

File No. 250829

Committee Item No. 9

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date September 3, 2025

Board of Supervisors Meeting Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Request for Proposals 3/9/2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>BOS Resolution No. 373-20 8/21/2020</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>BOS Resolution No. 142-20 8/28/2020</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>MOHCD Presentation 9/3/2025</u> |
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Completed by: Brent Jalipa Date August 28, 2025

Completed by: Brent Jalipa Date _____

1 [Loan Agreement - BHC Balboa Builders, LLC - Balboa Reservoir - Infrastructure
2 Improvements - Not to Exceed \$56,425,904]

3 **Resolution approving and authorizing the Director of the Mayor's Office of Housing and**
4 **Community Development to execute an Amended and Restated Loan Agreement with**
5 **BHC Balboa Builders, LLC, a California limited liability company, for a total loan amount**
6 **not to exceed \$56,425,904 to finance the first phase of infrastructure improvements**
7 **related to the revitalization and master development of an approximately 17.6-acre site**
8 **with various public benefits including affordable housing, commonly known as the**
9 **Balboa Reservoir Project; adopting findings that the loan agreement is consistent with**
10 **the adopted Mitigation Monitoring and Reporting Program under the California**
11 **Environmental Quality Act, the General Plan, and the priority policies of Planning Code,**
12 **Section 101.1; and to authorize the Director of MOHCD or his designee to enter into**
13 **amendments or modifications to the Agreement that do not materially increase the**
14 **obligations or liabilities to the City and are necessary to effectuate the purposes of the**
15 **Agreement or this Resolution.**

16
17 WHEREAS, The Balboa Reservoir Project (a 17.6-acre site located generally north of
18 the Ocean Avenue commercial district, west of the City College of San Francisco Ocean
19 Campus, east of the Westwood Park neighborhood, and south of Archbishop Riordan High
20 School) (Property) includes four 100% affordable housing projects, as part of the Balboa
21 Reservoir Development Agreement (File No. 200423); and

22 WHEREAS, In 2017, the City issued a Request for Proposals (RFP) for the disposition
23 and development of the Project Site in accordance with the selection criteria described in the
24 RFP; in response to the RFP, the City evaluated proposals from nine development teams, and
25 selected a joint venture of BRIDGE Housing Corporation and AvalonBay Communities, Inc. as

1 the highest scoring proposer; the selected joint venture formed Reservoir Community Partners,
2 LLC, a Delaware limited liability company to plan, develop and execute the Project; and

3 WHEREAS, By Ordinance No. 142-20, the Board of Supervisors approved a
4 Development Agreement with Reservoir Community Partners, LLC, relating to the Project Site
5 (the "Development Agreement") under Administrative Code, Chapter 56; and

6 WHEREAS, BHC Balboa Builders, LLC (Developer), an affiliate of BRIDGE Housing
7 Corporation, purchased the Property pursuant to a Purchase and Sale Agreement approved by
8 this Board of Supervisors in Resolution No. 373-20; and

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

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

20 WHEREAS, The City, acting through the Mayor's Office of Housing and Community
21 Development ("MOHCD"), administers a variety of housing programs that provide financing for
22 the development of new affordable housing and the rehabilitation of single- and multi-family
23 housing for low- and moderate-income households and resources for homeowners in San
24 Francisco; and

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

5 WHEREAS, MOHCD provided Developer with a loan to commence predevelopment
6 activities for the Project; and

7 WHEREAS, The Developer desires to commence the first phase of the Project, which
8 will include infrastructure improvements to facilitate the construction of approximately 287 new
9 affordable rental units, new street segments, pedestrian and bicycle connections, and
10 underground utilities to serve the Project ("Phase 1 Project"); and

11 WHEREAS, On June 27, 2025, the Citywide Affordable Housing Loan Committee,
12 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of
13 Community Investment and Infrastructure, Office of the Controller, recommended approval to
14 the Mayor of a loan to the Developer for the Phase 1 Project in a total amount not to exceed
15 \$56,425,904; and

16 WHEREAS, In order for the Developer to construct the Phase 1 Project, MOHCD
17 provided an initial predevelopment loan in the amount of \$5,000,000 on June 20, 2025, and
18 MOHCD desires to provide an additional loan for a total amount not to exceed \$56,425,904, to
19 the Developer pursuant to an Amended and Restated Loan Agreement ("Infrastructure
20 Agreement") in substantially the form on file with the Clerk of the Board in File No. 250829, and
21 in such final form as approved by the Director of MOHCD and the City Attorney; and

22 WHEREAS, The material terms of the Infrastructure Agreement also include: (i) a
23 minimum term of 10 years with two 5-year extensions; and (ii) will bear simple interest at a rate
24 of 5%; now, therefore, be it
25

1 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in
2 Ordinance No. 142-20 regarding the California Environmental Quality Act for the Project, and
3 hereby incorporates such findings by reference as though fully set forth in this Resolution; and,
4 be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is
6 consistent with the General Plan, and with the eight priority policies of Planning Code, Section
7 101.1 for the same reasons as set forth in Ordinance No. 142-20, and hereby incorporates
8 such findings by reference as though fully set forth in this Resolution; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
10 Infrastructure Agreement and authorizes the Director of MOHCD or his designee to enter into
11 any amendments or modifications to the Agreement (including, without limitation, preparation
12 and attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any
13 other documents or instruments necessary in connection therewith that the Director
14 determines, in consultation with the City Attorney, are in the best interest of the City, do not
15 materially increase the obligations or liabilities for the City or materially diminish the benefits of
16 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution
17 and are in compliance with all applicable laws, including the City Charter; and, be it

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

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

4 FURTHER RESOLVED, That within thirty (30) days of the Infrastructure Agreement
5 being fully executed by all parties, MOHCD shall provide the final Infrastructure Agreement to
6 the Clerk of the Board for inclusion into the official file.

1 Recommended

2
3 /s/
4 Daniel Adams, Director
5 Mayor's Office of Housing and Community Development
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Items 9 & 10 Files 25-0829 & 25-0830	Department: Mayor's Office of Housing and Community Development
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 25-0829 is a proposed resolution that would approve 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 25-0830 is a proposed resolution that would approve an amended and restated loan agreement between the City and Balboa Lee Avenue, L.P. in an amount not to exceed \$36,000,000 for a minimum loan term of 57 years to provide gap financing for Building E and approve a long-term ground lease with Balboa Lee Avenue, L.P. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Under a development agreement, the Balboa Reservoir Project will provide 1,100 housing units, including 550 affordable units. Proceeds from the sale of townhome parcels were supposed to provide funding for infrastructure. However, market rate development is delayed due to economic conditions resulting in delays in the infrastructure work. • The proposed infrastructure loan agreement provides for a minimum term of 10 years with two five-year options to extend. The borrower may repay the loan with: (a) proceeds from the sale of the townhome parcels; (b) other infrastructure financing sources and/or (c) proceeds from the transfer of market-rate, which is limited to \$10.4 million under the development agreement. MOHCD may forgive the infrastructure loan if townhome parcel sale proceeds are insufficient to repay the loan. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The loans are funded by a \$20.0 million State grant for infrastructure, the Housing Trust Fund, California Pacific Medical Center funds, and 2019 and 2024 general obligation bonds. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • MOHCD is proposing to provide an infrastructure loan and more total funding than what is required under the development agreement to preserve \$213 million in state funding. It is uncertain if the townhome parcel sale proceeds can support the infrastructure work. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • The Board of Supervisors should: (1) Amend File 25-0830 to reduce the not to exceed amount to \$28,000,000 to reflect the project budget. (2) Amend File 25-0829 to request that the MOHCD Director report back to the Board of Supervisors on (a) the status of the Balboa Reservoir project following completion of Building E, and, (b) on any action to forgive all or part of the proposed infrastructure loan; and (3) approve Files 25-0829 and 25-0830 as amended. • MOHCD should: (4) Update its Underwriting Guidelines policy to include guidance on infrastructure loan terms, including interest rates, repayment terms as well as project hard and soft costs and related budget contingencies; and (5) Evaluate the feasibility of including additional transfer payments from the sale/refinancing of market rate parcels and/or operating income from the market rate parcels as repayment sources for the proposed and any future infrastructure loans for the Balboa Reservoir project. 	

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).¹ 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 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 City's gap funding contribution would be capped at \$239,000 per unit (adjusted annual for inflation based on the Consumer Price

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

Index). Based on a 16 percent increase in the CPI in the Bay Area between 2020 and 2024, the amount per unit is \$277,240 or \$50.7 million for the 183 affordable units.

Project Delays and Rephasing

According to the June 2025 MOHCD Memo to the Affordable Housing Loan Committee, Avalon, the market rate developer, paused the project in January 2023 due to market conditions for the townhomes, which would have provided funding for the horizontal improvements, resulting in delays in infrastructure work at the site. Following negotiations between the developer and MOHCD, the infrastructure work is being rephased to prioritize development of two affordable parcels (Buildings A and E) to avoid losing state funding for the affordable buildings. Building A was moved from Phase 2 to Phase 1, and Phase 1 was broken into two subphases, 1A and 1B. Exhibit 1 below shows the updated phasing for the project.

Exhibit 1: Updated Balboa Reservoir Project Phasing

Phase	Market Rate	Affordable
Phase 1A (Oct 2025 to June 2028)		
Building A (Affordable)		159
Building E (Affordable)		128
Private Streets		
Public Right of Way		
Subtotal, Phase 1A	0	287
Phase 1B (Start and End Date TBD)*		
Parcel J (Reservoir Park)		
Buildings C&D (Market)	260	
Building F (Affordable / Educator)		154
Townhomes (Market)	100	
Subtotal, Phase 1B	360*	154*
Phase 2 (Start and End Date TBD)*		
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*
Total	550*	531*

Source: MOHCD and development agreement, Schedule 1-A

*Phases 1B and 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 include demolition, site grading, street lighting, public right-of-way improvements, utility upgrades, and stormwater detention systems, as shown in Exhibit 2 below.

Exhibit 2: Balboa Reservoir Phase 1 Infrastructure Map

Source: MOHCD Balboa Reservoir Phase 1 Infrastructure Loan Evaluation Memo, June 2025

Phase 1 infrastructure construction is expected to begin in October 2025 and to be completed by March 2027. Construction of Building E is expected to begin by November 1, 2025 and to be completed in Fall 2027, and construction of Building A is expected to begin in February 2026 and to be completed by February 2028. The start date of Phase 2 infrastructure is not known.

Building E

Building E is the first affordable housing parcel to be developed and will be a seven-story building with 127 family units affordable to households earning up to 80 percent of MOHCD Area Median Income (AMI) and one manager's unit.

DETAILS OF PROPOSED LEGISLATION

File 25-0829 is a proposed resolution that would approve 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. The resolution also adopts findings that the loan agreement is consistent with the Mitigation Monitoring and Reporting Program, the General Plan, and the priority policies of the Planning Code and authorizes the MOHCD director to enter into immaterial amendments to the agreement.

File 25-0830 is a proposed resolution that would:

- 1) Approve a ground lease with Balboa Lee Avenue, L.P. for a term of 75 years with a 24-year option to extend and an annual base rent of \$15,000;
- 2) Approve an amended and restated loan agreement between the City and Balboa Lee Avenue, L.P. in an amount not to exceed \$36,000,000, for a minimum loan term of 57 years to provide gap financing for Building E ;
- 3) Find that the project and related transactions are consistent with the General plan and priority policies of the Planning Code; and
- 4) Authorize the Director of Property and Director of MOHCD to amend the ground lease and loan agreement, provided amendments do not increase the obligations or liabilities of the City.

Infrastructure Loan Agreement (File 25-0829)

In June 2025, MOHCD provided an initial predevelopment loan for Phase 1 infrastructure in the amount of \$5 million under an original loan agreement. MOHCD is proposing to amend and restate the loan agreement to increase the total loan amount to a not to exceed \$56,425,904, an increase of approximately \$51.4 million.

The proposed amended and restated loan agreement provides for a minimum term of 10 years with two five-year options to extend. The outstanding principal and accrued interest are due and payable on the maturity date of the loan. There are three components to the infrastructure loan, including: (a) Building E infrastructure estimated to be approximately \$19.7 million; (b) Building A infrastructure estimated to be approximately \$22.1 million; and (c) infrastructure not attributable to Building E or Building A estimated to be approximately \$10.4 million.² As documented in three separate promissory notes, the Building E and A infrastructure components have zero percent interest rates (similar to the Building E gap loan discussed below), and the infrastructure not attributable to Building E or Building A has a five percent interest rate.

² According to MOHCD staff, the amounts allocated to Building A and E are calculated in consultation with the Sponsor's financial consultant and tax attorney to ensure they qualify for Low-Income Housing Tax Credits, and the amounts may change as numbers are finalized.

Under the proposed agreement, the borrower may repay the loan with: (a) remaining proceeds from the sale of the townhome parcels consistent with the development agreement; (b) other infrastructure financing sources (such as Community Facilities District funding, subject to formation and approval) if the loan has been fully drawn down; and/or (c) proceeds from the transfer of market-rate parcels to developers of market rate rental housing.³ The borrower must use other infrastructure financing sources (if available) in lieu of drawing down the MOHCD infrastructure loan. The borrower may request loan forgiveness subject to approval by the MOHCD Director if sale proceeds from the sale of townhome parcels are insufficient to repay the loan provided that the borrower has pursued all viable repayment strategies.

Building E Gap Loan Agreement (File 25-0830)

The original loan agreement provided by MOHCD in 2021 included \$1 million for predevelopment costs. MOHCD increased the loan amount by \$2 million in March 2025, for a total of \$3 million in loans for predevelopment. MOHCD proposes to amend the loan agreement to increase the loan amount by an additional \$33 million to complete development and construction, including permanent financing. Under the proposed amended loan agreement, the total loan amount would be up to \$36 million. However, this exceeds the MOHCD loan in the project budget by approximately \$7.6 million. We recommend that the Board of Supervisors amend the proposed resolution to reduce the maximum value of the loan to \$28 million to reflect the project budget plus an additional five percent to account for potential changes to the allocation of infrastructure costs pending an analysis from the tax specialist and any changes in permanent or construction loan interest rates.

The project sponsor must repay the loan by the later of: (a) the 57th anniversary date of the deed of trust or (b) the 55th anniversary of the date on which construction financing is converted into permanent financing. 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 E 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, plus residual rent payable from residual receipts after full repayment of the

³ According to Section 12.3 of the development agreement, the master developer is entitled to one-time transfer payments following transfer of market rate parcels (C, D, & G) to other market rate developers. The transfer payments must be used on project development costs. The transfer payments are \$5,770,670 for Phase 1 and \$4,616,536 for Phase 2, or up to a total of \$10,393,206.

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.) Base 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 E Unit Mix and Maximum Income Level

Maximum Income Level	1-Bedroom	2-Bedroom	3-Bedroom	Total
40% of AMI	15	10	6	31
65% of AMI	18	12	6	36
80% of AMI	23	17	20	60
Unrestricted (Manager's Unit)		1		1
Total	56	40	32	128

Source: Proposed Building E Amended and Restated Loan Agreement

Sponsor Performance

According to the MOHCD loan evaluation memos on the proposed loans, 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.

The infrastructure amended and restated loan agreement states that a portion of the developer fee is contingency on the developer maintaining adequate staffing, defined as at least one senior project manager "with ongoing executive support". MOHCD must approve staffing changes. However, the draft agreement does not specify what portion of the developer fee is contingent on maintaining adequate staffing. MOHCD staff report that they plan to update Article 15 of the agreement to state that the disbursement of developer fees for certain milestones (i.e., 50 percent completion through acceptance of improvements) will be contingent on the borrower maintaining adequate staffing.

FISCAL IMPACT

Infrastructure Budget

The Phase 1 infrastructure budget (as shown in Exhibit 4 below) is totally funded by the proposed MOHCD infrastructure loan.

Exhibit 4: Phase 1 Infrastructure Budget

Hard Costs (incl 20.2% contingency)	\$38,642,958
Soft Costs (incl 10.5% contingency)	14,496,887
Developer Fee	2,200,000
Unpaid City Invoices	1,086,059
Total Costs	\$56,425,904

Source: MOHCD Infrastructure Loan Evaluation Memo, June 2025

Hard costs total \$38.6 million and reflect 68 percent of the total infrastructure budget. According to the MOHCD Infrastructure Loan Evaluation memo, it is difficult to compare infrastructure projects of different sizes, conditions, and terrains. Balboa Reservoir Phase 1 will include the second most amount of street area (3.609 acres) of MOHCD infrastructure projects. Street area is more expensive to build than rough graded areas due to the paving and utilities required.

The Phase 1 Infrastructure budget includes a \$2.2 million developer fee. MOHCD does not have a policy for infrastructure developer fees. According to the MOHCD Infrastructure Loan Evaluation memo, the proposed \$2.2 million fee is based on the developer fee allowed for Sunnydale Phase 3 Infrastructure, which is of similar size and scope to Balboa Reservoir Phase 1 Infrastructure. Similarly, MOHCD does not have a specific policy for infrastructure hard cost contingency. The proposed 20.2 percent contingency exceeds the hard cost contingency Sunnydale Phase 3 Infrastructure (15 percent). MOHCD staff report they are working with the Sponsor and General Contractor to determine if the 20 percent contingency is appropriate or if it should be reduced. Reducing the hard cost contingency to be in line with Sunnydale Phase 3 would reduce the infrastructure budget by \$1.7 million. We recommend MOHCD update its Underwriting Guidelines policy to include guidance on infrastructure loan terms, including interest rates, repayment terms as well as project hard and soft costs and related budget contingencies.

The budget also includes \$1.1 million to pay the City for design, permitting, and review work related to Balboa Reservoir infrastructure, including city staff time from the Office of Economic and Workforce Development (OEWD), the City Attorney's Office, Planning, Public Works, SFPUC, the Fire Department, and the SFMTA.

Building E Total Development Costs

The total development costs for Building E are \$151.9 million, including acquisition costs and infrastructure costs allocated to the project. Of the \$151.9 million in permanent funding sources for the project, \$46.4 million (31 percent) are City funds, \$19.6 million (13 percent) are State funds, and \$85.9 million (56 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 E.

Exhibit 5: Building E Total Development Costs

Sources and Uses	Amount
<u>Sources</u>	
MOHCD Loan	\$26,699,334
MOHCD Infrastructure Loan allocated to Building E	19,681,825
Permanent Loan	15,849,000
HCD Affordable Housing and Sustainable Communities (AHSC) Loan	19,610,404
Deferred Developer Fee	2,107,193
General Partner Equity	13,810,758
Limited Partner Equity	54,128,420
Total Sources	\$151,886,934
<u>Uses</u>	
Acquisition	1,627,286
Hard Costs (incl 5% contingency)	87,194,304
Infrastructure Costs	19,681,825
Soft Costs (incl 10% contingency)	23,191,299
Reserves	1,804,369
General Partner Equity	13,810,758
Developer Fee	4,577,093
Total Uses	\$151,886,934

Source: MOHCD

The budget includes developer fees of approximately \$4.6 million, including a project management fee of \$1.1 million, an at-risk fee of approximately \$1.4 million, and a deferred fee of approximately \$2.1 million. According to MOHCD staff, the acquisition costs reflect a portion of the costs to purchase the land from the SFPUC. The acquisition costs of \$1.6 million were allocated to Building E based on the number of housing units.

Building E City Subsidy per Housing Unit

Total development costs are \$151.9 million, \$1.2 million per unit, or approximately \$655,000 per bedroom. The City's total subsidy for the housing development costs, including acquisition and infrastructure costs, is \$46.4 million, or \$362,353 per unit, as shown in Exhibit 6 below.

Exhibit 6: City Subsidy for Building E Affordable Housing Units

Units and Residential Area			
Number of Units	128		
Total residential area (sq. ft.)	152,838		

Cost and City Subsidy	Building E Infrastructure	Building E Development	Building E Total Costs
Development Cost	\$19,681,825	\$132,205,109	\$151,886,934
Total City subsidy	19,681,825	26,699,334	46,381,159
Development cost per unit	153,764	1,032,852	1,186,617
Development cost per sq. ft.	129	865	994
City Subsidy per unit	153,764	208,589	362,353
City Subsidy per sq. ft.	129	175	303

Source: MOHCD

Based on a comparison of similar projects, MOHCD staff found the total development cost per unit, excluding acquisition and infrastructure costs, to be within average according to the April 2025 MOHCD loan evaluation of the Building E gap loan. However, MOHCD staff found the subsidy per unit to be 28 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 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. 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.

According to the MOHCD loan evaluation of the Building E gap loan, the operating expenses are 33 percent lower per unit than similar projects. In particular, the utilities and insurance costs are low compared to other projects but are comparable to other projects operated by BRIDGE.

Funding Sources for City Loans

Sources for the two proposed loans are shown in Exhibit 7 below.

Exhibit 7: Sources for MOHCD Loans

Source	Phase 1 Infrastructure	Building E Gap
HCD Infill Infrastructure Grant	\$19,971,128	
Housing Trust Fund	8,841,340	2,000,000
Housing Trust Fund Advance	5,558,660	800,773
California Pacific Medical Center Funding	5,550,887	6,550,887
2019 GO Bonds	9,600,000	9,600,000
2024 GO Bonds	6,903,889	7,747,674
Total	\$56,425,904	\$26,699,334

Source: Proposed amended and restated loan agreements

POLICY CONSIDERATION

City Funding Exceeds development agreement Requirements

MOHCD is proposing to provide an infrastructure loan and more total funding than what is required under the development agreement to preserve \$213 million in state funding. The project is at risk for losing state funding (including Low-Income Housing Tax Credit equity and tax-exempt bonds) if Building E and the associated infrastructure construction does not begin in October 2025.

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. 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 another affordable housing parcel still to be built with City funding according to the MOHCD loan evaluation. According to the MOHCD loan evaluation on the proposed infrastructure loan, MOHCD is charging five percent interest on a portion of the infrastructure loan in light of the increased financial burden for the City. According to OEWD staff, there are not currently plans to amend the development agreement to memorialize changes to the City's funding share.

Potential Forgiveness of Infrastructure Loan

As noted above, the proposed infrastructure loan can be repaid by proceeds from the market rate town home parcels (after paying down the PUC for the land in the project area), other infrastructure financing, including a possible Community Facilities District, and/or transfer payments from sales of the other market parcels, which are limited to \$10.4 million per the development agreement. According to the MOHCD loan evaluation of the proposed infrastructure loan, it is uncertain if the townhome parcel sale proceeds and potential Community Facilities District funding can support the infrastructure work. Therefore, the infrastructure loan agreement allows the MOHCD Director to forgive the outstanding loan amount if these sources are not sufficient. Approximately, \$20 million of the proposed \$56.4 million infrastructure loan is funded by State sources with the remaining \$36.4 million funded by

City sources. Given the size of City investment in the project and the amount of the infrastructure loan, we recommend that the Board of Supervisors' amend the resolution in File 25-0829 to request that the MOHCD Director report back to the Board of Supervisors on (1) the status of the Balboa Reservoir project following completion of Building E, including the timeline and City funding for the horizontal and vertical development of the remaining parcels and total disbursement of the proposed infrastructure loan and separately, (2) on any action to forgive all or part of the proposed infrastructure loan, and include the reports in the legislative file for File 25-0829.

We also recommend MOHCD evaluate the feasibility of including additional project revenues as repayment sources for the proposed and any future infrastructure loans for the Balboa Reservoir project. Such revenues could include additional transfer payments from the sale or refinancing of the market rate (non-townhome) parcels or operating income from the market rate parcels. This may require amending the development agreement for this project, which cannot be done unilaterally. We believe this is appropriate given that the land was sold by the SFPUC to the developer based on an appraisal that assumed infrastructure work that is the developer's responsibility as part of the development agreement. MOHCD notes that including these additional funding sources would reduce the financial feasibility and potentially further delay the development of the market rate parcels and parks within the project area and that the infrastructure will eventually be accepted by the City for the benefit of the public.

RECOMMENDATIONS

The Board of Supervisors should:

- Amend File 25-0830 to reduce the not to exceed amount from \$36,000,000 to \$28,000,000 to reflect the project budget for Building E.
- Amend File 25-0829 to request that the MOHCD Director report back to the Board of Supervisors on (1) the status of the Balboa Reservoir project following completion of Building E, including the timeline and City funding for the horizontal and vertical development of the remaining parcels and total disbursement of the proposed infrastructure loan and separately, (2) on any action to forgive all or part of the proposed infrastructure loan, and include the reports in the legislative file for File 25-0829.
- Approve files 25-0829 and 25-0830 as amended.

MOHCD should:

- Update its Underwriting Guidelines policy to include guidance on infrastructure loan terms, including interest rates, repayment terms as well as project hard and soft costs and related budget contingencies.
- Evaluate the feasibility of including additional transfer payments from the sale/refinancing of market rate parcels and/or operating income from the market rate parcels as repayment sources for the proposed and any future infrastructure loans for the Balboa Reservoir project.

**AMENDED AND RESTATED LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
IIG FUNDS, HOUSING TRUST FUNDS, CPMC FUNDS, 2019 GENERAL
OBLIGATION BOND FOR AFFORDABLE HOUSING, 2024 GENERAL OBLIGATION
BOND FOR AFFORDABLE HOUSING)**

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

BHC BALBOA BUILDERS, LLC,
a California Limited Liability Company

for

**BALBOA RESERVOIR PHASE 1 INFRASTRUCTURE
San Francisco, CA
Up to \$56,425,904**

IIG: \$19,971,128
Housing Trust Fund: \$8,841,340
Housing Trust Fund Advance: \$5,558,660
CPMC: \$5,550,887
2019 General Obligation Bond for Affordable Housing: \$9,600,000
2024 General Obligation Bond for Affordable Housing: \$6,903,889

Dated as of _____, 2025

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EXHIBITS

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AMENDED AND RESTATED INFRASTRUCTURE LOAN AGREEMENT
(City and County of San Francisco IIG Funds, Housing Trust Funds, CPMC Funds, 2019 GO
Bond Funds, 2024 GO Bond Funds)
Balboa Reservoir Infrastructure

THIS AMENDED AND RESTATED INFRASTRUCTURE LOAN AGREEMENT (“Agreement”) is entered into as of _____, 2025, 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 **BHC BALBOA BUILDERS LLC**, a California limited liability company (“Borrower”).

RECITALS

A. The City has secured financing for the Project from the State of California Housing and Community Development Department (“HCD”) as documented in the HCD Award revised letter dated November 6, 2024, for Balboa Reservoir (Contract No. 21-IIG-16857) providing for an Infill Infrastructure Grant (“IIG”) grant funding in the amount of Nineteen Million Nine Hundred Seventy-One Thousand One Hundred Twenty-Eight and No/100 Dollars (\$19,971,128.00). The funds provided from IIG under this Agreement will be referred to herein as the “IIG 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. 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.”

C. Under Exhibit G - Housing Program as attached to the Development Agreement by and between the City and County of San Francisco and Sutter West Bay Hospitals, which was approved by the San Francisco Board of Supervisors on July 9, 2013, under Ordinance 138-13, Sutter West Bay Hospital is required to deposit funds into the Citywide Affordable Housing Fund (the “CPMC Fund”). The CPMC Fund funds are to be used for predevelopment and development expenses and administrative costs associated with acquisition, construction, or rehabilitation of permanently affordable housing units in San Francisco. Under Ordinance 138-13, MOHCD is authorized to administer the CPMC Fund and enforce agreements relating to them. The funds provided from the CPMC Fund shall be referred to herein as the “CPMC Funds.”

D. On November 5, 2019, the voters of the City and County of San Francisco approved Proposition A (Ordinance 168-19), which provided for the issuance of up to \$600 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the “2019 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 2019 GO Bond under this Agreement will be referred to herein as the “2019 GO Bond Funds.”

E. 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 with the IIG Funds, Housing Trust Funds, CPMC Funds, and 2019 GO Bond Funds, collectively, the “Funds.”

F. On February 18, 2021, Reservoir Community Partners, LLC (“RCP”), and the City entered into a Development Agreement dated as of February 18, 2021 for reference purposes (the “Development Agreement”) for a proposed master development including an up to 1100-unit mixed-income housing project with open spaces, infrastructure improvements, and other community amenities (“Master Development”). The Development Agreement included, amongst other things, the agreed upon Phasing Plan and Master Infrastructure Plan for the Master Development. The Borrower assumed the Development Agreement from RCP pursuant to that certain Assignment and Assumption Agreement Relative to Development Agreement dated as of November 30, 2021.

G. The City previously loaned Five Million and No/100 Dollars (\$5,000,000.00) (the “Original Loan”) to Borrower to conduct predevelopment, design, abatement and demolition activities in support of the construction of infrastructure improvements in the Master Development. The Original Loan is evidenced by the following documents: (1) a Loan Agreement dated June 20, 2025 (the “Original Loan Agreement”), and (2) a Promissory Note dated June 20, 2025, made by Borrower to the order of the City (the “Original Note”).

H. This Agreement provides for the development of a portion of the Master Development for certain infrastructure improvements (the “Infrastructure Improvements”) to facilitate the construction of approximately 287 new affordable rental units, building pads for certain affordable housing parcels known as Building E and Building A, public roads including Mayor Edwin M. Lee Avenue, Wisteria Lane, Loquat Lane, Meyer Lane and Diego Lane, public right of ways, and improved utilities. Borrower acquired the Land in December 2022 from the City acting through the San Francisco Public Utilities Commission (“SFPUC”) and now intends to cause the construction of the Infrastructure Improvements (the “Project”). SFPUC provided a carryback loan to Borrower in connection with the transfer of the Land, which is secured by a deed of trust in favor of SFPUC recorded against the Land (the “SFPUC Deed of Trust”).

I. The Project has secured additional financing from HCD as documented in the HCD Award letter dated February 4, 2022, for Balboa Reservoir Building E (Contract No. 21-AHSC-17012) and in the HCD Award letter dated September 1, 2023, for Balboa Reservoir Building A (Contract No. 23-AHSC-17950) providing for an Affordable Housing Sustainable Communities (“AHSC”) grant funding in the amounts of Three Million Three Hundred Eighty-Six Thousand Seven Hundred Seven and No/100 Dollars (\$3,386,707.00) and Two Million Six Hundred Eighty

Two Thousand Eight Hundred Sixty Nine and No/100 Dollars (\$2,682,869.00) respectively (“Awarded AHSC Infrastructure Grant Funds”).

J. The City has reviewed Borrower's application for funds and, in reliance on the accuracy of the statements in that application, has agreed to make a loan of funds to Borrower (the “Loan”) in the amount up to XXX and No/100 Dollars (\$XXX) (the “Funding Amount”) under this Agreement to fund certain Infrastructure Improvements work related to the Project.

K. In order to cover the cost of staff time and project management services related to MOHCD’s loan, at construction closing MOHCD will charge an Origination Fee of 1% of the total loan amount of the MOHCD loan. This Origination Fee is calculated based on the City’s staff time to originate, underwrite, facilitate, administer, and approve new funds provided for the transaction (“Origination Fee”).

L. BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE Housing”), through its affiliate entity Balboa Lee Avenue, L.P., a California limited partnership, as borrower for Balboa Reservoir Building E, applied for low income housing tax credits through the California Tax Credit Allocation Committee in August 2024. The limited partnership was awarded tax credits as evidenced through that certain California Tax Credit Allocation Committee Reservation Letter dated December 11, 2024.

M. On the Agreement Date, this Agreement will amend, restate, supersede and replace the Original Loan Agreement. Concurrently herewith, Borrower will also (i) execute one or more new promissory note(s) in favor of the City to supersede and replace the Original Note to evidence the Loan, and (ii) subject to the approval of SFPUC as senior lender, execute and record a deed of trust to secure such new note(s). As of the Agreement Date, the City will cancel and return the Original Note.

N. With the execution of this Agreement, the Borrower and MOHCD agree to execute three promissory notes in favor of MOHCD: Note A for infrastructure; Note B for Balboa Reservoir Building E of which proceeds will be used by Borrower to fund a sponsor loan to the Building E developer entity pursuant to loan documents between the parties; and, Note C for Balboa Reservoir Building A of which the proceeds will be used by Borrower to fund a sponsor loan to the Building A developer entity pursuant to loan documents between the parties.

O. Any future funding from the City to Borrower in connection with the Project will be loaned through and evidenced by an amendment to this Agreement.

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 must be maintained in accordance with **Section 2.3**.

“Agreement” means this Loan Agreement.

“Agreement Date” means the date first written above.

“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.

“Balboa Reservoir Monthly Report” has the meaning set forth in **Section 10.2**.

“Borrower” means BHC Balboa Builders, LLC, a California limited liability company, 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. The Charter Documents must 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.

“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 Acceptance” means the City’s acceptance of the Public Infrastructure Improvements for public use and/or maintenance which shall be deemed to have occurred when (i) the Public Infrastructure Improvements, which the Borrower, as Subdivider, requests for acceptance have been completed, the City Engineer has issued the Notice of Completion, and the Clerk of the Board of Supervisors certifies all payments have been made in accordance with Section 8 of the Public Improvement Agreement; (ii) The City Engineer has certified to the Board of Supervisors that the Public Infrastructure Improvements have been deemed complete and are ready for their intended use; and (iii) The Board of Supervisors, by ordinance, Accepts the Public Infrastructure Improvements, or portion thereof, for public use, maintenance, and liability purposes in accordance with the provisions of San Francisco Administrative Code Sections 1.51 et seq. and Borrower’s, as Subdivider, maintenance and warranty obligations under Public Improvement Agreement Sections 7, 9, and 10.

“City Documents” means this Agreement, the Notes, 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)**.

“Completion” means the completion of the construction of the Project in substantial accordance with the Approved Plan and the Approved Specifications, as evidenced by issuance of the City engineer’s “Notice of Completion.”

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

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

“Contracting Manual” means the Contracting Implementation Manual (CIM) issued by MOHCD and dated July 2013, as the same may be amended from time to time.

“Control of the Site” means acquisition of the Site from SFPUC, which has been obtained by Borrower prior to the date of this Agreement pursuant to a Quitclaim Deed and Grant of Easement dated December 16, 2022, and recorded on December 20, 2022, for Parcel A and a Quitclaim Deed and Grant of Easement dated December 16, 2022, and recorded on December 20, 2022, for Parcels C, D, E, and F, by Borrower and San Francisco Public Utilities Commission (“SFPUC”) as Seller of the Site.

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

“DPW” has the meaning set forth in **Section 5.2**.

"Deed of Trust" means a deed of trust executed by Borrower granting the City a lien on the Townhome Parcels that compose a portion of the Site to secure Borrower's performance under this Agreement and the Notes.

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

“Development Agreement” has the meaning set forth in **Recital F**.

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

“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.

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

“Expenditure Request” means a written request by Borrower for a Disbursement from the Funding Amount, which must 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 J**.

“Funds” has the meaning set forth in **Recital E**.

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

“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.

“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.

“In Balance” means, to the extent that the Project is financed with multiple funding sources, 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 construction of the Project, as determined by the City in its sole discretion.

“Indemnify” means, whenever any provision of this Agreement requires a person or entity (the “Indemnitor”) to Indemnify any other entity or person (the “Indemnatee”), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnatee, its officers, employees, agent, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to indemnify an Indemnatee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to Indemnify any Indemnatee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnatee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnatee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnatee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

“Indemnatee” has the specific meaning set forth in **Section 23.1** and the general meaning set forth in the definition of “Indemnify.”

“Indemnitor” has the meaning set forth in the definition of “Indemnify.”

“Infrastructure Improvements” has the meaning set forth in **Recital H**.

“Land” means the real property owned by the Borrower on which the Master Development will be located.

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

“Loan” has the meaning set forth in **Recital J**.

“Loss” or “Losses” includes any loss, liability, damage, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in 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.

“Master Infrastructure Plan” means that certain Balboa Reservoir Infrastructure Plan dated December 22, 2020, which is an exhibit to the Development Agreement.

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

“MOHCD” means the Mayor’s Office of Housing and Community Development or its successor.

“Notes” means the three promissory notes executed by Borrower in favor of MOHCD in the form and substance acceptable to the City: (1) Note A in the original principal amount of _____ and No/100 Dollars (\$10,401,814.00); (2) Note B in the original principal amount of _____ and No/100 Dollars (\$19,681,825.00) allocated to Balboa Reservoir Building E of which proceeds will be used by Borrower to fund a sponsor loan to the Building E developer entity pursuant to loan documents between the parties; and (3) Note C in the original principal amount of _____ and No/100 Dollars (\$22,066,800.00) allocated to Balboa Reservoir Building A of which proceeds will be used by Borrower to fund a sponsor loan to the Building A developer entity pursuant to loan documents between the parties. Each individually shall be a “Note”.

“Notice of Completion” means the written notice issued by the City Engineer determining that the Public Infrastructure Improvements are ready for their intended use and are completed in strict uniformity with the Approved Plans and Approved Specifications and applicable City regulations.

“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 liability company 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.

“Out of Balance” means, to the extent that the Project is financed with multiple funding sources, 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 of the Project, as determined by the City in its sole discretion.

“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.

“Plans and Specifications” has the meaning given in **Section 5.2**.

“Project” has the meaning set forth in **Recital H**.

“Public Improvement Agreement” means the agreement between the Borrower, as subdivider, and the City, providing for the construction and installation of the Public Infrastructure Improvements on the Site.

“Public Infrastructure Improvements” or “PII” shall mean the Infrastructure Improvements, both on- and off-site, to be improved, constructed and dedicated to the City by Borrower. Public Infrastructure Improvements include streets within the Project, sidewalks (and associated street trees), furniture, fixtures and equipment, Public Stormwater Management Improvements, all public utilities within the public right of way (such as electricity, water, street lights, pedestrian lights, joint trenches and sewer lines but excluding any non-municipal utilities), bicycle lanes and paths in the public right of way, off-site intersection improvements (including, but not limited to, curbs, medians, signaling, traffic controls devices, signage, and striping), SFMTA infrastructure, and possibly parks. All Public Infrastructure Improvements shall be built in accordance with the Implementing Approvals (i.e., improvement plans) (as defined in the Development Agreement) approved by the City. Sufficient security as provided in the Public Improvement Agreement must also be submitted as required by the City consistent with the Subdivision Map Act and the San Francisco Subdivision Code.

“Publication” means any report, article, educational material, handbook, brochure, pamphlet, press release, public service announcement, webpage, audio or visual material or other communication for public dissemination, which relates to all or any portion of the Project or is paid for in whole or in part using the Funding Amount.

“Retention” has the meaning set forth in **Section 4.7**.

“SBE Manual” means that certain Small Business Enterprise Program manual dated July 1, 2015, as the same may be amended from time to time.

“Senior Lien” has the meaning set forth in **Section 24.1**.

“Site” means the Land and the Infrastructure Improvements to be located thereon.

“Table” means the Table of Sources and Uses

“Table of Sources and Uses” means a table of sources and uses of funds attached hereto as **Exhibit A**, 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, which shall not be unreasonably withheld or conditioned.

“Townhome Parcels” means that certain real property more particularly described on Exhibit B.

“Work Product” has the meaning set forth in **Section 24.21**.

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 must 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 must be construed as a whole according to its fair meaning.

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

- (a) CFR provisions: www.access.gpo/nara/cfr
- (b) OMB circulars: www.whitehouse.gov/OMB/circulars
- (c) S.F. Administrative Code:
www.sfgov.org/site/government_index.asp#codes

1.4 Contracting Manual. Borrower shall use the Contracting Manual as a guide to Borrower's responsibilities under Laws and regulations regarding soliciting, awarding and administering contracts associated with projects assisted by federal funds, to the extent applicable. In the event of a conflict between the terms of the Contracting Manual and this Agreement, the terms of the Agreement shall prevail.

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a principal amount equal to the Funding Amount in order to finance predevelopment, design, engineering, costs associated with recording the final subdivision map for the Land, permitting, bidding, construction and hazardous materials abatement related activities for the Project. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement. The City and Borrower hereby acknowledge and agree that the work being performed in accordance with this Agreement is work to prepare for the construction of the Infrastructure Improvements and the construction, management, execution, security, testing, operation, maintenance and insurance of the Public Infrastructure Improvements through City Acceptance. The City's loan of the Funding Amount is evidenced by one or more Notes to be executed by the Borrower.

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. Expenses incurred by Borrower prior to the Agreement Date may be reimbursed using the funds, so long as such expenses are included in the approved Table of Sources and Uses attached hereto as Exhibit A and are (1) determined by the City to be related to the Project and (2) not incurred prior to February 18, 2021.

If Borrower uses Funds for infrastructure work to be reimbursed through Awarded AHSC Infrastructure Grant Funds, Borrower must repay the City by the amount of Awarded AHSC Infrastructure Grant Funds reimbursement. Any excess funds will be used toward the Project or returned to the City.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement must 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. Any interest earned on funds in any Account must be used for the benefit of the Project.

2.4 Records. Borrower must maintain and provide to the City upon 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 must 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 Loan Conditions to Additional Financing.

1. Borrower must provide MOHCD with detailed monthly updates via the Balboa Reservoir monthly report.
2. Borrower will continue to contain costs and if updated cost estimates come in below what is approved by Loan Committee the loan amount will be reduced and/or any unused funds will be returned to MOHCD.
3. Infrastructure costs will be funded through multiple sources, including a MOHCD infrastructure loan, IIG funding, Building E, Building A, and AHSC funding. Borrower must maintain clear and separate accounting records for all costs associated with each funding source.
4. MOHCD reserves the right to unencumber the construction portion of the loan funds, as well as any unspent predevelopment funds, if the Sponsor fails to meet construction conditions and the construction portion of the loan has not closed by October 13, 2025.
5. A portion of the developer fee will be contingent on adequate staffing by the Borrower through the infrastructure construction period until City Acceptance. Borrower must maintain a Senior Project Manager with ongoing executive support through the construction period through City Acceptance. Any changes to assigned staff or personnel must receive prior approval from MOHCD. The amount of developer fee contingent on this staffing will be determined pursuant to Article 15 of this Agreement.
6. Prior to closing the Loan, Borrower will have 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 Lee Avenue, L.P., a California limited partnership (as the owner of Building E) for purposes of Internal Revenue Code Section 42 and which analysis is in a form acceptable to the City in its reasonable discretion.
7. The Borrower will provide timely and organized invoices to MOHCD for IIG reimbursement from HCD and will assist with any other additional documentation needed for timely reimbursement.

ARTICLE 3 TERMS.

Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Notes and secured by the Work Product and, subject to the approval of the SFPUC as senior secured lender, the Deed of Trust, to be recorded concurrently with the construction loan closing for Building E (Lot 4 of Final Map No. 11177). The Notes will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date; Repayment of the Loan. Borrower must repay all amounts owing under the City Documents, which repayment amount shall not exceed a total of XXX [\$XXX] on the tenth (10th) anniversary of MOHCD authorization of the issuance of the Notice to Proceed for the Project with two optional five-year extensions, but in no event later than December 31, 2045 (the "Maturity Date"). Notwithstanding the foregoing, Borrower's Loan repayment

obligations may be satisfied through the following options (together “Potential Repayment Sources”): (1)) the remaining proceeds from the sale of the Townhome Parcels at the Site (after Borrower has satisfied its obligations to pay property taxes, maintenance costs, carry costs and a portion of the PUC Loan including interest in order to release the deed of trust evidencing the PUC Loan from the Townhome Parcels) consistent with the Development Agreement and SFPUC note, as may be amended from time to time and/or (2) if Borrower obtains other funds to pay for all or a portion of the Infrastructure Improvements, through leveraging additional infrastructure financing such as a Community Facilities District subject to formation and approval, Borrower shall use such funds to the extent available in lieu of drawing down on the Loan or, if the Loan has already been fully drawn, to repay amounts drawn on account of the Loan leveraging additional infrastructure financing and/or (3) any transferee payments made pursuant to Section 12.3 of the Development Agreement to Borrower as Developer under the Development Agreement when market-rate parcels are transferred and/or (4) at the time of sale or refinancing of the Townhome Parcels, the Borrower may request loan forgiveness of unpaid principal and/or accrued interest if the sale proceeds received, after selling the Townhome Parcels consistent with all appraisal and offering requirements under the Development Agreement, are insufficient to meet repayment obligations, subject to the approval of the MOHCD Director in his/her sole and absolute discretion; provided, however, that Borrower shall use commercially reasonable and good faith efforts to pursue all viable repayment strategies (including, but not limited to the Potential Repayment Sources listed in (1) to (3) above prior to requesting loan forgiveness). In any such event, the Notes shall be deemed satisfied with respect to the amount of the applicable repayment obligation, the Deed of Trust shall be reconveyed, and Borrower shall be released from the lien of the Deed of Trust and all obligation or liability with respect to this Agreement and the Loan Documents as it relates to such amount.

3.2 Intentionally Omitted.

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest as provided in each Note.

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 applicable 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 Section 3.9 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 each Note.

3.6 Intentionally Omitted.

3.7 Intentionally Omitted.

3.8 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 shall 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 shall 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.

3.9 Intentionally Omitted.

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. In the event Borrower does not satisfy all of the conditions to closing within a reasonable time, as determined by the City in its sole discretion, 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 upon satisfaction of the conditions in this Section.

(a) Borrower must 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(s); (ii) this Agreement (in duplicate); (iii) Authorizing Resolutions; (iv) subject to the approval of SFPUC as senior lender, the Deed of Trust; and (v) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City: (i) Borrower's Charter Documents;

(c) Borrower must have delivered to the City insurance endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit G** of this Agreement.

(d) Prior to closing the Loan, Borrower shall have delivered a tax memo or opinion prepared by tax counsel on behalf of Balboa Lee Avenue, L.P. for Balboa Reservoir Building E, noting that based on their review of the Economic Projections, project development costs have been correctly allocated as basis eligible costs for purposes of Section 42 of the Code per a reasonable cost allocation methodology.

4.4 Disbursement of Funds. In addition to satisfaction of the conditions in **Section 4.3**, City's obligation to approve any additional expenditure of funds is subject to Borrower's satisfaction of the following conditions precedent.

(a) Borrower must 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, the City must approve all requested reallocations of funds for line items previously approved by the City.

(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 must have certified to the City that the Project complies with the labor standards set forth in **Exhibit D, Section 1**, if applicable.

4.5 Loan In Balance. To the extent that the Project is financed with multiple funding sources, 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 in its reasonable discretion that the Loan is out of balance. When the City is satisfied in its reasonable discretion that the Loan is again in balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.6 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.

4.7 Retention.

(a) In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs included in any Expenditure Request associated with construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. After fifty percent (50%) of the construction of the Project is complete as determined by the City, and upon Borrower's written request, the City may but shall not be obligated to permit Borrower to increase such amount to ninety five percent (95%) of the approved budgeted costs on a line item basis, provided that the following prerequisites have been met: (a) all work required to be performed by the Early Retention Release Contractors has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (b) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (c) no liens or stop notices have been filed against the Project and no claims are pending; (d) the City determines that the contingency is in balance and adequate to complete the Project; and (e) the Project is on schedule.

(b) The remaining percentage of hard costs associated with construction may 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 included in the Contracting Manual and, other than release of Retention to Early Retention Release Contractors, each of the following conditions, unless otherwise approved in writing by the City: (a) achievement of Completion in accordance with the Approved Plans and Approved Specifications; (b) timely recordation of a Notice of Completion; and (c) 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.

(c) Release of any Retention to Early Retention Release Contractors will be subject to the satisfaction of all requirements listed in the Construction Manager's Checklist for Release of Retention as given in writing by MOHCD to the Borrower and each of the following conditions, unless otherwise approved in writing by the City: (a) the work to be performed by the applicable Early Retention Release Contractor has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (b) the applicable Early Retention Release Contractor has filed unconditional lien waivers satisfactory to the City; and (c) no liens or stop notices have been filed against the Project in connection with the work performed by the applicable Early Retention Release Contractor and no claims are pending.

ARTICLE 5 DEMOLITION OR CONSTRUCTION.

The parties agree that abatement and demolition of existing buildings on the Site if applicable (the "Demolition Work") may be undertaken after a demolition permit is issued by the City and County of San Francisco's Department of Building Inspection (the "Department of Building Inspection") for the Demolition Work.

5.1 Selection Requirements. In the selection of all contractors and professional consultants for the Project, Borrower must comply with the City's procurement requirements and procedures as described in the Contracting Manual and with the requirements of the Small Business Enterprise Program ("SBE Program") as set forth in the SBE Manual according to the procedures established by the City's Contract Monitoring Division.

5.2 Plans and Specifications. Before starting any Project construction or Demolition Work on the Site, Borrower must have delivered to the City, and the City must have reviewed and approved, plans and specifications (the "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 must also be approved by the City and County of San Francisco's Department of Public Works (the "DPW") (collectively, the "Approved Plans") which Approved Plans shall be consistent with the requirements of the Master Infrastructure Plan and the Public Improvement Agreement, prior to the start of any demolition (but not including demolition conducted as part of the Demolition Work) or construction on the Site. Additionally, any necessary demolition permits for the existing buildings carried out as part of the Project work must be approved by the Department of Building Inspection. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. The Contracting Manual provides further guidance to Borrower regarding the City's policies for the review and approval of plans, specifications and construction contracts. After Completion, Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower must make available to the City upon request, and submitted to DPW consistent with the requirements of the Public Improvement Agreement.

5.3 Change Orders. Borrower may not approve or permit any change orders to the Approved Plans and Approved Specifications approved by the City without the City's prior written consent, which will not be unreasonably withheld. The City agrees to review any requested change order concurrently with the Borrower, with approved change orders to be included in the construction draw. Costs from City approved change orders will be taken from the Project's hard cost contingency, subject to available funds in the hard cost contingency, as the City previously approved in the total project budget. 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 must deliver to the City insurance endorsements and bonds as described in **Exhibit G**. At all times, Borrower must 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, which approval shall be provided in writing upon completion of items listed in the Notice To Proceed Checklist.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence demolition or construction by a date no later than October 13, 2025 and (b) subject to force majeure, achieve Completion by a date no later than, October 13, 2027 in accordance with the Approved Plans and Approved Specifications (the “Completion Date”). Notwithstanding the foregoing, if Borrower fails to meet such dates despite Borrower’s good faith efforts or as a result of the City’s failure to provide timely approvals, and if Borrower is otherwise in compliance with the terms of this Agreement, such failure shall not be a default under this Agreement.

5.7 Construction Standards. All construction must be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable Codes.

5.8 Public Improvement Security. DPW and MOHCD entered into a Memorandum of Agreement dated December 2, 2024, providing for assurances of security of the Balboa Reservoir Site consistent with Government Code Section 66499(a) in the event the Borrower fails to complete the required infrastructure work or stops work and fails to cure after notice of default pursuant to the terms of the Public Improvement Agreement.

ARTICLE 6 Intentionally Omitted.

ARTICLE 7 Intentionally Omitted.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

Prior to City Acceptance of the Public Infrastructure Improvements, Borrower, as subdivider, under the Public Improvement Agreement, shall be responsible for the care, sweeping, maintenance and repair of the Public Infrastructure Improvements consistent with the requirements of the Public Improvement Agreement; provided, however, the costs for all such obligations shall be included as Project costs to be funded by City to Borrower. Following City Acceptance, the City shall assume the responsibility of maintaining the Public Infrastructure Improvements consistent with the terms of the Public Improvement Agreement.

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. If Borrower acquires Control of the Site, Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of funds for the construction of the Project, including those set forth in **Exhibit D**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings. Construction-related requirements will not apply until Borrower has acquired Control of the Site; *provided that*, construction-related requirements will apply to the Project whether or not the City approves and provides additional financing for the Project.

9.2 Additional Federal Requirements. If Borrower obtains any federal funds with respect to its acquisition of Control of the Site or the construction of the Project or any other project thereon, Borrower shall comply with the requirements specified in this Section.

(a) Compliance With Laws. Borrower agrees to abide by all applicable Laws pertaining to this Agreement and to any contracts pertaining to the Project.

(b) Drug-Free Workplace. Borrower acknowledges that under the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 701 *et seq.*), the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited on its premises. Borrower agrees that any violation of this prohibition by Borrower, its employees, agents or assigns will be deemed an Event of Default under this Agreement.

(c) Debarment or Suspension. Borrower must certify in form and content substantially the same as that attached hereto as **Exhibit E** 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.

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 Laws. Borrower acknowledges that, if and after Borrower acquires Control of the Site, the City may also conduct periodic on-site inspections of the Project. Borrower must cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City.

(b) Borrower must keep and maintain books, records and other documents relating to the receipt and use of all funds, including all documents evidencing Project Expenses. Borrower must maintain records of all expenditures, assets, liabilities, contracts, operations, and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower must provide written notice of the replacement of its executive director, director of housing development, director of property management and/or any equivalent position within thirty (30) days after the effective date of such replacement.

10.2 Monthly Reporting. Borrower must submit monthly reports (the “Balboa Reservoir Monthly Report”) in the form attached hereto as **Exhibit F** 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 Balboa Reservoir Monthly Report must be submitted by email in substantially the form to be provided by the City until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Intentionally Omitted.

10.4 Intentionally Omitted.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of construction of the Public Infrastructure Improvements, Borrower must 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 shall 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 City Acceptance, a project completion audit performed by an independent certified public accountant identifying the sources and uses of all Project funds; and

(b) compliance with all reporting requirements established by the City's Contract Monitoring Division.

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

10.7 Delivery of Records. At the request of the City, made through its agents, employees, officers or attorneys, Borrower must 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 members or manager, the accuracy of which must be certified by an auditor satisfactory to the City; and

(c) any other records related to Borrower's ownership structure and the use 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 to the Project after Borrower obtains Control of the Site and until City Acceptance 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 notice, for the retention period required under **Section 10.9**

10.9 Records Retention. Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11 Intentionally Omitted.

ARTICLE 12 Intentionally Omitted.

ARTICLE 13 Intentionally Omitted.

ARTICLE 14 Intentionally Omitted.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. Borrower is entitled to receive fees from the Loan in an amount not to exceed Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000.00) for developing the Project (“Developer Fees”).

15.2 Payment Schedule. Developer Fees shall be disbursed according to the following schedule provided however that if at the time of the scheduled payment there is an existing uncured default under any of the City Documents, Borrower shall not be permitted to disburse any Developer Fees until such default has been cured:

- (a) 25% of fee at Construction commencement (\$550,000)
- (b) 15% of fee at 50% Construction Completion (\$330,000)
- (c) 45% of fee at DPW Notice of Completion (\$990,000)
- (d) 15% of fee at BOS Acceptance (\$330,000)

The disbursement of developer fee for milestones (b) through (d) above will be contingent on the Borrower’s adequate staffing of the Project as conditioned in Section 2.5.

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 Townhome Parcels or of any ownership interests in Borrower without the advance consent of the City in its reasonable discretion, other than any total or partial sale of Borrower’s interest in the Townhome Parcels to a bona fide third party purchaser so long as the proceeds from the sale are sufficient to meet Borrower’s repayment obligations under this Loan. If proceeds are not sufficient to meet Borrower’s full

repayment obligations under this Loan, Borrower must receive advance consent of the City for any total or partial sale of the Townhome Parcels.

ARTICLE 17 INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in Exhibit G from the date of this Agreement until City Acceptance.

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. 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 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

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) After Borrower obtains Control of the Site, any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, 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 and further provided that provision of bonding or insurance over a lien during a contest period constitutes satisfaction to the City; 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; or

(e) If and after Borrower acquires Control of the Site, 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 reasonably determined upon restoration or repair that the Site has been impaired or that the repair, restoration or replacement of the improvements is not economically practicable or is not 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 receipt of written notice; 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**; 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**; or

(i) 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) Intentionally omitted; 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

(m) If applicable, to the extent that the Project is financed with multiple funding sources, from and after the closing date of Borrower's financing for construction or rehabilitation of the Project, Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

(n) Before a Notice of Completion is issued for the Project, Borrower ceases construction of the Project for a period of fifteen (15) consecutive working days, and the cessation is not due to accommodation of vertical construction on the Site, (or excused under **Section 19.3**); or

(o) Borrower is in default of its obligations with respect to any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable notice and 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 for the Project, including but not limited to the Development Agreement, and the default remains uncured following the expiration of any applicable cure periods.

Notwithstanding the foregoing, to the extent a notice and cure period is not provided for any of the foregoing defaults, such default shall be subject to a cure period equal to 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.

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 applicable 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, without waiving the Event of Default, the City may determine to make further Disbursements 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 applicable 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 applicable 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 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; 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. 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. If Borrower's performance cannot be performed within that 30-day period in the City's judgment, the cure period may be extended for a period not to exceed ninety (90) days following termination of the event causing the delay, *provided that* Borrower recommences performance promptly following the termination of the event and diligently pursues performance to completion.

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, if applicable, has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor, if applicable, been suspended, disciplined or prohibited from contracting with any Governmental Agency.

(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 must 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 must be addressed as follows:

To the City: Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Director
Re: Balboa Reservoir – Phase 1 Infrastructure

To Borrower: BHC Balboa Builders, LLC
350 California, 16th Floor
San Francisco, CA 94104
Attn.: Smitha Seshadri

w/copy to: BRIDGE Housing Corporation

350 California, 16th Floor
San Francisco, CA 94104
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.

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Intentionally Omitted.

22.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date Borrower acquires Control of the Site, at its sole expense, Borrower must: (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 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify the City and its respective officers, agents and employees (individually or collectively, an "Indemnitee") 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 22 above); (b) any failure of any representation by Borrower to be correct in all material 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 after such time as Borrower has acquired Control of the Site and for the Public Infrastructure Improvements prior to, but not subsequent to, City Acceptance, 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 the Public Infrastructure 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 or the Loan; (f) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnatee that relates to or arises out of the Site (after such time as Borrower has acquired Control of the Site and prior to City Acceptance); (g) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnatee that relates to or arises out of the Public Infrastructure Improvements (prior to, but not subsequent to, City Acceptance); (h) any failure of Borrower's demolition or abatement activities to comply with all applicable Environmental Laws relating to the Project or the Site (prior to the time Borrower has acquired Control of the Site); (i) the failure of Borrower to comply with all applicable Environmental Laws relating to the Project or the Site (after such time as Borrower has acquired Control of the Site and prior to City Acceptance); (j) the occurrence of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring from and after the date Borrower acquires Control of the Site and prior to City Acceptance; (k) 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, 18.1 and 22.2**; or (l) 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 (l) above, *provided that* no Indemnatee will be entitled to indemnification under this Section for matters caused by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnatee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnites, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnatee at Borrower's sole expense. Each Indemnatee 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 Indemnatee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement; provided, however, notwithstanding anything to the contrary contained in this Article 23, Borrower shall be liable only for those Losses related to the Public Infrastructure Improvements suffered by an Indemnatee which were incurred or which arose prior to City Acceptance of the applicable Public Infrastructure Improvements and Borrower shall have no liability for any Losses related to the Public Infrastructure Improvements suffered by an Indemnatee which were incurred as a result of the City's exercise of its remedy under Section 19.2 of this Agreement to cause the construction of the Public Infrastructure Improvements which construction was not performed in accordance with the approved plans or was performed negligently.

23.2 No Limitation. Borrower's obligations under **Section 23.1** are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

24.1 Subordination of City's Deed of Trust. City agrees that its Deed of Trust will be recorded in a subordinate lien position to the SFPUC Deed of Trust.

24.2 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.

24.3 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 must include this requirement as a provision in any contracts for the development of the Project.

24.4 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.

24.5 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 and as otherwise contemplated under Section 2.1. 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.

24.6 Borrower Solely Responsible. Borrower is an independent contractor with 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.

24.7 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.

24.8 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.

24.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

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

24.11 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.

24.12 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 applicable Note from the date of the award until paid.

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

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

24.15 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.

24.16 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.

24.17 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.

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

24.19 Borrower's Personnel. The Project shall be implemented only by competent personnel under the direction and supervision of Borrower.

24.20 Intentionally Omitted.

24.21 Ownership of Results. Any interest of Borrower or any sub-borrower, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents or Publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("Work Product"), is hereby pledged to City as security for Borrower's obligations under this Agreement and the Notes, and upon an Event of Default, shall become the property of and be promptly transmitted by Borrower to the City. Notwithstanding the foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities.

This Agreement constitutes a security agreement under the California Uniform Commercial Code, as it may be amended from time to time, and Borrower authorizes City to file any financing statements City elects and deems necessary to perfect its security interest in the Work Product.

24.22 Works for Hire. If, in connection with this Agreement or the implementation of the Project, Borrower or any sub-borrower creates artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship or Publications, such creations shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such creations shall be the property of the City. If it is ever determined that any such creations are not works for hire under applicable law, Borrower hereby assigns all copyrights thereto to the City, and agrees to provide any material, execute such documents and take such other actions as may be necessary or desirable to effect such assignment. With the prior written approval of the City, Borrower may retain and use copies of such creations for reference and as documentation of its experience and capabilities. Borrower shall obtain all releases, assignments or other agreements from sub-borrowers or other persons or entities implementing the Project to ensure that the City obtains the rights set forth in this Section.

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

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

EXHIBITS

- A Table of Sources and Uses of Funds
- B Intentionally Omitted
- C Intentionally Omitted
- D Governmental Requirements
- E Lobbying/Debarment Certification Form
- F Form of Balboa Reservoir Monthly Report
- G Insurance Requirements

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:

BHC BALBOA BUILDERS, LLC, a California
limited liability company

By: BRIDGE Housing corporation, a
California nonprofit public benefit
corporation, its Manager

By: _____
Name: Sierra Atilano
Title: Chief Real Estate Officer

EXHIBIT A
Sources and Uses of Funds

EXHIBIT B
Depiction of Townhome Parcels

EXHIBIT C
Intentionally Omitted

EXHIBIT D
Governmental Requirements

1. **Prevailing Wages.** Every contract for the rehabilitation or construction of housing assisted with Funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing, and contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332). The prevailing wage requirements of this Section apply to all laborers and mechanics employed in the development of the Project.

2. **Environmental Review.** The Project must 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 must 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 must 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 must 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.

5. Lead-Based Paint. Borrower must 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 must 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 must meet 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).

8. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Borrower Shall 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 shall 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 shall 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 shall 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 shall 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” shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. 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” shall 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 shall 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, shall 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 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.

(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 must 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 shall 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 12.M.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 shall 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 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.

(a) Borrower shall 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" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

(b) Any failure of Borrower to comply with this section of this Agreement shall 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 shall 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. 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 shall have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T shall only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, shall 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 shall 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 shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(d) Borrower or Subcontractor shall 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 shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 16.16(d), above. Borrower or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(f) Borrower or Subcontractor shall 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 shall 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 shall 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 shall 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 shall 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.

EXHIBIT E
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 shall 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 shall 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.

BHC BALBOA BUILDERS, LLC

SIGNATURE: _____

NAME: _____

TITLE: _____

DATE: _____

Exhibit F
Form of Balboa Reservoir Monthly Report

EXHIBIT G
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date Borrower acquires Control of the Site throughout the Compliance Term at no expense to the City: Any reduction in coverage is subject to approval by Risk Manager, Project Manager and City Attorney.

1. Borrower, Contractors.

(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 One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) 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 One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is “Claims made” coverage, Borrower shall 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 must 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) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided

by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must 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 must maintain, or cause its contractors and property managers, 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 must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by 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 shall 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) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

(c) 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) Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

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

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general

annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) 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 policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

(j) Borrower must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.



BALBOA RESERVOIR INFRASTRUCTURE AND BUILDING E

|| Frida Kahlo Way

BUDGET AND FINANCE
COMMITTEE

SEPTEMBER 3, 2025

MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

BALBOA RESERVOIR INFRASTRUCTURE AND BUILDING E

Budget and Finance Committee – September 3, 2025

1

File #250829

Resolution approving MOHCD loan agreement up to \$56,425,904 (Infrastructure)

2

File #250828

Resolution authorizing execution and delivery of tax-exempt and taxable bond funds of up to \$84,116,000 (Building E Bonds)

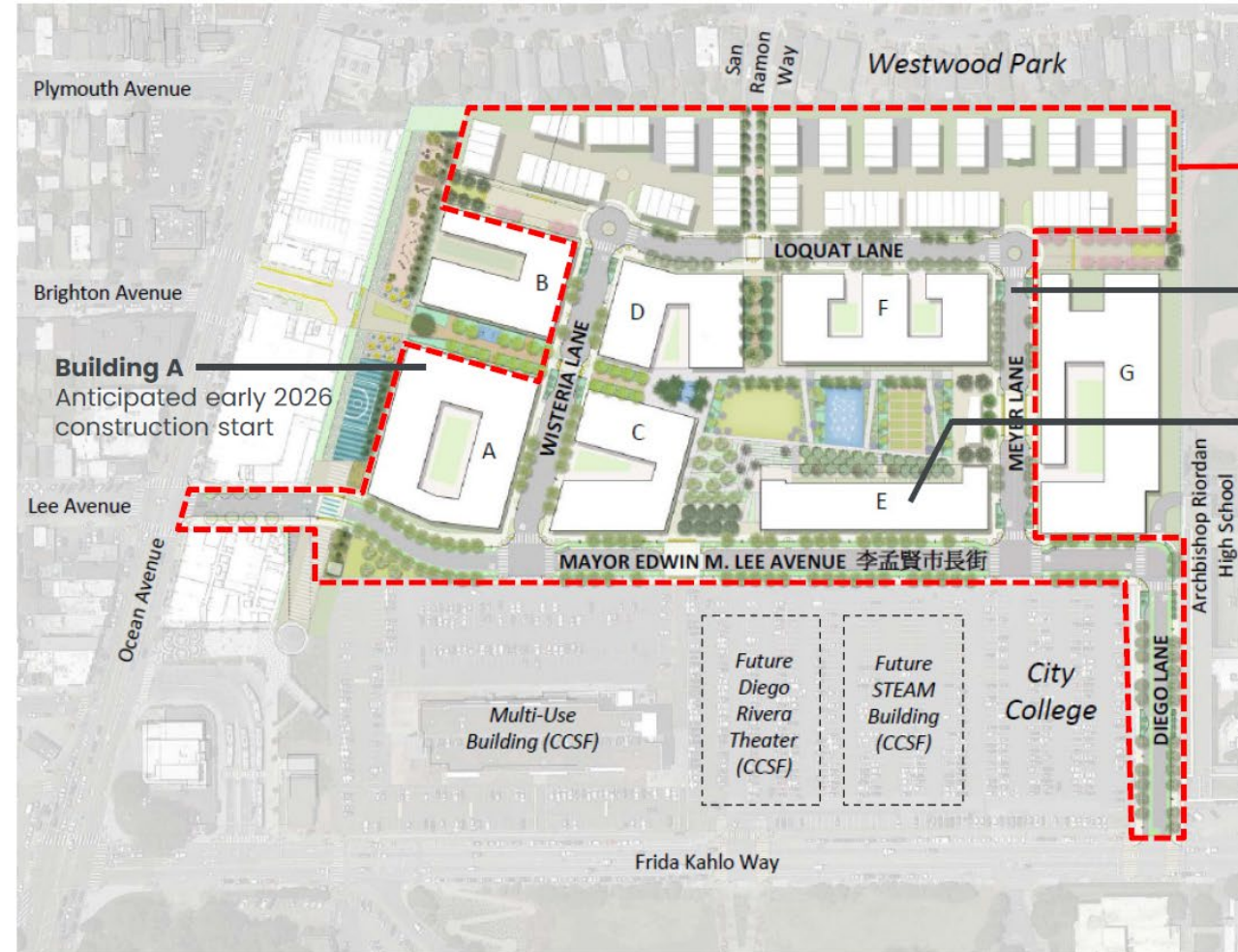
3

File #250830

Resolution approving MOHCD loan agreement up to \$28,000,000 and execution of Ground Lease (Buildings E)

BALBOA RESERVOIR PHASE I INFRASTRUCTURE

- Development Agreement approved by BOS in August 2020
- Infrastructure Development Sponsor is BRIDGE Housing
- 5.7 acres including site preparation for affordable buildings E and A (287 new units)
- Will construct new streets and sidewalks, sewer systems and utilities, and other transportation improvements



Phase I

Public Streets
Anticipated October 2025 construction start

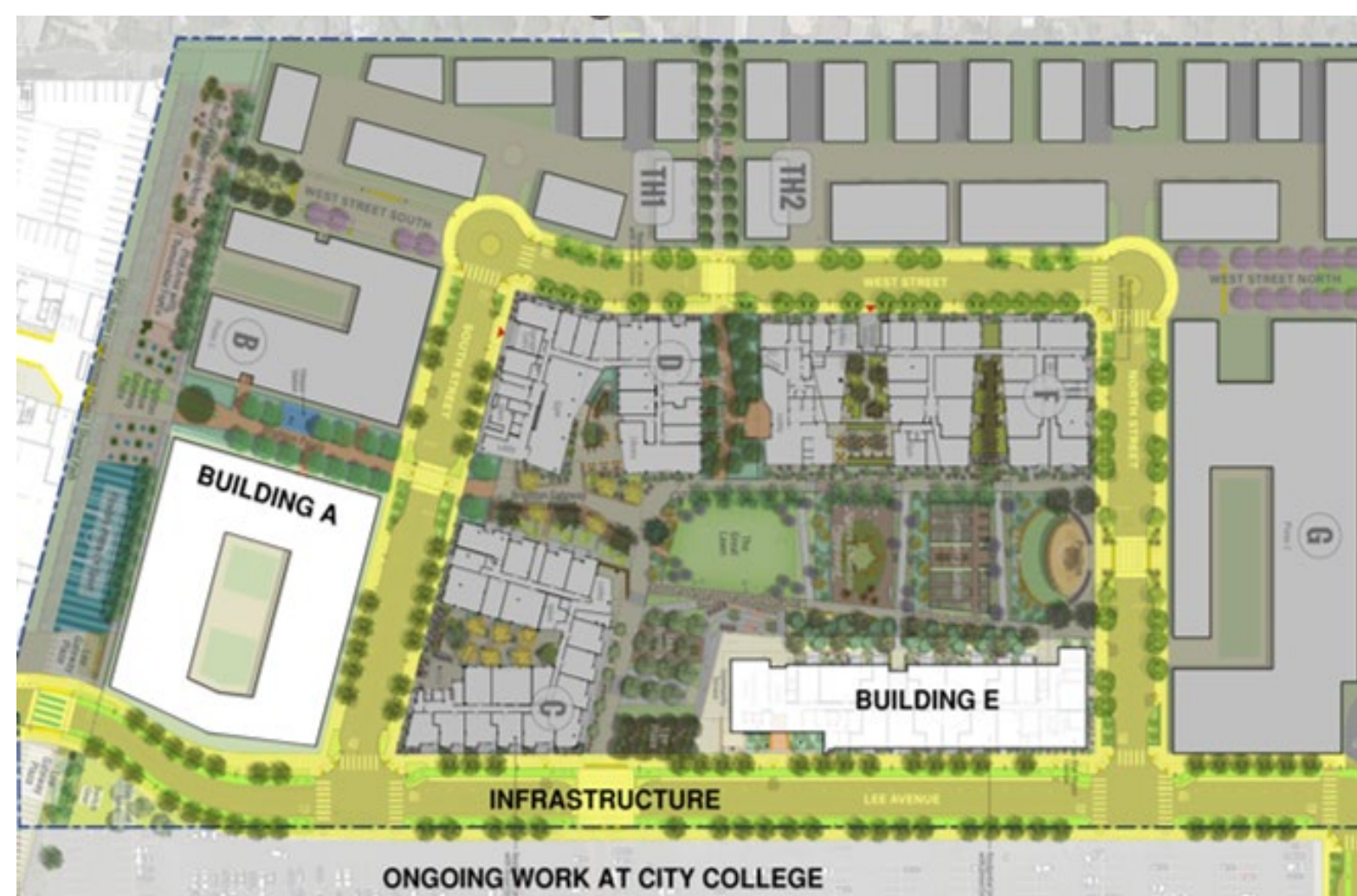
Building E
Anticipated late 2025 construction start

Project's success obtaining grant awards for affordable housing and infrastructure is helping construction to begin

- Affordable Housing and Sustainable Communities (AHSC)
- Infill Infrastructure Grant Program (IIG)

INFRASTRUCTURE FINANCING AND SCHEDULE

- Total costs up to \$56.5M from MOHCD and HCD IIG and HCD AHSC
- Hard costs include demolition, grading/paving, joint trenching, concrete, sewer lines and utilities
- Soft costs include civil and geotechnical engineering, landscape architect, environmental work, permitting and insurance
- BRIDGE plans to start infrastructure work in October 2025 and finish in spring 2027





BALBOA RESERVOIR BUILDING E

- 1st 100% affordable development at Balboa Reservoir
- Development Sponsor is BRIDGE Housing
- 127 affordable units, one non-restricted manager's unit (128 total)
- 31 units at 40% AMI, 36 units at 65% AMI, 60 units at 80% AMI

FINANCING

- Total Development Costs: \$150M
 - MOHCD: \$26M
 - AHSC: \$19.6M
 - Tax Credit Equity: \$53.5M
 - Infrastructure/IIG: \$20M
 - Other: \$30.9M

TIMELINE

- Construction to begin January 2026
- Construction to finish January 2028
- Lease up complete August 2028





Ryan VanZuylen, *Senior 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

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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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- C. Disclosure Questionnaire & Respondent Certification Form
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1. Project Context

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 Plan¹, 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

¹ 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

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.² 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

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.

² 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.³ 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,⁴ 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.

³ Report available online at <http://sfwater.org/modules/showdocument.aspx?documentid=10177>.

⁴ 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.

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

4.1 Balboa Park Station Area Plan

Adopted in 2009, the Balboa Park Station Area Plan⁵ 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.⁶ 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.

⁵ The full Balboa Park Station Area Plan can be downloaded at <http://sf-planning.org/balboa-park-station-area-plan>.

⁶ 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

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

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

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.⁷ 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.

⁷ 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.

- **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

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

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. 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. 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

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

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
1. Project Proposal (65 points total)	
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
2. Financial Feasibility (35 points total)	
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

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

- 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

Legend

- Parcel for sale (SFPUC land in fee)
- No-build zone to ensure SFPUC pipeline integrity
- SFPUC pipeline
- Public access easement to CCSF (50' wide) & SFPUC (60' wide)

Dimensions of Balboa Reservoir

Approx. Location: 37.723750 (lat)
-122.453246 (long)

Scale: 1:1,500

0 25 50 100 150 200 Feet

The City of San Francisco is not responsible for any damages arising from the use of this data. Users should verify the information before making project commitments. Pipeline locations are only estimations. Measurements shown are only estimations from surveys and are not exact.

Author: Joel Mandella Date: 12/23/2019

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: _____

ADDRESS: _____

CITY _____ STATE _____ ZIP _____

PHONE: _____ EMAIL: _____

NAME: _____

ADDRESS: _____

CITY _____ STATE _____ ZIP _____

PHONE: _____ EMAIL: _____

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ADDRESS: _____

CITY _____ STATE _____ ZIP _____

PHONE: _____ EMAIL: _____

NAME: _____

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.

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.

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.

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.

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 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

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)¹ 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.² 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.

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 plan³ 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.

3 Plan is accessible online at 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.⁴

⁴ Landscape must conform to SFPUC Integrated Vegetation Management Policy, available online at 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 legislation⁵ 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.

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.⁶
- 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.

⁶ This policy is available online at http://www.baaqmd.gov/~media/Files/Planning%20and%20Research/CEQA/DraftPlanApproachV3_May%202012.ashx.

PRINCIPLE 6

SOLID WASTE *Achieve the City's Zero Waste goal⁷ 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.

⁷ 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

Balboa Reservoir web page, background studies and community input

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

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

SFPUC Integrated Vegetation Management Policy

sfwater.org/index.aspx?page=431

San Francisco Stormwater Design Guidelines

sfwater.org/index.aspx?page=446

SF Better Streets Plan

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

URBAN DESIGN

Ground Floor Residential Design Guidelines

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

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

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.~~

Mayor's Office of Housing and Community Development
Office of Community Investment and Infrastructure
Department of Homelessness and Supportive Housing
Controller’s Office of Public Finance
San Francisco Housing Authority

MEMORANDUM

DATE: JUNE 27, 2025
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: RYAN VANZUYLEN, SENIOR PROJECT MANAGER
ROBERT BACA, JOINT DEVELOPMENT DIRECTOR
RE: **BALBOA RESERVOIR INFRASTRUCTURE– REQUEST TO REALLOCATE
EXISTING FUNDS TO INCREASE LOAN AUTHORITY TO \$56,425,904**

Existing MOHCD Infrastructure Predevelopment Sources

MOHCD PREDEVELOPMENT LOAN \$5,000,000 – HCD IIG

Approved MOHCD Infrastructure Funds (Dec 2024 Loan Committee)

MOHCD INFRASTRUCTURE LOAN \$20,095,616 – HCD IIG
\$5,304,384 – HTF
\$9,600,000 – 2019 GO BONDS
\$35,000,000 – TOTAL

Reallocated/Added Funding Request

MOHCD INFRASTRUCTURE LOAN \$6,903,88- 2024 GO BONDS
\$3,412,468- HTF
\$5,558,660-HTF ADVANCE
\$5,550,887-CPMC
\$21,425,904– TOTAL

TOTAL MOHCD FUNDING: \$19,971,128-HCD IIG
\$ 8,841,340-HTF
\$5,558,660-HTF ADVANCE
\$5,550,887-CPMC
\$9,600,000- 2019 GO BONDS
\$6,903,88- 2024 GO BONDS
\$56,425,904

Summary of Request

The purpose of this request is to update the structure of the Balboa Reservoir Infrastructure Loan to consolidate what were originally envisioned as three separate loans — for Building E Infrastructure/Offsites, Building A Infrastructure/Offsites, and Infrastructure — into a single, combined loan totaling \$56,425,904.

This restructuring is not due to any change in the overall infrastructure budget, or the total amount going to all three Balboa Reservoir projects (E, A and infrastructure), which remains consistent with the amounts previously presented to the Committee. Instead, this updated loan structure will better align with tax credit structuring requirements and streamline project administration.

Under the new structure, the consolidated infrastructure loan will be documented under a single loan agreement with three separate promissory notes corresponding to each infrastructure component (Infrastructure, Building E Infrastructure, Building A Infrastructure). This approach preserves the separate accounting and administration of each project, while simplifying the overall loan process to address project-specific repayment considerations from the borrowers of the vertical projects.

Importantly, this consolidation does not change the total amount of MOHCD's infrastructure investment in the project. All commitments and funding justifications remain as previously approved. This was already approved as infrastructure offsite costs as part of the approved loan evaluations for Building E final gap (April 2025) and Building A preliminary gap (May 2025). Since those offsite costs will now be included as part of this loan, the respective loan amounts for Building E and Building A will be reduced on a dollar-for-dollar basis.

Construction for infrastructure is expected to start in August 2025. To support this timeline, the proposed loan is scheduled for final approval by the full Board of Supervisors prior to their summer recess at the end of July 2025. This schedule ensures that the project remains on track to close in August 2025 to preserve state funding awards and maintain the critical path to start construction of Buildings E and A.

This administrative loan restructuring is a strategic step to keep the Balboa Reservoir project on schedule while meeting all legal, tax, and administrative requirements. By restructuring it in this way, with vertical infrastructure funds included in this loan, the Sponsor is requesting Loan Committee to approve \$56,425,904 for Balboa Reservoir Infrastructure.

Background

The Balboa Reservoir Infrastructure Project (Project) is a critical component of the broader Balboa Reservoir Master Plan, designed to transform a vacant former reservoir site into a vibrant, mixed-income community in San Francisco's District 7. Located next to City College of San Francisco, the Project aims to deliver essential horizontal improvements—such as new streets, utilities, grading, and stormwater management—that will prepare the site for the construction of two affordable housing developments: Building E and Building A.

The overall infrastructure work encompasses approximately 5.7 acres, including demolition, site grading, public right-of-way improvements, street lighting, stormwater detention systems, and utility upgrades. These improvements are necessary to develop over 287 affordable housing units in Buildings E and A, both of which have strict deadlines for starting construction due to the State of California Department of Housing’s funding commitments for IIG and AHSC.

Beyond supporting affordable housing, the infrastructure work is designed to complete critical improvements needed for future development across the site, including two additional affordable housing sites (Buildings B and F), three market rate rental sites, as well as the townhome parcels. These improvements — such as roadway access, utilities, and site grading — are essential to make the townhome parcels marketable to potential homebuilders. The sale of these townhome parcels is key to the Borrower repaying the City for a portion of the total infrastructure loan, providing a pathway for the City to recover funds invested in the site’s horizontal development.

On December 13, 2024, Loan Committee approved up to \$35,000,000 for this first phase of infrastructure. After consultation with BRIDGE Housing’s legal and tax counsel, the Sponsor proposed a single infrastructure loan structured with three promissory notes to simplify administration and align with tax credit requirements. This administrative restructuring does not alter the total budget, scope, or schedule of the infrastructure work but ensures construction starts in August 2025 and supports compliance with key state funding deadlines. This strategy still leverages as much tax credit equity as possible on the vertical projects since the infrastructure Borrower will be the LLC and the LLC and vertical LPs will have seller carryback notes to ensure these offsite costs are attributed to the vertical project (and thus can early tax credit equity).

This consolidated infrastructure investment is essential to advancing the affordable housing components of the Balboa Reservoir development, preserving over \$200 million in state and local funding, and delivering much-needed affordable homes in the City. Moreover, the project helps unlock future market-rate activity and supports the timely sale of the townhome parcels to homebuilders.

Update on Project Status

1. Revised Infrastructure Sources and Uses

Permanent Sources	Amount	Terms	Status
MOHCD Loan	\$10,425,904	5%, 10 Yr. with two 5-year extensions	Committed
MOHCD Loan	\$46,000,000	0%, 10 Yr. with two 5-year extensions	Partially Committed
Total Sources	\$56,425,904		

Permanent Sources	Amount	Per Unit (287 units)
Hard Costs	\$38,642,958	\$134,637
Soft Costs	\$15,582,946	\$54,295
Developer Fee	\$2,200,000	\$7,671
Total Uses	\$56,425,904	\$196,603

2. Project Updates

- Infrastructure General Contractor Selection:**
 BHC selected Nibbi Brothers as the general contractor in late May 2025. CMD and MOHCD approved the selection.
- IIG Application Update:**
 Infrastructure work at the Site has been delayed since the market rate developer, Avalon, paused the project in January 2023 due to the downturn in market conditions for the townhomes that would have helped fund the horizontal work. After negotiations between the Sponsor, City agencies and MOHCD, it was decided to rephase infrastructure to prioritize the affordable parcels (Buildings E and A) to avoid losing HCD IIG and AHSC funding and move forward with the affordable buildings. BHC updated the IIG application to reflect Buildings E and A only. HCD approved the updated application and changed the award slightly from \$20,095,616 to \$19,971,128.
- Fiscal Deadlines:**
 The IIG funding disbursement deadline was successfully extended to June 30, 2028, supporting the overall project and Building E's schedule. Building E is scheduled to achieve NOC fall 2027 which is the final requirement needed for final IIG disbursement.
- Standard Agreements (SAs) and BOS Approval:**
 The AHSC and IIG resolutions were approved by the Board of Supervisors in May 2025, keeping the Project on schedule for Standard Agreement (SA) execution and planned loan closing. The IIG and Building E AHSC SAs are planned to be executed before E closes in August and the Building A AHSC SA will be executed prior to that closing in February 2026.
- Final Map and Taxes:**
 Final Map submission and taxes have been completed. Recording is expected by mid-June 2025, which will support project closings and vertical construction.

3. Description of Infrastructure Loan Structure

Revised Loan Structure

This memo proposes a revised structure for the Balboa Reservoir Infrastructure Loan, totaling \$56,425,904, to be issued as a single MOHCD loan to BHC Balboa Builders, LLC as Borrower. The loan will be documented with three promissory notes reflecting distinct portions of the infrastructure budget, replacing the original plan for three separate MOHCD loans tied to individual project entities.

Background and Rationale

The original loan structure envisioned three separate infrastructure loans:

- An infrastructure loan to BHC Balboa Builders, LLC;
- An infrastructure allocation within the MOHCD vertical gap loan to the Building E limited partnership (LP); and
- An infrastructure allocation within the MOHCD vertical gap loan to the Building A LP.

This structure was designed to allocate as many infrastructure costs as possible to each building to increase basis and maximize tax credit equity, while keeping all three projects under budget. However this approach created significant administrative and accounting challenges for both MOHCD and the Sponsor. These included difficulties with complicated loan documents, monthly draw processing, cost certification, and audit tracking across multiple entities.

After consultation with legal and tax counsel, the Sponsor proposed — and MOHCD supports — a consolidated structure under a single infrastructure loan agreement. This approach allows for:

- Consolidated management of the infrastructure budget;
- A single monthly pay application and disbursement process;
- Simplified tracking and reporting for both the City and the Sponsor.

To preserve the original tax credit objectives, the Sponsor will issue sponsor/seller take-back loans from BHC Balboa Builders, LLC to the Building E and Building A LPs. These notes between BHC entities will allocate appropriate infrastructure basis from MOHCD's infrastructure loan (including City and IIG funds) to each project while maintaining compliance with tax regulations.

4. Summary of Loan Structure

Loan / Note	Amount (approx.)	Interest Rate	Term	Repayment Sources
Infrastructure Loan- Note 1	\$10,425,904	5%	10 years + two 5-year extensions	Townhome parcel sale proceeds, EIFD, CFD, other financing tools
Infrastructure Loan- Note 2	\$21,632,732	0%	10 years + two 5-year extensions	Same as above
Infrastructure Loan- Note 3	\$24,367,268	0%	10 years + two 5-year extensions	Same as above
Total MOHCD Loan	\$56,425,904	—	—	—

* All funding amounts referenced above may fluctuate between now and loan closing.

- **Borrower:** BHC Balboa Builders, LLC
- **Security:** Townhome parcels, as defined in the Development Agreement and Final Map
- **Loan Documents:** One loan agreement with three promissory notes. Infrastructure funding that is not used for basis on the vertical projects will have an interest rate of 5%. The two notes that will include funding for offsite infrastructure used for E and A's basis (to be included as part of the Sponsor's Seller Carryback note) will have an interest rate of 0% to allow the vertical projects to stay afloat and maintain their capital accounts.

Repayment Provisions

The infrastructure loan includes a repayment requirement of \$35 million, which reflects the amount by which MOHCD's total funding commitment for the Balboa Reservoir development exceeds the City's baseline obligation under the Development Agreement. This repayment amount is now fixed and applies regardless of the final loan amount or actual infrastructure costs.

The City has established a total funding cap of \$87 million for infrastructure, Building E, and Building A. When including the \$19.97 million in Infill Infrastructure Grant (IIG) funds, which will flow through the City loan, the total City funding cap will be approximately \$106.97 million. The \$35 million repayment threshold is based on this expanded City investment and represents the amount the City expects to recover.

Repayment of the \$35 million will come from the following sources:

- Net proceeds from the sale of the townhome parcels.

- Enhanced Infrastructure Financing District (EIFD) and/or Community Facilities District (CFD) proceeds, subject to formation and Board of Supervisors approval.
- Market-rate parcel transfer fees, as defined in the Balboa Reservoir Development Agreement.
- Any additional infrastructure financing mechanisms that may become available.

Any infrastructure loan proceeds above the \$35 million repayment amount will be considered repaid through in-kind delivery of completed infrastructure work, as defined in the Loan Agreement and consistent with other MOHCD-funded infrastructure projects, including HOPE San Francisco (HOPE SF).

Bridge will be required to make a good faith effort to pursue all viable repayment strategies. If all efforts are exhausted and repayment sources are insufficient, the MOHCD Director will retain discretion to forgive any remaining unpaid balance.

5. Impact on Building E and A Loans and Total City Investment

As a result of the new loan structure, infrastructure costs are no longer being allocated to the Building E and Building A MOHCD loans, as originally contemplated. Those costs are now fully captured within the standalone infrastructure loan to BHC Balboa Builders, LLC. This change will result in a reduction in the loan amounts for both Building E and Building A compared to what was previously presented to Loan Committee for each project.

Importantly, this restructuring does not increase the City's total subsidy commitment. The total City investment across infrastructure, Building E, and Building A remains under or at \$87 million. When the IIG grant is included, the total investment through MOHCD supporting the project infrastructure and affordable housing is \$106.97million.

6. Status of Prior Loan Conditions

1. Sponsor must provide MOHCD with detailed monthly updates via the Balboa Reservoir monthly report.
 - **Status: Ongoing.**
2. Sponsor will continue to contain costs and if updated cost estimates come in below what is approved by Loan Committee the loan amount will be reduced and/or any unused funds will be returned to MOHCD.
 - To verify all development costs, MOHCD will require GC schedule of values, consultant contracts, insurance quotes, fee breakouts, and any additional supporting documentation to evaluate and confirm the accuracy of the costs.
 - **Status: The Sponsor is providing MOHCD with requested documentation. The Sponsor will continue to contain costs and**

provide updated budgets from the GC now that Nibbi has been selected.

3. MOHCD will provide up to \$5 million in predevelopment funding to cover eligible infrastructure development costs, including infrastructure predevelopment expenses, the pay-off of sponsor loans and notes related to predevelopment expenses, and fees associated with permits or other City participation. Reimbursement of infrastructure predevelopment costs will require prior MOHCD approval.
 - Before releasing any predevelopment funds, MOHCD must approve the current infrastructure budget. Additionally, all contracts must be submitted to MOHCD for approval before funding is released for the associated expense, vendor, or consultant.
 - Before releasing any predevelopment funds MOHCD will also require an approved plan and timeline for paying all owed property taxes in order to secure a tax certification.
 - **Status: Complete. MOHCD approved the infrastructure budget as presented last winter and a plan to pay owed property taxes. Predevelopment funds have been encumbered.**
4. Infrastructure costs will be funded through multiple sources, including a MOHCD infrastructure loan, IIG funding, Building E, Building A, and AHSC funding. The Sponsor must maintain clear and separate accounting records for all costs associated with each funding source.
 - **Status: Complete. The Sponsor has provided clear accounting for these sources and the administration of the awards is made simpler with this request for a consolidated infrastructure loan.**
5. Before closing construction financing:
 - The Sponsor must provide a detailed summary outlining how infrastructure costs are allocated to Buildings E and A. Additionally, the Sponsor must submit tax opinion letters confirming that these allocations comply with tax credit laws and regulations and that the full costs will be basis-eligible for their respective projects.
 - The Sponsor must obtain full Site Improvement Plan (SIP) and stormwater approvals, obtain MOHCD approval of the construction contract and all related exhibits, comply with bond and insurance requirements per MOHCD standards, and execute a Public Improvement Agreement (PIA).
 - The Sponsor must submit the final infrastructure budget, execute a stipulated sum construction contract, and execute a Memorandum of Agreement (MOA) in lieu of a bond.
 - The Sponsor must provide evidence of other project funding, including but not limited to HCD IIG and AHSC sources. The City will enter into a Standard Agreement with HCD for IIG funding, and Building E AHSC

Standard Agreement will be executed. The Sponsor must also confirm acceptance of the Building E tax credit award.

- The Sponsor must comply with MOHCD insurance and bonding requirements, including maintaining coverage for general liability, property, environmental risks, builder's risk, and any other policies deemed necessary. Bonding may also be required based on project risk. Additionally, the borrower must adhere to all terms outlined in the Public Improvement Agreement (PIA).
- The Sponsor must agree to a MOHCD-approved process for evaluating and allowing partial forgiveness of loan principal and/or interest.
- **Status: Ongoing. The Sponsor has outlined infrastructure costs, obtained SIP, accepted Building E's tax credit award and agreed to MOHCD's process for allowing partial forgiveness of loan. The Sponsor is still working on final budget and insurance.**

6. MOHCD reserves the right to unencumber the construction portion of the loan funds, as well as any unspent predevelopment funds, if the Sponsor fails to meet construction conditions and the construction portion of the loan has not closed by July 1, 2025.

- **Status: MOHCD has agreed to extend the infrastructure loan closing to September 30, 2025.**

7. A portion of the developer fee will be contingent on adequate staffing by the Sponsor through the infrastructure construction period until City Acceptance. The Sponsor must maintain a Senior Project Manager with ongoing executive support through the construction period through City Acceptance. Any changes to assigned staff or personnel must receive prior approval from MOHCD. The amount of developer fee contingent on this staffing will be determined in the Loan Agreement.

- **Status: Ongoing. The Sponsor has maintained a Senior Project Manager with ongoing executive support up to this point. There is also adequate staffing for the vertical projects.**

8. MOHCD must approve any and all changes from the infrastructure Project scope prior to redesign.

Status: Ongoing.

9. Please refer to the Balboa Reservoir Infrastructure Loan Term Sheet for all terms and conditions associated with this loan commitment.

7. Staff Recommendation

Staff recommend approval of the new infrastructure loan of \$56,425,904 under the proposed structure and terms.

8. New Loan Conditions

1. Sponsor must provide all financing and NTP requirements prior to closing.
2. A portion of the developer fee will be contingent on adequate staffing by the Sponsor through the infrastructure construction period until City Acceptance. The Sponsor must maintain a Senior Project Manager with ongoing executive support through the construction period through City Acceptance. Any changes to assigned staff or personnel must receive prior approval from MOHCD. The amount of developer fee contingent on this staffing will be determined in the Loan Agreement and held by MOHCD until completion.
3. The Sponsor must submit the final infrastructure budget and execute a stipulated sum construction contract by July 18, 2025.
4. The Sponsor must comply with MOHCD insurance and bonding requirements, including maintaining coverage for general liability, property, environmental risks, builder's risk, and any other policies deemed necessary. Bonding may also be required based on project risk. Additionally, the borrower must adhere to all terms outlined in the Public Improvement Agreement (PIA).
5. Sponsor must provide MOHCD with detailed monthly updates via the Balboa Reservoir monthly report during predevelopment and infrastructure construction.
6. The City's total funding commitment for the Balboa Reservoir development is capped at \$87 million from MOHCD sources, including infrastructure, Building E, and Building A. As of today, the combined total of City and IIG funds is approximately \$106.97 million, including \$19.97 million in IIG.
7. Any change to the IIG amount will not affect the \$87 million City funding cap. Any resulting shortfall or funding gap will be the responsibility of the sponsor to resolve without additional City subsidy.

LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

☒ APPROVE ☐ DISAPPROVE ☐ TAKE NO ACTION

DocuSigned by:

Daniel Adams

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Daniel Adams, Director

Mayor's Office of Housing and Community Development

Date: 6/27/2025 | 11:46 AM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

Salvador Menjivar

4471E0DF5946486...

Salvador Menjivar, Deputy Director for Programs

Department Homelessness and Supportive Housing

Date: 6/30/2025 | 12:04 PM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

Marc Slutzkin

712ADC1A648C472...

Marc Slutzkin, Deputy Director

Office of Community Investment and Infrastructure

Date: 6/27/2025 | 11:44 AM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

Bridget Katz

6194B8A548604FD...

Bridget Katz on behalf Anna Van Degna,

Director Controller's Office of Public Finance

Date: 6/27/2025 | 11:53 AM PDT

Attachments: Attachment A – Infrastructure Budget

Attachment B – Balboa Reservoir Infrastructure Gap Loan Evaluation, approved
December 13, 2024

Attachment C – NTP Checklist – Balboa Reservoir Infrastructure

Balboa Reservoir Infrastructure Budget

HARD COSTS		\$38,642,958
	Phase I Infrastructure (Hard Costs)	\$30,895,458
	PGE Electrical System	\$1,247,500
	Hard Cost Contingency (20.2%)	\$6,500,000
	Hard Cost Subtotal:	\$38,642,958
SOFT COSTS		\$17,782,946
Architecture & Engineering		
	Landscape Architect	\$31,000
	Civil Engineering	\$287,900
	Civil Engineering Subconsultants	\$266,000
	Post SIP Coordination	\$200,000
	Design CA (Civil+Landscape)	\$200,000
	Subtotal	\$984,900
Other Consultants		
	Martin Ron Survey/Map	\$41,000
	Construction Manager	\$1,500,000
	Geotech	\$125,000
	Special Inspections	\$350,000
	Qualified SWPPP Practitioner	\$35,000
	Subtotal	\$2,051,000
Permits and Fees		
	ITF Review/Plan Check	\$500,000
	City Processing Fee	\$300,000
	PG&E Application	\$10,000
	PG&E Design Costs	\$1,202,761
	PG&E Contingency	\$601,381
	AWSS In lieu Fee	\$1,000,000
	Street Monuments	\$40,000
	Permits and Fees	\$3,601,587
	Taxes	\$1,267,360
	Subtotal	\$8,523,088
Legal		
	Legal Final Map	\$150,000
	Legal Transactions	\$150,000
	Legal Construction Closing	\$150,000
	Subtotal	\$450,000
Title and Recording		
	Title and Recording (turn over to PUC)	\$20,000
	Subtotal	\$20,000
Insurance		
	Construction Insurance	\$100,000
	Insurance and site safety	\$500,000
	Subtotal	\$600,000
Other		
	BRIDGE Intercompany Interest (7%)	\$150,000
	MOHCD Loan Origination Fee (1%)	\$200,000
	Developer Fee	\$2,200,000
	Subtotal	\$2,550,000
Soft Cost Contingency (10%)		\$1,517,899
	Soft Cost Subtotal:	\$16,696,887
OEWD/ Infrastructure Task Force		1,086,058.98
TOTAL INFRASTRUCTURE BUDGET		56,425,904

Citywide HOPE SF Affordable Housing Loan Committee
Mayor’s Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller’s Office of Public Finance

Balboa Reservoir
Phase 1 Infrastructure

Up to \$35,000,000 in Infrastructure Financing:
\$5,000,000 in Predevelopment Financing
\$30,000,000 in Construction Financing

Evaluation of Request for:	Horizontal Construction
Loan Committee Date:	December 13, 2024
Prepared By:	Ryan VanZuylen, Senior Project Manager
MOHCD Construction Representatives:	Sarah Tenpas
Source of New Funds Recommended:	\$5,304,384.00 – Housing Trust Fund Advance \$9,600,000.00 – 2019 GO Bonds (Low Income) \$20,095,616.00 – IIG Funds
NOFA/PROGRAM/RFP:	Balboa Reservoir Development Agreement
Total Previous City Funds Committed	N/A
Applicant/Sponsor Name:	BRIDGE Housing Corporation

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

December 13, 2024
Page 2 of 26

Sponsor Information

Phase Name:	Phase 1 Infrastructure	Sponsor:	BRIDGE Housing Corporation
Phase Location:	Lee Avenue, Meyer Lane, Loquat Lane, Wisteria Lane, 94112	Ultimate Borrower Entity:	BHC Balboa Builders, LLC

Project Summary

Balboa Reservoir Phase 1 Infrastructure (“Phase 1” or the “Project”) is the infrastructure development phase within the Balboa Reservoir Master Plan to be developed by BRIDGE Housing (the “Sponsor”). Phase 1 totals approximately 5.682 acres (247,538 square feet). In 2017, BRIDGE Housing and Avalon Bay were selected as the Master Plan Developers for the Balboa Reservoir project, with BRIDGE leading the affordable housing efforts. Infrastructure costs were originally planned to be shared per unit across both affordable and market-rate housing.

This infrastructure Project is needed to secure over \$200 million in state financing (including IIG, AHSC, and tax credit equity) for Balboa Reservoir affordable projects, without which the entire project would be paused indefinitely and state funding awards forfeited. In 2021, the City received a \$26 million Infill Infrastructure Grant (IIG) to fund Phase 1 infrastructure, reducing the financial burden on housing projects. However, due to changes in the Phase 1 housing delivery plan, the grant was revised to \$20,095,616 on November 6, 2024, covering only Buildings E and A in Phase 1. Local market conditions have since made the market-rate parcels infeasible and halted their progress. This has created a significant financial gap in the infrastructure funding plan.

To complete the project and address the remaining infrastructure funding gap, the Sponsor is requesting up to \$35,000,000 in an infrastructure loan with a term of up to 20 years (10 years plus two five-year extensions) at 5% interest. This is proposed as a non-recourse loan that will be secured by the townhome parcels. The source of repayment is anticipated to be through the sale of the townhome parcels and through proceeds from a future Enhanced Infrastructure Financing District (“EIFD”).

The Project transforms an existing parking lot by upgrading the public rights-of-way (“ROWs”) and is required to enable construction of vertical Buildings E and Building A, two 100% affordable housing developments (Building E with 128 units and Building A with 159 units) that once completed will be the first affordable homes part of the Balboa Reservoir neighborhood. The Project is located north of Ocean Avenue and adjacent to City College of San Francisco.

Phase 1 work includes demolition, grading, street and transportation improvements, combined sewer system stormwater management, and pad readiness for Buildings E and A. The Project is comprised of a walkable and bikeable network of streets and bike lines, slow streets and substantial utility improvements including a new PG&E mainline power extension, street lighting, traffic signaling, separate storm drains and sewer lines, joint trench for communications, and a robust storm water control system, as well as upgrades to existing public utilities.

Notice to Proceed (“NTP”) for Phase 1 is scheduled for May 2025 and Notice of Completion (“NOC”) is scheduled for October 2025. Building E is planned to start construction in June 2025 and Building A in December 2025.

Project Description

Land Owner:	BRIDGE Housing (formerly PUC)	Supervisor and District:	Melgar, D7
Total Open Space:	0 acres	Total Parcel Size (Phase I):	5.682 acres/247,538 sf
Total Street Area:	3.609 acres	Master Plan Architect:	VMWP
TDC:	\$65,884,573	Civil Engineer:	BKF
TDC/SF:	\$266.16/sf		
Loan Amount Requested:	\$35,000,000		

PRINCIPAL DEVELOPMENT ISSUES

Funding at Risk. Balboa Reservoir projects risk losing \$213 million in total state funding, including projected LIHTC equity and tax-exempt bonds, if Building E and the associated infrastructure do not start construction in June 2025. Without this state funding, the entire Balboa Reservoir development would be paused indefinitely. As a result, the City has committed to providing an infrastructure loan, exceeding the originally stated funding requirements outlined in the Development Agreement in order to preserve the three HCD funding commitment which include IIG and two AHSC awards:

- The infrastructure work across the Balboa Reservoir site was awarded a revised amount of \$20 million in November 2024 in Round 7 IIG funds. The award has a legislatively set disbursement deadline of 6/30/25 which is in the process of being extended, but Building E must still start construction in June 2025 to continue to receive IIG funds. Without the IIG award, the infrastructure needed for Buildings E and A cannot begin.
- Building E was awarded \$23 million in AHSC funds in February 2022 which required all financing to be secured by February 2024. The Project received an extension to receive all financing by January 1, 2025, which it is set to receive once CDLAC awards are announced in December 2024. This will set a 180-day CDLAC timeline to start construction by June 2025.
- The next affordable project at Balboa Reservoir, Building A, was awarded \$36 million in Round 7 AHSC funds in September 2023. If Building E loses its IIG award then infrastructure cannot start and Building A cannot start construction by the deadline of its AHSC award and risks losing AHSC funds.

The financing plan for this project has undergone significant changes. Initially, the plan allocated all hard and soft infrastructure costs to each housing project, excluding the market-rate townhome parcels, on a per-unit basis. The townhome parcels were excluded because the original strategy was to sell those parcels to a homebuilder, using the land sale proceeds to fund infrastructure, community benefits, and Building F educator housing. The IIG funding was intended to reduce the overall costs and alleviate the burden on all housing projects. However, the projected value of the townhomes has been significantly impacted by local market conditions; market-rate rental parcels are financially infeasible in the current environment. With the townhome and market-rate parcels not progressing as planned, the associated infrastructure funding has not materialized. As a result, the ability of all housing parcels to absorb and

fund their share of the infrastructure costs is no longer viable. As a result, MOHCD has agreed to provide a bridge loan to fund a significant portion of the infrastructure costs in order to protect \$213M in State funding and LIHTC funding for infrastructure, Buildings E and A

- Significant portions of the infrastructure costs have been allocated to Buildings E and A. This strategy has enabled both housing projects to generate additional tax credit equity, reducing some of the City's gap funding needs. However, because tax credit equity covers only approximately \$0.37 of every dollar spent on infrastructure, MOHCD is funding the remaining \$0.63 for every dollar of infrastructure allocated to Buildings E and A. For more detailed analysis, please refer to Section 5.1.
- With the new infrastructure investment, MOHCD is funding more than originally planned in the Development Agreement, exceeding that agreement's target City funding commitment for affordable housing at Balboa Reservoir. The current City funding requirements for all affordable housing commitments is \$51.4 million, but MOHCD's total investment in infrastructure, Building E, and Building A is projected to reach \$87 million—exceeding the City's original funding commitment by \$35.6 million with a future affordable parcel still needing to be built with MOHCD funding. To address the increased financial burden, MOHCD is charging 5% interest on the infrastructure loan, requiring repayment, and securing the loan against the townhome parcels. See Section 5.1.

Repayment of the infrastructure loan. The timing, feasibility, and land value of the townhome parcels are uncertain, making it unclear when or if the City will be fully repaid. Additionally, it is uncertain whether the townhome parcels can support a \$35 million loan, as the economics may not work with such a significant burden. To mitigate this risk, EIFD proceeds will also be used for repayment, reducing the reliance on the townhome parcels. Given the speculative nature of both the townhome sales price and the proceeds raised through an EIFD, the loan will include language that allows the MOHCD Director to forgive any outstanding balance owed should these sources be insufficient for full repayment.

Hard Costs are not final. The current hard cost estimate in the evaluation is based on a 90% SIP from July 2024, prior to receiving updated pricing from competitive bids. To secure more favorable stipulated sum pricing, the Sponsor initiated a competitive bidding process with an RFP approved by CMD in October 2024, with proposals due December 4, 2024, and plans to select a General Contractor by January 2025. While this process is intended to create a competitive environment, it is important to note that staff are proceeding to Loan Committee pre-bid, relying on preliminary cost estimates that may be refined once final bids are received. See Section 5.2 for further details.

Infrastructure Schedule and Coordination. Infrastructure work, originally scheduled to start by December 2024, is now delayed and will begin at the same time Building E closes in May. This delay forces Building E to absorb site preparation work that was originally planned for the infrastructure phase, adding costs and impacting its credit delivery timeline. Given the condensed infrastructure schedule, proper coordination between infrastructure, Building E, and Building A remains critical, as these components are interdependent and will likely be built by different general contractors.

Bridge Staffing Changes. There have been significant changes to Bridge's staffing. Two key staff members, both deeply involved in the project—one since its inception—have left the company, with one retiring and the other departing at a very critical time in the project. To address this, Bridge hired two senior project managers and two project managers to oversee all aspects of Balboa Reservoir

infrastructure and housing with guidance from an Executive Vice President. Avalon has also provided ongoing technical assistance to support the effort which has been invaluable to the sponsor, City, and project. Despite the rapid transition and a schedule driven by the urgency to close financing for both infrastructure and housing, the sponsor has made substantial progress. However, the schedule remains very tight, and the current Bridge team has been involved in the project for less than eight months. While progress continues, these challenges underscore the need for close coordination, collaboration, and oversight by MOHCD.

SOURCES AND USES SUMMARY

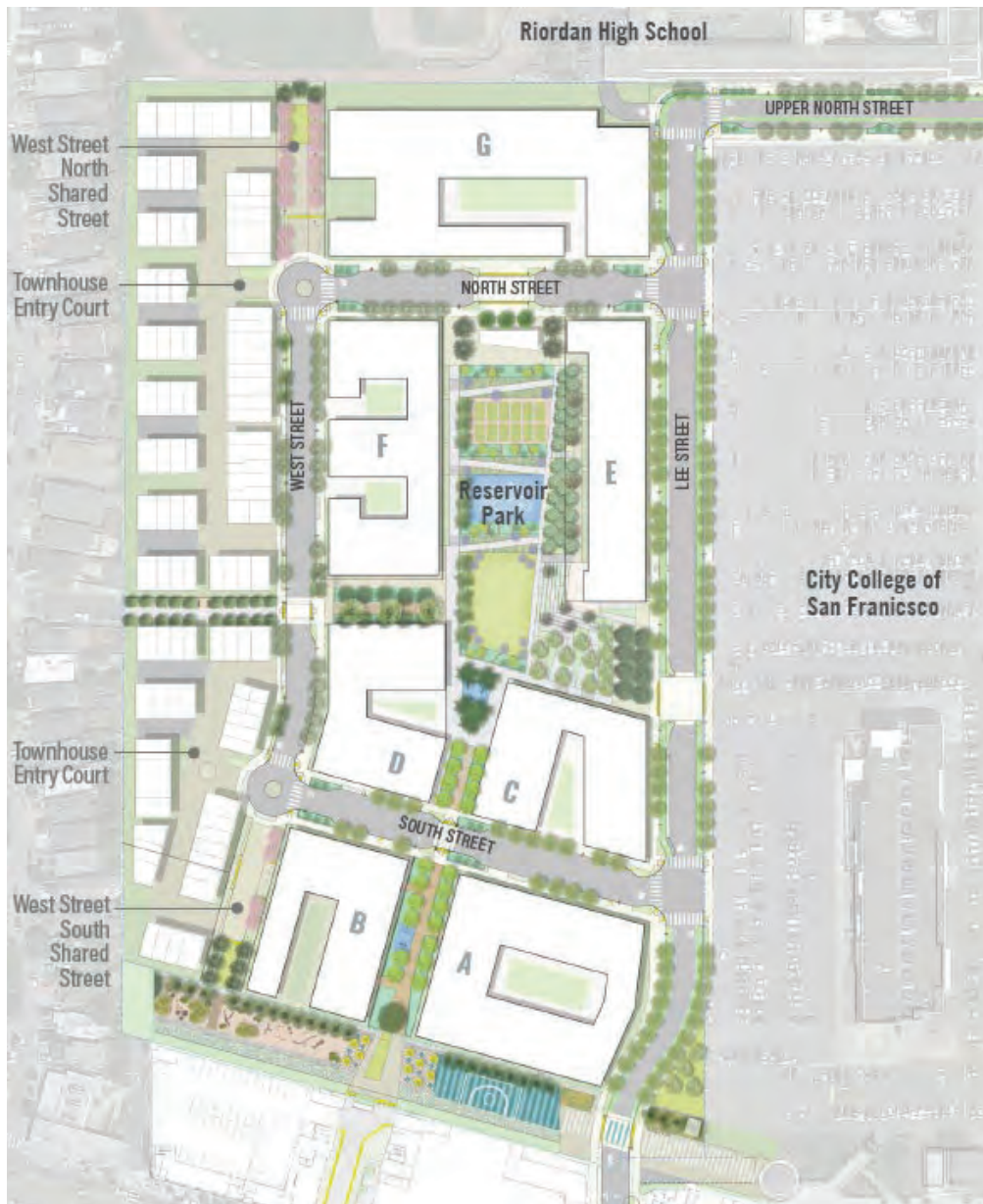
Permanent Sources	Amount	Terms	Status
MOHCD	\$34,466,485	5% for 10 years with two 5-year extensions	This Request
AHSC Building E	\$2,954,301	Grant to Sponsor	Committed
AHSC Building A	\$1,503,999	Grant to Sponsor	Committed
Building E offsite improvements	\$11,181,336	Included in vertical loan (55 yrs @ 3% res rec)	Committed
Building A offsite improvements	\$15,778,451	Included in vertical loan (55 yrs @ 3% res rec)	Committed
Total	\$65,884,573		

Uses	Amount	Per Unit	Per SF
Hard Costs	\$47,270,824	\$164,707	\$191
Soft Costs	\$16,413,749	\$57,191	\$66
Developer Fee	\$2,200,000	\$7,666	\$9
Total	\$65,884,573	\$229,563	\$266

*Note: Per Unit column assumes 287 affordable units for Buildings E and A.

1. BACKGROUND

1.1. Project History Leading to This Request



In 2014, then Mayor Ed Lee established the Public Lands for Housing Program, through which four publicly owned sites within the City were identified to provide up to 4,000 new units of affordable housing by 2020. The Balboa Reservoir, a nearly 17-acre vacant reservoir (“Site”) used for surface public parking across from City College of San Francisco (“CCSF”) and owned by the San Francisco Public Utilities Commission (“SFPUC”), is the largest site identified by this program.

Per the SFPUC, on March 31, 2015, through Ordinance No. 45-15, the Board of Supervisors established the Balboa Reservoir Community Advisory Committee (“BRCAC”) to advise the Board, the Mayor, and City departments regarding any proposed development under the Public Land for Housing Program at the Balboa Reservoir. In 2017, the City released an RFP for the Balboa Reservoir site and after an extremely competitive process awarded the development to a

collaboration between Avalon Bay and BRIDGE Housing as master co-developers, along with Mission Housing, Pacific Union Development Company (no longer part of the team, originally planned to build CCSF parking garage), and Habitat for Humanity of Greater San Francisco. Mission Housing is planned to develop future Building B outside of Phase 1 infrastructure.

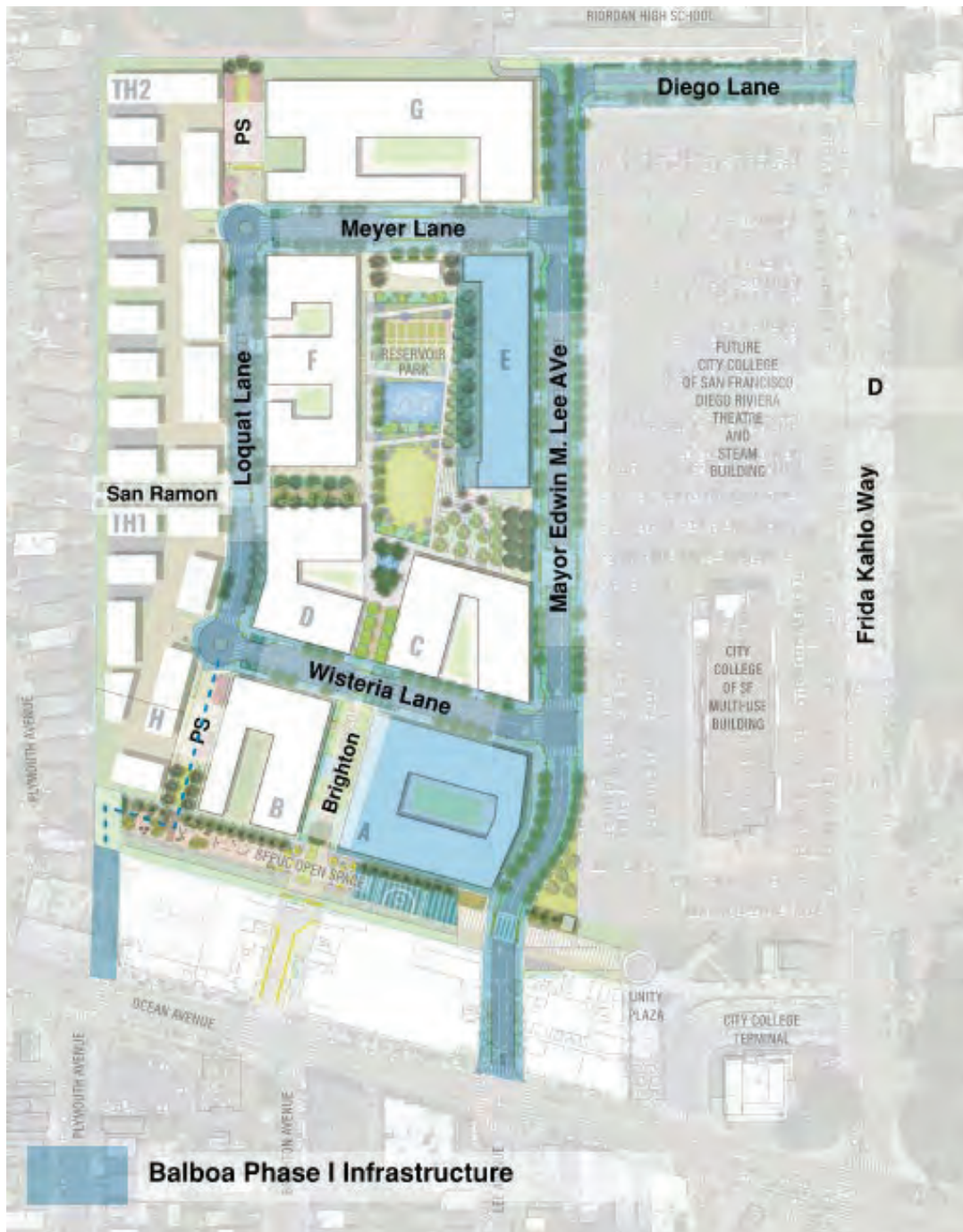
In August 2020, the Board of Supervisors approved the Balboa Reservoir Development Agreement (“DA”), Balboa Reservoir Special Use District (“SUD”), General Plan Amendments, Zoning Map Amendments, and Design Guidelines. The DA was recorded on March 10, 2021.

The land was acquired by BRIDGE (as Master Developer) from the SFPUC on December 20, 2022, for \$11,400,000 for the roughly 16-acre site (SFPUC is retaining one acre of the site). The sale occurred using an exempt conveyance, where a final map is not recorded, to provide a partial exemption from transfer tax, and the affordable parcels were created via the exempt conveyance and a Notice of Special Restrictions entered into by BRIDGE on those parcels. Ultimately, the final map will need to be recorded to facilitate the sale of individual parcels for development and is planned to be recorded when the infrastructure Public Improvement Agreement (“PIA”) is approved by the Board of Supervisors in early 2025. BRIDGE and MOHCD started to meet with City agencies to finalize the Final Map and PIA in spring 2024.

Infrastructure work at the Site has been delayed since the market rate developer, Avalon, paused the project in January 2023 due to the downturn in market conditions for the townhomes that would have helped fund the horizontal work. After negotiations between the Sponsor, City agencies and MOHCD, it was decided to rephase infrastructure to prioritize the affordable parcels (Buildings E and A) to avoid losing HCD IIG and AHSC funding and move forward with the affordable buildings. The rephasing of the housing will decrease the IIG award amount by roughly \$6 million (from \$26 million to \$20 million). The Sponsor plans to obtain Board of Supervisors approval for the infrastructure loan in by no later than March 2025 and start work in May 2025. All documents related to the Final Map and PIA have been finalized, and the sponsor must pay all outstanding property taxes to obtain a tax certificate before BOS approval.

1.2. Phasing Map

Phase 1 Infrastructure begins at the intersection of Ocean Avenue and Mayor Edwin Lee Avenue and establishes a new vehicular and pedestrian access to the neighborhood. The extension of Lee Avenue travels northward, links the Reservoir neighborhood with City College and provides a dedicated bike lane that connects Ocean Avenue to Frida Kahlo Way at Diego Lane. The internal loop streets (Wisteria Land, Loquat, Lane, and Meyer Lane) are designed to calm traffic while also creating a safe environment for bicycles. Raised crossings at selected intersections and enhanced street lighting improve pedestrian safety by increasing visibility and reducing vehicular speed with passenger and commercial loading zones provided at all buildings. A full suite of upgraded public utilities are also provided within the right of way, as well as new utility connections that connect to a second location along Ocean Avenue. Once completed, the street and bicycle networks along with the public utilities will be dedicated back to the City through the City’s acceptance process.



Future Infrastructure includes street and sidewalk improvements for (2) private streets associated with Parcels G and B, Reservoir Park/Public Open space, San Ramon and Brighton Paseos, SFPUC Open Space, and a dog park.

2. BORROWER/GRANTEE PROFILE

The Borrower of this loan will be BHC Balboa Builders, LLC (“LLC”). The LLC’s sole member is BRIDGE Housing.

2.1. Development Team for Infrastructure

CMD provided the Sponsor the goal of 25% SBE for professional services and 25% for infrastructure construction. CMD agreed that these percentages can be spread across the contracting value for Infrastructure, and vertical Buildings E and A if absolutely necessary, however the Sponsor is still attempting to meet the 25% goal within each project. In partnership with CMD, the Sponsor issued a competitive Request for Proposals on October 18, 2024, for the Phase 1 GC construction contract. The project expects to receive a minimum of five competitive bids proposals by December 4, 2024, with bid leveling and interviews in January 2025, and a GC recommendation by February 2025.

Infrastructure Team			
Consultant Type	Name	SBE / LBE	Outstanding Procurement Issues
Civil Engineer	BKF		None
Landscape Architect	GLS	SBE/LBE	None
Joint Trench Consultant	Giacalone Design Services		None
General Contractor	TBD		Out to Bid
Owner's Rep/CM	TMI	SBE/LBE	None
Geotechnical	Rockridge		None
Legal	Lubin Olson		None
Master Plan Architect	VanMeter, Williams, Pollack	LBE	None
Surveyor/Mapping	Martin M Ron Associates Inc.		None
Environmental Consultant	SCS Engineers		None

3. SITE

3.1. Description

The 18-acre Balboa Reservoir site is located in the southwest quadrant of the city and is bordered by City College of San Francisco's Ocean Avenue campus to the east, multifamily housing and retail on Ocean Avenue to the south, the Westwood Park neighborhood to the west, and Archbishop Riordan High School to the north. The Site, currently used as a paid parking lot, is a large basin with a paved surface at the center and an approximately 30-foot-tall berm at the western edge. There are no permanent structures on the site. The SFPUC will retain a fee parcel located along the southern edge of the Site where water transmission pipelines are located. The opportunity for vehicle access to the site is limited to Lee Avenue and via a new street, Diego Lane, connecting to Frida Kahlo Way. There are multiple opportunities for pedestrian and bicycle connections to Ocean Avenue and to the City College campus. Connections to the west and north are limited. The termination of San Ramon Paseo provides an opportunity for pedestrian and bike connection from the Westwood Park neighborhood. The Riordan High School sports facilities to the north are fenced and currently not open to the public.

Infrastructure improvements will not only support the first two multi-family affordable residential projects, but also a future affordable project at Lot 2 (Building B), middle income educator housing at lot 5 (Building F), market rate multi-family housing at Lots 3 and 6, and future townhomes at lots 7 & 8, providing in total 1100 new units with 550 as affordable.

The following table summarizes the allocation of this Development Area:

Lot	Area SF	Area Acres	% of Site	Phase	Use
Lot 1 (Building A)	47,842	1.098	7%	I	Residential
Lot 2 (Building B)	29,794	0.684	4%	II	Mixed-Use
Lot 3 (Building C&D)	65,784	1.510	9%	II	Residential
Lot 4 (Building E)	33,240	0.763	5%	I	Mixed-Use
Lot 5 (Building F)	40,200	0.923	6%	II	Residential
Lot 6 (Building G)	74,231	1.704	10%	II	Residential
Lot 7 (Townhome)	55,381	1.271	8%	II	Residential
Lot 8 (Townhome)	101,084	2.321	14%	II	Residential
Lot D (Dog Park)	3,394	0.078	0%	II	Open Space
Lot E (Brighton Paseo)	10,000	0.230	1%	II	Open Space
Lot F (Private Street)	9,236	0.212	1%	I	Private Street
Lot G (San Ramon Paseo)	5,253	0.121	1%	II	Open Space
Lot H (Reservoir Park)	71,416	1.639	10%	II	Open Space
Lot I (Private Street)	10,561	0.242	1%	II	Private Street
Lot J (ROW)	157,220	3.609	22%	I	Public Right of
Total	714,636	16.405			
Phase I Total	247,538	5.682			
Phase II Total	467,098	10.723			

4. DEVELOPMENT PLAN

The project will redevelop the existing site, currently a parking lot and earthen berm, with significant infrastructure improvements. Five new streets—Lee Avenue, North Street, Upper North Street, West Street, and South Street—totaling 3,300 linear feet will be constructed with Right-of-Ways ranging from 54 to 72 feet. These streets will include landscaping, bike facilities, parking, curb ramps, mid-block crossings, traffic circles, bulb-outs, and stormwater treatment facilities. Two private drives, each 200 feet long, will also be added at the northwest and southwest corners of the site.

Utility upgrades will include new low-pressure water, separate storm drainage and sanitary sewer systems, and joint trench installations, with connections at Frida Kahlo Way and Ocean Avenue. Stormwater management will incorporate large detention pipes and storm drain structures, while power will be provided by PG&E.

Public street connections at Frida Kahlo Way and Ocean Avenue will include traffic signal work at Upper North Street and Frida Kahlo Way. Additionally, a parcel adjacent to the library will be redeveloped for a combined sewer tie-in. Within the internal block created by the new streets, there will be a 4.1-acre landscaped parcel, Building E (0.8 acres of affordable

housing), and Building A (1.1 acres of affordable housing in Phase 1). Remaining areas will be rough graded for future development.

4.1. Property Ownership Structure

The roughly 17-acre site land was acquired by BHC Balboa Builders, LLC (as Master Developer) from the SFPUC on December 20, 2022, for \$11,400,000 (SFPUC is retaining one acre of the site). The sale occurred using an exempt conveyance, in which the Final Map is not recorded, to provide a partial exemption from transfer tax. The affordable parcels were created via the exempt conveyance and a Notice of Special Restrictions entered into by BRIDGE on those parcels. Ultimately, the Final Map will be recorded to facilitate the sale of individual parcels for development and is planned to be recorded after Board of Supervisors approval in March 2025). BRIDGE and MOHCD began meeting with City agencies to finalize the Final Map and PIA in spring 2024. Upon construction start of each vertical building, BRIDGE will transfer the land for Building E and Building A to MOHCD and MOHCD will ground lease it back to the BRIDGE limited partnership entity for each vertical building.

4.2. Environmental Review

Rockridge Geotechnical Inc. performed a geotechnical investigation at the site and reported that the non-embankment portion of the site is underlain by the Colma Formation consisting of medium dense to very dense silty sand with occasional clay interbeds extending to at least 46 feet below ground surface (“bgs”). Rockridge also reported that the berm or embankment surrounding the site was composed of sand fill, presumably from on-site soils excavated from the interior of the site and re-worked to form the embankment. Rockridge reported the fill to be well-compacted and generally dense to very dense with liquefaction susceptibility very low. The investigation did not encounter free groundwater, and cited a 2010 geotechnical investigation performed by Fugro, Inc. for a development on Phelan Loop immediately southeast of the site which reportedly encountered groundwater in one boring at a depth of about 22 feet bgs but not in a second boring drilled to 40 feet bgs. Based on data from nearby fuel release cases, the depth to groundwater ranges from approximately 12 to over 40 feet bgs.

A site investigation as part of a required Site Mitigation Plan (“SMP”) did not identify the presence of significant residual chemicals in site soil vapor. Benzene was detected in one soil vapor probe location in the immediate vicinity of a trailer used to store motorcycles used for training, in excess of the recently revised residential land use Environmental Screening Level (“ESL”) value. At this location the project development will place approximately five feet of clean fill soil over the current ground surface to reduce the potential for benzene or other petroleum-based constituents to migrate into structures. Aside from these measures, the SMP does not warrant any further mitigation.

Arsenic was detected in each composite soil sample at concentrations above the residential land use ESL value, but well within the range considered to represent background conditions for alluvial soils in the San Francisco Bay Area. While

hexavalent chromium was detected in composite soil samples at concentrations slightly above a residential land use ESL value in three locations on the site, the values were below the ESL value used for construction worker protection. The soils evaluation identified limited presence of low levels of select constituents, all below corresponding residential land use ESL values. Although slightly more than residential ESL values in limited locations, the presence of hexavalent chromium concentrations in shallow site soils is not considered to be a risk to future site occupants. Site soils containing the limited suite of constituents noted above pose a low potential health risk that can be properly addressed as part of the Site Mitigation Plan.

Based on the identified site contaminants, the primary exposure pathways of concern are inhalation of dust from the subsurface, ingestion of soil particles, and dermal contact during excavation and soil handling activities. Worker notification and other risk management procedures will be implemented to reduce potential human exposures during construction activities. The GC will be responsible for establishing and maintaining proper health and safety procedures to minimize workers and public exposure to site contaminants during construction.

4.3. Permits, Planning Review and Approvals

The Balboa Reservoir Project received its master entitlements in March 2021, which included a DA between the Sponsor and the City and County of San Francisco. A Master Infrastructure Plan and a Design Standards and Guidelines document, which together provide high level plans of streets, utilities, building typologies and open spaces, were incorporated into the DA and master approvals. As part of the Master Approvals, the Balboa Reservoir Special Use District set forth provisions for land use, building envelope controls, and procedural requirements for phase and design review approval. A Phase Application was submitted with and approved with the DA. A revised Phasing Application to include Building A, and remove affordable project H, was approved in summer of 2024.

The Phase Application approval includes the following Affordable Housing Linkages:

Phase I (this Project)

- Developer responsible for Final Certificate of Occupancy ("FCO") for affordable projects E and F prior to Market Rate FCO. It is anticipated that the linkages (defined in the DA as payments or units provided by the Developer) between affordable project F and A will be revised.
- Townhome Development, Townhome parcel can satisfy its linkage requirements by paying an in lieu fee.

Phase II

- Affordable Parcel B must obtain FCO
- Reservoir Park must commence construction no later than FCO for Market Rate Units in Phase I
- A community room must be completed

- Public Parking as required by the DSG and DA, must be complete prior to issuance of FCO for any building in Phase II
- SFPUC Open space and Gateway Landscape must commence construction by issuance of FOC for Market Rate Units in Phase II
- Brighton and San Ramon Paseo must be complete prior to the issuance of FOC for parcel B

The infrastructure construction plans for Public Rights of Way (“PROWs”) and utilities are being reviewed and approved by the City through the Street Improvement Permit (“SIP”) application process facilitated by the Infrastructure Task Force (“ITF”) and OEWD. The 100% SIP was submitted in March 2024 for City review and is currently “approvable”, meaning it is significantly finished and approved with few changes remaining once final PGE design and updates from GC bidding and VE are complete. ITF does intake of these drawings and coordinates the review and comments by SFPW, Planning, SFMTA, SFPUC, Fire Department (“SFFD”), and Department of Technology. The Sponsor anticipates approval of the 100% Street Improvement Plans in Q1 2025.

4.4. Mapping

The Sponsor received Master Tentative Map #11177 approval on November 11, 2022, and is in the final negotiations with Public Works and the San Francisco City Attorney’s office to finalize the Final Map and ancillary documents. The Final Map package includes the following completed shoulder documents for Board of Supervisors approval:

1. Response to Tentative Map Conditions of Approval
2. Final Map Board of Supervisors Motion
3. Public Works Order
4. Public Improvement Agreement
5. Emergency Access Agreement
6. Public Utility Easement
7. Overland Flow Easement
8. Offer of Improvement
9. Offer of Dedication
10. Grant Deed

Project Sponsor anticipates that all Final Map approvals will be finalized in early December and allow for Board of Supervisors approval in Q1 2025 once taxes are paid.

4.5. Parking.

Balboa Reservoir is located in a transit-rich area, and served by nearby M-Ocean, K-Ingleside and J-Church MUNI light rail and MUNI bus lines 8, 8BX, 29, 43, 91, that operate on Ocean Avenue. Additionally, Balboa Park BART station is approximately 0.5 miles from the project site.

The Balboa Area Transportation Demand Management (“TDM”) Framework, as further defined by Balboa Reservoir Transit Oriented Development TDM, seeks to incentivize making trips by transit, walking or cycling. Balboa Reservoir will provide accessory parking at a maximum rate of 0.5 parking spaces per unit and will not exceed 450 parking spaces which represents the total number of parking spaces lost due to the development. These spaces can be incorporated in underground parking within buildings A, B, C, D, F and G. Building E has no parking, and Building A is currently planning for 78 total parking spaces with 30 allocated for public parking. In addition to the garage parking, the initial delivery of Infrastructure proposes 75 spaces of on street parking spaces.

4.6. Roads

The new network of streets incorporates San Francisco City standards of impervious asphalt over concrete. The ROW includes bicycle sharrows as well as dedicated bike lands, curb and gutter, sidewalks, on-street loading zones, street trees with grates, street and pedestrian lighting, corner bulb-outs with ramps and raised crosswalks, ornamental planters, as well as planters for storm water control, street furnishings (e.g. street signs, utility meter boxes, sewer traps/vents, fire hydrants, fire pull boxes, site benches, bike racks, irrigation control boxes and covers, bollards, etc.), underground utilities (including combined sewer system (CSS) with manholes & catch basins), domestic water, and joint trench (electrical/gas/telecommunications/street light conduit).

4.7. Open Space

The Phase 1 Project will not include open space, as the future park and open spaces will be delivered along with the market rate projects in Phase II. The infrastructure project does include mass and rough grading of all the project sites which will minimize the grading expense for these areas. Additionally, the project stormwater control design changed to allow the ROW to be self-treating, further reducing the stormwater requirements the future open spaces. This change will help control construction costs, and should allow for more area dedicated to public use, vs required for storm water control.

4.8. Market-Rate Parcels.

This phase will not include full grading or pad readiness for Balboa Reservoir market rate parcels but does include rough grading. This project will provide for all the necessary main line utility requirements for each future parcel, however project laterals will not be included, as these projects are not sufficiently designed to include with the infrastructure project. The list of market rate parcels includes Project C, Project D, Project G and the Townhome Parcels

4.9. Utilities to Parcels

Irrigation, domestic water, a separate storm water and sewer system, a combined sewer service, electrical, and telecommunications utilities will be installed to serve the individual parcels, with the following agencies providing design review and approval:

- SFPUC for irrigation, domestic water and AWSS, stormwater management, Combined Storm Sewer and Grading and Overland Release.
- PG&E for Electrical services. SFPUC will not provide permanent power for the project per a Power Release Letter dated November 22, 2024, which releases Buildings E and A to PG&E retail service.
- AT&T, Comcast and other providers for telecommunications;
- Department of Technology for emergency communications and City fiber installation; and
- SFPW, SFPW-Disability Access Coordinator (DAC), and MTA for road and sidewalk construction including accessible path of travel.

Utility connections will be typical and comply with utility company and City standards. The proposed utility connections and design are outlined in the 100% Street Improvement Plans under review by the City.

5. HORIZONTAL FINANCING PLAN

5.1. Horizontal Financing Narrative

The infrastructure costs for Phase 1 are funded by MOHCD gap funds, IIG, AHSC grants, and offsite improvements included in the Building E and Building A vertical budgets.

MOHCD Hard Loan

The proposed infrastructure loan totals \$35 million, with an interest rate of 5% and a term of 10 years plus two 5-year extensions (total 20 years). The loan is fully funded by MOHCD and will accrue interest until repayment.

Repayment of the infrastructure loan is secured against the townhome parcels. The Borrower intends to repay the loan through the sale of these parcels but may also utilize alternative financing methods, such as an EIFD, to meet repayment obligations. If proceeds from parcel sales are insufficient to fully cover the loan repayment, the Borrower may request forgiveness of any unpaid principal and/or accrued interest at the time of sale of which terms will be reflected in the Loan Agreement. This funding structure ensures flexibility for repayment while maintaining the necessary protections for MOHCD's investment.

IIG Funding

In December 2021, the Project was awarded \$26 million in Round 7 IIG funds for infrastructure for a phase including Buildings E, C, D and F. Infrastructure work at the site has been delayed since the market rate developer, Avalon, paused the project in January 2023. To prioritize the affordable parcels and keep the IIG award, a new IIG application was submitted that included Buildings E and A but would result in a lower

IIG award of \$20 million. HCD provided a new award letter for \$20,095,616 on November 6, 2024.

AHSC Funding

The AHSC grant awards for Buildings E and A include infrastructure work related to bike and pedestrian improvements that are included in the infrastructure scope. Building E includes \$2,954,301 and Building A includes \$1,503,999 for this work. Since these funds are paid on a reimbursement basis, BRIDGE will cover these costs included in the construction contract and will request disbursement from HCD directly during construction ideally on a quarterly basis.

Building E & Building A

The vertical budgets for Buildings E and A include basis-eligible onsite and offsite infrastructure improvement costs, with approximately \$11.2 million allocated to Building E and \$15.8 million to Building A, for a combined total of \$27 million. While this approach reduces the MOHCD infrastructure loan by shifting some costs from the infrastructure budget, it increases the total development costs for each affordable building, resulting in a corresponding increase in MOHCD housing funding.

These infrastructure costs are tax credit basis-eligible, which generates an additional \$4.1 million in equity for Building E and \$5.8 million for Building A, totaling \$9.9 million in additional tax credit equity (per MOHCD internal calculations). MOHCD considers this a beneficial strategy, as the additional equity reduces the amount of funding the City would otherwise need to provide.

However, despite this increase in equity, MOHCD is still funding the remaining \$16.9 million in infrastructure costs allocated to Buildings E and A. To offset this burden, MOHCD is proposing to allocate the \$20 million in IIG funding to these two buildings, ensuring the City’s financial contributions are balanced while maximizing the tax credit equity available for the project.

Sites	Infra Cost	Projected LIHTC Equity	City Funded
Building E	11,181,336	4,137,094	7,044,242
Building A	15,778,451	5,838,027	9,940,424
TOTAL	26,959,787	9,975,121	16,984,666

5.2. Horizontal Uses Evaluation

The Sponsor has based all infrastructure hard costs on consultations with the project’s construction manager, civil engineer, and a preliminary bid from Nibbi. To receive better hard cost pricing, the Sponsor went out to bid for GCs in October 2024, with RFP proposals due December 4, 2024, and anticipates selecting a GC by January 2025. The MOHCD infrastructure loan is structured as an up to amount currently and will be reduced if pricing

comes back lower than expected.

INFRASTRUCTURE DEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Hard Cost Contingency is at least 5% of total hard costs	Y	Hard cost contingencies are 5%.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	There is no escalation included since NTP is expected May 2025.
Construction Management Fees are within standards	N	CM costs are high at \$1.5M (\$6/sf). See below.
Developer Fee is within standards	N	MOHCD does not have an infrastructure fee policy. Developer fee is \$2.2M based on current infrastructure projects with similar size, scope, and risk. See Section 6: Horizontal Developer Fee.
Soft Cost Contingency is 10% per standards	Y	Soft cost contingency is 10% excluding developer fee.

- **Allowances & Alternates:** Based on Nibbi's estimate from July 2024, the hard cost budget is showing roughly \$1.2 million in allowances and \$2.4 million in add alternates. The project has undergone value engineering and negotiations of scope with City agencies, including paying \$2 million in in-lieu fees instead of installing AWSS which would cost the project \$6.6 million, netting \$4.6 million in savings.
- **Taxes:** Sponsor is showing \$2.4 million to cover supplemental taxes from 2022 through June 2026.
- **Unpaid invoices:** The Project has accrued \$1,086,059 in City unpaid invoices for work performed on Balboa Reservoir. These mostly include city staff time and review from OEWD, the City Attorney's Office, Public Works, SF Planning, SFPUC, SFMTA and SF Fire Department. On MOHCD's HOPE SF projects, city staff time is paid for through MOHCD managed workorders, and not part of the sponsor's budget. The City costs on Balboa Reservoir are in line with the HOPE SF sites.
- **BRIDGE Intercompany interest:** The Sponsor is showing \$150,000 in interest for Sponsor-paid expenses during construction.
- **Post-SIP Coordination:** The Sponsor is showing \$200,000. Additional design consulting by Civil and Landscape teams will be required to obtain SIP approval. Further coordination is needed to incorporate the final PG&E design and update drawings to reflect any GC bidding and value engineering (VE) changes. MOHCD and the Sponsor expect this by March 2025.
- **Special Inspections:** The Sponsor is showing \$350,000. Department of Public Works will be responsible for this scope and the Sponsor provided this rough estimate. DPW will provide more accurate costs at construction start.

- **PG&E Design and Contingency:** Sponsor is showing \$1.2M in PG&E design (including contract costs and consulting fees) and \$600K for contingency. Construction costs for PG&E are incorporated into the construction hard cost budget.
- **Construction Management Fee:** The Sponsor recently procured Townsend Management Inc. (“TMI”) for infrastructure construction management work in September 2024 until project completion. The total amount is high at \$1.5 million. MOHCD directed the Sponsor to enter into an hourly rate with a \$1.5 million not-to-exceed contract.

MOHCD approved the construction management selection despite the cost exceeding MOHCD's underwriting guidelines because the guidelines do not fully account for the complexities of infrastructure projects. Infrastructure construction is a highly technical and specialized field, and the pool of construction management firms with expertise in San Francisco infrastructure is limited. TMI is a highly qualified firm with an excellent reputation in this niche area. They proposed a strong team to oversee the Balboa Reservoir infrastructure and bring valuable experience from managing Sunnydale Phase 3, another MOHCD-funded infrastructure project.

5.3. Construction Supervisor and Additional Hard Cost Analysis

Early in 2024 it was determined that BRIDGE could not move forward on the infrastructure of Balboa Reservoir due to lack of market rate sales and the current market conditions. MOHCD worked with Bridge/Avalon to evaluate the hard costs, but ultimately declined to fund the project until the project lowered costs and went through a public bidding process with CMD. The development team onboarded a construction manager experienced in civil construction and the Bridge team issued a hard bid RFP in October. To expedite procurement, the Sponsor used a hard bid approach where contractors “bring the entire team” rather than MOHCD’s traditional GC procurement, then subcontractor procurement. This is the second time in recent history a MOHCD project pursued a hard bid approach, the first being at Sunnydale HOPE SF, another infrastructure project that started work in September 2024.

Balboa Reservoir Phase 1 will be the second largest MOHCD infrastructure project with respect to street area, at 3.609 acres. The significant amount of street area being built is more expensive than rough graded areas because of the utilities and paving required. It is difficult to compare infrastructure projects of different sizes, terrain and unique conditions, which is why the hard cost comparison is only one small tool to be used in hard cost evaluation of infrastructure projects. These hard costs will be updated and reviewed again in January when the updated bids are evaluated.

The Sponsor is finishing the final SIP with City agencies and has negotiated major changes to the project to improve the financial feasibility. For example, the Reservoir project removed AWSS from the project due to the significant cost (\$6.7M), lack of immediate usage onsite, and negotiated with SFFD to pay an in-lieu fee of \$1 million. The final challenge the project is working on is completing the Stormwater Control Plan (SCP), which has been through numerous iterations and uniquely supports the SCP of Building E.

Additional considerations for the infrastructure project include the removal of geothermal wells. The CM is currently holding \$250k to complete the abandonment of the geothermal wells, but the final work has not been approved by DPH. The Ocean Avenue tie in/manhole installation is also an area of potential added cost. The drawings currently reflect installation of a manhole between Muni rails, which would

require significant coordination and off hour work to achieve. The design team is working with PUC to explore an alternative option.

Access to the site and minimizing the impacts to the City College of San Francisco (CCSF) to the east and Riordan School to the north will be critical for the contractor. The contractor will have utility work near the adjacent CCSF construction sites and will have to sequence work to avoid conflicts with other crews. The south access point is next to a Whole Foods loading dock, so the access to site will require planning . The west side is a steep berm that follows a single-family neighborhood.

6. HORIZONTAL DEVELOPER FEE

Although MOHCD does not have an infrastructure developer fee policy, the developer fee proposed is roughly based on the developer fee allowed for Sunnydale Phase 3, the most recent infrastructure project of similar size and scope, and is roughly equivalent to a vertical project. Given infrastructure phases require significant project management and specialized expertise, MOHCD supports the request for \$2.2 million in fee.

Developer Fee Disbursement for Balboa Reservoir Phase 1 Infrastructure		
Payment Milestone	% of Project Mgmt. Fee	Amount
Construction Commencement	25%	\$550,000
50% Completion of Phase	15%	\$330,000
SFPW Notice of Completion	45%	\$990,000
BOS Acceptance	15%	\$330,000
Total Developer Fee	100%	\$2,200,000

7. STAFF RECOMMENDATIONS

7.1. Proposed loan terms: Please refer to Infrastructure Loan Term Sheet in Attachment D.

Term	Details
Loan Amount	Up to \$35,000,000
Interest Rate	5%
Loan Term	10-year initial term, with two optional 5-year extensions, for a maximum term of 20 years
Infrastructure Loan Funding	Fully funded by MOHCD, accruing interest at 5%.
Loan Fee	1% of the total loan set at construction closing and payable to MOHCD at construction closing
IIG Funds	Added to the housing loan at 0% interest.
Security	Non-recourse loan secured by townhome, and future EIFD proceeds.
Subordination	Subordination only to the San Francisco Public Utilities Commission (SFPUC) related to their seller carry-back note. Agreement to be negotiated with SFPUC prior to construction closing.

Repayment Requirements	Secured against townhome and market-rate parcels. Borrower intends to repay the infrastructure loan through parcel sales but may use alternative financing (e.g., EIFD).
Forgiveness Option	At the time of parcel sales, Borrower may request forgiveness of unpaid principal and/or accrued interest if sale proceeds are insufficient to meet repayment obligations.

7.2. Loan Conditions:

1. Sponsor must provide MOHCD with detailed monthly updates via the HOPE SF monthly report.
2. Sponsor will continue to contain costs and if updated cost estimates come in below what is approved by Loan Committee the loan amount will be reduced and/or any unused funds will be returned to MOHCD.
 - To verify all development costs, MOHCD will require GC schedule of values, consultant contracts, insurance quotes, fee breakouts, and any additional supporting documentation to evaluate and confirm the accuracy of the costs.
3. Sponsor and MOHCD will work with DPW to compare infrastructure hard costs with comparable Public Works and Caltrans projects before construction start.
4. MOHCD will provide up to \$5 million in predevelopment funding to cover eligible infrastructure development costs, including infrastructure predevelopment expenses, the pay-off of sponsor loans and notes related to predevelopment expenses, and fees associated with permits or other City participation. Reimbursement of infrastructure predevelopment costs will require prior MOHCD approval.
 - Before releasing any predevelopment funds, MOHCD must approve the current infrastructure budget. Additionally, all contracts must be submitted to MOHCD for approval before funding is released for the associated expense, vendor, or consultant.
 - Before releasing any predevelopment funds MOHCD will also require an approved plan and timeline for paying all owed property taxes in order to secure a tax certification.
5. Infrastructure costs will be funded through multiple sources, including a MOHCD infrastructure loan, IIG funding, Building E, Building A, and AHSC funding. The Sponsor must maintain clear and separate accounting records for all costs associated with each funding source.
6. Before closing construction financing:
 - The Sponsor must provide a detailed summary outlining how infrastructure costs are allocated to Buildings E and A. Additionally, the Sponsor must submit tax opinion letters confirming that these allocations comply with tax credit laws and regulations and that the full costs will be basis-eligible for their respective projects.

- The Sponsor must obtain full Site Improvement Plan (SIP) and stormwater approvals, obtain MOHCD approval of the construction contract and all related exhibits, comply with bond and insurance requirements per MOHCD standards, and execute a Public Improvement Agreement (PIA).
 - The Sponsor must submit the final infrastructure budget, execute a stipulated sum construction contract, and execute a Memorandum of Agreement (MOA) in lieu of a bond.
 - The Sponsor must provide evidence of other project funding, including but not limited to HCD IIG and AHSC sources. The City will enter into a Standard Agreement with HCD for IIG funding, and Building E AHSC Standard Agreement will be executed. The Sponsor must also confirm acceptance of the Building E tax credit award.
 - The Sponsor must comply with MOHCD insurance and bonding requirements, including maintaining coverage for general liability, property, environmental risks, builder's risk, and any other policies deemed necessary. Bonding may also be required based on project risk. Additionally, the borrower must adhere to all terms outlined in the Public Improvement Agreement (PIA).
 - The Sponsor must agree to a MOHCD-approved process for evaluating and allowing partial forgiveness of loan principal and/or interest.
7. MOHCD reserves the right to unencumber the construction portion of the loan funds, as well as any unspent predevelopment funds, if the Sponsor fails to meet construction conditions and the construction portion of the loan has not closed by July 1, 2025.
 8. A portion of the developer fee will be contingent on adequate staffing by the Sponsor through the infrastructure construction period until City Acceptance. The Sponsor must maintain a Senior Project Manager with ongoing executive support through the construction period through City Acceptance. Any changes to assigned staff or personnel must receive prior approval from MOHCD. The amount of developer fee contingent on this staffing will be determined in the Loan Agreement.
 9. MOHCD must approve any and all changes from the infrastructure Project scope prior to redesign.
 10. Please refer to the Balboa Reservoir Infrastructure Loan Term Sheet for all terms and conditions associated with this loan commitment.

8. LOAN COMMITTEE

8.1. Modifications


8.2. Recommendations

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

December 13, 2024
Page 22 of 26


Approval indicates approval with modifications, when so determined by the Committee.

☒ APPROVE ☐ DISAPPROVE ☐ TAKE NO ACTION

DocuSigned by:

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

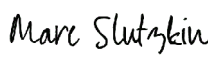
Date: 12/13/2024 | 11:26 AM PST

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

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Salvador Menjivar, Director of Housing
Homelessness and Supportive Housing


Date: 12/13/2024 | 1:24 PM PST

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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Marc Slutzkin on behalf of Thor Kaslofsky,
Executive Director
Office of Community Investment and Infrastructure

Date: 12/13/2024 | 11:27 AM PST

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

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Vishal Trivedi on behalf of Anna Van Degna,
Director
Controller's Office of Public Finance

Date: 12/13/2024 | 11:25 AM PST

ATTACHMENTS

- A. Project Milestones and Schedule
- B. Borrower Org Chart
- C. Infrastructure Development Budget
- D. Loan Term Sheet

Attachment A: Project Milestones and Schedule

Phase 1 Horizontal	
Task	Complete
Phase Application Approval	June 2024
CM Selected	August 2024
GC Selected	January 2025
Loan Committee approval	December 2024
60% SIP submitted	July 2022
90% SIP submitted.	July 2024
100% SIP submitted	October 2024
100% SIP approved	January 2025
BOS approval of Final Map (including shoulder documents)	January 2025
Final Map recorded for this phase	February 2025
BOS and Mayor Approval of loan, funds disbursed	March 2025
Final GMP and sign construction contract	March 2025
Phase 1 Infra NTP	April 2025
Building E NTP	May 2025
Building A NTP	December 2025
Phase 1 Infra NOC	October 2026
City Acceptance	February 2027

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

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Attachment B: Borrower Org Chart

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

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Attachment C: Infrastructure Development Budget

	Total
HARD COSTS	
Phase I Infrastructure (Hard Costs)	\$45,019,833
Hard Cost Contingency (5%)	\$2,250,991.64
Hard Cost Subtotal:	\$47,270,824

SOFT COSTS

Architecture & Engineering

Landscape Architect	\$31,000
Civil Engineering	\$287,900
Civil Engineering Subconsultants	\$266,000
Post SIP Coordination	\$200,000
Design CA (Civil+Landscape)	\$200,000
Subtotal	\$984,900

Other Consultants

Martin Ron Survey/Map	\$41,000
Construction Manager	\$1,500,000
Geotech	\$125,000
Special Inspections	\$350,000
Qualified SWPPP Practitioner	\$35,000
Subtotal	\$2,051,000

Permits and Fees

ITF Review/Plan Check	\$500,000
City Processing Fee	\$300,000
PG&E Application	\$10,000
Check PG&E Design Costs	\$1,202,761
PG&E Contingency	\$601,381
AWSS In lieu Fee	\$1,000,000
Check Permits and Fees	\$3,601,587
Taxes	\$2,362,635
Subtotal	\$9,578,363

Legal

Legal Final Map	\$150,000
Legal Transactions	\$150,000
Legal PLA	\$100,000
Legal Construction Closing	\$150,000
Subtotal	\$550,000

Title and Recording		
Title and Recording (turn over to PUC)		\$20,000
	Subtotal	\$20,000
Insurance		
Construction Insurance		\$100,000
Insurance and site safety		\$500,000
	Subtotal	\$600,000
Other		
BRIDGE Intercompany Interest (7%)		\$150,000
Developer Fee		\$2,200,000
	Subtotal	\$2,350,000
Soft Cost Contingency (10%)		\$1,393,426
Soft Cost Subtotal:		\$17,527,690
UNPAID INVOICES		
Unpaid Invoices		1,086,058.98
TOTAL INFRASTRUCTURE BUDGET		65,884,573.08

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

December 13, 2024
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Attachment E: Balboa Reservoir Infrastructure Loan Term Sheet

Balboa Reservoir Infrastructure Loan Term Sheet

Term	Description
Lender	City and County of San Francisco, acting through the Mayor's Office of Housing and Community Development (MOHCD)
Borrower	Bridge Housing Corporation or any related entity
Loan Purpose	To finance infrastructure improvements supporting housing developments, including streets, sidewalks, underground infrastructure, storm drain, utilities, landscaping, and other infrastructure.
Loan Amount	Up to \$35 million in City funding
Interest Rate	City Loan: Based on a 15-year municipal bond rate plus 125 BPS spread; currently estimated at 5.00% (based on a 3.75% base yield and 125 bps). Rate to be locked one week prior to Loan Committee approval.
Loan Term/Maturity	City Loan: 10-year initial term, with two optional 5-year extensions, for a maximum term of 20 years
Extension Option	The borrower holds the right to exercise two separate 5-year extension options, allowing the loan term to be extended up to a maximum total of 20 years, subject to the conditions specified in the loan agreement.
Loan Fee	1% of the total loan set at construction closing and payable to MOHCD at construction closing
Repayment Terms	Interest accrues over the term of the loan and is due at maturity (10 years or upon extension up to 20 years). Repayment required, secured against townhome parcels. Borrower intends to repay infrastructure loan through the sale of townhome parcels, but may meet repayment obligations through the term of the loan through alternative means such as leveraging additional infrastructure financing (e.g. EIFD);
Prepayment Terms	The Borrower may prepay the outstanding principal and any accrued interest or make a partial paydown of the outstanding principal and interest, at any time during the term of the loan without penalty, additional cost, or fees. All prepayments shall be applied first to any accrued interest and then to the outstanding principal balance.
Loan Forgiveness Option	At the time of sale or refinancing of parcels, the Borrower may request forgiveness of unpaid principal and/or accrued interest if sale proceeds are insufficient to meet repayment obligations, subject to approval by MOHCD.
Security	Secured by townhome parcels.
Non-Recourse	Non-recourse loan, with the lender's recourse limited to the secured property

Subordination	Subordination only to the San Francisco Public Utilities Commission (SFPUC) related to their seller carry-back note. Agreement to be negotiated with SFPUC.
Additional Financing Restrictions:	Other than the SFPUC loan, no other loans or liens may be recorded on the remaining parcels or site without prior approval from MOHCD. Any approved additional financing must be subordinate to the MOHCD loan and include a subordination agreement acceptable to MOHCD, ensuring the priority of this loan over any subsequent liens or encumbrances.
Disbursement Terms	<ul style="list-style-type: none"> - Up to \$5 million can be drawn for infrastructure predevelopment expenses, pay-off of sponsor loans and notes related to predevelopment expenses, and fees related to permits or other City participation. - Remaining funds will be available on a draw down basis once all construction closing conditions have been met. All payment requests must be reviewed and approved by MOHCD.
Conditions Precedent to Disbursement	All conditions precedent, including expense documentation, budget alignment, and necessary permit approvals, must be met before each disbursement. MOHCD reserves the right to pause disbursements if additional funding is required to maintain project budget.
Monthly Reporting and Compliance Requirements	The Borrower must provide monthly progress reports on project costs, scope, schedule, and any issues that may impact the project timeline. Reports must align with MOHCD reporting standards to ensure consistent updates on financial and construction progress.
Retention Requirement	MOHCD will retain 10% of loan amount until the infrastructure completion to ensure compliance with project requirements and satisfactory progress toward completion.
Governmental Approvals	The Borrower must comply with all applicable governmental regulations and secure necessary approvals. Compliance with local SIP and stormwater requirements and adherence to environmental mitigation measures is required before major milestones.
Other financing	IIG and AHSC funding
IIG Loan Terms	The \$20,095,616 loan is offered at 0% interest allocated to Buildings A and E.
MOHCD Loan Committee	All loan terms require final approval by Loan Committee.
Legislative Approval.	Board of Supervisors (BOS) approval by resolution (required for loans of \$10 million or more).
Closing Conditions	<ul style="list-style-type: none"> - Compliance with all MOHCD closing conditions - SIP (Site Improvement Plan) and stormwater approvals - Construction contract approval and related exhibits

	<ul style="list-style-type: none"> - Bond/insurance requirements per MOHCD standards - Public Improvement Agreement (PIA). <p>Detailed infrastructure budget submission</p> <ul style="list-style-type: none"> - Execution of a stipulated sum contract for construction - Memorandum of Agreement (MOA) in lieu of bond - Evidence of other project funding including but not limited to HCD IIG, AHSC. - Building acceptance of Building E tax credit award - Tax opinion letters for Building E & A for the infrastructure that those specific projects will be absorbing - Additional conditions may be added at the time of Loan Committee.
Covenants	<ul style="list-style-type: none"> - Completion Covenant: Requires the Borrower to complete all infrastructure improvements by a specified date. - Maintenance Covenant: Obligates the Borrower to maintain the infrastructure to city standards for the duration of the loan. - Monthly Reporting Requirements: Mandates the Borrower to provide regular updates on project costs, scope, schedule, and issues, aligned with MOHCD reporting standards. - Financial Covenants: Includes conditions like maintaining project balance, approving budget changes, and controlling costs. - Insurance and Bonding: Requires the Borrower to comply with insurance and bonding standards set by MOHCD, covering liability and construction risks
Collateral	Future revenue streams, including proceeds from the sale, refinancing, or other monetization of townhomes and EIFD.
Events of Default	<ul style="list-style-type: none"> - Failure to make timely payments at maturity - Non-completion of project within specified timeline - Misuse of loan proceeds or material changes to project scope without lender approval
Remedies	Upon default, MOHCD may enforce the lien on project assets, require immediate repayment, or take over project operations as a last resort

Insurance and Bonding	<ul style="list-style-type: none">- The Borrower must comply with MOHCD insurance and bonding requirements, including coverage for general liability, property, environmental risks, builder's risk, and other necessary policies. Bonding may be required based on project risk. Borrower must also comply with all terms in the Public Improvement Agreement (PIA).
Fees and Expenses	MOHCD to approve all Borrower fees and expenses associated with loan closing paid by the City loan.
Other Conditions	<ul style="list-style-type: none">- Borrower must comply with all applicable local hiring, wage, and labor requirements- Compliance of all applicable local, state, or federal environmental compliance and mitigation measures
Conditions of Loan Term Sheets	<ul style="list-style-type: none">- MOHCD reserves the right to terminate the term sheet or unencumber the loan funds if construction conditions are not met, and the construction portion of the loan has not closed by July 1, 2025.- All terms outlined in this term sheet are subject to change.

CHECKLIST FOR MOHCD AUTHORIZATION TO ISSUE Notice to Proceed (“NTP Checklist”)

Form to be managed by the MOHCD Construction Representative

PROPERTY ADDRESS:

PROJECT NAME:

OWNER/DEVELOPER / Primary Point of Contact & Email: /

CONTRACTOR / Primary Point of Contact & Email: /

ARCHITECT / Primary Point of Contact & Email: /

OWNER’S REP (CM/OR):

MOHCD PROJECT MANAGER:

MOHCD CONSTRUCTION REP:

PROJECTED START DATE:

RECV’d	ACCEPTED/COMMENTS	DOCUMENT
ALL PROJECTS (Vertical and Infrastructure)		
		1. Contract Set of Plans (Electronic)
		2. Project Manual (Specifications) In searchable electronic format
		3. Construction Contract form + Exhibits. At minimum: <ul style="list-style-type: none"> - Contract - Sub bid matrix - Self-performing work (approved by lender) - Early retention release & deposit scope, if needed - Schedule of values - Clarification & assumptions - Allowances and alternates - Detailed construction schedule - Critical path construction schedule - GC QA/QA plan with material testing, QA inspections, work acceptance and punch list protocols.
		4. GC Liability Insurance, Workers Comp & Auto Certificates (cite CCSF as additional insured).
		5. Payment and Performance Bonds
		6. CHECK Suspension & Debarment https://sf.gov/resource/2022/suspended-and-debarred-contractors
		7. Permit Ready Confirmation – Permit set approved (including Addenda schedule, if applicable)
		8. PGE/PUC Application Status (Water, Streetlights, Temp Power, Perm Power)
		9. Dust Control Plan (when applicable) →If ADMP required, confirmation the MOHCD reporting process has been received and designated project member identified.
		10. Storm Water Plan for Construction (SWPPP)

		11. Workforce Hiring Plans (Local Hire, First Source & Section 3 as applicable) - Must outline contractual workforce expectations and how these expectations will be met
		12. Owner Insurance – Incl. Pollution Liability (where applicable)
		13. MOHCD DIR LCP Registration GC Questionnaire, incl. subcontractor list, \$ Amounts & % of contract for SBE/LBE Compliance (1 wk prior to NTP)
		14. Pre-Construction Mtg HELD (Wage and Labor Compliance) + date
		15. Pre-Con Crack and Settlement Survey (where applicable) If not completing a survey, provide <i>photos of existing conditions and where the project meets existing conditions</i>
		16. Value Engineering Log with final approved and rejected items.
INFRASTRUCTURE ONLY		
		17. Pre-construction Walk held with local SFFD Fire Marshal and local SFPD. Provide minutes from walk including date, attendance log, concerns from participants, and outcomes
		18. Overall Site Logistics and Coordination Plan. Must include the following at minimum <u>in coordination with Building E and A</u> : - Site lighting - Pedestrian walkways - Gates to access project with distinct identification (ex. Gate 1, Gate 2, etc.) - Parking being removed & traffic modifications - Fencing - Fire hydrants - Adjacent transit stops - Adjacent sensitive sites (ex. Schools, community centers, active driveways etc.) - Signage - Site setup and laydown area - Temporary Utilities - Sequencing of subcontractor trades - Phasing plans as needed
		19. Emergency procedures and contacts in case of emergency, community concerns and for emergency incident communication
		20. General project and city directory including: - Name - Department/company - Contact information - Role on Project

		- Identify key staff from each department/company
		21. Confirmation utility demolition and installation is on track. Provide status of applications to PUC and/or PGE (electric/gas) and PUC (water/ sewer/streetlight/ electric) - Include the date applications were submitted and if there were any site walks completed. Include mtg minutes and list of attendees.
		22. Pad Readiness Certification Process – Defined process for vertical GC to accept pad.
		23. License Agreement with SFPUC approving of Access Easements
		24. Approved SIP and stormwater control plan (SCP).
Financial Close – Infrastructure only		
		25. Executed Legal Agreements - MOHCD loan agreement and note signed - Public Improvement Agreement (PIA) fully executed - Memorandum or Agreement (MOA) in lieu of bond submitted
		26. Board and Map Approvals - BOS approval of loan and final map - Final map recorded with supporting documents
		27. Budget and Documentation - MOHCD approves final infrastructure budget - Infra only: All consultant, engineering contracts - Documentation of unpaid invoices (City reviews, OEWD, etc).
		28. Insurance and Bonding - Final insurance complies with MOHCD and City Risk Manager standards - Bonding compliant with PIA and risk profile
		29. Funding Commitments and Evidence - Standard agreements for IIG and AHSC (E&A). - Tax credit award confirmation for Building E - Full sources and uses for Buildings E and A submitted
		30. Tax Opinion Letters - Confirming infrastructure allocations are tax credit basis- eligible
		31. Developer Fee Conditions - A portion of fee held contingent on staffing and project performance - Payment tied to milestone completion (NTP, 50% completion, NOC, BOS acceptance)
		32. Property Tax Certificate - Confirmation that all property taxes are paid
		33. Loan Fee Payment

		- 1% loan fee paid at construction closing
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AUTHORIZATION TO ISSUE NOTICE TO PROCEED:

MOHCD Project Manager	Date	MOHCD Construction Rep	Date
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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

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

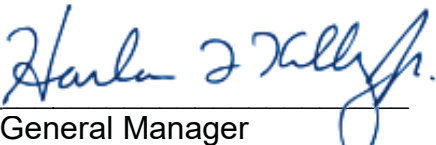
1 proposed sale transaction, and are necessary and advisable to complete the proposed
2 transaction and effectuate the purpose and intent of this resolution, such determination to be
3 conclusively evidenced by the execution and delivery by the Director of Property of any such
4 additions, amendments, 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 

3 General Manager
4 San Francisco Public Utilities Commission

5 n:\legana\as2020\2000401\01462704.docx



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.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

8.21.20

Date Approved

[Development Agreement - Reservoir Community Partners, LLC - Balboa Reservoir Project]

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 4 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, and 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.

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

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

///

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.

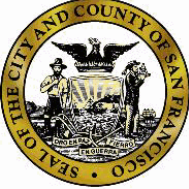
7 (a) This ordinance shall become effective 30 days from the date of enactment.
8 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance
9 unsigned or does not sign the ordinance within ten days of receiving it, or the Board of
10 Supervisors overrides the Mayor's veto of 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

22
23
24
25
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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

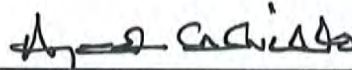
Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

August 18, 2020 Board of Supervisors - FINALLY PASSED

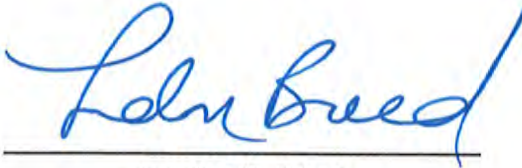
Ayes: 10 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Stefani, Walton and Yee
Excused: 1 - Safai

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

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 250829

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Ryan VanZuylen	415-701-5500
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor's Office of Housing and Comm Dev	ryan.vanzuylen@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR BHC Balboa Builders, LLC	TELEPHONE NUMBER 415-321-4057
STREET ADDRESS (including City, State and Zip Code) 350 California Street, 16th Floor, SF CA	EMAIL anjohnson@bridgehousing.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) 	ORIGINAL BID/RFP NUMBER 	FILE NUMBER (If applicable) 250829
DESCRIPTION OF AMOUNT OF CONTRACT NTE \$56,425,904		
NATURE OF THE CONTRACT (Please describe) This contract is for offsite improvements for 100% affordable projects known as Balboa Reservoir Building E and Balboa Reservoir Building A.		

7. COMMENTS
BHC Balboa Builders, LLC, consists of BRIDGE Housing Corporation.

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Lombard	Ken	CEO
2	Sherman	Delphine	COO
3	Atilano	Sierra	Other Principal Officer
4	Seshadri	Smitha	Other Principal Officer
5	Van Benschoten	Elizabeth	Other Principal Officer
6	Clark	Sean	Board of Directors
7	Brown	Eric R.	Board of Directors
8	Hlebaso	Rebecca	Other Principal Officer
9	Jagodzinski	Mary Jane	Other Principal Officer
10	Haynes Martin	Melissa	Other Principal Officer
11	Neufeld	Susan	Other Principal Officer
12	Williams	Natalia	Other Principal Officer
13	Lund	Erik	Other Principal Officer
14	Estrada-Nino	Maria	Other Principal Officer
15	Hahn	Tina	Other Principal Officer
16	Hesse	Thomas	Other Principal Officer
17	Miranda	Kristine	Other Principal Officer
18	Novak	Kenneth M.	Board of Directors
19	Grodahl	Skip	Board of Directors

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Quinn	Adrienne E.	Board of Directors
21	Moore	Connie	Board of Directors
22	Hemmenway	Nancy	Board of Directors
23	Richardson	Stephen A.	Board of Directors
24	Bibby	Douglas M.	Board of Directors
25	Hernandez	Jennifer L.	Board of Directors
26	Carlisle	Ray	Board of Directors
27	Carter	Daryl J.	Board of Directors
28	Freed	Robert	Board of Directors
29	Jain	Kiran	Board of Directors
30	Stein	Paul	Board of Directors
31	Turner	Molly	Board of Directors
32	Sagar	Nadia	Board of Directors
33			
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List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK

DATE SIGNED

BOS Clerk of the Board

OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Loan Agreement - BHC Balboa Builders, LLC – Balboa Reservoir - Infrastructure Improvements -
Not to Exceed \$56,425,904
DATE: July 29, 2025

Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development to execute an Amended and Restated Loan Agreement with BHC Balboa Builders, LLC, a California limited liability company, ("Developer") for a total loan amount not to exceed \$56,425,904 to finance the first phase of infrastructure improvements related to the revitalization and master development of an approximately 17.6-acre site ("Property") with various public benefits including affordable housing, commonly known as the Balboa Reservoir Project ("Balboa Reservoir Project"); and adopting findings that the loan agreement is consistent with the adopted Mitigation Monitoring and Reporting Program under the California Environmental Quality Act, the General Plan, and the priority policies of Planning Code Section 101.1.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org