJECTIVE 3**

*DECREASE THE AIR QUALITY IMPACTS OF DEVELOPMENT BY COORDINATION OF LAND USE AND TRANSPORTATION DECISIONS.*

**POLICY 3.1**

*Take advantage of the high density development in San Francisco to improve the transit infrastructure and also encourage high density and compact development where an extensive transportation infrastructure exists.*

**POLICY 3.9**

*Encourage and require planting of trees in conjunction with new development to enhance pedestrian environment and select species of trees that optimize achievement of air quality goals.*

The Project is a mixed-use development with approximately 1,100 units and is located within short walking distance of multiple high-frequency Muni rail and bus lines and the Balboa Park BART Station. The Project will provide many new street trees and other landscape features

**HOUSING ELEMENT**

**OBJECTIVE 1**

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

**POLICY 1.1**

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

**POLICY 1.8**

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

**POLICY 1.10**

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

The Project is a mixed-use development with approximately 1,100 units and is located within short walking distance of multiple high-frequency Muni rail and bus lines and the Balboa Park BART Station. As described in the Development Agreement, the Project will include a wide range of housing options, 50% of which will be affordable to low and moderate income households. Part of the 50% affordable housing will include educator housing with a preference for City College employees.

**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.*

The Project, as described in the Development Agreement, the SUD and the DSG, includes a program of development accompanied by substantial community benefits designed to revitalize an underutilized site and complement the surrounding neighborhood with a mix of housing, community amenities, and open spaces. Additionally, the SUD and DSG include standards and guidelines that ensure the design of new buildings complement and enhance the character of the surrounding neighborhoods, including reduced heights adjacent to the Westwood Park neighborhood.

**OBJECTIVE 12**

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

**POLICY 12.1**

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

**POLICY 12.2**

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

**POLICY 12.3**

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

**OBJECTIVE 13**

*PRIORITIZE SUSTAINABLE DEVELOPMENT IN PLANNING FOR AND CONSTRUCTING NEW HOUSING.*

**POLICY 13.1**

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

**POLICY 13.3**

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

The Project promotes "smart" regional growth as it will convert an underutilized surface parking lot in close proximity to the Balboa Park BART Station and multiple other transit lines into a mixed-income residential neighborhood. The Project will establish an active neighborhood with several community amenities around the transit station and improve the streets with pedestrian and bicycle amenities.

The Project appropriately balances the construction of new housing with new infrastructure and related public benefits in a sustainable manner. For example, the Project will:

- Implement a Transportation Demand Management (TDM) Program to incentive the use of transit, walking, and bicycling as alternatives to the private automobile.
- Construct a new grid of streets that connects the site to the Ocean Avenue District and surrounding neighborhoods, and additional high frequency transit lines off-site like the K Muni, the City College Loop, and the Balboa Park BART Station. The Project will prioritize safe and comfortable bicycle and pedestrian access.
- Construct and maintain nearly 4 acres of new open space, including an approximately 2-acre central park, for a variety of active and passive recreational activities.
- Make additional quality-of-life contributions to the surrounding neighborhoods including a childcare facility and a community room.

**TRANSPORTATION ELEMENT**

**OBJECTIVE 1**

*MEET THE NEEDS OF ALL RESIDENTS AND VISITORS FOR SAFE, CONVENIENT AND INEXPENSIVE TRAVEL WITHIN SAN FRANCISCO AND BETWEEN THE CITY AND OTHER PARTS OF THE REGION WHILE MAINTAINING THE HIGH QUALITY LIVING ENVIRONMENT OF THE BAY AREA.*

**POLICY 1.3**

*Give priority to public transit and other alternatives to the private automobile as the means of meeting San Francisco's transportation needs, particularly those of commuters.*

The Project is a short walk to several major public transit lines and facilities, including the City College Bus Loop, the K Muni line, and the Balboa Park BART and Muni Stations, which offer high frequency service and connections to Downtown and other City and regional destinations. In addition, the Project will extend Lee Avenue and Brighton Avenue through the site, providing robust pedestrian and bicycle facilities. The extended segment of Lee Avenue will accommodate protected bike lanes, and Brighton Avenue Paseo and San Ramon Paseo will provide shared paths. The Project will also implement its site-tailored TDM plan, which includes a range of measures, such as a bikeshare station, an on-site childcare facility, and ample space for bike storage on site. These measures and pedestrian and bicycle improvements on and off-site will encourage Project residents and neighbors to choose public transit and other alternatives over the private automobile.

**OBJECTIVE 2**

*USE THE TRANSPORTATION SYSTEM AS A MEANS FOR GUIDING DEVELOPMENT AND IMPROVING THE ENVIRONMENT.*

**POLICY 2.1**

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

**POLICY 2.5**

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

The Project is located within walking distance to several major public transit lines and facilities, including the City College Bus Loop, the K Muni Metro line, and the Balboa Park BART and Muni Stations, which offer high frequency transit service. The Project includes a site-tailored TDM program, including various performance measures, physical improvements and monitoring and enforcement measures designed to create incentives for transit and other alternative to the single occupancy vehicle for Project residents. In addition, the Project's design, including its streetscape elements, is intended to promote and enhance walking and bicycling. The Project features protected bike lanes on the extended segment of Lee Avenue and shared paths via Brighton Avenue Paseo and San Ramon Paseo. By providing the aforementioned TDM measures and incentives, the Project will minimize the need for new or expanded automobile and automobile parking facilities.

**OBJECTIVE 14**

*DEVELOP AND IMPLEMENT A PLAN FOR OPERATIONAL CHANGES AND LAND USE POLICIES THAT WILL MAINTAIN MOBILITY AND SAFETY DESPITE A RISE IN TRAVEL DEMAND THAT COULD OTHERWISE RESULT IN SYSTEM CAPACITY DEFICIENCIES.*

**POLICY 14.4**

*Reduce congestion by encouraging alternatives to the single occupant auto through the reservation of right-of-way and enhancement of other facilities dedicated to multiple modes of transportation.*

**POLICY 14.8**

*Implement land use controls that will support a sustainable mode split and encourage development that limits the intensification of automobile use.*

The Project is located within walking distance to many transit opportunities and an active commercial corridor on Ocean Avenue and will include a network of streets that are designed with robust bicycle and pedestrian infrastructure to encourage Project residents to use modes of transportation other than the automobile. In particular, many amenities on the Ocean Avenue corridor will help residents meet their daily needs by foot, such as a local library, a major grocery store, several eateries and other institutions.

The Project will also provide educator housing for the immediately adjacent college (thus reducing the need to travel), a range of open spaces, and a childcare which will support an environment of reduced automobile use by ensuring jobs, homes, open space, and community uses are all in close proximity to each other.

**OBJECTIVE 18**

*ESTABLISH A STREET HIERARCHY SYSTEM IN WHICH THE FUNCTION AND DESIGN OF EACH STREET ARE CONSISTENT WITH THE CHARACTER AND USE OF ADJACENT LAND.*

**POLICY 18.4**

*Discourage high-speed through traffic on local streets in residential areas through traffic "calming" measures that are designed not to disrupt transit service or bicycle movement, including: Sidewalk bulbs and widenings at intersections and street entrances; Lane off-sets (chicanes) and traffic bumps; Narrowed traffic lanes with trees, landscaping and seating areas; Colored and/or textured sidewalks and crosswalks; and Median and intersection islands.*

As described in the DSG, the Project will construct a network of multi-modal neighborhood streets to complement adjacent uses. Given the local-serving purpose of the streets, they are designed to feature multiple traffic calming strategies including raised crosswalks, narrow travel lanes, and street parking, to discourage high traffic speeds.

**OBJECTIVE 23**

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

**POLICY 23.1**

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

**POLICY 23.2**

*Widen sidewalks where intensive commercial, recreational, or institutional activity is present, sidewalks are congested, where sidewalks are less than adequately wide to provide appropriate pedestrian amenities, or where residential densities are high.*

**POLICY 23.6**

*Ensure convenient and safe pedestrian crossings by minimizing the distance pedestrians must walk to cross a street.*

The Project will establish a new street and open space network and provide pedestrian and streetscape improvements as described in the DSG document. All project sidewalks will be designed to provide ample space for pedestrians, and intersections and mid-block crosswalks will provide safe pedestrian crossings. Project open spaces will provide additional pedestrian access through the Project site.

***OBJECTIVE 24***

*IMPROVE THE AMBIANCE OF THE PEDESTRIAN ENVIRONMENT.*

***POLICY 24.2***

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

As described in the DSG, the Project will include a robust tree planting program along all development blocks utilizing a tree palette that includes native and climate-adaptive species. As described in the DSG, street types on the Project site and their sidewalk widths generally conform to those described in the Better Streets Plan.

**URBAN DESIGN ELEMENT**

***OBJECTIVE 1***

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

***POLICY 1.2***

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

***POLICY 1.7***

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

The Project extends the existing street pattern into the site, maintains boundaries between adjacent districts and provides pedestrian and bicycle connections through the Project site.

***OBJECTIVE 3***

*MODERATION OF MAJOR NEW DEVELOPMENT TO COMPLEMENT THE CITY PATTERN, THE RESOURCES TO BE CONSERVED, AND THE NEIGHBORHOOD ENVIRONMENT.*

***POLICY 3.6***

*Relate the bulk of buildings to the prevailing scale of development to avoid an overwhelming or dominating appearance in new construction.*

The Project's SUD and DSG document include an extensive set of height and bulk standards that will help ensure that new development on the Project site complements adjacent development, the surrounding neighborhoods, and broader city pattern. The Project will create a new network of streets with compact blocks to resemble nearby residential blocks and small scale city fabric.

To provide a transition in scale from the institutional buildings at City College to the single family homes to the west, the tallest permitted building heights are generally located toward Lee Avenue extension near the City College campus and step down westerly. The western side of the project site will feature lower-scale townhomes that are set back from the property line and feature upper story setbacks in order to provide a transition to the lower prevailing heights in the adjacent Westwood Park area. In addition, upper story setbacks will be required on almost every block on the Project site, creating pedestrian-scaled streetwalls ranging from 48 to 78 feet in height, depending on the character of the street they face.

**RECREATION AND OPEN SPACE ELEMENT**

***POLICY 1.7***

*Support public art as an essential component of open space design.*

***POLICY 1.11***

*Encourage private recreational facilities on private land that provide a community benefit, particularly to low and moderate-income residents.*

The Project will construct and maintain nearly 4 acres of new open space along with community amenities, including an approximately 2-acre central park, a community room, and a childcare facility. Fifty percent of the housing units on the Project site will be dedicated to low and moderate-income residents, and therefore they will live in close proximity to such open space and community amenities. In addition, public art will be encouraged in all Project open space, and the DSG includes guidelines for public art on site.

***OBJECTIVE 2***

***INCREASE RECREATION AND OPEN SPACE TO MEET THE LONG-TERM NEEDS OF THE CITY AND BAY REGION.***

***POLICY 2.2***

*Provide and promote a balanced recreation system which offers a variety of high quality recreational opportunities for all San Franciscans.*

***POLICY 2.11***

*Assure that privately developed residential open spaces are usable, beautiful, and environmentally sustainable.*  
The Project will provide a total of approximately 4 acres of publicly accessible open space, including an approximately 2-acre central park. Project parks will provide a wide range of active and passive recreation amenities that meet the needs of San Francisco's diverse population such as multi-use lawns, picnic areas, a playground, a flexible plaza, and community gardens. The DSG for the Project contains a number of standards that call for usable, aesthetically-pleasing, and environmentally-sustainable residential open spaces.

***OBJECTIVE 3***

***IMPROVE ACCESS AND CONNECTIVITY TO OPEN SPACE.***

***POLICY 3.4***

*Encourage non-auto modes of transportation—transit, bicycle and pedestrian access—to and from open spaces while reducing automobile traffic and parking in public open spaces.*

The Project and its publicly accessible opens spaces is located within walking distance to several major public transit lines and facilities, including the City College Bus Loop, the K Muni Metro line, and the Balboa Park BART and Muni Stations, which offer high frequency transit service. In addition, the Project will provide ample access to new open spaces on the site via transit, bicycle, and walking.

**OBJECTIVE 4**

*PROTECT AND ENHANCE THE BIODIVERSITY, HABITAT VALUE, AND ECOLOGICAL INTEGRITY OF OPEN SPACES AND ENCOURAGE SUSTAINABLE PRACTICES IN THE DESIGN AND MANAGEMENT OF OUR OPEN SPACE SYSTEM.*

**POLICY 4.3**

*Integrate the protection and restoration of local biodiversity into open space construction, renovation, management and maintenance.*

**POLICY 4.4**

*Include environmentally sustainable practices in construction, renovation, management and maintenance of open space and recreation facilities.*

The DSG includes provisions for integrating local biodiversity into Project open spaces—thereby furthering City biodiversity goals—by, for example, establishing a robust native and climate-adaptive plant palette. The DSG also includes requirements for sustainable practices in the construction, management and maintenance of open space facilities, such as the use of non-potable water for irrigation and the consideration to use sustainable materials for paving.

**ENVIRONMENTAL PROTECTION ELEMENT**

**OBJECTIVE 15**

*INCREASE THE ENERGY EFFICIENCY OF TRANSPORTATION AND ENCOURAGE LAND USE PATTERNS AND METHODS OF TRANSPORTATION WHICH USE LESS ENERGY.*

**POLICY 15.3**

*Encourage an urban design pattern that will minimize travel requirements among working, shopping, recreation, school and childcare areas.*

The Project is located within walking distance to many transit opportunities and the Ocean Avenue Commercial District, and will include a network of streets that are designed with robust bicycle and pedestrian infrastructure to encourage Project residents to use modes of transportation other than the automobile. The Project will also provide educator housing, a range of open space, and a childcare which will support an environment of reduced automobile use by ensuring jobs, homes, open space, and community uses are all in close proximity to each other

**COMMUNITY FACILITIES ELEMENT**

**OBJECTIVE 3**

*ASSURE THAT NEIGHBORHOOD RESIDENTS HAVE ACCESS TO NEEDED SERVICES AND A FOCUS FOR NEIGHBORHOOD ACTIVITIES.*

**POLICY 3.5**

*Develop neighborhood centers that are multipurpose in character, attractive in design, secure and comfortable, and inherently flexible in meeting the current and changing needs of the neighborhood served.*

As described in the DA, the Project will include a central park, childcare facility, and a community room that provides publicly accessible kitchen and bathrooms. These facilities will be designed to be attractive and accessible for the neighborhood residents and to meet their changing needs.

**BALBOA PARK STATION AREA PLAN**

**1. Land Use**

**OBJECTIVE 1.1**

*INTEGRATE THE DIVERSE USES IN THE PLAN AREA AROUND THE COMMERCIAL SPINE AND TRANSIT NODE.*

**POLICY 1.1.1**

*Strengthen the link between transportation and land use.*

**OBJECTIVE 1.2**

*STRENGTHEN THE OCEAN AVENUE NEIGHBORHOOD COMMERCIAL DISTRICT.*

**POLICY 1.2.1**

*Improve access to and from the commercial district.*

**OBJECTIVE 1.3**

*ESTABLISH AN ACTIVE, MIXED-USE NEIGHBORHOOD AROUND THE TRANSIT STATION.*

**OBJECTIVE 1.4**

*DEVELOP THE RESERVOIRS IN A MANNER THAT WILL BEST BENEFIT THE NEIGHBORHOOD, THE CITY, AND THE REGION AS A WHOLE.*

The Project will convert the Reservoir site, an underutilized surface parking lot, into a mixed-income residential neighborhood with new streets, open spaces, and community uses, such as a childcare facility and a community room. By providing open spaces and pedestrian and bicycle connections to and through the project site, the Project will increase accessibility to, from, and within the plan area. The Project will also benefit the neighborhood, the city, and the region by establishing an active neighborhood with several community amenities around the transit station and improving the streets with pedestrian and bicycle amenities. Lastly, additional housing and open space will strengthen the vitality of the Ocean Avenue Neighborhood Commercial District by adding foot traffic and new potential customers in close proximity to the corridor.

**2. Transportation**

**OBJECTIVE 2.4**

*ENCOURAGE WALKING, BIKING, PUBLIC TRANSIT AS THE PRIMARY MEANS OF TRANSPORTATION*

**POLICY 2.4.2**

*Improve and expand bicycle connections throughout the plan area.*

The Project will create a new network of streets with bicycle facilities that connect to the existing City street grid. In particular, the extended segment of Lee Avenue will provide protected bike lanes.

**3. Parking**

**OBJECTIVE 3.1**

*ESTABLISH PARKING STANDARDS AND CONTROLS THAT PROMOTE QUALITY OF PLACE, AFFORDABLE HOUSING, AND TRANSIT-ORIENTED DEVELOPMENT.*

**POLICY 3.1.1**

*Provide flexibility for new residential development by eliminating minimum off-street parking requirements and establishing reasonable parking caps.*

**POLICY 3.1.3**

*Make parking costs visible to users by requiring parking to be rented, leased or sold separately from residential and commercial space for all new major development.*

**OBJECTIVE 3.2**

*ENSURE THAT NEW DEVELOPMENT DOES NOT ADVERSELY AFFECT PARKING AVAILABILITY FOR RESIDENTS.*

**POLICY 3.2.3**

*Promote car-sharing programs as an important way to reduce parking needs while still providing residents with access to an automobile when needed.*

**OBJECTIVE 3.3**

*ENSURE THAT NEW OFF-STREET PARKING DOES NOT ADVERSELY AFFECT NEIGHBORHOOD CHARACTER OR THE PEDESTRIAN FRIENDLINESS OF STREETS IN THE PLAN AREA.*

**POLICY 3.4.4**

*Consider the long-term need for additional public off-street parking only after all existing on and off-street parking opportunities have been exhausted.*

Consistent with current standards across the entire city, there are no off-street parking minimums on the Project site. Nonetheless, the Project will include off-street parking for its residents, mostly within subterranean parking structures underneath the residential buildings. The DSG contains standards and guidelines to ensure the design and locations of parking structures minimize their traffic and visual impacts on the pedestrian realm. The Project will unbundle parking from residential units to make parking costs visible to users and will provide car-sharing programs to ensure that residents have access to an automobile when needed. The Project also plans to provide a shared parking garage or similar parking solutions to allow City College employees and students to park if needed.

**4. Housing**

**OBJECTIVE 4.1**

*MAXIMIZE OPPORTUNITIES FOR RESIDENTIAL INFILL THROUGHOUT THE PLAN AREA.*

**POLICY 4.1.1**

*Housing, supported by a modest amount of neighborhood-oriented commercial establishments, should form the backbone of all new development in the plan area.*

**POLICY 4.1.2**

*Eliminate dwelling unit density maximums.*

**OBJECTIVE 4.2**

*STRENGTHEN THE OCEAN AVENUE NEIGHBORHOOD COMMERCIAL DISTRICT BY PROVIDING AN APPROPRIATE MIX OF HOUSING.*

**OBJECTIVE 4.3**

*ESTABLISH AN ACTIVE, MIXED-USE NEIGHBORHOOD AROUND THE TRANSIT STATION THAT EMPHASIZES THE DEVELOPMENT OF HOUSING.*

**OBJECTIVE 4.4**

*CONSIDER HOUSING AS A PRIMARY COMPONENT TO ANY DEVELOPMENT ON THE RESERVOIR.*

**POLICY 4.4.1**

*Develop housing on the West basin if it is not needed for water storage.*

**OBJECTIVE 4.5**

*PROVIDE INCREASED HOUSING OPPORTUNITIES AFFORDABLE TO A MIX OF HOUSEHOLDS AT VARYING INCOME LEVELS.*

**POLICY 4.5.1**

*Give first consideration to the development of affordable housing on publicly-owned sites.*

The Project will convert the Reservoir site, an under-utilized parking lot, into a mixed-income residential neighborhood with new streets, open spaces, and community uses, such as a childcare facility and a community room. As described in the DA, 50% of the dwelling units will be dedicated to low- and moderate-income households. By maximizing housing opportunity nearby the Ocean Avenue Commercial District and the Muni and BART stations, the Project will help strengthen the commercial district and support the use of transit and other alternative transportation modes.

**OBJECTIVE 4.7**

*PROMOTE HEALTH THROUGH RESIDENTIAL DEVELOPMENT DESIGN AND LOCATION.*

**POLICY 4.7.1**

*New development should meet minimum levels of "green" construction.*

The Design Standards and Guidelines (DSG) includes requirements for sustainable practices in the construction, management and maintenance of buildings and on-site facilities, such as the use of non-potable water for irrigation and the consideration to use sustainable materials.

**5. Streets and Open Space**

**OBJECTIVE 5.1**

*CREATE A SYSTEM OF PUBLIC PARKS, PLAZAS AND OPEN SPACES IN THE PLAN AREA.*

**POLICY 5.1.1**

*Create a variety of new public open spaces.*

**POLICY 5.1.3**

*Ensure that new open spaces are linked to and serve as an extension of the street system*

**OBJECTIVE 5.2**

*CREATE OPEN SPACE WITHIN NEW DEVELOPMENT THAT CONTRIBUTES TO THE OPEN SPACE SYSTEM*

**POLICY 5.2.1**

*Require good quality public open space as part of major new developments*

**POLICY 5.2.2**

*Create wind-protected open spaces.*

**OBJECTIVE 5.3**

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

**OBJECTIVE 5.4**

*CREATE AN SPACE SYSTEM THAT BOTH BEAUTIFIES THE NEIGHBORHOOD AND STRENGTHENS THE ENVIRONMENT.*

**POLICY 5.4.1**

*Make the open space system more environmentally sustainable by improving the ecological functioning of all open spaces in the plan area.*

The Project will establish a new street and open space network and provide pedestrian and streetscape improvements as described in the DSG document. The network of open spaces will consist of a central park, plazas, flex spaces, rain gardens, and paseos. As depicted in the DSG, all open spaces will be designed to minimize wind impacts, to promote an active and safe public realm, and to compensate the city's existing open space system. In addition, open space design will implement a broad range of sustainable practices, such as prioritizing native and bio-diverse plantings for non-turf areas, eliminating the need for pesticides, and minimizing water use.

**6. Built Form**

**OBJECTIVE 6.2**

*KNIT TOGETHER ISOLATED SECTIONS OF THE PLAN AREA WITH NEW MIXED-USE INFILL BUILDINGS.*

**OBJECTIVE 6.4**

*RESPECT AND BUILD FROM THE SUCCESSFUL ESTABLISHED PATTERNS AND TRADITIONS OF BUILDING MASSING, ARTICULATION, AND ARCHITECTURAL CHARACTER OF THE AREA AND THE CITY.*

**POLICY 6.4.1**

*Urban design guidelines should ensure that new development contributes to and enhances the best characteristics of the plan area.*

**BALBOA PARK STATION AREA PLAN URBAN DESIGN PRINCIPLES**

**POLICY 6.4.2**

*New buildings should epitomize the best in contemporary architecture, but should do so with full awareness of the older buildings that surround them.*

**POLICY 6.4.4**

*Height and bulk controls should maximize opportunities for housing development while ensuring that new development is appropriately scaled for the neighborhood.*

The Project will build a mixed-use neighborhood on underutilized land, carefully knitting together isolated sections of the plan area, including the City College of San Francisco, the Ocean Avenue commercial district, and residential neighborhoods, with a new network of streets and open spaces. As explained in the DSG, the Project will extend existing street grid system as much as possible, and new buildings will be scaled and designed with full awareness of the surrounding neighborhoods.

The DSG contains numerous standards and guidelines that implement the principles listed under Policy 6.4.1. In particular, Chapter 7 of DSG focuses on the built form of the development, such as massing, building height, ground-floor activation, setbacks, building modulation, roof design, streetscape, and materials. These provisions will ensure that new development on the Project site complements adjacent development and the surrounding neighborhoods. For example, the tallest permitted building heights are generally located toward the Lee Avenue extension near the City College campus and step down westerly. Townhomes facing Westwood Park will be required to provide 12-foot building setbacks to respect the character of Westwood Park and top floor setbacks.

**OBJECTIVE 6.5**

*PROMOTE THE ENVIRONMENTAL SUSTAINABILITY, ECOLOGICAL FUNCTION AND THE OVERALL QUALITY OF THE NATURAL ENVIRONMENT IN THE PLAN AREA.*

**POLICY 6.5.1**

*The connection between building form and ecological sustainability should be enhanced by promoting use of renewable energy, energy-efficient building envelopes, passive heating and cooling, and sustainable materials.*

**POLICY 6.5.2**

*New buildings should comply with strict environmental efficiency standards.*

The DSG includes goals and guidelines that direct development to reduce energy use consistent with or above local and State requirements.

**7. Public art**

**OBJECTIVE 8.1**

*INTEGRATE ART INTO THE FABRIC OF THE NEIGHBORHOOD.*

Public art will be encouraged in all Project open space and the DSG includes guidelines on its placement and curation.

**AND BE IT FURTHER RESOLVED**, That the Planning Commission finds these General Plan Amendments are in general conformity with the Planning Code Section 101.1, and the Project and its approvals associated therein, all as more particularly described in Exhibit E to the Development Agreement on file with the Planning Department in Case No. 2018-007883DVA, are each on balance, consistent with the Eight Priority Policies as follows:

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

No neighborhood-serving retail uses are currently present on the Project site. Once constructed, the Project will contain a small amount of retail, community facilities and other temporary commercial uses that would provide opportunities for employment and ownership of retail businesses in the community. These new uses would serve nearby residents and the surrounding community. The Development Agreement includes commitments related to local hiring. The construction of the Project will provide opportunities to generate annual construction jobs and permanent jobs at project completion, encouraging participation by small and local business enterprises through a comprehensive employment and contracting policy.

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

The Project would provide at full build-out approximately 1,100 new residential units, including affordable housing; no housing is currently present on the Project site. The Project is designed to develop an underutilized site that is a surface parking lot, creating a mixed-income residential neighborhood that would enhance the surrounding neighborhood. The Project provides a new neighborhood complete with residential, retail and community uses, new street infrastructure, and public open space. The Project design provides a desirable, pedestrian-friendly experience with interactive and engaged ground floors. Thus, the Project would preserve and contribute to housing within the surrounding neighborhood and the larger City and would otherwise preserve and be consistent with the neighborhood's unique context.

- 3) *That the City's supply of affordable housing be preserved and enhanced,*

The Project would enhance the City's supply of affordable housing through its affordable housing commitments in the Development Agreement. As detailed in the Development Agreement, the Project

will build over 500 affordable units, exceeding the inclusionary affordable housing requirements of the Planning Code by reaching up to 50% affordability level.

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

The Project would not impede transit service or overburden streets and neighborhood parking. The Project includes a robust transportation program with an on-site Transportation Demand Management (TDM) program. The Project does not include any transit network features.

The Project also includes robust pedestrian and bike facilities, including on Lee Avenue, North, South and West Streets, San Ramon Way and the SFPUC Open Space.

Lastly, the Project contains space for potential new public parking for City College staff and students, and visitors to the new park and open spaces, retail and community facilities uses, should demand exist. This would ensure that appropriate parking capacity is available so that the Project would not overburden neighborhood parking, while still implementing a rigorous TDM program to be consistent with the City's "transit first" policy for promoting transit over personal vehicle trips.

- 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 resident employment and ownership in these sectors be enhanced.*

In addition to residential, the Project includes up to 7,500 square feet of retail use, a childcare facility and a community room. All of these new uses would provide future opportunities for service-sector employment. No industrial or service sector businesses exist on the site currently.

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

The Project will comply with all structural and seismic requirements under the San Francisco Building Code.

- 7) *That landmarks and historic buildings be preserved.*

The Project site is a parking lot and does not contain any Landmarks or historic buildings.

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

The Project would add approximately 4 acres of new open space including Reservoir Park and a greenway on the SFPUC retained fee parcel. The site plan includes provisions for pedestrian and bicycle access through the site with connections to existing neighborhood facilities.

The proposed project would not create new shadow in a manner that substantially affects any existing outdoor recreation facilities or other public areas.

A draft ordinance, **attached hereto as Exhibit A**, would (1) amend the introduction text, Map 2, Objective 1.4, Map 3 ,Policy 1.4.2, Map 4, Policy 2.4.4, Policy 3.4.3, Objective 4.4, Policy 4.4.1, Policy 5.1.1, Policy 5.1.3,

Map 5, and Map 6 of the Balboa Park Station Area Plan to reflect the mixed-income residential neighborhood nature for the subject site; (2) amend Map 3 of the Recreation and Open Space Element, (3) amend the Land Use Index to reflect amendments to the maps described above in the Balboa Park Station Area Plan and the Recreation and Open Space Element, and (4) amend the Housing Element to include a new policy to promote housing that is designed for families with children.

**AND BE IT FURTHER RESOLVED**, That pursuant to Planning Code Section 340, the Planning Commission adopts a Resolution to recommend that the Board of Supervisors approve the Draft Ordinance.

I hereby certify that the foregoing Resolution was ADOPTED by the San Francisco Planning Commission on May 28, 2020.



Jonas P. Ionin  
Commission Secretary

AYES: Chan, Diamond, Fung, Imperial, Johnson, Koppel, Moore

NOES: None

ABSENT: None

ADOPTED: May 28, 2020

1 [General Plan Amendments – Balboa Reservoir Project]

2

3 **Ordinance amending the General Plan to revise the Balboa Park Station Area Plan,**  
 4 **the Recreation and Open Space Element, and the Land Use Index, to reflect the Balboa**  
 5 **Reservoir Project; amending the Housing Element in regard to the design of housing**  
 6 **for families with children, adopting findings under the California Environmental Quality**  
 7 **Act; making findings of consistency with the General Plan and the eight priority**  
 8 **policies of Planning Code, Section 101.1; and making public necessity, convenience,**  
 9 **and general welfare findings under Planning Code, Section 340.**

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

14

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

16

17 Section 1. Environmental Findings.

18 (a) On \_\_\_\_\_, 2020, in Motion No \_\_\_\_\_, the Planning  
 19 Commission certified as adequate and complete the Balboa Reservoir Project Final  
 20 Environmental Impact Report (Planning Case No. \_\_\_\_\_) in accordance with the  
 21 California Environmental Quality Act (California Public Resources Code Sections 21000 et  
 22 seq.) and Administrative Code Chapter 31. Said Motion is on file with the Clerk of the Board  
 23 of Supervisors in File No. \_\_\_\_\_ and is incorporated herein by reference.

24 (b) On that same date, in Motion No. \_\_\_\_\_, the Planning Commission  
 25 adopted findings under the California Environmental Quality Act (“CEQA Findings”) related to

1 the Balboa Reservoir Project (“Project”). The Board adopts these CEQA Findings as its own.  
2 Said Motion and the CEQA Findings are on file with the Clerk of the Board of Supervisors in  
3 File No. \_\_\_\_\_ and are incorporated herein by reference.

4 (c) This ordinance is companion legislation to other ordinances relating to the Project,  
5 including Planning Code and Zoning Map amendments and a Development Agreement. The  
6 companion ordinances are on file with the Clerk of the Board of Supervisors in File Nos.  
7 \_\_\_\_\_ and \_\_\_\_\_, respectively.

8  
9 Section 2. General Plan and Planning Code Section 340 Findings.

10 (a) Section 4.105 of the Charter provides that the Planning Commission shall  
11 periodically recommend to the Board of Supervisors, for approval or rejection, proposed  
12 amendments to the General Plan.

13 (b) Planning Code Section 340 provides that the Planning Commission may initiate an  
14 amendment to the General Plan by a resolution of intention, which refers to, and incorporates  
15 by reference, the proposed General Plan amendments. Section 340 further provides that the  
16 Planning Commission shall adopt the proposed General Plan amendments after a public  
17 hearing if it finds from the facts presented that the public necessity, convenience, and general  
18 welfare require the proposed amendment or any part thereof. If adopted by the Commission  
19 in whole or in part, the proposed amendments shall be presented to the Board of Supervisors,  
20 which may approve or reject the amendments by a majority vote.

21 (c) After a duly noticed public hearing on \_\_\_\_\_, 2020 in Motion No.  
22 \_\_\_\_\_, the Planning Commission initiated amendments to the General Plan (“Plan  
23 Amendments”). Said Motion is on file with the Clerk of the Board of Supervisors in File No.  
24 \_\_\_\_\_ and incorporated herein by reference.

25 ///

1 (d) On \_\_\_\_\_, the Planning Commission, in Resolution No. \_\_\_\_\_,  
2 adopted findings regarding the City's General Plan, the eight priority policies of Planning Code  
3 Section 101.1, and Planning Code Section 340. A copy of said Resolution is on file with the  
4 Clerk of the Board of Supervisors in File No. \_\_\_\_\_ and is incorporated herein by  
5 reference.

6 (e) Section 4.105 of the City Charter further provides that if the Board of Supervisors  
7 fails to act within 90 days of receipt of the proposed Plan Amendments, then the Plan  
8 Amendments shall be deemed approved.

9 (f) The Board of Supervisors finds that the Plan Amendments are, on balance, in  
10 conformity with the General Plan, as it is proposed for amendment by this ordinance, and the  
11 eight priority policies of Planning Code Section 101.1 for the reasons set forth in Planning  
12 Commission Resolution No. \_\_\_\_\_. The Board hereby adopts these Planning  
13 Commission findings as its own.

14 (g) The Board of Supervisors finds, pursuant to Planning Code Section 340, that the  
15 Plan Amendments set forth in this ordinance and in documents on file with the Clerk of the  
16 Board in File No. \_\_\_\_\_ will serve the public necessity, convenience, and general  
17 welfare for the reasons set forth in Planning Commission Resolution No. \_\_\_\_\_.  
18 The Board hereby adopts these Planning Commission findings as its own.

19  
20 Section 3. The General Plan is hereby amended by revising the Balboa Park Station  
21 Area Plan, as follows:

22 The Plan Area  
23 \* \* \* \*

- 24 • Balboa Reservoir is located on the west side of Frida Kahlo Way~~Phelan Avenue~~. It  
25 is bounded by Riordan High School and the Westwood Park residential neighborhoods to the

1 north, and the Ocean Avenue Neighborhood Commercial District to the south. The reservoir is  
2 divided into two basins. The San Francisco Public Utilities Commission (SFPUC) owns the  
3 Westnorth Basin~~basin~~, while CCSF owns the East~~south~~Basin~~basin~~. Should the SFPUC decide that  
4 the West Basin is not needed for water storage, it can be transferred to a different ownership to  
5 facilitate the development of the site.

6 \* \* \* \*

7 Map 2: (Plan Subareas), Remove the horizontal dotted line across “Balboa Reservoir  
8 Subarea” and remove the labels “PUC Portion” and “City College Portion.”

9 \* \* \* \*

10 OBJECTIVE 1.4

11 Develop the reservoirs in a manner that will best benefit the neighborhood, the city, and  
12 the region as a whole.

13 The Balboa Reservoir site represents one of the largest remaining undeveloped sites in  
14 San Francisco. The Reservoir~~reservoir~~, which has never been used for water storage purposes  
15 contained water, is approximately 1725 acres in size, and currently forms an unpleasant void in  
16 the neighborhood. After a multi-year outreach, visioning, and selection process, the City chose  
17 a group of developers as partners ~~This Plan encourages the owners of this site~~ to develop the  
18 ~~reservoir~~Reservoir in a manner that will best benefit the neighborhood, the city, and even the  
19 region as a whole, through mixed-income housing, public open space and community amenities.

20 \* \* \* \*

21 Map 3: (Land Use Districts), Retitle the map “Generalized Land Use Districts” and  
22 consolidate all RH and RM Districts into a Residential District and all NCT Districts into a  
23 Neighborhood Commercial District. Change Public (P) designation of the Balboa Reservoir  
24 project site to Residential/Balboa Reservoir Special Use District.

25 \* \* \* \*

1 POLICY 1.4.2

2 Develop the ~~Westwest Basin~~ basin of the Reservoir to provide the greatest benefit ~~to~~of the  
3 city as a whole as well as for the surrounding neighborhoods.

4 The development of the West Basin should include mixed-income housing, public open space  
5 and community amenities~~If the PUC should decide that the west basin is not needed for water storage,~~  
6 ~~it should consider facilitating the development of a mixed-use residential neighborhood on part of the~~  
7 ~~site~~ to address the city-wide demand for housing. The development on the site should  
8 recognize the opportunity to knit the surrounding neighborhoods together through the creation  
9 of ~~a~~community open spaces, and new public street and pedestrian connections. ~~If the PUC does~~  
10 ~~move ahead to use the west basin for water storage, it should provide a roof structure on top of the new~~  
11 ~~water tank, to allow the development of a community park or open space~~

12 \* \* \* \*

13 Map 4 (Bicycle Improvements & Transit Preferential Streets): Update map to show new  
14 bike network as depicted in the “Balboa Reservoir Design Standards and Guidelines,” which  
15 may be amended from time to time, and add a boundary around the Balboa Reservoir project  
16 site and language that states: Refer to the Balboa Reservoir Design Standards and Guidelines.

17 \* \* \* \*

18 Policy 2.4.4

19 The City should coordinate with the City College of San Francisco to create new sustainable  
20 transportation opportunities for City College students, faculty, and staff

21 The development of the Reservoir site provides an opportunity to coordinate transportation  
22 goals with the City College community. The development project should consider improving pedestrian  
23 access to the City College through the project site. The City also should coordinate with City College  
24 on bike facilities and related amenities, and developing an appropriate parking and transportation  
25 demand management strategy.

1 \* \* \* \*

2 *POLICY 3.4.3*

3 *Explore the potential for merchants and their employees to park in the reservoir.*

4 ~~*City College currently offers hundreds of parking spaces every day at the reservoir for \$1 a day.*~~

5 ~~*There is a large number of surplus spaces that could be used to accommodate longer term parking by*~~  
6 ~~*merchants and their employees; freeing up more curbside spaces for customers. Though both City*~~  
7 ~~*College and the Public Utilities Commission (PUC) have plans for using the reservoir in the future,*~~  
8 ~~*they are unlikely to move forward for several years. In the meantime, the merchants association should*~~  
9 ~~*explore whether City College would offer a monthly permit to local merchants and their employees. In*~~  
10 ~~*addition, City College and the PUC should explore creating a pedestrian pathway that would connect*~~  
11 ~~*the reservoir parking directly to Ocean Avenue.*~~

12 \* \* \* \*

13 OBJECTIVE 4.4

14 CONSIDER HOUSING AS A PRIMARY COMPONENT TO ANY DEVELOPMENT ON  
15 THE RESERVOIR.

16 The Balboa Reservoir represents one of the largest remaining undeveloped sites in  
17 San Francisco and currently forms an unpleasant void in the neighborhood. *The site presents*  
18 *an opportunity for mixed-income housing that will* ~~*Developing housing on this site would help fill this*~~  
19 ~~*void in two ways. First, housing here would*~~ add more people to the area, enlivening the  
20 commercial district and increasing ridership levels on the nearby public transportation  
21 services. *This site also will* ~~*Second, new housing development would*~~ fill the void between the  
22 commercial district and the surrounding neighborhoods, enticing residents to walk to the  
23 commercial district and use alternative modes of transportation

24 \* \* \* \*

25 ///

1 POLICY 4.4.1

2 Develop housing on the West ~~Basin~~basin if it is not needed for water storage.

3 If the PUC should decide that the west basin is not needed for water storage, it should  
4 consider development of a mixed-use residential neighborhood on part of the site to address  
5 the city-wide demand for housing. Affordable ~~housing~~housing should be considered a high  
6 priority per Policy 4.5.1. In 2014, the Mayor's Office, the Planning Department, and the San  
7 Francisco Public Utilities Commission identified the Balboa Reservoir site as one of the sites slated for  
8 San Francisco's Public Land for Housing Program, which utilizes City-owned land to address the  
9 City's pressing housing needs. After a multi-year public outreach, visioning, and selection process, the  
10 City chose a development team as a partner to develop the Balboa Reservoir site. Given the size and  
11 location of the Reservoir site, any project at this site should be a mixed-income housing neighborhood  
12 with public open space and community amenities.

13 \* \* \* \*

14 POLICY 5.1.1

15 Create a variety of new public open spaces.

16 \* \* \* \*

17 A number of open spaces are proposed in the plan area, including the ~~Phelan Loop~~Unity  
18 Plaza, the Geneva Plaza, open space associated with the proposed freeway deck, Brighton  
19 Avenue, the Library playground, and the proposed Balboa Reservoir open space. In particular,  
20 the Balboa Reservoir project should create an approximately 2-acre central park, an approximately 1-  
21 acre open space parallel with Ocean Avenue at its gateway, and several plazas and paseos. See the  
22 Balboa Reservoir Design Standards and Guidelines document, as may be amended from time to time,  
23 for detailed concept designs for these opens spaces.

24 Design Guidelines for ~~three~~four key open spaces are articulated below.

25 \* \* \* \*

1            *Design Guidelines for the Open Space on the Balboa Reservoir*

2            ~~1. Develop a combination of active and passive recreational facilities that would serve residents~~  
3 ~~of the neighborhood as well as others.~~

4            ~~2. Provide a well-defined eastern entrance to the open space to provide access from Phelan~~  
5 ~~Avenue through the proposed new campus on the east basin of the reservoir. The entrance should~~  
6 ~~provide a visual terminus for the east to west axis leading through the new development on the eastern~~  
7 ~~half of the reservoir to City College's main building atop the hill. The entrance should have a special~~  
8 ~~landscaping treatment.~~

9            ~~3. Develop clearly marked access gates, pedestrian pathways, and visual site lines aligned with~~  
10 ~~the streets of adjoining neighborhoods. Create trails, small open spaces or plazas to form useful~~  
11 ~~transitions and opportunities for connection between destination points. Stairs and ramps should~~  
12 ~~connect the open space atop the west basin to Ocean Avenue via an extension of Brighton Avenue. A~~  
13 ~~proposed neighborhood green within the Brighton Avenue right-of-way would become the primary~~  
14 ~~gateway into the park from Ocean Avenue and the neighborhoods to the south.~~

15            ~~4. Provide a visual buffer between the park and the houses that abut the reservoir site to the~~  
16 ~~west.~~

17            ~~5. Pay careful attention to the design of edges between the open space and surrounding~~  
18 ~~neighborhoods as well as Riordon High School. It is important to provide access into the park from the~~  
19 ~~surrounding neighborhoods while respecting the privacy of adjacent homes. Trees and shrubs should~~  
20 ~~be planted to provide a buffer between the houses that abut the reservoir site to the west. Entrances to~~  
21 ~~the park should align with existing streets for direct pedestrian access and to extend clear views into~~  
22 ~~the park from public streets.~~

23            \* \* \* \*

24            ///

25            ///

1 POLICY 5.1.3

2 Ensure that new open spaces are linked to and serve as an extension of the street  
3 system

4 The plan calls to extend streets in the plan area, enhancing the existing grid system.  
5 Extensions of the street grid for new development can serve as a means for linking open  
6 space to neighborhoods. The development of the Reservoir should extend the existing street grid,  
7 including Brighton Avenue, Lee Avenue, and San Ramon Way, to link the site with open spaces, as well  
8 as to improve access to the commercial district and transit stops. Brighton Avenue and San Ramon Way  
9 should be designed as paseos and a segment of Lee Avenue extension shall include protected bicycle  
10 lanes. The southern end of the Reservoir site shall remain under PUC ownership and be designed as  
11 open space that links the site to Unity Plaza.~~The creation of a path to the open space parcel on the~~  
12 ~~reservoir should be explored when extending Brighton Avenue. The Lee Avenue extension should link~~  
13 ~~the street with the proposed Phelan Loop plaza.~~

14 \* \* \* \*

15 Map 5: (Open Space Improvements), Revise the open space designation on the  
16 Balboa Reservoir as depicted in the “Balboa Reservoir Special Use District, Section 249.88 of  
17 the Planning Code” and add a boundary around the Balboa Reservoir project site and  
18 language that states: Refer to the Balboa Reservoir Design Standards and Guidelines.

19 \* \* \* \*

20 Map 6: (Height Districts) Remove the “40-X” designation of the Balboa Reservoir and  
21 update the map with a boundary around the Balboa Reservoir project site and language that  
22 states: Refer to the Balboa Reservoir Special Use District, Section 249.88 of the Planning Code.

23  
24 Section 4. The General Plan is hereby amended by revising Map 3 of the Recreation  
25 and Open Space Element (“Existing & Proposed Open Space”), as follows:

1           Revise proposed open space depicted in the “Balboa Reservoir Special Use District,  
2 Section 249.88 of the Planning Code.”

3  
4           Section 5. The Land Use Index shall be updated as necessary to reflect the  
5 amendments set forth in Sections 3 and 4 above.

6  
7           Section 6. The General Plan is hereby amended by revising the Housing Element, as  
8 follows:

9           \* \* \* \*

10 I. SUMMARY OF OBJECTIVES & POLICIES

11           \* \* \* \*

12 Issue 3:

13 EQUAL HOUSING OPPORTUNITIES

14 **Objective 4**

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

17 POLICY 4.1

18 Promote housing for families with children in new development by locating multi-bedroom units near  
19 common open space and amenities or with easy access to the street; and by incorporating child-  
20 friendly amenities into common open and indoor spaces.

21 POLICY 4.~~1~~2

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

24 ///

25 ///

1 POLICY 4.23

2 Provide a range of housing options for residents with special needs for housing support and  
3 services.

4 POLICY 4.34

5 Create housing for people with disabilities and aging adults by including universal design  
6 principles in new and rehabilitated housing units.

7 POLICY 4.45

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

10 POLICY 4.56

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

14 POLICY 4.67

15 Encourage an equitable distribution of growth according to infrastructure and site capacity.

16 POLICY 4.78

17 Consider environmental justice issues when planning for new housing, especially affordable  
18 housing.

19 \* \* \* \*

20 Issue 3:

21 Equal Housing Opportunities

22 Objective 4

23 Foster a housing stock that meets the needs of all residents across lifecycles.

24 Population diversity is one of San Francisco's most important assets; San Francisco's  
25 residents span ethnicities, income levels, household types and sizes. Supporting household

1 diversity requires the City support a variety of housing opportunities, so that everyone has the  
2 opportunity to live in a suitable home that they can afford.

3 \* \* \* \*

4 **POLICY 4.1**

5 **Promote housing for families with children in new development by locating multi-bedroom units**  
6 **near common open space and amenities or with easy access to the street; and by incorporating child-**  
7 **friendly amenities into common open and indoor spaces.**

8  
9 Since 1990 the number of households with children in San Francisco declined slightly, while the region  
10 continued to gain these households. While the Bay Area has gained both households with one child and  
11 households with two or more children, San Francisco lost households with two or more children,  
12 perhaps indicating the difficulty of securing housing that is large enough to accommodate the needs of  
13 these households.

14  
15 Citywide, development projects of a certain size are required to provide a minimum of two and/or three  
16 bedroom units. Additional design features could help make these larger units more appealing to  
17 families with children. Locating these large units adjacent to each other would encourage socializing  
18 and community. Providing easy access to common open areas from those units, either directly where  
19 possible, or accessible by stairs up to three stories, would provide children easy access to play space.  
20 Creating overlooks from those units to the common open space would provide parents better  
21 opportunities for informal supervision. Designing open spaces and indoor spaces, such as community  
22 rooms or lobby space, with child-friendly features and programing those spaces with children-oriented  
23 activities and amenities would provide engaging opportunities for children and further appeal to  
24 families with children.

25 ///

1 **POLICY 4.12**

2 ~~Develop new housing, and e~~**Encourage the remodeling of existing housing, for families**  
3 **with children.**

4 \* \* \* \*

5 **POLICY 4.23**

6 **Provide a range of housing options for residents with special needs for housing**  
7 **support and services.**

8 \* \* \* \*

9 **POLICY 4.34**

10 **Create housing for people with disabilities and aging adults by including universal**  
11 **design principles in new and rehabilitated housing units.**

12 \* \* \* \*

13 **POLICY 4.45**

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

16 \* \* \* \*

17 **POLICY 4.56**

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

21 \* \* \* \*

22 **POLICY 4.67**

23 **Encourage an equitable distribution of growth according to infrastructure and site**  
24 **capacity.**

25 \* \* \* \*

1 **POLICY 4.78**

2 **Consider environmental justice issues when planning for new housing, especially**  
3 **affordable housing.**

4 \* \* \* \*

5

6 Section 7. Effective and Operative Dates. (a) This ordinance shall become effective  
7 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor  
8 returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it,  
9 or the Board of Supervisors overrides the Mayor’s veto of the ordinance.

10 (b) Section 6 of this ordinance, which amends the General Plans Housing Element, is  
11 not intended to conflict with the ordinance amending the Market and Octavia Area Plan, a  
12 copy of which is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_.  
13 Accordingly, Section 6 shall be inoperative if at the time of the effective date of this ordinance,  
14 the ordinance in File No. \_\_\_\_\_ is in effect, and Section 6 shall remain inoperative  
15 so long as the ordinance in File No. \_\_\_\_\_ remains in effect. If, at any time after the  
16 effective date of this ordinance, the ordinance in File No. \_\_\_\_\_ is not in effect, then  
17 Section 6 of this ordinance shall become operative.

18

19 Section 8. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
20 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
21 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the General  
22 Plan that are explicitly shown in this ordinance as additions, deletions, Board amendment  
23 additions, and Board amendment deletions in accordance with the “Note” that appears under

24 ///

25 ///

1 the official title of the ordinance.

2

3 APPROVED AS TO FORM:  
4 DENNIS J. HERRERA, City Attorney

5

6 By: /s/ John D. Malamut  
7 JOHN D. MALAMUT  
8 Deputy City Attorney

9 n:\legana\as2020\2000401\01450933.docx

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25

1 [Sale of Real Estate - Reservoir Community Partners, LLC - Balboa Reservoir - \$11,400,000]

2

3 **Resolution approving and authorizing the execution of an Agreement for Sale of Real**  
4 **Estate for the conveyance by the City, acting through the San Francisco Public Utilities**  
5 **Commission, to Reservoir Community Partners, LLC of approximately 16.4 acres of**  
6 **real property in Assessor’s Parcel Block No. 3180, Lot No. 190, located near Ocean**  
7 **Avenue and Frida Kahlo Way, for \$11,400,000; adopting findings under the California**  
8 **Environmental Quality Act; adopting findings that the conveyance is consistent with**  
9 **the General Plan, and the priority policies of Planning Code, Section 101.1; authorizing**  
10 **the Director of Property and/or the SFPUC’s General Manager to execute the**  
11 **Agreement for Sale of Real Estate and related documents for the sale of the property,**  
12 **including an Open Space License, Promissory Note, Deed of Trust, Amended and**  
13 **Restated Easement Agreement and Deed, Declaration of Restrictions, and Recognition**  
14 **Agreement; and authorizing the Director of Property and/or the SFPUC’s General**  
15 **Manager to make certain modifications, as described herein, and take certain actions in**  
16 **furtherance of this Resolution, as described herein.**

17

18 WHEREAS, The City and County of San Francisco (the “City”), under the jurisdiction of  
19 the San Francisco Public Utilities Commission (the “SFPUC”), owns approximately 17.6 acres  
20 of certain real property located near Frida Kahlo Way and Ocean Avenue, commonly known  
21 as Balboa Reservoir in San Francisco, California, also known as Assessor’s Parcel Block  
22 3180, Lot 190 (the “Balboa Reservoir”); and

23 WHEREAS, In 1957, the SFPUC originally constructed the Balboa Reservoir for water  
24 storage but never used the site for its intended water storage purpose; and

25

1           WHEREAS, In April of 2015, by Ordinance No. 45-15, the Board of Supervisors  
2 established the Balboa Reservoir Community Advisory Committee (“BRCAC”) to advise the  
3 Board of Supervisors, the Mayor, and City departments, and to provide a regular venue for  
4 interested community stakeholders and the general public to discuss any proposed  
5 development at the Balboa Reservoir; and

6           WHEREAS, As set forth in Ordinance No. 45-15, the City chose the Balboa  
7 Reservoir as a potential site under the Public Land for Housing Program, an interdepartmental  
8 program to coordinate development of certain City lands with the goal of providing affordable  
9 housing and other public benefits, and the City recognized this site as an opportunity for it to  
10 realize a substantial amount of new affordable housing while still allowing the SFPUC to  
11 receive fair market value for the land; and

12           WHEREAS, Ordinance No. 45-15 further noted that the City must receive input from  
13 the individuals and communities that will be most directly impacted by the project, including  
14 residents, businesses, and educational institutions in the area immediately surrounding the  
15 Balboa Reservoir; and

16           WHEREAS, The BRCAC has held monthly public meetings and played a key role in  
17 development of the Request for Qualifications and Request for Proposals that the City has  
18 issued for the Balboa Reservoir; and

19           WHEREAS; City College has taken part in planning the project at the Balboa Reservoir  
20 throughout the development process, including having a designated seat on the BRCAC,  
21 participating on the evaluation and selection panels for the Request for Qualifications and the  
22 Request for Proposals relating to the project, presentations by the City to the City College  
23 Board of Trustees, and consultations with City College administration; and

24           WHEREAS; The SFPUC has been engaged in planning the proposed Balboa  
25 Reservoir project for the last five years through the City’s Public Land for Housing Program,

1 which coordinates development of certain of the City's public land assets with the goal of  
2 providing affordable housing and other benefits for the public; and

3 WHEREAS, In August of 2017, after extensive community outreach, issuance of a  
4 Request for Qualifications and then a Request for Proposals to solicit developers interested in  
5 acquiring and developing the Balboa Reservoir, a selection panel including representatives  
6 from the City, City College, and the BRCAC selected the development team consisting of a  
7 joint venture comprised of the master co-developers, AvalonBay Communities and Bridge  
8 Housing (collectively, the "Developer"), with Mission Housing, Pacific Union Development  
9 Company, and Habitat for Humanity of Greater San Francisco participating on the  
10 development team; and

11 WHEREAS, On November 14, 2017 by Resolution No. 17-0225, the SFPUC  
12 Commission approved an Exclusive Negotiating Agreement ("ENA") between City, through  
13 the SFPUC, and the Developer, authorizing the parties to negotiate the terms and conditions  
14 for the development and sale of the Balboa Reservoir; and

15 WHEREAS, Pursuant to the ENA, the parties have negotiated several transaction  
16 documents for the sale and development of approximately 16.4 acres of the Balboa Reservoir  
17 site ("Property"), including a Development Agreement ("Development Agreement") (File No.  
18 200635) pursuant to which the City will realize significantly more community benefits than it  
19 would through application of existing City ordinances, regulations, and policies, in exchange  
20 for granting the Developer a vested right to build the project subject to specified regulations,  
21 rules and policies governing the design, construction, fees and exactions, use and other  
22 aspects of the project; and

23 WHEREAS, The Development Agreement provides for approximately 1,100 units of  
24 housing, including approximately fifty percent (50%), or 550 homes, as housing units  
25 affordable to persons and families of low and moderate income. Approximately 150 of these

1 affordable housing units will be earmarked for educators, and City College faculty and staff  
2 will have first priority to those units. The development project includes approximately 1,000  
3 units of mixed-income affordable and market-rate multi-family rental residential housing and  
4 100 for-sale residential units, ground-floor community space, approximately 4 acres of  
5 privately owned and publicly accessible open space, parking garages, and a 100 seat child-  
6 care facility with 50% of the seats made affordable to low income families (the “Project”); and

7 WHEREAS, The Project includes extensive investments in public infrastructure,  
8 including new water distribution, emergency firefighting water system and auxiliary water  
9 supply facilities, stormwater management improvements, sanitary sewer systems, power  
10 facilities, and street lighting that are expected to cost approximately \$39,000,000 and that will  
11 be dedicated to the City, at no cost to the City, upon completion; and

12 WHEREAS, While we are living in a global pandemic combined with a housing  
13 shortage crisis, the Project will provide critical and essential affordable housing, generate  
14 approximately 460 construction jobs during construction and an approximately \$1.7 Million  
15 annual increase in general fund revenues to the City, infrastructure improvements, and a  
16 number of other important community benefits that will strengthen the City during economic  
17 uncertainty; and

18 WHEREAS, The Project includes affordable housing that exceeds the requirements of  
19 the Planning Code for inclusionary affordable housing and is keeping with the goals of the  
20 Public Land for Housing Initiative established by Mayor Ed Lee, and with voter approved  
21 Proposition K in 2015; and

22 WHEREAS, The parties have negotiated an Agreement for Sale of Real Estate (the  
23 “Purchase and Sale Agreement”), a copy of which is on file with the Clerk of the Board of  
24 Supervisors under File No. 200740, in conjunction with the Development Agreement for the  
25 SFPUC to sell the Property to the Developer for \$11,400,000. In June of 2020 a MAI

1 appraiser appraised the fair market value of the Property at \$11,400,000; and

2 WHEREAS, Under the Purchase and Sale Agreement, the closing date will occur no  
3 later than December 31, 2022, and the Developer will pay to the SFPUC: (i) a non-refundable  
4 Initial Payment of \$500,000 upon City’s execution of the Purchase and Sale Agreement; (ii)  
5 annual pre-closing deposits of \$400,000; and (iii) annual interest at the rate of three percent  
6 through the closing; and

7 WHEREAS, Under the Purchase and Sale Agreement, the Developer may elect to  
8 have the City provide carryback financing on the balance of the purchase price at the closing,  
9 in which case the Developer will issue a promissory note (“Promissory Note”) to the City  
10 secured by a first-lien deed of trust (“Deed of Trust”) on the Property. Once the Developer has  
11 paid the principal balance of the loan down to \$5,700,000, the City will release the lien of its  
12 Deed of Trust from the Phase 1 portion of the Property and will retain the lien of the Deed of  
13 Trust on the Phase 2 portion of the Property. The Promissory Note will be paid in full by  
14 December 31, 2028; and

15 WHEREAS, The City, under the SFPUC’s jurisdiction, will retain an 80-foot-wide  
16 approximately one-acre parcel of land (“Retained Fee”), with surface appurtenances and a  
17 subsurface SFPUC water transmission line, north of Ocean Avenue along the southern  
18 boundary of the Balboa Reservoir. The SFPUC and the Developer have negotiated a 20-year  
19 open space license (“Open Space License”) for the use of approximately 44,431 square feet  
20 of the Retained Fee. The Open Space License requires the Developer to use the license area  
21 for the installation and maintenance of public open space for the benefit of Project residents  
22 and the general public. The use fee for the Open Space License starting in year 11 of the  
23 license term will be \$32,380 per year, with 4% annual increases, or the Developer may elect  
24 to make an upfront lump sum payment of \$112,000; and

25 ///

1           WHEREAS, The Project will provide an important community benefit to residents in  
2 San Francisco and promote a public purpose by creating significant housing and affordable  
3 housing, open space, and other public benefits as described in the Development Agreement;  
4 and

5           WHEREAS, The parties also have negotiated a Recognition Agreement, which  
6 provides for the SFPUC's recognition of performance, cure, and reassignment rights between  
7 the master co-developers of the Project; and

8           WHEREAS, To facilitate planned street circulation for the Project, the SFPUC will  
9 record a Declaration of Restrictions ("Declaration") that will allow a portion of the Retained  
10 Fee area to be used as dedicated public right-of-way for purposes of constructing and  
11 subsequent use of the planned extension of Lee Avenue where it crosses the Retained Fee;  
12 and

13           WHEREAS, The Balboa Reservoir is subject to a 2012 Access Easement Agreement  
14 between City, through the SFPUC, and City College ("Original Easement"), which  
15 contemplated that City College would construct and maintain an accessway on the Property,  
16 and City College has not yet constructed the accessway as required by the Original  
17 Easement. To facilitate planned street circulation for the Project, the parties negotiated an  
18 amendment to the Original Easement ("Amended Easement"). Under the Amended  
19 Easement, the City will obtain additional land to widen the Accessway, and in return for  
20 conveyance in fee of the revised easement area from City College to City, City will relieve City  
21 College of its obligation to construct the Accessway to current City standards as required by  
22 the Original Easement and will relieve City College from liability for certain encroaching  
23 unpermitted utility facilities on City property; and

24           WHEREAS, On January 1, 2020, new amendments to the State Surplus Lands Act  
25 under Assembly Bill 1486 took effect which imposed additional requirements on some projects

1 but excludes from those requirements properties that have an existing exclusive negotiating  
2 agreement and will be conveyed by December 31, 2022. Because the City entered the ENA  
3 relating to the Property in December of 2017, and the disposition of the Property will be  
4 completed by December 31, 2022, the additional requirements do not apply to the Project;  
5 and

6 WHEREAS, The SFPUC Commission determined that the Property is surplus to its  
7 needs by Resolution 20-0135, dated June 23, 2020, a copy of which is on file with the Clerk of  
8 the Board of Supervisors in File No. 200740; and

9 WHEREAS, San Francisco Charter Section 8B.121(a) grants the SFPUC Commission  
10 the exclusive charge of the real property assets under the SFPUC Commission's jurisdiction;  
11 Charter Section 8B.121(e) provides that the SFPUC Commission may transfer real property  
12 interests the SFPUC Commission declares to be surplus to the needs of any utility, and  
13 Charter Section 9.118(c) provides that any sale of real property owned by the City must be  
14 approved in advance by the Board of Supervisors; and

15 WHEREAS, The San Francisco Planning Commission unanimously approved the  
16 Development Agreement by Resolution R-20735 on May 28, 2020, and the San Francisco  
17 Municipal Transportation Agency unanimously consented to the Development Agreement by  
18 Resolution No. 200616-055 on June 16, 2020. The SFPUC Commission unanimously  
19 consented to the Development Agreement and approved the Purchase and Sale Agreement  
20 by Resolution 20-0135, dated June 23, 2020; and

21 WHEREAS, The effectiveness of the Purchase and Sale Agreement is contingent upon  
22 approval of the Development Agreement by the Board of Supervisors, and the Board of  
23 Supervisors is considering approval of the Development Agreement pursuant to an ordinance,  
24 a copy of which is on file with the Clerk of the Board of Supervisors under File No. 200423;  
25 and

1           WHEREAS, On May 28, 2020, in Motion No. 20730, the Planning Commission certified  
2 the Balboa Reservoir Final Subsequent Environmental Impact Report (“FSEIR”) in  
3 accordance with the California Environmental Quality Act (“CEQA”) Public Resources Code  
4 sections 21000 et seq.), the CEQA Guidelines (14 Cal. Code Reg. sections 15000 et seq.),  
5 and Chapter 31 of the San Francisco Administrative Code. On that same day, in Motion No.  
6 20731, the Planning Commission adopted CEQA Findings, a Statement of Overriding  
7 Considerations, and a Mitigation Monitoring and Reporting Program; and

8           WHEREAS, The Planning Commission Secretary is the custodian of records for the  
9 Planning Commission FSEIR materials and related records are available at the Planning  
10 Department, 1650 Mission Street, Suite 400, San Francisco, CA 94103 and at  
11 <http://ab900balboa.com>. These records have been made available to the public for review  
12 and are incorporated herein by reference; and

13           WHEREAS, This Board of Supervisors has reviewed and considered the information  
14 contained in the FSEIR, the findings contained in Planning Commission Motion Numbers  
15 20730 and 20731, and all written and oral information provided by the Planning Department,  
16 the public, relevant public agencies, SFPUC and other experts and the administrative files for  
17 the Project; now, therefore, be it

18           RESOLVED, That this Board of Supervisors has reviewed and considered the FSEIR  
19 and record as a whole, finds that the FSEIR is adequate for its use as the decision-making  
20 body for the Purchase and Sale Agreement, the Promissory Note, the Deed of Trust, the  
21 Declaration, the Recognition Agreement, the Open Space License, and the Amended  
22 Easement, and incorporates the CEQA findings contained in Motion No. 20731, including the  
23 Statement of Overriding Considerations and the Mitigation and Monitoring Program as though  
24 set forth in this Resolution; and be it further

25   ///

1 RESOLVED, That this Board of Supervisors further finds that since the FSEIR was  
2 finalized, there have been no substantial project changes and no substantial changes in  
3 project circumstances that would require major revisions to the FSEIR due to the involvement  
4 of new significant environmental effects or an increase in the severity of previously identified  
5 significant impacts, and there is no new information of substantial importance that would  
6 change the conclusions set forth in the FSEIR, and be it

7 FURTHER RESOLVED, That the Board of Supervisors hereby adopts Motion No.  
8 20731, the Planning Commission adopted CEQA Findings, a Statement of Overriding  
9 Considerations, and a Mitigation Monitoring and Reporting Program, dated May 29, 2020;  
10 and, be it

11 FURTHER RESOLVED, This Board of Supervisors finds that, consistent with and in  
12 furtherance of the goals of the Public Lands for Housing Program and Proposition K approved  
13 by the voters in 2015, and in light of the continuing and unrelenting housing crisis in San  
14 Francisco, the sale and development of the Property as set forth in the Purchase and Sale  
15 Agreement and the Development Agreement is necessary and appropriate to further the City's  
16 public purpose of promoting and providing affordable housing in San Francisco, and the public  
17 interest and necessity demands and will not be inconvenienced by the sale and development  
18 of the Property for these purposes; and, be it

19 FURTHER RESOLVED, That the City's Board of Supervisors, in accordance with the  
20 recommendations of the SFPUC and the Director of Property, hereby approves the Purchase  
21 and Sale Agreement, including the Promissory Note, the Deed of Trust, the Declaration, the  
22 Recognition Agreement, the Open Space License, and the Amended Easement, which are  
23 exhibits attached to the Purchase and Sale Agreement, and authorizes the SFPUC General  
24 Manager to execute the Purchase and Sale Agreement and its exhibits and the Director of  
25 Property to execute the Amended Easement, in substantially the form presented to the Board,

1 and to take any and all steps (including, but not limited to, the execution and delivery of any  
2 and all certificates, agreements, notices, consents, escrow instructions, closing documents,  
3 and other instruments or documents) as the Director of Property deems necessary or  
4 appropriate to consummate the Amended Easement or the SFPUC General Manager deems  
5 necessary or appropriate to consummate the Purchase and Sale Agreement and its exhibits,  
6 or to otherwise effectuate the purpose and intent of this resolution, such determination to be  
7 conclusively evidenced by the execution and delivery by such official of any such documents;  
8 and, be it

9           FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the SFPUC  
10 General Manager to enter into any amendments or modifications to the Purchase and Sale  
11 Agreement and enter into ancillary agreements (including the exhibits attached to the  
12 Purchase and Sale Agreement) and any other documents or instruments in connection with  
13 the Purchase and Sale Agreement that the SFPUC General Manager determines, in  
14 consultation with the City Attorney, are in the City's best interest, do not materially decrease  
15 the City's benefits or materially increase the City's liabilities or obligations in connection with  
16 the proposed sale transaction, and are necessary and advisable to complete the proposed  
17 sale transaction and effectuate the purpose and intent of this resolution, such determination to  
18 be conclusively evidenced by the execution and delivery by the SFPUC General Manager of  
19 any such additions, amendments, or other modifications; and, be it

20           FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Director  
21 of Property, in the name of and on behalf of the City, to enter into any amendments or  
22 modifications to the Amended Easement and any other documents or instruments in  
23 connection with the Amended Easement that the Director of Property determines, in  
24 consultation with the City Attorney, are in City's best interest, do not materially decrease City's  
25 benefits or materially increase the City's liabilities or obligations in connection with the

1 proposed sale transaction, and are necessary and advisable to complete the proposed  
2 transaction and effectuate the purpose and intent of this resolution, such determination to be  
3 conclusively evidenced by the execution and delivery by the Director of Property of any such  
4 additions, amendments, or other modifications; and, be it

5 FURTHER RESOLVED, That the Director of Property and/or the SFPUC General  
6 Manager is hereby authorized and urged, in the name and on behalf of the City and County,  
7 to take any and all steps (including, but not limited to, the execution and delivery of any and all  
8 certificates, agreements, notices, consents, escrow instructions, closing documents and other  
9 instruments or documents) as the Director of Property or the SFPUC General Manager deem  
10 necessary or appropriate, in order to consummate the conveyance of the Property pursuant to  
11 the Purchase and Sale Agreement and the Amended Easement, or to otherwise effectuate  
12 the purpose and intent of this Resolution, such determination to be conclusively evidenced by  
13 the execution and delivery by the Director of Property and/or the SFPUC General Manager of  
14 any such documents; and, be it

15 FURTHER RESOLVED, That the Director of Property shall provide the Clerk of the  
16 Board of Supervisors a fully executed copy of the Purchase and Sale Agreement within thirty  
17 (30) days of signature of same; and, be it

18 FURTHER RESOLVED, That the actions in this resolution are conditioned upon the  
19 Board of Supervisors approval of the Development Agreement, and this resolution shall not be  
20 operative unless and until the Development Agreement legislation in Clerk of the Board of  
21 Supervisors File No. 200423 is final and effective.

1 RECOMMENDED:

2

*Harlan J Kelly Jr.*

3

General Manager  
San Francisco Public Utilities Commission

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City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 200740

Date Passed: August 11, 2020

Resolution approving and authorizing the execution of an Agreement for Sale of Real Estate for the conveyance by the City, acting through the San Francisco Public Utilities Commission (SFPUC), to Reservoir Community Partners, LLC of approximately 16.4 acres of real property in Assessor's Parcel Block No. 3180, Lot No. 190, located near Ocean Avenue and Frida Kahlo Way, for \$11,400,000; adopting findings under the California Environmental Quality Act; adopting findings that the conveyance is consistent with the General Plan, and the priority policies of Planning Code, Section 101.1; authorizing the Director of Property and/or the SFPUC's General Manager to execute the Agreement for Sale of Real Estate and related documents for the sale of the property, including an Open Space License, Promissory Note, Deed of Trust, Amended and Restated Easement Agreement and Deed, Declaration of Restrictions, and Recognition Agreement; and authorizing the Director of Property and/or the SFPUC's General Manager to make certain modifications, as described herein, and take certain actions in furtherance of this Resolution, as described herein.

July 29, 2020 Budget and Finance Committee - REFERRED WITHOUT RECOMMENDATION

August 11, 2020 Board of Supervisors - ADOPTED

Ayes: 10 - Fewer, Haney, Mandelman, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee
Noes: 1 - Mar

File No. 200740

I hereby certify that the foregoing Resolution was ADOPTED on 8/11/2020 by the Board of Supervisors of the City and County of San Francisco.

Handwritten signature of Angela Calvillo

Angela Calvillo
Clerk of the Board

Handwritten signature of London N. Breed

London N. Breed
Mayor

8.21.20

Date Approved

1 [Development Agreement - Reservoir Community Partners, LLC - Balboa Reservoir Project]  
2  
3 **Ordinance approving a Development Agreement between the City and County of San**  
4 **Francisco and Reservoir Community Partners, LLC, for the Balboa Reservoir Project (at**  
5 **the approximately 17.6-acre site located generally north of the Ocean Avenue**  
6 **commercial district, west of the City College of San Francisco Ocean Campus, east of**  
7 **the Westwood Park neighborhood, and south of Archbishop Riordan High School),**  
8 **with various public benefits, including 50% affordable housing and approximately 4**  
9 **acres of publicly accessible parks and open space; making findings under the**  
10 **California Environmental Quality Act, findings of conformity with the General Plan, and**  
11 **with the eight priority policies of Planning Code, Section 101.1(b), and findings of**  
12 **public convenience, necessity, and welfare under Planning Code, Section 302;**  
13 **approving development impact fees and waiving any conflicting provision in Planning**  
14 **Code, Article 4, or Administrative Code, Article 10; confirming compliance with or**  
15 **waiving certain provisions of Administrative Code, Section 6.22 and Chapters 14B, 23,**  
16 **41B, 56, 82, and 83, Planning Code, Sections 169, 138.1, and 414A, 415, and 422, Public**  
17 **Works Code, Section 806(d), Subdivision Code, Section 1348, and Health Code, Article**  
18 **12C; and ratifying certain actions taken in connection therewith.**

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

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

25 ///

1 Section 1. Project Findings. The Board of Supervisors makes the following findings:

2 (a) California Government Code Sections 65864 et seq. authorizes any city, county,  
3 or city and county to enter into an agreement for the development of real property within the  
4 jurisdiction of the city, county, or city and county.

5 (b) Pursuant to California Government Code Section 65865, Chapter 56 of the San  
6 Francisco Administrative Code ("Chapter 56") sets forth certain procedures for the processing  
7 and approval of development agreements in the City and County of San Francisco (the  
8 "City").

9 (c) The City, under the jurisdiction of the San Francisco Public Utilities Commission  
10 (the "SFPUC"), owns approximately 17 acres of undeveloped land located in the City that is  
11 located generally north of the Ocean Avenue commercial district, west of the City College of  
12 San Francisco Ocean Campus, east of the Westwood Park neighborhood, and south of  
13 Archbishop Riordan High School (the "Project Site"). The Project Site is currently used for  
14 surface parking.

15 (d) In November of 2016 the City sent written notices of availability regarding the  
16 Project Site as required pursuant to California Government Code Section 52220 et.seq.

17 (e) On March 9, 2017, the City issued a Request for Proposals ("RFP") for the  
18 disposition and development of the Project Site in accordance with the selection criteria  
19 described in the RFP. In response to the RFP, the City evaluated proposals from nine  
20 development teams, and selected a joint venture of BRIDGE Housing Corporation and  
21 AvalonBay Communities, Inc. as the highest scoring proposer. The selected joint venture  
22 formed Reservoir Community Partners, LLC, a Delaware limited liability company  
23 ("Developer"), to plan, develop, and execute the Project.

24 (f) The City and Developer entered into an Exclusive Negotiating Agreement on  
25 December 8, 2017 ("ENA") pursuant to which Developer, in coordination with the City, has

1 conducted pre-development evaluations and design studies of the Project Site and negotiated  
2 the terms and conditions of a mixed income housing development of up to approximately  
3 1,100 housing units, including approximately 550 units affordable to low- and moderate-  
4 income households, approximately 4 acres of publicly accessible open spaces (including  
5 property immediately adjacent to the south of the Project Site that contains an SFPUC  
6 underground pipeline and will remain under the ownership of the City and the jurisdiction and  
7 control of the SFPUC), a childcare center serving approximately 100 children, a community  
8 room, ~~approximately 7,500 square feet of neighborhood serving retail space,~~ 550 parking  
9 spaces for use by residents and up to 450 parking spaces for use by the general public, in  
10 addition to new streets, sidewalks, sewer and water infrastructure, including an Auxiliary  
11 Water Supply System, and bicycle and pedestrian facilities, located on the Project Site (the  
12 "Project").

13 (g) Developer filed an application with the City's Planning Department for approval  
14 of a development agreement relating to the Project (the "Development Agreement") under  
15 Chapter 56. A copy of the Development Agreement is on file with the Clerk of the Board of  
16 Supervisors in File No. 200423.

17 (h) Concurrently with this ordinance, the Board of Supervisors is taking a number of  
18 actions in furtherance of the Project, as generally described in the Development Agreement,  
19 including Exhibit E to the Development Agreement.

20 (i) While the Development Agreement is between the City, acting primarily through  
21 the Planning Department, and Developer, other City agencies retain a role in reviewing and  
22 issuing certain later approvals for the Project. Later approvals include all approvals required  
23 under the Balboa Reservoir Special Use District ("SUD") or as otherwise set forth in the  
24 Municipal Code, approval of subdivision maps and plans for horizontal improvements and  
25 public facilities, design review and approval of new buildings, and acceptance of Developer's

1 dedications of horizontal improvements and parks and open spaces for City maintenance and  
2 liability under the Subdivision Code. As a result, affected City agencies have consented to the  
3 Development Agreement.

4 (j) The Project is anticipated to deliver approximately 550 units of much needed  
5 affordable housing and to generate approximately 460 construction jobs during construction  
6 and an approximately \$1.7 Million annual increase in general fund revenues to the City. In  
7 addition to the significant affordable housing, housing, jobs, transit-oriented development, and  
8 economic benefits to the City from the Project, the City has determined that development of  
9 the Project under the Development Agreement will provide additional benefits to the public  
10 that could not be obtained through application of existing City ordinances, regulations, and  
11 policies. These additional public benefits include: (1) affordable housing contributions in  
12 amounts exceeding those required pursuant to existing City ordinances, regulations, and  
13 policies and that are intended to constitute approximately 50% of the total number of housing  
14 units in the Project; (2) workforce obligations, including the payment of the prevailing rate of  
15 wages in all elements of construction of the Project, significant training, employment, and  
16 economic development opportunities, related to the development and operation of the Project;  
17 (3) construction and maintenance of publicly accessible open space, totaling approximately 4  
18 acres; (4) delivery of a child care facility for approximately 100 children; (5) a community  
19 meeting room; (6) construction of new sewer and water infrastructure, including an Auxiliary  
20 Water Supply System; and (7) construction of new public streets and rights-of-way including  
21 vehicular, bicycle, and pedestrian improvements, and a Project design that prioritizes and  
22 promotes travel by walking, biking, and transit for new residents, tenants, employees, and  
23 visitors; all as further described in the Development Agreement. The Development  
24 Agreement will eliminate uncertainty in the City's land use planning for the Project Site and  
25 secure orderly development.

1 (k) Funding for construction of the public infrastructure in the Project will include  
2 special taxes under a community facilities district (“CFD”) to be formed by Developer and the  
3 City, as more particularly described in the Financing Plan attached to the Development  
4 Agreement.

5  
6 Section 2. Environmental Findings. On May 28, 2020, by Motion No. M-20730 the  
7 Planning Commission certified as adequate, accurate, and complete the Final Environmental  
8 Impact Report (“FEIR”) for the Project pursuant to the California Environmental Quality Act  
9 (California Public Resources Code Sections 21000 et seq.) (“CEQA”), the CEQA Guidelines  
10 (14 CCR Sections 15000 et seq.), and Administrative Code Chapter 31. Also, on May 28,  
11 2020, by Motion No. M-20731, the Planning Commission adopted environmental findings,  
12 including a rejection of alternatives and a statement of overriding considerations (“CEQA  
13 Findings”) and a Mitigation Monitoring and Reporting Program (“MMRP”). These Planning  
14 Commission Motions are on file with the Clerk of the Board in File No. 200423 and  
15 incorporated herein by reference. In accordance with the actions contemplated in this  
16 ordinance, the Board of Supervisors has reviewed the FEIR and related documents, and  
17 adopts as its own and incorporates by reference herein the CEQA Findings, including the  
18 statement of overriding considerations, and the MMRP.

19  
20 Section 3. General Plan and Planning Code Findings.

21 (a) The Board of Supervisors will consider companion legislation concerning the  
22 Balboa Reservoir Special Use District (the “SUD”) that adopts public necessity findings under  
23 Planning Code Section 302. The Board also will consider companion legislation that adopts  
24 General Plan amendments and makes findings of consistency with the General Plan, as  
25 proposed for amendment, and the eight priority policies of Planning Code Section 101.1(b).

1 Copies of the companion legislation are on file with the Clerk of the Board of Supervisors in  
2 File Nos. 200422 and 200635, respectively, and they are incorporated herein by reference.

3 (b) For purposes of this ordinance, the Board of Supervisors finds that the  
4 Development Agreement will serve the public necessity, convenience, and general welfare  
5 under Planning Code Section 302 for the reasons set forth in the companion legislation on the  
6 SUD identified in subsection 3(a).

7 (c) For purposes of this ordinance, the Board of Supervisors finds that the  
8 Development Agreement is in conformity with the General Plan, as proposed for amendment,  
9 and the eight priority policies of Planning Code Section 101.1(b) for the reasons set forth in  
10 the companion legislation on the General Plan amendments identified in subsection 3(a).

11  
12 Section 4. Development Agreement.

13 (a) The Board of Supervisors approves all of the terms and conditions of the  
14 Development Agreement, in substantially the form on file with the Clerk of the Board in File  
15 No. 200423.

16 (b) The Board of Supervisors approves and authorizes the execution, delivery, and  
17 performance by the City of the Development Agreement as follows: (1) the Director of  
18 Planning and (other City officials listed thereon) are authorized to execute and deliver the  
19 Development Agreement, with signed consents of those City departments, agencies, boards,  
20 commissions, and bureaus that have disposition, subdivision or other permit, entitlement, or  
21 approval authority or jurisdiction over development of the Project, or any improvement located  
22 on or off the Project Site, including the San Francisco Public Utilities Commission, San  
23 Francisco Municipal Transportation Agency, Department of Public Works, and Fire  
24 Department; and (2) the Director of Planning, the General Manager of the San Francisco  
25 Public Utilities Commission, the Director of the Mayor's Office of Housing and Community

1 Development, and other applicable City officials are authorized to take all actions reasonably  
2 necessary or prudent to perform the City's obligations under the Development Agreement in  
3 accordance with its terms.

4 (c) The Director of Planning, at the Director's discretion and in consultation with the  
5 City Attorney, is authorized to enter into any additions, amendments, or other modifications to  
6 the Development Agreement that the Director of Planning determines are in the best interests  
7 of the City and that do not materially increase the obligations or liabilities of the City or  
8 materially decrease the benefits to the City as provided in the Development Agreement.

9  
10 Section 5. Development Impact Fees.

11 By approving the Development Agreement, the Board of Supervisors authorizes the  
12 Controller and City Departments to accept the funds paid by Developer as set forth therein,  
13 and to appropriate and use the funds for the purposes described therein. The Board  
14 expressly approves the use of the development impact fees as set forth in the Development  
15 Agreement, and waives or overrides any provision in Article 4 of the Planning Code and  
16 Article 10 of the Administrative Code that would conflict with the uses of these funds as  
17 described in the Development Agreement.

18  
19 Section 6. Administrative Code Chapter 56 Conformity. The Development Agreement  
20 shall prevail in the event of any conflict between the Development Agreement and  
21 Administrative Code Chapter 56, and without limiting the generality of the foregoing, the  
22 following provisions of Chapter 56 are waived or deemed satisfied as follows:

23 (a) Reservoir Community Partners, LLC, a Delaware limited liability company, and  
24 its successors and assignees permitted under the Development Agreement, shall constitute a  
25 permitted "Applicant/Developer" for purposes of Section 56.3(b).

1 (b) The Project comprises approximately 17 acres, and is the type of large multi-  
2 phase and/or mixed-use development contemplated by the Administrative Code and therefore  
3 satisfies Section 56.3(g).

4 (c) The provisions of the Development Agreement and the Workforce Agreement  
5 attached to the Development Agreement as Exhibit I shall apply in lieu of Section 56.7(c).

6 (d) The provisions of the Development Agreement regarding any amendment or  
7 termination, including those relating to "Material Change," shall apply in lieu of Sections 56.15  
8 and 56.18.

9 (e) The provisions of Section 56.20 are satisfied by the terms of the ENA, a copy of  
10 which is on file with the Clerk of the Board of Supervisors in File No. 200423.

11  
12 Section 7. Administrative Code Chapter 56 Waiver; Ratification.

13 (a) In connection with the Development Agreement, the Board of Supervisors finds  
14 that the City has substantially complied with the requirements of Administrative Code Chapter  
15 56, and waives any procedural or other requirements if and to the extent not strictly complied  
16 with.

17 (b) All actions taken by City officials in preparing and submitting the Development  
18 Agreement to the Board of Supervisors for review and consideration are hereby ratified and  
19 confirmed, and the Board of Supervisors hereby authorizes all subsequent action to be taken  
20 by City officials consistent with this ordinance.

21  
22 Section 8. Planning Code Waivers; Ratification.

23 (a) The Board of Supervisors finds that the impact fees and other exactions due  
24 under the Development Agreement will provide greater benefits to the City than the impact  
25 fees and exactions under Planning Code Article 4 and waives the application of, and to the

1 extent applicable exempts the Project from, impact fees and exactions under Planning Code  
2 Article 4 on the condition that Developer pays the impact fees and exactions due under the  
3 Development Agreement.

4 (b) The Board of Supervisors finds that the Transportation Demand Management  
5 Plan ("TDM Plan") attached to the Development Agreement and other provisions of the  
6 Development Agreement comply with the City's Transportation Demand Management  
7 Program in Planning Code Section 169.

8 (c) The Board of Supervisors finds that the Master Infrastructure Plan attached to  
9 the Development Agreement sets forth sufficient standards for streetscape design and waives  
10 the requirements of Planning Code Section 138.1 (Streetscape and Pedestrian  
11 Improvements).

12 (d) The Board of Supervisors finds that the Affordable Housing Plan attached to the  
13 Development agreement meets and exceeds the requirements for the provision of affordable  
14 housing under Planning Code Section 415 et seq. and waives the application of Section 415  
15 et seq. to the Project on the condition that Developer implements and complies with the  
16 Affordable Housing Plan. The Board of Supervisors urges that the Director of the Mayor's  
17 Office of Housing and Community Development include an option in the Affordable Housing  
18 Plan requiring the Developer to convey to the City the affordable housing properties on the  
19 Project Site that include City funding in the future financing of the affordable housing  
20 development.

21 (e) The Board of Supervisors finds that the Development Agreement provides  
22 sufficient benefits and community improvements regarding open space, streetscape, and  
23 childcare facilities and waives the requirements of Planning Code Section 422 (Balboa Park  
24 Community Improvements Fund).

25 ///

1 (f) The Board of Supervisors finds that the Child Care Program attached to the  
2 Development Agreement meets and exceeds the requirements for the provision of childcare  
3 under Planning Code Section 414A and waives the requirements of Section 414A (Childcare  
4 Requirements for Residential Projects).

5  
6 Section 9. Other Administrative Code Waivers.

7 (a) The requirements of the Workforce Agreement attached to the Development  
8 Agreement shall apply and shall supersede, to the extent of any conflict, the provisions of  
9 Administrative Code: (1) Chapter 82 (Local Hire Requirements, Coverage); (2) Chapter 83  
10 (First Source Hiring for Construction); (3) Chapter 14B (Local Business Enterprise Utilization  
11 and Nondiscrimination in Contracting Ordinance); (4) Chapter 6, Article II, Section 6.22 (Public  
12 Work Construction Contract Terms and Working Conditions); and (5) Chapter 23, Article VII  
13 (Prevailing Wage, Apprenticeship, and Local Hire Requirements).

14 (b) The Board of Supervisors finds that the competitive selection process for the  
15 disposition of the Project Site and the subsequent negotiation of the Development Agreement,  
16 including the affordable housing obligations set forth therein, satisfy the goals of  
17 Administrative Code Chapter 41B (Community Opportunity to Purchase) and waives the  
18 application of Chapter 41B to the Project Site.

19 (c) Pursuant to Resolution No. 85-18, the Board of Supervisors considered an  
20 economic study of the Project and found that the plan to undertake and implement the Project  
21 was fiscally feasible and responsible. In addition, the Controller conducted an economic  
22 impact report of the Project, which is included in Clerk of the Board of Supervisors File No.  
23 200423. The Board of Supervisors finds that due to current exigencies of the pandemic and  
24 the housing crisis in San Francisco, the number of analyses of the Project that have been  
25 conducted, and the depth of analysis and sophistication required to appraise the Project Site,

1 an Appraisal Review of the Project Site is not necessary and waives the Administrative Code  
2 Section 23.3 requirement of an Appraisal Review as it relates to the Project Site.

3  
4 Section 10. Subdivision Code Waivers.

5 A Public Improvement Agreement, if applicable, shall include provisions consistent with  
6 the Development Agreement and the applicable requirements of the Municipal Code and the  
7 Subdivision Regulations regarding extensions of time and remedies that apply when  
8 improvements are not completed within the agreed time. Accordingly, the Board of  
9 Supervisors waives the application to the Project of Subdivision Code Section 1348 (Failure to  
10 Complete Improvements within Agreed Time).

11  
12 Section 11. Public Works Code Waiver; Planning Code Waiver.

13 The Board of Supervisors finds that the Master Infrastructure Plan attached to the  
14 Development Agreement sets forth sufficient standards for streetscape design and waives the  
15 requirements of Planning Code Section 138.1 (Streetscape and Pedestrian Improvements)  
16 and Public Works Code Section 806(d) (Required Street Trees for Development Projects).

17  
18 Section 12. Health Code Waiver.

19 The Board of Supervisors finds that the Project will provide substantial water supply  
20 benefits by using non-potable water reuse in portions of the Project. The Board of  
21 Supervisors further finds that, but for specialized and unique water meter configurations, the  
22 Townhouses described in greater detail in the Development Agreement would have been  
23 exempt from the application of Article 12C of the Health Code. Finally, the Board of  
24 Supervisors finds that the immediate and effective construction of the Affordable Units  
25 described in greater detail in the Development Agreement is a high priority due to severe

1 housing and economic conditions existing at this time. In accordance with these findings, the  
2 Board of Supervisors waives the requirements of Article 12C of the Health Code to the extent  
3 such requirements would otherwise apply to the construction of the Townhouse Units and  
4 Affordable Units.

5  
6 Section 13. Effective and Operative Date.

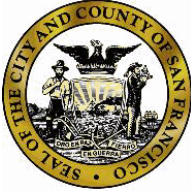
7 (a) This ordinance shall become effective 30 days from the date of enactment.  
8 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance  
9 unsigned or does not sign the ordinance within ten days of receiving it, or the Board of  
10 Supervisors overrides the Mayor’s veto of the ordinance.

11 (b) This ordinance shall become operative only on (and no rights or duties are affected  
12 until) the later of (a) its effective date, as stated in subsection (a), or (b) the date that both the  
13 SUD ordinance and the General Plan ordinance referred to in subsection 3(a) related to the  
14 Development Agreement, have become effective. Copies of these ordinances are on file with  
15 the Clerk of the Board of Supervisors in File Nos. 200422 and 200635, respectively.

16  
17 APPROVED AS TO FORM:  
18 DENNIS J. HERRERA, City Attorney

19 By: /s/ ELIZABETH A. DIETRICH  
20 ELIZABETH A. DIETRICH  
21 Deputy City Attorney

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# City and County of San Francisco

## Tails Ordinance

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 200423

**Date Passed:** August 18, 2020

Ordinance approving a Development Agreement between the City and County of San Francisco and Reservoir Community Partners, LLC, for the Balboa Reservoir Project (at the approximately 17.6-acre site located generally north of the Ocean Avenue commercial district, west of the City College of San Francisco Ocean Campus, east of the Westwood Park neighborhood, and south of Archbishop Riordan High School), with various public benefits, including 50% affordable housing and approximately four acres of publicly accessible parks and open space; making findings under the California Environmental Quality Act, findings of conformity with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b), and findings of public convenience, necessity, and welfare under Planning Code, Section 302; approving development impact fees and waiving any conflicting provision in Planning Code, Article 4, or Administrative Code, Article 10; confirming compliance with or waiving certain provisions of Administrative Code, Section 6.22 and Chapters 14B, 23, 41B, 56, 82, and 83, Planning Code, Sections 169, 138.1, 414A, 415, and 422, Public Works Code, Section 806(d), Subdivision Code, Section 1348, and Health Code, Article 12C; and ratifying certain actions taken in connection therewith, as defined herein.

July 29, 2020 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

July 29, 2020 Budget and Finance Committee - AMENDED

July 29, 2020 Budget and Finance Committee - MOTION

July 29, 2020 Budget and Finance Committee - REFERRED WITHOUT RECOMMENDATION AS AMENDED

August 11, 2020 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

August 18, 2020 Board of Supervisors - FINALLY PASSED

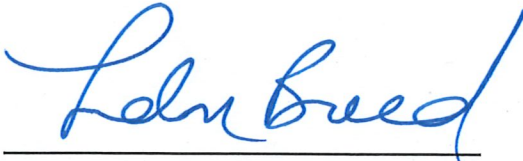
Ayes: 10 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Stefani, Walton and Yee  
Excused: 1 - Safai

File No. 200423

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 8/18/2020 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo  
Clerk of the Board



London N. Breed  
Mayor

8.28.20

Date Approved



## San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 · Fax: 415.252.3112

### Filing Information

**Record Number**

SFEC126F0001119

**Status**

BOS Legislative Clerk Acceptance

**SFEC126f Form Type**

126f4 BOS

**File Number (BOS)**

260242

**Type of Filing**

Original

## Contractor Information

**Contractor Name**

Balboa Gateway LP

**Contractor Email**

jmooyman@bridgehousing.com

**Contractor Phone #**

(415) 321-4057

**International Address?**

No

**Contractor Address (US)**

350 California Street, 16th Floor

**Contractor City and State**

San Francisco - CA

**Contractor Zip Code**

94104

**Country**

United States of America

## Contract Information

### Contract Amount

\$15,000.00

### Description of Amount of Contract

\$15,000 annual base rent plus residual receipts for 75 years

### Contract Description

75-year ground lease (\$15,000 annual base rent plus residual receipts) by the City and County of San Francisco, through the Mayor's Office of Housing and Community Development, to Balboa Gateway LP, to allow the development of 158 100% affordable housing units plus one manager's unit, known as Balboa Reservoir Building A, at 105 Wisteria Lane. Balboa Gateway LP consists of BRIDGE Housing Corporation.

## City Agency - Departmental Contact Information

### Departmental Contact

Andrew Strong

### Departmental Contact Phone #

(628) 652-5860

### Full Department Name

MYR - Mayor's Office

## Contract Approval

### Mayoral Approval Not Required

false

## Affiliates and subcontractors

Entity Type	First Name	Last Name	Entity or Sub/Contractor Name
CEO	Ken	Lombard	
Other Principal Officer	Sierra	Atilano	
COO	Lisa	Laffer	
Other Principal Officer	Smitha	Seshadri	
Other Principal Officer	Elizabeth	Van Benschoten	
CFO	Erik	Lund	
Other Principal Officer	Mary Jane	Jagodzinski	
Other Principal Officer	Sean	Clark	
Other Principal Officer	Stephen	Clarke	
Other Principal Officer	Maria	Estrada-Nino	
Other Principal Officer	Tina Y.	Hahn	
Other Principal Officer	Connie	Tang	
Other Principal Officer	Bridget	Moody	
Board of Directors	Kenneth M.	Novak	
Board of Directors	Connie	Moore	
Board of Directors	Douglas M.	Bibby	
Board of Directors	Nathaalie	Carey	
Board of Directors	Ray	Carlisle	
Board of Directors	Daryl	Carter	
Board of Directors	Ziv	Cohen	



## San Francisco Ethics Commission

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### Filing Information

**Record Number**

SFEC126F0001113

**Status**

BOS Legislative Clerk Acceptance

**SFEC126f Form Type**

126f4 BOS

**File Number (BOS)**

260242

**Type of Filing**

Original

## Contractor Information

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Balboa Gateway LP

**Contractor Email**

jmooyman@bridgehousing.com

**Contractor Phone #**

(415) 321-4057

**International Address?**

No

**Contractor Address (US)**

350 California Street, 16th Floor

**Contractor City and State**

San Francisco - CA

**Contractor Zip Code**

94104

**Country**

United States of America

## Contract Information

### Contract Amount

\$29,280,757.00

### Description of Amount of Contract

Up to \$29,280,757 in Housing Trust Fund, Housing Trust Fund Advance, 2024 GO Bonds, and Affordable Housing Fund - Jobs Linkage Fee funds for multifamily affordable housing development.

### Contract Description

Financing in order to construction a 100% affordable, 158-unit multifamily rental housing development affordable to very-low and low-income households, plus one manager's unit, Balboa Reservoir Building A at 105 Wisteria Lane. Balboa Gateway LP consists of BRIDGE Housing Corporation.

## City Agency - Departmental Contact Information

### Departmental Contact

Andrew Strong

### Departmental Contact Phone #

(628) 652-5860

### Full Department Name

MYR - Mayor's Office

## Contract Approval

### Mayoral Approval Not Required

false

### Affiliates and subcontractors

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Board of Directors	Nathaalie	Carey	
Board of Directors	Ray	Carlisle	
Board of Directors	Daryl J.	Carter	
Board of Directors	Ziv	Cohen	
Board of Directors	Robert	Freed	
Board of Directors	Skip	Grodahl	
Board of Directors	Jennifer L.	Hernandez	
Board of Directors	Kiran	Jain	
Board of Directors	Ken	Lombard	
Board of Directors	Adrienne E.	Quinn	
Board of Directors	Stephen A.	Richardson	
Board of Directors	Nadia	Sagar	
Board of Directors	Paul	Stein	
Board of Directors	Molly	Turner	

OFFICE OF THE MAYOR  
SAN FRANCISCO



DANIEL LURIE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Dexter Darmali, Legislative & Ethics Secretary  
RE: Lease and Amended and Restated Loan Agreement - Balboa Gateway, L.P. – Balboa Reservoir  
Building A - 100% Affordable Housing - \$15,000 Annual Base Rent - Loan Not to Exceed  
\$29,280,757  
DATE: March 10, 2026

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Resolution 1) approving and authorizing the Director of Property and the Mayor's Office of Housing and Community Development ("MOHCD") to enter into a Ground Lease for Real Property owned by the City and located at 105 Wisteria Lane ("Property") with Balboa Lee Avenue, L.P. ("Developer") for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 ("Ground Lease") in order to construct a 100% affordable, 158-unit multifamily rental housing development affordable to very-low and low-income households, plus one manager's unit; 2) approving and authorizing an Amended and Restated Loan Agreement in an amount not to exceed \$29,280,757 for a minimum loan term of 57 years ("Loan Agreement") to finance the development and construction of the Project; 3) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 4) authorizing the Director of Property and/or the Director of MOHCD to execute the Ground Lease, Loan Agreement, and make certain modifications to such agreements, and take certain actions in furtherance of this Resolution, as defined herein.

Should you have any questions, please contact Adam Thongsavat at [adam.thongsavat@sfgov.org](mailto:adam.thongsavat@sfgov.org)